

TOWN OF TRURO
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2020

Town of Truro

Contents

	<u>Page</u>
Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditor's Report	2-3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Cash Flows	6
Consolidated Statement of Changes in Net Debt	7
Schedules to the Consolidated Statement of Operations	8-14
Notes to the Consolidated Financial Statements	15-25
Consolidated Schedule of Tangible Capital Assets	26
Consolidated Schedule of Long Term Debt	27
Consolidated Schedule of Segment Disclosure	28
<hr/>	
Supplementary Schedules	
Water Utility Operating Fund	
Statement of Financial Position	29
Statement of Operations	30
Water Utility Capital Fund	
Statement of Financial Position	31
Schedule of Utility Plant and Equipment	32
Statement of Investment in Capital Assets	32

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these consolidated statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and supplementary schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.


Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Audit Committee. Council reviews internal financial statements on a regular basis and external audited consolidated financial statements annually. The Audit Committee also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Town of Truro and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Town of Truro



Michael W. Dolter, CPA, CMA
Chief Administration Officer


Bonnie Coulter, CPA, CA
Director of Corporate Services

October 14, 2020

Independent auditor's report

Grant Thornton LLP
733 Prince Street
Truro, NS
B2N 1G7
T +1 902 893 1150
F +1 902 893 9757

To the Mayor and Council of the Town of Truro

Opinion

We have audited the consolidated financial statements of the Town of Truro ("the Town") on pages 4-28, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Truro as at March 31, 2020, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 29-32 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of consolidated financial statements as a whole.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Truro, Canada
October 14, 2020

Chartered Professional Accountants

Town of Truro
Consolidated Statement of Financial Position

March 31

2020

2019

FINANCIAL ASSETS

Cash and cash equivalents (Note 1)	\$ 10,669,147	\$ 8,636,814
Receivables		
Taxes and sewer rates, net of valuation allowance (Note 2)	1,242,852	1,462,646
Water rates (net of allowance - \$20,000; 2019 - \$50,000)	712,730	811,290
Due from federal government	550,197	520,066
Due from provincial government	100,000	100,000
Loans and advances (net of allowance - \$192,720; 2019 - \$211,930)	52,500	82,500
Other receivables (net of allowance - \$24,800; 2019 - \$38,500)	527,833	1,097,354
Land held for resale (Note 1)	689,816	716,616
	<u>\$ 14,545,075</u>	<u>\$ 13,427,286</u>

LIABILITIES

Payables and accruals	\$ 3,510,493	\$ 2,777,745
Prepaid taxes	278,940	287,521
Deferred revenue (Note 3)	1,022,343	768,669
Tax sale surplus (Note 5)	82,263	80,288
Post employment benefits (Note 6)	694,464	596,672
Defined pension obligation (Note 7)	-	2,630,455
Long term debt (Page 27)	18,179,159	19,893,436
	<u>23,767,662</u>	<u>27,034,786</u>

NET DEBT

<u>(9,222,587)</u>	<u>(13,607,500)</u>
--------------------	---------------------

NON-FINANCIAL ASSETS

Tangible capital assets (Page 26)	167,604,041	163,963,416
Less accumulated amortization	(68,571,761)	(64,134,095)
Inventory not held for resale (Note 1)	168,194	170,154
Prepaid expenses	150,274	319,487
Restricted deposits (Note 7)	359,300	-

NET NON-FINANCIAL ASSETS

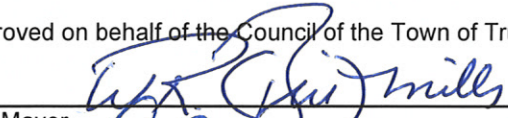
<u>99,710,048</u>	<u>100,318,962</u>
-------------------	--------------------

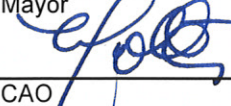
ACCUMULATED SURPLUS

<u>\$ 90,487,461</u>	<u>\$ 86,711,462</u>
----------------------	----------------------

Commitments (Note 9)
 Contingencies (Note 13)
 Subsequent events (Note 14)

Approved on behalf of the Council of the Town of Truro



 Mayor


 CAO

See accompanying notes to the consolidated financial statements

Town of Truro

Consolidated Statement of Operations

Year Ended March 31

2020

2019

	Page	Budget (Note 12)	Actual	Actual
Revenue				
Assessable property taxes and sewer rates	8	\$ 19,906,278	\$ 19,874,707	\$ 19,390,309
Grants in lieu of taxes	8	812,800	817,633	817,301
Services provided to other governments	9	373,146	377,742	401,865
Sale of services	9	651,499	834,235	881,131
Other revenue from own sources	9	381,300	813,675	673,705
Rath Eastlink Community Centre		1,418,909	1,581,768	1,863,937
Regional Enterprise Network		132,185	90,446	106,781
Unconditional transfers from government	10	1,357,170	1,358,674	1,363,585
Conditional transfers from government	10	1,935,000	2,940,803	1,819,342
Water revenues	10	3,637,873	3,663,515	3,708,662
Total revenue		<u>30,606,160</u>	<u>32,353,198</u>	<u>31,026,618</u>
Expenses				
General government services	11	3,907,887	1,660,122	4,364,560
Protective services	12	7,919,277	8,041,666	7,965,158
Transportation services	12	6,387,371	6,397,876	6,352,273
Environmental health services	13	2,411,253	2,345,561	2,565,599
Public health services	13	71,590	63,088	81,678
Environmental development services	13	1,117,872	1,077,885	1,048,381
Recreation and cultural services	14	4,181,057	4,293,797	4,146,007
Rath Eastlink Community Centre		2,010,421	1,996,467	2,264,634
Regional Enterprise Network		188,743	145,294	96,875
Water expenses	14	2,852,606	2,555,443	2,797,390
Total expenses		<u>31,048,077</u>	<u>28,577,199</u>	<u>31,682,555</u>
Net surplus, (deficit)		<u>\$ (441,917)</u>	3,775,999	(655,937)
Accumulated surplus, beginning of year			86,711,462	87,367,399
Accumulated surplus, end of year			<u><u>\$ 90,487,461</u></u>	<u><u>\$ 86,711,462</u></u>

See accompanying notes to the consolidated financial statements

Town of Truro

Consolidated Statement of Cash Flows

Year Ended March 31

2020

2019

Increase (decrease) in cash and cash equivalents

Operating activities		
Net surplus (deficit)	\$ 3,775,999	\$ (655,937)
Amortization	4,698,230	4,643,839
Loss on disposal of tangible capital assets, net	745,839	184,504
Loss on sale of land held for resale	1,550	93,400
Gain on settlement and transfer of pension plan liability	(2,630,455)	-
	<u>6,591,163</u>	<u>4,265,806</u>
Taxes and sewer rate receivable	219,794	89,317
Water rates receivable	98,560	(39,601)
Accounts receivable	569,390	2,784,561
Payables, accruals and other liabilities	1,077,608	700,602
Inventory not held for resale	1,960	(54,797)
Prepaid expenses	169,213	(234,172)
Restricted deposits	(359,300)	-
	<u>8,368,388</u>	<u>7,511,716</u>
Capital activities		
Acquisition of tangible capital assets	(4,778,157)	(1,758,525)
Proceeds on sale of tangible capital assets	131,129	326,139
Proceeds on sale of land held for resale	25,250	65,600
	<u>(4,621,778)</u>	<u>(1,366,786)</u>
Financing activities		
Issuance of long term debt	2,757,501	1,165,000
Debt principal repayment	(4,471,778)	(2,844,858)
	<u>(1,714,277)</u>	<u>(1,679,858)</u>
Net change in cash and cash equivalents	2,032,333	4,465,072
Cash and cash equivalents		
Beginning of year	<u>8,636,814</u>	<u>4,171,742</u>
End of year	<u>\$ 10,669,147</u>	<u>\$ 8,636,814</u>

