

TOWN OF NEW GLASGOW
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019



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Town of New Glasgow

Management's Responsibility for Financial Reporting

March 31, 2019

The accompanying consolidated financial statements of Town of New Glasgow are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of the estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town maintains systems of internal controls 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 financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MacDonald & Murphy Inc., independent external auditors appointed by the Town. The accompanying Independent Auditors' Report outlines their responsibilities, the scope to their examination and their opinion of the Authority's consolidated financial statements.



Audit Committee Chairperson



Chief Administrative Officer



Date



Independent Auditors' Report

To the Mayor and Council of the
Town of New Glasgow
New Glasgow, Nova Scotia

Opinion

We have audited the financial statements of Town of New Glasgow (the Town), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of financial activities, changes in net financial liabilities and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at March 31, 2019, and its results of operations 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 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 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.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters relating to 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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:

(continues)



Independent Auditors Report to the Members of Town of New Glasgow (continued)

Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

New Glasgow, Nova Scotia
September 23, 2019

MacDonald & Murphy Inc.
Chartered Professional Accountants
Licenced Public Accountants



Town of New Glasgow

Consolidated Statement of Financial Activities

Year Ended March 31

2019

2018

(in thousands)

	Page	Budget	Actual	Actual
Revenue				
Taxes	31	\$ 13,885.4	\$ 14,221.2	\$ 14,227.3
Grants in lieu of taxes	31	70.0	67.9	71.0
Sale of services	32	846.4	889.4	863.2
Other revenue from own sources	32	670.1	769.2	808.7
Transfers from government	32	1,558.8	1,558.8	1,558.9
Stadium revenues	33			
Water revenues	33	3,686.3	3,606.1	3,649.3
Grants for capital	33	2,623.8	2,577.8	3,617.2
Other revenue	33	7.0	74.3	27.6
Other proceeds	33		43.2	27.2
Total revenue		<u>23,347.8</u>	<u>23,807.9</u>	<u>24,850.4</u>
Expenditures				
General government services	34	1,909.1	2,188.9	2,084.9
Protective services	34	6,159.1	6,524.5	6,384.6
Transportation services	35	3,693.0	4,373.0	4,420.0
Environmental health services	35	1,683.4	1,752.7	1,806.7
Public health services	35	5.0	5.0	5.0
Marketing and communications	36	48.9	35.9	78.3
Community development	36	724.7	980.9	962.2
Stadium expenses	36		3.1	3.0
Water treatment and distribution	37	3,706.7	2,931.7	2,868.3
Other transfers and grants	37	717.5	871.2	933.0
Reserve for taxes and other receivables	37	5.0	25.0	74.1
Financing of pension deficit per valuation			1.4	10.8
Cost of assets disposed, net			301.6	3.2
Total expenditures		<u>18,652.4</u>	<u>19,994.9</u>	<u>19,634.1</u>
Net surplus		<u>\$ 4,695.4</u>	<u>3,813.0</u>	<u>5,216.3</u>
Accumulated surplus, beginning of year			<u>51,009.0</u>	<u>45,792.7</u>
Accumulated surplus, end of year			<u>\$ 54,822.0</u>	<u>\$ 51,009.0</u>

Town of New Glasgow**Consolidated Statement of Change in Net Financial Liabilities**

Year Ended March 31

2019

2018

(in thousands)

	<u>Actual</u>	<u>Actual</u>
Net surplus	\$ 3,813.0	5,216.3
Changes in tangible capital assets		
Acquisition of capital assets	(4,269.7)	(5,287.0)
Amortization of capital assets	2,604.4	2,428.8
Cost of assets sold, net of accumulated amortization	301.6	3.2
Increase in net book value of tangible capital assets	<u>(1,363.7)</u>	<u>(2,855.0)</u>
Changes in other non-financial assets		
Acquisition of equity interest in New Scotland Business Park	(64.4)	(51.6)
Acquisition of inventories	(334.8)	(353.4)
Acquisition of prepaid expense	(153.7)	(78.9)
Amortization of debt discount	2.9	(14.6)
Consumption of inventories	353.4	364.4
Use of prepaid expense	78.9	94.1
	<u>(117.7)</u>	<u>(40.0)</u>
Change in net financial liabilities	2,331.6	2,321.3
Net financial liabilities, beginning of year	(8,520.1)	(10,841.4)
Net financial liabilities, end of year	\$ (6,188.5)	\$ (8,520.1)



Town of New Glasgow

Consolidated Statement of Cash Flow

Year Ended March 31

2019

2018

(in thousands)

Increase (decrease) in cash and cash equivalents

Operating activities

Net surplus	\$ 3,813.0	5,216.3
Change in taxes receivable	182.5	13.8
Change in water rates receivable	8.7	(104.9)
Change in accounts receivable	615.9	(781.1)
Change in other assets	(53.3)	11.6
Change in accounts payable and accrued liabilities	219.8	(184.5)
	<u>4,786.6</u>	<u>4,171.2</u>

Capital activities

Increase in net book value of capital assets	(1,363.7)	(2,855.0)
Investment in New Scotland Business Development	(64.4)	(51.6)
	<u>(1,428.1)</u>	<u>(2,906.6)</u>

Financing activities

Long term debt issued	1,501.6	3,813.0
Debt principal repayment	(1,657.9)	(1,310.1)
Term loan repayment	(356.2)	(261.5)
Capital lease obligation repayment	(48.7)	(47.2)
	<u>(561.2)</u>	<u>2,194.2</u>

Net change in cash and cash equivalents

2,797.3 3,458.8

Cash and cash equivalents

Beginning of year	<u>1,760.2</u>	<u>(1,698.6)</u>
End of year	<u>\$ 4,557.5</u>	<u>\$ 1,760.2</u>

Comprised of

Cash	\$ 4,885.4	\$ 3,458.4
Bank indebtedness	<u>(327.9)</u>	<u>(1,698.2)</u>
	<u>\$ 4,557.5</u>	<u>\$ 1,760.2</u>

Town of New Glasgow

Schedule of General Operating Fund

Year Ended March 31

2019

2018

		(in thousands)		
	Page	Budget	Actual	Actual
Revenue				
Taxes	31	\$ 13,885.4	\$ 14,221.2	\$ 14,227.3
Grants in lieu of taxes	31	70.0	67.9	71.0
Sale of services	32	846.4	889.4	863.2
Other revenue from own sources	32	670.1	769.2	808.7
Transfers from governments	32	1,558.8	1,558.8	1,558.9
Other revenue	33	7.0	63.0	17.7
Total revenue		<u>17,037.7</u>	<u>17,569.5</u>	<u>17,546.8</u>
Expenditures				
General government services	34	1,909.1	1,917.5	1,809.1
Protective services	34	6,159.1	6,251.0	6,141.9
Transportation services	35	3,693.0	3,263.4	3,362.8
Environmental health services	35	1,683.4	1,596.2	1,655.3
Public health services	35	5.0	5.0	5.0
Marketing and communications	36	48.9	35.9	78.3
Community development	36	724.7	712.6	705.7
Other transfers and grants	37	717.5	871.2	933.0
Reserve for taxes and other receivables	37	5.0	25.0	74.1
Financing of pension deficit per valuation			1.4	10.8
Total expenditures		<u>14,945.6</u>	<u>14,679.2</u>	<u>14,776.0</u>
Net revenues		<u>2,092.1</u>	<u>2,890.3</u>	<u>2,770.8</u>
Financing and transfers				
Debt principal repayment		(1,258.2)	(1,258.2)	(1,075.7)
Term loan repayment		(191.3)	(319.1)	(231.8)
Transfers from (to) general capital fund				
Capital out of revenue		(268.0)	(125.0)	(170.3)
Transfers from (to) water operating fund				
Fire protection charge		(825.0)	(825.0)	(825.0)
Tax levy		150.0	131.9	131.9
Net financing and transfers		<u>(2,392.5)</u>	<u>(2,395.4)</u>	<u>(2,170.9)</u>
Change in general operating fund		(300.4)	494.9	599.9
Transfers from (to) operating fund reserve		300.4	(494.9)	(599.9)
General operating fund, beginning of year				
General operating fund, end of year		<u>\$</u>	<u>\$</u>	<u>\$</u>

