

Town of Berwick
Berwick, Nova Scotia
March 31, 2017

Financial Statements

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Morse Brewster Lake

Chartered Professional Accountants

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Independent Auditor's Report

**To His Worship the Mayor and
Members of the Town Council
of the Town of Berwick**

We have audited the accompanying financial statements of **Town of Berwick**, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of operations, change in net financial assets and cash flow statement 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 the public sector 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 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Berwick as at March 31, 2017 and the results of operations, changes in financial position and change in net assets for the year then ended, in accordance with Canadian accounting standards for the public sector.

Berwick, Nova Scotia
September 12, 2017

Morse Brewster Lake

Chartered Professional Accountants
Licensed Public Accountants
Registered Municipal Auditor

Town of Berwick
Consolidated Statement of Financial Activities
Year Ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Revenue			
Taxation	\$ 3,454,500	\$ 3,463,873	\$ 3,429,825
Less: School Board requisition	<u>(489,500)</u>	<u>(489,012)</u>	<u>(457,584)</u>
	2,965,000	2,974,861	2,972,241
Grants in lieu of taxes	33,900	32,974	40,099
Sales of services	248,300	276,117	301,536
Revenue from own sources	322,100	308,220	120,423
Unconditional transfer from other governments	262,900	260,784	264,203
Berwick Electric Utility	4,949,843	4,946,398	4,867,500
Proceeds from sale of assets	-	17,025	-
Grants and contributions	<u>6,700</u>	<u>179,365</u>	<u>182,024</u>
	<u>8,788,743</u>	<u>8,995,744</u>	<u>8,748,026</u>
Expenditures			
General government services			
Legislative services	104,900	117,513	99,921
Administrative services	595,600	641,858	587,693
Protective services			
Police services	623,100	618,592	593,551
Fire services	238,900	200,281	195,920
Other services	30,400	21,141	25,232
Transportation services	576,700	647,338	594,635
Environmental health services	650,600	605,710	675,063
Environmental development	121,600	48,692	98,484
Recreational and cultural services	325,800	326,946	320,039
Fiscal services	158,600	250,973	221,432
Amortization	-	578,687	540,964
Disposal/write down of capital assets	-	191,855	400,354
Electric utility operating expenditures	4,352,883	4,408,272	4,357,066
Electric utility depreciation	220,600	242,143	222,632
Electric utility non-operating expenditures	<u>20,910</u>	<u>16,297</u>	<u>19,456</u>
	<u>8,020,593</u>	<u>8,916,298</u>	<u>8,952,442</u>
Annual Surplus	<u>\$ 768,150</u>	<u>\$ 79,446</u>	<u>\$ (204,416)</u>

Town of Berwick

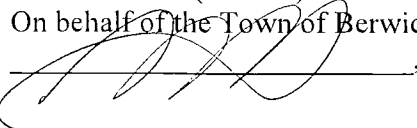
Consolidated Statement of Financial Position

March 31, 2017

	<u>2017</u>	<u>2016</u>
Financial Assets		
Cash	\$ -	\$ 191,400
Taxes receivable (net of allowance)	216,276	233,400
Accounts receivable	1,932,660	1,781,481
Hst rebate	<u>81,530</u>	<u>59,134</u>
	<u>2,230,466</u>	<u>2,265,415</u>
Financial Liabilities		
Bank indebtedness	363,825	-
Short term borrowings	2,490,000	-
Payables and accruals	881,369	1,219,078
Deferred revenue	35,914	75,446
Long term debt (page 35 and 36)	<u>1,798,851</u>	<u>2,006,975</u>
	<u>5,569,959</u>	<u>3,301,499</u>
Net Financial Assets / (Liabilities)	(3,339,493)	(1,036,084)
Non-Financial Assets		
Inventory and prepaid expenses	133,230	103,885
Deferred pension charge	26,008	31,672
Equity in Valley Waste Resource Management	253,863	253,863
Tangible capital assets (note 5)	<u>14,524,773</u>	<u>12,171,263</u>
	14,937,874	12,560,683
Non-Financial Liabilities		
Unfunded pension liability	<u>26,008</u>	<u>31,672</u>
Net Non-Financial Assets/(Liabilities)	<u>14,911,866</u>	<u>12,529,011</u>
Net Assets/Liabilities	<u>\$11,572,373</u>	<u>\$11,492,927</u>
Municipal Position		
Fund balances (note 6)	1,496,690	1,488,641
Investment in Capital Assets	<u>10,075,683</u>	<u>10,004,286</u>
	<u>\$11,572,373</u>	<u>\$11,492,927</u>

Commitments (note 12)

On behalf of the Town of Berwick

 _____, Mayor

 _____, Clerk

Town of Berwick

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Annual Surplus	\$ 768,150	\$ 79,446	\$ (204,416)
Add (Deduct):			
Acquisition of tangible capital assets	(3,651,129)	(3,366,184)	(832,154)
Amortization of tangible capital assets	220,600	820,830	763,596
Disposal of assets	-	191,855	400,354
Use (acquisition) of prepaids assets and deferred charges	<u>-</u>	<u>(29,356)</u>	<u>9,782</u>
Increase (decrease) in net assets	\$ <u>(2,662,379)</u>	(2,303,409)	137,162
Net Financial Assets, beginning of year		<u>(1,036,084)</u>	<u>(1,173,246)</u>
Net Financial Assets, end of year		\$ <u>(3,339,493)</u>	\$ <u>(1,036,084)</u>