See accompanying notes to the consolidated financial statements

Town of Truro**Consolidated Statement of Changes in Net Debt**

Year Ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Net surplus (deficit)	\$ (441,917)	\$ 3,775,999	\$ (655,937)
Changes in tangible capital assets			
Acquisition of tangible capital assets	(4,676,845)	(4,778,157)	(1,758,525)
Amortization of tangible capital assets	4,690,500	4,698,230	4,643,839
Proceeds on sale of tangible capital assets	-	131,129	326,139
Loss on disposal of tangible capital assets, net	-	745,839	184,504
	<u>13,655</u>	<u>797,041</u>	<u>3,395,957</u>
Changes in other non-financial assets			
Inventory not held for resale	-	1,960	(54,797)
Prepaid expenses	-	169,213	(234,172)
Restricted deposits	-	(359,300)	-
	<u>-</u>	<u>(188,127)</u>	<u>(288,969)</u>
Change in net debt	<u>\$ (428,262)</u>	4,384,913	2,451,051
Net debt, beginning of year		(13,607,500)	(16,058,551)
Net debt, end of year		<u>\$ (9,222,587)</u>	<u>\$ (13,607,500)</u>

See accompanying notes to the consolidated financial statements

Town of Truro**Schedules to Consolidated Statement of Operations**

Year Ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Assessable property taxes and sewer rates			
Residential	\$ 11,609,936	\$ 11,601,251	\$ 11,229,852
Commercial	9,198,470	9,144,538	9,069,021
Resource	18,853	18,755	18,273
Recreation	5,990	5,989	5,704
Forest property (less than 50,000 acres)	238	245	250
Forest property (50,000 acres or more)	194	194	194
Road Preservation Tax - Residential	330,006	329,233	260,847
Road Preservation Tax - Commercial	104,727	104,347	81,901
	<u>21,268,414</u>	<u>21,204,552</u>	<u>20,666,042</u>
Business property			
Based on revenue - Bell Aliant	68,000	72,967	76,890
Nova Scotia Power Inc - Grant in lieu of taxes	17,000	17,747	17,550
Nova Scotia Power Inc - HST rebate	65,000	72,052	105,507
	<u>150,000</u>	<u>162,766</u>	<u>199,947</u>
Other			
Sewer rates	980,000	966,941	871,760
Deed transfer tax	325,000	447,381	460,336
Total tax levied	<u>22,723,414</u>	<u>22,781,640</u>	<u>22,198,085</u>
Expenditures as a reduction of tax revenue			
Appropriations to regional school board	(2,552,136)	(2,553,275)	(2,557,129)
Transfer to correctional services	(175,000)	(166,136)	(168,408)
Deficit of regional housing authority	(90,000)	(187,522)	(82,239)
	<u>(2,817,136)</u>	<u>(2,906,933)</u>	<u>(2,807,776)</u>
	<u>\$ 19,906,278</u>	<u>\$ 19,874,707</u>	<u>\$ 19,390,309</u>

Grants in lieu of taxes

Federal government	\$ 704,000	\$ 705,027	\$ 704,675
Provincial government			
Fire protection	59,000	59,827	59,808
Provincial property	49,800	52,779	52,818
	<u>\$ 812,800</u>	<u>\$ 817,633</u>	<u>\$ 817,301</u>

Town of Truro**Schedules to Consolidated Statement of Operations**

Year Ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Services provided to other governments			
Other local governments			
County of Colchester	\$ 88,112	\$ 94,862	\$ 91,943
Millbrook First Nations	270,319	270,319	294,645
Town of Stewiacke	14,715	12,561	15,277
	<u>\$ 373,146</u>	<u>\$ 377,742</u>	<u>\$ 401,865</u>

Sale of services

General government services	\$ 151,119	\$ 173,428	\$ 172,471
Protective services	57,280	115,000	120,274
Transportation services	6,600	12,765	8,981
Environmental development services	9,000	10,098	14,475
Recreation and cultural services			
Stadium	261,000	305,387	324,671
Douglas Street Community Centre	70,000	74,296	86,266
Victoria Park	75,000	59,237	102,776
Day camp	2,500	2,960	3,002
Other	19,000	81,064	48,215
	<u>\$ 651,499</u>	<u>\$ 834,235</u>	<u>\$ 881,131</u>

Other revenue from own sources

Licenses and permits	\$ 5,000	\$ 8,267	\$ 8,011
Fines	125,000	162,569	188,053
Rentals	-	1,369	1,368
Return on investments	20,000	208,690	110,531
Penalties and interest on taxes	201,000	194,154	219,765
Contributions for capital	-	91,634	107,619
Gain on disposition of assets	-	84,082	5,731
Miscellaneous	30,300	62,910	32,627
Revenue collected for other government agencies	260,000	262,505	258,173
Transmission of revenue collected	(260,000)	(262,505)	(258,173)
	<u>\$ 381,300</u>	<u>\$ 813,675</u>	<u>\$ 673,705</u>

Town of Truro**Schedules to Consolidated Statement of Operations**

Year Ended March 31

2020

2019

	Budget	Actual	Actual
Unconditional transfers from other governments			
Provincial government			
Equalization grant	\$ 1,346,600	\$ 1,346,638	\$ 1,346,638
Farm property acreage	1,070	1,090	1,087
Other provincial			
911 cost recovery	4,500	4,508	4,539
Dairy stewardship program	5,000	6,438	11,321
	<u>\$ 1,357,170</u>	<u>\$ 1,358,674</u>	<u>\$ 1,363,585</u>

Conditional transfers from governments

Federal government			
Aboriginal Affairs	\$ 490,000	\$ 521,854	\$ 527,305
Federal gas tax program	900,000	1,735,236	674,551
Grant for Trans Canada Trail	-	3,000	-
New Horizons, Seniors Mentoring Plus Program	-	2,357	-
Recreational grants	-	-	1,381
Provincial government			
Safe communities	400,000	400,000	400,000
Criminal intelligence service	110,000	140,251	120,076
Police training reimbursement	-	23,331	-
Active communities	35,000	35,533	25,500
Senior safety and other grants	-	19,311	31,178
Emergency services equipment - fire	-	-	20,000
NS Fuel Tax Rebate	-	59,930	-
Accessibility Grant	-	-	19,351
	<u>\$ 1,935,000</u>	<u>\$ 2,940,803</u>	<u>\$ 1,819,342</u>

Water revenues

Metered sales	\$ 3,360,000	\$ 3,315,128	\$ 3,385,794
Flat rate sales	23,000	22,741	22,943
Public fire protection	155,873	159,132	155,873
Private fire protection	38,000	39,800	39,101
Sprinkler service	41,000	41,004	40,850
Miscellaneous	20,000	46,665	42,599
Return on investments	-	39,045	21,502
	<u>\$ 3,637,873</u>	<u>\$ 3,663,515</u>	<u>\$ 3,708,662</u>

Town of Truro**Schedules to Consolidated Statement of Operations**

Year Ended March 31

2020

2019

	Budget	Actual	Actual
General government services			
Legislative			
Mayor remuneration	\$ 53,247	\$ 53,671	\$ 46,282
Mayor expenses	5,000	5,614	4,404
Council remuneration	171,525	173,643	153,282
Council expenses	54,500	42,513	36,104
	<u>284,272</u>	<u>275,441</u>	<u>240,072</u>
General administration			
Administrative	766,571	770,104	847,892
Information technology	582,623	534,646	388,639
Financial management	863,481	795,249	847,416
Taxation			
Tax rebates	197,000	199,945	183,534
Transfer for assessment services	154,302	154,302	154,140
Loss on disposal of assets	-	-	18,753
Writedown of tangible capital assets	-	827,627	-
Post employment sick leave benefits	-	97,792	93,060
Post employment pension benefits	-	(2,989,755)	454,782
Common services	212,740	189,966	225,694
	<u>2,776,717</u>	<u>579,876</u>	<u>3,213,910</u>
Debt charges			
General operations interest & charges	5,600	7,543	4,859
Interest on long term debt - debenture	27,798	26,045	41,369
Debt financing fees	16,500	17,540	6,990
	<u>49,898</u>	<u>51,128</u>	<u>53,218</u>
Valuation allowance			
Uncollectible taxes	10,000	(31,981)	57,171
Other doubtful accounts	2,000	(34)	416
	<u>12,000</u>	<u>(32,015)</u>	<u>57,587</u>
Other general government services			
Grants to organizations	178,000	178,070	186,836
Other	7,000	7,185	6,488
	<u>185,000</u>	<u>185,255</u>	<u>193,324</u>
	<u>3,307,887</u>	<u>1,059,685</u>	<u>3,758,111</u>
Amortization	600,000	600,437	606,449
	<u>\$ 3,907,887</u>	<u>\$ 1,660,122</u>	<u>\$ 4,364,560</u>

