

**TOWN OF NEW GLASGOW**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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# Town of New Glasgow

## Management's Responsibility for Financial Reporting

March 31, 2018

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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

We have audited the accompanying financial statements of Town of New Glasgow, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statement of financial activities and statement of changes in net financial liabilities and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for local governments, as recommended by the Public Sector Accounting Board, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Town of New Glasgow as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for local governments, as recommended by the Public Sector Accounting Board.

*MacDonald &  
Murphy Inc.*

New Glasgow, Nova Scotia  
September 24, 2018

Chartered Professional Accountants  
Licenced Public Accountants



# Town of New Glasgow

## Consolidated Statement of Financial Activities

Year Ended March 31

2018

2017

(in thousands)

	Page	Budget	Actual	Actual
<b>Revenue</b>				
Taxes	29	\$ 13,853.0	\$ 14,227.3	\$ 14,019.1
Grants in lieu of taxes	29	71.5	71.0	71.5
Sale of services	30	822.3	863.2	823.3
Other revenue from own sources	30	671.1	808.7	732.3
Transfers from government	30	1,558.8	1,558.9	1,558.9
Stadium revenues	31			0.9
Water revenues	31	3,620.8	3,649.3	3,336.5
Grants for capital	31	4,807.4	3,617.2	1,629.6
Other revenue	31	5.0	27.6	13.8
Other proceeds	31		27.2	199.5
<b>Total revenue</b>		<u>25,409.9</u>	<u>24,850.4</u>	<u>22,385.4</u>
<b>Expenditures</b>				
General government services	32	1,903.4	2,084.9	2,040.1
Protective services	32	6,141.2	6,384.6	6,186.8
Transportation services	33	3,647.7	4,420.0	4,602.4
Environmental health services	33	1,763.6	1,806.7	1,948.9
Public health services	33	5.0	5.0	5.0
Marketing and communications	34	99.7	78.3	143.7
Community development	34	723.0	962.2	912.3
Stadium expenses	34		3.0	3.5
Water treatment and distribution	35	3,768.7	2,868.3	2,716.1
Other transfers and grants	35	763.5	933.0	1,029.5
Reserve for taxes and other receivables	35	5.0	74.1	97.7
Financing of pension deficit per valuation		10.0	10.8	22.8
Cost of assets disposed, net			3.2	
<b>Total expenditures</b>		<u>18,830.8</u>	<u>19,634.1</u>	<u>19,708.8</u>
<b>Net surplus</b>		<u>\$ 6,579.1</u>	<u>5,216.3</u>	<u>2,676.6</u>
<b>Accumulated surplus, beginning of year</b>			<u>45,792.7</u>	<u>43,116.1</u>
<b>Accumulated surplus, end of year</b>			<u>\$ 51,009.0</u>	<u>\$ 45,792.7</u>

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

Year Ended March 31

2018

2017

(in thousands)

	<u>Actual</u>	<u>Actual</u>
<b>Net surplus</b>	<b>\$ 5,216.3</b>	<b>2,674.9</b>
<b>Changes in tangible capital assets</b>		
Acquisition of capital assets	(5,287.0)	(6,271.2)
Amortization of capital assets	2,428.8	2,246.1
Cost of assets sold, net of accumulated amortization	3.2	(0.7)
Increase in net book value of tangible capital assets	<u>(2,855.0)</u>	<u>(4,025.8)</u>
<b>Changes in other non-financial assets</b>		
Acquisition of equity interest in New Scotland Business Park	(51.6)	(55.9)
Acquisition of inventories	(353.4)	(364.4)
Acquisition of prepaid expense	(78.9)	(94.1)
Amortization of debt discount	(14.6)	1.7
Consumption of inventories	364.4	409.7
Use of prepaid expense	94.1	55.6
	<u>(40.0)</u>	<u>(47.4)</u>
<b>Change in net financial liabilities</b>	<b>2,321.3</b>	<b>(1,398.3)</b>
<b>Net financial liabilities, beginning of year</b>	<b><u>(10,841.4)</u></b>	<b><u>(9,443.1)</u></b>
<b>Net financial liabilities, end of year</b>	<b><u>\$ (8,520.1)</u></b>	<b><u>\$ (10,841.4)</u></b>

# Town of New Glasgow

## Consolidated Statement of Cash Flow

Year Ended March 31

2018

2017

(in thousands)

### Increase (decrease) in cash and cash equivalents

<b>Operating activities</b>		
Net surplus	\$ 5,216.3	2,674.9
Change in taxes receivable	13.8	(259.0)
Change in water rates receivable	(104.9)	(73.4)
Change in accounts receivable	(781.1)	(105.8)
Change in other assets	11.6	8.5
Change in accounts payable and accrued liabilities	(184.5)	(34.7)
	<u>4,171.2</u>	<u>2,210.5</u>
<b>Capital activities</b>		
Increase in net book value of capital assets	(2,855.0)	(4,025.8)
Investment in New Scotland Business Development	(51.6)	(55.9)
	<u>(2,906.6)</u>	<u>(4,081.7)</u>
<b>Financing activities</b>		
Long term debt issued	3,813.0	902.7
Debt principal repayment	(1,310.1)	(1,261.2)
Term loan repayment	(261.5)	(253.6)
Capital lease obligation repayment	(47.2)	(75.8)
	<u>2,194.2</u>	<u>(687.9)</u>
<b>Net change in cash and cash equivalents</b>	<b>3,458.8</b>	<b>(2,559.1)</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>(1,698.6)</u>	<u>860.5</u>
End of year	<u>\$ 1,760.2</u>	<u>\$ (1,698.6)</u>
<b>Comprised of</b>		
Cash	\$ 3,458.4	\$ 2,110.9
Bank indebtedness	<u>(1,698.2)</u>	<u>(3,809.5)</u>
	<u>\$ 1,760.2</u>	<u>\$ (1,698.6)</u>

## Town of New Glasgow Schedule of General Operating Fund

Year Ended March 31

2018

2017

(in thousands)

