

TOWN OF MULGRAVE

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018



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Town of Mulgrave
Consolidated Financial Statements
March 31, 2018

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

On behalf of the Town of Mulgrave

Chief Administrative Officer

September 4, 2018

Independent auditor's report

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His Worship the Mayor and Members
of the Council of the Town of Mulgrave

We have audited the accompanying consolidated financial statements of the Town of Mulgrave, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, changes in net debt, 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 consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 consolidated 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 consolidated 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Town of Mulgrave as at March 31, 2018, and the consolidated results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedules on pages 22 to 26 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kentville, Canada
September 4, 2018

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Town of Mulgrave
Consolidated Statement of Financial Activities
Year Ended March 31

		2018	2018	2017
	Page	Budget (Note 16)	Actual	Actual
Revenue				
Taxes	17	\$ 1,509,355	\$ 1,510,051	\$ 1,503,780
Payments in lieu of taxes	17	16,013	16,004	17,163
Other revenue from own sources	17	85,825	148,719	162,439
Unconditional transfers from other governments	17	128,508	128,508	128,508
Conditional transfers from other governments	18	454,279	379,591	435,244
Water rates	22	454,600	493,073	397,286
		<u>2,648,580</u>	<u>2,675,946</u>	<u>2,644,420</u>
Expenditures				
General government services	18	472,584	497,399	689,835
Protective services	19	263,339	240,371	246,729
Transportation services	19	465,184	330,266	434,934
Environmental health services	19-20	346,125	315,658	323,567
Public health services	20	19,400	15,524	18,000
Recreation and cultural services	20	214,001	226,655	222,310
Water utility	22	383,618	370,835	362,697
		<u>2,164,251</u>	<u>1,996,708</u>	<u>2,298,072</u>
Annual surplus		<u>\$ 484,329</u>	<u>679,238</u>	<u>346,348</u>
Accumulated surplus, beginning of year			7,421,960	7,075,612
Accumulated surplus, end of year			<u>\$ 8,101,198</u>	<u>\$ 7,421,960</u>

See accompanying notes to the consolidated financial statements

Town of Mulgrave
Consolidated Statement of Financial Position
March 31

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	2018	2017
Financial Assets		
Cash and cash equivalents	\$ 2,076,753	\$ 1,893,537
Receivables (Note 3)	<u>268,289</u>	<u>385,246</u>
	<u>2,345,042</u>	<u>2,278,783</u>
Financial Liabilities		
Payables and accruals	189,130	202,315
Deferred revenue	56,134	49,720
Long term debt (Note 6)	<u>1,916,905</u>	<u>2,048,001</u>
	<u>2,162,169</u>	<u>2,300,036</u>
Net Financial Assets (Debt)	<u>182,873</u>	<u>(21,253)</u>
Non-financial Assets		
Tangible capital assets (Note 4)	7,892,623	7,414,833
Unamortized debenture discount	12,090	13,020
Prepaid expenses	<u>13,612</u>	<u>15,360</u>
	<u>7,918,325</u>	<u>7,443,213</u>
Accumulated Surplus	<u>\$ 8,101,198</u>	<u>\$ 7,421,960</u>

On behalf of the Town

Mayor

Chief Administrative Officer

See accompanying notes to the consolidated financial statements

Town of Mulgrave

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Consolidated Statement of Changes in Net Debt

Year Ended March 31

	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 484,329	\$ 679,238	\$ 346,348
Acquisition of capital assets	(692,000)	(760,762)	(196,006)
Proceeds from sale of capital assets	-	-	447,260
Payment of debenture discount	-	-	(13,020)
Amortization of debenture discount	-	930	-
Amortization of tangible capital assets	282,972	282,972	298,779
Loss on sale of capital assets	-	-	17,592
Change in prepaid expenses	<u>-</u>	<u>1,748</u>	<u>(2,117)</u>
Change in net financial assets	<u>\$ 75,301</u>	<u>204,126</u>	<u>898,836</u>
Net financial assets (debt)			
Beginning of year		<u>(21,253)</u>	<u>(920,089)</u>
End of year		<u>\$ 182,873</u>	<u>\$ (21,253)</u>

See accompanying notes to the consolidated financial statements

Town of Mulgrave
Consolidated Statement of Cash Flow
Year Ended March 31

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	2018	2017
	<u>Actual</u>	<u>Actual</u>
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 679,238	\$ 346,348
Amortization of tangible capital assets	282,972	298,779
Amortization of debenture discount	930	-
Loss on sale of capital assets	-	17,592
Change in non-cash assets and liabilities		
Decrease (increase) in		
Receivables	116,957	4,664
Prepaid expenses	1,748	(2,117)
Increase (decrease) in		
Payables and accruals	(13,185)	(210,565)
Deferred revenue	6,414	18,946
	<u>1,075,074</u>	<u>473,647</u>
Investing activities		
Acquisition of tangible capital assets	(760,762)	(196,006)
Proceeds from sale of tangible capital assets	-	447,260
	<u>(760,762)</u>	<u>251,254</u>
Financing activities		
Issuance of long term debt	-	1,856,914
Repayment of long term debt	(131,096)	(51,336)
Repayment of short term borrowings for capital projects	-	(1,185,400)
	<u>(131,096)</u>	<u>620,178</u>
Net increase in cash and cash equivalents	183,216	1,345,079
Cash and cash equivalents,		
Beginning of year	<u>1,893,537</u>	<u>548,458</u>
End of year	<u>\$ 2,076,753</u>	<u>\$ 1,893,537</u>

See accompanying notes to the consolidated financial statements

1. Significant accounting policies

The consolidated financial statements of the Town of Mulgrave have been prepared by management in accordance with Canadian Public Sector Accounting Standards, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Town, and which are owned or controlled by the Town.

Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of accounting

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

c) Fund accounting

Funds within the consolidated financial statements consist of operating, capital and reserve funds of both the general section and the Mulgrave Water Utility.

d) Use of estimates

In preparing the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenditures. Actual amounts could differ from these estimates.

e) Valuation allowance

Uncollected taxes and rates

The Town provides a valuation allowance for estimated losses that will be incurred in collecting outstanding receivables.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, and highly liquid temporary money instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

g) Financial instruments

The Town's financial instruments include cash and cash equivalents, receivables, payables and accruals, short term debt and long term debt. Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these instruments approximate their carry value.

1. **Significant accounting policies (continued)**

h) Revenue and expenditure

The accrual basis of accounting is used for all funds. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are recognized as they are incurred and measurable as a result of legal obligation to pay.

i) Taxation and related revenue

Property tax billings are prepared by the Town based on assessment rolls issued by the Property Valuation Services Corporation. Tax rates are established annually by Town Council during the budget approval process. Tax adjustments as a result of appeals and roll revisions are recorded when official notification is received.

ii) Government transfers

Transfers from other governments are recognized in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is deferred until the conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfers are authorized by the other governments.

iii) Other revenues

Other revenues are recognized as services or goods are provided, the exchange amount is measurable and collectibility of the amount is reasonably assured.

i) Tangible capital assets

Tangible capital assets and projects in progress are recorded at cost. Interest incurred during construction on significant projects is recorded as part of the cost of the project asset.

Amortization of general assets is recorded in the financial statements on a straight line basis over an asset's estimated useful life as noted below. Amortization is not recorded on work in progress until put in use by the Town. No amortization is recorded in the year of acquisition and a full year of amortization is recorded in the year of disposal.

Wastewater lines	50
Buildings	40
Roads and streets	25
Land improvements	20
Wastewater treatment facilities	20
Heavy equipment	10
Vehicles	5
Machinery and equipment	5

Amortization of capital assets used by the Mulgrave Water Utility is recorded as prescribed by the Nova Scotia Utility and Review Board and must be funded with financial assets.

1. Significant accounting policies (continued)

j) New accounting standard adoption

Effective for the fiscal period beginning April 1, 2017, the Town was required to adopt the following accounting standards:

i) Public Sector Accounting Section 2200 - Related Party Transactions

This standard establishes disclosure requirements of related party transactions. Management has determined the requirement to disclose the disposal of surplus land to Mayor Ralph Hadley for the amount of \$12,000 which is included in Other revenue from own sources - Sale of property.

ii) Public Sector Accounting Section 3380 - Contractual Rights

This standard establishes the disclosure requirements for contractual rights. Management has determined that there are no contractual rights to disclose at this time.

iii) Public Sector Accounting Section 3420 Inter-Entity Transactions

This standard establishes how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management has determined that there are no inter-entity transactions to disclose at this time.

2. Contributions to Boards, Regional Authorities and Other Agencies

The Town of Mulgrave is required to finance the operations of various Boards, Regional Authorities and other Agencies, along with other municipal units based on formulae contained in agreements, legislation or regulation.

In addition, the Town shares in the deficits or surpluses of some of these organizations based upon the relevant cost sharing percentage.

Strait Regional School Board

During 2017-18, the Town paid \$138,493 (2017 - \$132,600) as its share of the operations of the Strait Regional School Board, serving the counties of Antigonish, Guysborough, Inverness and Richmond.

Eastern Mainland Regional Housing Authority

An estimated amount of \$15,524 (2017 - \$18,000) was provided as at March 31, 2018 as the Town's share of the operating deficit of the Eastern Mainland Housing Authority for the year ended March 31, 2018, serving Antigonish, Guysborough and Pictou counties.

Eastern Counties Regional Library Board

During 2017-18, the Town paid \$5,736 (2017 - \$5,736) as its share of the operations of the Eastern Counties Regional Library Board, serving the counties of Antigonish, Guysborough, Inverness and Richmond.