Town of Truro
Schedules to Consolidated Statement of Operations

Year Ended March 31

2020

2019

	Budget	Actual	Actual
Protective services			
Police protection			
Police services operations	\$ 5,288,599	\$ 5,337,843	\$ 5,237,737
Dispatch services	432,372	414,033	426,329
	<u>5,720,971</u>	<u>5,751,876</u>	<u>5,664,066</u>
Fire protection	1,801,080	1,895,376	1,879,228
Emergency measures	48,600	32,555	67,423
Debt charges			
Interest on long term debt - debenture	19,626	18,815	21,898
Other protective services			
Animal control	24,000	36,000	24,000
	<u>7,614,277</u>	<u>7,734,622</u>	<u>7,656,615</u>
Amortization	305,000	307,044	308,543
	<u>\$ 7,919,277</u>	<u>\$ 8,041,666</u>	<u>\$ 7,965,158</u>

Transportation services			
Common services	\$ 1,331,000	\$ 1,355,140	\$ 1,274,029
Road transport			
Streets and sidewalks	1,796,500	1,871,790	1,796,874
Snow and ice removal	775,000	699,589	731,467
Street lighting	225,000	215,019	203,703
Traffic services	162,900	169,238	124,998
Loss or writedown on disposal of tangible capital assets	-	-	170,607
Other	48,000	48,767	43,112
	<u>3,007,400</u>	<u>3,004,403</u>	<u>3,070,761</u>
Debt charges			
Interest on long term debt - debenture	33,971	22,935	45,334
	<u>4,372,371</u>	<u>4,382,478</u>	<u>4,390,124</u>
Amortization	2,015,000	2,015,398	1,962,149
	<u>\$ 6,387,371</u>	<u>\$ 6,397,876</u>	<u>\$ 6,352,273</u>

Town of Truro**Schedules to Consolidated Statement of Operations**

Year Ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Sewage collection and disposal			
Sewage collection systems	\$ 503,300	\$ 531,189	\$ 456,195
Sewage treatment and disposal	803,400	691,374	976,298
Share of County of Colchester sewage treatment debt charges	319,553	319,549	318,820
	<u>1,626,253</u>	<u>1,542,112</u>	<u>1,751,313</u>
Garbage and waste collection and disposal			
Garbage, waste collection and disposal	395,000	386,661	416,393
Recycling	45,000	50,022	45,371
Composting	40,000	60,721	44,825
	<u>480,000</u>	<u>497,404</u>	<u>506,589</u>
	2,106,253	2,039,516	2,257,902
Amortization	305,000	306,045	307,697
	<u>\$ 2,411,253</u>	<u>\$ 2,345,561</u>	<u>\$ 2,565,599</u>

Public health services

Interest on long term debt	<u>\$ 71,590</u>	<u>\$ 63,088</u>	<u>\$ 81,678</u>
----------------------------	------------------	------------------	------------------

Environmental development services

Planning and development			
Planning administration	\$ 759,057	\$ 742,221	\$ 705,697
Business development	107,850	110,851	79,455
Building inspection	8,000	10,386	3,940
	<u>874,907</u>	<u>863,458</u>	<u>789,092</u>
Community development			
Other	4,500	11,854	14,288
Loss on disposal of land inventory	-	1,550	93,400
Natural resources (tree) development	192,115	153,294	113,855
Tourism	40,850	42,357	32,549
	<u>1,112,372</u>	<u>1,072,513</u>	<u>1,043,184</u>
Amortization	5,500	5,372	5,197
	<u>\$ 1,117,872</u>	<u>\$ 1,077,885</u>	<u>\$ 1,048,381</u>

Town of Truro

Schedules to Consolidated Statement of Operations

Year Ended March 31

2020

2019

	Budget	Actual	Actual
Recreation and cultural services			
Recreation facilities			
Administration	\$ 553,966	\$ 561,941	\$ 434,039
Victoria Park pool	119,000	123,381	109,207
Skating rinks and multi-purpose centres			
Stadium	462,480	554,185	674,507
Douglas Street Community Centre	169,392	157,945	182,833
Other facilities			1,636
Victoria Park	101,200	105,213	310,106
Civic Square	62,650	44,066	53,797
Sports fields, green spaces and other parks	862,330	917,545	532,801
Other			
Downtown maintenance	45,000	51,952	47,846
Litter control	22,000	22,625	17,187
Recreation programs	77,400	71,638	79,430
Writedown of assets	-	-	203
Other recreation services	37,200	53,086	29,311
	<u>2,512,618</u>	<u>2,663,577</u>	<u>2,472,903</u>
Cultural buildings and facilities			
Library - local branch	170,000	159,163	168,654
Transfer to regional library	85,000	81,713	81,713
	<u>255,000</u>	<u>240,876</u>	<u>250,367</u>
Debt charges			
Interest on long term debt	468,439	441,451	468,440
	<u>3,236,057</u>	<u>3,345,904</u>	<u>3,191,710</u>
Amortization	945,000	947,893	954,297
	<u>\$ 4,181,057</u>	<u>\$ 4,293,797</u>	<u>\$ 4,146,007</u>

Water expenses

Source of supply	\$ 20,000	\$ 300	\$ 6,560
Power and pumping	144,000	145,194	163,625
Water treatment	1,256,170	1,201,537	1,196,993
Transmission and distribution	813,161	638,031	824,774
Administration and general	57,200	16,819	52,811
Write down of assets	-	2,294	673
Interest on long term debt	47,075	35,228	52,447
	<u>2,337,606</u>	<u>2,039,403</u>	<u>2,297,883</u>
Amortization	515,000	516,040	499,507
	<u>\$ 2,852,606</u>	<u>\$ 2,555,443</u>	<u>\$ 2,797,390</u>

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2020

1 Summary of significant accounting policies

The consolidated financial statements of the Town of Truro (the "Town") are prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of Chartered Professional Accountants (CPA) Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Town and which are owned or controlled by the Town. In addition to general government tax-supported operations, the water utility operations and the Truro Industrial Development Society, they include the following:

Central Nova Scotia Civic Centre Society (Operating as the "Rath Eastlink Community Centre) - proportionately consolidated

Truro/Colchester Regional Enterprise Network (REN) - proportionately consolidated

A government partnership exists where the Town has shared control over the entity. The Town's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the consolidated financial statements using the proportionate consolidation method. The Town's proportionate interest of the Civic Centre is 50%, which has been reflected in the consolidated financial statements. The Town's proportionate interest of the REN is 31%, which has been reflected in the consolidated financial statements.

Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of accounting

The basis of accounting followed in the consolidated financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period in which the goods and services are acquired and a liability is incurred or transfers are due.

c) Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds for the general operations, the water utility, Truro Industrial Development Society and the proportionate share of the Central Nova Scotia Civic Centre Society, and the Truro/Colchester Regional Enterprise Network.

d) Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates in the consolidated financial statements include the allowance for doubtful accounts, amortization expense based on estimated useful lives of tangible capital assets, accrued pension benefit and sick leave liability. Actual results could differ from those estimates.

e) Revenue recognition

Tax revenues are property tax billings which are prepared by the Town based on assessment rolls. Tax rates are established annually by Town Council. Taxes are billed based on the assessment rolls provided by the Property Services Valuation Corporation a non-for-profit organization responsible for assessment under the Nova Scotia Assessment Act. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined.

