

# Consolidated financial statements

Town of Trenton

March 31, 2020



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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  
September 28, 2020

  
Deputy Clerk

# Independent auditor's report

To the Mayor and Council of the Town of Trenton

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## Opinion

We have audited the consolidated financial statements of the Town of Trenton ("the Town") on pages 4-25 which comprise the consolidated statement of financial position as at March 31, 2020, 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, 2020, 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 26-29 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion 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  
September 28, 2020

Chartered Professional Accountants

# Town of Trenton

## Consolidated statement of financial operations

Year ended March 31

2020

2019

	<u>Page</u>	<u>Budget</u> (Note 12)	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>				
Taxes and user fees	8	\$ 3,150,125	\$ 3,186,608	\$ 2,706,254
Water rates	8	344,188	341,975	344,094
Grants in lieu of taxes	8	3,308	2,800	3,331
Sale of services	8	235,300	253,184	233,207
Services provided to other local governments	9	155,322	103,897	149,371
Other revenue from own sources	9	18,695	43,382	26,598
Capital contributions and grants		144,000	438,646	217,229
Unconditional transfers from other governments	9	420,922	420,922	420,922
Conditional transfers from other governments	9	10,000	58,707	33,073
Interest and other		<u>80,000</u>	<u>90,576</u>	<u>88,729</u>
<b>Total revenue</b>		<u>4,561,860</u>	<u>4,940,697</u>	<u>4,222,808</u>
<b>Expenses</b>				
General government services	10	726,313	859,759	746,311
Protective services	11	718,205	734,505	734,947
Transportation services	12	1,147,884	948,002	908,705
Environmental health services	12	545,475	494,932	502,856
Public health and welfare		55,000	55,000	45,012
Environmental development services	13	212,385	145,661	204,941
Recreation and cultural services	13	957,684	932,189	981,561
Water		424,720	435,070	369,385
Allowances		<u>10,000</u>	<u>(41,467)</u>	<u>53,159</u>
<b>Total expenses</b>		<u>4,797,666</u>	<u>4,563,651</u>	<u>4,546,877</u>
<b>Annual surplus (deficit)</b>		<u>\$ (235,806)</u>	<u>\$ 377,046</u>	<u>\$ (324,069)</u>
<hr/>				
<b>Accumulated surplus, beginning of year</b>			<b>\$ 11,288,702</b>	<b>\$ 11,612,771</b>
<b>Annual surplus (deficit)</b>			<u>377,046</u>	<u>(324,069)</u>
<b>Accumulated surplus, end of year</b>			<u><b>\$ 11,665,748</b></u>	<u><b>\$ 11,288,702</b></u>

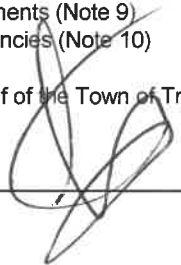
# Town of Trenton

## Consolidated statement of financial position

March 31	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents	\$ <u>1,518,837</u>	\$ 879,016
Receivables		
Taxes, user fees and water rates (net of allowance - \$133,159; 2019 - \$173,159)	<u>357,499</u>	399,711
Trade (net of allowance - \$nil; 2019 - \$1,617)	<u>71,972</u>	<u>71,292</u>
	<u>429,471</u>	471,003
<b>Total financial assets</b>	\$ <u>1,948,308</u>	\$ 1,350,019
<b>Financial liabilities</b>		
Trade payables	\$ 507,202	\$ 485,613
Other liability	25,089	25,565
Deferred revenue (Note 6)	61,875	91,502
Prepaid rates	20,185	15,047
Long term debt (Note 5)	<u>3,120,099</u>	<u>3,402,716</u>
<b>Total financial liabilities</b>	<u>3,734,450</u>	<u>4,020,443</u>
<b>Net debt</b>	<u>(1,786,142)</u>	<u>(2,670,424)</u>
<b>Non-financial assets (liabilities)</b>		
Tangible capital assets (Page 23)	13,450,987	13,874,034
Properties held for resale	-	63,917
Prepays	2,850	18,128
Tax sale surplus	(8,793)	(8,793)
Inventory	<u>6,846</u>	<u>11,840</u>
	<u>13,451,890</u>	<u>13,959,126</u>
<b>Accumulated surplus</b>	\$ <u>11,665,748</u>	\$ <u>11,288,702</u>