Town of Mulgrave
Notes to the Consolidated Financial Statements
March 31, 2018

3. Receivables			<u>2018</u>	<u>2017</u>
	<u>Current</u> <u>Year</u>	<u>Prior</u> <u>Years</u>	<u>Total</u>	<u>Total</u>
Taxes				
Balance, beginning of year	\$ -	\$ 171,148	\$ 171,148	\$ 157,831
Current year levy and interest	<u>1,729,519</u>	<u>-</u>	<u>1,729,519</u>	<u>1,682,709</u>
	1,729,519	171,148	1,900,667	1,840,540
Current year collections	<u>1,677,997</u>	<u>121,542</u>	<u>1,799,539</u>	<u>1,669,392</u>
	<u>\$ 51,522</u>	<u>\$ 49,606</u>	<u>101,128</u>	171,148
Valuation allowance			<u>(35,855)</u>	<u>(69,904)</u>
Balance, end of year			<u>65,273</u>	101,244
Water rates			<u>91,480</u>	55,585
Federal Government			<u>104,624</u>	89,014
Provincial Government			-	130,831
Other			<u>6,912</u>	<u>8,572</u>
			<u>\$ 268,289</u>	<u>\$ 385,246</u>

Town of Mulgrave
Notes to the Consolidated Financial Statements
March 31, 2018

4. Tangible capital assets

	Cost			Cost	Accumulated	Disposals &	Amortization	Accumulated	Net Book	Net Book
	2017	Additions	Disposals	2018	Amortization	Adjustments	Expense	Amortization	Value 2018	Value 2017
					2017			2018		
General government services										
Land	\$ 237,382	\$ 46,970	\$ -	\$ 284,352	\$ -	\$ -	\$ -	\$ -	\$ 284,352	\$ 237,382
Buildings	173,435	-	-	173,435	108,226	-	4,336	112,562	60,873	65,209
Equipment	137,215	-	-	137,215	133,063	-	1,384	134,447	2,768	4,152
Protective services										
Buildings	357,714	-	-	357,714	265,357	-	8,943	274,300	83,414	92,357
Heavy equipment	277,383	-	-	277,383	277,383	-	-	277,383	-	-
Vehicles	27,283	-	-	27,283	10,913	-	5,457	16,370	10,913	16,370
Equipment	79,549	-	-	79,549	31,296	-	5,361	36,657	42,892	48,253
Transportation services										
Roads, street and sidewalks	1,998,857	-	-	1,998,857	1,687,540	-	62,555	1,750,095	248,762	311,317
Buildings	157,344	14,249	-	171,593	98,078	-	3,934	102,012	69,581	59,266
Heavy equipment	422,542	145,417	49,297	518,662	233,784	(49,297)	31,582	216,069	302,593	188,758
Vehicles	28,959	-	-	28,959	11,584	-	5,792	17,376	11,583	17,375
Equipment	50,405	-	-	50,405	41,200	-	4,518	45,718	4,687	9,205
Environmental health services										
Wastewater treatment plant	1,200,195	2,361	-	1,202,556	632,839	-	60,128	692,967	509,589	567,356
Wastewater collection lines	1,984,869	380,868	-	2,365,737	1,182,210	-	31,457	1,213,667	1,152,070	802,659
Solid waste collection equipment	7,740	-	-	7,740	155	-	155	310	7,430	7,585
Recreation and cultural services										
Land improvements	397,807	10,846	-	408,653	383,934	-	4,192	388,126	20,527	13,873
Facilities	166,193	-	-	166,193	103,561	-	4,155	107,716	58,477	62,632
Equipment	45,535	-	-	45,535	32,962	-	1,955	34,917	10,618	12,573
Property acquired at tax sale	4,448	-	-	4,448	-	-	-	-	4,448	4,448
	<u>7,754,855</u>	<u>600,711</u>	<u>49,297</u>	<u>8,306,269</u>	<u>5,234,085</u>	<u>(49,297)</u>	<u>235,904</u>	<u>5,420,692</u>	<u>2,885,577</u>	<u>2,520,770</u>
Water utility										
Land and land rights	9,984	-	-	9,984	-	-	-	-	9,984	9,984
Structures and improvements	75,888	-	-	75,888	28,351	-	1,214	29,565	46,323	47,537
Equipment	24,200	2,920	-	27,120	17,211	-	1,481	18,692	8,428	6,989
Mains	739,400	-	-	739,400	174,600	-	9,834	184,434	554,966	564,800
Treatment plant	330,277	-	-	330,277	122,583	-	7,388	129,971	200,306	207,694
Rate Study	19,069	-	9,073	9,996	11,072	(9,073)	1,999	3,998	5,998	7,997
Services	20,303	-	-	20,303	3,654	-	406	4,060	16,243	16,649
Meters	19,662	4,735	-	24,397	6,672	-	1,220	7,892	16,505	12,990
Hydrants	33,684	-	-	33,684	14,962	-	448	15,410	18,274	18,722
Computer	13,516	-	-	13,516	12,241	-	690	12,931	585	1,275
Other	8,029	-	-	8,029	6,279	-	160	6,439	1,590	1,750
Vehicles	28,139	-	-	28,139	16,884	-	5,628	22,512	5,627	11,255
Assets under construction	3,995,339	152,396	-	4,147,735	8,918	-	16,600	25,518	4,122,217	3,986,421
	<u>5,317,490</u>	<u>160,051</u>	<u>9,073</u>	<u>5,468,468</u>	<u>423,427</u>	<u>(9,073)</u>	<u>47,068</u>	<u>461,422</u>	<u>5,007,046</u>	<u>4,894,063</u>
Total	<u>\$ 13,072,345</u>	<u>\$ 760,762</u>	<u>\$ 58,370</u>	<u>\$ 13,774,737</u>	<u>\$ 5,657,512</u>	<u>\$ (58,370)</u>	<u>\$ 282,972</u>	<u>\$ 5,882,114</u>	<u>\$ 7,892,623</u>	<u>\$ 7,414,833</u>