	Page	Budget	Actual	Actual
<b>Revenue</b>				
Taxes	29	\$ 13,853.0	\$ 14,227.3	\$ 14,019.1
Grants in lieu of taxes	29	71.5	71.0	71.5
Sale of services	30	822.3	863.2	823.3
Other revenue from own sources	30	671.1	808.7	732.3
Transfers from governments	30	1,558.8	1,558.9	1,558.9
Other revenue	31	5.0	17.7	9.7
<b>Total revenue</b>		<u>16,981.7</u>	<u>17,546.8</u>	<u>17,214.8</u>
<b>Expenditures</b>				
General government services	32	1,903.4	1,809.1	1,823.1
Protective services	32	6,141.2	6,141.9	5,954.4
Transportation services	33	3,647.7	3,362.8	3,594.0
Environmental health services	33	1,763.6	1,655.3	1,803.5
Public health services	33	5.0	5.0	5.0
Marketing and communications	34	99.7	78.3	143.7
Community development	34	723.0	705.7	668.5
Other transfers and grants	35	763.5	933.0	1,029.5
Reserve for taxes and other receivables	35	5.0	74.1	97.7
Financing of pension deficit per valuation		10.0	10.8	22.8
<b>Total expenditures</b>		<u>15,062.0</u>	<u>14,776.0</u>	<u>15,142.2</u>
<b>Net revenues</b>		<u>1,919.7</u>	<u>2,770.8</u>	<u>2,072.6</u>
<b>Financing and transfers</b>				
Debt principal repayment		(1,075.7)	(1,075.7)	(1,023.4)
Term loan repayment		(288.6)	(231.8)	(230.2)
Transfers to operating fund reserve			(139.0)	(147.7)
Transfer from operating fund reserve		176.0		
Transfers from (to) general capital fund				
Capital out of revenue		(55.0)	(170.3)	(102.5)
Transfers from (to) water operating fund				
Fire protection charge		(825.0)	(825.0)	(709.3)
Tax levy		148.6	131.9	131.8
<b>Net financing and transfers</b>		<u>(1,919.7)</u>	<u>(2,309.9)</u>	<u>(2,081.3)</u>
<b>Change in general operating fund</b>		<u>\$</u>	<u>460.9</u>	<u>(8.7)</u>
<b>General operating fund, beginning of year</b>			<u>139.0</u>	<u>147.7</u>
<b>General operating fund, end of year</b>			<u>\$ 599.9</u>	<u>\$ 139.0</u>

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

Year Ended March 31

2018

2017

		(in thousands)		
	Page	Budget	Actual	Actual
<b>Revenue</b>				
Water revenue		\$ 3,596.6	\$ 3,629.7	\$ 3,316.3
Other revenue		24.2	19.6	20.2
<b>Total revenue</b>	31	<u>3,620.8</u>	<u>3,649.3</u>	<u>3,336.5</u>
<b>Expenditures</b>				
Transmission and distribution	35	2,907.2	2,341.4	2,258.9
Interest and bank charges	35	218.7	81.9	58.3
<b>Total expenditures</b>		<u>3,125.9</u>	<u>2,423.3</u>	<u>2,317.2</u>
<b>Net revenues (expenditures)</b>		<u>494.9</u>	<u>1,226.0</u>	<u>1,019.3</u>
<b>Financing and transfers</b>				
Debt principal repayment		(230.0)	(229.5)	(229.5)
Repayment of term loans		(88.5)	(75.7)	(86.4)
Transfers from (to) general operating fund				
Fire protection charge		825.0	825.0	709.3
Tax levy		(148.6)	(131.9)	(131.8)
Transfers to water capital fund				
Land reserve		(35.0)	(35.0)	(35.0)
Capital out of revenue		(75.0)	(95.4)	(92.0)
Depreciation charge		(642.8)	(445.0)	(398.9)
<b>Net financing and transfers</b>		<u>(394.9)</u>	<u>(187.5)</u>	<u>(264.3)</u>
<b>Change in water operating fund</b>		<u>\$ 100.0</u>	<u>1,038.5</u>	<u>755.0</u>
<b>Water operating fund, beginning of year</b>			<u>210.3</u>	<u>(544.7)</u>
<b>Water operating fund, end of year</b>			<u>\$ 1,248.8</u>	<u>\$ 210.3</u>

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

Year Ended March 31

2018

2017

(in thousands)

**Assets**

Cash	\$	685.3	\$	
Receivables				
Rates (less allowance for doubtful accounts)		628.9		523.8
Other		10.1		
Due from own funds and agencies				
Water capital fund		1.9		1.9
Prepays		2.2		5.2
Inventories, at cost		14.1		
	\$	<u>1,342.5</u>	\$	<u>530.9</u>

**Liabilities**

Bank indebtedness	\$		\$	71.1
Payables and accruals		93.7		79.5
Due to own funds and agencies				170.0
<b>Total financial liabilities</b>		<u>93.7</u>		<u>320.6</u>

**Equity**

Surplus		<u>1,248.8</u>		<u>210.3</u>
	\$	<u>1,342.5</u>	\$	<u>530.9</u>

## Town of New Glasgow Schedule of Stadium Operating Fund

Year Ended March 31

2018

2017

		(in thousands)	
	Page	Budget	Actual
<b>Stadium revenue</b>	31	\$	\$ 0.9
<b>Expenditures</b>			
Stadium expenses	34		2.9
Interest and bank charges	35		2.8
<b>Total expenditures</b>			<b>5.7</b>
<b>Net expenditures</b>			<b>(5.7)</b>
<b>Financing and transfers</b>			
Debt principal repayment			(5.0)
Repayment of capital lease obligation			(8.5)
Transfers from Stadium Reserve			10.7
<b>Net financing and transfers</b>			<b>5.7</b>
<b>Change in stadium operating fund</b>		\$	
<b>Stadium operating fund, beginning of year</b>			
<b>Stadium operating fund, end of year</b>		\$	\$

## Town of New Glasgow Schedule of General Capital Fund

Year Ended March 31

2018

2017

	(in thousands)		
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Federal government funding CWWF program	\$ 306.9	\$ 272.3	\$
Federal accessibility grant		21.4	
ACOA Canada 150 funding		26.4	
	<u>306.9</u>	<u>320.1</u>	
<b>Expenditures</b>			
General government	163.5	285.2	485.0
Protective services	376.5	384.8	88.4
Transportation services	3,034.0	1,471.4	1,249.7
Environmental health services	200.0	295.9	187.4
Recreation services	267.5	179.4	76.8
Investment, New Scotland Business Dev. Inc	55.0	51.6	55.9
<b>Total expenditures (Page 36)</b>	<u>4,096.5</u>	<u>2,668.3</u>	<u>2,143.2</u>
<b>Net expenditures</b>	<u>(3,789.6)</u>	<u>(2,348.2)</u>	<u>(2,143.2)</u>
<b>Financing and transfers</b>			
Debenture MFC	2,242.5	866.5	895.0
Conditional sales contracts	615.0	435.8	207.7
Transfers from general operating fund			
Capital out of revenue	55.0	170.3	102.5
Transfers from (to) reserve funds			
Equipment reserve	9.0	12.7	104.2
Special reserve	101.6	95.2	47.2
Gas tax reserve	750.0	767.7	782.7
Parkland reserve	16.5		3.9
<b>Net financing and transfers</b>	<u>3,789.6</u>	<u>2,348.2</u>	<u>2,143.2</u>
<b>Change in general capital fund</b>	<u>\$</u>		
<b>General capital fund, beginning of year</b>		<u>0.2</u>	<u>0.2</u>
<b>General capital fund, end of year</b>		<u>\$ 0.2</u>	<u>\$ 0.2</u>
<b>Cash - unrestricted</b>		<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