Revenues from services to other governments, sale of services, water fire protection and other revenues are recognized when services are performed and/or when earned as long as amounts can be reasonably estimated and collection is reasonably assured.

Town of Truro
Notes to the Consolidated Financial Statements
March 31, 2020

1 Summary of significant accounting policies (continued)

e) Revenue recognition (continued)

All non-government contributions or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

f) Government transfers

Government transfers received are recognized in the consolidated financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

g) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the deficit, provides the consolidated change in net debt for the year.

h) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and impairment, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	5 - 25 years
Buildings	10 - 75 years
Engineered structures	20 - 75 years
Machinery and equipment	5 - 75 years
Vehicles	2 - 5 years

Amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

When conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-downs of tangible capital assets are accounted for as expenses in the statement of operations and such write-downs are not reversed.

i) Land held for resale

Costs incurred which are directly attributable to the development of land in the industrial park are capitalized as part of the land cost. Costs incurred which are directly attributable to the construction of streets, sewers and water mains will be transferred to property and equipment when deeded to the Town.

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2020

1 Summary of significant accounting policies (continued)

j) Inventory not held for resale

Inventories of materials and supplies held for consumption are valued at the lower of cost and net realizable value, with cost determined by the average cost method.

k) Segmented information

The Town of Truro is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Town's operations and activities are organized and reported by fund. This presentation is in accordance with the Provincial Financial Reporting and Accounting Manual, and was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

General government services

This department is responsible for the overall financial and local government administration. Its tasks include tax administration, trade payables and receivables, budgets, financial statements and adherence to the *Municipal Government Act*.

Protective services

The Town is primarily responsible for fire protection and public safety for its residents. The Town pays the operating and capital expenditures for the police and fire departments. Other protective services include fees paid to the province for correctional services.

Transportation services

The Town is responsible for the maintenance and construction of local roads and sidewalks including snow removal.

Environmental health services

This department is responsible for the maintenance and operations of waste and sewer services provided to the residents and other customers.

Public health services

This department provides financial assistance in the areas of public housing and health services.

Environmental development services

The Town is responsible for the issuance of development permits and approval of development applications. This department also includes municipal contributions to the regional economic development authorities.

Recreation and cultural services

This department is responsible for promoting and offering recreation services to the Town's residents, specializing in maintaining and assisting recreational facilities within the Town such as parks, swimming pools, trails and libraries.

Water

This department manages water treatment and distribution facilities and services within the Town and includes activities such as source of supply, power and pumping, water treatment, transmission and distribution.

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2020

1 Summary of significant accounting policies (continued)

l) Cash and cash equivalents

Cash and cash equivalents includes unrestricted cash of \$5,391,085 (2019 - \$3,414,330) and internally designated cash of \$5,278,062 (2018 - \$5,222,484). These totals include cash on hand and balances with banks.

m) Trust funds

The trust funds being administered by the Town are not consolidated with the accounts of the Town. The trust fund balance as at March 31, 2020 is \$356,893.

n) Budget figures

The budget figures contained in these consolidated financial statements were approved by Council on April 1, 2019 in its original fiscal plan; they also include budgets prepared and approved by controlled entities and are adjusted for amortization in accordance with Public Sector requirements. Note 12 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these consolidated financial statements.

o) Contribution to provincial government departments and agencies

The Town is required to contribute to the operations of various provincial government departments and boards, along with other municipal units in the province, based on formulas defined in legislation.

p) Deferred revenue

Deferred revenue relates to the Central Nova Scotia Civic Centre Society, Truro/Colchester Regional Enterprise Network and gas tax revenue. The Central Nova Scotia Civic Centre Society and Truro/Colchester Regional Enterprise Network deferred revenue balances consists of grants, major events, membership and sponsorships which will be recognized in the period in which the revenue has been earned. Gas tax deferred revenue will be recognized in the period in which stipulations and eligibility criteria have been met. See Note 3.

q) Contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites would be recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Municipality of the Town of Truro:
 - is directly responsible; or
 - accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

As at March 31, 2020 there are no known contaminated sites identified.

Town of Truro
Notes to the Consolidated Financial Statements

March 31, 2020

2 Taxes and sewer rates receivable	2020	2019
Balance, beginning of year	\$ 1,532,646	\$ 1,658,983
Current period tax and interest	22,975,794	22,417,850
	<u>24,508,440</u>	<u>24,076,833</u>
Collections	(23,230,588)	(22,544,187)
Balance, end of year	1,277,852	1,532,646
Valuation allowance	(35,000)	(70,000)
Balance, net of valuation allowance end of year	<u>\$ 1,242,852</u>	<u>\$ 1,462,646</u>

3 Deferred revenue

	Gas tax	Other	Total
Balance, beginning of year	\$ 574,550	\$ 194,119	\$ 768,669
Contributions	1,978,819	10,091	1,988,910
Amounts recognized as revenue	(1,735,236)	-	(1,735,236)
Balance, end of year	<u>\$ 818,133</u>	<u>\$ 204,210</u>	<u>\$ 1,022,343</u>

4 Long term debt

Principal repayments required during the next five fiscal years are as follows:

	General Operating	General Capital	Water Capital	Total
2021	905,000	1,738,127	295,375	2,938,502
2022	300,000	2,037,827	185,375	2,523,202
2023	300,000	4,156,627	185,375	4,642,002
2024	190,000	2,373,027	185,375	2,748,402
2025	100,000	701,475	185,375	986,850

All long-term debt outstanding has been properly authorized by the Department of Municipal Affairs.

5 Tax sale surplus

The Town is required to hold these funds in the Operating Fund statement of financial position for 20 years. After the expiry date, the cash will then be transferred to the Capital Reserve Fund. Of the total amount, the following can be transferred:

2022	\$4,900
2026	\$22,180
2027	\$6,185
2030	\$36,128
2033	\$1,566
2039	\$9,329
2040	\$1,975

Town of Truro
Notes to the Consolidated Financial Statements
 March 31, 2020

6 Post employment benefits

Section 3255 of the CPA Canada Public Sector Accounting Handbook requires that a liability and expense be recorded for compensated absences that are both accumulating and non-vesting and vesting and accumulating. The valuation was completed as at March 31, 2020.

Actuarial Method:

The actuarial cost method used was the "Projected Unit Credit" method (also known as the "Projected Accrued Benefit" method) pro-rated on service.

Components of benefit expense under PS3250:

	2020	2019
Current period benefit expense	\$ 244,548	\$ 235,347
Interest expense	53,141	52,392
Total sick leave expense	<u>\$ 297,689</u>	<u>\$ 287,739</u>

Accrued benefit liability/ (asset) on the consolidated statement of financial position:

	2020	2019
Balance, beginning of year	\$ 596,672	\$ 503,612
Benefit expense	244,548	235,347
Interest expense	53,141	52,392
Employer contributions	(199,897)	(194,679)
Balance, end of year	<u>\$ 694,464</u>	<u>\$ 596,672</u>

Assumptions:

Discount rate:	1.7% per annum	(2019-2.87% per annum)
Salary increases:	3.0% per annum	(2019-3.00% per annum)
Termination rate:	Ontario Light Termination rate	
Retirement age:	Maximum age 70	
Excess sick leave utilization	3.5 days to 5.5 days each year	(2019- 5 days each year) depending on age group

Plan Provisions:

The main provisions of the program are as follows

- Eligible employees are granted 1.5 sick leave days per month (i.e., 18 days per year), up to a maximum of 130 days.
- Employees who retire between the ages of 55 and 65 with at least 25 years of service are entitled to receive a pay out of their accumulated sick days based on their rate of pay at the time of their retirement.
- Employees who retire between the ages of 55 and 65 with between 20 and 25 years of service are entitled to receive a pay out of their accumulated sick days based on their prorated rate of pay at the time of their retirement.
- No other benefits in respect to accumulated sick leave are payable upon retirement, terminations or death.