Town of Mulgrave
Notes to the Consolidated Financial Statements
March 31, 2018

5. Bank indebtedness

The Town has an authorized borrowing limit with a Canadian financial institution of up to 50% of the previous year's tax levy and has an interest rate of prime. The borrowing limit available to the Town for 2017-18 was \$755,000. As at March 31, 2018 the balance outstanding was \$Nil (2017 - \$Nil).

6. Long term debt

	<u>2018</u>	<u>2017</u>
MFC 5.01% - 5.095% debenture maturing in 2019, repayable in equal annual principal instalments of \$20,000, interest payable semi-annually (2018 - \$2,021).	\$ 20,000	\$ 40,000
MFC 3.17% - 3.87% debenture maturing in 2020, repayable in equal annual principal instalments of \$5,000, interest payable semi-annually (2018 - \$710).	15,000	20,000
MFC 1.192% - 3.205% debenture maturing in 2031, repayable in equal annual principal instalments of \$8,433, interest payable semi-annually (2018 - \$2,780).	109,634	118,067
MFC 1.15% - 3.475% debenture maturing in 2032, repayable in equal annual principal instalments of \$12,100, interest payable semi-annually (2018 - \$6,568).	229,900	242,000
MFC 1.15% - 3.108% debenture maturing in 2032, repayable in equal annual principal instalments of \$80,000, interest payable semi-annually (2018 - \$38,338).	1,520,000	1,600,000
Nova Scotia Power 5% capital lease, repayable in equal monthly payments of \$569 including interest, maturing in 2021	<u>22,371</u>	<u>27,934</u>
	<u>\$ 1,916,905</u>	<u>\$ 2,048,001</u>

Principal repayments over the next five years are as follows:

2019	\$ 131,380
2020	111,678
2021	111,992
2022	104,453
2023	100,533

7. Contingent liability

The Town has guaranteed a loan for the Mulgrave Museum and Cenotaph Committee in respect of a term loan used in financing the construction of a building. The total amount of the loan outstanding as at March 31, 2018 was \$50,993. The total amount of the provision recorded as at March 31, 2018 was \$Nil.

Town of Mulgrave
Notes to the Consolidated Financial Statements
March 31, 2018

8. Remuneration

The total remuneration paid to member of Council and Chief Administrative Officers are as follows:

	<u>Remuneration</u>	<u>Expenses</u>
Council		
Ralph Hadley	\$ 10,200	\$ 1,555
Ron Chisholm	6,205	-
Evangeline Breen	542	-
Sheila Brophy	6,035	463
Bob Russell	4,208	227
Tanya Snow	4,208	-
Chief Administrative Officer		
Kevin Matheson	54,720	29,281
Jim Davis	24,770	-

9. Rate of return on rate base

For the year ended March 31, 2018, the Mulgrave Water Utility had a rate of return on rate base of 6.3% (2017 - 4.0%).

10. Pension plan

The Town provides its employees with a defined contribution pension plan in which it will match employee contributions up to 5% of their annual salary. As of March 31, 2018 there were no required future contributions in respect of past service and all contributions required under the plan have been funded. During the fiscal year, the Town contributed \$16,800 (2017 - \$19,228) to the plan.

11. Comparative figures

Certain of the 2017 figures have been reclassified to conform with financial statement presentation adopted for 2018.

12. Segmented information

The Town of Mulgrave is a municipal unit that provides a wide range of services to its residents and property owners. The Town's operations and activities are organized and reported by fund for the purpose of recording specific activities to meet objectives as outlined by legislation, regulations, by-laws, or other limitations and restrictions. Services are provided in the following categories:

General government services

This includes the legislative function of Town Council which provides direction through by-laws, policies and strategic planning. It also encompasses the administrative functions of the Town including organizational management, finance, accounting, tax billing and collections.

Protective services

The Town acquires police services from the RCMP through an agreement with the Province of Nova Scotia and pays the province for correctional services. Fire protection is provided by the Mulgrave Volunteer Fire Department. The Town pays the operating expenses of the Department.

12. Segmented information (continued)

Transportation services

The Town owns and maintains all public roads, streets and sidewalks in the community, including snow removal and streetlights.

Environmental health services

The Town provides both sanitary and storm wastewater management and treatment. Solid waste collection and disposal is provided in conjunction with the Municipality of the District of Guysborough.

Public health services

The Town contributes to public housing through the Eastern Mainland Housing Authority.