Town of New Glasgow
Schedule of Water Operating Fund
Statement of Changes in Fund Balance

Year Ended March 31

2019

2018

		(in thousands)		
	Page	Budget	Actual	Actual
Revenue				
Water revenue		\$ 3,663.2	\$ 3,586.6	\$ 3,629.7
Other revenue		23.1	19.5	19.6
Total revenue	33	<u>3,686.3</u>	<u>3,606.1</u>	<u>3,649.3</u>
Expenditures				
Transmission and distribution	37	2,993.9	2,306.2	2,341.4
Interest and bank charges	37	50.7	100.4	81.9
Total expenditures		<u>3,044.6</u>	<u>2,406.6</u>	<u>2,423.3</u>
Net revenues (expenditures)		<u>641.7</u>	<u>1,199.5</u>	<u>1,226.0</u>
Financing and transfers				
Debt principal repayment			(344.5)	(229.5)
Repayment of term loans			(85.8)	(75.7)
Transfers from (to) general operating fund				
Fire protection charge		825.0	825.0	825.0
Tax levy		(150.0)	(131.9)	(131.9)
Transfers to water capital fund				
Land reserve		(35.0)	(35.0)	(35.0)
Capital out of revenue		(75.0)	(72.2)	(95.4)
Depreciation charge		(662.1)	(525.1)	(445.0)
Net financing and transfers		<u>(97.1)</u>	<u>(369.5)</u>	<u>(187.5)</u>
Change in water operating fund		<u>\$ 544.6</u>	<u>830.0</u>	<u>1,038.5</u>
Water operating fund, beginning of year			<u>1,248.8</u>	<u>210.3</u>
Water operating fund, end of year			<u>\$ 2,078.8</u>	<u>\$ 1,248.8</u>

Town of New Glasgow
Schedule of Water Operating Fund
Statement of Financial Position

Year Ended March 31

2019

2018

(in thousands)

Assets

Cash	\$ 1,200.3	\$ 685.3
Receivables		
Rates (less allowance for doubtful accounts)	616.8	628.9
Other	348.6	10.1
Due from own funds and agencies		
Water capital fund	1.9	1.9
Prepays	1.6	2.2
Inventories, at cost	6.7	14.1
	<u>\$ 2,175.9</u>	<u>\$ 1,342.5</u>

Liabilities

Payables and accruals	\$ 97.1	\$ 93.7
Due to own funds and agencies		
Total financial liabilities	<u>97.1</u>	<u>93.7</u>

Equity

Surplus	<u>2,078.8</u>	<u>1,248.8</u>
	<u>\$ 2,175.9</u>	<u>\$ 1,342.5</u>

Town of New Glasgow Schedule of Stadium Operating Fund

Year Ended March 31

2019

2018

		(in thousands)		
	Page	Budget	Actual	Actual
Stadium revenue	33	\$	\$	\$
Expenditures				
Stadium expenses	36		3.1	2.9
Interest and bank charges	37			2.8
Total expenditures			<u>3.1</u>	<u>5.7</u>
Net expenditures			<u>(3.1)</u>	<u>(5.7)</u>
Financing and transfers				
Debt principal repayment			(55.2)	(5.0)
Repayment of capital lease obligation				
Transfers from Stadium Reserve			58.3	10.7
Net financing and transfers			<u>3.1</u>	<u>5.7</u>
Change in stadium operating fund		<u>\$</u>		
Stadium operating fund, beginning of year				
Stadium operating fund, end of year			<u>\$</u>	<u>\$</u>



Town of New Glasgow
Schedule of General Capital Fund

Year Ended March 31

2019

2018

(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Federal government funding CWWF program	\$	\$	\$ 272.3
Federal accessibility grant	57.9	57.9	21.4
Provincial accessibility grant	6.2	6.2	
Provincial beautification grant		25.0	
ACOA Canada 150 funding			26.4
	<u>64.1</u>	<u>89.1</u>	<u>320.1</u>
Expenditures			
General government	203.5	177.6	285.2
Protective services	113.4	184.1	384.8
Transportation services	1,907.1	1,423.9	1,471.4
Environmental health services	60.0	164.9	295.9
Recreation services	211.4	176.3	179.4
Investment, New Scotland Business Dev. Inc	65.0	64.4	51.6
Total expenditures (Page 38)	<u>2,560.4</u>	<u>2,191.3</u>	<u>2,668.3</u>
Net expenditures	<u>(2,496.3)</u>	<u>(2,102.2)</u>	<u>(2,348.2)</u>
Financing and transfers			
Debenture MFC	1,369.4	706.2	866.5
Loan financing		375.3	435.8
Transfers from general operating fund			
Capital out of revenue	268.0	125.0	170.3
Transfers from (to) reserve funds			
Operating reserve		24.0	
Equipment reserve	19.1	21.7	12.7
Special reserve	13.3	9.8	95.2
Gas tax reserve	810.0	832.5	767.7
Parkland reserve	16.5	7.6	
Net financing and transfers	<u>2,496.3</u>	<u>2,102.2</u>	<u>2,348.2</u>
Change in general capital fund	<u>\$</u>		
General capital fund, beginning of year		<u>0.2</u>	<u>0.2</u>
General capital fund, end of year		<u>\$ 0.2</u>	<u>\$ 0.2</u>
Cash - unrestricted		<u>\$ 0.2</u>	<u>\$ 0.2</u>

Town of New Glasgow
Schedule of Water Capital Fund
Statement of Changes in Fund Balance

Year Ended March 31

2019

2018

(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Federal government funding BCF program	\$	\$ 328.2	\$ 1,285.6
Federal government funding CWWF program	1,744.0	1,344.8	1,222.4
Interest income		10.4	9.4
Total revenue	<u>1,744.0</u>	<u>1,683.4</u>	<u>2,517.4</u>
Expenditures (Page 38)			
Water treatment and distribution	<u>2,847.0</u>	<u>2,142.8</u>	<u>2,677.4</u>
Net expenditures	<u>(1,103.0)</u>	<u>(459.4)</u>	<u>(160.0)</u>
Financing and transfers			
Debenture MFC	590.0	500.0	
Loan financing	173.0	107.5	182.2
Capital out of revenue	75.0	72.2	95.4
Depreciation charge	662.1	525.1	445.0
Land reserve	35.0	35.0	35.0
Net financing and transfers	<u>1,535.1</u>	<u>1,239.7</u>	<u>757.6</u>
Change in water capital fund	<u>\$ 432.1</u>	<u>780.3</u>	<u>597.6</u>
Water capital fund, beginning of year		<u>1,104.2</u>	<u>506.6</u>
Water capital fund, end of year		<u>\$ 1,884.5</u>	<u>\$ 1,104.2</u>
Allocation of fund balance			
Land reserve		\$ 556.7	\$ 511.3
Depreciation cash		1,327.8	592.9
		<u>\$ 1,884.5</u>	<u>\$ 1,104.2</u>

**Town of New Glasgow
Schedule of Water Capital Fund
Statement of Financial Position**

Year Ended March 31	2019	2018
	(in thousands)	
Assets		
Cash		
Water land reserve fund	\$ 556.7	\$ 511.3
Depreciation fund	1,327.8	592.9
Unamortized debenture discount	17.5	20.5
Due to own funds and agencies		
General operating fund		
Utility plant and equipment (Page 15)	<u>35,814.5</u>	<u>33,671.7</u>
	<u>\$ 37,716.6</u>	<u>\$ 34,796.5</u>

