

Consolidated Financial Statements

Town of Wolfville

March 31, 2018



A cultivated experience for the mind, body, and soil

Town of Wolfville

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July 17, 2018

Independent Auditor's Report

To the Mayor and Council of the Town of Wolfville

We have audited the accompanying consolidated financial statements of the Town of Wolfville (the "Town"), which comprise the consolidated statement of financial position as at March 31, 2018 and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 financial position of the Town of Wolfville as at March 31, 2018 and the results of its operations, changes in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP
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Other matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 17 to 29 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Town of Wolfville

Consolidated Statement of Financial Position

As at March 31, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash	2,669,820	2,503,963
Cash – Capital reserve fund (note 12)	2,863,994	2,837,739
Receivables (note 4)	623,307	848,552
	<u>6,157,121</u>	<u>6,190,254</u>
Liabilities		
Temporary bank indebtedness	223,085	–
Payables and accruals	361,449	1,215,651
Deferred revenue	224,667	225,862
Other	54,546	21,597
Long-term debt (note 5)	5,644,236	4,851,852
	<u>6,507,983</u>	<u>6,314,962</u>
Net financial asset (debt)	<u>(350,862)</u>	<u>(124,708)</u>
Non-financial assets		
Tangible capital assets (note 6)	25,865,353	24,896,836
Prepaid expenses	51,385	66,538
Inventories	24,526	23,796
Work-in-process	274,244	247,685
	<u>26,215,508</u>	<u>25,234,855</u>
Accumulated surplus	<u>25,864,646</u>	<u>25,110,147</u>

On Behalf of the Town



Mayor



Chief Administrative Officer

The accompanying notes are an integral part of these consolidated financial statements

Town of Wolfville

Consolidated Statement of Operations

For the year ended March 31, 2018

	Budget 2018 \$ (unaudited)	Actual 2018 \$	Actual 2017 \$
Revenue			
Taxes	6,745,100	6,874,852	6,523,748
Grants in lieu of taxes	979,700	987,242	977,380
Sale of services	795,400	761,370	732,293
Other revenue from own sources	168,600	210,443	209,407
Unconditional transfers from other governments	71,100	70,988	71,005
Conditional transfers from governments and others	324,300	423,385	438,860
Metered sales	660,000	657,700	669,816
Sprinkler services	7,500	8,253	7,880
Other	13,700	10,161	22,078
	<u>9,765,400</u>	<u>10,004,394</u>	<u>9,652,467</u>
Expenses			
General government services	1,362,600	1,516,017	1,335,295
Protective services	1,919,600	2,094,324	2,021,972
Transportation services	1,471,500	2,266,847	2,025,985
Environmental health services	831,800	909,727	932,466
Environmental development services	904,700	928,892	982,447
Recreational and cultural services	712,700	691,911	608,661
Water			
Administrative	231,400	240,577	232,599
Amortization	127,000	142,300	136,710
Interest and other debt charges	11,700	17,385	13,825
Power and pumping	97,600	117,833	100,700
Transmission and distribution	223,300	241,441	265,819
Treatment	81,900	82,641	74,773
	<u>7,975,800</u>	<u>9,249,895</u>	<u>8,731,252</u>
Annual surplus	<u>1,789,600</u>	754,499	921,215
Accumulated surplus – Beginning of year		<u>25,110,147</u>	<u>24,188,932</u>
Accumulated surplus – End of year		<u>25,864,646</u>	<u>25,110,147</u>

The accompanying notes are an integral part of these consolidated financial statements.

Town of Wolfville

Consolidated Statement of Changes in Net Financial Assets (Debt)

For the year ended March 31, 2018

	Budget 2018 \$ (unaudited)	Actual 2018 \$	Actual 2017 \$
Annual surplus	1,794,100	754,499	921,215
Acquisition of tangible capital assets	(4,152,800)	(2,399,592)	(2,771,580)
Loss (gain) on disposal	–	28,039	(8,262)
Proceeds on disposal	–	17,000	93,334
Amortization	128,600	1,386,036	1,260,628
	<u>(4,024,200)</u>	<u>(968,517)</u>	<u>(1,425,880)</u>
Prepaid expenses	–	15,153	5,800
Inventory	–	(730)	2,401
Work-in-process	–	(26,559)	(23,894)
	<u>–</u>	<u>(12,136)</u>	<u>(15,693)</u>
Change in net financial assets (debt)	<u>(2,230,100)</u>	(226,154)	(520,358)
Net financial assets (debt) – Beginning of year		<u>(124,708)</u>	395,650
Net financial assets (debt) – End of year		<u>(350,862)</u>	<u>(124,708)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Town of Wolfville

