

Town of Berwick
Berwick, Nova Scotia
March 31, 2018

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, 2018, 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, 2018 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
October 9, 2018

Morse Brewster Lake

Chartered Professional Accountants
Licensed Public Accountants
Registered Municipal Auditor

Town of Berwick
Consolidated Statement of Financial Activities
Year Ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Revenue			
Taxation	\$ 3,444,061	\$ 3,475,693	\$ 3,463,873
Less: School Board requisition	<u>(501,339)</u>	<u>(500,064)</u>	<u>(489,012)</u>
	2,942,722	2,975,629	2,974,861
Grants in lieu of taxes	34,300	35,959	32,974
Sales of services	235,622	293,251	276,117
Revenue from own sources	682,280	404,861	308,220
Unconditional transfer from other governments	290,764	260,064	260,784
Berwick Electric Utility	5,060,571	4,988,706	4,946,398
Proceeds from sale of assets	-	23,044	17,025
Alternative Recourse Energy Authority	1,103,678	1,695,796	1,024,310
Grants and contributions	<u>7,000</u>	<u>395,944</u>	<u>179,365</u>
	<u>10,356,937</u>	<u>11,073,254</u>	<u>10,020,054</u>
Expenditures			
General government services			
Legislative services	105,603	114,775	117,513
Administrative services	618,093	690,089	641,858
Protective services			
Police services	657,568	631,839	618,592
Fire services	241,200	217,268	200,281
Other services	27,000	15,911	21,141
Transportation services	604,442	690,701	647,338
Environmental health services	613,337	556,347	605,710
Environmental development	160,355	142,847	48,692
Recreational and cultural services	320,437	292,498	326,946
Fiscal services	238,566	368,966	250,973
Amortization	-	590,793	578,687
Alternative Recourse Energy Authority	689,828	1,373,430	843,886
Disposal/write down of capital assets	-	-	191,855
Electric utility - fuel tax rebate	-	97,272	-
Electric utility operating expenditures	4,605,812	4,550,560	4,408,272
Electric utility depreciation	272,395	273,634	242,143
Electric utility non-operating expenditures	<u>21,773</u>	<u>21,652</u>	<u>16,297</u>
	<u>8,486,581</u>	<u>10,628,582</u>	<u>9,760,184</u>
Annual Surplus	<u>\$ 2,560,184</u>	<u>\$ 444,672</u>	<u>\$ 259,870</u>

See accompanying notes to the consolidated financial statements

Town of Berwick

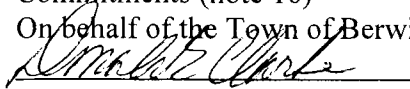

Consolidated Statement of Financial Position

March 31, 2018

	<u>2018</u>	<u>2017</u>
Financial Assets		
Cash (note 3)	\$ 1,625,406	\$ 1,473,208
Taxes receivable (net of allowance) (note 4)	301,667	216,276
Accounts receivable (note 6)	<u>2,475,879</u>	<u>2,633,249</u>
	<u>4,402,952</u>	<u>4,322,733</u>
Financial Liabilities		
Bank indebtedness (note 7)	740,407	1,467,793
Short term borrowings (note 8)	3,575,250	6,675,000
Payables and accruals (note 9)	1,648,173	968,078
Deferred revenue	10,155	35,914
Long term debt (page 14 and 15)	<u>14,722,887</u>	<u>8,278,851</u>
	<u>20,696,872</u>	<u>17,425,636</u>
Net Financial Assets / (Liabilities)	(16,293,920)	(13,102,903)
Non-Financial Assets		
Inventory and prepaid expenses (note 10)	212,159	182,683
Deferred pension charge (note 13)	20,344	26,008
Equity in Valley Waste Resource Management	253,863	253,863
Tangible capital assets (note 11)	<u>28,085,302</u>	<u>24,479,089</u>
	28,571,668	24,941,643
Non-Financial Liabilities		
Unfunded pension liability (note 13)	<u>20,344</u>	<u>26,008</u>
Net Non-Financial Assets/(Liabilities)	<u>28,551,324</u>	<u>24,915,635</u>
Net Assets/Liabilities	\$ <u>12,257,404</u>	\$ <u>11,812,732</u>
Net Assets		
Fund balances (note 12)	2,243,282	2,167,629
Investment in Capital Assets	<u>10,014,122</u>	<u>9,645,103</u>
	<u>\$ 12,257,404</u>	<u>\$ 11,812,732</u>

Commitments (note 16)

On behalf of the Town of Berwick

 , Mayor  , Clerk

See accompanying notes to the consolidated financial statements

Town of Berwick

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Annual Surplus	\$ 2,560,184	\$ 444,672	\$ 259,870
Add (Deduct):			
Acquisition of tangible capital assets	(5,354,722)	(4,933,714)	(7,478,018)
Amortization of tangible capital assets	272,395	1,327,479	1,134,497
Disposal of assets	-	-	192,160
Use (acquisition) of prepaids assets and deferred charges	<u>-</u>	<u>(29,455)</u>	<u>(63,440)</u>
Increase (decrease) in net assets	\$ <u>(2,522,143)</u>	(3,191,018)	(5,954,931)
Net Financial Assets (liabilities), beginning of year		<u>(13,102,902)</u>	<u>(7,147,971)</u>
Net Financial Assets (liabilities), end of year		\$ <u>(16,293,920)</u>	\$ <u>(13,102,902)</u>

See accompanying notes to the consolidated financial statements

Town of Berwick
Consolidated Statement of Cash Flow
Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
Cash flow from operating activities:		
Annual surplus	\$ 444,672	\$ 259,870
(Gain) loss on sale of assets	(23,044)	174,830
Depreciation and amortization	1,327,479	1,134,497
Change in		
Taxes receivable	(85,391)	17,124
Accounts receivable	157,370	(551,839)
HST rebate	-	(22,396)
Inventory and prepaid expenses	(29,455)	(63,440)
Deferred revenue	(25,759)	(39,532)
Payables and accruals	<u>680,097</u>	<u>(304,951)</u>
	<u>2,445,969</u>	<u>604,163</u>
 Cash flow from investing activities:		
Proceeds on sale of assets	23,044	17,330
Purchase of tangible capital assets	<u>(4,933,714)</u>	<u>(7,478,018)</u>
	<u>(4,910,670)</u>	<u>(7,460,688)</u>
 Cash flow from financing activities:		
Proceeds on issue of short term debt	3,575,250	6,675,000
Repayment of short term debt	(6,675,000)	(6,480,000)
Proceeds from long term debt	6,900,000	6,480,000
Reduction of long term debt	<u>(455,965)</u>	<u>(208,125)</u>
	<u>3,344,285</u>	<u>6,466,875</u>
 Cash Increase (Decrease)	879,584	(389,650)
 Cash and Equivalencies, beginning of year	<u>5,415</u>	<u>395,065</u>
 Cash and Equivalencies, end of year	<u>\$ 884,999</u>	<u>\$ 5,415</u>
 Represented by:		
Cash	\$ 1,625,406	\$ 1,473,208
Bank indebtedness	<u>(740,407)</u>	<u>(1,467,793)</u>
	<u>\$ 884,999</u>	<u>\$ 5,415</u>

