

Consolidated Financial Statements of

TOWN OF STRATFORD

15-month period ended March 31, 2019



Tel: 902 892 5365
Fax: 902 892 0383
www.bdo.ca

BDO Canada LLP
155 Belvedere Avenue, Suite 200
PO Box 2158
Charlottetown PE C1A 8B9 Canada

Town of Stratford Management's Responsibility for Financial Reporting

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these consolidated financial statements and schedules are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for the preparation of consolidated financial statements.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews internal financial statements on a monthly basis and external audited consolidated financial statements yearly. The Council also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on consolidated financial statements. The external auditors have full and free access to the financial management of the Town of Stratford and meet when required. The accompanying 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 Stratford:

_____ Mayor

_____ Chief Administrative Officer



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INDEPENDENT AUDITOR'S REPORT

To His Worship the Mayor and the Members of Town Council of Town of Stratford

Opinion

We have audited the consolidated financial statements of Town of Stratford (the "Town"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of operations, the consolidated statement of change in net debt, and the consolidated statement of cash flows for the 15-month period 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 consolidated financial position of the Town as at March 31, 2019, and its financial performance and cash flows for the period 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.

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

Management is responsible for the preparation and fair presentation of the 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 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.



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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Town's 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.

Chartered Professional Accountants

Charlottetown, Prince Edward Island
September 17, 2019

TOWN OF STRATFORD

Consolidated Statement of Financial Position

March 31, 2019, with comparative figures for December 31, 2017 (note 16)

	2019	2017
Financial Assets		
Cash	\$ 526,774	\$ -
Temporary investments (note 2)	839,018	1,337,941
Accounts receivable (note 3)	1,595,194	2,767,857
Inventory held for resale	15,466	6,049
Leases, loans and contributions receivable (note 4)	173,980	268,984
Land held for resale, at cost	1,034,438	569,429
Long-term investments (note 5)	132,500	132,500
	<u>4,317,370</u>	<u>5,082,760</u>
Liabilities		
Bank indebtedness (note 6)	1,589,047	899,295
Accounts payable and accrued liabilities (note 7)	1,406,476	2,945,860
Deferred revenue (note 8)	120,290	119,602
Employee benefits payable (note 9)	161,504	153,742
Long-term debt (note 10)	8,839,771	9,071,233
	<u>12,117,088</u>	<u>13,189,732</u>
Net debt	(7,799,718)	(8,106,972)
Non-financial Assets		
Prepaid expenses	19,766	33,799
Tangible capital assets (page 23)	50,471,021	46,253,841
	<u>50,490,787</u>	<u>46,287,640</u>
Accumulated surplus (Note 15)	\$ 42,691,069	\$ 38,180,668

The accompanying notes are an integral part of these consolidated financial statements.

On Behalf of the Council:

_____ Mayor

_____ Chief Administrative Officer

TOWN OF STRATFORD

Consolidated Statement of Operations

15-Month period ended March 31, 2019, with comparative figures for December 31, 2017 (note 16)

	2019 Budget	2019 Actual	2017 Actual
Revenue:			
Property taxes (note 11)	\$ 4,743,500	\$ 4,733,126	\$ 3,562,545
Government transfers			
- provincial municipal support	1,301,200	1,331,410	982,172
Rental	309,300	288,530	224,962
Third party revenue	287,600	497,253	226,289
Interest	33,300	59,258	41,813
Stratford Utility Corporation	3,312,900	3,208,737	2,302,714
Stratford Business Park	-	249,648	518,947
	9,987,800	10,367,962	7,859,442
Expenses:			
Amortization	700,000	737,595	518,095
Finance	658,900	598,957	478,073
General government	3,023,800	3,017,239	2,316,890
Planning	386,400	423,938	307,779
Public Works	975,600	1,009,822	733,496
Recreation	889,000	899,234	671,049
Stratford Business Park	-	245,435	373,734
Stratford Utility Corporation	2,801,600	2,862,962	2,027,928
	9,435,300	9,795,182	7,427,044
Excess of revenue over expenses before the undernoted	552,500	572,780	432,398
Government transfers for capital:			
Stratford Utility Corporation - Developer Donated Capital Assets	-	1,794,476	176,979
Government transfers for infrastructure (note 12)	10,112,122	2,143,145	3,125,503
	10,112,122	3,937,621	3,302,482
Annual surplus	10,664,622	4,510,401	3,734,880
Accumulated surplus, beginning of the period	38,180,668	38,180,668	34,445,788
Accumulated surplus, end of the period	\$ 48,845,290	\$ 42,691,069	\$ 38,180,668