Liabilities		
Due to own funds and agencies		
General operating fund	\$ 1,121.0	\$ 212.8
Accumulated allowance for depreciation (Page 15)	9,781.0	9,255.9
Long term debt	2,673.4	3,017.8
Term debt obligations	<u>292.6</u>	<u>270.9</u>
	<u>13,868.0</u>	<u>12,757.4</u>
Municipal position		
Investment in capital assets	23,291.9	21,527.8
Water land reserve	<u>556.7</u>	<u>511.3</u>
	<u>23,848.6</u>	<u>22,039.1</u>
	<u>\$ 37,716.6</u>	<u>\$ 34,796.5</u>

**Town of New Glasgow
Schedule of Water Capital Fund
Statement of Investment in Capital Assets**

Year Ended March 31	2019	2018
	(in thousands)	
Balance, beginning of year	\$ 21,527.8	\$ 19,064.2
Amortization of capital assets	(525.1)	(445.0)
Long term debt repayments	344.5	229.5
Federal funding BCF treatment plant expansion	328.2	1,285.6
Federal funding CWWF waterline replacement	1,344.8	1,222.4
Term debt repayments	85.8	75.7
Capital additions out of revenue	67.5	95.4
Capital funding from		
Depreciation funds	<u>118.4</u>	<u>2,463.6</u>
	<u>1,764.1</u>	<u>2,463.6</u>
Balance, end of year	<u>\$ 23,291.9</u>	<u>\$ 21,527.8</u>

Town of New Glasgow

Schedule of Reserve Funds

Year Ended March 31

2019

2018

	(in thousands)		
	Budget	Actual	Actual
Revenue			
Investment income	\$	\$ 0.9	\$ 0.5
Parkland transfers		3.0	4.3
Canada/NS Gas tax agreement	815.7	815.7	783.1
Proceeds from sale of assets		40.2	26.0
Total revenue	<u>815.7</u>	<u>859.8</u>	<u>813.9</u>
Financing and transfers			
Transfers from general operating fund		494.9	599.9
Transfers to general operating fund	(300.4)		
Transfers to general capital fund			
Operating reserve		(24.0)	
Equipment reserve	(19.1)	(21.7)	(12.7)
Special reserve	(13.3)	(9.8)	(95.2)
Rink Reserve		(58.3)	(10.7)
Gas tax reserve	(810.0)	(832.5)	(767.7)
Parkland reserve	(16.5)	(7.6)	
Net financing and transfers	<u>(1,159.3)</u>	<u>(459.1)</u>	<u>(286.4)</u>
Change in reserve funds balance	<u>\$ (343.6)</u>	400.7	527.5
Reserve funds balance			
Beginning of year		<u>2,263.3</u>	<u>1,735.8</u>
End of year		<u>\$ 2,664.0</u>	<u>\$ 2,263.3</u>
Reserves			
Equipment		\$ 45.6	\$ 36.8
Special		362.5	362.5
Power Board		0.8	0.7
Canada/NS Gas Tax		5.5	21.9
Water capital reserve		74.1	74.1
Central treatment plant		36.7	36.7
Stadium sign rental			59.0
Parkland transfers		34.5	38.4
General operating		<u>2,104.3</u>	<u>1,633.2</u>
		<u>\$ 2,664.0</u>	<u>\$ 2,263.3</u>

Town of New Glasgow
Consolidated Statement of Property and Equipment
 March 31

	Land	Land improvements	Buildings	Equipment	Roads and transportation services	Engineered structures	Total 2019	Total 2018
General capital								
Cost:								
Balance, beginning of year	\$ 2,064.0	\$ 2,767.8	\$ 10,572.7	\$ 8,967.6	\$ 26,209.3	\$ 13,352.0	\$ 64,033.4	\$ 61,869.6
Acquisition of capital assets	267.1	102.1	58.7	763.3	770.8	164.9	2,126.9	2,616.6
Disposition of capital assets				(232.3)			(232.3)	(452.8)
Balance, end of year	<u>2,331.1</u>	<u>2,869.9</u>	<u>10,731.4</u>	<u>9,498.6</u>	<u>26,980.1</u>	<u>13,516.9</u>	<u>65,928.1</u>	<u>64,033.4</u>
Accumulated amortization:								
Balance, beginning of year		1,348.9	4,663.4	5,319.6	15,672.5	2,799.0	29,803.4	28,262.4
Annual amortization		44.4	299.4	729.9	849.1	166.5	2,079.4	1,963.7
Accumulated amortization on disposals				(232.3)			(232.3)	(442.7)
Balance, end of year		<u>1,393.3</u>	<u>4,962.8</u>	<u>5,817.3</u>	<u>16,521.6</u>	<u>2,955.5</u>	<u>31,650.5</u>	<u>29,803.4</u>
Net book value of general capital	\$ 2,331.1	\$ 1,476.6	\$ 5,768.6	\$ 3,681.3	\$ 10,458.5	\$ 10,561.4	\$ 34,277.5	\$ 34,230.0
Stadium capital								
Cost:								
Balance, beginning and end of year	\$ 12.5	\$ 6.1	\$ 288.6	\$	\$	\$	\$ 307.2	\$ 307.2
Disposition of capital assets	(12.5)	(6.1)	(288.6)				(307.2)	
Balance, end of year								<u>307.2</u>
Accumulated amortization:								
Balance, beginning of year		5.6					5.6	5.5
Accumulated amortization on disposals		(5.6)					(5.6)	0.1
Balance, end of year								<u>5.6</u>
Net book value of stadium capital	\$	\$	\$	\$	\$	\$	\$	\$ 301.6
Water capital								
Cost:								
Balance, beginning of year	\$ 210.0		\$ 11,709.2	\$ 2,794.3		\$ 18,958.3	\$ 33,671.7	\$ 30,994.4
Acquisition of capital assets	9.3		112.0	191.8		1,829.7	2,142.8	2,677.3
Balance, end of year	<u>219.3</u>		<u>11,821.2</u>	<u>2,986.1</u>		<u>20,788.0</u>	<u>35,814.5</u>	<u>33,671.7</u>
Accumulated amortization:								
Balance, beginning of year			1,866.0	2,057.3		5,332.6	9,255.9	8,810.9
Annual amortization			174.8	153.8		196.5	525.1	445.0
Balance, end of year			<u>2,040.8</u>	<u>2,211.1</u>		<u>5,529.1</u>	<u>9,781.0</u>	<u>9,255.9</u>
Net book value of water capital	\$ 219.3	\$	\$ 9,780.4	\$ 774.9	\$	\$ 15,258.9	\$ 26,033.5	\$ 24,415.8
Total consolidated capital	\$ 2,550.4	\$ 1,476.6	\$ 15,549.0	\$ 4,456.3	\$ 10,458.5	\$ 25,820.4	\$ 60,311.1	\$ 58,947.4

Town of New Glasgow Consolidated Municipal Position

March 31

2019

2018

(in thousands)

Operating and reserve fund balances

General operating fund (Page 8)	\$		\$	
Water operating fund (Page 9)		2,078.8		1,248.8
Stadium operating fund (Page 11)				
General capital fund (Page 12)		0.2		0.2
Water capital fund (Page 13)		1,884.5		1,104.2
Reserve funds (Page 15)		2,664.0		2,263.3
		<u>6,627.4</u>		<u>4,616.5</u>

Investment in capital assets

Balance, beginning of year	\$	46,392.5	\$	43,339.8
Capital funding from				
General operations		125.0		170.3
Water operations		72.2		95.4
Gas tax reserve		832.5		767.7
Depreciation funds		118.4		
Operating reserve		24.0		
Special reserve		9.8		95.2
Equipment reserve		21.7		12.7
Parkland reserve		7.6		
Capital grants		1,433.9		2,725.7
Repayment of long term debt		1,657.9		1,310.2
Capital lease obligation repayment		48.7		47.2
Repayment of term loans		356.2		260.3
Amortization expense - general capital		(2,079.4)		(1,983.7)
Amortization expense - stadium capital				(0.1)
Amortization expense - water capital		(525.1)		(445.0)
Cost of assets sold, net of accumulated amortization		(301.4)		(3.2)
Balance, end of year	\$	<u>48,194.6</u>	\$	<u>46,392.5</u>
Consolidated municipal position	\$	<u>54,822.0</u>	\$	<u>51,009.0</u>

Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

1. Significant accounting policies

The consolidated financial statements of the Town of New Glasgow are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity

- (i) The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the reporting entity. The operating funds, capital funds and reserve funds include the activities of all committees of Council. Interdepartmental and organization transactions and balances are eliminated.
- (ii) The financial activities of certain entities associated with the Town are not consolidated. The Town's contributions to these entities are recorded in the Consolidated Statements of Financial Activities as disclosed in Note 10.
- (iii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school board are not reflected in the municipal fund balances of the financial statements.