2018

2017

(in thousands)

	Budget	Actual	Actual
<b>Revenue</b>			
Federal government funding BCF program	\$ 674.2	\$ 1,285.6	\$ 843.7
Federal government funding CWWF program	3,052.8	1,222.4	
Interest income		9.4	3.6
<b>Total revenue</b>	<u>3,727.0</u>	<u>2,517.4</u>	<u>847.3</u>
<b>Expenditures (Page 36)</b>			
Water treatment and distribution	<u>5,977.0</u>	<u>2,677.4</u>	<u>4,183.9</u>
<b>Net expenditures</b>	<u>(2,250.0)</u>	<u>(160.0)</u>	<u>(3,336.6)</u>
<b>Financing and transfers</b>			
Debenture MFC	1,590.0		2,300.0
Loan financing	220.0	182.2	
Capital out of revenue	75.0	95.4	92.0
Depreciation charge	642.8	445.0	398.9
Land reserve	35.0	35.0	35.0
<b>Net financing and transfers</b>	<u>2,562.8</u>	<u>757.6</u>	<u>2,825.9</u>
<b>Change in water capital fund</b>	<u>\$ 312.8</u>	<u>597.6</u>	<u>(510.7)</u>
<b>Water capital fund, beginning of year</b>		<u>506.6</u>	<u>1,017.3</u>
<b>Water capital fund, end of year</b>		<u>\$ 1,104.2</u>	<u>\$ 506.6</u>
<b>Allocation of fund balance</b>			
Land reserve		\$ 511.3	\$ 466.9
Depreciation cash		592.9	39.7
		<u>\$ 1,104.2</u>	<u>\$ 506.6</u>

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

Year Ended March 31	2018	2017
(in thousands)		
<b>Assets</b>		
Cash		
Water land reserve fund	\$ 511.3	\$ 466.9
Depreciation fund	592.9	39.7
Unamortized debenture discount	20.5	5.7
Due to own funds and agencies		
General operating fund		246.8
Utility plant and equipment (Page 15)	<u>33,671.7</u>	<u>30,994.4</u>
	<u>\$ 34,796.5</u>	<u>\$ 31,753.6</u>
<b>Liabilities</b>		
Due to own funds and agencies		
General operating fund	\$ 212.8	\$
Accumulated allowance for depreciation (Page 15)	9,255.9	8,810.9
Long term debt	3,017.8	3,247.1
Term debt obligations	<u>270.9</u>	<u>164.5</u>
	12,757.4	12,222.5
<b>Municipal position</b>		
Investment in capital assets	21,527.8	19,064.2
Water land reserve	<u>511.3</u>	<u>466.9</u>
	<u>22,039.1</u>	<u>19,531.1</u>
	<u>\$ 34,796.5</u>	<u>\$ 31,753.6</u>

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

Year Ended March 31	2018	2017
(in thousands)		
Balance, beginning of year	\$ 19,064.2	\$ 17,637.6
Amortization of capital assets	(445.0)	(398.9)
Long term debt repayments	229.5	229.5
Transfer of wind turbine debt		113.1
Federal funding BCF treatment plant expansion	1,285.6	843.7
Federal funding CWWF waterline replacement	1,222.4	
Term debt repayments	75.7	86.4
Capital additions out of revenue	95.4	92.0
Disposal of assets		(372.3)
Capital funding from		
Depreciation funds		833.1
	<u>2,463.6</u>	<u>1,426.6</u>
Balance, end of year	<u>\$ 21,527.8</u>	<u>\$ 19,064.2</u>