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF STRATFORD

Consolidated Statement of Change in Net Debt

15-Month period ended March 31, 2019, with comparative figures for December 31, 2017 (note 16)

	2019 Budget	2019 Actual	2017 Actual
Annual surplus	\$ 10,664,622	\$ 4,510,401	\$ 3,734,880
Acquisition of tangible capital assets	(22,393,600)	(6,168,391)	(5,589,992)
Proceeds on disposal of tangible capital assets	-	4,120	-
Amortization of tangible capital assets	1,775,000	1,947,092	1,398,314
	(20,618,600)	(4,217,179)	(4,191,678)
Acquisition (use) of prepaid expenses	-	14,032	(1,578)
Change in net debt	(9,953,978)	307,254	(458,376)
Net debt, beginning of the period	(8,106,972)	(8,106,972)	(7,648,596)
Net debt, end of the period	\$ (18,060,950)	\$ (7,799,718)	\$ (8,106,972)

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF STRATFORD

Consolidated Statement of Cash Flows

15-month period ended March 31, 2019, with comparative figures for December 31, 2017 (note 16)

	2019	2017
Cash flows from operating activities		
Annual surplus	\$ 4,510,401	\$ 3,734,880
Item not involving cash:		
Amortization of tangible capital assets	1,947,092	1,398,314
	<u>6,457,493</u>	<u>5,133,194</u>
Change in non-cash working capital		
Accounts receivable	1,172,663	(1,086,828)
Leases, loans and contributions receivable (payable)	95,004	(81,793)
Prepaid expenses	14,032	(1,578)
Inventories held for resale	(9,417)	2,154
Land held for resale	(465,009)	315,607
Payables, accruals and deferred revenue	(1,530,934)	2,244,977
	<u>(723,661)</u>	<u>1,392,539</u>
Cash flows from capital activities		
Purchase of tangible capital assets	(6,168,391)	(5,589,992)
Proceeds on disposal of tangible capital assets	4,120	-
	<u>(6,164,271)</u>	<u>(5,589,992)</u>
Cash flows from financing activities		
Increase (decrease) in bank indebtedness	689,752	(140,941)
Proceeds from long-term debt	2,256,100	519,600
Repayment of long-term debt - Town	(610,964)	(408,473)
Repayment of long-term debt - Utility	(1,876,598)	(574,541)
	<u>458,290</u>	<u>(604,355)</u>
Cash flows from investing activities		
Decrease (increase) in temporary investments	498,923	(537,384)
	<u>526,774</u>	<u>(205,998)</u>
Increase (decrease) in cash position	526,774	(205,998)
Cash, beginning of the period	-	205,998
Cash, end of the period	<u>\$ 526,774</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

1. Significant accounting policies:

(a) Basis of accounting:

The consolidated financial statements of the Town of Stratford (the "Town") have been prepared in accordance with Canadian public sector accounting standards.

(b) Basis of consolidation:

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and boards which are owned or controlled by the Town. The following entities have been consolidated:

Stratford Utility Corporation
Stratford Business Park Corporation Inc.
One Governance Foundation

All inter-entity transactions and balances have been eliminated.