Town of Berwick

Consolidated Statement of Cash Flow

Year Ended March 31, 2017

	<u>2017</u>	<u>2016</u>
Cash flow from operating activities:		
Annual surplus	\$ 79,446	\$ (204,416)
(Gain) loss on sale of assets	174,830	400,354
Depreciation and amortization	820,830	763,596
Change in		
Taxes receivable	17,124	(48,731)
Accounts receivable	(151,179)	11,390
HST rebate	(22,396)	(12,568)
Inventory and prepaid expenses	(29,356)	9,782
Deferred revenue	(39,532)	(5,233)
Payables and accruals	<u>(337,708)</u>	<u>53,439</u>
	<u>512,059</u>	<u>967,613</u>
Cash flow from investing activities:		
Proceeds on sale of assets	17,025	-
Purchase of tangible capital assets	<u>(3,366,184)</u>	<u>(832,154)</u>
	<u>(3,349,159)</u>	<u>(832,154)</u>
Cash flow from financing activities:		
Proceeds on issue of short term debt	2,490,000	-
Reduction of long term debt	<u>(208,125)</u>	<u>(250,750)</u>
	<u>2,281,875</u>	<u>(250,750)</u>
Cash Increase (Decrease)	(555,225)	(115,291)
Cash and Equivalencies, beginning of year	<u>191,400</u>	<u>306,691</u>
Cash and Equivalencies, end of year	<u>\$ (363,825)</u>	<u>\$ 191,400</u>

**Town of Berwick
General Section
Statement of Operations**

Year Ended March 31, 2017

	Page	2017 Budget	2017 Actual	2016 Actual
Revenue				
Taxation	10	\$ 3,454,500	\$ 3,463,873	\$ 3,429,825
Less: School Board requisition		<u>(489,500)</u>	<u>(489,012)</u>	<u>(457,584)</u>
		2,965,000	2,974,861	2,972,241
Grants in lieu of taxes	10	33,900	32,974	40,099
Sale of services	10	381,500	409,317	435,736
Revenue from own sources	11	322,100	147,860	76,564
Unconditional transfers from other governments	11	262,900	260,784	264,203
Other transfers	11	<u>129,300</u>	<u>152,558</u>	<u>123,717</u>
		<u>4,094,700</u>	<u>3,978,354</u>	<u>3,912,560</u>
Expenditures				
General government services				
Legislative services	12	104,900	117,513	99,921
Administrative services	12	595,600	641,858	587,693
Protective services				
Police services	13	623,100	618,592	593,551
Fire services	13	238,900	200,281	195,920
Other services	13	30,400	21,141	25,232
Transportation services	14	576,700	647,338	594,635
Environmental health services	14	650,600	605,710	675,063
Environmental development	15	121,600	48,692	98,484
Recreation and cultural services	15	325,800	326,946	320,039
Fiscal services	16	<u>158,600</u>	<u>250,973</u>	<u>221,432</u>
		<u>3,426,200</u>	<u>3,479,044</u>	<u>3,411,970</u>
Net Revenue over Expenditures		668,500	499,310	500,590
Debt principal installments		(215,900)	(159,535)	(174,678)
Transfers to				
Transfer of surplus to operating reserve		-	-	(29,070)
Capital reserve fund		(480,100)	(480,100)	(205,300)
Operating (to) from reserve fund		<u>27,500</u>	<u>140,325</u>	<u>(102,800)</u>
Change in Fund Balance		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,258)</u>

**Town of Berwick
General Section
Capital Fund Balance Sheet**

March 31, 2017

	<u>2017</u>	<u>2016</u>
Assets		
Equity in assets of		
Valley Waste-Resource Management	\$ 253,863	\$ 253,863
Tangible capital assets (note 5)	<u>10,837,391</u>	<u>8,740,469</u>
	<u>\$11,091,254</u>	<u>\$ 8,994,332</u>
Liabilities		
Current		
Short term borrowings (interest rate at 2.325%)	\$ 2,490,000	\$ -
Due to general operating fund	147,960	404,311
Long Term Debt (page 34)		
Debentures issued to Province of Nova Scotia or its agencies:		
Nova Scotia Municipal Finance Corporation	<u>1,457,221</u>	<u>1,616,755</u>
	<u>4,095,181</u>	<u>2,021,066</u>
Equity		
Investment in Capital Assets (page 9)	<u>6,996,073</u>	<u>6,973,266</u>
	<u>\$11,091,254</u>	<u>\$ 8,994,332</u>

On Behalf of the Town of Berwick

 _____, Mayor

 _____, Clerk

**Town of Berwick
General Section
Statement of Investments in Capital Assets**

March 31, 2017

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 6,973,266	\$ 7,498,167
Add (Deduct):		
Long term debt retired	\$ 159,535	\$ 164,839
Grants for capital purposes:		
Federal Gas tax	109,627	112,295
Province of Nova Scotia	-	21,000
Other contributions	-	8,228
Transfer from capital reserve fund	524,187	102,250
Amortization	(578,687)	(540,964)
Disposal of property and equipment	-	(392,549)
Write down of property and equipment	<u>(191,855)</u>	<u>-</u>
Balance, end of year	<u>\$ 6,996,073</u>	<u>\$ 6,973,266</u>