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)	2020	2019
Annual (deficit) surplus	\$ <u>(235,806)</u>	\$ <u>377,046</u>	\$ <u>(324,069)</u>
Acquisition of tangible capital assets	(184,310)	<b>(343,108)</b>	(455,448)
Amortization of tangible capital assets	671,000	<b>714,458</b>	709,333
Write off of work in progress	<u>-</u>	<u>51,697</u>	<u>-</u>
	<u>486,690</u>	<u>423,047</u>	<u>253,885</u>
Decrease in assets held for resale	-	<b>63,917</b>	103,971
Decrease (increase) in prepaids	-	<b>15,278</b>	(18,128)
Decrease in inventory	<u>-</u>	<u>4,994</u>	<u>11,573</u>
Change in net debt	250,884	<b>884,282</b>	27,232
Net debt, beginning of year	<u>(2,670,424)</u>	<u>(2,670,424)</u>	<u>(2,697,656)</u>
Net debt, end of year	\$ <u>(2,419,540)</u>	\$ <u>(1,786,142)</u>	\$ <u>(2,670,424)</u>



# Town of Trenton

## Schedules to consolidated statement of financial operations

Year ended March 31

2020

2019

### Taxes

Assessable property		
Residential	\$ 1,396,759	\$ 1,189,343
Commercial	209,443	214,559
Resource property	15,716	12,606
Deed transfer tax	46,312	24,968
Special assessments		
Sewer user fee	380,613	242,904
Solid waste user fee	156,725	154,338
Fire protection user fee	119,675	112,847
Business property		
Based on revenue (Aliant)	8,839	8,865
Business tax (Nova Scotia Power Inc.)	1,189,931	1,055,842
HST offset payment	26,879	28,129
Less: Education mandatory contribution	<u>(364,284)</u>	<u>(338,147)</u>
	<b>\$ 3,186,608</b>	<b>\$ 2,706,254</b>

### Water rates

Metered	\$ 312,718	\$ 314,937
Flat	2,569	2,469
Fire protection	<u>26,688</u>	<u>26,688</u>
	<b>\$ 341,975</b>	<b>\$ 344,094</b>

### Grants in lieu of taxes

Federal government	\$ -	\$ 8
Provincial government agencies		
Nova Scotia Liquor Commission	-	533
Federal government agencies		
Canada Post Corporation	<u>2,800</u>	<u>2,790</u>
	<b>\$ 2,800</b>	<b>\$ 3,331</b>

### Sale of services

General government services	\$ 8,250	\$ 6,905
Recreation services	<u>244,934</u>	<u>226,302</u>
	<b>\$ 253,184</b>	<b>\$ 233,207</b>

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## Town of Trenton

### Schedules to consolidated statement of financial operations

Year ended March 31

2020

2019

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Services provided to other local governments

Fire protection	\$ 15,000	\$ 15,000
Planning and zoning	<u>88,897</u>	<u>134,371</u>
	<u>\$ 103,897</u>	<u>\$ 149,371</u>

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Other revenue from own sources

Licenses and permits	\$ 2,063	\$ 2,026
Fines	82	1,017
Rentals	4,600	4,600
Sales of assets	-	6,303
Miscellaneous	<u>36,637</u>	<u>12,652</u>
	<u>\$ 43,382</u>	<u>\$ 26,598</u>

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Unconditional transfers from other governments

Provincial government		
Equalization	<u>\$ 420,922</u>	<u>\$ 420,922</u>

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Conditional transfers from other governments

Federal government		
Job development programs	\$ 4,237	\$ 10,807
Provincial government		
Fuel tax rebate	-	1,611
Job development program	17,769	5,556
Recreation inclusion consultant	<u>36,701</u>	<u>15,099</u>
	<u>\$ 58,707</u>	<u>\$ 33,073</u>