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2020

7 Defined pension obligation

In prior years, the Town maintained a contributory defined benefit pension plan (Pension Plan for Employees of the Town of Truro) which covered substantially all of its employees (excluding Police Locals 101 and 211). The plan provided pensions based on length of service and annual earnings.

Effective January 1, 2020, assets and liabilities from the Pension Plan for Employees of the Town of Truro ("original plan") were transferred to the Nova Scotia Public Superannuation Plan ("PSSP"). Members of the original plan became members of the PSSP effective on that date.

An actuarial valuation of the plan was completed, following the guidelines of PSAS 3250, for December 31, 2017. The note below has been based on the actuarial assumptions and valuation as at December 31, 2017 and was updated by extrapolation to March 31, 2019. Figures from April 1, 2019 to the transfer date of January 1, 2020 were estimated by management with the assistance of the actuary for the Pension Plan for Employees of the Town of Truro. The fair value of the plan assets and accrued benefit obligation was calculated by the PSSP's actuary in accordance with the transfer agreement between the Town and the PSSP.

Information regarding the Town's March 31 defined pension obligation

	<u>2020</u>	<u>2019</u>
Plan assets, at market value, April 1	\$ 29,574,551	\$ 27,254,476
Return on the plan	1,270,729	1,579,198
Contributions – Employer required	459,497	875,448
Contributions – Employee	402,987	533,616
Benefit payments	(1,079,221)	(908,916)
(Loss)/gain on assets	226,257	240,729
Fair value, date of transfer	<u>30,854,800</u>	<u>29,574,551</u>
Transfer to PSSP, January 1, 2020	(30,236,200)	-
Plan assets, at market value, March 31	\$ 618,600	\$ 29,574,551
Accrued benefit obligation, April 1	\$ 37,010,158	\$ 33,931,945
Current service cost	1,350,409	1,537,646
Benefit payments	(1,079,221)	(908,916)
Interest on accrued benefit obligation	905,428	1,203,588
Actuarial gain arising on settlement	(7,950,574)	-
Gain on obligations	-	962,060
Transfer in contributions	-	283,835
Fair value, date of transfer	<u>30,236,200</u>	<u>37,010,158</u>
Transfer to PSSP, January 1, 2020	(30,236,200)	-
Accrued benefit obligation, March 31	\$ -	\$ 37,010,158
Funded status, March 31, 2020	\$ 618,600	
Additional reserve	<u>100,000</u>	
	718,600	
Entitlement	50%	
Restricted deposits, March 31, 2020	\$ 359,300	

Defined pension obligation is comprised of:

	<u>2020</u>	<u>2019</u>
Accrued benefit obligation	\$ -	\$ 37,010,158
Less: Plan assets, net of restricted deposits and Employee portion	-	29,574,551
Less: Unamortized (gain) loss	-	4,805,152
	<u>-</u>	<u>2,630,455</u>
Net defined pension obligation	\$ -	\$ 2,630,455

Town of Truro
Notes to the Consolidated Financial Statements

March 31, 2020

7 Defined pension obligation (continued)

	2020	2019
Components of pension (gain) expense		
Current period cost, net of contributions	\$ 1,350,409	\$ 1,537,646
Employer contributions	(459,497)	(587,009)
Employee contributions	(402,987)	(495,855)
Unamortized actuarial losses at time of settlement, including asset loss arising in year	4,578,895	-
Gain arising on pension plan settlement	(7,950,574)	-
Change in valuation allowance	259,300	-
Pension (gain) expense	<u>(2,624,454)</u>	<u>454,782</u>
Interest cost	905,428	-
Return on plan assets	<u>(1,270,729)</u>	<u>-</u>
Total pension (gain) expense, including interest	<u>\$ (2,989,755)</u>	<u>\$ 454,782</u>

Commencing on January 1, 2020, the Town's only obligation with respect to the PSSP is to remit employer contributions when due. As such, in accordance with PSAS 3250, the Town will no longer be required to separately report a pension expense and accrued benefit liability relating to a defined benefit plan.

The asset and liability transfer resulted in a pension transfer excess as at January 1, 2020 in the amount of \$718,600. The significant driver of this excess, and associated pension gain, is that the underlying assumptions for the PSSP are different from those used by the Town's pension plan in the previous year. Significantly, the PSSP has used a discount rate of 6.0% to value the actuarial liability being assumed by the PSSP from the Town. At March 31, 2019, the Town's pension plan used a discount rate of 3.25% in its extrapolation.

The Pension Plan Transfer Agreement dated December 31, 2019 between the Town of Truro and the Trustee of the PSSP requires any excess on the transfer, plus applicable interest, to be used as a credit to the Town for future employer and employee contributions. The Plan Text of the PSSP requires contributions from both Town (employer) and employee at matching amounts. Recognized on the consolidated statement of net assets are restricted deposits in the amount of \$359,300 representing the Town's 50% share of the excess. The restricted deposits will be amortized as future employer pension contributions are earned by the qualifying employees of the Town and become payable to the PSSP.

The PSSP is considered a multi-employer pension plan. The Town accounts for this pension plan as a defined contribution plan whereby no accrued liability is recorded and contributions paid or payable are expensed in the year in which earned by the qualifying employees of the Town.

Police Association of Nova Scotia Pension Plan

The Town also contributes to a defined benefit plan administered by the Police Association of Nova Scotia which covers Police Locals 201 and 211 who are employees of the Town. These plan assets are administered by PANS and the Town is responsible for contributing its portion of any going concern deficiency. The most recent actuarial valuation for this plan was completed for December 31, 2019 and indicated this plan is fully funded on a going concern basis with assets exceeding the actuarial liabilities by \$12,938,000.

On a solvency basis the actuarial liabilities exceed the value of assets by \$7,061,000. Under changes to the Regulations of the Nova Scotia Pension Benefits Act in 2012, effective January 1, 2013 the Town is exempted from funding on a solvency basis.

8 Contributions to Boards and Commissions

The Town is required to finance the operations of various boards and commissions along with other municipal units in Colchester County to the extent of its participation based on assessment or population.

In addition to any budgeted contributions, the municipal units share in the deficits or surpluses of these boards based on their sharing percentages. A municipal unit's share of the deficit is to be paid in the next fiscal year while a surplus is to be taken into the next year's estimates.

Contribution to Regional Library Board

During the year, the Town paid \$81,713 (2019 – \$81,713) to the Regional Library Board for costs of operations of the Truro branch of the Regional Library.

Contribution to Truro Housing Authority

During the year, the Town paid \$80,741 (2019 - \$82,239) to the Truro Housing Authority to fund its share of the prior year's deficit.

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2020

9 Commitments

The Town cost shares equally with the Municipality of the County of Colchester on any operational losses of the Rath Eastlink Community Centre. The Town's share of revenues and expenditures are disclosed as separate line items in the consolidated financial statements.

The Town of Truro has agreed to share in the cost of various projects with the County of Colchester and the Town of Stewiacke.

Project	Town share	Town's share of capital cost	Town's commitment as at March 31, 2020
a) Wastewater Treatment (Upgrades 2014)	100%	\$ 3,232,588	\$ 2,424,443
b) Wastewater Treatment (Upgrades 2016)	50%	953,568	810,534
		<u>\$ 4,186,156</u>	<u>\$ 3,234,977</u>

Payments made during the year toward these commitments are disclosed as separate line items in the consolidated financial statements under Environmental Health Services. The balance of payments for committed amounts above are:

For the years ending March 31:	2021	2022	2023	2024	2025	2026-2032
		209,307	209,307	209,307	209,307	209,307
						2,188,442

10 Financial instruments

The Town's financial instruments consist of cash, receivables, payables and accruals deferred revenue, long-term debt and other liabilities.