**Town of Berwick
General Section
Schedules to Statement of Operations**

Year Ended March 31, 2017

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Taxation			
Residential	\$ 1,496,000	\$ 1,498,704	\$ 1,477,169
Commercial	<u>859,200</u>	<u>856,324</u>	<u>883,680</u>
	<u>2,355,200</u>	<u>2,355,028</u>	<u>2,360,849</u>
Resource	12,200	12,241	11,938
Education contribution	489,500	462,806	460,069
Deed transfer tax	65,700	56,967	62,579
Sewer:			
Residential	185,800	172,332	172,568
Commercial	346,100	344,499	361,822
Interest	<u>-</u>	<u>60,000</u>	<u>-</u>
	<u>1,099,300</u>	<u>1,108,845</u>	<u>1,068,976</u>
	<u>\$ 3,454,500</u>	<u>\$ 3,463,873</u>	<u>\$ 3,429,825</u>
Grants in Lieu of Taxes			
Federal government agencies	\$ 7,400	\$ 7,189	\$ 8,705
HST recovery	15,000	14,458	18,541
Aliant Telecom Incorporated	<u>11,500</u>	<u>11,327</u>	<u>12,853</u>
	<u>\$ 33,900</u>	<u>\$ 32,974</u>	<u>\$ 40,099</u>
Sales of Services			
Fire protection - Kings County	\$ 167,200	\$ 167,200	\$ 168,380
Recreation services - Kings County	-	-	23,867
Sewer service fees	25,200	25,200	24,433
Administration fee	133,200	133,200	134,200
Recreation program revenue	<u>55,900</u>	<u>83,717</u>	<u>84,856</u>
	<u>\$ 381,500</u>	<u>\$ 409,317</u>	<u>\$ 435,736</u>

Town of Berwick
General Section
Schedules to Statement of Operations

Year Ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Revenue from Own Sources			
Facility rental	\$ 700	\$ 8,657	\$ 8,342
PACE program	-	57,713	-
Alternative Resource Energy Authority	200,000	-	-
Fines	800	1,470	2,140
Interest on investments	5,900	2,848	2,000
Interest on taxes	19,300	20,712	26,435
Planning services	4,500	3,010	3,485
By-law administration fees	1,000	1,516	832
Miscellaneous	<u>89,900</u>	<u>51,934</u>	<u>33,330</u>
	<u>\$ 322,100</u>	<u>\$ 147,860</u>	<u>\$ 76,564</u>
Unconditional Transfers from Other Governments			
Provincial government			
Equalization grant	\$ 221,500	\$ 221,479	\$ 221,479
Farm property acreage	1,000	1,478	972
Other	<u>40,400</u>	<u>37,827</u>	<u>41,752</u>
	<u>\$ 262,900</u>	<u>\$ 260,784</u>	<u>\$ 264,203</u>
Other Transfers			
Dividend from Electric Utility	\$ 122,600	\$ 122,600	\$ 112,800
Valley Waste Resource Centre	<u>6,700</u>	<u>29,958</u>	<u>10,917</u>
	<u>\$ 129,300</u>	<u>\$ 152,558</u>	<u>\$ 123,717</u>

Town of Berwick
General Section
Schedules to Statement of Operations

Year Ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
General Government Services			
Legislative			
Honorarium	\$ 69,400	\$ 73,668	\$ 72,678
Legislative expenses	<u>35,500</u>	<u>43,845</u>	<u>27,243</u>
	<u>\$ 104,900</u>	<u>\$ 117,513</u>	<u>\$ 99,921</u>
Chief Administrative Office			
Salaries and benefits	\$ 73,900	\$ 84,616	\$ 81,553
Travel and conferences	6,900	6,226	5,596
Legal and professional fees	12,000	33,982	15,229
Advertising	2,500	427	3,803
Communication expense	1,500	2,612	1,405
Office and supplies	<u>4,100</u>	<u>4,594</u>	<u>2,055</u>
	<u>100,900</u>	<u>132,457</u>	<u>109,641</u>
Finance			
Salaries and benefits	207,100	206,441	196,089
Travel and conferences	4,300	5,277	2,219
Office and equipment expense	7,400	10,343	4,455
Liability insurance	15,200	17,051	12,560
Advertising	1,000	-	846
Postage	18,000	14,453	8,984
Communication expense	5,000	4,181	6,007
Audit	5,500	8,917	8,695
Bank fees and interest charges	<u>9,800</u>	<u>20,356</u>	<u>9,828</u>
	<u>273,300</u>	<u>287,019</u>	<u>249,683</u>
Tax appeals and exemptions	135,900	129,989	135,762
Information technology	35,800	22,352	39,298
Utilities and maintenance of			
Town Hall, Annex and vacant building	37,300	37,777	35,945
Grants to organizations	12,400	12,521	11,107
Rent	<u>-</u>	<u>19,743</u>	<u>6,257</u>
	<u>\$ 595,600</u>	<u>\$ 641,858</u>	<u>\$ 587,693</u>