See accompanying notes to the consolidated financial statements

Town of Berwick
Notes to Consolidated Financial Statements

March 31, 2018

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 Professional 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.

The Town of Berwick is in a government partnership with other municipalities to form Alternative Resource Energy Authority (AREA). The Town has accounted for 27% of AREA using the proportionate consolidated method, which represents the Town's interest in the partnership.

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 Consolidated Financial Statements

March 31, 2018

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 Consolidated Financial Statements

March 31, 2018

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 Consolidated Financial Statements

March 31, 2018

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 2018, the Town of Berwick paid \$15,316 (2017- \$18,632) to the Annapolis Valley Housing Authority to fund its share of the deficit.

Annapolis Valley Regional Library - 2.34%

During fiscal 2018, the Town of Berwick paid \$15,767 (2017 - \$15,767) to the Annapolis Valley Regional Library.

Annapolis Valley Regional School Board - 3.4245%

In fiscal 2018, the Town of Berwick contributed \$501,310 (2017 - \$489,012) 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 2018, the Town of Berwick paid \$206,996 (2017 - \$201,579) as its share of net operating costs.

Kings Transit Authority - 5% share

During fiscal 2018, the Town of Berwick paid \$47,604 (2017 - \$36,820) to the Kings Transit Authority to fund its share of the deficit.

Valley Community Fibre Network Authority - 1.06% share

During fiscal 2018, the Town of Berwick paid \$0 (2017 - \$427) to the Valley Community Fibre Network Authority to fund its share of operations.

Valley Regional Enterprise Network – 4.57% share

During fiscal 2018, the Town of Berwick paid \$13,954 (2017 - \$13,953) to the Valley Regional Enterprise Network to fund its share of operations.

3. Cash

	<u>2018</u>	<u>2017</u>
Depreciation bank - Electric capital fund	\$ 71,996	\$ 42,524
Capital Reserve fund	736,289	744,793
Operating Reserve fund	308,247	280,035
Open Space Reserve fund	32,616	32,616
PCB Disposal Reserve fund	4,000	4,000
AREA	<u>472,258</u>	<u>369,240</u>
	<u>\$ 1,625,406</u>	<u>\$ 1,473,208</u>

Town of Berwick
Notes to Consolidated Financial Statements
March 31, 2018

4. Taxes receivable

	Current Year	Prior Year	2018	2017
Balance, beginning of year	\$ -	\$ 228,276	\$ 228,276	\$ 245,400
Add (Deduct):				
Current year's tax levy	3,475,693	-	3,475,693	3,463,873
Current year collections	<u>(3,257,609)</u>	<u>(132,693)</u>	<u>(3,390,302)</u>	<u>(3,480,997)</u>
Balance, end of year	<u>\$ 218,084</u>	<u>\$ 95,583</u>	<u>\$ 313,667</u>	<u>\$ 228,276</u>

5. Valuation allowance

	2018	2017
Balance, beginning of year	\$ 12,000	\$ -
Add:		
Increase (Decrease) in allowance	<u>-</u>	<u>12,000</u>
Balance, end of year	<u>\$ 12,000</u>	<u>\$ 12,000</u>

6. Accounts Receivable

	2018	2017
General Operating Fund	\$ 749,925	\$ 812,304
General Operating -HST rebate	39,345	81,530
Electric Utility Operating Fund	1,081,552	1,120,357
AREA	<u>605,057</u>	<u>619,058</u>
	<u>\$ 2,475,879</u>	<u>\$ 2,633,249</u>

7. Bank indebtedness

	2018	2017
General Operating Fund	\$ 388,741	\$ 842,791
Electric Utility Operating Fund	<u>351,666</u>	<u>625,002</u>
	<u>\$ 740,407</u>	<u>\$ 1,467,793</u>

8. Short Term Borrowings

As of March 31, 2018, the Town has \$315,000 (2017 - \$2,490,000) in temporary financing provided by Royal Bank, interest at Royal Bank prime minus 0.375% (2.325%, 2017 -2.325%). This will be replaced by long term debt provided by the Municipal Finance Corporation.

Temporary financing has been obtained by AREA provided by the Royal Bank until phase three is complete. Once complete the temporary financing will be replaced with long term debt from Municipal Finance Corporation. As of March 31, 2018, the Town's portion of AREA's financing from the Royal Bank is \$3,260,250 (2017 - \$4,185,000) at an interest rate of Royal Bank prime (2.7%) minus 1.00% (2017 - 1.7%)

Town of Berwick
Notes to Consolidated Financial Statements

March 31, 2018

9. Payables and accruals

	<u>2018</u>	<u>2017</u>
General Operating Fund	\$ 942,753	\$ 101
Electric Utility Operating Fund	544,308	(5)
AREA	<u>161,112</u>	<u>86,708</u>
	<u>\$ 1,648,173</u>	<u>\$ 86,804</u>

10. Inventory and Prepaid

	<u>2018</u>	<u>2017</u>
General Operating Fund - Prepaid	\$ 102,752	\$ 17,919
Electric Utility Operating Fund- Prepaid	5,609	10,000
Electric Utility Operating Fund- Inventory	99,740	105,311
AREA - Prepaid/WIP	<u>4,058</u>	<u>49,453</u>
	<u>\$ 212,159</u>	<u>\$ 182,683</u>