The financial activities of a certain entity associated with the Town of Stratford is considered to be a separate organizational entity and is not consolidated. The Town's transactions with this entity are recorded in the consolidated statement of operations. The following entity has not been consolidated:

Stratford Community Seniors' Complex Ltd.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

1. Significant accounting policies (continued):

(c) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts directly attributable to acquisition or construction of the tangible capital asset. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset commencing once the asset is available for productive use as follows:

Asset	Rate
General:	
Multi purpose facility	40 years
Buildings	40 years
Sidewalks, parks and paving	25 years
Vehicles	7 years
Machinery and equipment	10 years
Small equipment	5 years
Computer hardware and software	4 years
Other assets	10 - 50 years
Sewer and Water Utility:	
Sewer systems	50 years
Water systems	50 years
Computer software	4 years
Machinery and equipment	10 years
Small equipment	5 years
Vehicles	7 years

During the period, the Town received contributions of utility infrastructure from developers valued at \$1,600,114 (2017 - \$146,125). This amount is included in Stratford Utility Corporation revenue.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

1. Significant accounting policies (continued):

(d) Budget:

The budget figures contained in these financial statements were approved by Council on March 14, 2018 in its original fiscal plan.

(e) Revenue recognition:

Property tax billings are received directly from the Province of Prince Edward Island. Taxes are billed based on the assessment rolls provided by the Province of Prince Edward Island at rates set by the Town. Taxation revenue is recorded as it is received in monthly installments from the Province of Prince Edward Island. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

Utility revenues are recognized when the significant risks and rewards of the service are transferred to the customer, which generally coincides with the time of billing, collectability is reasonably assured, persuasive evidence of an arrangement exists and the sales price is fixed and determinable.

Rent becomes due each month and is recognized on a monthly basis as paid. Price is fixed based on the contract signed for each year, and significant risks and rewards have been transferred.

Other revenues are recognized when the significant risks and rewards are transferred to the customer, collectability is reasonably assured, persuasive evidence of an arrangement exists and the sales price is fixed and determinable.

(f) Government transfers:

When the organization is the recipient, government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

When the organization is the transferor, government transfers are recognized as an expense in the consolidated statement of operations when they are authorized and all eligibility criteria have been met by the recipient.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

1. Significant accounting policies (continued):

(g) Land held for sale:

Inventories of land are valued at original cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

(h) Non-financial assets:

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

(i) Use of estimates:

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Management provides estimates on the depreciation of tangible capital assets and employee benefits payable.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

2. Temporary investments:

The Town receives New Deal Gas Tax funding which is only available to be used for eligible infrastructure and capacity building projects. The funds are being held in a separate deposit receipt account that bears interest at a rate of 0.90%.

3. Accounts receivable:

	March 31, 2019	December 31, 2017
Trade	\$ 995,049	\$ 348,409
HST	22,765	157,251
Government transfers	557,642	2,246,423
Due from Stratford Community Seniors' Complex Ltd.	19,738	15,774
	<u>\$ 1,595,194</u>	<u>\$ 2,767,857</u>

4. Leases, loans and contributions receivable:

	March 31, 2019	December 31, 2017
CHANCES Inc., repaid during the year	\$ -	\$ 8,974
Donald Baker, Bakeridge Properties Inc., George Bagnall and K-Right Communications Limited, non-interest bearing until April 2016, at which time interest began to accrue at a rate equal to the Town's cost of borrowing, repayable at the earlier of any sale, transfer or development of certain property, at cost	125,000	125,000
Capital contributions receivable	48,980	135,010
	<u>\$ 173,980</u>	<u>\$ 268,984</u>

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

5. Long-term investments, at cost:

	March 31, 2019	December 31, 2017
Charlottetown Area Development Corporation (CADC), 50 common shares	\$ 132,500	\$ 132,500

6. Bank indebtedness and short-term borrowings:

The Town of Stratford has total authorized operating lines of credit as follows:

- \$2,500,000 (2017 - \$750,000) Provincial Credit Union authorized operating line of credit with an interest rate of prime rate, of which \$940,495 was used at March 31, 2019 (2017 - \$180,849). The increase in the operating line was a temporary increase and subsequent to year end, it was decreased back to \$750,000;
- \$8,405,000 (2017 - \$Nil) CIBC authorized operating line of credit with an interest rate of prime rate, of which \$Nil was used at March 31, 2019;
- \$2,000,000 Provincial Credit Union authorized operating line of credit with an interest rate of prime rate, of which \$Nil was used at March 31, 2019 (2017 - \$609,594). This line of credit held by the Stratford Utility Corporation is guaranteed by the Town; and
- \$800,000 (2017 - \$1,500,000) Provincial Credit Union authorized operating line of credit with an interest rate of prime rate, of which \$561,142 was used at March 31, 2019 (2017 - \$86,365). This line of credit held by the Stratford Business Park Corporation Inc. is guaranteed by the Town.