Town of Berwick
General Section
Schedules to Statement of Operations

Year Ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Protective Services			
Police protection			
RCMP services	\$ 607,600	\$ 602,532	\$ 579,785
Facility expenditures	<u>15,500</u>	<u>16,060</u>	<u>13,766</u>
	<u>623,100</u>	<u>618,592</u>	<u>593,551</u>
Fire protection			
Honorarium	7,900	7,404	8,055
Utilities and maintenance of fire hall	88,500	77,423	61,494
Insurance	4,000	6,634	6,409
Clothing and safety equipment	-	6,882	9,035
Vehicle expenses	29,900	25,282	36,224
Training and conferences	16,400	11,905	9,518
Dues and fees	-	742	1,913
Office supplies	-	1,320	1,576
Workers Compensation	-	2,595	2,693
Operational materials and supplies	69,700	32,692	32,200
Communication expense	<u>22,500</u>	<u>27,402</u>	<u>26,803</u>
	<u>238,900</u>	<u>200,281</u>	<u>195,920</u>
Animal and pest control	2,500	80	502
Emergency measures	1,300	-	248
Building and fire inspection	<u>26,600</u>	<u>21,061</u>	<u>24,482</u>
	<u>30,400</u>	<u>21,141</u>	<u>25,232</u>
	<u>\$ 892,400</u>	<u>\$ 840,014</u>	<u>\$ 814,703</u>

Town of Berwick
General Section
Schedules to Statement of Operations
Year Ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Transportation Services			
Administration			
Salaries and benefits	\$ 52,900	\$ 56,242	\$ 56,441
Travel and conferences	8,400	5,424	9,515
Advertising	900	697	587
Office supplies and expense	800	798	1,086
Communication expense	5,000	4,616	4,790
Utilities and maintenance of			
Public Works building	26,500	29,565	25,334
Vehicle and equipment expense	51,900	71,123	66,498
General operations			
Salaries and benefits	217,800	224,829	227,993
Operational materials and supplies	140,000	164,708	118,351
Clothing and safety equipment	1,500	2,683	5,367
Contracted services	5,200	15,935	9,759
Crosswalk guard expense	15,300	17,932	18,548
Roads and streets			
Street lighting	<u>50,500</u>	<u>52,786</u>	<u>50,366</u>
	<u>\$ 576,700</u>	<u>\$ 647,338</u>	<u>\$ 594,635</u>
Environmental Health Services			
Administration			
Salaries and benefits	\$ 17,700	\$ 18,735	\$ 18,979
Travel and courses	3,800	1,778	3,380
Office and communication expense	2,300	1,141	3,735
Administration fees	25,300	25,200	24,433
Vehicle and equipment expense	10,400	7,801	12,575
Sewer collections			
Salaries and benefits	17,600	15,876	17,042
Power	5,400	3,348	3,560
Insurance	-	4,313	4,243
Repairs and maintenance	28,100	14,954	16,996
Sewer treatment			
Salaries and benefits	57,000	55,205	61,605
Clothing and safety equipment	-	440	1,142
Power	192,800	150,537	191,832
Repairs and maintenance	57,500	85,148	79,416
Sampling	30,700	16,505	24,849
Solid waste disposal	<u>202,000</u>	<u>204,729</u>	<u>211,276</u>
	<u>\$ 650,600</u>	<u>\$ 605,710</u>	<u>\$ 675,063</u>

Town of Berwick
General Section
Schedules to Statement of Operations
Year Ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Economic Development			
Tourism			
Salaries and benefits	\$ 12,500	\$ 10,359	\$ 11,029
Travel and courses	1,000	77	122
Office and operational supplies	1,500	221	450
Communication and utility expense	<u>1,500</u>	<u>1,705</u>	<u>2,440</u>
	<u>16,500</u>	<u>12,362</u>	<u>14,041</u>
Planning and Development			
Office supplies	1,100	611	917
Advertising	2,500	136	1,214
Contracted services	<u>29,300</u>	<u>29,760</u>	<u>26,263</u>
	<u>32,900</u>	<u>30,507</u>	<u>28,394</u>
Economic development expenses			
Salaries and benefits	40,800	1,575	42,086
Office and operational supplies	26,700	4,248	12,110
Travel and courses	<u>4,700</u>	<u>-</u>	<u>1,853</u>
	<u>72,200</u>	<u>5,823</u>	<u>56,049</u>
	<u>\$ 121,600</u>	<u>\$ 48,692</u>	<u>\$ 98,484</u>
Recreational and Cultural Services			
Administration			
Salaries and benefits	\$ 114,800	\$ 102,692	\$ 125,076
Travel and courses	5,200	2,187	2,970
Office supplies and postage	3,000	2,257	3,167
Advertising	3,500	1,812	3,249
Dues and subscriptions	-	675	1,325
Communication expense	3,000	2,664	1,602
Community events	27,500	11,930	14,326
Building expense	-	22	-
Parks and playgrounds			
Salaries and benefits	34,800	36,892	38,651
Insurance	-	1,228	1,201
Power	6,300	1,635	1,882
Vehicle expense	11,600	13,657	10,533
Operational material and supplies	20,600	19,057	22,640
Recreation programs			
Salaries and benefits	48,200	48,065	50,254
Advertising	400	730	51
Program material and supplies	45,300	56,289	25,945
Program instruction	-	6,172	10,338
Library branch costs	<u>1,600</u>	<u>18,982</u>	<u>6,829</u>
	<u>\$ 325,800</u>	<u>\$ 326,946</u>	<u>\$ 320,039</u>

Town of Berwick
General Section
Schedules to Statement of Operations
Year Ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Fiscal Services			
Debt charges			
Interest on short term debt	\$ -	\$ 616	\$ 202
Interest on long term debt	13,400	63,983	71,756
Valuation allowance - bad debts	-	-	12,000
PACE program	-	41,512	-
Unconditional transfers to other government and agencies			
Valley Community Fibre Network Authority	500	427	427
Valley Regional Enterprise Network	14,200	13,953	12,702
Conditional transfers to other governments and agencies			
Assessment services	30,300	30,413	22,947
Correctional services	28,900	28,850	29,099
Kings transit services	36,800	36,820	33,060
Public Health and Welfare Services			
Deficit Annapolis Valley Housing Authority	18,200	18,632	23,472
Recreation and Cultural Services			
Regional library	<u>16,300</u>	<u>15,767</u>	<u>15,767</u>
	<u>\$ 158,600</u>	<u>\$ 250,973</u>	<u>\$ 221,432</u>