Recreation and cultural services

The Town has a number of recreational facilities and offers programming in conjunction with other community organizations. Staff assists in planning of community festivals and events.

Mulgrave Water Utility

The utility sources, treats and distributes potable water to the community and provides flows to assist with fire protection.

13. Dissolution

The Town submitted an application in October of 2015 to the Nova Scotia Utility and Review Board to dissolve under Section 394 of the *Municipal Government Act*. During the year, that application was withdrawn after the Province of Nova Scotia and the Municipality of the District of Guysborough were unable to negotiate an agreed upon Letter of Intent. The Town will continue to review options for its future governance.

14. Liability for contaminated sites

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

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

As at March 31, 2018 there are no known contaminated sites identified.

15. Sick Leave

The Town provides sick leave benefits to its employees. Public sector accounting standards require a liability and expense for compensated absences that vest, or accumulate and do not vest. The Town has not had the liability calculated by an actuary, but has made its own estimate of \$6,605 which has been recognized in the current year's financial statements. Actual liability could differ materially from amounts calculated.

16. Budget figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the consolidated statement of operations and consolidated statement of change in net debt has been adjusted to be in on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the consolidated financial statements. Adjustments consist of budgeted capital funding and amortization of tangible capital assets, as well as elimination of interfund transactions.

	<u>Approved Fiscal</u> <u>Plan</u>	<u>Adjustments</u>	<u>Fiscal Plan per</u> <u>Consolidated</u> <u>Financial</u> <u>Statements</u>
Revenue			
Taxes	\$ 1,585,170	\$ (75,815)	\$ 1,509,355
Payments in lieu of taxes	16,013	-	16,013
Other revenue from own sources	78,325	7,500	85,825
Unconditional transfers from other governments	128,508	-	128,508
Conditional transfers from other governments	51,280	402,999	454,279
Water rates	562,393	(107,793)	454,600
	<u>2,421,689</u>	<u>226,891</u>	<u>2,648,580</u>
Expenditures			
General government services	466,864	5,720	472,584
Protective services	351,371	(88,032)	263,339
Transportation services	356,804	108,380	465,184
Environmental health services	254,385	91,740	346,125
Public health services	19,400	-	19,400
Recreation and cultural services	203,699	10,302	214,001
Water utility	459,433	(75,815)	383,618
	<u>2,111,956</u>	<u>52,295</u>	<u>2,164,251</u>
Annual Surplus	<u>\$ 309,733</u>	<u>\$ 174,596</u>	<u>\$ 484,329</u>

Town of Mulgrave
Schedules to Consolidated Statement of Financial Activities
Year Ended March 31

	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Taxes			
General			
Residential	\$ 295,234	\$ 296,570	\$ 304,921
Resource	21,225	21,193	21,317
Commerical	907,286	904,825	920,569
Forestry	320	320	320
	<u>1,224,065</u>	<u>1,222,908</u>	<u>1,247,127</u>
By services			
Sanitary Sewer	251,252	253,665	216,992
Hydrants	108,143	109,509	106,615
Solid waste	37,440	37,336	37,440
	<u>396,835</u>	<u>400,510</u>	<u>361,047</u>
Other			
Aliant	3,700	3,700	3,917
Deed Transfer	7,500	5,678	(10,355)
Wind turbines	15,748	15,748	34,644
	<u>26,948</u>	<u>25,126</u>	<u>28,206</u>
Transferred to School Board	<u>(138,493)</u>	<u>(138,493)</u>	<u>(132,600)</u>
	<u>\$ 1,509,355</u>	<u>\$ 1,510,051</u>	<u>\$ 1,503,780</u>
Grants in Lieu of Taxes			
Province of NS	\$ 1,069	\$ 1,069	\$ 2,138
CBC	997	1,204	1,098
NSLC	13,200	12,984	13,202
NSPC	747	747	725
	<u>\$ 16,013</u>	<u>\$ 16,004</u>	<u>\$ 17,163</u>
Revenue Own Sources			
Recreation programs & fees	\$ 8,500	\$ 12,024	\$ 10,142
Recreation fundraising	4,000	21,839	21,004
Licenses, permits and fines	800	750	359
Rent	31,325	32,572	68,803
Public Works	1,900	381	1,931
Interest on taxes	28,000	29,854	24,461
Bank interest	1,500	19,950	7,506
Sale of Property	-	12,000	20,282
Miscellaneous	9,800	19,349	7,951
	<u>\$ 85,825</u>	<u>\$ 148,719</u>	<u>\$ 162,439</u>
Unconditional Transfers			
Equalization	\$ 127,508	\$ 127,508	\$ 127,508
Emergency measures - 911	1,000	1,000	1,000
	<u>\$ 128,508</u>	<u>\$ 128,508</u>	<u>\$ 128,508</u>

Town of Mulgrave
Schedules to Consolidated Statement of Financial Activities
Year Ended March 31