(b) Basis of accounting

Revenues are recorded on the accrual basis of accounting, whereby revenues are recognized as they are earned and measurable. Certain sources of revenue are recorded on a cash basis. Expenditures are recognized in the period 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 funds, capital funds and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

The operating funds reflects the financial activities associated with the provision of municipal government services for general, water and stadium operations.

The capital funds reflects the financial activities associated with the acquisition, construction and funding of capital assets.

The reserve funds reflects funds authorized by Council to be set aside for the funding of future operations, capital assets or the retirement of long term debt.

Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

(d) Capital assets

General and Other Funds

Capital assets and projects in progress are recorded at cost. Funds received through capital assistance programs, cost-sharing arrangements or loan forgiveness are treated as additions to the Investment in Capital Assets. Interest incurred during construction on significant capital projects is capitalized.

For years beginning on or after January 1, 2009, municipalities are required to adopt Public Sector Accounting Standards Section PS 3150 Tangible Capital Assets. This section requires amortization of tangible capital assets recorded in the General Capital Fund be recorded each year based on rates that represent the assets useful economic life.

The Town of New Glasgow has established a policy of straight line amortization, 1/2 in year of acquisition, at the following rates:

Sewer lines	50 years
Buildings	40 years
Sidewalks	30 years
Land improvements	25 years
Streets	20 years
Bridges	20 years
Traffic and street lights	20 years
Playground structures	20 years
Machinery and heavy equipment	10 years
Vehicles	5 years
Equipment	5 years
Computer equipment	3 years

Water capital fund

Capital assets and projects in progress are recorded at the utility's net cost on a non-consolidated basis. Funds received through capital assistance programs or cost-sharing arrangements are treated as a reduction in the cost of the asset acquired for amortization calculation purposes. The capital assistance program funds are added to the investment in capital assets for consolidation purposes.

Amortization - water capital fund

Amortization of fixed assets is recorded in the water capital fund calculated on a straight line basis over their estimated lives as prescribed by the Nova Scotia Utility and Review Board.

The depreciation charge in the water operating fund is transferred to a special bank account in the water capital fund which is used to help fund replacement of existing plant and equipment or, subject to approval by the NS Utility and Review Board, to repay principal of capital debt.

(e) Allocation of municipal costs to water utility funds

Where identifiable, costs incurred by the Town general operating fund on behalf of the water utility are charged to the utility funds. Salary and wage related costs are allocated in proportion to time spent performing functions on behalf of the water utility. Administration and general expenses incurred for the benefit of both the municipal units and water utility are allocated on a percentage basis to each fund.

Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

(f) **Unamortized deferred charges**

The discount on the 2004 Water (Distribution Infrastructure) capital fund debenture is being amortized to the water operating fund on a straight line basis over 10 years. The discount on the 2000 Water (Water Treatment Plant) debenture is being amortized on a straight line basis over 20 years. All other debenture issue discounts have been expensed in the year the debt was incurred.

(g) **Inventory**

Inventory is valued at the lower of cost and net realizable value.

(h) **Government transfers**

Government transfers are recognized in the financial statements as revenues in the period in which the events giving rise to the transfer occur, provided the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(i) **Investment income**

Investment income earned on operating, capital and reserve funds are reported as revenue in the period earned.

(j) **Valuation allowances**

Uncollected taxes

The Town is required to provide a valuation allowance in accordance with the requirements of the NS Financial Reporting and Accounting Manual, based on an estimate of future losses on taxes, rates and interest outstanding at fiscal year end.

Other receivables

In the water utility, a valuation allowance is provided for estimated losses that will be incurred on rates receivable outstanding.

(k) **Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles for municipal governments required 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 financial statements, and the reported amounts of revenues and expenditures during the reporting period. Where estimation uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(l) **Cash**

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

(m) **Segmented information**

The Town of New Glasgow 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 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. They are also responsible for the street lighting within the Town.

Environmental health services

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

Marketing and communications

This department is responsible for promoting the Town of New Glasgow, Town events and works with the mayor and all departments to communicate Town activities to the residents.

Community development

This department is responsible for promoting and offering recreation opportunities and activities to the Town's residents. This department is also responsible for the maintenance and operations of parks and recreation facilities for the benefit of all residents.

2. Depreciation fund

	2019	2018
	(in thousands)	
Cash, beginning of year	\$ 592.9	\$ 39.7
Add: depreciation	525.1	445.0
Add: funds transferred to reserve		108.2
Add: funds received for capital projects	378.2	
Less: funds used for capital projects	<u>(168.4)</u>	
Balance, end of year	<u>\$ 1,327.8</u>	<u>\$ 592.9</u>

Town of New Glasgow Notes to Consolidated Financial Statements

March 31, 2019

3. Taxes and rates receivable

			<u>2019</u>	<u>2018</u>
			(in thousands)	
	Current Year	Prior Years	Total	Total
Balance, beginning of year	\$ 16,150.4	\$ 1,449.0	\$ 1,449.0	\$ 1,422.8
Current period tax & rate levy	16,150.4		16,150.4	16,152.6
	16,150.4	1,449.0	17,599.4	17,575.4
Collections & write-offs	(15,324.2)	(1,064.0)	(16,388.2)	(16,126.4)
Balance, end of year	<u>\$ 826.2</u>	<u>\$ 385.0</u>	1,211.2	1,449.0
Pollution control receivable			451.6	439.6
Interest receivable			85.6	105.8
			1,748.4	1,994.4
Less: Valuation allowance (Note 4)			(158.4)	(221.9)
			<u>\$ 1,590.0</u>	<u>\$ 1,772.5</u>

4. Valuation allowance - uncollected taxes and rates

	<u>2019</u>	<u>2018</u>
	(in thousands)	
Balance, beginning of year	\$ 221.9	\$ 148.6
Add: Increase in allowance for year	25.0	74.1
Less: Approved write offs	88.5	0.8
Balance, end of year	<u>\$ 158.4</u>	<u>\$ 221.9</u>

5. Segmented amortization

The following are the current year amortization amounts recognized in the General Capital fund as a result of PS 3150 of the Public Sector Accounting Standards.

	<u>2019</u>	<u>2018</u>
	(in thousands)	
General government services	\$ 271.4	\$ 275.8
Protective services	273.5	242.7
Transportation services	1,109.6	1,057.2
Environmental health services	156.5	151.4
Community development	268.3	256.5
	<u>\$ 2,079.4</u>	<u>\$ 1,983.7</u>

6. Bank indebtedness

The Town has a consolidated operating line of credit with The Bank of Nova Scotia to an approved consolidated limit of \$4,000,000. The line of credit limit has been approved by the bank based on a resolution of the Town's Council authorizing the borrowing limit. The bank does not hold security on this debt and charges interest at prime minus 0.60% per annum.

Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

7. Long term debt

	2019	2018
	(in thousands)	
Debentures Issued to Provincial Government or its agencies		
NS Municipal Finance Corporation		
Streets 25-A-1 due 2021	\$ 64.4	\$ 96.7
Equipment 26-A-1 due 2021	117.3	131.9
Equipment 28-A-1 due 2018		177.6
Water treatment plant 30-A-1 due 2020	400.0	600.0
Water 31-A-1 due 2021	88.4	117.8
Stadium 28-A-1 due 2018		55.2
Equipment 29-A-1 due 2019	248.7	276.8
Equipment 30-A-1 due 2020	666.9	774.9
Glasgow Square 30-A-1 due 2025	720.0	780.0
Equipment 31-A-1 due 2021	367.7	490.4
Equipment 32-A-1 due 2022	886.3	1,107.8
Equipment 32-B-1 due 2022	186.1	232.6
Equipment 33-A-1 due 2023	320.3	384.3
Equipment 34-A-1 due 2024	381.9	445.5
Equipment 35-A-1 due 2025	954.4	1,090.7
Equipment 36-A-1 due 2026	546.9	622.7
Equipment 37-A-1 due 2032	787.8	895.0
Water treatment plant 37-A-1 due 2032	1,330.0	1,400.0
Water 37-B-1 due 2033	855.0	900.0
Equipment 38-A-1 due 2034	1,018.9	
	<u>\$ 9,941.0</u>	<u>\$ 10,579.9</u>

The above debentures bear interest at rates that range between 2% and 6%.

Principal repayments required during the next five years, assuming rates and terms remain the same on renewal, are as follows:

	General Capital	Water Capital	Total
2020	1,421.5	344.4	1,765.9
2021	1,623.4	344.4	1,967.8
2022	1,105.7	144.5	1,250.2
2023	883.3	115.0	998.3
2024	579.8	115.0	694.8

A temporary borrowing resolution has been issued until permanent financing is secured with the NS Municipal Finance Corporation. A debenture will be floated to finance capital acquisitions incurred to March 31, 2019 for the following purposes:

Transportation	\$ 360.5
Recreation	72.7
Protective services	122.9
General government	371.0
Water capital	500.0
	<u>\$ 1,427.1</u>



Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

8. Capital lease obligations

	<u>2019</u>	<u>2018</u>
	(in thousands)	
Capital lease obligation, with interest of 3.56% implicit in the lease payments, payable in monthly instalments of \$2,925. The obligation is secured by the 2014 Salt truck.	\$ 62.2	\$ 94.4
Capital lease obligation, with interest of 2.79% implicit in the lease payments, payable in monthly instalments of \$1,584. The obligation is secured by a 2016 backhoe.	81.7	98.2
	<u>\$ 143.9</u>	<u>\$ 192.6</u>

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

	<u>General Capital</u>	<u>Total</u>
2020	50.4	50.4
2021	46.0	46.0
2022	47.4	47.4

9. Term debt obligations

	<u>2019</u>	<u>2018</u>
	(in thousands)	
Term loan repaid during the year.	\$	9.5
Term loan, with interest at 4.23%, payable in monthly instalments of \$1,136 including interest. The obligation is secured by a 2012 Ford truck.	1.1	14.4
Term loan, with interest at 3.88%, payable in monthly instalments of \$2,513 including interest. The obligation is secured by a 2013 John Deere loader.	27.1	55.6
Term loan, with interest at 4.36%, payable in monthly instalments of \$1,314 including interest. The obligation is secured by a 2012 Trackless.	44.3	57.8
Term loan, with interest at 3.36%, payable in monthly instalments of \$508 including interest. The obligation is secured by a 2014 Dodge Ram truck.	3.5	9.4
	<u>\$ 76.0</u>	<u>\$ 146.7</u>

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Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

9. Term debt obligations (continued)

	2019	2018
	(in thousands)	
Balance forward:	\$ 76.0	146.7
Term loan, with interest at 3.26%, payable in monthly instalments of \$1,448 including interest. The obligation is secured by a several pieces of equipment.	12.9	29.5
Term loan, with interest at 3.58%, payable in monthly instalments of \$3,245 including interest. The obligation is secured by a 2009 International c/w 2010 Vactor unit.	59.9	96.0
Term loan, with interest at 3.49%, payable in monthly instalments of \$655 including interest. The obligation is secured by a 2014 Ford F150 truck.	1.3	9.0
Term loan, with interest at 3.33%, payable in monthly instalments of \$1,260 including interest. The obligation is secured by a 2016 Trackless	66.4	79.0
Term loan, with interest at 2.99%, payable in monthly instalments of \$1,886 including interest. The obligation is secured by several pieces of equipment.	16.8	38.5
Term loan, with interest at 3.36%, payable in monthly instalments of \$508 including interest. The obligation is secured by a 2015 Dodge Ram truck.	9.9	17.1
Term loan, with interest at 3.04%, payable in monthly instalments of \$370 including interest. The obligation is secured by a 2016 Dodge Grand Caravan.	12.0	15.9
Term loan, with interest at 3.04%, payable in monthly instalments of \$657 including interest. The obligation is secured by a 2016 Dodge Ram truck.	21.4	28.6
Term loan, with interest at 3.04%, payable in monthly instalments of \$910 including interest. The obligation is secured by a 2015 Dodge Charger.	3.6	14.3
Term loan, with interest at 3.44%, payable in monthly instalments of \$697 including interest. The obligation is secured by a 2018 Dodge Ram truck.	28.8	36.0
Term loan, with interest at 3.44%, payable in monthly instalments of \$657 including interest. The obligation is secured by a 2017 Dodge Ram truck.	27.1	33.9
Term loan, with interest at 3.60%, payable in monthly instalments of \$2,495 including interest. The obligation is secured by a 2017 sidewalk plow.	177.1	200.3
Term loan, with interest at 3.66%, payable in monthly instalments of \$1,488 including interest. The obligation is secured by computer equipment.	38.6	54.6
	<u>\$ 551.8</u>	<u>\$ 799.4</u>

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Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

9. Term debt obligations (continued)	2019	2018
	(in thousands)	
Balance forward	\$ 551.8	\$ 799.4
Term loan, with interest at 3.66%, payable in monthly instalments of \$1,014 including interest. The obligation is secured by a 2017 Ford Explorer.	26.3	37.3
Term loan, with interest at 2.75%, payable in monthly instalments of \$521 including interest. The obligation is secured by a 2017 Mazda car.	19.4	25.0
Term loan, with interest at 3.14%, payable in monthly instalments of \$1,113 including interest. The obligation is secured by a 2017 Ford Explorer.	18.5	31.0
Term loan, with interest at 2.99%, payable in monthly instalments of \$504 including interest. The obligation is secured by a 2017 Ford Escape.	17.8	23.2
Term loan, with interest at 1.99%, payable in monthly instalments of \$2,559 including interest. The obligation is secured by a 2017 Excavator.	102.8	132.1
Term loan, with interest at 4.31%, payable in monthly instalments of \$704 including interest. The obligation is secured by a 2018 Promaster Meter Van.	34.5	
Term loan, with interest at 4.56%, payable in monthly instalments of \$1,105 including interest. The obligation is secured by a 2018 Dodge Ram.	67.0	
Term loan, with interest at 0%, payable in monthly instalments of \$576. The obligation is secured by a 2018 Ford Escape.	29.9	
Term loan, with interest at 4.11%, payable in monthly instalments of \$3,429 including interest. The obligation is secured by a 2018 Plow Truck.	221.1	
Term loan, with interest at 4.31%, payable in monthly instalments of \$642 including interest. The obligation is secured by a 2016 Dodge Ram 2500.	31.5	
Term loan, with interest 4.56%, payable in monthly instalments of \$894 including interest. The obligation is secured by a 2019 Ford Mechanic Truck.	54.2	
	<u>\$ 1,174.8</u>	<u>\$ 1,048.0</u>

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

	General Capital	Water Capital	Total
2020	\$ 250.1	\$ 80.7	\$ 330.8
2021	218.4	83.7	302.1
2022	138.1	59.6	197.7
2023	171.7	40.9	212.6
2024	95.9	12.1	108.0



Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

10. Contributions to Boards and Commissions

(a) Scotia Rink Commission - 100% interest

The Town is to finance each period deficit of the Scotia Rink Commission from the Stadium Reserve. At year end, the appropriation recorded in the accounts of the Town was \$58,352 from the reserve.

(b) Glasgow Square - 100% interest

The Town is to finance the operations of Glasgow Square out of its current operations. Contributions from the Town of New Glasgow for operational purposes during the fiscal year ended March 31, 2019 was \$98,982.