# Town of New Glasgow

## Schedule of Reserve Funds

Year Ended March 31

2018

2017

	(in thousands)		
	Budget	Actual	Actual
<b>Revenue</b>			
Investment income	\$	\$ 0.5	\$ 0.5
Parkland transfers		4.3	1.1
Canada/NS Gas tax agreement	773.5	783.1	773.5
Proceeds from sale of assets		26.0	198.6
<b>Total revenue</b>	<u>773.5</u>	<u>813.9</u>	<u>973.7</u>
<b>Financing and transfers</b>			
Transfers from general operating fund		139.0	147.7
Transfers to general operating fund	(176.0)		
Transfers to general capital fund			
Equipment reserve	(9.0)	(12.7)	(104.2)
Special reserve	(101.6)	(95.2)	(47.2)
Rink Reserve		(10.7)	(14.1)
Gas tax reserve	(750.0)	(767.7)	(782.7)
Parkland reserve	(16.5)		(3.9)
<b>Net financing and transfers</b>	<u>(1,053.1)</u>	<u>(747.3)</u>	<u>(804.4)</u>
<b>Change in reserve funds balance</b>	<u>\$ (279.6)</u>	66.6	169.3
<b>Reserve funds balance</b>			
Beginning of year		<u>1,596.8</u>	<u>1,427.5</u>
End of year		<u>\$ 1,663.4</u>	<u>\$ 1,596.8</u>
<b>Reserves</b>			
Equipment		\$ 36.8	\$ 23.5
Special		362.5	457.8
Power Board		0.7	0.7
Canada/NS Gas Tax		21.9	6.3
Water capital reserve		74.1	74.1
Central treatment plant		36.7	36.7
Stadium sign rental		59.0	69.7
Parkland transfers		38.4	33.7
General operating		1,033.3	894.3
		<u>\$ 1,663.4</u>	<u>\$ 1,596.8</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 2018	Total 2017
<b>General capital</b>								
<b>Cost:</b>								
Balance, beginning of year	\$ 2,056.6	\$ 2,752.0	\$ 10,466.9	\$ 8,508.7	\$ 25,029.3	\$ 13,056.1	\$ 61,869.6	\$ 59,904.5
Acquisition of capital assets	7.4	15.8	205.8	905.1	1,188.6	295.9	2,616.6	2,087.3
Transfer from water capital fund								372.3
Disposition of capital assets				(446.2)	(6.6)		(452.8)	(494.5)
Balance, end of year	<u>2,064.0</u>	<u>2,767.8</u>	<u>10,672.7</u>	<u>8,967.6</u>	<u>26,209.3</u>	<u>13,352.0</u>	<u>64,033.4</u>	<u>61,869.6</u>
<b>Accumulated amortization:</b>								
Balance, beginning of year		1,348.9	4,337.6	5,353.3	14,615.3	2,607.3	28,262.4	26,872.7
Annual amortization			325.8	409.0	1,057.2	191.7	1,983.7	1,847.1
Accumulated amortization on disposals				(442.7)			(442.7)	(457.4)
Balance, end of year		<u>1,348.9</u>	<u>4,663.4</u>	<u>5,319.6</u>	<u>15,672.5</u>	<u>2,799.0</u>	<u>29,803.4</u>	<u>28,262.4</u>
Net book value of general capital	<u>\$ 2,064.0</u>	<u>\$ 1,418.9</u>	<u>\$ 6,009.3</u>	<u>\$ 3,648.0</u>	<u>\$ 10,536.8</u>	<u>\$ 10,553.0</u>	<u>\$ 34,230.0</u>	<u>\$ 33,607.2</u>
<b>Stadium capital</b>								
<b>Cost:</b>								
Balance, beginning and end of year	\$ 12.5	\$ 6.1	\$ 288.6	\$	\$	\$	\$ 307.2	\$ 307.2
<b>Accumulated amortization:</b>								
Balance, beginning of year		5.5					5.5	5.4
Annual amortization		0.1					0.1	0.1
Balance, end of year		<u>5.6</u>					<u>5.6</u>	<u>5.5</u>
Net book value of stadium capital	<u>\$ 12.5</u>	<u>\$ 0.5</u>	<u>\$ 288.6</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 301.6</u>	<u>\$ 301.7</u>
<b>Water capital</b>								
<b>Cost:</b>								
Balance, beginning of year	\$ 210.0		\$ 11,107.6	\$ 2,416.9		\$ 17,260.0	\$ 30,994.4	\$ 27,182.8
Acquisition of capital assets			601.6	377.4		1,698.3	2,677.3	4,183.9
Transfer to general operating								(372.3)
Balance, end of year	<u>210.0</u>		<u>11,709.2</u>	<u>2,794.3</u>		<u>18,958.3</u>	<u>33,671.7</u>	<u>30,994.4</u>
<b>Accumulated amortization:</b>								
Balance, beginning of year			1,699.6	1,918.3		5,193.0	8,810.9	8,449.8
Annual amortization			166.4	139.0		139.6	445.0	398.9
Accumulated amortization on disposals								(37.8)
Balance, end of year			<u>1,866.0</u>	<u>2,057.3</u>		<u>5,332.6</u>	<u>9,255.9</u>	<u>8,810.9</u>
Net book value of water capital	<u>\$ 210.0</u>	<u>\$</u>	<u>\$ 9,843.2</u>	<u>\$ 737.0</u>	<u>\$</u>	<u>\$ 13,625.7</u>	<u>\$ 24,415.8</u>	<u>\$ 22,183.5</u>
<b>Total consolidated capital</b>	<u>\$ 2,286.5</u>	<u>\$ 1,419.4</u>	<u>\$ 16,141.1</u>	<u>\$ 4,385.0</u>	<u>\$ 10,536.8</u>	<u>\$ 24,178.7</u>	<u>\$ 58,947.4</u>	<u>\$ 56,092.4</u>

# Town of New Glasgow Consolidated Municipal Position

March 31

2018

2017

(in thousands)

## Operating and reserve fund balances

General operating fund (Page 7)	\$	599.9	\$	139.0
Water operating fund (Page 8)		1,248.8		210.3
Stadium operating fund (Page 10)				
General capital fund (Page 11)		0.2		0.2
Water capital fund (Page 12)		1,104.2		506.6
Reserve funds (Page 14)		1,663.4		1,596.8
		<u>4,616.5</u>		<u>2,452.9</u>

## Investment in capital assets

Balance, beginning of year	\$	43,339.8	\$	41,069.8
Capital funding from				
General operations		170.3		102.5
Water operations		95.4		92.0
Gas tax reserve		767.7		782.7
Depreciation funds				833.1
Water shed reserve funds				115.0
Special reserve		95.2		47.2
Equipment reserve		12.7		104.1
Parkland reserve				3.9
Capital grants		2,725.7		843.7
Repayment of long term debt		1,310.2		1,261.8
Capital lease obligation repayment		47.2		75.8
Repayment of term loans		260.3		253.6
Amortization expense - general capital		(1,983.7)		(1,847.1)
Amortization expense - stadium capital		(0.1)		(0.1)
Amortization expense - water capital		(445.0)		(398.9)
Cost of assets sold, net of accumulated amortization		(3.2)		0.7
Balance, end of year	\$	<u>46,392.5</u>	\$	<u>43,339.8</u>
<b>Consolidated municipal position</b>	\$	<u>51,009.0</u>	\$	<u>45,792.7</u>

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# Town of New Glasgow

## Notes to Consolidated Financial Statements

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March 31, 2018

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### 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.

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# Town of New Glasgow

## Notes to Consolidated Financial Statements

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March 31, 2018

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### (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.

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# Town of New Glasgow

## Notes to Consolidated Financial Statements

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March 31, 2018

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(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, 2018

### (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

	2018	2017
	(in thousands)	
Cash, beginning of year	\$ 39.7	\$ 474.0
Add: depreciation	445.0	398.9
Add: funds transferred to reserve	108.2	
Less: funds used for capital projects		(833.2)
Balance, end of year	<u>\$ 592.9</u>	<u>\$ 39.7</u>

# Town of New Glasgow

## Notes to Consolidated Financial Statements

March 31, 2018

### 3. Taxes and rates receivable

	Current Year	Prior Years	2018 <u>(in thousands)</u>	2017 <u>(in thousands)</u>
			<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 16,152.6	\$ 1,422.8	\$ 1,422.8	\$ 1,257.2
Current period tax & rate levy	<u>16,152.6</u>		<u>16,152.6</u>	<u>15,941.3</u>
	16,152.6	1,422.8	17,575.4	17,198.5
Collections & write-offs	<u>(15,392.3)</u>	<u>(734.1)</u>	<u>(16,126.4)</u>	<u>(15,775.7)</u>
Balance, end of year	<u>\$ 760.3</u>	<u>\$ 688.7</u>	1,449.0	1,422.8
Pollution control receivable			439.6	415.3
Interest receivable			<u>105.8</u>	<u>96.8</u>
			1,994.4	1,934.9
Less: Valuation allowance (Note 4)			<u>(221.9)</u>	<u>(148.6)</u>
			<u>\$ 1,772.5</u>	<u>\$ 1,786.3</u>

### 4. Valuation allowance - uncollected taxes and rates

	2018 <u>(in thousands)</u>	2017 <u>(in thousands)</u>
Balance, beginning of year	\$ 148.6	\$ 156.1
Approved write offs	0.8	105.2
Increase in allowance for year	74.1	97.7
Balance, end of year	<u>\$ 221.9</u>	<u>\$ 148.6</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.