**Town of Berwick
General Section
Schedules to Statement of Operations**

Year Ended March 31, 2017

Remuneration

	<u>2017</u>	<u>2016</u>
Council members		
D. Clarke (Mayor)	\$ 18,332	\$ 18,553
J. Prall	5,819	8,977
M. Trinacty	3,647	-
T. Walsh	3,410	-
M. Redden	8,977	8,977
J. Bustin	9,207	8,977
A. Morton	8,866	8,977
B. Corbin	3,410	-
P. Ilsley	5,456	8,977
R. Reeves (Deputy Mayor)	9,412	9,276
Chief Administrative Officer	<u>121,106</u>	<u>124,485</u>
	<u>\$ 197,642</u>	<u>\$ 197,199</u>

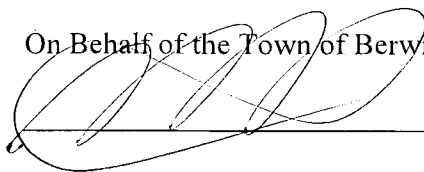
Town of Berwick

Capital Reserve Fund Balance Sheet

March 31, 2017

	<u>2017</u>	<u>2016</u>
Assets		
Cash	\$ <u>744,793</u>	\$ <u>722,075</u>
Reserve		
Balance, beginning of year	\$ 722,075	\$ 581,214
Add (Deduct):		
Transfer from operating fund	480,100	205,300
Transfer to capital fund	(623,814)	(206,316)
Canada-Nova Scotia Federal Gas Tax	148,883	141,353
Proceeds on disposal of assets	17,025	-
Interest on investments and savings	<u>524</u>	<u>524</u>
Balance, end of year	\$ <u>744,793</u>	\$ <u>722,075</u>

On Behalf of the Town of Berwick


_____, Mayor


_____, Clerk

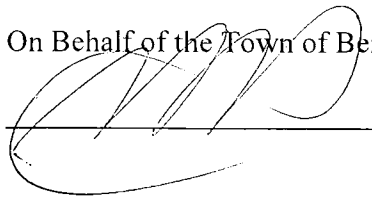
Town of Berwick

Operating Reserve Fund Balance Sheet

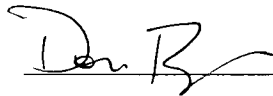
March 31, 2017

		<u>2017</u>	<u>2016</u>
Cash	Assets	<u>\$ 280,035</u>	<u>\$ 430,360</u>
	Reserve		
Balance, beginning of year		\$ 430,360	\$ 306,718
Add (Deduct):			
Contributions from operating		-	102,800
Transfer prior year surplus		-	11,257
Transfer current year surplus		-	17,813
Transfer to operating fund		(140,325)	(8,228)
Transfer to capital fund		<u>(10,000)</u>	<u>-</u>
Balance, end of year		<u>\$ 280,035</u>	<u>\$ 430,360</u>

On Behalf of the Town of Berwick



, Mayor



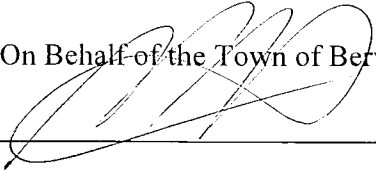
, Clerk

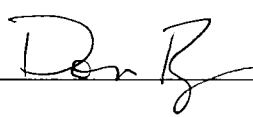
Town of Berwick

Open Space Reserve Fund Balance Sheet

March 31, 2017

		<u>2017</u>	<u>2016</u>
Cash	Assets	\$ <u>32,616</u>	\$ <u>32,616</u>
	Reserve	\$ 32,616	\$ 32,616
Balance, beginning of year		\$ <u>32,616</u>	\$ <u>32,616</u>
Balance, end of year		\$ <u>32,616</u>	\$ <u>32,616</u>

On Behalf of the Town of Berwick

_____, Mayor


_____, Clerk

Town of Berwick
Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies

Basis of Presentation

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

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures and changes in fund balances and in financial position of the reporting entity. The activities under the control of Council and included in the reporting entity are the general operating fund, general capital fund, electric operating fund, electric capital fund, capital reserve fund, operating reserve fund, open space reserve fund and PCB disposal reserve fund.

Interdepartmental transactions and balances have been eliminated on the consolidated financial statements.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

Town of Berwick
Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

Tangible Capital Assets

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

Buildings	40 years
Machinery and equipment	5 to 15 years
General office equipment	5 years
Parks and open space infrastructure	5 to 15 years
Vehicles	7 years
Streets	30 years
Sidewalks	20 to 30 years
Street lighting	25 years
Sewer collection system	40 years
Storm water system	40 years
Sewer treatment plant	25 years
Power Generation	30 to 50 years
Substations	31 years
Distribution	22 to 32 years
General property	8 to 37 years

Electric Utility Capital Assets

Capital assets and projects in progress are recorded at the utility's gross cost. Interest incurred during construction on significant utility capital projects is capitalized. Interest is calculated at the prevailing prime rate for projects temporarily funded by general or utility operations.