The Town of New Glasgow provides contributions for operations to the following:

<u>Board</u>	<u>Contribution</u>	
	<u>2019</u>	<u>2018</u>
	(in thousands)	
Pictou County Wellness Centre	\$ 245.5	\$ 366.0
Pictou Antigonish Regional Library	79.9	80.0
Pictou County Solid Waste Management	559.5	624.8
East River Environmental Control Centre	896.0	876.1
Eastern Mainland Housing Authority (a)	220.5	190.3
District School Board (b)	1,759.3	1,739.8

- (a) The Town is charged 25% of the operating deficit of all Section 43 and 12 - 1/2% of the deficit of all Section 40 projects located in the Town.
- (b) The amount paid by the Town to the Board to finance its operations is based on an approved budget. The Town does not share in any deficit nor receive credit for any surplus.

11. Contingencies

Glen Haven Manor Corporation

The Town of New Glasgow, together with the Towns of Stellarton, Trenton and Westville, have jointly guaranteed a bank loan of the Corporation to the maximum of \$1,125,000 for the expansion of the Corporation's building. The Municipal Finance Corporation has issued a borrowing for a loan in the amount of \$1,125,000 plus a \$10,513 discount on bond issue. The outstanding balance of this bank loan at March 31, 2019 is \$213,030.

Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

12. Other

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

	<u>Position</u>	<u>Remuneration</u>	<u>Reimbursed Expenses</u>	<u>Total</u>
Nancy Dicks	Mayor	\$ 30,351	\$ 7,833	\$ 38,184
Troy MacCulloch	Councillor	17,004	1,652	18,656
Jack Lewis	Councillor	19,222	3,826	23,048
Clyde Fraser	Councillor	19,222	2,521	21,743
John Guthro	Councillor/Deputy Mayor	19,475	1,814	21,289
Joe MacDonald	Deputy Mayor/Councillor	20,614	3,865	24,479
Frank Proudfoot	Councillor	19,222	3,708	22,930
Lisa MacDonald	CAO	129,672	4,492	134,164

13. Other Commitments

Pictou County Wellness Centre Building Authority and Aberdeen Hospital Renovation Project

The Town of New Glasgow has implemented a deed transfer tax on all properties sold in the town. The proceeds from this tax will be contributed to the new Pictou County Wellness Centre project as well as towards the renovations and improvements to the Aberdeen Hospital. Since these projects will benefit all residents of Pictou County, a similar tax has been implemented by other municipalities within the County. During the year ending March 31, 2019 the amount transferred was \$268,866 (2018 - \$220,323).

The agreement with the Pictou County Wellness Centre also stipulates that the Town of New Glasgow, along with the other municipalities within the County, will provide an annual contribution for operations. At March 31, 2019, the Town's contribution was \$245,500 which has been recorded as a liability in the financial statements.

The Town of New Glasgow has provided security for a temporary borrowing resolution for the Aberdeen Hospital Renovation project that is being administered by the Pictou County Shared Services Authority in the amount of \$1,424,569 with the remaining portion of the total \$6,800,000 being secured by other municipal units located in Pictou County.

At March 31, 2019 the balance of the loan outstanding for this project is \$6,800,000; of which the Town provides security for \$1,424,600 (21% of the total).

Crombie Developments Limited

The Town of New Glasgow has entered into a twelve month lease agreement with Crombie Developments Limited to lease space located at the Aberdeen Shopping Centre on East River Road. The lease will expire on September 30, 2019. The monthly commitment for the lease is \$4,538.

Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

14. Investment in New Scotland Business Development Incorporated

The New Scotland Business Development Incorporated (NSBDI) was incorporated December 31, 2014 pursuant to Section 60 of the Municipal Government Act. The Town of New Glasgow and the Municipality of the County of Pictou entered into an inter-municipal services agreement representing equal ownership of NSBDI.

As a result of this agreement, the Town of New Glasgow, together with the Municipality of the County of Pictou have jointly guaranteed a bank loan for New Scotland Business Development Inc. to a maximum of \$6,250,000 for purchase of land for a business park. The outstanding balance of the mortgage loan at March 31, 2019 is \$2,929,481.

The method of accounting for the investment is the modified equity approach which results in the Town of New Glasgow recognizing the carrying value of capital contributions and 50% of the net assets of NSBDI.

The value of the investment at March 31, 2019 represents capital contributions only. There is no other income or loss generated from NSBDI up to March 31, 2019.

15. Pension Plans

Pension Plan for Employees of the Town of New Glasgow

The Town of New Glasgow sponsors a contributory defined benefit pension plan for substantially all employees. The most recent actuarial valuation at July 31, 2016 provided the value of the pension fund assets and the present value of the pension obligations as follows:

Going Concern Financial Position

Pension fund assets	<u>\$ 17,680,400</u>
Pension fund obligation	<u>\$ 14,894,800</u>

The net difference of \$2,639,800 represents a surplus in the plan.

Solvency Financial Position (Valuation method required by the Nova Scotia Pension Benefits Act)

Pension fund assets	<u>\$ 17,570,400</u>
Pension fund obligation	<u>\$ 21,524,300</u>

The net difference of \$3,953,900 represents a deficit in the plan.

The Town of New Glasgow realized pension expense of \$146,422 for the defined benefit pension plan described above for the year ending March 31, 2019.

Continues on next page



Town of New Glasgow

Notes to Consolidated Financial Statements

March 31, 2019

15. Pension Plans (continued)

Atlantic Police Association Pension Plan

The Town of New Glasgow sponsors a contributory defined benefit pension plan for its Police employees. The most recent actuarial valuation at December 31, 2016 provided the value of the pension fund assets and the present value of the pension obligations as follows:

Going Concern Financial Position	
Pension fund assets	<u>\$ 53,974,800</u>
Pension fund obligation	<u>\$ 44,970,100</u>

The net difference of \$9,004,700 represents a surplus in the plan.

Solvency Financial Position (Valuation method required by the Nova Scotia Pension Benefits Act)	
Pension fund assets	<u>\$ 55,803,000</u>
Pension fund obligation	<u>\$ 59,615,400</u>

The net difference of \$3,812,400 represents a deficit in the plan.

The Town of New Glasgow realized pension expense of \$207,428 for the defined benefit pension plan described above for the year ending March 31, 2019.

Both Plans have a going concern surplus and an unfunded liability on a solvency basis. Both Plans satisfy the definition of a Municipality Pension Plan in the regulations of the Nova Scotia Pension Benefits Act and therefore are exempt from solvency special payments after December 31, 2012. The going concern surplus and exemption under the Pension Benefits Act means no special payments are required.

Town of New Glasgow

Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2019

2018

(in thousands)

Taxes	Budget	Actual	Actual
Assessable property			
Residential	\$ 8,024.7	\$ 8,021.8	\$ 8,021.1
Commercial	6,011.9	6,017.4	6,026.3
Resource	43.4	43.0	41.7
Natural Gas Distribution Taxes			2.7
	<u>14,080.0</u>	<u>14,082.2</u>	<u>14,091.8</u>
Business property			
Based on revenue (Aliant)	50.0	58.5	52.0
Nova Scotia Power Corp.	1.0	1.0	1.0
H.S.T. offset grant	65.0	109.4	71.5
	<u>116.0</u>	<u>168.9</u>	<u>124.5</u>
Special assessments			
Environmental Health Services			
Pollution control	1,175.0	1,130.2	1,171.4
Solid waste disposal	564.0	563.6	564.0
Fire Protection Charges	53.0	105.5	105.2
	<u>1,792.0</u>	<u>1,799.3</u>	<u>1,840.6</u>
Deed transfer tax		<u>268.9</u>	<u>220.2</u>
Total tax levied	<u>15,988.0</u>	<u>16,319.3</u>	<u>16,277.1</u>
Less taxes collected on behalf of others;			
Regional school board	(1,759.3)	(1,759.3)	(1,739.8)
Provincial correctional service	(118.3)	(118.3)	(119.7)
Regional housing authority	(225.0)	(220.5)	(190.3)
	<u>(2,102.6)</u>	<u>(2,098.1)</u>	<u>(2,049.8)</u>
	<u>\$ 13,885.4</u>	<u>\$ 14,221.2</u>	<u>\$ 14,227.3</u>
Grants in lieu of taxes			
Federal Government	\$ 60.0	\$ 57.6	\$ 60.3
Provincial Government	10.0	10.3	10.7
	<u>\$ 70.0</u>	<u>\$ 67.9</u>	<u>\$ 71.0</u>