	2018 <u>(in thousands)</u>	2017 <u>(in thousands)</u>
General government services	\$ 275.8	\$ 217.0
Protective services	242.7	232.4
Transportation services	1,057.2	1,008.4
Environmental health services	151.4	145.4
Community development	256.5	243.8
	<u>\$ 1,983.7</u>	<u>\$ 1,847.1</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, 2018

### 7. Long term debt

	2018	2017
	(in thousands)	
Debentures Issued to Provincial Government or its agencies		
NS Municipal Finance Corporation		
Streets 25-A-1 due 2021	\$ 96.7	\$ 128.9
Police and equipment 27-A-1 due 2017		77.3
Equipment 26-A-1 due 2021	131.9	146.6
Equipment 28-A-1 due 2018	177.6	202.7
Water treatment plant 20-A-1 due 2020	600.0	800.0
Water 31-A-1 due 2021	117.8	147.2
Stadium 28-A-1 due 2018	55.2	60.2
Equipment 29-A-1 due 2019	276.8	304.2
Equipment 30-A-1 due 2020	774.9	882.9
Glasgow Square 30-A-1 due 2025	780.0	840.0
Equipment 31-A-1 due 2021	490.4	612.8
Equipment 32-A-1 due 2022	1,107.8	1,329.4
Equipment 32-B-1 due 2022	232.6	279.1
Equipment 33-A-1 due 2023	384.3	448.4
Equipment 34-A-1 due 2024	445.5	509.2
Equipment 35-A-1 due 2025	1,090.7	1,227.1
Equipment 36-A-1 due 2026	622.7	698.6
Equipment 37-A-1 due 2032	895.0	
Water treatment plant 37-A-1 due 2032	1,400.0	
Water 37-B-1 due 2033	900.0	
	<u>\$ 10,579.9</u>	<u>\$ 8,694.6</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	Stadium Capital	Total
2019	1,258.0	344.4	55.2	1,657.6
2020	1,301.5	344.4		1,645.9
2021	1,503.3	344.4		1,847.7
2022	985.6	144.5		1,130.1
2023	763.2	115.0		878.2

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, 2018 for the following purposes:

Transportation	\$ 448.9
Recreation	79.7
Protective services	242.9
General government	95.0
	<u>\$ 866.5</u>

# Town of New Glasgow

## Notes to Consolidated Financial Statements

March 31, 2018

### 8. Capital lease obligations

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.

	2018	2017
	(in thousands)	

\$	94.4	\$ 125.6
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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 2016 backhoe

98.2	114.2
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\$	192.6	\$ 239.8
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Principal repayments required during the next five years are as follows:

	General Capital	Total
2019	48.8	48.8
2020	50.4	50.4
2021	45.9	45.9
2022	47.5	47.5

### 9. Term debt obligations

	2018	2017
	(in thousands)	

Term loan repaid during the year.	\$	\$ 14.7
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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.	14.4	27.1
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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.	55.6	83.0
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Term loan, with interest at 4.36%, payable in monthly instalments of \$1,314 including interest. The obligation is secured by a 2012 Trackles:	57.8	70.7
--	------	------

Term loan repaid during the year.		1.6
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Term loan repaid during the year.		1.6
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Term loan repaid during the year.		4.1
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\$	127.8	\$ 202.8
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# Town of New Glasgow

## Notes to Consolidated Financial Statements

March 31, 2018

9. Term debt obligations (continued)	2018	2017
	(in thousands)	
Balance forward:	\$ 127.8	202.8
Term loan, with interest at 3.4%, payable in monthly instalments of \$1,198 including interest. The obligation is secured by a 2013 Roadpak line paint machine.	9.5	23.3
Term loan repaid during the year.		2.6
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.	9.4	15.1
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.	29.5	45.6
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.	96.0	130.8
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.	9.0	16.4
Term loan, with interest at 3.33%, payable in monthly instalments of \$1,260 including interest. The obligation is secured by a 2016 Trackless	79.0	91.3
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.	38.5	59.7
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.	17.1	24.0
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.	15.9	19.8
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.	28.6	35.5
Term loan, with interest at 3.04%, payable in monthly instalments of \$910 including interest. The obligation is secured by a 2015 Dodge Charger.	14.3	24.6
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.	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.	33.9	
	<u>\$ 544.5</u>	<u>\$ 691.5</u>

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# Town of New Glasgow

## Notes to Consolidated Financial Statements

March 31, 2018

9. Term debt obligations (continued)	2018	2017
	(in thousands)	
Balance forward	\$ 544.5	\$ 691.5
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.	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.	54.6	
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.	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.	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.	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.	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.	132.1	
	<u>\$ 1,048.0</u>	<u>\$ 691.5</u>

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

	General Capital	Water Capital	Total
2019	\$ 231.8	\$ 78.9	\$ 310.7
2020	195.0	74.7	269.7
2021	161.3	59.2	220.5
2022	78.8	37.6	116.4
2023	110.3	20.4	130.7

# Town of New Glasgow

## Notes to Consolidated Financial Statements

March 31, 2018

### 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 \$10,675 from the reserve. (2017 - \$14,075)

(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, 2018 was \$98,341 (2017 - \$90,828).

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

<u>Board</u>	<u>Contribution</u>	
	<u>2018</u>	<u>2017</u>
	(in thousands)	
Pictou County Wellness Centre	\$ 366.0	\$ 358.0
Pictou Antigonish Regional Library	80.0	79.9
Pictou County Solid Waste Management	624.8	699.0
East River Environmental Control Centre	876.1	864.0
Eastern Mainland Housing Authority (a)	190.3	200.9
District School Board (b)	1,739.8	1,730.0

- (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, 2018 is \$284,040.

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# Town of New Glasgow

## Notes to Consolidated Financial Statements

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March 31, 2018

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### 12. Other

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

	<u>Position</u>	<u>Remuneration</u>
Nancy Dicks	Mayor	\$ 30,351
Troy MacCulloch	Councillor	19,222
Jack Lewis	Councillor	19,222
Clyde Fraser	Councillor	20,526
John Guthro	Councillor	19,222
Joe MacDonald	Deputy Mayor	19,564
Frank Proudfoot	Councillor	19,222
Lisa MacDonald	CAO	124,347

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### 13. Other Commitments

#### Pictou County Wellness Centre Building Authority

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, 2018 the amount transferred was \$220,323 (2017 - \$212,417).