	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Conditional Transfers			
Visitor Information Centre	\$ 6,430	\$ 6,822	\$ 6,293
Federal Gas Tax	54,999	54,999	54,686
Clean Water Wastewater Fund	348,000	259,014	8,194
Health and Wellness	15,000	24,000	23,000
Recreation grants	28,600	21,481	18,071
Fuel tax rebate	1,000	1,517	1,716
HST Offset	-	11,556	-
Dissolution funding	-	-	321,800
Waste Diversion	250	202	1,484
	<u>\$ 454,279</u>	<u>\$ 379,591</u>	<u>\$ 435,244</u>
EXPENDITURES			
General Government Services			
Legislative			
Council remuneration	\$ 32,300	\$ 32,497	\$ 31,862
Council Travel & Expenses	6,600	2,883	3,227
Elections	5,000	5,494	8,381
Other	800	479	541
	<u>44,700</u>	<u>41,353</u>	<u>44,011</u>
Administration			
Salaries & benefits	82,355	89,031	98,888
Travel & training	2,000	1,183	1,183
Office	20,000	20,790	19,152
Town hall	16,400	34,302	15,601
Information technology	24,000	27,462	25,348
Contract services			
Legal	3,000	4,404	2,006
Audit	20,500	19,146	24,772
Consulting	65,557	42,930	63,072
Dissolution	-	52,191	102,987
Insurance	6,000	5,570	5,962
Taxation			
Exemptions and reductions	124,672	126,718	127,567
PVSC	15,680	15,680	15,475
Bad debts and collection expenses (net of recoveries)	5,400	(26,644)	42,162
Other	13,600	12,258	17,152
	<u>399,164</u>	<u>425,021</u>	<u>561,327</u>
Municipal property			
Post office	18,800	20,538	17,982
England Ave	-	844	24,698
	<u>18,800</u>	<u>21,382</u>	<u>42,680</u>
Amortization	<u>5,720</u>	<u>5,720</u>	<u>17,212</u>
Loss on sale of tangible capital assets	-	-	17,592
Interest	<u>4,200</u>	<u>3,923</u>	<u>7,013</u>
	<u>\$ 472,584</u>	<u>\$ 497,399</u>	<u>\$ 689,835</u>

Town of Mulgrave

Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

	2018	2018	2017
	Budget	Actual	Actual
Protective Services			
Police - RCMP	\$ 155,600	\$ 151,969	\$ 149,872
Corrections	9,253	9,253	9,197
Fire Department			
Honoraria & training	11,150	6,441	9,943
Building	26,300	27,411	29,086
Vehicles	15,200	10,353	11,528
Equipment	9,000	8,933	5,814
Other	775	565	1,310
	<u>62,425</u>	<u>53,703</u>	<u>57,681</u>
Emergency measures	3,200	2,915	3,273
Animal control	7,000	-	6,497
Building inspection	6,100	1,502	3,159
Amortization	19,761	19,761	16,451
Interest	-	1,268	599
	<u>\$ 263,339</u>	<u>\$ 240,371</u>	<u>\$ 246,729</u>
Transportation Services			
Public works			
Salaries, wages & benefits	\$ 183,370	\$ 177,912	\$ 175,248
Personal protective equipment	3,500	1,960	988
Telephone	2,100	1,905	2,128
Insurance	6,200	7,911	6,157
Workshop	10,900	7,684	9,319
Vehicles & equipment	43,000	47,932	32,711
	<u>249,070</u>	<u>245,304</u>	<u>226,551</u>
Roads			
Snow removal	48,296	43,172	39,800
Maintenance	30,000	58,677	24,468
	<u>78,296</u>	<u>101,849</u>	<u>64,268</u>
Streetlights	24,500	24,335	23,778
Amortization	108,380	108,380	113,621
Interest	4,938	4,983	6,716
Capitalized expenses	-	(154,585)	-
	<u>\$ 465,184</u>	<u>\$ 330,266</u>	<u>\$ 434,934</u>
Environmental Health Services			
Wastewater operations			
Salaries and benefits	\$ 92,905	\$ 84,973	\$ 90,026
Training & safety	4,500	3,411	4,061
Insurance	4,200	3,533	4,182
Power	31,000	33,648	29,912
Maintenance	40,000	24,905	29,766
	<u>\$ 172,605</u>	<u>\$ 150,470</u>	<u>\$ 157,947</u>

Town of Mulgrave
Schedules to Consolidated Statement of Financial Activities
Year Ended March 31