Consolidated Statement of Cash Flows

For the year ended March 31, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Annual surplus	754,499	921,215
Charges to annual surplus not involving cash		
Gain (loss) on disposal of tangible capital assets	28,039	(8,262)
Impairment of work-in-process	139,971	–
Amortization of tangible capital assets	1,386,036	1,260,628
	<u>2,308,545</u>	<u>2,173,581</u>
Change in non-cash working capital		
Decrease (increase) in receivables	225,245	(268,901)
Increase (decrease) in payables and accruals	(520,964)	254,095
Increase (decrease) in other liabilities	31,754	30,070
Decrease (increase) in prepaid expenses	15,153	5,800
Decrease (increase) in inventories	(730)	2,401
	<u>2,059,003</u>	<u>2,197,046</u>
Capital transactions		
Acquisition of tangible capital assets	(2,399,592)	(2,771,580)
Change in payables and accruals for tangible capital assets and work-in-process	(333,238)	(860,241)
Decrease (increase) in work-in-process	(166,530)	(23,894)
Proceeds on disposal of tangible capital assets	17,000	93,334
	<u>(2,882,360)</u>	<u>(3,562,381)</u>
Financing activities		
Increase in temporary bank indebtedness	223,085	–
Proceeds from debt issue	1,367,500	1,654,250
Long-term debt principal repayment	(575,116)	(540,599)
	<u>1,015,469</u>	<u>1,113,651</u>
Net increase (decrease) in cash	192,112	(251,684)
Cash – Beginning of year	<u>5,341,702</u>	<u>5,593,386</u>
Cash – End of year	<u>5,533,814</u>	<u>5,341,702</u>
Cash represented by:		
Cash	2,669,820	2,503,963
Cash – Capital reserve fund (note 12)	2,863,994	2,837,739
	<u>5,533,814</u>	<u>5,341,702</u>

The accompanying notes are an integral part of these consolidated financial statements.

Town of Wolfville

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

1 Status and nature of activities

The consolidated financial statements of the Town of Wolfville (the “Town”) are prepared by management in accordance with Public Sector Accounting Standards, as recommended by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

2 Summary of significant accounting policies

a) Reporting entity

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

Inter-departmental and organizational transactions and balances are eliminated.

Trust funds are excluded from the consolidated financial statements, but are disclosed on pages 28 and 29.

b) Basis of accounting

The basis of accounting followed in the consolidated financial statement presentation includes revenues in the period in which the measurable transactions or events occurred that gave rise to the revenues and measurable expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due. Government transfers are recognized as revenue in the period that the events giving rise to the transfer occurred; provided the transfers are authorized, any eligibility criteria have been met by the Town, and reasonable estimates of the amounts can be made.

c) Fund accounting

Funds within the consolidated financial statements consist of the Town Operating, Town Capital, Water Operating, Water Capital, Operating Reserve fund and Capital Reserve fund. Transfers between funds are recorded as adjustments to the appropriate fund balance.

d) Valuation allowance

For uncollected taxes and rates, the Town provides a valuation allowance for estimated losses that will be incurred in collecting receivables outstanding.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Town of Wolfville

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

2 Summary of significant accounting policies (continued)

f) Use of estimates

In preparing the Town's consolidated 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 at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

g) Financial instruments

The estimated fair value of cash and cash equivalents, receivables, inventories, bank indebtedness and payables approximates carrying value due to the relatively short-term nature of the instruments and/or floating interest rates on the instruments. The estimated fair value of long-term debt also approximates carrying value due to interest rates that are based on the lenders rate.

h) Work-in-process

Work-in-process ("WIP") is recorded at cost and occurs with instances where a capital project is not complete as at year end. Costs include any costs applicable to tangible capital assets. The capital cost reported as WIP as at year end becomes capitalized to tangible capital asset costs when the project is subsequently complete. In some cases, the costs are related to pre-construction engineering design for projects identified through the Town's Ten Year Capital Investment Plan. The Town annually reviews the engineering costs for future projects to ensure the value of the work performed has not been impaired.

i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair market value upon acquisition.

The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over its useful life. Assets under construction are not amortized until the asset is put into use. Amortization is recorded as an expense commencing in the year of acquisition.

Town of Wolfville

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

2 Summary of significant accounting policies (continued)

i) Tangible capital assets (continued)

The estimated useful lives are as follows:

Town general capital

Land Improvements (includes LED Street lights)	10-25 years
Traffic lights	25 years
Small and office equipment	4-5 years
Motor vehicles	10-15 years
Fixed and moveable equipment	10 years
Streets, road and curbs	25 years
Sidewalks	25 years
Operating plants (sewage treatment)	25-50 years
Lift stations	25 years
Municipal buildings	40 years
Other infrastructure	50 years

Water utility

Structures, improvements and wells	25-75 years
Equipment	1-10 years
Transmission, distribution and hydrants	50-75 years
Services	50 years
Meters	25 years

j) Employee future benefits

Defined benefit plan

The Town maintains a contributory defined benefit pension plan for a past employee that provides pensions based on length of service and annual earnings. The Town uses the immediate recognition approach to account for its defined benefit pension plan. The accrued benefit obligations are determined using the most recent actuarial valuation report prepared for funding purposes.