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, 2018, the Town's contribution was \$366,000 which has been recorded as a liability in the financial statements.

#### 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.

#### Pictou Shared Services Authority - Aberdeen Hospital Renovation Project

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, 2018 the balance of the loan outstanding for this project is \$6,271,750; of which the Town provides security for \$1,317,068 (21% of the total).

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# Town of New Glasgow

## Notes to Consolidated Financial Statements

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March 31, 2018

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### 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, 2018 is \$2,951,880.

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, 2018 represents capital contributions only. There is no other income or loss generated from NSBDI up to March 31, 2018.

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### 15. Pension Plans

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  
Pension fund obligation

\$ 17,680,400
<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  
Pension fund obligation

\$ 17,570,400
<u>\$ 21,524,300</u>

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

The Plan has a going concern surplus and an unfunded liability on a solvency basis. The Plan satisfies the definition of a Municipality Pension Plan in the regulations of the Nova Scotia Pension Benefits Act and therefore is 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.

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# Town of New Glasgow

## Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2018

2017

(in thousands)

Taxes	Budget	Actual	Actual
Assessable property			
Residential	\$ 8,030.7	\$ 8,021.1	\$ 7,948.4
Commercial	6,015.7	6,026.3	5,928.1
Resource	41.7	41.7	39.6
Natural Gas Distribution Taxes		2.7	2.4
	<u>14,088.1</u>	<u>14,091.8</u>	<u>13,918.5</u>
Business property			
Based on revenue (Aliant)	52.0	52.0	56.7
Nova Scotia Power Corp.	1.0	1.0	1.0
H.S.T. offset grant	60.0	71.5	70.6
	<u>113.0</u>	<u>124.5</u>	<u>128.3</u>
Special assessments			
Environmental Health Services			
Pollution control	1,120.0	1,171.4	1,144.2
Solid waste disposal	563.4	564.0	563.4
Fire Protection Charges	53.0	105.2	102.8
	<u>1,736.4</u>	<u>1,840.6</u>	<u>1,810.4</u>
Deed transfer tax		<u>220.2</u>	<u>212.4</u>
Total tax levied	<u>15,937.5</u>	<u>16,277.1</u>	<u>16,069.6</u>
Less taxes collected on behalf of others;			
Regional school board	(1,739.8)	(1,739.8)	(1,730.0)
Provincial correctional service	(119.7)	(119.7)	(119.6)
Regional housing authority	(225.0)	(190.3)	(200.9)
	<u>(2,084.5)</u>	<u>(2,049.8)</u>	<u>(2,050.5)</u>
	<u>\$ 13,853.0</u>	<u>\$ 14,227.3</u>	<u>\$ 14,019.1</u>

### Grants in lieu of taxes

Federal Government	\$ 62.0	\$ 60.3	\$ 62.0
Provincial Government	9.5	10.7	9.5
	<u>\$ 71.5</u>	<u>\$ 71.0</u>	<u>\$ 71.5</u>

**Town of New Glasgow**  
**Schedules to Consolidated Statement of Financial Activities**

Year Ended March 31

2018

2017

(in thousands)

	Budget	Actual	Actual
<b>Sales of services</b>			
Parking meters	\$ 85.0	\$ 76.7	\$ 82.2
Sale of IT services	114.0	113.7	115.1
Sale of policing services	588.3	611.4	562.7
Sale of planning and inspection services	35.0	61.4	63.3
	<u>\$ 822.3</u>	<u>\$ 863.2</u>	<u>\$ 823.3</u>
<b>Other revenue from own sources</b>			
Licenses and permits	\$ 0.6	\$ 0.6	\$ 0.7
Fines	129.0	125.5	130.6
Rentals	184.0	173.8	186.8
Interest on taxes and rates	204.5	238.9	219.8
HST rebates (gas and diesel)	40.0	44.2	45.6
Mortgage service fees	15.0	14.3	14.5
Recreation revenue	15.0	20.4	33.3
Engineering contract work	40.0	37.4	42.2
Sale of power to NSPC	17.5	19.3	15.5
Refund of Pictou County Solid Waste Surplus		80.1	
Marina operations	17.5	42.3	
Miscellaneous	8.0	11.9	43.3
	<u>\$ 671.1</u>	<u>\$ 808.7</u>	<u>\$ 732.3</u>
<b>Transfers from government</b>			
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	0.3	0.3
	<u>\$ 1,558.8</u>	<u>\$ 1,558.9</u>	<u>\$ 1,558.9</u>

# Town of New Glasgow

## Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2018

2017

(in thousands)

	Budget	Actual	Actual
<b>Stadium revenue</b>			
Building rentals	\$	\$	\$ 0.9
<b>Water revenues</b>			
Metered sales	\$ 3,296.5	\$ 3,328.5	\$ 3,056.2
Flat rate sales	293.3	292.7	251.6
Public fire protection	6.8	8.5	8.5
Other	24.2	19.6	20.2
	<u>\$ 3,620.8</u>	<u>\$ 3,649.3</u>	<u>\$ 3,336.5</u>
<b>Grants for capital</b>			
Canada/Nova Scotia Gas Tax Agreement	\$ 773.5	\$ 783.1	\$ 773.5
Infrastructure Renewal - Building Canada Funds	674.2	1,285.6	843.7
Infrastructure Renewal -Clean Water Wastewater Funds	3,359.7	1,494.7	
Pictou County Historical Society			6.4
West Side Community Centre		6.0	6.0
Federal accessibility grant		21.4	
ACOA Canada 150 funding		26.4	
	<u>\$ 4,807.4</u>	<u>\$ 3,617.2</u>	<u>\$ 1,629.6</u>
<b>Other revenue</b>			
Interest on operating account	\$ 5.0	\$ 17.7	\$ 9.7
Interest on capital and reserve funds		9.9	4.1
	<u>\$ 5.0</u>	<u>\$ 27.6</u>	<u>\$ 13.8</u>
<b>Other proceeds</b>			
Sale of assets, net of net book value	\$	\$ 22.9	\$ 198.4
Parkland transfers		4.3	1.1
	<u>\$</u>	<u>\$ 27.2</u>	<u>\$ 199.5</u>

**Town of New Glasgow**  
**Schedules to Consolidated Statement of Financial Activities**

Year Ended March 31

2018

2017

(in thousands)