11. Tangible Capital Assets

	Cost Opening	Additions	Disposals	Write Downs	Cost Closing	Amortization	Accum Amort	Net Book Value
<u>General Capital</u>								
Land	\$ 331,400	\$ 242,609	\$ -	\$ -	\$ 574,009	\$ -	\$ -	\$ 574,009
Buildings	5,279,400	72,119	-	-	5,351,519	130,670	758,867	4,592,652
Machinery & equipment	2,037,227	27,623	-	-	2,064,850	97,129	1,522,842	542,008
General office equip/ software	136,462	55,144	-	-	191,606	22,614	112,349	79,257
Parks and open space infrastructure	477,254	196,170	-	-	673,424	42,310	326,331	347,093
Vehicles	139,504	-	-	-	139,504	8,937	76,618	62,886
Streets	2,033,798	-	-	-	2,033,798	39,688	1,391,028	642,770
Sidewalks	1,011,622	-	-	-	1,011,622	32,882	519,534	492,088
Street lighting	221,480	-	-	-	221,480	3,685	185,179	36,301
Sewer collection system	1,269,044	38,631	-	-	1,307,675	29,405	533,893	773,782
Storm water system	974,708	86,865	-	-	1,061,573	23,540	395,598	665,975
Sewage treatment plt.	<u>5,235,163</u>	<u>152,165</u>	<u>-</u>	<u>-</u>	<u>5,387,328</u>	<u>159,933</u>	<u>3,078,225</u>	<u>2,309,103</u>
	<u>19,147,062</u>	<u>871,326</u>	<u>-</u>	<u>-</u>	<u>20,018,388</u>	<u>590,793</u>	<u>8,900,464</u>	<u>11,117,924</u>
<u>Electric Capital</u>								
Intangible assets	1,094	-	-	-	1,094	-	-	1,094
Power generation	2,255,531	37,747	-	-	2,293,278	50,767	668,473	1,624,805
Transmission line right of way	55,046	-	-	-	55,046	-	-	55,046
Substations	1,007,193	3,040	-	-	1,010,233	31,505	581,871	428,362
Distribution	3,506,831	189,056	-	-	3,695,887	129,934	2,324,878	1,371,009
General property	<u>809,347</u>	<u>404,872</u>	<u>(214,154)</u>	<u>-</u>	<u>1,000,065</u>	<u>61,427</u>	<u>431,939</u>	<u>568,126</u>
	<u>7,635,042</u>	<u>634,715</u>	<u>(214,154)</u>	<u>-</u>	<u>8,055,603</u>	<u>273,633</u>	<u>4,007,161</u>	<u>4,048,442</u>
<u>AREA</u>	<u>10,384,895</u>	<u>3,427,673</u>	<u>-</u>	<u>-</u>	<u>13,812,568</u>	<u>463,052</u>	<u>893,632</u>	<u>12,918,936</u>
	<u>\$ 37,166,999</u>	<u>\$ 4,933,714</u>	<u>\$ (214,154)</u>	<u>\$ -</u>	<u>\$ 41,886,559</u>	<u>\$ 1,327,478</u>	<u>\$ 13,801,257</u>	<u>\$ 28,085,302</u>

Town of Berwick
Notes to Consolidated Financial Statements

March 31, 2018

12. Fund Balances

	<u>2018</u>	<u>2017</u>
General operating fund	\$ -	\$ -
Capital reserve fund	736,289	744,793
Operating reserve fund	308,247	280,035
Open Space reserve fund	32,616	32,616
Electric operating fund	354,551	435,246
PCB Disposal reserve fund	4,000	4,000
AREA net assets	537,579	400,939
AREA Reserve	<u>270,000</u>	<u>270,000</u>
	<u>\$ 2,243,282</u>	<u>\$ 2,167,629</u>

13. 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 \$22,656 which has reduced the unfunded amount to \$20,344 at March 31, 2018 (2017 - \$26,008).

During the year contributions were made as follows \$5,664 (2017 - \$5,664)

14. 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, 2018 was \$ 58,724 (2017 -\$42,566).

15. Cash - General Capital Reserve

\$92,491 (2017 - \$239,657) 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.

Town of Berwick
Notes to Consolidated Financial Statements

March 31, 2018

16. Commitments

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

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.

On September 13, 2016 Council approved a resolution to guarantee borrowing by Alternative Resource Energy Authority up to \$3,915,000 towards phase three of the construction of a wind farm facility.

17. Comparative Figures

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

18. Remuneration

The total remuneration paid to the Mayor, Council and Chief Administration Officer are as follows:

	<u>2018</u>	<u>2017</u>
Council members		
D. Clarke (Mayor)	\$ 18,971	\$ 18,332
J. Prall	-	5,819
M. Trinacty	9,186	3,647
T. Walsh	9,786	3,410
M. Redden	-	8,977
J. Bustin	10,381	9,207
A. Morton	10,171	8,866
B. Corbin	9,786	3,410
P. Ilsley	-	5,456
R. Reeves	9,786	9,412
Chief Administrative Officer	<u>124,133</u>	<u>121,106</u>
	<u>\$ 202,200</u>	<u>\$ 197,642</u>

Town of Berwick
Notes to Consolidated Financial Statements

March 31, 2018

19. Government Partnership - 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 has proportionately consolidated it's ownership of AREA into it's consolidated financial statements.

The Town owns 27% of AREA and the following the financial information for the fiscal years 2018 and 2017 as per their audited financial statements.

Summary of AREA Financial information

March 31, 2018

Consolidated Statement of Financial Position

	<u>2018</u>	<u>2017</u>
Financial Assets	\$ <u>3,990,055</u>	\$ <u>3,660,366</u>
Liabilities		
Temporary borrowing	12,075,000	15,500,000
Long-Term Debt	38,582,075	24,000,000
Other liabilities	<u>596,711</u>	<u>321,141</u>
	<u>51,253,786</u>	<u>39,821,141</u>
Non-Financial Assets		
Tangible capital assets	47,847,912	36,867,836
Prepaid expenses	15,030	-
Work in progress	<u>-</u>	<u>183,158</u>
	<u>47,862,942</u>	<u>37,050,994</u>
Net Assets	\$ <u><u>599,211</u></u>	\$ <u><u>890,219</u></u>

Consolidated Statement of Operations

Revenues	\$ 6,280,727	\$ 3,793,739
Expenses	<u>5,086,776</u>	<u>3,125,502</u>
Annual Surplus	\$ <u><u>1,193,951</u></u>	\$ <u><u>668,237</u></u>

Included in total revenue is power sold to the Berwick Electric Utility in the amount of \$1,107,028 (2017 \$664,152). These revenues were not eliminated in the consolidation.

