

**The Village Commissioners
of Cornwallis Square**

Waterville, Nova Scotia

Financial Statements

March 31, 2019

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Morse Brewster Lake

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Independent Auditor's Report

**To the Chairman and Commissioners of
The Village Commissioners of Cornwallis Square**

Opinion

We have audited the accompanying consolidated financial statements of **The Village Commissioners of Cornwallis Square**, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of operations, statement of net financial assets and statement of cash flows for the years then ended, and notes to the 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 **The Village Commissioners of Cornwallis Square**, as at March 31, 2019, and the results of operations and changes in net financial assets 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 Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 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 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 Entity's internal control.

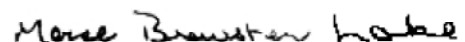
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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 Entity'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 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 Entity to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Berwick, Nova Scotia
May 27, 2019



Chartered Professional Accountants
Licensed Public Accountants
Registered Municipal Auditor

The Village Commissioners of Cornwallis Square

Consolidated Statement of Financial Position

March 31, 2019

	<u>2019</u>	<u>2018</u>
Financial Assets		
Cash	\$ 217,241	\$ 410,442
Accounts receivable	56,997	16,600
Restricted cash	<u>7,553</u>	<u>7,553</u>
	<u>281,791</u>	<u>434,595</u>
Financial Liabilities		
Payables and accruals	49,961	54,067
Capital Lease (note 3)	38,037	45,643
	<u>87,998</u>	<u>99,710</u>
Net Financial Assets	<u>193,793</u>	<u>334,885</u>
Non-Financial Assets		
Tangible capital assets (note 2)	2,769,218	2,577,410
Prepaid	<u>11,908</u>	<u>11,450</u>
	<u>2,781,126</u>	<u>2,588,860</u>
Net Assets / Liabilities	<u>\$ 2,974,919</u>	<u>\$ 2,923,745</u>
Surplus		
Fund balances (note 5)	\$ 222,234	\$ 370,474
Reserves (note 7)	7,553	7,553
Investment in capital assets (note 4)	<u>2,745,132</u>	<u>2,545,718</u>
	<u>\$ 2,974,919</u>	<u>\$ 2,923,745</u>
Commitments (page 10)		

On Behalf of the Village Commissioners

_____, Chairman

The Village Commissioners of Cornwallis Square

Consolidated Statement of Operations

Year Ended March 31, 2019

	2019 <u>Budget</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
Revenue			
General Tax Rates	\$ 328,193	\$ 374,126	\$ 373,388
Fire Protection Grants	273,000	265,630	260,473
HST - offset	-	3,194	6,790
First Nations - Grant	8,500	8,500	8,500
Miscellaneous	51,000	20,645	6,951
Donations from Fire Department	2,390	-	141,248
HST rebate on fire truck	-	7,929	-
Gain (loss) on disposal of assets	-	23,500	(894)
	<u>663,083</u>	<u>703,524</u>	<u>796,456</u>
Expenditures			
General government services	55,875	52,361	53,732
Transportation services	13,919	12,598	7,647
Protective services			
Fire fighting force	39,800	38,373	29,544
Fire station	130,100	147,871	119,924
Fire fighting equipment	107,564	100,298	79,704
Other	50,450	37,692	25,816
Recreation services	22,000	19,000	15,600
Fiscal services			
Bank loan interest	10,000	-	903
Amortization	-	244,157	285,516
	<u>429,708</u>	<u>652,350</u>	<u>618,386</u>
Net Revenue For The Year	<u>\$ 233,375</u>	<u>\$ 51,174</u>	<u>\$ 178,070</u>

The Village Commissioners of Cornwallis Square
Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2019

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Annual Surplus	233,375	\$ 51,174	\$ 178,070
Add (Deduct):			
Acquisition of tangible capital assets	(821,290)	(435,967)	(243,546)
Amortization of tangible capital assets	-	244,157	285,516
Change in prepaid	-	(456)	190
Disposal of tangible capital assets	-	-	<u>894</u>
Increase (decrease) in net assets	<u>(587,915)</u>	<u>(141,092)</u>	<u>221,124</u>
Net Financial Assets, beginning of year		<u>334,885</u>	<u>113,761</u>
Net Financial Assets, end of year		<u>\$ 193,793</u>	<u>\$ 334,885</u>