Town of New Glasgow Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2019

2018

(in thousands)

	Budget	Actual	Actual
Sales of services			
Parking meters	\$ 75.0	\$ 71.2	\$ 76.7
Sale of IT services	114.0	115.1	113.7
Sale of policing services	621.4	637.9	611.4
Sale of planning and inspection services	36.0	65.2	61.4
	<u>\$ 846.4</u>	<u>\$ 889.4</u>	<u>\$ 863.2</u>

Other revenue from own sources

Licenses and permits	\$ 0.6	\$ 0.3	\$ 0.6
Fines	127.0	138.7	125.5
Rentals	167.0	151.3	173.8
Interest on taxes and rates	233.0	231.4	238.9
HST rebates (gas and diesel)	40.0	42.5	44.2
Mortgage service fees	14.0	14.1	14.3
Recreation revenue	12.5	29.8	20.4
MPAL program funding		33.0	
Engineering contract work	30.0	43.9	37.4
Sale of power to NSPC	19.0	23.0	19.3
Refund of Pictou County Solid Waste Surplus			80.1
Marina operations	20.0	42.4	42.3
Miscellaneous	7.0	18.8	11.9
	<u>\$ 670.1</u>	<u>\$ 769.2</u>	<u>\$ 808.7</u>

Transfers from government

Unconditional transfers from Provincial Government	\$ 1,055.4	\$ 1,055.4	\$ 1,055.4
Conditional transfers from Federal and Provincial Governments and agencies			
Department of Justice Policing Program	500.0	500.0	500.0
Civic addressing initiative	3.1	3.2	3.2
Prisoner's board	0.3	0.2	0.3
	<u>\$ 1,558.8</u>	<u>\$ 1,558.8</u>	<u>\$ 1,558.9</u>



Town of New Glasgow

Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2019

2018

(in thousands)

	Budget	Actual	Actual
Stadium revenue			
Building rentals	\$	\$	\$

Water revenues

Metered sales	\$ 3,363.0	\$ 3,285.4	\$ 3,328.5
Flat rate sales	293.4	292.7	292.7
Public fire protection	6.8	8.5	8.5
Other	23.1	19.5	19.6
	<u>\$ 3,686.3</u>	<u>\$ 3,606.1</u>	<u>\$ 3,649.3</u>

Grants for capital

Canada/Nova Scotia Gas Tax Agreement	\$ 815.7	\$ 815.7	\$ 783.1
Infrastructure Renewal - Building Canada Funds		328.2	1,285.6
Infrastructure Renewal - Clean Water Wastewater Funds	1,744.0	1,344.8	1,494.7
Pictou County Historical Society			6.0
West Side Community Centre			21.4
Federal accessibility grant	57.9	57.9	
Provincial accessibility grant	6.2	6.2	
Provincial beautification grant		25.0	
ACOA Canada 150 funding			26.4
	<u>\$ 2,623.8</u>	<u>\$ 2,577.8</u>	<u>\$ 3,617.2</u>

Other revenue

Interest on operating account	\$ 7.0	\$ 63.0	\$ 17.7
Interest on capital and reserve funds		11.3	9.9
	<u>\$ 7.0</u>	<u>\$ 74.3</u>	<u>\$ 27.6</u>

Other proceeds

Sale of assets, net of net book value	\$	\$ 40.2	\$ 22.9
Parkland transfers		3.0	4.3
	<u>\$</u>	<u>\$ 43.2</u>	<u>\$ 27.2</u>

Town of New Glasgow

Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2019

2018

(in thousands)

	Budget	Actual	Actual
General government services			
Legislative	\$ 184.4	\$ 171.7	\$ 175.4
General administration	868.8	891.7	859.9
Taxation exemptions	110.0	109.2	107.8
Employee benefits	97.9	121.9	82.6
Computer services	418.8	404.1	375.7
Safety	20.0	7.4	8.7
Public grants	23.3	21.1	9.7
Town owned buildings	89.5	92.9	93.4
Interest and bank charges	67.4	67.4	65.4
Other	29.0	30.1	30.5
	<u>1,909.1</u>	<u>1,917.5</u>	<u>1,809.1</u>
Amortization		<u>271.4</u>	<u>275.8</u>
	<u>\$ 1,909.1</u>	<u>\$ 2,188.9</u>	<u>\$ 2,084.9</u>

Protective services

Police protection			
Crime investigation, prevention and protective services	\$ 4,202.4	\$ 4,196.7	\$ 4,084.2
Police station and building	122.6	138.2	123.4
Provincial Police program	500.0	572.0	588.8
Police automotive equipment	220.0	192.8	211.5
	<u>5,045.0</u>	<u>5,099.7</u>	<u>5,007.9</u>
Fire protection			
Fire fighting force	899.5	913.6	926.1
Fire stations and buildings	57.0	68.9	58.1
Fire fighting equipment	63.5	70.0	58.1
Fire inspection	40.0	45.5	43.4
	<u>1,060.0</u>	<u>1,098.0</u>	<u>1,085.7</u>
Animal control			
Administration	<u>20.0</u>	<u>20.4</u>	<u>19.9</u>
Emergency measures	<u>15.0</u>	<u>13.8</u>	<u>7.4</u>
Interest and bank charges	<u>19.1</u>	<u>19.1</u>	<u>21.0</u>
	<u>6,159.1</u>	<u>6,251.0</u>	<u>6,141.9</u>
Amortization		<u>273.5</u>	<u>242.7</u>
	<u>\$ 6,159.1</u>	<u>\$ 6,524.5</u>	<u>\$ 6,384.6</u>



Town of New Glasgow

Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2019

2018

(in thousands)

	Budget	Actual	Actual
Transportation services			
Common services			
Engineering	\$ 399.0	\$ 410.8	\$ 419.3
Planning, inspection and unsightly	190.7	195.1	190.9
Equipment	508.0	490.0	484.7
Workshop	212.0	219.3	227.4
Employee benefits	634.5	526.8	572.6
Road transport			
Streets	1,065.0	855.5	836.6
Street lighting	90.0	68.6	65.9
Storm sewers & catchpits	190.0	95.3	165.5
Traffic activities	150.0	152.2	140.4
Parking and other	165.0	161.0	157.8
Interest and bank charges	88.8	88.8	101.7
	<u>3,693.0</u>	<u>3,263.4</u>	<u>3,362.8</u>
Amortization		<u>1,109.6</u>	<u>1,057.2</u>
	<u>\$ 3,693.0</u>	<u>\$ 4,373.0</u>	<u>\$ 4,420.0</u>

Environmental health services

Sewage treatment and disposal	\$ 192.0	\$ 92.9	\$ 81.3
Central treatment plant operation	896.0	896.0	876.1
Garbage and waste collection and disposal			
Municipal collection and disposal	564.5	576.4	657.2
Interest and bank charges	30.9	30.9	40.7
	<u>1,683.4</u>	<u>1,596.2</u>	<u>1,655.3</u>
Amortization		<u>156.5</u>	<u>151.4</u>
	<u>\$ 1,683.4</u>	<u>\$ 1,752.7</u>	<u>\$ 1,806.7</u>

Public health services

Social welfare			
Other	\$ 5.0	\$ 5.0	\$ 5.0



Town of New Glasgow

Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2019

2018

(in thousands)