Town of Berwick
Notes to Consolidated Financial Statements
Schedule of Capital Debt Charges and Term Debt
March 31, 2018

	Due	Balance April 1 2017	Issue	Redeemed	Balance March 31 2018	Interest	Interest Rate
Town Hall							
Debenture - Nova Scotia Municipal Finance Corporation	2018	-	2,400,000	-	2,400,000	52,590	1.20-3.209%
Sewer							
Debenture - Nova Scotia Municipal Finance Corporation	2018	\$ 11,558	-	\$ 5,780	\$ 5,778	\$ 420	4.771% - 4.884%
Debenture - Nova Scotia Municipal Finance Corporation	2024	11,730	-	3,910	7,820	459	4.388% - 5.644%
Debenture - Nova Scotia Municipal Finance Corporation	2026	90,450	-	6,030	84,420	3,358	2.70% - 4.026%
Debenture - Nova Scotia Municipal Finance Corporation	2022	68,400	-	11,400	57,000	1,783	2.25% - 3.16%
Debenture - Nova Scotia Municipal Finance Corporation	2023	181,300	-	25,900	155,400	5,358	2.145% - 3.614%
Debenture - Nova Scotia Municipal Finance Corporation	2018	-	90,000	-	90,000	1,991	1.20-3.209 %
Fire department							
Debenture - Nova Scotia Municipal Finance Corporation	2018	19,671	-	9,837	9,834	715	4.771% - 4.884%
Debenture - Nova Scotia Municipal Finance Corporation	2024	757,250	-	58,250	699,000	38,896	4.388% - 5.644%
Public Works							
Debenture - Nova Scotia Municipal Finance Corporation	2023	17,200	-	8,600	8,600	396	2.145% - 3.614%
Debenture - Nova Scotia Municipal Finance Corporation	2026	140,925	-	9,395	131,530	5,232	2.70% - 4.026%
Debenture - Nova Scotia Municipal Finance Corporation	2022	68,400	-	11,400	57,000	1,783	2.25% - 3.16%
Administration							
Debenture - Nova Scotia Municipal Finance Corporation	2026	90,337	-	9,033	81,305	3,212	2.70% - 4.026%
		<u>\$1,457,221</u>	<u>\$2,490,000</u>	<u>\$ 159,535</u>	<u>\$3,787,687</u>	<u>\$ 116,193</u>	

Town of Berwick
Electric Utility
Notes to Consolidated Financial Statements
Schedule of Capital Debt Charges and Term Debt
March 31, 2018

	Due	Balance April 1 2017	Issue	Redeemed	Balance March 31 2018	Interest	Interest Rate
Debenture - Nova Scotia Municipal Finance Corporation	2024	\$ 284,500	\$ -	\$ 31,500	\$ 253,000	\$ 14,156	4.388% - 5.644%
Debenture - Nova Scotia Municipal Finance Corporation	2009	-	225,000	-	225,000	3,988	1.20-3.209%
Debenture - Nova Scotia Municipal Finance Corporation	2017	7,080	-	7,080	-	159	2.25% - 3.16%
Debenture - Nova Scotia Municipal Finance Corporation	2021	50,050	-	10,010	40,040	1,607	2.70%-4.026%
Debenture - Nova Scotia Municipal Finance Corporation		<u>\$ 341,630</u>	<u>\$ 225,000</u>	<u>\$ 48,590</u>	<u>\$ 518,040</u>	<u>\$ 19,910</u>	

	Due	Balance April 1 2017	Issue	Redeemed	Balance March 31 2018	Interest	Interest Rate
Alternative Resource Energy Authority	2032	\$ 6,480,000	4,185,000	247,840	10,417,160	282,205	1.15-3.475%
Total		<u>\$ 8,278,851</u>	<u>\$ 6,900,000</u>	<u>\$ 455,965</u>	<u>\$ 14,722,887</u>	<u>\$ 418,308</u>	

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

	General	Capital	Electric	Utility	AREA	Total
2019		\$ 300,530		\$ 41,510	\$ 411,534	\$ 753,574
2020		276,318		41,510	417,211	735,039
2021		272,408		29,010	423,591	725,009
2022		272,408		29,010	430,873	732,291
2023		272,408		19,000	439,123	730,531
		<u>\$ 1,394,072</u>		<u>\$ 160,040</u>	<u>\$ 2,122,332</u>	<u>\$ 3,676,444</u>

Morse Brewster Lake

Chartered Professional Accountants

P.O. Box 718
158 Commercial Street
Berwick, NS
B0P 1E0
Tel: (902) 538-8531
Fax: (902) 538-7610
Email: mmc@glinx.com

Auditors' Report on Supplemental Financial Information

**To the Mayor and Councillors of
Town of Berwick**

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

Berwick, Nova Scotia
October 9, 2018

Morse Brewster Lake

Chartered Professional Accountants
Licensed Public Accountants
Registered Municipal Auditor

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

Year Ended March 31, 2018

	<u>Page</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Revenue				
Taxation	22	\$ 3,444,061	\$ 3,475,693	\$ 3,463,873
Less: School Board requisition		<u>(501,339)</u>	<u>(500,064)</u>	<u>(489,012)</u>
		2,942,722	2,975,629	2,974,861
Grants in lieu of taxes	22	34,300	35,959	32,974
Sale of services	22	395,322	452,951	409,317
Revenue from own sources	23	504,280	598,794	147,860
Unconditional transfers from other governments	23	290,764	260,064	260,784
Other transfers	23	<u>132,000</u>	<u>131,633</u>	<u>152,558</u>
		<u>4,299,388</u>	<u>4,455,030</u>	<u>3,978,354</u>
Expenditures				
General government services				
Legislative services	24	105,603	114,775	117,513
Administrative services	24	618,093	690,089	641,858
Protective services				
Police services	25	657,568	631,839	618,592
Fire services	25	241,200	217,268	200,281
Other services	25	27,000	15,911	21,141
Transportation services	26	604,442	690,701	647,338
Environmental health services	26	613,337	556,347	605,710
Environmental development	27	160,355	142,847	48,692
Recreation and cultural services	27	320,437	292,498	326,946
Fiscal services	28	<u>238,566</u>	<u>368,966</u>	<u>250,973</u>
		<u>3,586,601</u>	<u>3,721,241</u>	<u>3,479,044</u>
Net Revenue over Expenditures		712,787	733,789	499,310
Debt principal installments		(184,464)	(159,535)	(159,535)
Transfers to				
Capital reserve fund		(536,390)	(536,390)	(480,100)
Operating (to) from reserve fund		<u>-</u>	<u>(37,864)</u>	<u>140,325</u>
Change in Fund Balance		<u>\$ (8,067)</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Berwick
General Section
Operating Fund
Statement of Financial Position**