Prime rate at March 31, 2019 is 3.95%

7. Accounts payable and accrued liabilities:

	March 31, 2019	December 31, 2017
Trade	\$ 957,898	\$ 621,976
Tangible capital assets	394,881	1,760,719
Holdbacks	53,697	563,165
	\$ 1,406,476	\$ 2,945,860

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

8. Deferred revenue:

During the period, the Town was allocated \$866,156 (2017 - \$816,580) under the New Deal Gas Tax Funding for Incorporated Communities agreement. Total proceeds of \$875,940 received by the Town as at March 31, 2019 is comprised of \$866,156 plus interest of \$9,784. The Town must use their allocation of the New Deal Gas Tax funds for eligible infrastructure and capacity building projects.

The Town also has deferred capital contributions of \$114,290 for Hopeton Road, Eastern Realities Phase I and Eastern Realities Phase II projects.

	March 31, 2019	December 31, 2017
Deferred, beginning of the period	\$ 119,602	\$ 1,000
Received	114,290	119,602
Recognized	(113,602)	(1,000)
Deferred, end of the period	\$ 120,290	\$ 119,602

Under the Agreement on the Transfer of Federal Gas Tax Revenues through the New Deal for Cities and Communities, the Town has received revenues which are restricted for expenditures on eligible projects. During the period, \$1,152,426 (2017 - \$1,134,367) was spent on eligible projects. The Town has prepared, and the governmental regulating body has accepted, a Capital Investment Plan which details anticipated expenditures.

9. Employee benefits:

Employees accumulate sick leave at a rate of 1.25 days per month. Employees who reach the age of 60 may take a lump sum payment of half of their accumulated sick leave credits up to a maximum of 75 days' payment at retirement. At March 31, 2019, the liability for unused sick leave, that is required to be paid out upon severance or retirement, amounted to \$66,885 (2017 - \$75,607). No actuarial valuation has been performed pertaining to this liability.

Employees accumulate vacation time based on their years of experience. Employees are required to use their vacation time within 12 months of being earned. Employees who leave the organization are paid out for their total accrued vacation time. At March 31, 2019, the liability for unused vacation time that is required to be paid out upon an employee leaving the organization amounted to \$94,619 (2017 - \$78,135). No actuarial valuation has been performed pertaining to this liability.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

9. Employee benefits (continued):

The Town has a defined contribution pension plan for employees consisting of a registered retirement pension plan (RRSP) matching program. The Town's pension costs are charged to operations as contributions are due. The Town matches employees' contributions to a maximum of 6% of their annual salary. During the period, there was \$97,817 (2017 - \$76,813) contributed to RRSP plans. This represents both the Town's and the employees' portion of the contribution.

10. Long-term debt:

	March 31, 2019	December 31, 2017
Town of Stratford:		
2.99% Toronto Dominion loan payable in equal monthly installments of \$24,035 including interest, maturing in and amortized to June 2023	\$ 1,149,767	\$ -
2.98% Toronto Dominion loan payable in equal monthly installments of \$11,972 including interest, maturing in and amortized to March 2023	541,008	-
2.66% Toronto Dominion loan payable in equal monthly installments of \$3,418 including interest, maturing in and amortized to May 2025	233,144	275,962
2.90% Toronto Dominion loan payable in equal monthly installments of \$2,169 including interest, maturing in and amortized to January 2023	94,313	-
Royal Bank, repaid during the year	-	1,436,459
Royal Bank, repaid during the year	-	676,456
Bank of Montreal, repaid during the year	-	119,317
	<u>\$ 2,018,232</u>	<u>\$ 2,508,194</u>