Electric Utility - Depreciation

Depreciation of fixed assets is recorded in the accounts of the Electric Utility Capital Fund on a straight line basis over the estimated useful lives as prescribed by the Nova Scotia Utility and Review Board.

The depreciation charge in the Utility's Operating Fund is transferred to a special bank account in the Electric Utility's Capital Fund which is used to help fund replacement of existing plant and equipment, or subject to approval by the Nova Scotia Utility and Review Board to repay the principal of capital debt.

Town of Berwick
Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

Valuation allowances

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

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

Financial Instruments

The financial instruments consist of cash, accounts receivables, accounts payables, accrued liabilities, short term borrowings 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 these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The most significant accounting estimates in these financial statements include allowance for doubtful accounts and estimated useful life of tangible capital assets.

Cash and Cash Equivalents

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

2. Contributions to Non-Consolidated Boards and Commissions

The Town of Berwick is required to finance the operations of the various Boards and Commissions, along with the other Municipal Units in Kings County to the extent of its participation based on prescribed formulae.

In addition to any budgeted contributions, the Town shares in the deficits or surpluses of these Boards excluding the Annapolis Valley Regional School Board based on prescribed formulae. The Town's share of any deficit is to be paid in the next fiscal year while a surplus is to be taken into the next year's estimates.

Town of Berwick
Notes to Financial Statements

March 31, 2017

2. Contributions to Non-Consolidated Boards and Commissions (continued)

Details of contributions to the boards are as follows:

Annapolis Valley Housing Authority - 2.5% of net operating deficit

During fiscal 2017 the Town of Berwick paid \$18,632 (2016- \$23,472) to the Annapolis Valley Housing Authority to fund its share of the deficit.

Annapolis Valley Regional Library - 2.34%

During fiscal 2017, the Town of Berwick paid \$15,767 (2016 - \$15,767) to the Annapolis Valley Regional Library.

Annapolis Valley Regional School Board - 3.4245%

In fiscal 2017, the Town of Berwick contributed \$489,012 (2016 - \$457,584) as its share of operations for the Board.

Valley Waste-Resource Management Authority - 2.82% share

The Town of Berwick has shared use of waste management and recycling facilities in the Kings and Annapolis regions. In fiscal 2017, the Town of Berwick paid \$201,579 (2016 - \$200,359) as its share of net operating costs.

Kings Transit Authority - 5% share

During fiscal 2017, the Town of Berwick paid \$36,820 (2016 - \$32,081) to the Kings Transit Authority to fund its share of the deficit.

Valley Community Fibre Network Authority - 1.06% share

During fiscal 2017, the Town of Berwick paid \$427 (2016 - \$427) to the Valley Community Fibre Network Authority to fund its share of operations.

Valley Regional Enterprise Network – 4.57% share

During fiscal 2017 the Town of Berwick paid \$13,953 (2016 - \$12,702) to the Valley Regional Enterprise Network to fund its share of operations.

3. Taxes receivable

	<u>Current Year</u>	<u>Prior Year</u>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ -	\$ 245,400	\$ 245,400	\$ 184,669
Add (Deduct):				
Current year's tax levy	3,463,873	-	3,463,873	3,429,825
Current year collections	<u>(3,353,138)</u>	<u>(127,859)</u>	<u>(3,480,997)</u>	<u>(3,369,094)</u>
Balance, end of year	<u>\$ 110,735</u>	<u>\$ 117,541</u>	<u>\$ 228,276</u>	<u>\$ 245,400</u>

4. Valuation allowance

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 12,000	\$ -
Add:		
Increase (Decrease) in allowance	-	<u>12,000</u>
Balance, end of year	<u>\$ 12,000</u>	<u>\$ 12,000</u>

Town of Berwick
Notes to Financial Statements

March 31, 2017

5. Tangible Capital Assets

	Cost Opening	Additions	Disposals	Write Downs	Cost Closing	Amortization	Accum Amort	Net Book Value
General Capital								
Land	\$ 331,400	\$ -	\$ -	\$ -	\$ 331,400	\$ -	\$ -	\$ 331,400
Buildings	2,691,496	2,587,904	-	-	5,279,400	128,025	628,197	4,651,203
Machinery & equipment	2,079,514	-	(42,287)	-	2,037,227	106,419	1,425,711	611,516
General office equip	82,732	53,730	-	-	136,462	15,331	89,735	46,727
Parks and open space infrastructure	436,610	40,644	-	-	477,254	37,201	284,023	193,231
Vehicles	61,944	77,560	-	-	139,504	8,935	67,681	71,823
Streets	2,033,798	-	-	-	2,033,798	41,904	1,351,340	682,458
Sidewalks	994,109	17,513	-	-	1,011,622	32,882	486,652	524,970
Street lighting	221,480	-	-	-	221,480	3,685	181,494	39,986
Sewer collection system	1,247,926	21,118	-	-	1,269,044	28,810	504,488	764,556
Storm water system	964,708	10,000	-	-	974,708	21,368	372,058	602,650
Sewage treatment plt.	<u>5,421,720</u>	<u>58,992</u>	<u>-</u>	<u>(245,549)</u>	<u>5,235,163</u>	<u>154,125</u>	<u>2,918,292</u>	<u>2,316,871</u>
	<u>16,567,437</u>	<u>2,867,461</u>	<u>(42,287)</u>	<u>(245,549)</u>	<u>19,147,062</u>	<u>578,685</u>	<u>8,309,671</u>	<u>10,837,391</u>
Electric Capital								
Intangible assets	1,094	-	-	-	1,094	-	-	1,094
Power generation	2,058,475	229,556	(32,500)	-	2,255,531	50,031	617,686	1,637,845
Transmission line right of way	55,046	-	-	-	55,046	-	-	55,046
Substations	989,827	17,366	-	-	1,007,193	31,408	550,365	456,828
Distribution	3,291,495	215,336	-	-	3,506,831	123,495	2,194,943	1,311,888
General property	<u>772,882</u>	<u>36,465</u>	<u>-</u>	<u>-</u>	<u>809,347</u>	<u>37,209</u>	<u>584,666</u>	<u>224,681</u>
	<u>7,168,819</u>	<u>498,723</u>	<u>(32,500)</u>	<u>-</u>	<u>7,635,042</u>	<u>242,143</u>	<u>3,947,660</u>	<u>3,687,382</u>
	<u>\$ 23,736,256</u>	<u>\$ 3,366,184</u>	<u>\$ (74,787)</u>	<u>\$(245,549)</u>	<u>\$ 26,782,104</u>	<u>\$ 820,828</u>	<u>\$ 12,257,331</u>	<u>\$ 14,524,773</u>