	Budget	Actual	Actual
<b>General government services</b>			
Legislative	\$ 186.9	\$ 175.4	\$ 227.0
General administration	907.5	859.9	817.1
Taxation exemptions	115.0	107.8	111.7
Employee benefits	84.8	82.6	90.3
Computer services	409.8	375.7	374.6
Safety	20.0	8.7	7.0
Public grants	13.2	9.7	17.2
Town owned buildings	89.7	93.4	89.8
Interest and bank charges	46.5	65.4	63.1
Other	30.0	30.5	25.3
	<u>1,903.4</u>	<u>1,809.1</u>	<u>1,823.1</u>
Amortization		275.8	217.0
	<u>\$ 1,903.4</u>	<u>\$ 2,084.9</u>	<u>\$ 2,040.1</u>
<b>Protective services</b>			
Police protection			
Crime investigation, prevention and protective services	\$ 4,202.2	\$ 4,084.2	\$ 3,893.6
Police station and building	123.2	123.4	123.0
Provincial Police program	500.0	588.8	601.3
Police automotive equipment	220.0	211.5	200.1
	<u>5,045.4</u>	<u>5,007.9</u>	<u>4,818.0</u>
Fire protection			
Fire fighting force	898.1	926.1	936.3
Fire stations and buildings	49.2	58.1	59.3
Fire fighting equipment	62.5	58.1	66.4
Fire inspection	35.0	43.4	25.7
	<u>1,044.8</u>	<u>1,085.7</u>	<u>1,087.7</u>
Animal control			
Administration	20.0	19.9	18.2
Emergency measures	10.0	7.4	8.3
Interest and bank charges	21.0	21.0	22.2
	<u>6,141.2</u>	<u>6,141.9</u>	<u>5,954.4</u>
Amortization		242.7	232.4
	<u>\$ 6,141.2</u>	<u>\$ 6,384.6</u>	<u>\$ 6,186.8</u>

**Town of New Glasgow**  
**Schedules to Consolidated Statement of Financial Activities**

Year Ended March 31

2018

2017

(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Transportation services</b>			
Common services			
Engineering	\$ 409.0	\$ 419.3	\$ 481.9
Planning, inspection and unsightly	200.5	190.9	187.6
Equipment	547.0	484.7	583.0
Workshop	207.0	227.4	212.1
Employee benefits	614.5	572.6	528.9
Road transport			
Streets	1,032.0	836.6	993.9
Street lighting	85.0	65.9	78.9
Storm sewers & catchpits	120.0	165.5	104.4
Traffic activities	140.0	140.4	115.0
Parking and other	191.0	157.8	200.8
Interest and bank charges	101.7	101.7	107.5
	<u>3,647.7</u>	<u>3,362.8</u>	<u>3,594.0</u>
Amortization		<u>1,057.2</u>	<u>1,008.4</u>
	<u>\$ 3,647.7</u>	<u>\$ 4,420.0</u>	<u>\$ 4,602.4</u>

**Environmental health services**

Sewage treatment and disposal	\$ 192.0	\$ 81.3	\$ 163.5
Central treatment plant operation	876.1	876.1	864.0
Garbage and waste collection and disposal			
Municipal collection and disposal	654.8	657.2	733.0
Interest and bank charges	40.7	40.7	43.0
	<u>1,763.6</u>	<u>1,655.3</u>	<u>1,803.5</u>
Amortization		<u>151.4</u>	<u>145.4</u>
	<u>\$ 1,763.6</u>	<u>\$ 1,806.7</u>	<u>\$ 1,948.9</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

2018

2017

(in thousands)

	Budget	Actual	Actual
<b>Marketing and communications</b>			
Festivals and events	\$ 13.0	\$ 10.9	\$ 9.3
Salaries and benefits	52.3	49.0	99.4
Communication and event marketing	34.4	18.4	35.0
	<u>\$ 99.7</u>	<u>\$ 78.3</u>	<u>\$ 143.7</u>
<b>Community development</b>			
Administration	\$ 280.8	\$ 268.6	\$ 278.6
Recreation instruction and sundry	69.6	51.8	61.6
Marina	35.0	75.7	29.6
Farmers Market	10.0	11.8	8.6
Community centres	36.0	36.4	28.7
Parks and playgrounds	131.5	110.8	109.5
Summer grounds maintenance	100.0	90.5	88.4
Interest and bank charges	60.1	60.1	63.5
	<u>723.0</u>	<u>705.7</u>	<u>668.5</u>
Amortization		<u>256.5</u>	<u>243.8</u>
	<u>\$ 723.0</u>	<u>\$ 962.2</u>	<u>\$ 912.3</u>
<b>Stadium expenses</b>			
Light and power	\$	\$ 2.5	\$ 2.7
Water & environmental charge		0.4	0.7
		<u>2.9</u>	<u>3.4</u>
Amortization		0.1	0.1
	<u>\$</u>	<u>\$ 3.0</u>	<u>\$ 3.5</u>

**Town of New Glasgow**  
**Schedules to Consolidated Statement of Financial Activities**

Year Ended March 31

2018

2017

(in thousands)

	Budget	Actual	Actual
<b>Water treatment and distribution</b>			
Operating expenditures			
Source of supply	\$ 69.9	\$ 62.9	\$ 78.1
Pumping	138.0	106.7	115.9
Water treatment	740.1	664.5	579.5
Transmission and distribution	809.8	588.3	640.6
Employee benefits	423.7	325.9	284.9
Fleet	280.0	167.9	144.6
Administrative and general	445.7	425.2	415.3
	<u>2,907.2</u>	<u>2,341.4</u>	<u>2,258.9</u>
Interest and bank charges	218.7	81.9	58.3
	<u>3,125.9</u>	<u>2,423.3</u>	<u>2,317.2</u>
Amortization	642.8	445.0	398.9
	<u>\$ 3,768.7</u>	<u>\$ 2,868.3</u>	<u>\$ 2,716.1</u>

**Other transfers and grants**

Pictou County Wellness Centre	\$ 400.0	\$ 366.0	\$ 358.0
Deed transfer tax		220.2	212.4
Riverfront - Glasgow Square	85.0	98.3	90.8
School enhancements New Glasgow Academy	30.0		
Property Valuation Services Corporation	119.4	119.4	119.7
Tourism and education services			
Pictou-Antigonish Regional Library	80.0	80.0	79.9
Destination Eastern & Northumberland Shores	11.9	11.9	9.6
Construction Engineering Flight	1.2	1.2	1.2
Transportation services			
Public Transit - CHAD	36.0	36.0	35.0
Regional government MOU			122.9
	<u>\$ 763.5</u>	<u>\$ 933.0</u>	<u>\$ 1,029.5</u>