	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental Health Services (cont'd)			
Solid waste			
Equipment	\$ -	\$ -	\$ 491
Spring cleanup	2,000	1,314	-
Contracted services	44,100	47,047	44,123
Tipping fees	18,500	13,711	16,875
ERSWM	10,735	4,860	4,388
	<u>75,335</u>	<u>66,932</u>	<u>65,877</u>
Amortization	<u>91,740</u>	<u>91,740</u>	<u>93,876</u>
Interest	<u>6,445</u>	<u>6,516</u>	<u>5,867</u>
	<u>\$ 346,125</u>	<u>\$ 315,658</u>	<u>\$ 323,567</u>
Public Health Services			
Public Housing	<u>\$ 19,400</u>	<u>\$ 15,524</u>	<u>\$ 18,000</u>
Recreation and Cultural Services			
Administration			
Salaries and benefits	\$ 50,795	\$ 50,523	\$ 49,784
Training, conferences, dues	5,420	5,049	4,286
Office	1,400	1,321	1,218
	<u>57,615</u>	<u>56,893</u>	<u>55,288</u>
Facilities			
Pool operations	28,898	32,494	24,568
Pool improvements	14,000	2,157	30
Parks and fields	27,670	25,899	29,376
Youth centre	2,000	167	217
Tennis courts	2,500	2,701	2,515
Visitor Information Centre	6,430	6,822	6,293
Trails	-	4,261	1,260
Insurance	2,000	2,462	1,890
	<u>83,498</u>	<u>76,963</u>	<u>66,149</u>
Programs	<u>31,650</u>	<u>51,348</u>	<u>53,206</u>
Libraries and museums			
Regional Library Board	5,736	5,736	5,736
Local branch library	17,700	17,913	17,958
Museum grant	7,500	7,500	7,500
	<u>30,936</u>	<u>31,149</u>	<u>31,194</u>
Amortization	<u>10,302</u>	<u>10,302</u>	<u>16,473</u>
	<u>\$ 214,001</u>	<u>\$ 226,655</u>	<u>\$ 222,310</u>

Town of Mulgrave
Schedule of Consolidated Segmented Disclosure
Year Ended March 31, 2018

	<u>General government services</u>	<u>Protective services</u>	<u>Transportation services</u>	<u>Environmental health services</u>	<u>Public health services</u>	<u>Recreation and cultural services</u>	<u>Water utility</u>	<u>2018 Total</u>	<u>2017 Total</u>
Revenue									
Taxes	\$ 1,109,541	\$ 109,509	\$ -	\$ 291,001	\$ -	\$ -	\$ -	\$ 1,510,051	\$ 1,503,780
Payments in lieu of taxes	16,004	-	-	-	-	-	-	16,004	17,163
Other revenue from own sources	105,930	750	154,966	-	-	33,863	7,796	303,305	162,439
Unconditional transfers from other governments	127,508	1,000	-	-	-	-	-	128,508	128,508
Conditional transfers from other governments	66,555	-	1,517	259,216	-	52,303	-	379,591	435,244
Water rates	-	-	-	-	-	-	493,074	493,074	397,286
	<u>1,425,538</u>	<u>111,259</u>	<u>156,483</u>	<u>550,217</u>	<u>-</u>	<u>86,166</u>	<u>500,870</u>	<u>2,830,533</u>	<u>2,644,420</u>
Expenditures									
Salaries, wages and benefits	121,527	-	189,868	84,972	-	101,749	113,738	611,854	633,931
Contracted services	118,671	162,724	-	47,047	-	-	4,761	333,203	404,209
Other operating	231,877	56,617	181,619	80,523	-	108,867	166,342	825,845	844,864
Other Boards and Agencies	15,680	-	-	4,860	15,524	5,736	-	41,800	43,599
Interest	3,923	1,268	4,982	6,517	-	-	37,996	54,686	55,098
Amortization	5,720	19,761	108,380	91,740	-	10,302	47,999	283,902	316,371
	<u>497,398</u>	<u>240,370</u>	<u>484,849</u>	<u>315,659</u>	<u>15,524</u>	<u>226,654</u>	<u>370,836</u>	<u>2,151,290</u>	<u>2,298,072</u>
Annual Surplus (Deficit)	<u>\$ 928,140</u>	<u>\$ (129,111)</u>	<u>\$ (328,366)</u>	<u>\$ 234,558</u>	<u>\$ (15,524)</u>	<u>\$ (140,488)</u>	<u>\$ 130,034</u>	<u>\$ 679,243</u>	<u>\$ 346,348</u>

Town of Mulgrave
Water Operating Fund
Statement of Financial Activities
Year ended March 31

	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenue			
Metered sales	\$ 199,000	\$ 237,360	\$ 180,626
Flat rate sales	244,000	231,800	206,880
Sales to boats	10,000	19,456	8,135
Interest and penalties on rates	1,600	4,457	1,645
	<u>454,600</u>	<u>493,073</u>	397,286
Public fire protection	107,793	107,794	107,793
	<u>562,393</u>	<u>600,867</u>	<u>505,079</u>
Operating expenditures			
Source of supply	800	1,590	795
Power & pumping	61,800	64,688	63,908
Purification	127,940	118,167	126,793
Transmission & distribution	29,990	27,337	27,060
Administration & general	86,460	73,058	68,092
Depreciation	39,004	47,069	41,146
Interest	37,624	37,996	34,903
	<u>383,618</u>	<u>369,905</u>	362,697
Property taxes	75,815	76,247	50,074
	<u>459,433</u>	<u>446,152</u>	<u>412,771</u>
Operating Profit	<u>102,960</u>	<u>154,715</u>	<u>92,308</u>
Non-operating revenue			
Amortization of deferred contributions	5,153	10,306	5,153
Other	1,200	2,602	1,258
	<u>6,353</u>	<u>12,908</u>	<u>6,411</u>
Non-operating expenditures			
Principal repayments	80,000	80,000	9,508
Excess of revenue over expenditure	<u>\$ 29,313</u>	<u>87,623</u>	<u>89,211</u>
Accumulated surplus (deficit)			
Beginning of year		120,317	31,106
End of year		<u>\$ 207,940</u>	<u>\$ 120,317</u>