The Village Commissioners of Cornwallis Square

Consolidated Statement of Cash Flow Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>
Operating Activities		
Net revenue	\$ 51,174	\$ 178,070
Amortization	244,157	285,516
Disposal of assets	<u>-</u>	<u>894</u>
	<u>295,331</u>	<u>464,480</u>
Sources (uses) of cash		
(Increase) decrease in accounts receivable	(40,397)	2,013
(Increase) decrease in prepaids	(456)	190
Increase (decrease) in payables and accruals	<u>(4,105)</u>	<u>26,269</u>
	<u>(44,958)</u>	<u>28,472</u>
Cash from operations	<u>250,373</u>	<u>492,952</u>
Investing Activities		
Purchase of capital assets	<u>(435,967)</u>	<u>(243,546)</u>
Financing Activities		
Capital lease repaid	(7,607)	(7,607)
Debt repaid	<u>-</u>	<u>(100,000)</u>
	<u>(7,607)</u>	<u>(107,607)</u>
Change in net cash	(193,201)	141,799
Cash, beginning of the year	<u>410,442</u>	<u>268,643</u>
Cash, end of year	<u>\$ 217,241</u>	<u>\$ 410,442</u>

The Village Commissioners of Cornwallis Square

Notes to Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the The Village Commissioners of Cornwallis Square are prepared in accordance with Canadian accounting standards for the public sector.

Basis of Consolidation

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 Commission and included in the reporting entity are the general operating fund, general capital fund and capital reserve fund. Interdepartmental transactions and balances have been eliminated.

(a) Financial Instruments

The Village's financial instruments consist of cash, short term deposits, accounts receivables, accounts payables and accrued liabilities. Unless otherwise noted, it is managements's opinion that the Village 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.

(b) 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.

(c) Revenue recognition

Taxation and related related revenue: Property tax billings are prepared based on the assessment rolls issued by Property Valuation Services Corporation. Tax rates are established annually by the Commission, incorporating amounts to be raised for local services. Taxation revenues are recorded at the time tax billings are due.

Government transfers and grants are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

The Village Commissioners of Cornwallis Square

Notes to Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies Continued

(d) 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 and over expenses, provides the consolidated Change in Net Financial Assets for the year.

(e) 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.

(f) 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 amortization on a straight line basis over their estimated useful life as follows:

Buildings	25 to 40 years
Machinery and equipment	10 to 15 years
Paving	20 years
Sidewalks	25 years
Wells	10 years
Vehicles	15 years
Small Equipment	5 years

2. Tangible Capital Assets

	Cost Opening	Additions	Disposals	Write Downs	Cost Closing	Amortization	Accum Amort	Net Book Value
Land	\$ 26,824	\$ -	\$ -	\$ -	\$ 26,824	\$ -	\$ -	\$ 26,824
Wells & Signage	24,503	16,056	-	-	40,559	2,843	22,396	18,163
Buildings	1,129,275	14,404	-	-	1,143,679	29,428	549,184	594,495
Small Equipment	448,672	12,872	(27,595)	-	433,949	22,663	343,632	90,317
Machinery & equipment	375,005	70,950	-	-	445,955	23,376	178,616	267,339
Sidewalks	811,799	27,095	-	-	838,894	20,524	447,073	391,821
Paving	118,711	-	-	-	118,711	3,376	78,324	40,387
Vehicles	<u>3,311,155</u>	<u>294,590</u>	<u>(92,998)</u>	<u>-</u>	<u>3,512,747</u>	<u>141,947</u>	<u>2,172,875</u>	<u>1,339,872</u>
	<u>\$ 6,245,944</u>	<u>\$ 435,967</u>	<u>\$ (120,593)</u>	<u>\$ -</u>	<u>\$ 6,561,318</u>	<u>\$ 244,157</u>	<u>\$ 3,792,100</u>	<u>\$ 2,769,218</u>

The Village Commissioners of Cornwallis Square

Notes to Consolidated Financial Statements

March 31, 2019

3. Capital Lease

Kutbota capital lease at the interest rate of 0%. Monthly payment for 84 months at \$633.88 plus tax, starting April 2017 and ending March 2024. Secured by equipment.

4. Investment in Capital Assets

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 2,545,718	\$ 2,530,972
Add (Deduct):		
Amortization	(244,157)	(285,516)
Fire Department funded and donated assets	-	141,248
Capital reserve	404,535	52,301
Capital lease repayment	7,607	7,607
Provincial HST grant on fire truck	7,929	-
Gain (loss) on disposal of assets	23,500	(894)
Debt repayment	-	100,000
Balance, end of year	<u>\$ 2,745,132</u>	<u>\$ 2,545,718</u>

5. Surplus

	<u>2019</u>	<u>2018</u>
Surplus, beginning of year	\$ 370,474	\$ 207,150
Add (Deduct):		
Operating surplus (deficit)	<u>(148,240)</u>	<u>163,324</u>
Surplus, end of year	<u>\$ 222,234</u>	<u>370,474</u>

The Village Commissioners of Cornwallis Square

Notes to Consolidated Financial Statements

March 31, 2019

6. Lease Commitments

The Village has entered into a 60 month lease agreement for pagers that requires monthly payments of \$647 plus HST.