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

10. Long-term debt (continued):

	March 31, 2019	December 31, 2017
Stratford Utility Corporation:		
5.18% Bank of Montreal loan payable in equal monthly installments of \$1,859 including interest, maturing in May 2020 and amortized to April 2030	\$ 189,403	\$ 204,649
3.03% Bank of Montreal loan payable in equal monthly installments of \$2,708 including interest, maturing in and amortized to March 2023	124,955	160,239
3.77% Bank of Montreal loan payable in equal monthly installments of \$3,537 including interest, maturing in and amortized to July 2021	98,413	145,957
4.87% Royal Bank loan payable in equal monthly installments of \$3,303 including interest, maturing in April 2019, amortized to April 2029	315,599	345,015
Royal Bank, repaid during the year	-	203,581
3.92% CMHC loan payable in equal annual installments of \$53,878 including interest, maturing in and amortized to March 2026	336,222	415,195
3.98% CMHC loan payable in equal annual installments of \$19,054 including interest, maturing in and amortized to February 2025	104,630	133,073
3.81% Toronto Dominion loan payable in equal monthly installments of \$7,075 including interest, maturing in and amortized to April 2038	1,150,209	-
3.31% Toronto Dominion loan payable in equal monthly installments of \$6,180 including interest, maturing in and amortized to May 2035	929,199	982,649

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

10. Long-term debt (continued):

3.45% Toronto Dominion loan payable in equal monthly installments of \$4,943 including interest, maturing in May 2024 and amortized to May 2034	700,921	744,137
3.11% Toronto Dominion loan payable in equal monthly installments of \$6,291 including interest, maturing in and amortized to January 2028	582,352	644,009
3.20% Toronto Dominion loan payable in equal monthly installments of \$3,598 including interest, maturing in and amortized to June 2036	571,765	602,268
3.30% Toronto Dominion loan payable in equal monthly installments of \$2,960 including interest, maturing in and amortized to June 2037	486,514	510,373
2.57% Toronto Dominion loan payable in equal monthly installments of \$4,081 including interest, maturing in and amortized to June 2027	363,744	412,471
2.63% Toronto Dominion loan payable in equal monthly installments of \$4,335 including interest, maturing in and amortized to January 2026	325,030	378,461
2.86% Toronto Dominion loan payable in equal monthly installments of \$3,077 including interest, maturing in and amortized to December 2024	195,633	234,115
1.90% Toronto Dominion loan payable in equal monthly installments of \$3,025 including interest, maturing in and amortized to January 2021	65,345	108,619
3.48% Toronto Dominion loan payable in equal monthly installments of \$5,455 including interest, maturing in and amortized to November 2023	281,605	338,228
	<hr/>	<hr/>
	\$ 6,821,539	\$ 6,563,039
	<hr/>	<hr/>
Total debt	\$ 8,839,771	\$ 9,071,233

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

10. Long-term debt (continued):

Based on the current repayment amounts, principal repayments in each of the next five years are as follows:

	General	Utility	Total
2020	\$ 445,664	\$ 594,257	\$ 1,039,921
2021	459,019	608,189	1,067,208
2022	472,775	573,811	1,046,586
2023	482,634	574,807	1,057,441
2024	110,931	542,896	653,827
	<u>\$ 1,971,023</u>	<u>\$ 2,893,960</u>	<u>\$ 4,864,983</u>

11. Property taxes:

	March 31, 2019	December 31, 2017
Commercial property tax	\$ 294,947	\$ 282,869
Non-commercial property tax	4,438,113	3,283,008
Prior year adjustments regarding appeals to property tax bills	66	(3,332)
	<u>\$ 4,733,126</u>	<u>\$ 3,562,545</u>

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

12. Government transfers for infrastructure:

	March 31, 2019	December 31, 2017
Province of P.E.I.:		
Gas Tax - Capital Investment Plan	\$ 866,156	\$ 816,580
Clean Water Wastewater Fund	999,139	1,738,624
Municipal Capital Expenditure Grant	215,134	507,799
Provincial Infrastructure Fund	62,716	62,500
	<u>\$ 2,143,145</u>	<u>\$ 3,125,503</u>

13. Robert L. Cotton Memorial Park:

During 1998, the Town received from the Province of Prince Edward Island, for a nominal fee of \$1, the land and buildings currently known as the Robert L. Cotton Memorial Park. The purchase agreement with the Province stipulates that no income can be generated from this property and the property cannot be sold in part or as a whole. The property must be returned to the Province for the same nominal fee of \$1 should the Town no longer desire to own the property.