March 31, 2018

	<u>2018</u>	<u>2017</u>
Assets		
Current		
Taxes receivable (net of allowance - note 5) (note 4)	\$ 301,667	\$ 216,276
Accounts receivable	749,925	812,304
HST rebate	39,345	81,530
Due from general capital fund	147,960	147,960
Prepaid expenses	<u>102,752</u>	<u>17,919</u>
	1,341,649	1,275,989
 Deferred pension charge (note 13)	 <u>20,344</u>	 <u>26,008</u>
	<u><u>\$1,361,993</u></u>	<u><u>\$1,301,997</u></u>
Liabilities		
Current		
Bank indebtedness	\$ 388,741	\$ 842,791
Payables and accruals	942,753	101
Deferred revenue	<u>10,155</u>	<u>35,914</u>
	1,341,649	878,806
 Unfunded pension liability (note 13)	 <u>20,344</u>	 <u>26,008</u>
	<u><u>1,361,993</u></u>	<u><u>904,814</u></u>
Surplus		
 Operating Surplus	 <u>-</u>	 <u>-</u>
	<u><u>\$1,361,993</u></u>	<u><u>\$ 904,814</u></u>

On Behalf of the Town of Berwick

 , Mayor

 Clerk

**Town of Berwick
General Section
Capital Fund
Statement of Financial Position**

March 31, 2018

	<u>2018</u>	<u>2017</u>
Assets		
Equity in assets of		
Valley Waste-Resource Management	\$ 253,863	\$ 253,863
Tangible capital assets (note 11)	<u>11,117,924</u>	<u>10,837,391</u>
	<u>\$11,371,787</u>	<u>\$11,091,254</u>
Liabilities		
Current		
Short term borrowings (interest rate at 2.325%) (note 8)	\$ -	\$ 2,490,000
Due to general operating fund	147,960	147,960
Long Term Debt (page 15)		
Debentures issued to Province of Nova Scotia or its agencies:		
Nova Scotia Municipal Finance Corporation	<u>3,787,687</u>	<u>1,457,221</u>
	<u>3,935,647</u>	<u>4,095,181</u>
Equity		
Investment in Capital Assets (page 21)	<u>7,436,140</u>	<u>6,996,073</u>
	<u>\$11,371,787</u>	<u>\$11,091,254</u>

On Behalf of the Town of Berwick

Donald Clarke, Mayor Michael R. Payne, Clerk

Town of Berwick
General Section
Statement of Investments in Capital Assets

March 31, 2018

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 6,996,073	\$ 6,973,266
Add (Deduct):		
Long term debt retired	\$ 159,535	\$ 159,535
Grants for capital purposes:		
Donated assets - Land	164,000	-
Federal Gas tax	299,946	109,627
Transfer from operating reserve	9,652	-
Transfer from capital reserve fund	397,727	524,187
Amortization	(590,793)	(578,687)
Write down of property and equipment	<u>-</u>	<u>(191,855)</u>
Balance, end of year	<u>\$ 7,436,140</u>	<u>\$ 6,996,073</u>

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

Year Ended March 31, 2018

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Taxation			
Residential	\$ 1,511,900	\$ 1,516,187	\$ 1,498,704
Commercial	<u>887,300</u>	<u>896,768</u>	<u>856,324</u>
	<u>2,399,200</u>	<u>2,412,955</u>	<u>2,355,028</u>
Resource	13,100	11,979	12,241
Education contribution	501,527	501,310	462,806
Deed transfer tax	58,000	75,109	56,967
Sewer:			
Residential	193,177	192,688	172,332
Commercial	279,057	261,506	344,499
Interest	<u>-</u>	<u>20,146</u>	<u>60,000</u>
	<u>1,044,861</u>	<u>1,062,738</u>	<u>1,108,845</u>
	<u>\$ 3,444,061</u>	<u>\$ 3,475,693</u>	<u>\$ 3,463,873</u>
Grants in Lieu of Taxes			
Federal government agencies	\$ 7,800	\$ 7,763	\$ 7,189
HST recovery	15,000	17,094	14,458
Aliant Telecom Incorporated	<u>11,500</u>	<u>11,102</u>	<u>11,327</u>
	<u>\$ 34,300</u>	<u>\$ 35,959</u>	<u>\$ 32,974</u>
Sales of Services			
Fire protection - Kings County	\$ 167,200	\$ 169,541	\$ 167,200
Sewer service fees	25,922	25,922	25,200
Administration fee	159,700	159,700	133,200
Recreation program revenue	<u>42,500</u>	<u>97,788</u>	<u>83,717</u>
	<u>\$ 395,322</u>	<u>\$ 452,951</u>	<u>\$ 409,317</u>

Town of Berwick
General Section
Schedules to Statement of Operations

Year Ended March 31, 2018

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
Revenue from Own Sources			
Facility rental	\$ 55,632	\$ 56,578	\$ 8,657
PACE program	-	7,902	57,713
Alternative Resource Energy Authority	400,000	400,939	-
Fines	800	6,565	1,470
Interest on investments	3,000	7,421	2,848
Interest on taxes	19,200	37,650	20,712
Planning services	3,000	2,315	3,010
By-law administration fees	1,000	2,669	1,516
Miscellaneous	<u>21,648</u>	<u>76,755</u>	<u>51,934</u>
	<u>\$ 504,280</u>	<u>\$ 598,794</u>	<u>\$ 147,860</u>
 Unconditional Transfers from Other Governments			
Provincial government			
Equalization grant	\$ 221,479	\$ 221,479	\$ 221,479
Farm property acreage	1,352	1,352	1,478
Other	<u>67,933</u>	<u>37,233</u>	<u>37,827</u>
	<u>\$ 290,764</u>	<u>\$ 260,064</u>	<u>\$ 260,784</u>
 Other Transfers			
Dividend from Electric Utility	\$ 125,000	\$ 125,000	\$ 122,600
Valley Waste Resource Centre	<u>7,000</u>	<u>6,633</u>	<u>29,958</u>
	<u>\$ 132,000</u>	<u>\$ 131,633</u>	<u>\$ 152,558</u>