Marketing and communications

	Budget	Actual	Actual
Festivals and events	\$ 10.4	\$ 9.6	\$ 10.9
Salaries and benefits		1.5	49.0
Communication and event marketing	38.5	24.8	18.4
	<u>\$ 48.9</u>	<u>\$ 35.9</u>	<u>\$ 78.3</u>

Community development

Administration	\$ 296.3	\$ 264.7	\$ 268.6
Recreation instruction and sundry	57.8	66.7	51.8
Marina	52.5	76.2	75.7
Farmers Market	12.0	8.1	11.8
Community centres	36.0	31.4	36.4
Parks and playgrounds	125.5	113.8	110.8
Summer grounds maintenance	90.0	97.1	90.5
Interest and bank charges	54.6	54.6	60.1
	<u>724.7</u>	<u>712.6</u>	<u>705.7</u>
Amortization		268.3	256.5
	<u>\$ 724.7</u>	<u>\$ 980.9</u>	<u>\$ 962.2</u>

Stadium expenses

Light and power	\$	\$ 1.7	\$ 2.5
Water & environmental charge		0.7	0.4
Interest and bank charges		0.7	
		<u>3.1</u>	<u>2.9</u>
Amortization			0.1
	<u>\$</u>	<u>\$ 3.1</u>	<u>\$ 3.0</u>

Town of New Glasgow

Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2019

2018

(in thousands)

	Budget	Actual	Actual
Water treatment and distribution			
Operating expenditures			
Source of supply	\$ 72.0	\$ 67.6	\$ 62.9
Pumping	142.1	111.2	106.7
Water treatment	761.8	654.9	664.5
Transmission and distribution	834.1	565.6	588.3
Employee benefits	436.4	328.8	325.9
Fleet	288.4	174.9	167.9
Administrative and general	459.1	403.2	425.2
	<u>2,993.9</u>	<u>2,306.2</u>	<u>2,341.4</u>
Interest and bank charges	50.7	100.4	81.9
	<u>3,044.6</u>	<u>2,406.6</u>	<u>2,423.3</u>
Amortization	662.1	525.1	445.0
	<u>\$ 3,706.7</u>	<u>\$ 2,931.7</u>	<u>\$ 2,868.3</u>

Other transfers and grants

Pictou County Wellness Centre	\$ 350.0	\$ 245.5	\$ 366.0
Deed transfer tax		268.9	220.2
Riverfront - Glasgow Square	90.0	99.0	98.3
School enhancements New Glasgow Academy	30.0		
Property Valuation Services Corporation	119.7	119.7	119.4
Tourism and education services			
Pictou-Antigonish Regional Library	80.0	79.9	80.0
Destination Eastern & Northumberland Shores	9.6	9.6	11.9
Construction Engineering Flight	1.2	1.2	1.2
Transportation services			
Public Transit - CHAD	37.0	37.0	36.0
Regional government MOU - Physician Recruitment		10.4	
	<u>\$ 717.5</u>	<u>\$ 871.2</u>	<u>\$ 933.0</u>

Reserves for taxes and appeals

Reserve for uncollectible taxes	<u>\$ 5.0</u>	<u>\$ 25.0</u>	<u>\$ 74.1</u>
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**Town of New Glasgow
Schedule of Capital Projects Funding**

March 31, 2019

	TOTAL CAPITAL COSTS	Term financing	Operating reserve	Equipment reserve	Parkland Transfers reserve	Depreciation Reserve	Special reserve	Debtenture	Capital out of revenue	Gas Tax Revenue	External Funding
GENERAL CAPITAL											
Schools transferred to Town	\$ 1,642	\$	\$	\$	\$	\$	\$ 1,642	\$	\$	\$ 154,258	\$
Sidewalks	154,258									564,076	
Street Paving & Curbs	564,076								812		
Police Capital	73,073	34,549		17,629							
Public Works											
- Traffic	319,581								2,649		
- Equipment	381,885	340,756							41,129		
Storm Sewer	121,346								7,158		
Equity in High Street development	43,592								4,954		57,918
Recreation Capital	94,909				7,624						
Glasgow Square	48,258						8,184				
Fire Capital	111,022										
Town office - equipment	140,885		23,999						3,913		
Library building	11,623										6,200
Carmichael building	21,520										25,000
Downtown development	35,120										
Public transit	4,120			4,120							
New Scotland Business Park investment	64,380								64,380		
Sub-total	2,181,280	375,305	23,999	21,749	7,624		9,826	706,153	124,995	832,522	89,118
WATER CAPITAL											
Equipment	358,808	107,475							72,155		1,344,757
Waterlines	1,762,395										
Meters	21,580										
Sub-total	2,142,783	107,475				21,580		500,000	72,155		1,344,757
\$ 4,334,073	\$ 482,780	\$ 23,999	\$ 21,749	\$ 7,624	\$ 9,826	\$ 118,396	\$ 1,206,153	\$ 197,150	\$ 832,522	\$ 1,433,875	



TOWN OF NEW GLASGOW
TRUST FUND BALANCE SHEET
YEAR ENDED MARCH 31, 2019

ASSETS	A.E. Fraser Trust	James Roy Trust	Margaret C. Cameron Trust	W.G. Matheson Bursary	George Sutherland Trust	Lincoln Fraser Memorial	Carmichael Scholarship Trust	Graduation Class Trust	Graduation Class 85 Trust	Bruce Stewart Trust	Eric Doucette Trust	J.D. MacGregor Trust	Ivan Macinnis Trust	H. Goodman Trust	Philip Grant Trust	War Memorial Trust	2018 Total	2019 Total	2019 Total
Cash	\$ 35,996	\$ 163,815	\$ 4,113	\$ 946	\$ 3,550	\$ 1,522	\$ 210	\$ 1,044	\$ 1,302	\$ 485	\$ 1,679	\$ 11,070	\$ 2,423	\$ 664	\$ 39	\$ 1,088	\$ 231,768	\$ 217,032	\$ 134,680
Investments, at cost	118,904	163,815	4,113	946	3,550	1,522	20,422	1,044	1,302	485	1,679	11,070	2,423	664	39	1,088	103,330	335,098	351,712

RESERVE

Trust Fund Reserve	\$ 118,904	\$ 163,815	\$ 4,113	\$ 946	\$ 3,550	\$ 1,522	\$ 20,632	\$ 1,044	\$ 1,302	\$ 485	\$ 1,679	\$ 11,070	\$ 2,423	\$ 664	\$ 39	\$ 1,088	\$ 335,098	\$ 351,712	\$ 351,712
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STATEMENT OF TRUST FUND RESERVES
YEAR ENDED MARCH 31, 2019

Balance, begin year	\$ 128,409	\$ 181,028	\$ 4,156	\$ 954	\$ 3,587	\$ 1,535	\$ 32,454	\$ 1,026	\$ 1,314	\$ 505	\$ 1,650	\$ 10,908	\$ 2,450	\$ 872	\$ 157	\$ 1,068	\$ 387,581	\$ 367,581	\$ 367,581
Add:	633	2,787	72	17	63	27	178	18	23	5	28	189	43	12	4	19	4,151	2,493	(5,137)
Interest Earned	4,782	163,815	4,228	971	3,650	1,562	32,632	1,044	1,337	510	1,679	11,095	2,493	884	161	1,088	4,782	4,897	4,897
Investment gain																			
Investment allocation																			
	131,824	163,815	4,228	971	3,650	1,562	32,632	1,044	1,337	510	1,679	11,095	2,493	884	161	1,088	376,514	369,834	369,834

Deduct

Transfers																			
Book Purchases	3,904																		
Investment loss	12,920																		
	16,824																		
	\$ 118,904	\$ 163,815	\$ 4,113	\$ 946	\$ 3,550	\$ 1,522	\$ 20,632	\$ 1,044	\$ 1,302	\$ 485	\$ 1,679	\$ 11,070	\$ 2,423	\$ 664	\$ 39	\$ 1,088	\$ 335,098	\$ 351,712	\$ 351,712

ON BEHALF OF THE TOWN

Nancy Dickel
Mayor
CAO