It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these consolidated financial statements.

The Town is subject to credit risk with respect to its various receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Liquidity risk is the risk that the Town will encounter problems in raising funds to meet its commitments at maturity. The Town is exposed to liquidity risk through its payables and accruals, other liabilities, post-employment benefits and long-term debt. Management believes the Town has ample working capital to meet its short-term obligations and therefore the exposure to liquidity risk is low.

11 Remuneration

Total remuneration and expenses paid to elected and senior appointed officials of the Town are as follows:

			<u>Remuneration</u>	<u>Expenses</u>
W.R. Mills	Mayor	\$	49,199	\$ 10,103
T. Chisholm	Councillor/Deputy Mayor	\$	30,837	\$ 4,356
C. Fritz	Councillor	\$	27,391	\$ 5,943
C. Hinton	Councillor	\$	27,391	\$ 1,926
D. Joseph	Councillor	\$	27,391	\$ 1,126
B. Kinsman	Councillor	\$	27,391	\$ 1,045
W. Talbot	Councillor	\$	27,391	\$ 10,869
M. Dolter	Chief Administrative Officer	\$	153,456	\$ 16,039

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2020

12 Budget figures

The Town budgets for rate setting purposes. These budgeted amounts do not include amortization and include interfund transfers. The following adjustments to the annual surplus reconcile the operating budgets to the financial reporting presentation under Canadian Public Sector Accounting Standards ("PSAB").

	<u>2020</u>
Approved budgeted surplus (deficit) for the year	
General operations	\$ 305,000
Water utility operations	<u>(301,490)</u>
Approved budget surplus	<u>3,510</u>
Elimination of:	
Transfers to other funds	1,207,233
Interfund debt repayments	1,520,460
Transfer to Industrial Development Society	50,000
RECC budget	48,488
Funding for capital expenditures	900,000
Amortization of tangible capital assets	(4,175,500)
REN budget	<u>3,892</u>
Net PSAB adjustments	<u>(445,427)</u>
PSAB adjusted budgeted deficit per consolidated financial stat	<u>\$ (441,917)</u>

13 Contingencies

i) As at March 31, 2020, there is currently a litigation claim against the Town of Truro and the Municipality of the County of Colchester by PCL Constructors Canada Inc. This is a claim arising out of the construction contract for the Rath Eastlink Community Centre. The claim was filed February 2, 2015. A counter claim was also filed by the Town of Truro and the Municipality of the County of Colchester. The stated value of the PCL claim is \$2.5 million. At this stage in the proceedings, it is not possible to reasonably measure any potential liability or recovery that may exist in the PCL claim or counter claim.

ii) As of March 31, 2020 there are several disputed matters, which the Town is defending and have referred to their insurers. It is unknown at this time the outcome of these matters but it is not considered likely that they will result in a material liability to the Town.

iii) As of March 31, 2020, there currently remains an outstanding dispute regarding the purchase of wastewater treatment services from the Municipality of the County of Colchester. The Municipality of Colchester and the Town of Truro's agreement for wastewater has expired and a replacement agreement has not been renegotiated. The Municipality of Colchester has invoiced Truro based on recommended flow calculations for fiscal year ending 2020. Fiscal year ending 2019 was invoiced on the previously existing agreement which had expired. No formal legal claim has been filed as the parties continue to negotiate a new agreement. It is not expected that any material changes for the services will occur as a part of renegotiation of the wastewater agreement.

14 Subsequent events

On April 24, 2020, council approved the motion to refinance loans 25A1 in the amount of \$306,250 for a period of 5 years and 30A1 in the amount of \$550,000 for a period of 10 years.

Town of Truro

Notes to the Consolidated Financial Statements

March 31, 2020

15 Government partnerships

Government partnerships entered into or continued by the Town during the current year of operations are recorded using the proportionate consolidation method. Government partnerships include:

Partnership with the Municipality of the County of Colchester to maintain and operate the Central Nova Civic Centre Society at 50%

Partnership with the Municipality of the County of Colchester for the construction and operation costs to maintain the building which hosts the Colchester – East Hants Public Library Truro Branch at 60%

Partnership with the Municipality of the County of Colchester, Town of Stewiacke, and the Truro & Colchester Chamber of Commerce to maintain and operate the Truro/Colchester Regional Enterprise Network at 31%

Government partnerships accounted for using the proportionate consolidation method have the following impact on the consolidated statement of financial position and operations as at March 31,

	<u>2020</u>	<u>2019</u>
Total Assets	\$ 5,896,345	\$ 6,858,602
Total Liabilities	4,562,249	4,827,647
Net Assets	<u>\$ 1,334,096</u>	<u>\$ 2,030,955</u>
Total Revenues	\$ 1,794,474	\$ 2,019,529
Total Expenses	2,511,145	2,743,438
Annual Deficit	<u>\$ (716,671)</u>	<u>\$ (723,909)</u>

16 Impact of COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Town of Truro has not yet experienced a significant impact on its operations and has determined that no events have taken place that impact the financial results of operations as of and for the year ended March 31, 2020.

The Central Nova Scotia Civic Centre Society, which is proportionately consolidated with the Municipality, was required to shut down the operating facility from March 15, 2020 to July 6, 2020. To limit financial exposure, the operating facility laid off much of the workforce and have utilized government programs for business. They are also still receiving financial support from the Municipality of the County of Colchester and the Town of Truro, under the operating agreement between the parties. The operating facility has reopened with reduced activities and will be resuming and establishing functions and activities as they are permitted to do so, in line with Federal and Provincial Public Health guidelines, as well as the individual guidelines for the specific functions, such as Hockey NS. In addition to following the Public Health recommendations they are closely monitoring costs associated with each of the functions and will ensure the plans are in place to ensure costs are able to be recovered and do not result in a deficit. The Society has prepared a reforecast for their 2020/2021 year to reflect the changes as a result of COVID-19. This will continue to be closely monitored by management and the Board of the organization.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Municipality and its subsidiaries in future periods, therefore no adjustments have been made to the March 31, 2020 period.

Town of Truro
Consolidated Schedule of Tangible Capital Assets

March 31

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Work in Progress	2020	2019
General capital									
Balance, beginning of year	\$ 9,195,332	\$ 3,802,509	\$ 47,471,178	\$ 63,640,369	\$ 9,140,115	\$ 1,887,052	\$ 326,153	\$ 135,462,708	\$ 135,250,958
Acquisition of capital assets	376,210	51,726	775,352	2,273,744	329,443	32,796	491,380	4,330,651	1,555,778
Work in progress	(616,567)		133,538	133,062	(205,814)		(266,600)		
Disposition of capital assets	8,954,975	3,854,235	(312,857)	66,047,175	9,263,744	1,919,848	550,933	(1,135,238)	(1,344,028)
Balance, end of year			48,087,211					138,658,121	135,462,708
Accumulated amortization:									
Balance, beginning of year	-	1,145,780	12,038,649	33,291,590	6,382,058	1,686,856	-	54,544,933	51,234,659
Accumulated amortization on disposals	-		(54,750)		(205,814)		-	(260,564)	(834,058)
Annual amortization	-	267,847	1,254,593	2,139,583	390,049	130,118	-	4,182,190	4,144,332
Balance, end of year	-	1,413,627	13,238,492	35,431,173	6,566,293	1,816,974	-	58,466,559	54,544,933
Net book value of capital assets	\$ 8,954,975	\$ 2,440,608	\$ 34,828,719	\$ 30,616,002	\$ 2,697,451	\$ 102,874	\$ 550,933	\$ 80,191,562	\$ 80,917,775
Water capital									
Cost:									
Balance, beginning of year	\$ 1,939,961	\$ -	\$ 11,223,643	\$ 9,731,056	\$ 4,892,886	\$ 713,162	\$ -	\$ 28,500,708	\$ 28,298,634
Acquisition of capital assets	-	-	-	-	145,719	135,519	166,268	447,506	202,747
Disposition of capital assets	(2,294)	-	-	-	-	-	-	(2,294)	(673)
Balance, end of year	1,937,667	-	11,223,643	9,731,056	5,038,605	848,681	166,268	28,945,920	28,500,708
Accumulated amortization:									
Balance, beginning of year	-	-	3,943,517	2,562,008	2,483,843	599,794	-	9,589,162	9,089,655
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-
Annual amortization	-	-	164,234	146,342	146,804	58,660	-	516,040	499,507
Balance, end of year	-	-	4,107,751	2,708,350	2,630,647	658,454	-	10,105,202	9,589,162
Net book value of water capital	\$ 1,937,667	\$ -	\$ 7,115,892	\$ 7,022,706	\$ 2,407,958	\$ 190,227	\$ 166,268	\$ 18,840,718	\$ 18,911,546
Total net book value	\$ 10,892,642	\$ 2,440,608	\$ 41,944,611	\$ 37,638,708	\$ 5,105,409	\$ 293,101	\$ 717,201	\$ 99,032,280	\$ 99,829,321