An actuarial valuation of the plan was completed for January 1, 2015 and has been updated by extrapolation to March 31, 2018. Actuarial valuations are performed every three years.

Plan assets are measured at fair value.

The Town would recognize the plan funded deficiency if the accrued obligation was greater than the fair value of the plan assets on the consolidated statement of financial position.

Actuarial gains and losses and past service costs are included in the cost of the plan for the year in the consolidated statement of operations.

Defined contribution plan

The Town offers a defined contribution pension plan to employees. An expense is recorded in the period when the Town is obligated to make contributions for services rendered by the employee. Any unpaid contributions are included in payables and accruals on the consolidated statement of financial position.

Town of Wolfville

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

2 Summary of significant accounting policies (continued)

k) Inventories

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

l) Capital reserve fund

Capital reserve funds represent the amounts set aside to finance future capital expenditures. Reserves are established at the discretion of Council and/or in accordance with the Province of Nova Scotia Financial Reporting and Accounting Manual ("FRAM"). Transfers from the reserve funds are restricted in use in accordance with FRAM.

3 Contributions to Boards and Commissions

Other Boards and Commissions - less than 100% interest

The Town is required to finance the operation of the various Boards and Commissions, along with the other Municipal Units in Kings County, to the extent of its participation based on assessment or population formula. The financial results of these Boards and Commissions are not consolidated in the Town's financial statements.

In addition to any budgeted contributions, the Municipal Units share in the deficits or surpluses of these Boards based on their sharing percentages. Where shareable deficits or surpluses are measureable, they are accrued in the current year results, otherwise they are recorded in the following year results.

Annapolis Valley Regional Housing Authority

For the year ended March 31, 2018, the Town's share of the deficit was \$46,063 (2017 - \$72,607).

Annapolis Valley Regional School Board — 4.66%

For the year ended March 31, 2018, the Town contributed \$674,808 (2017 - \$672,036) to the Board as its share of the operating expenditures.

Valley Regional Enterprise Network — 7.7%

For the year ended March 31, 2018, the Town contributed \$22,766 (2017 - \$22,765) to the REN.

Valley Waste Management Authority — 6.46%

For the year ended March 31, 2018, the Town's share of the Authority's capital and operating expenditures was \$435,550 (2017 - \$443,518).

Annapolis Valley Regional Library — 3.5%

For the year ended March 31, 2018, the Town's share of the deficit was \$24,320 (2017 - \$24,320).

Kings Transit Authority — 15%

For the year ended March 31, 2018, the Town's share of the Authority's capital and operating expenditures was \$142,812 (2017 - \$110,460).

Town of Wolfville

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

4 Receivables

	2018 \$	2017 \$
Taxes receivable		
Balance – Beginning of year	259,150	262,298
Current year's levy	7,211,452	6,977,304
	7,470,602	7,239,602
Collections	<u>(7,213,682)</u>	<u>(6,980,452)</u>
Balance – End of year	256,920	259,150
Water rates (net of \$3,500 valuation allowance)	140,047	145,851
Sewer rates (net of \$1,000 valuation allowance)	110,103	102,540
Other receivables (net of \$3,500 valuation allowance)	116,237	341,011
	<u>623,307</u>	<u>848,552</u>

Town of Wolfville

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

5 Long-term debt

	2018 \$	2017 \$
MFC debenture, bearing interest from 1.20% to 3.21%, payable in annual instalments of \$95,875 to May 2022, \$80,875 to 2032, with \$79,375 refinanced in 2032 payable in annual installments of \$15,875 thereafter, plus interest, maturing in fiscal 2033	1,367,500	–
MFC debenture, bearing interest from 1.15% to 3.48%, payable in annual instalment of \$111,617 to May 2021, \$109,612 thereafter, plus interest, maturing in fiscal 2032	1,542,633	1,654,250
MFC debenture, bearing interest from 4.63%, payable in annual instalment of \$35,000, plus interest, maturing in fiscal 2018	–	35,000
MFC debenture, bearing interest from 4.78% to 4.89%, payable in annual instalment of \$49,300, plus interest, maturing in fiscal 2019	49,300	98,600
MFC debenture, bearing interest from 4.39% to 4.89%, payable in annual instalment of \$61,400, plus interest, maturing in fiscal 2020	122,800	184,200
MFC debenture, bearing interest from 3.97% to 4.50%, payable in annual instalment of \$85,200, plus interest, maturing in fiscal 2021	255,600	340,800
MFC debenture, bearing interest from 3.39% to 4.23%, payable in annual instalment of \$34,800, plus interest, maturing in fiscal 2022	139,200	174,000
MFC debenture, bearing interest from 2.56% to 3.48%, payable in annual instalment of \$13,000, plus interest, maturing in fiscal 2023	65,000	78,000
MFC debenture, bearing interest from 1.85% to 3.49%, payable in annual instalment of \$36,733, plus interest, maturing in fiscal 2029	404,068	440,801
MFC debenture, bearing interest from 1.62% to 3.80%, payable in annual instalment of \$56,733, plus interest, maturing in fiscal 2030	680,801	737,534
MFC debenture, bearing interest from 1.20% to 3.21%, payable in annual instalment of \$91,333 to June 2025, \$57,333 thereafter, plus interest, maturing in fiscal 2031	1,017,334	1,108,667
	<u>5,644,236</u>	<u>4,851,852</u>