6. Fund Balances

	<u>2017</u>	<u>2016</u>
Capital reserve fund	744,793	722,075
Operating reserve fund	280,035	430,360
Open Space reserve fund	32,616	32,616
Electric operating fund	435,246	299,590
PCB Disposal reserve fund	<u>4,000</u>	<u>4,000</u>
	<u>\$1,496,690</u>	<u>\$1,488,641</u>

Town of Berwick
Notes to Financial Statements

March 31, 2017

7. Retired Clerk's Pension - Past Service Costs

Under provincial legislation, municipalities were required to have a defined benefit pension plan for a former municipal clerk for a benefit equal to 2% per year, times clerk's years of service to April 1, 1993, times the average of the final five years of salary, before actual retirement. The actuarial present value of accrued pension benefits attributed to services to March 31, 2012 is being funded to March 31, 2016. The unfunded amount of this liability at April 1, 2014 was \$43,000 based on an actuarial valuation of the pension plan done as at that date. Since then the municipality has made payments totaling \$16,992 which has reduced the unfunded amount to \$26,008 at March 31, 2017 (2016 - \$31,672).

During the year contributions were made as follows \$5,664 (2016 - \$5,664)

8. Operating Surplus

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ -	\$ 11,258
Add (Deduct):		
Operating surplus (deficit)	-	(11,258)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

9. Long Term Debt

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

	<u>General Capital</u>	<u>Electric Utility</u>	<u>Total</u>
2018	\$ 159,535	\$ 48,590	\$ 208,125
2019	159,535	41,510	201,045
2020	135,318	41,510	176,828
2021	131,408	29,010	160,418
2022	<u>131,408</u>	<u>29,010</u>	<u>160,418</u>
	<u>\$ 717,204</u>	<u>\$ 189,630</u>	<u>\$ 906,834</u>

Town of Berwick
Notes to Financial Statements

March 31, 2017

10. Defined Contribution Pension Plan

The Town and Electric Commission have defined contribution pension plans for their employees. The total contribution to the employees defined contribution pension for the year ending March 31, 2017 was \$42,566 (2016 -\$46,328).

11. Cash - General Capital Reserve

\$239,657 (2016 - \$199,876) of the cash balance held in the general capital reserve fund relates to monies received from the Canada-Nova Scotia Federal Fuel Tax program and must be expended within the guidelines of that program.

12. Commitments

The Town has commitments under property leases over the next year and are estimated as follows:

For the year ending:
March 31, 2018 8,031

On December 10, 2013 Council approved a resolution to guarantee the Town's portion of existing borrowings incurred by Valley Waste Resource Management Authority.

On June 17, 2014 Council approved a resolution to guarantee borrowing by Alternative Resource Energy Authority up to \$6,480,000 towards the construction of a wind farm facility.

On February 17, 2017 Council approved a resolution to guarantee borrowing by Alternative Resource Energy Authority up to \$4,340,000 towards phase 2 of the construction of a wind farm facility.

13. Comparative Figures

Certain of the comparative figures have changed to the financial presentation adopted in the current year.

Town of Berwick
Notes to Financial Statements

March 31, 2017

14. Alternative Resource Energy Authority

Alternative Resource Energy Authority (AREA) is an Intermunicipal Authority incorporated in July 2013 and is owned by the Towns of Antigonish, Berwick and Mahone Bay. The Town of Antigonish receives 63% of the power generated. The Town of Berwick receives 27% and the remaining 10% of power is received by the Town of Mahone Bay. The revenue, expenses, assets and liabilities are shared between the municipalities based on the each municipalities share of the power generated. The Town does not consolidate it's ownership of AREA into it's consolidated financial statements.