Town of Truro

Consolidated Schedule of Long Term Debt

Year ended March 31, 2020

	Maturity Date	MFC Series #	Balance March 31, 2019	Issued	Redeemed	Balance March 31, 2020	Interest Rate
General Operating Fund							
Municipal Finance Corporation							
Hospital 2007	2022	37-A-1	440,000	-	110,000	330,000	1.930% - 2.466%
Hospital 2009 (Refinanced)	2019	29-B-1	550,000	-	550,000	-	4.329%
Hospital 2010	2020	30-A-1	660,000	-	55,000	605,000	3.690% - 3.870%
Hospital 2008	2023	38-A-1	450,000	-	90,000	360,000	2.490% - 3.048%
Hospital 2009	2024	39-B-1	-	500,000	-	500,000	0.000% - 2.265%
			2,100,000	500,000	805,000	1,795,000	
General Capital Fund							
Municipal Finance Corporation							
Municipal building	2023	38-A-1	715,000	-	143,000	572,000	2.490% - 3.048%
Municipal building/firehall 2005	2020	25-A-1	428,750	-	61,250	367,500	4.825% - 4.880%
PW Facility 2009 (Refinanced)	2019	29-A-1	913,687	-	913,687	-	4.881% - 4.889%
Stadium/RECC 2009 (Refinanced)	2019	29-B-1	550,000	-	550,000	-	4.329%
RECC 2011	2021	31-A-1	865,800	-	66,600	799,200	3.256% - 3.645%
RECC 2012	2022	32-A-1	2,450,000	-	175,000	2,275,000	2.992% - 3.480%
RECC 2012	2022	32-B-1	1,540,000	-	110,000	1,430,000	2.650% - 3.160%
RECC 2013	2028	33-A-1	748,700	-	50,000	698,700	2.266% - 3.489%
RECC 2013	2028	33-A-1	483,800	-	42,100	441,700	2.266% - 3.489%
RECC 2013	2023	33-B-1	1,200,000	-	80,000	1,120,000	2.744% - 3.614%
Fire Truck 2014	2024	34-A-1	300,000	-	50,000	250,000	2.244% - 3.347%
RECC 2014	2029	34-B-1	2,028,000	-	126,750	1,901,250	2.221% - 3.559%
Library 2015	2030	35-A-1	4,420,000	-	260,000	4,160,000	1.632% - 3.449%
PW Facility	2024	39-A-1	-	830,625	-	830,625	1.982% - 2.218%
Stadium/RECC	2024	39-B-1	-	500,000	-	500,000	0.000% - 2.265%
Finance Company							
Vehicle loan 2016	2019		1,693	-	1,693	-	4.99%
Vehicle loan 2016	2020		8,443	-	7,135	1,308	1.49%
			16,653,873	1,330,625	2,637,215	15,347,283	
Water Capital Fund							
Municipal Finance Corporation							
PW Facility 2009 (Refinanced)	2019	29-A-1	304,563	-	304,563	-	4.889%
Water Utility Dam 2009 (Refinanced)	2019	29-B-1	715,000	-	715,000	-	4.329%
Water Utility Dam 2010	2020	30-A-1	120,000	-	10,000	110,000	3.690% - 3.870%
PW Facility 2009	2024	39-A-1	-	276,876	-	276,876	1.982% - 2.218%
Water Utility Dam 2009	2024	39-B-1	-	650,000	-	650,000	0.000% - 2.265%
			1,139,563	926,876	1,029,563	1,036,876	
			\$ 19,893,436	\$ 2,757,501	\$ 4,471,778	\$ 18,179,159	

Town of Truro
Consolidated Schedule of Segment Disclosure

Year ended March 31, 2020

	General Government	Protective	Transportation	Environmental Health	Public Health	Environmental Development	Recreation and Cultural	Rath Eastlink Community Centre	Regional Enterprise Network	Water Utility	Consolidated
Revenue											
Assessable property taxes	\$ 1,655,800	\$ 6,593,664	\$ 5,245,858	\$ 1,923,213	\$ 51,728	\$ 883,798	\$ 3,520,645	\$ -	\$ -	\$ -	\$ 19,874,707
Grants in lieu of taxes	68,119	271,259	215,811	79,120	2,128	36,359	144,837	-	-	-	817,633
Services provided to other governments	18,985	14,280	270,319	19,932	-	9,965	44,261	-	-	-	377,742
Sale of services	173,428	115,000	12,765	10,088	-	10,088	522,944	-	-	-	834,235
Other revenue from own sources	497,423	162,569	-	-	-	62,049	91,634	-	-	-	813,675
Rath Eastlink Community Centre	-	-	-	-	-	-	-	1,581,768	-	-	1,581,768
Regional Enterprise Network	-	-	-	-	-	-	-	-	90,446	-	90,446
Unconditional transfers from government	1,358,674	-	-	-	-	-	-	-	-	-	1,358,674
Conditional transfers from government	62,287	582,893	2,257,090	-	-	-	38,533	-	-	-	2,940,803
Water revenues	<u>\$ 3,834,715</u>	<u>\$ 7,739,665</u>	<u>\$ 8,001,844</u>	<u>\$ 2,022,265</u>	<u>\$ 53,856</u>	<u>\$ 1,002,269</u>	<u>\$ 4,362,854</u>	<u>\$ 1,581,768</u>	<u>\$ 90,446</u>	<u>\$ 3,663,515</u>	<u>\$ 32,353,198</u>
Expenditures											
Salaries, wages and benefits	\$ 1,579,318	\$ 6,652,301	\$ 2,261,218	\$ 361,356	\$ -	\$ 806,609	\$ 1,717,137	\$ 476,966	\$ 108,971	\$ 872,738	\$ 14,886,614
Operating materials and supplies	1,729,208	1,013,137	2,098,325	169,833	946,440	265,904	946,440	1,519,501	36,323	1,131,437	8,910,108
Contracted services	154,302	36,000	-	1,188,778	-	-	240,876	-	-	-	1,619,956
Rents and financial expenses	110,805	18,815	22,935	319,549	63,088	-	441,450	-	-	35,228	1,011,870
Community grants and exemptions	378,015	14,369	-	-	-	-	-	-	-	-	392,384
Post employment	(2,891,963)	-	-	-	-	-	-	-	-	-	(2,891,963)
Amortization	600,437	307,044	2,015,398	306,045	-	5,372	947,894	-	-	516,040	4,698,230
	<u>\$ 1,660,122</u>	<u>\$ 8,041,666</u>	<u>\$ 6,397,876</u>	<u>\$ 2,345,561</u>	<u>\$ 63,088</u>	<u>\$ 1,077,865</u>	<u>\$ 4,293,797</u>	<u>\$ 1,996,467</u>	<u>\$ 145,294</u>	<u>\$ 2,955,443</u>	<u>\$ 28,577,199</u>