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

	\$
Year ending March 31, 2019	635,991
2020	586,691
2021	525,291
2022	440,091
2023	403,286

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

Subsequent to March 31, 2018, the Town placed an additional debenture with Municipal Finance Corporation totalling \$1,029,750 to finance streets, sidewalks, storm & sanitary sewer, cemetery wall, and water distribution system.

Town of Wolfville

Notes to Consolidated Financial Statements For the year ended March 31, 2018

6 Tangible capital assets

	Cost March 31, 2017 \$	Additions \$	Disposals \$	Cost March 31, 2018 \$	Accumulated depreciation 2017 \$	Adjustments \$	Amortization expense \$	Accumulated depreciation 2018 \$	Net book value \$
Town General Capital									
Land	1,397,548	—	—	1,397,548	—	—	—	—	1,397,548
Land improvements	3,058,495	169,120	—	3,227,615	1,364,703	—	136,129	1,500,832	1,726,783
Buildings and structures	3,810,917	—	—	3,810,917	1,592,102	—	89,486	1,681,588	2,129,329
IT infrastructures	141,125	6,570	—	147,695	94,309	—	29,606	123,915	23,780
Equipment	343,713	171,526	(30,477)	484,762	151,204	(30,477)	44,582	165,309	319,453
Traffic lights and poles	176,385	—	—	176,385	69,143	—	6,722	75,865	100,520
Sewer systems	6,567,087	625,248	(11,243)	7,181,092	2,707,798	(11,243)	138,615	2,835,170	4,345,922
Sewer plant(s)	1,126,873	—	—	1,126,873	695,983	—	25,884	721,867	405,006
Sidewalks	1,086,079	82,812	—	1,168,891	456,206	—	43,210	499,416	669,475
Streets	10,080,367	650,422	(340,126)	10,390,663	3,947,232	(325,299)	388,978	4,010,911	6,379,752
Vehicles and heavy equipment	3,998,376	260,475	(49,729)	4,209,122	2,360,502	(24,865)	340,524	2,676,161	1,532,961
	<u>31,786,965</u>	<u>1,966,173</u>	<u>(431,575)</u>	<u>33,321,563</u>	<u>13,439,182</u>	<u>(391,884)</u>	<u>1,243,736</u>	<u>14,291,034</u>	<u>19,030,529</u>
Water Utility									
Land and land rights									
Source of supply	15,226	—	—	15,226	—	—	—	—	15,226
Structures and improvements									
Source of supply	609,016	—	—	609,016	227,307	—	10,374	237,681	371,335
Power and pumping	85,066	—	—	85,066	42,741	—	1,106	43,847	41,219
Dist. Reservoirs and standpipes	1,845,986	—	—	1,845,986	591,925	—	23,859	615,784	1,230,202
Equipment									
Pumping	207,799	28,060	—	235,859	207,799	—	3,507	211,306	24,553
Water treatment	93,348	—	—	93,348	87,465	—	1,104	88,569	4,779
Transportation	92,343	—	(64,264)	28,079	86,727	(64,264)	5,616	28,079	—
Tools and work equipment	325,509	—	—	325,509	322,151	—	3,358	325,509	—
Office furniture and equipment	39,661	—	(18,283)	21,378	39,661	(18,283)	—	21,378	—
Mains									
Transportation	734,962	—	—	734,962	354,025	—	9,555	363,580	371,382
Distribution	5,488,169	375,523	(17,657)	5,846,035	1,214,101	(12,310)	73,249	1,275,040	4,570,995
Services	63,748	—	—	63,748	32,205	—	1,274	33,479	30,269
Meters	363,236	9,835	—	373,071	258,359	—	6,463	264,822	108,249
Hydrants	129,488	20,000	(757)	148,731	80,038	(757)	2,835	82,116	66,615
	<u>10,093,557</u>	<u>433,418</u>	<u>(100,961)</u>	<u>10,426,014</u>	<u>3,544,504</u>	<u>(95,614)</u>	<u>142,300</u>	<u>3,591,190</u>	<u>6,834,824</u>
	<u>41,880,522</u>	<u>2,399,591</u>	<u>(532,536)</u>	<u>43,747,577</u>	<u>16,983,686</u>	<u>(487,498)</u>	<u>1,386,036</u>	<u>17,882,224</u>	<u>25,865,353</u>

Town of Wolfville

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

7 Pension plans

Defined benefit plan — Deferred Pension Plan Asset

The Town established a pension plan for a retired town clerk to provide for pension benefits based upon years of service. The most recent actuarial valuation for funding purposes was January 1, 2015.