The Village has entered into a 60 month lease agreement for a Xerox photocopier that requires quarterly payments of \$117 plus HST.

7. Capital Reserves

	<u>2019</u>	<u>2018</u>
Capital Reserves, beginning of year	\$ 7,553	\$ 7,553
Add (Deduct):		
Transfer from operating	404,535	52,301
Assets purchased	<u>(404,535)</u>	<u>(52,301)</u>
Capital Reserves, end of year	<u>\$ 7,553</u>	<u>\$ 7,553</u>

Morse Brewster Lake

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Auditors' Report on Supplemental Financial Statements

**To the Chairman and Commissioners of
the The Village Commissioners of Cornwallis Square**

Our audit was conducted for the purpose of forming an opinion on the basic 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 basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Berwick, Nova Scotia
May 27, 2019

Morse Brewster Lake

Chartered Professional Accountants
Licensed Public Accountants
Registered Municipal Auditor

The Village Commissioners of Cornwallis Square

Operating Fund Statement of Financial Position

March 31, 2019

	<u>2019</u>	<u>2018</u>
Assets		
Current		
Cash	\$ 203,290	\$ 396,491
Accounts receivable	56,997	16,600
Prepaid expenses	<u>11,908</u>	<u>11,450</u>
	<u>\$ 272,195</u>	<u>\$ 424,541</u>
Liabilities		
Current		
Payables and accruals	\$ 49,961	\$ 54,067
Surplus (Deficit)		
Operating Surplus (note 6)	<u>222,234</u>	<u>370,474</u>
	<u>\$ 272,195</u>	<u>\$ 424,541</u>

Commitments (page 16)

On Behalf of the Village Commissioners

_____, Chairman

The Village Commissioners of Cornwallis Square

Statement of Operations

Year Ended March 31, 2019

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Revenue			
General Tax Rates	\$ 328,193	\$ 374,126	\$ 373,388
Fire Protection Grants	273,000	265,630	260,473
HST offset	-	3,194	6,790
First Nations - Grant	8,500	8,500	8,500
Miscellaneous	<u>51,000</u>	<u>20,645</u>	<u>6,951</u>
	<u>660,693</u>	<u>672,095</u>	<u>656,102</u>
Expenditures			
General government services - page 9	55,875	52,361	53,732
Transportation services - page 9	13,919	12,598	7,647
Protective services			
Fire fighting force - page 10	39,800	38,373	29,544
Fire station - page 10	130,100	147,871	119,924
Fire fighting equipment - page 10	107,564	100,298	79,704
Other - page 10	50,450	37,692	25,816
Recreation services	22,000	19,000	15,600
Fiscal services			
Bank loan interest	<u>10,000</u>	<u>-</u>	<u>903</u>
	<u>429,708</u>	<u>408,193</u>	<u>332,870</u>
Net Revenue	230,985	263,902	323,232
Net transfers (to)/from:			
Capital fund for debt	(150,000)	-	(100,000)
Lease payments	(7,607)	(7,607)	(7,607)
Transfer to capital reserve	<u>-</u>	<u>(404,535)</u>	<u>(52,301)</u>
Change in Fund Balance	<u>\$ 73,378</u>	<u>\$ (148,240)</u>	<u>\$ 163,324</u>

The Village Commissioners of Cornwallis Square

Capital Fund Statement of Financial Position

March 31, 2019

	<u>2019</u>	<u>2018</u>
Assets		
Capital Fund Bank	\$ <u>13,951</u>	\$ <u>13,951</u>
Property and Equipment (note 2)		
Protective services		
Land	26,824	26,824
Pavement	118,711	118,711
Buildings	1,143,679	1,129,275
Machinery and Equipment	375,005	375,005
Small Equipment	504,899	448,672
Automotive equipment	3,512,747	3,311,155
Wells	40,559	24,503
Sidewalks	<u>838,894</u>	<u>811,799</u>
	6,561,318	6,245,944
Amortization	<u>(3,792,100)</u>	<u>(3,668,534)</u>
	<u>2,769,218</u>	<u>2,577,410</u>
	\$ <u>2,783,169</u>	\$ <u>2,591,361</u>
Liabilities		
Capital Lease (note 4)	\$ 38,037	\$ 45,643
Equity		
Investment in Capital Assets (note 5)	<u>2,745,132</u>	<u>2,545,718</u>
	\$ <u>2,783,169</u>	\$ <u>2,591,361</u>