**Reserves for taxes and appeals**

Reserve for uncollectible taxes	<u>\$ 5.0</u>	<u>\$ 74.1</u>	<u>\$ 97.7</u>
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## Town of New Glasgow Schedule of Capital Projects Funding

March 31, 2018

	TOTAL CAPITAL COSTS	\$	Term financing	\$	Equipment reserve	\$	Depreciation Reserve	\$	Special reserve	\$	Debt/ure of revenue	\$	Gas Tax Revenue	\$	External Funding		
<b>GENERAL CAPITAL</b>																	
Schools transferred to Town		1,150							1,150				167,730				
Sidewalks		167,730											600,000				
Street Paving & Curbs		931,688									331,688						
Police Capital		339,656	105,484		2,690				26,207		197,754	7,521					
Public Works																	
- Traffic		87,172									87,172						
- Equipment		280,726	207,855								72,871						
- Building		24,194									24,194						
Storm Sewer		265,925														265,925	
Equity in High Street development		30,000														30,000	
Recreation Capital		179,387	38,409						33,283		79,690	1,646				26,359	
Fire Capital		45,151									45,151						
Town office - equipment		197,592	84,015		6,000				33,542		95,040	12,537				21,372	
Town Hall building upgrades		54,914															
Public transit		4,000			4,000												
Land - Playground		7,413							7,413								
New Scotland Business Park investment		51,560															
<b>Sub-total</b>		<b>2,668,258</b>	<b>435,763</b>	<b>12,690</b>	<b>101,595</b>	<b>866,495</b>	<b>51,560</b>	<b>170,329</b>	<b>767,730</b>	<b>313,656</b>							
<b>WATER CAPITAL</b>																	
Source of supply																	
- Building		601,656															601,656
Equipment		281,636	182,173				4,058				95,405						
Reservoirs																	
Waterlines		1,698,276															
Meters		95,829															1,222,377
<b>Sub-total</b>		<b>2,677,397</b>	<b>182,173</b>		<b>575,786</b>	<b>95,829</b>	<b>95,405</b>	<b>1,824,033</b>									
<b>\$ 5,345,655</b>		<b>\$ 617,936</b>	<b>\$ 12,690</b>	<b>\$ 575,786</b>	<b>\$ 101,595</b>	<b>\$ 866,495</b>	<b>\$ 265,734</b>	<b>\$ 767,730</b>	<b>\$ 2,137,689</b>								

**TOWN OF NEW GLASGOW**  
**TRUST FUND BALANCE SHEET**  
**YEAR ENDED MARCH 31, 2018**

ASSETS	A.E. Fraser Trust	James Roy Trust	Margaret C. Cameron Trust	W.G. Matheson Bursary	George Snykster Trust	Lincoln Fraser Memorial	Carmichael Scholarship Trust	Graduation Class Trust	Graduation Class 95 Trust	Bruce Stewart Trust	Eric Doucette Trust	J.D. MacGregor Trust	Ivan MacInnis Trust	H. Goodman Trust	Philip Grant Trust	War Memorial Trust	2017	
																	Total	Total
Cash	\$ 34,485	\$ 161,028	\$ 4,156	\$ 1,840	\$ 954	\$ 3,587	\$ 1,535	\$ 1,026	\$ 1,314	\$ 31	\$ 1,650	\$ 10,906	\$ 2,450	\$ 672	\$ 157	\$ 1,069	\$ 217,032	\$ 238,610
Investments, at cost	91,924						42,220		536								134,680	154,253
<b>RESERVE</b>	<b>126,409</b>	<b>161,028</b>	<b>4,156</b>	<b>1,840</b>	<b>954</b>	<b>3,587</b>	<b>32,454</b>	<b>1,026</b>	<b>1,314</b>	<b>505</b>	<b>1,650</b>	<b>10,906</b>	<b>2,450</b>	<b>672</b>	<b>157</b>	<b>1,069</b>	<b>351,712</b>	<b>393,073</b>
<b>Trust Fund Reserve</b>	<b>\$ 126,409</b>	<b>\$ 161,028</b>	<b>\$ 4,156</b>	<b>\$ 1,840</b>	<b>\$ 954</b>	<b>\$ 3,587</b>	<b>\$ 32,454</b>	<b>\$ 1,026</b>	<b>\$ 1,314</b>	<b>\$ 505</b>	<b>\$ 1,650</b>	<b>\$ 10,906</b>	<b>\$ 2,450</b>	<b>\$ 672</b>	<b>\$ 157</b>	<b>\$ 1,069</b>	<b>\$ 351,712</b>	<b>\$ 393,073</b>

**STATEMENT OF TRUST FUND RESERVES**  
**YEAR ENDED MARCH 31, 2018**

Balance, begin year	\$ 132,318	\$ 159,208	\$ 4,227	\$ 1,871	\$ 969	\$ 3,649	\$ 1,559	\$ 1,016	\$ 1,335	\$ 530	\$ 1,634	\$ 10,819	\$ 2,494	\$ 685	\$ 275	\$ 1,058	\$ 267,561	\$ 293,073
Add:																		
Interest Earned	433	1,640	44	19	10	38	16	10	14		16	112	26	7	4	11	2,493	2,424
Investment gain	(5,744)						93										(5,137)	1,019
Investment allocation	4,897						607										4,887	5,062
	131,904	161,028	4,271	1,890	979	3,687	1,575	1,026	1,349	530	1,650	10,931	2,520	692	279	1,069	269,334	411,277
Deduct:																		
Transfers			115	50	25	100	40	12,000	35	25		25	70	20	122		12,627	12,619
Book Purchases	5,495																5,495	5,043
Investment loss																		942
Bank charges																		
	5,495		115	50	25	100	40	12,000	35	25		25	70	20	122		18,122	18,204
<b>Trust Fund Reserve</b>	<b>\$ 126,409</b>	<b>\$ 161,028</b>	<b>\$ 4,156</b>	<b>\$ 1,840</b>	<b>\$ 954</b>	<b>\$ 3,587</b>	<b>\$ 1,535</b>	<b>\$ 1,026</b>	<b>\$ 1,314</b>	<b>\$ 505</b>	<b>\$ 1,650</b>	<b>\$ 10,906</b>	<b>\$ 2,450</b>	<b>\$ 672</b>	<b>\$ 157</b>	<b>\$ 1,069</b>	<b>\$ 351,712</b>	<b>\$ 393,073</b>

ON BEHALF OF THE TOWN

\_\_\_\_\_  
 Mayor  
 \_\_\_\_\_  
 CAO