The significant actuarial assumptions adopted in measuring the Town's accrued benefit obligation as at March 31, 2018 are as follows:

Expected long-term rate of return on plan assets	5%
Rate of compensation increase	2.5%

There were no significant changes to the plan during the year.

All plan assets are held in funds administered by Standard Life. The Town's current period benefit cost was \$nil (2016 - \$nil).

	2018	2017
	\$	\$
Accrued benefit obligation – Closing balance	456,400	470,300
Pension fund assets – Closing balance	442,300	461,200
Plan deficit	(14,100)	(9,100)
Unamortized actuarial losses	17,500	14,800
Net pension asset calculated	3,400	5,700
Net pension asset recorded	–	–

Defined contribution plan

All of the Town's full-time employees, as well as part-time employees meeting certain requirements, are members of a defined contribution pension plan. The Town's obligation is to contribute 6% of employees' earnings to the pension plan.

During the year, the Town's required contribution was \$114,425 (2017 - \$112,248) to the plan.

8 Remuneration and expenses

The total remuneration paid to member of the council and senior management official is as follows:

	2018	2017
	\$	\$
Mayor Cantwell	32,756	30,724
Deputy Mayor/Councillor Oldham	17,976	17,620
Councillor/Deputy Mayor Donovan	20,141	16,619
Councillor Brian	17,886	15,134
Councillor Elliott	17,886	6,403
Councillor MacKay	17,886	6,403
Councillor Mangle	–	8,731
Councillor Proudfoot	17,886	6,403
Councillor Simpson	–	8,149
	142,417	116,186
Chief Administrative Officer	129,950	128,304

Town of Wolfville

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

9 Rate of return on rate base

For the year ended March 31, 2018, the Water Utility had a rate of return on rate base of 2.56% (2017 - 3.80%).

10 Segmented information

The Town is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes, the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Town services are provided by departments and their activities are reported in those segments. The following departments have been separately disclosed in the segmented information along with the services they provide:

General government services

Includes the Mayor and Council, the CAO's office, human resources, finance and information technology. Council collectively determines policies to be administered by Town employees, Boards and Commissions; and establishes the direction and approves matters in conducting Town affairs. The administrative departments assist Council with the development of policies and ensure proper management and utilization of financial resources in a legally correct and responsible way, following all guidelines as they pertain to municipal finance.

Protective services

Provides police protection through contracted service with the Royal Canadian Mounted Police; enforcement of bylaws through Bylaw Enforcement Officer; fire protection by a volunteer based department; supports both local and regional emergency measures organizations; and includes other protective services for animal control and crosswalk guards.

Transportation services

Provides the administration and provision of engineering and works; provides services to maintain the roadway systems, the waste water systems and street lighting; and preserves the investment made in infrastructure and equipment.

Environmental health services

Provides sanitary sewer collection and treatment service; collection of solid waste and recyclables in an efficient and environmentally friendly manner.

Environmental development services

Provides civic planning for future development and administers the building inspection services for the Town; contributes to regional planning; and promotes tourism and economic development activities.

Recreational and cultural services

Provides and facilitates quality leisure services for citizens of all ages in the Town; provides the widest possible variety of constructive leisure pursuits including parks, trails, tennis, soccer and playground facilities; and provides for cultural facilities such as a library and museum.

Water services

The Wolfville Water Utility provides the delivery of drinking water through the supply, pumping, treatment and distribution of water to its users.

Town of Wolfville

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

10 Segmented information (continued)

Water services (continued)

Certain allocation methodologies are employed in the preparation of the segmented financial information. The General Operating Fund reports on municipal services that are funded primarily by property taxation and rates. The Wolfville Water Operating Fund reports on municipal services that are funded primarily by water rates.

The accounting policies used in these separate segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

11 Financial instruments

The Town's financial instruments consist of cash and cash equivalents, receivables, payables and accruals, short-term borrowings and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these consolidated financial statements.

