

# Consolidated financial statements

Town of Trenton

March 31, 2019



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## Management's responsibility for financial reporting

The accompanying consolidated financial statements of the [Town of Trenton](#) are the responsibility of management and have been approved by the Mayor and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Chartered Professional Accountants of Canada and as such include amounts that are best estimates and judgements of management.

Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Mayor and Council meet periodically with management, as well as with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external independent auditor's report.

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

On behalf of the [Town of Trenton](#)



Chief Administrative Officer  
December 10, 2019



Deputy Clerk

## Independent auditor's report

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To the Mayor and Council of the Town of Trenton

### Opinion

We have audited the consolidated financial statements of the Town of Trenton ("the Town") on pages 4-23, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Trenton as at March 31, 2019, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 24-27 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of consolidated financial statements as a whole.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

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## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Grant Thornton LLP*

New Glasgow, Canada  
December 10, 2019

Chartered Professional Accountants  
Licensed Public Accountants

# Town of Trenton

## Consolidated statement of financial operations

Year ended March 31

2019

2018

	<u>Page</u>	<u>Budget</u> (Note 12)	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>				
Taxes and user fees	8	\$2,744,096	\$2,681,286	\$ 2,697,691
Water rates	8	359,688	344,094	359,359
Grants in lieu of taxes	8	2,811	3,331	3,764
Sale of services	8	271,100	233,207	282,200
Services provided to other local governments	9	147,118	149,371	147,143
Other revenue from own sources	9	33,260	26,598	45,829
Capital contributions and grants		1,477,250	217,229	1,858,044
Unconditional transfers from other governments	9	420,922	420,922	420,922
Conditional transfers from other governments	9	4,500	33,073	6,558
Interest and other		<u>76,200</u>	<u>113,697</u>	<u>100,642</u>
<b>Total revenue</b>		<u>5,536,945</u>	<u>4,222,808</u>	<u>5,922,152</u>
<b>Expenses</b>				
General government services	10	689,493	746,311	700,420
Protective services	11	697,685	734,947	716,537
Transportation services	12	882,543	892,241	856,612
Environmental health services	12	523,363	519,320	487,082
Public health and welfare		48,000	45,012	55,204
Environmental development services	13	192,438	204,941	195,243
Recreation and cultural services	13	969,544	981,561	1,041,995
Water		368,782	369,385	323,728
Allowances		<u>16,200</u>	<u>53,159</u>	<u>(9,334)</u>
<b>Total expenses</b>		<u>4,388,048</u>	<u>4,546,877</u>	<u>4,367,487</u>
<b>Annual (deficit) surplus</b>		<u>\$ 1,148,897</u>	<u>\$ (324,069)</u>	<u>\$ 1,554,665</u>
<hr/>				
<b>Accumulated surplus, beginning of year</b>			\$ 11,612,771	\$ 10,058,106
<b>Annual (deficit) surplus</b>			<u>(324,069)</u>	<u>1,554,665</u>
<b>Accumulated surplus, end of year</b>			<u>\$ 11,288,702</u>	<u>\$ 11,612,771</u>

# Town of Trenton

## Consolidated statement of financial position

March 31

2019

2018

### Financial assets

Cash and cash equivalents	\$ 879,016	\$ 748,156
Receivables		
Taxes, user fees and water rates (net of allowance - \$173,159; 2018 - \$120,000)	399,711	427,093
Trade (net of allowance - \$1,617; 2018 - \$1,617)	71,292	262,739
	<u>471,003</u>	<u>689,832</u>
<b>Total financial assets</b>	<b>\$ 1,350,019</b>	<b>\$ 1,437,988</b>

### Financial liabilities

Temporary borrowing	\$ -	\$ 1,546,757
Trade payables	485,613	576,572
Other liability	25,565	-
Deferred revenue (Note 6)	91,502	32,775
Prepaid rates	15,047	11,207
Long term debt (Note 5)	<u>3,402,716</u>	<u>1,968,333</u>
<b>Total financial liabilities</b>	<b><u>4,020,443</u></b>	<b><u>4,135,644</u></b>
<b>Net debt</b>	<b><u>(2,670,424)</u></b>	<b><u>(2,697,656)</u></b>

### Non-financial assets (liabilities)

Tangible capital assets (Page 21)	13,874,034	14,127,919
Properties held for resale	63,917	167,888
Prepays	18,128	-
Tax sale surplus	(8,793)	(8,793)
Inventory	<u>11,840</u>	<u>23,413</u>
	<u>13,959,126</u>	<u>14,310,427</u>