Town of Mulgrave
Water Operating Fund
Statement of Financial Position
March 31

	2018	2017
Financial Assets		
Cash	\$ -	\$ 9,691
Receivables		
Federal Government - HST	24,569	29,841
Rates	91,478	55,585
Own Funds		
General operating	<u>152,986</u>	<u>63,841</u>
	<u>269,033</u>	<u>158,958</u>
Liabilities		
Trade payables and accruals	57,290	36,554
Deferred revenue	<u>7,279</u>	<u>6,541</u>
	<u>64,569</u>	<u>43,095</u>
Net Financial Assets	<u>204,464</u>	<u>115,863</u>
Non-Financial Assets		
Prepaid expenses	<u>3,476</u>	<u>4,454</u>
Accumulated Surplus	<u>\$ 207,940</u>	<u>\$ 120,317</u>

On behalf of the Town

Mayor

Chief Administrative Officer

Town of Mulgrave
Water Operating Fund
Schedule to Statement of Financial Activities
Year ended March 31

	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating expenditures			
Power & pumping			
Electricity	\$ 60,000	\$ 61,286	\$ 58,972
Maintenance	<u>1,800</u>	<u>3,402</u>	<u>4,936</u>
	<u>61,800</u>	<u>64,688</u>	<u>63,908</u>
Purification			
Salaries & benefits	65,740	57,670	62,866
Training	4,400	2,419	1,244
Chemicals	40,000	39,342	40,070
Testing	14,000	12,401	13,951
Other	<u>3,800</u>	<u>6,335</u>	<u>8,662</u>
	<u>127,940</u>	<u>118,167</u>	<u>126,793</u>
Transmission & distribution			
Salaries and benefits	18,790	17,463	17,940
Maintenance	7,000	4,611	5,025
Vehicle	<u>4,200</u>	<u>5,263</u>	<u>4,095</u>
	<u>29,990</u>	<u>27,337</u>	<u>27,060</u>
Administration & general			
Salaries and benefits	39,700	38,605	38,172
Audit	5,500	4,761	5,021
Insurance	12,500	11,378	12,536
Office	<u>28,760</u>	<u>18,314</u>	<u>12,363</u>
	<u>\$ 86,460</u>	<u>\$ 73,058</u>	<u>\$ 68,092</u>

Town of Mulgrave
Water Capital Fund
Statement of Financial Position
March 31

	2018	2017
Financial Assets		
Cash and cash equivalents	\$ 360,113	\$ 495,930
	<u>360,113</u>	<u>495,930</u>
Liabilities		
Holdbacks payable	5,495	23,219
Long-term debt	<u>1,520,000</u>	<u>1,600,000</u>
	<u>1,525,495</u>	<u>1,623,219</u>
Net Debt	<u>(1,165,382)</u>	<u>(1,127,289)</u>
Non-financial Assets		
Tangible capital assets	5,468,467	5,317,489
Less: accumulated depreciation	(461,429)	(423,433)
Debenture discount	12,090	13,020
Deferred contributions	<u>(2,561,117)</u>	<u>(2,571,423)</u>
	<u>2,458,011</u>	<u>2,335,653</u>
Investment in Capital Assets	<u>\$ 1,292,629</u>	<u>\$ 1,208,364</u>

On behalf of the Town

Mayor

Chief Administrative Officer

Town of Mulgrave
Water Capital Fund
Statement of Investment in Capital Assets
Year Ended March 31

Year Ended March 31	2018	2017
Balance, beginning of year	\$ 1,208,364	\$ 1,197,558
Amortization of discount on debentures	(930)	-
Interest earned	5,195	1,297
Term debt retired	<u>80,000</u>	<u>9,509</u>
Balance, end of year	<u>\$ 1,292,629</u>	<u>\$ 1,208,364</u>

Statement of Deferred Contributions

Year Ended March 31	2018	2017
Balance, beginning of year	\$ 2,571,423	\$ 2,576,576
Amortization	<u>(10,306)</u>	<u>(5,153)</u>
Balance, end of year	<u>\$ 2,561,117</u>	<u>\$ 2,571,423</u>

Statement of Continuity of Depreciation Funds

Year Ended March 31	2018	2017
Balance, beginning of year	\$ 301,596	\$ 282,216
Current depreciation, net of amortization of deferred contributions	36,763	35,993
Interest earned	5,194	1,297
Purchase of capital assets	<u>(7,655)</u>	<u>(17,910)</u>
Balance, end of year	<u>\$ 335,898</u>	<u>\$ 301,596</u>