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

Year Ended March 31, 2018

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
General Government Services			
Legislative			
Honorarium	\$ 74,303	\$ 76,718	\$ 73,668
Legislative expenses	<u>31,300</u>	<u>38,057</u>	<u>43,845</u>
	<u>\$ 105,603</u>	<u>\$ 114,775</u>	<u>\$ 117,513</u>
Chief Administrative Office			
Salaries and benefits	\$ 75,729	\$ 94,802	\$ 84,616
Travel and conferences	7,200	3,497	6,226
Legal and professional fees	55,000	65,762	33,982
Advertising	2,000	2,373	427
Communication expense	15,100	6,727	2,612
Office and supplies	<u>27,700</u>	<u>15,618</u>	<u>4,594</u>
	<u>182,729</u>	<u>188,779</u>	<u>132,457</u>
Finance			
Salaries and benefits	215,982	216,144	206,441
Travel and conferences	5,500	813	5,277
Office and equipment expense	2,000	4,887	10,343
Liability insurance	25,782	13,351	17,051
Postage	-	7,500	14,453
Communication expense	-	1,954	4,181
Audit	7,500	8,500	8,917
Bank fees and interest charges	<u>7,600</u>	<u>10,214</u>	<u>20,356</u>
	<u>264,364</u>	<u>263,363</u>	<u>287,019</u>
Tax appeals and exemptions	132,000	121,637	129,989
Information technology	-	26,948	22,352
Utilities and maintenance of			
Town Hall, Annex and vacant building	24,000	73,562	37,777
Grants to organizations	15,000	15,800	12,521
Rent	<u>-</u>	<u>-</u>	<u>19,743</u>
	<u>\$ 618,093</u>	<u>\$ 690,089</u>	<u>\$ 641,858</u>

Town of Berwick
General Section
Schedules to Statement of Operations

Year Ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Protective Services			
Police protection			
RCMP services	\$ 646,868	\$ 624,956	\$ 602,532
Facility expenditures	<u>10,700</u>	<u>6,883</u>	<u>16,060</u>
	<u>657,568</u>	<u>631,839</u>	<u>618,592</u>
Fire protection			
Honorarium	8,800	7,827	7,404
Utilities and maintenance of fire hall	73,400	61,710	77,423
Insurance	7,000	7,802	6,634
Clothing and safety equipment	22,500	19,698	6,882
Vehicle expenses	40,000	42,496	25,282
Training and conferences	15,200	9,177	11,905
Dues and fees	1,400	2,038	742
Office supplies	10,000	2,182	1,320
Workers Compensation	2,800	2,087	2,595
Operational materials and supplies	32,300	38,303	32,692
Communication expense	<u>27,800</u>	<u>23,948</u>	<u>27,402</u>
	<u>241,200</u>	<u>217,268</u>	<u>200,281</u>
Animal and pest control	1,000	-	80
Emergency measures	1,000	11	-
Building and fire inspection	<u>25,000</u>	<u>15,900</u>	<u>21,061</u>
	<u>27,000</u>	<u>15,911</u>	<u>21,141</u>
	<u>\$ 925,768</u>	<u>\$ 865,018</u>	<u>\$ 840,014</u>

Town of Berwick
General Section
Schedules to Statement of Operations
Year Ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Transportation Services			
Administration			
Salaries and benefits	\$ 58,863	\$ 58,709	\$ 56,242
Travel and conferences	8,000	7,100	5,424
Advertising	800	819	697
Office supplies and expense	950	1,011	798
Communication expense	5,000	4,573	4,616
Utilities and maintenance of			
Public Works building	28,700	24,279	29,565
Vehicle and equipment expense	87,500	100,947	71,123
General operations			
Salaries and benefits	203,699	260,575	224,829
Operational materials and supplies	134,600	155,310	164,708
Clothing and safety equipment	2,500	4,227	2,683
Contracted services	5,200	5,738	15,935
Crosswalk guard expense	18,130	17,317	17,932
Roads and streets			
Street lighting	<u>50,500</u>	<u>50,096</u>	<u>52,786</u>
	<u>\$ 604,442</u>	<u>\$ 690,701</u>	<u>\$ 647,338</u>
Environmental Health Services			
Administration			
Salaries and benefits	\$ 18,333	\$ 19,718	\$ 18,735
Travel and courses	2,800	2,991	1,778
Office and communication expense	3,300	1,940	1,141
Administration fees	25,922	25,922	25,200
Vehicle and equipment expense	10,400	1,138	7,801
Sewer collections			
Salaries and benefits	17,972	16,028	15,876
Power	4,500	3,763	3,348
Insurance	4,500	3,686	4,313
Repairs and maintenance	24,500	25,025	14,954
Sewer treatment			
Salaries and benefits	64,032	55,996	55,205
Clothing and safety equipment	500	405	440
Power	132,500	113,315	150,537
Repairs and maintenance	57,500	61,279	85,148
Sampling	35,500	18,145	16,505
Solid waste disposal	<u>211,078</u>	<u>206,996</u>	<u>204,729</u>
	<u>\$ 613,337</u>	<u>\$ 556,347</u>	<u>\$ 605,710</u>

Town of Berwick
General Section
Schedules to Statement of Operations
Year Ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Economic Development			
Tourism			
Salaries and benefits	\$ 10,855	\$ 10,902	\$ 10,359
Travel and courses	500	-	77
Office and operational supplies	1,600	139	221
Communication and utility expense	<u>2,100</u>	<u>1,869</u>	<u>1,705</u>
	<u>15,055</u>	<u>12,910</u>	<u>12,362</u>
Planning and Development			
Office supplies	1,100	37	611
Advertising	2,000	2,463	136
Contracted services	<u>29,800</u>	<u>32,579</u>	<u>29,760</u>
	<u>32,900</u>	<u>35,079</u>	<u>30,507</u>
Economic development expenses			
Salaries and benefits	53,900	48,587	1,575
Office and operational supplies	53,200	45,488	4,248
Travel and courses	<u>5,300</u>	<u>783</u>	<u>-</u>
	<u>112,400</u>	<u>94,858</u>	<u>5,823</u>
	<u>\$ 160,355</u>	<u>\$ 142,847</u>	<u>\$ 48,692</u>
Recreational and Cultural Services			
Administration			
Salaries and benefits	\$ 108,870	\$ 118,602	\$ 102,692
Travel and courses	3,100	1,288	2,187
Office supplies and postage	18,600	7,207	2,257
Advertising	3,500	2,696	1,812
Dues and subscriptions	800	1,568	675
Communication expense	2,500	695	2,664
Community events	-	6,775	11,930
Building expense	100	415	22
Parks and playgrounds			
Salaries and benefits	36,200	29,068	36,892
Insurance	1,300	1,688	1,228
Power	5,000	2,035	1,635
Vehicle expense	10,000	9,281	13,657
Operational material and supplies	22,700	18,097	19,057
Recreation programs			
Salaries and benefits	52,467	58,834	48,065
Advertising	900	2,088	730
Program material and supplies	48,400	23,161	56,289
Program instruction	6,000	8,959	6,172
Library branch costs	<u>-</u>	<u>41</u>	<u>18,982</u>
	<u>\$ 320,437</u>	<u>\$ 292,498</u>	<u>\$ 326,946</u>