On Behalf of the Village Commissioners

_____, Chairman

The Village Commissioners of Cornwallis Square

Schedules to Statement of Operations

Year Ended March 31, 2019

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
General Government Services			
Salaries and benefits - clerk	\$ 26,900	\$ 26,601	\$ 26,596
Collection charge	13,175	13,148	14,915
Advertising	1,200	640	1,366
Audit and legal	4,500	3,750	3,750
Bank charges	600	595	700
Insurance	2,700	2,887	2,568
Office and miscellaneous	4,000	1,911	3,037
Other	<u>2,800</u>	<u>2,829</u>	<u>800</u>
	<u>\$ 55,875</u>	<u>\$ 52,361</u>	<u>\$ 53,732</u>
Transportation Services			
Advertising	\$ 350	\$ 237	\$ -
Snow removal	7,124	10,785	6,100
Sidewalk/equipment maintenance	1,445	1,576	1,297
Crossing guard	<u>5,000</u>	<u>-</u>	<u>250</u>
	<u>\$ 13,919</u>	<u>\$ 12,598</u>	<u>\$ 7,647</u>

The Village Commissioners of Cornwallis Square

Schedules to Statement of Operations

Year Ended March 31, 2019

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Protective Services			
Fire fighting force			
Insurance - firefighters	\$ 4,500	\$ 4,362	\$ 4,362
Workers compensation	3,500	2,484	2,787
Clothing	15,000	14,388	8,145
Honorarium - firefighters	14,300	14,250	14,250
Dress uniforms	<u>2,500</u>	<u>2,889</u>	<u>-</u>
	<u>\$ 39,800</u>	<u>\$ 38,373</u>	<u>\$ 29,544</u>
Fire station			
Fuel	\$ 22,000	\$ 21,883	\$ 18,555
Lights	20,000	17,143	18,550
Maintenance	45,000	64,738	41,596
Snow removal	8,600	8,686	7,368
Honorarium -janitors	12,500	12,500	12,500
Insurance	14,000	14,950	13,410
Alarm system and telephone	<u>8,000</u>	<u>7,971</u>	<u>7,945</u>
	<u>\$ 130,100</u>	<u>\$ 147,871</u>	<u>\$ 119,924</u>
Fire fighting equipment			
Gasoline, diesel fuel and oil	\$ 10,000	\$ 9,095	\$ 4,783
Maintenance			
Honorarium	8,000	8,000	8,000
Maintenance	35,000	36,992	26,126
Other	8,300	5,222	6,484
Leased radios and pagers	7,764	7,764	7,764
Refill air bottles and extinguishers	5,000	5,314	4,674
Insurance	13,500	11,734	12,528
Replacements	12,000	6,058	1,160
Training	<u>8,000</u>	<u>10,119</u>	<u>8,185</u>
	<u>\$ 107,564</u>	<u>\$ 100,298</u>	<u>\$ 79,704</u>
Other			
Firefighter's banquet	\$ 1,000	\$ 1,000	\$ 1,000
Fire Chief's convention	4,000	3,959	3,693
Incident expenses	8,100	9,822	6,731
Dues- Chief Fire Officers' Assoc.	1,000	1,300	990
Small tool and supplies	5,000	5,817	2,314
Other	3,350	2,349	3,168
Hst expense	<u>28,000</u>	<u>13,445</u>	<u>7,920</u>
	<u>\$ 50,450</u>	<u>\$ 37,692</u>	<u>\$ 25,816</u>

The Village Commissioners of Cornwallis Square

Statement of Special Reserve Funds

March 31, 2019

	<u>2019</u>	<u>2018</u>
Assets		
Current		
Cash	\$ <u>7,553</u>	\$ <u>7,553</u>
Reserves		
Reserves	\$ <u>7,553</u>	\$ <u>7,553</u>

Statement of Reserve Funds

	<u>2019</u>	<u>2018</u>
Balance , beginning of year	\$ 7,553	\$ 7,553
Provision from operating	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>7,553</u>	\$ <u>7,553</u>

On Behalf of the Village Commissioners

_____, Chairman _____, Clerk