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

12 Cash capital reserves

	2018 \$	2017 \$
Source of funds		
External sources		
Federal gas tax grant	320,804	319,666
Interest earned	29,435	18,964
Contributions/donations	26,477	49,543
Internal sources		
Allocation from Town Operating Fund	914,700	1,001,900
Allocation from Water Operating Fund – Depreciation	142,300	136,710
	<u>1,433,716</u>	<u>1,526,783</u>
Use of funds		
Capital project funding – Town Capital	1,314,544	1,312,677
Capital project funding – Water Capital	92,917	131,867
	<u>1,407,461</u>	<u>1,444,544</u>
Net increase to capital reserves	26,255	82,239
Balance – Beginning of year	2,837,739	2,755,500
Balance – End of year	<u>2,863,994</u>	<u>2,837,739</u>

Town of Wolfville

Schedules to the Consolidated Statement of Operations

For the year ended March 31, 2018

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
Taxes			
Assessable property			
Residential	5,621,800	5,628,391	5,444,298
Commercial			
Commercial property	1,092,200	1,097,860	1,091,374
BID area rate	100,000	100,466	40,582
Resource	10,300	9,563	8,472
Fire protection area rate	380,000	375,172	392,578
	7,204,300	7,211,452	6,977,304
Business property			
Based on revenue (Aliant)	16,000	18,882	17,705
Nova Scotia Power Inc. (GILT)	3,500	3,615	3,515
NSPI (HST rebate)	40,000	42,812	43,335
	59,500	65,309	64,555
Deed transfer tax	300,000	424,411	332,359
Total tax levied	7,563,800	7,701,172	7,374,218
Taxes collected on behalf of others			
Regional school board	(674,500)	(674,808)	(672,036)
Provincial correctional service	(80,200)	(81,129)	(81,507)
Regional housing authority	(40,000)	(46,063)	(72,607)
Regional library board	(24,000)	(24,320)	(24,320)
	(818,700)	(826,320)	(850,470)
	6,745,100	6,874,852	6,523,748
Grants in lieu of taxes			
Federal government agencies (Post office)	19,700	20,573	19,735
Provincial government			
Property of supported institution (Acadia University)	960,000	966,669	957,645
	979,700	987,242	977,380
Sales of services			
General government	4,600	6,662	1,500
Protective services	278,600	273,200	267,824
Transportation	10,000	2,630	18,600
Environmental health	405,000	389,878	352,600
Environmental development	77,100	68,987	61,803
Recreation, tourism and cultural	20,100	20,013	29,966
	795,400	761,370	732,293

Town of Wolfville

Schedules to the Consolidated Statement of Operations ...continued

For the year ended March 31, 2018

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
Other revenue from sources			
Licenses and permits	23,500	32,695	40,827
Fines and fees	33,100	49,368	36,750
Rentals	22,000	22,184	21,990
Interest on investments	10,000	41,106	30,643
Interest on taxes and charges	55,000	72,997	60,174
Gain (loss) on disposal capital assets	–	(28,039)	8,262
Miscellaneous	25,000	20,132	10,761
	<u>168,600</u>	<u>210,443</u>	<u>209,407</u>
Unconditional transfers from other governments			
Provincial government			
Municipal Grant Act – Equalization	70,000	69,869	69,869
Farm property acreage	1,100	1,119	1,136
	<u>71,100</u>	<u>70,988</u>	<u>71,005</u>
Conditional transfers from other governments and organizations			
Federal government			
Federal gas tax program	300,000	320,804	319,666
Other federal	10,700	23,718	3,960
Provincial government			
Capital project grants	–	20,000	–
Other provincial	6,600	15,853	75,012
Other	7,000	43,010	40,222
	<u>324,300</u>	<u>423,385</u>	<u>438,860</u>

Town of Wolfville

Schedules to the Consolidated Statement of Operations ...continued

For the year ended March 31, 2018

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
General government services			
Legislative			
Mayor remuneration	32,800	32,756	30,724
Council remuneration	110,200	109,661	84,065
Other expenses	42,800	32,842	28,420
	<u>185,800</u>	<u>175,259</u>	<u>143,209</u>
General administrative			
Administrative	932,100	917,300	877,991
Audit	13,500	14,578	12,475
Taxation			
Reduced taxes	78,000	77,034	73,903
Transfer provincial assessments	75,700	75,359	75,497
	<u>1,099,300</u>	<u>1,084,271</u>	<u>1,039,866</u>
Debt charges			
Interest and other debt charges	10,000	5,990	14,090
Valuation allowances			
Doubtful receivables other	2,500	–	3,500
Other general government services			
Grants to organizations	65,000	55,000	80,000
Loss on impairment of asset – WIP	–	139,971	–
	<u>65,000</u>	<u>194,971</u>	<u>80,000</u>
Amortization	–	55,526	54,630
	<u>1,362,600</u>	<u>1,516,017</u>	<u>1,335,295</u>