Town of Berwick
General Section
Schedules to Statement of Operations
Year Ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Fiscal Services			
Debt charges			
Interest on short term debt	\$ 19,900	\$ 11,841	\$ 616
Interest on long term debt	63,237	116,193	63,983
Debt issuance costs	-	19,247	-
Valuation allowance - bad debts	-	27,140	-
PACE program	-	20,409	41,512
Unconditional transfers to other government and agencies			
Valley Community Fibre Network Authority	500	-	427
Valley Regional Enterprise Network	14,200	13,954	13,953
Conditional transfers to other governments and agencies			
Assessment services	31,000	37,779	30,413
Correctional services	28,594	28,594	28,850
Kings transit services	40,889	57,106	36,820
Kings Point to Point	5,546	5,620	-
Public Health and Welfare Services			
Deficit Annapolis Valley Housing Authority	18,400	15,316	18,632
Recreation and Cultural Services			
Regional library	<u>16,300</u>	<u>15,767</u>	<u>15,767</u>
	<u>\$ 238,566</u>	<u>\$ 368,966</u>	<u>\$ 250,973</u>

**Town of Berwick
Electric Utility
Statement of Operations**

Year Ended March 31, 2018

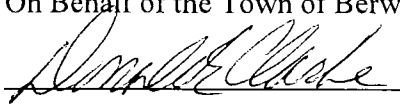
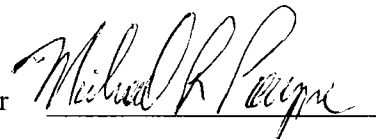
	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Revenue			
Operating			
Domestic power	\$ 2,357,143	\$ 2,298,668	\$ 2,289,794
Industrial power	1,343,413	1,325,254	1,339,165
General service power	1,185,983	1,178,688	1,158,342
Yard lighting sales	49,715	30,145	31,595
Connection fees	5,000	3,640	3,135
Wiring permit fees	6,500	3,106	7,278
Energy credits	76,992	100,294	68,095
Municipal street lighting	<u>35,825</u>	<u>48,911</u>	<u>48,994</u>
	5,060,571	4,988,706	4,946,398
Non-operating			
Interest on overdue accounts	30,000	36,040	32,925
Miscellaneous	<u>148,000</u>	<u>170,967</u>	<u>127,435</u>
	<u>5,238,571</u>	<u>5,195,713</u>	<u>5,106,758</u>
Operating Expenditures			
Production expenses (page 34)	3,945,756	3,877,093	3,742,689
Distribution expenses (page 34)	474,865	492,791	484,761
General expenses (page 34)	318,391	340,376	314,022
Depreciation	<u>272,395</u>	<u>273,634</u>	<u>242,143</u>
	<u>5,011,407</u>	<u>4,983,894</u>	<u>4,783,615</u>
Operating profit	<u>227,164</u>	<u>211,819</u>	<u>323,143</u>
Non-Operating Expenditures			
Short term interest	1,100	1,742	43
Interest on debentures	<u>20,673</u>	<u>19,910</u>	<u>16,254</u>
	<u>21,773</u>	<u>21,652</u>	<u>16,297</u>
Other Expenditures			
Capital expenditures out of operations	10,612	-	-
Bonds retired	48,590	48,590	48,590
Fuel tax rebate	<u>-</u>	<u>97,272</u>	<u>-</u>
	<u>59,202</u>	<u>145,862</u>	<u>48,590</u>
Operating Surplus (Deficit) For The Year	146,189	44,305	258,256
Dividend to Town of Berwick General			
Section operating fund	<u>125,000</u>	<u>125,000</u>	<u>122,600</u>
	<u>\$ 21,189</u>	<u>(80,695)</u>	<u>135,656</u>
Surplus, beginning of year		<u>435,246</u>	<u>299,590</u>
Surplus, end of year		<u>\$ 354,551</u>	<u>\$ 435,246</u>

**Town of Berwick
Electric Utility
Operating Fund
Statement of Financial Position**

March 31, 2018

	<u>2018</u>	<u>2017</u>
Assets		
Current		
Accounts receivable		
Rates (less allowance for doubtful accounts - \$14,142; 2017 \$14,142)	\$ 937,184	\$ 972,480
Other	144,368	147,876
Inventory, at cost	99,740	105,311
Prepaid expenses	5,609	10,000
Due from capital fund	<u>63,624</u>	<u>308,666</u>
	<u>\$ 1,250,525</u>	<u>\$ 1,544,333</u>
Liabilities		
Current		
Bank indebtedness	\$ 351,666	\$ 625,002
Payables and accruals	<u>544,308</u>	<u>(5)</u>
	895,974	624,997
Surplus		
Operating Surplus (page 30)	<u>354,551</u>	<u>435,246</u>
	<u>\$ 1,250,525</u>	<u>\$ 1,060,243</u>