Town of Truro
Consolidated Schedule of Segment Disclosure

Year ended March 31, 2019

	General Government	Protective	Transportation	Environmental Health	Public Health	Environmental Development	Recreation and Cultural	Rath Eastlink Community Centre	Regional Enterprise Network	Water Utility	Consolidated
Revenue											
Assessable property taxes	\$ 3,190,743	\$ 5,822,986	\$ 4,643,875	\$ 1,875,600	\$ 59,711	\$ 766,426	\$ 3,030,988	\$ -	\$ -	\$ -	\$ 19,390,309
Grants in lieu of taxes	134,490	245,439	195,739	79,056	2,517	32,305	127,755	-	-	-	817,301
Services provided to other governments	8,226	27,447	294,645	15,450	-	10,287	45,810	-	-	-	401,865
Sale of services	172,471	120,274	8,981	14,475	-	14,475	564,930	-	-	-	881,131
Other revenue from own sources	370,022	188,053	-	-	-	8,011	107,619	-	-	-	673,705
Rath Eastlink Community Centre	-	-	-	-	-	-	-	1,863,937	-	-	1,863,937
Regional Enterprise Network	-	-	-	-	-	-	-	-	106,781	-	106,781
Unconditional transfers from government	1,363,585	-	-	-	-	-	-	-	-	-	1,363,585
Conditional transfers from government	-	540,076	1,201,856	-	-	-	77,410	-	-	-	1,819,342
Water revenues	<u>\$ 5,236,704</u>	<u>\$ 6,944,275</u>	<u>\$ 6,345,096</u>	<u>\$ 1,970,106</u>	<u>\$ 62,228</u>	<u>\$ 831,504</u>	<u>\$ 3,954,492</u>	<u>\$ 1,863,937</u>	<u>\$ 106,781</u>	<u>\$ 3,708,662</u>	<u>\$ 31,026,618</u>
Expenditures											
Salaries, wages and benefits	\$ 1,515,288	\$ 6,509,892	\$ 2,265,739	\$ 301,494	\$ -	\$ 687,329	\$ 1,601,455	\$ 970,601	\$ 40,912	\$ 967,109	\$ 14,859,819
Operating materials and supplies	1,059,666	1,086,456	1,908,444	154,701	871,448	355,855	871,448	1,294,033	55,963	1,278,327	8,064,895
Contracted services	154,140	24,000	-	1,482,887	-	-	250,367	-	-	-	1,911,394
Rents and financial expenses	110,805	21,898	215,941	318,820	81,678	-	468,440	-	-	52,447	1,270,027
Community grants and exemptions	370,370	14,369	-	-	-	-	-	-	-	-	384,739
Post employment	547,842	-	-	-	-	-	-	-	-	-	547,842
Amortization	606,449	308,543	1,962,149	307,697	-	5,197	954,297	-	-	499,507	4,643,839
	<u>\$ 4,364,560</u>	<u>\$ 7,965,158</u>	<u>\$ 6,352,273</u>	<u>\$ 2,565,599</u>	<u>\$ 81,678</u>	<u>\$ 1,046,381</u>	<u>\$ 4,146,007</u>	<u>\$ 2,264,634</u>	<u>\$ 96,875</u>	<u>\$ 2,797,390</u>	<u>\$ 31,682,555</u>

SUPPLEMENTARY SCHEDULES

Town of Truro
Supplementary Schedule
Water Utility Operating Fund
Statement of Financial Position

March 31

2020

2019

ASSETS

Receivables

Water rates (net of allowance - \$20,000; 2019 - \$50,000)	\$	712,730	\$	811,290
Other receivables		<u>45,823</u>		<u>70,560</u>
		758,553		881,850

Due from own funds, reserves, agencies

General operating fund		<u>901,147</u>		<u>601,361</u>
	\$	<u>1,659,700</u>	\$	<u>1,483,211</u>

LIABILITIES

Payables and accruals	\$	53,939	\$	59,328
-----------------------	----	--------	----	--------

SURPLUS

		<u>1,605,761</u>		<u>1,423,883</u>
	\$	<u>1,659,700</u>	\$	<u>1,483,211</u>

Town of Truro
Supplementary Schedule
Water Utility Operating Fund
Statement of Operations

Year ended March 31

	2020		2019
	Budget	Actual	Actual
Operating revenue			
Metered sales	\$ 3,360,000	\$ 3,315,128	\$ 3,385,794
Flat rate sales	23,000	22,741	22,943
Public fire protection	857,304	857,304	857,304
Private fire protection	38,000	39,800	39,101
Sprinkler service	41,000	41,004	40,850
Miscellaneous	20,000	46,665	42,599
	<u>4,339,304</u>	<u>4,322,642</u>	<u>4,388,591</u>
Operating expenditures			
Source of supply	20,000	300	6,560
Power and pumping	144,000	145,194	163,625
Water treatment	1,256,170	1,201,537	1,196,993
Transmission and distribution	813,161	638,031	824,774
Administration and general	572,200	577,545	585,263
Depreciation	515,000	516,040	499,507
Taxes	723,000	724,274	722,679
	<u>4,043,531</u>	<u>3,802,921</u>	<u>3,999,401</u>
Operating income	<u>295,773</u>	<u>519,721</u>	<u>389,190</u>
Non-operating expenditures			
Debt charges			
Principal	102,688	102,688	102,686
Interest	47,075	35,228	52,447
Capital expenditures out of operations	447,500	199,927	-
	<u>597,263</u>	<u>337,843</u>	<u>155,133</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (301,490)</u>	<u>181,878</u>	<u>234,057</u>
Surplus, beginning of year		<u>1,423,883</u>	<u>1,189,826</u>
Surplus, end of year		<u>\$ 1,605,761</u>	<u>\$ 1,423,883</u>

Town of Truro
Supplementary Schedule
Water Utility Capital Fund
Statement of Financial Position

March 31	2020	2019
Assets		
Cash	\$ 2,013,047	\$ 1,655,300
Receivable	-	-
Due from own funds, reserves, agencies		
General operating fund	274,362	324,602
Utility plant and equipment (Page 32)	<u>28,945,920</u>	<u>28,500,708</u>
	<u>\$ 31,233,329</u>	<u>\$ 30,480,610</u>
Liabilities		
Accumulated allowance for depreciation	\$ 10,105,202	\$ 9,589,162
Long Term Debt	<u>1,036,876</u>	<u>1,139,563</u>
	11,142,078	10,728,725
Investment in capital assets (Page 32)	<u>20,091,251</u>	<u>19,751,885</u>
	<u>\$ 31,233,329</u>	<u>\$ 30,480,610</u>

Town of Truro
Supplementary Schedule
Water Utility Capital Fund
Statement of Utility Plant and Equipment

March 31	2020	2019
Tangible plant and equipment		
Land - Source of supply	\$ 1,937,667	\$ 1,939,961
Structures and improvements	11,223,644	11,223,644
Pumping equipment	999,050	999,050
Purification equipment	1,249,997	1,249,997
Distribution mains	8,004,413	8,004,413
Distribution equipment	299,956	299,956
Services	1,726,643	1,726,643
Meters	1,742,422	1,596,703
Hydrants	665,752	665,752
Office furniture and equipment	81,427	81,427
Work in Progress	166,268	-
Transportation equipment	848,681	713,162
	<u>\$ 28,945,920</u>	<u>\$ 28,500,708</u>

Water Utility Capital Fund
Statement of Investment in Capital Assets

Year ended March 31	2020	2019
Balance, beginning of year	\$ 19,751,885	\$ 19,628,368
Interest earned on depreciation funds	39,046	21,504
Term debt retired	102,687	102,686
Capital expenditures out of revenue	199,927	-
Disposal of capital assets	(2,294)	(673)
	<u>339,366</u>	<u>123,517</u>
Balance, end of year	<u>\$ 20,091,251</u>	<u>\$ 19,751,885</u>