Town of Wolfville

Schedules to the Consolidated Statement of Operations ...continued

For the year ended March 31, 2018

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
Protective services			
Contracted service police	1,408,900	1,408,965	1,359,337
By-law enforcement	105,600	108,449	105,553
Building maintenance	10,000	5,927	6,800
Other	4,900	5,747	5,113
	<u>1,529,400</u>	<u>1,529,088</u>	<u>1,476,803</u>
Fire protection			
Firefighting	<u>340,600</u>	<u>346,170</u>	<u>326,344</u>
Emergency measures	<u>6,700</u>	<u>4,198</u>	<u>3,960</u>
Debt charges	<u>11,100</u>	<u>9,455</u>	<u>9,762</u>
Other	<u>31,800</u>	<u>26,248</u>	<u>25,938</u>
Amortization	<u>–</u>	<u>179,165</u>	<u>179,165</u>
	<u>1,919,600</u>	<u>2,094,324</u>	<u>2,021,972</u>

Town of Wolfville

Schedules to the Consolidated Statement of Operations ...continued

For the year ended March 31, 2018

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
Transportation services			
Common services			
Administration	104,900	95,062	96,343
Buildings and equipment	52,200	75,852	37,743
	<u>157,100</u>	<u>170,914</u>	<u>134,086</u>
Road transport			
Roads and streets	950,900	1,035,261	980,200
Street lighting	47,300	38,625	27,185
Traffic services	42,900	38,016	36,901
Other road transport	25,500	24,608	18,888
	<u>1,066,600</u>	<u>1,136,510</u>	<u>1,063,174</u>
Public transport	<u>137,800</u>	<u>152,588</u>	<u>120,605</u>
Debt charges	<u>110,000</u>	<u>114,529</u>	<u>104,720</u>
Amortization	<u>–</u>	<u>692,306</u>	<u>603,400</u>
	<u>1,471,500</u>	<u>2,266,847</u>	<u>2,025,985</u>
Environmental health services			
Sewage collection and disposal			
Administration	24,000	27,700	40,143
Sewage collection	116,700	69,909	112,383
Sewage left stations	41,100	42,659	29,324
Sewage treatment	121,000	107,037	107,381
	<u>302,800</u>	<u>247,305</u>	<u>289,231</u>
Garbage and waste collection and disposal			
Garbage and waste collection	480,500	435,550	443,518
Other	28,500	21,296	21,077
	<u>509,000</u>	<u>456,846</u>	<u>464,595</u>
Debt charges	<u>20,000</u>	<u>9,681</u>	<u>4,934</u>
Amortization	<u>–</u>	<u>195,895</u>	<u>173,706</u>
	<u>831,800</u>	<u>909,727</u>	<u>932,466</u>

Town of Wolfville

Schedules to the Consolidated Statement of Operations ...continued

For the year ended March 31, 2018

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
Environmental development services			
Planning and zoning	507,300	446,918	567,847
Community development			
Transfer to Regional Development	25,000	22,766	22,765
Grant – Business Development Corp	100,000	100,000	39,500
Transfer to Valley Community Fibre	1,000	1,975	1,121
	<u>633,300</u>	<u>571,659</u>	<u>631,233</u>
Community development administration	<u>193,100</u>	<u>173,571</u>	<u>180,749</u>
Tourism	<u>78,300</u>	<u>77,757</u>	<u>71,973</u>
Debt charges	<u>–</u>	<u>941</u>	<u>1,355</u>
Amortization	<u>–</u>	<u>104,964</u>	<u>97,137</u>
	<u>904,700</u>	<u>928,892</u>	<u>982,447</u>
Recreational and cultural services			
Recreation			
Administration	101,300	90,011	70,099
Program expenses	44,500	44,937	56,450
Parks, playgrounds, and sports fields	414,800	393,359	341,866
Grants to organizations	62,900	63,450	65,100
Other	55,700	51,183	29,544
	<u>679,200</u>	<u>642,940</u>	<u>563,059</u>
Cultural buildings and facilities			
Library – Local branch	22,500	19,283	18,790
Museums and cemetery	10,000	10,000	10,000
	<u>32,500</u>	<u>29,283</u>	<u>28,790</u>
Debt charges	<u>1,000</u>	<u>3,808</u>	<u>932</u>
Amortization	<u>–</u>	<u>15,880</u>	<u>15,880</u>
	<u>712,700</u>	<u>691,911</u>	<u>608,661</u>

Town of Wolfville

Schedules to the Consolidated Statement of Operations ...*continued*

For the year ended March 31, 2018

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
Administrative			
Salary and benefits	141,600	155,829	140,902
General office expenses	7,500	8,877	8,407
Audit	5,500	5,736	4,450
Building and vehicle expenses	72,900	69,064	77,064
Doubtful accounts recovery	1,000	—	—
Training and travel	2,900	1,071	1,776
	<hr/>	<hr/>	<hr/>
	231,400	240,577	232,599
	<hr/>	<hr/>	<hr/>

Town of Wolfville
 Schedule of Water Utility Operating Fund
 Consolidated Statement of Operations
 For the year ended March 31, 2018