On Behalf of the Town of Berwick

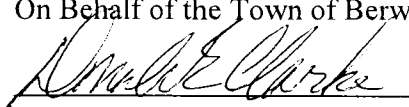

 , Mayor  , Clerk

**Town of Berwick
Electric Utility
Capital Fund
Statement of Financial Position**

March 31, 2018

	<u>2018</u>	<u>2017</u>
Assets		
Depreciation bank	\$ 71,996	\$ 42,524
Utility plant in service (note 11)	<u>8,055,603</u>	<u>7,635,042</u>
	<u>\$ 8,127,599</u>	<u>\$ 7,677,566</u>
Liabilities		
Current		
Short term borrowings (note 8)	\$ 315,000	\$ -
Due to operating fund	<u>63,624</u>	<u>308,666</u>
	<u>378,624</u>	<u>308,666</u>
Long Term Debt (page 16)		
3.666% - 5.644% debenture due June 1, 2024	253,000	284,500
1.20% - 3.209% debenture due May 9, 2032	225,000	-
1.82%-3.16% debenture due November 2017	-	7,080
2.057% - 4.026% debenture due November 9, 2021	<u>40,040</u>	<u>50,050</u>
	<u>518,040</u>	<u>341,630</u>
Accumulated allowance for depreciation (note 11)	<u>4,007,161</u>	<u>3,947,660</u>
	4,903,825	4,597,956
Equity		
Investment in Capital Assets (page 33)	<u>3,223,774</u>	<u>3,079,610</u>
	<u>\$ 8,127,599</u>	<u>\$ 7,677,566</u>

On Behalf of the Town of Berwick

 , Mayor  , Clerk

**Town of Berwick
Electric Utility
Statement of Investment in Capital Assets**

March 31, 2018

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 3,079,610	\$ 3,031,020
Add (Deduct):		
Term debt retired	48,590	48,590
Proceeds on sale of assets	23,044	-
Contributions from developers	<u>72,530</u>	<u>-</u>
Balance, end of year	<u>\$ 3,223,774</u>	<u>\$ 3,079,610</u>

Town of Berwick
Electric Utility
Schedule to Statement of Operations

Year Ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Production expenses			
Salaries and benefits	\$ 59,209	\$ 69,214	\$ 64,037
Communications	4,000	3,038	3,658
Materials and supplies	13,400	8,223	6,048
Licenses	2,500	2,461	2,650
Facility expenses	21,400	10,751	11,780
Vehicle expenses	15,500	8,323	3,532
Power purchases	<u>3,829,747</u>	<u>3,775,083</u>	<u>3,650,984</u>
	<u>\$ 3,945,756</u>	<u>\$ 3,877,093</u>	<u>\$ 3,742,689</u>
Distribution expenses			
Salaries and benefits	\$ 330,181	\$ 365,381	\$ 332,287
Property insurance and taxes	5,800	14,119	6,308
Supplies and equipment maintenance	54,000	36,650	49,778
Clothing and safety equipment	4,500	2,060	3,804
Tree management	40,484	36,101	41,594
Facility expenses	12,600	15,245	11,885
Vehicle expenses	<u>27,300</u>	<u>23,235</u>	<u>39,105</u>
	<u>\$ 474,865</u>	<u>\$ 492,791</u>	<u>\$ 484,761</u>
General expenses			
Salaries and benefits	\$ 56,973	\$ 70,007	\$ 52,553
Administration fee	145,000	163,624	134,120
Travel and conference	4,200	736	607
Office and operational expenses	3,300	1,872	1,466
Communication expense	20,000	9,624	9,801
Liability insurance	18,500	19,438	16,788
Professional fees	51,200	67,454	90,174
Uncollectible bills	10,818	(454)	(2,421)
Honorariums	2,400	2,400	5,200
Licenses and permits	<u>6,000</u>	<u>5,675</u>	<u>5,734</u>
	<u>\$ 318,391</u>	<u>\$ 340,376</u>	<u>\$ 314,022</u>

Town of Berwick
Capital Reserve Fund
Statement of Financial Position

March 31, 2018

	<u>2018</u>	<u>2017</u>
Assets		
Cash	\$ <u>736,289</u>	\$ <u>744,793</u>
Reserve		
Balance, beginning of year	\$ 744,793	\$ 722,075
Add (Deduct):		
Transfer from operating fund	536,390	480,100
Transfer to capital fund	(697,675)	(623,814)
Canada-Nova Scotia Federal Gas Tax	152,781	148,883
Proceeds on disposal of assets	-	17,025
Interest on investments and savings	<u>-</u>	<u>524</u>
Balance, end of year	\$ <u>736,289</u>	\$ <u>744,793</u>

On Behalf of the Town of Berwick

 , Mayor

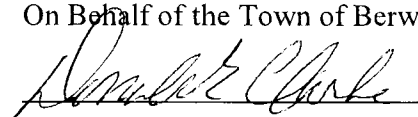

 Clerk

Town of Berwick
Operating Reserve Fund
Statement of Financial Position

March 31, 2018

		<u>2018</u>	<u>2017</u>
	Assets		
Cash		\$ <u>308,247</u>	\$ <u>280,035</u>
	Reserve		
Balance, beginning of year		\$ 280,035	\$ 430,360
Add (Deduct):			
Contributions from operating		37,864	-
Transfer from (to) operating fund		-	(140,325)
Transfer to capital fund		<u>(9,652)</u>	<u>(10,000)</u>
Balance, end of year		\$ <u>308,247</u>	\$ <u>280,035</u>

On Behalf of the Town of Berwick

 , Mayor  , Clerk

Town of Berwick
Open Space Reserve Fund
Statement of Financial Position

March 31, 2018

		<u>2018</u>	<u>2017</u>
Cash	Assets	\$ <u>32,616</u>	\$ <u>32,616</u>
Balance, beginning of year	Reserve	\$ 32,616	\$ 32,616
Balance, end of year		\$ <u>32,616</u>	\$ <u>32,616</u>

On Behalf of the Town of Berwick

Samuel Clarke, Mayor

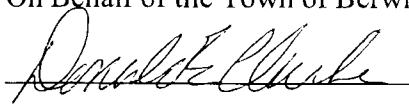
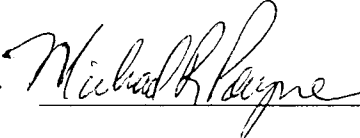
Michael R Payne, Clerk

**Town of Berwick
Electric Utility
PCB Disposal Reserve Fund
Statement of Financial Position**

March 31, 2018

		<u>2018</u>	<u>2017</u>
	Assets		
Cash		\$ <u>4,000</u>	\$ <u>4,000</u>
	Reserve		
Balance, beginning of year		\$ 4,000	\$ 4,000
Add (Deduct):			
Provision for PCB disposal		<u>-</u>	<u>-</u>
Balance, end of year		\$ <u>4,000</u>	\$ <u>4,000</u>

On Behalf of the Town of Berwick

 , Mayor  , Clerk