The Town owns 27% of AREA and the following is for information purposes:

Summary of AREA Financial information

March 31, 2017

Consolidated Statement of Financial Position

Financial Assets	\$ 3,660,366
Liabilities	(39,821,141)
Non-Financial Assets	<u>37,050,994</u>
Net Assets	<u>\$ 890,219</u>

Consolidated Statement of Operations

Sales	\$ 3,793,739
Expenses	<u>3,125,502</u>
Annual Surplus	<u>\$ 668,237</u>

Town of Berwick
Schedule of Capital Debt Charges and Term Debt
March 31, 2017

	Balance April 1 2016	Issue	Redeemed	Balance March 31 2017	Interest	Interest Rate
Due	2016			2017		
Sewer						
Debenture - Nova Scotia Municipal Finance Corporation	2018 \$ 17,338	\$ -	\$ 5,780	\$ 11,558	\$ 629	4.584% - 4.884%
Debenture - Nova Scotia Municipal Finance Corporation	2024 15,640	-	3,910	11,730	624	4.038% - 5.644%
Debenture - Nova Scotia Municipal Finance Corporation	2026 96,480	-	6,030	90,450	3,374	2.355% - 4.026%
Debenture - Nova Scotia Municipal Finance Corporation	2022 79,800	-	11,400	68,400	2,172	2.04% - 3.16%
Debenture - Nova Scotia Municipal Finance Corporation	2023 207,200	-	25,900	181,300	5,584	1.743% - 3.614%
Fire department						
Debenture - Nova Scotia Municipal Finance Corporation	2018 29,508	-	9,837	19,671	1,071	4.584% - 4.884%
Debenture - Nova Scotia Municipal Finance Corporation	2024 815,500	-	58,250	757,250	42,347	4.038% - 5.644%
Public Works						
Debenture - Nova Scotia Municipal Finance Corporation	2023 25,800	-	8,600	17,200	530	1.743% - 3.614%
Debenture - Nova Scotia Municipal Finance Corporation	2026 150,320	-	9,395	140,925	5,256	2.355% - 4.026%
Debenture - Nova Scotia Municipal Finance Corporation	2022 79,800	-	11,400	68,400	2,172	2.04% - 3.16%
Administration						
Debenture - Nova Scotia Municipal Finance Corporation	2026 99,369	-	9,033	90,337	3,369	2.355% - 4.026%
	<u>\$1,616,755</u>	<u>\$ -</u>	<u>\$ 159,535</u>	<u>\$ 1,457,221</u>	<u>\$ 67,128</u>	

Town of Berwick
Electric Utility
Schedule of Capital Debt Charges and Term Debt
March 31, 2017

	Balance April 1	Issue	Redeemed	Balance March 31	Interest	Interest Rate
Due	2016			2017		
Debenture - Nova Scotia Municipal Finance Corporation	2024 \$ 316,000	\$ -	\$ 31,500	\$ 284,500	\$ 14,162	4.038% - 5.644%
Debenture - Nova Scotia Municipal Finance Corporation	2017 14,160	-	7,080	7,080	225	2.04% - 3.16%
Debenture - Nova Scotia Municipal Finance Corporation	2021 60,060	-	10,010	50,050	1,867	2.355%-4.026%
	<u>\$ 390,220</u>	<u>\$ -</u>	<u>\$ 48,590</u>	<u>\$ 341,630</u>	<u>\$ 16,254</u>	

**Town of Berwick
General Section
Statement of Capital Financing**

March 31, 2017

Source	<u>2017</u>	<u>2016</u>
Capital funding		
Federal Gas tax	109,627	\$ 112,295
Province of Nova Scotia	-	21,000
Transfer from capital reserve fund	524,187	102,250
Other contributions	-	8,228
Short term borrowings	2,490,000	-
Due to general operating fund	<u>(256,353)</u>	<u>295,307</u>
	<u>\$ 2,867,461</u>	<u>\$ 539,080</u>
 Application		
Capital asset acquisitions	<u>\$ 2,867,461</u>	<u>\$ 539,080</u>

**Town of Berwick
Electric Utility
Statement of Capital Financing**

March 31, 2017

	<u>2017</u>	<u>2016</u>
Source		
Depreciation funds	\$ 242,143	\$ 222,632
Due to operating fund	256,580	-
Transfer from capital reserve fund	<u>-</u>	<u>70,442</u>
	<u>\$ 498,723</u>	<u>\$ 293,074</u>
 Application		
Capital asset acquisitions	<u>498,723</u>	<u>293,074</u>
	<u>\$ 498,723</u>	<u>\$ 293,074</u>

Town of Berwick

Statement of Capital Projects Funding

March 31, 2017

	Total Capital Cost	General Operations	Capital Reserves	TBR's Debentures	Berwick Electric	Gas Tax Funds	PCAP	Other Fed/Prov Grants	Donated Contributions
General Capital									
Town Hall equipment & building	\$ 2,518,137	\$ -	\$ 33,625	\$ 2,484,512	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage	90,110	-	21,127	-	-	68,983	-	-	-
Sidewalks	17,513	-	17,513	-	-	-	-	-	-
Town vehicles & equipment	131,290	-	125,802	5,488	-	-	-	-	-
Fire hall	69,767	-	69,767	-	-	-	-	-	-
Parks & landscaping	40,644	-	-	-	-	40,644	-	-	-
	<u>\$ 2,867,461</u>	<u>\$ -</u>	<u>\$ 267,834</u>	<u>\$ 2,490,000</u>	<u>\$ -</u>	<u>\$ 109,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Electric Utility									
Substations	\$ 17,366	\$ 17,366	\$ -	-	-	-	-	-	-
Distribution	\$ 215,336	\$ 188,312	\$ 27,024	-	-	-	-	-	-
General property	36,465	36,465	-	-	-	-	-	-	-
Power generation	229,556	-	229,556	-	-	-	-	-	-
	<u>\$ 498,723</u>	<u>\$ 242,143</u>	<u>\$ 256,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>