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
Revenue			
Metered sales	660,000	657,700	669,816
Public fire protection	380,000	372,467	401,832
Sprinkler services	7,500	8,253	7,880
Other	13,700	10,161	22,078
	<u>1,061,200</u>	<u>1,048,581</u>	<u>1,101,606</u>
Expenditures			
Power and pumping	97,600	117,833	100,700
Treatment	81,900	82,641	74,773
Transmission and distribution	223,300	241,441	265,819
Administrative	231,400	240,577	232,599
Amortization	127,000	142,300	136,710
Taxes	55,000	55,875	52,699
	<u>816,200</u>	<u>880,667</u>	<u>863,300</u>
Non-operating revenue			
Transfer Water Capital (Department Funds)	-	-	131,867
Non-operating expenditures			
Debt-charges			
Principal	83,100	83,100	90,000
Interest	11,200	17,330	13,639
Other debt changes	500	55	186
Capital expenditures out of operations	70,500	70,500	131,867
	<u>165,300</u>	<u>170,985</u>	<u>235,692</u>
Excess of revenue over expenditures (expenditures over revenue)	<u>79,700</u>	(3,071)	134,481
Surplus – Beginning of year		<u>946,460</u>	811,979
Surplus – End of year		<u>943,389</u>	<u>946,460</u>

Town of Wolfville
Schedules of Water Utility Operating Fund
Consolidated Statement of Financial Position
As at March 31, 2018

	2018	2017
	\$	\$
Assets		
Current assets		
Cash	552,553	419,808
Receivables		
Rates, net of allowance for doubtful accounts	140,046	145,851
Other	–	20,686
Own funds and agencies		
Town Capital Fund	8,477	52,145
Town Operating Fund	–	400
Water Capital Fund	270,000	317,500
Prepaid expenses	3,840	3,060
Work-in-process	12,449	12,449
Inventory, at cost	24,526	23,796
	<u>1,011,891</u>	<u>995,695</u>
Liabilities		
Current liabilities		
Payables and accruals	43,791	27,638
Customer deposits	19,730	21,597
Own funds and agencies		
Town General Operating Fund	4,981	–
	<u>68,502</u>	<u>49,235</u>
Surplus	<u>943,389</u>	<u>946,460</u>
	<u>1,011,891</u>	<u>995,695</u>

Town of Wolfville
 Schedules of Water Utility Capital Fund
 Consolidated Statement of Financial Position
 As at March 31, 2018

	2018	2017
	\$	\$
Assets		
Current assets		
Cash	54,399	5,015
Utility plant and equipment	10,426,013	10,093,555
	<u>10,480,412</u>	<u>10,098,570</u>
Liabilities		
Current liabilities		
Due to Water Operating Fund	270,000	317,500
Long-term debt	527,100	292,700
Accumulated allowance for depreciation	<u>3,591,189</u>	<u>3,544,502</u>
Equity		
Reserve fund balance	54,399	5,016
Investment in capital assets	6,037,724	5,938,852
	<u>6,092,123</u>	<u>5,943,868</u>
	<u>10,480,412</u>	<u>10,098,570</u>

Town of Wolfville
 Schedules of Water Utility Capital Fund
 Consolidated Statement of Investment in Capital Assets
 For the year ended March 31, 2018

	2018	2017
	\$	\$
Balance – Beginning of year	5,938,852	5,853,694
Add:		
Term debt retired	83,100	90,000
Loss on disposal of tangible capital assets	(5,345)	–
Capital from operations	163,417	131,868
	241,172	221,868
Less:		
Amortization of capital assets	142,300	136,710
Balance – End of year	6,037,724	5,938,852

Town of Wolfville
Trust Fund Balance Sheet
As at March 31, 2018

						2018	2017
	South Mountain Nature Trust \$	Lucy Massery Trust \$	Jessie L. Bishop Trust \$	Doug Cochrane Trust \$	Chipman Jefferson Trust \$	Total \$	Total \$
Assets							
Cash	27	4,990	-	69	-	5,086	5,045
Account receivable	-	-	-	-	50,030	50,030	49,518
Dominion of Canada bonds 3% perpetual	-	-	100	-	-	100	100
	27	4,990	100	69	50,030	55,216	54,663
Liabilities							
Reserves	27	4,990	100	69	50,030	55,216	54,663

Town of Wolfville

Statement of Trust Fund Reserve For the year ended March 31, 2018

						2018	2017
	South Mountain Nature Trust \$	Lucy Massery Trust \$	Jessie L. Bishop Trust \$	Doug Cochrane Trust \$	Chipman Jefferson Trust \$	Total \$	Total \$
Balance – Beginning of year	47	4,929	100	69	49,518	54,663	53,775
Revenues							
Investment income	–	61	–	–	512	573	888
Expenses							
Bank fees	20	–	–	–	–	20	–
	27	4,990	100	69	50,030	55,216	54,663