<b>Accumulated surplus</b>	<b>\$ 11,288,702</b>	<b>\$ 11,612,771</b>
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Commitments (Note 9)  
Contingencies (Note 10)

On behalf of the Town of Trenton

Mayor

CAO

## Town of Trenton

### Consolidated statement of changes in net debt

Year ended March 31	Budget (Note 12)	2019	2018
Annual (deficit) surplus	\$ 1,148,897	\$ (324,069)	\$ 1,554,665
Acquisition of tangible capital assets	(2,479,000)	(455,448)	(3,970,496)
Amortization of tangible capital assets	683,000	709,333	697,769
	(1,796,000)	253,885	(3,272,727)
Decrease (increase) in assets held for resale	-	103,971	(26,226)
Increase in prepaids	-	(18,128)	-
Decrease (increase) in inventory	-	11,573	8,079
Change in net debt	(647,103)	27,232	(1,736,209)
Net debt, beginning of year	(2,697,656)	(2,697,656)	(961,447)
Net debt, end of year	\$ (3,344,759)	\$ (2,670,424)	\$ (2,697,656)



# Town of Trenton

## Consolidated statement of cash flows

Year ended March 31

2019

2018

Net inflow (outflow) of cash and cash equivalents related to the following activities:

### Operating

Annual surplus	\$ (324,069)	\$ 1,554,665
Gain from disposal of tangible capital assets	(6,303)	-
Amortization	<u>709,333</u>	<u>697,769</u>
	<b>378,961</b>	<b>2,252,434</b>
Change in non-cash working capital		
Receivables	218,829	(83,263)
Prepays	(18,128)	-
Trade payables	(90,959)	(64,281)
Other liability	25,565	-
Deferred revenue	58,727	31,140
Prepaid rates	3,840	(329)
Properties held for resale	103,971	(26,226)
Inventory	<u>11,573</u>	<u>8,079</u>
Net change in cash from operations	<u><b>692,379</b></u>	<u><b>2,117,554</b></u>

### Capital

Purchase of tangible capital assets	(455,448)	(3,970,496)
Proceeds from disposal of tangible capital assets	<u>6,303</u>	<u>-</u>
	<u><b>(449,145)</b></u>	<u><b>(3,970,496)</b></u>

### Financing

Long term debt repaid	(160,617)	(131,367)
Long term debt issued	1,595,000	585,000
Increase (decrease) in temporary borrowing	<u>(1,546,757)</u>	<u>1,186,142</u>
	<u><b>(112,374)</b></u>	<u><b>1,639,775</b></u>

### Change in cash and cash equivalents

130,860 (213,167)

### Cash and cash equivalents

Beginning of year 748,156 961,323

End of year \$ 879,016 \$ 748,156

## Town of Trenton

### Schedules to consolidated statement of financial operations

Year ended March 31

2019

2018

#### Taxes

Assessable property		
Residential	\$ 1,189,343	\$ 1,719,799
Commercial	214,559	298,886
Resource property	12,606	19,478
Special assessments		
Sewer user fee	242,904	-
Solid waste user fee	154,338	-
Fire protection user fee	112,847	-
Business property		
Based on revenue (Aliant)	8,865	6,970
Business tax (Nova Scotia Power Inc.)	1,055,842	979,518
HST offset payment	28,129	15,868
Less: Education mandatory contribution	(338,147)	(342,828)
	<u>\$ 2,681,286</u>	<u>\$ 2,697,691</u>

#### Water rates

Metered	\$ 314,937	\$ 330,152
Flat	2,469	2,519
Fire protection	<u>26,688</u>	<u>26,688</u>
	<u>\$ 344,094</u>	<u>\$ 359,359</u>

#### Grants in lieu of taxes

Federal government	\$ 8	\$ 11
Provincial government agencies		
Nova Scotia Liquor Commission	533	-
Federal government agencies		
Canada Post Corporation	<u>2,790</u>	<u>3,753</u>
	<u>\$ 3,331</u>	<u>\$ 3,764</u>

#### Sale of services

General government services	\$ 6,905	\$ 8,454
Protective services	-	9,171
Environmental health services	-	9,171
Recreation services	<u>226,302</u>	<u>255,404</u>
	<u>\$ 233,207</u>	<u>\$ 282,200</u>