14. Commitments:

As part of an agreement dated November 28, 2002, the Town agreed to provide fixed capital funding to Capital Area Recreation Inc. (CARI) for the construction of an aquatic facility. As part of the agreement, CARI shall submit an annual business plan and budget for approval by the Town relating to the Town's recreation programs to include scheduling, rates and subsidies. As part of the agreement, the Town can appoint a member to the Board of Directors of CARI.

The Town has made a commitment to CARI to fund 8% of the aquatic facility's operational shortfall to a maximum of \$3,000 per year, as well as contributing 8% to the capital replacement sinking fund to a maximum of \$6,582 per year, adjusted for inflation.

During 2012, the Town signed a 20-year contract with the RCMP, which can be opted out of with two years' notice. The annual cost of the commitment varies as it is based on costs incurred by the RCMP. Expenses paid by the Town under this contract in 2019 were \$1,038,989 (2017 - \$813,484).

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

14. Commitments (continued):

On November 22, 2017, the Town signed a 20-year agreement with the City of Charlottetown to use the City's wastewater treatment plant for the treatment of the Town's wastewater. The Town is required to pay an annual fee to the City which is a combination of the flow fee and the admin fee. The infrastructure cost for the project is estimated at \$10,925,000, of which 67% is to be funded by the Federal and Provincial governments.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

15. Accumulated surplus:

	March 31, 2019	December 31, 2017
Municipal position		
Reserve funds	\$ 1,627,050	\$ 1,728,688
Operating fund	41,064,019	36,451,980
	\$ 42,691,069	\$ 38,180,668
Reserve funds		
Balance, beginning of the period	\$ 1,728,688	\$ 1,985,866
Net allocations from reserves	(101,638)	(257,178)
Balance, end of the period	\$ 1,627,050	\$ 1,728,688
Comprising of:		
Town:		
Dedication fees	\$ 110,589	\$ 103,163
Election	-	23,860
Utility capital contribution	131,286	131,286
Town capital project	135,803	135,803
Heritage grant reserve	6,198	15,198
Pondside Park dredging	49,000	42,000
Stratfords of the World	3,488	4,570
New Deal Gas Tax funds	212,026	488,511
RCMP building	249,721	249,721
RCMP vehicle	30,000	30,000
Recreation/Go PEI	6,003	6,003
Utility:		
Water supply capital contribution	692,936	498,573
	\$ 1,627,050	\$ 1,728,688

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

16. Comparative figures:

The period ending March 31, 2019 relates to a 15-month period whereas the comparative figures are based on a 12-month year ended December 31, 2017.

Certain of the prior year figures have been restated to conform to the presentation adopted for the current year.

17. Segment disclosures:

The Town is a diversified municipal unit that provides a range of services to its citizens. For management reporting purposes, the Town's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Town services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

General Government

This department is responsible for the overall local government administration.

Finance

This department is responsible for the overall financial information of the Town. Its tasks include accounts payable and receivable, budgets and financial statements.

Recreation

This department is responsible for promoting and offering recreation opportunities and activities to the Town's residents.

Infrastructure

This department is responsible for infrastructure and maintenance projects for the Town.

Planning

This department is responsible for the overall planning of the Town.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

15-month period ended March 31, 2019

17. Segment disclosures (continued):

Stratford Utility Corporation

This department is responsible for the maintenance and operations of the water and sewer services provided to residents and other customers.

Stratford Business Park

This department is responsible for the maintenance and operations of the Stratford Business Park.

Internally generated revenues and expenses are eliminated on a consolidated basis.

TOWN OF STRATFORD

Schedule of Consolidated Segment Disclosures

15-month period ended March 31, 2019

	General Government	Finance	Recreation	Infrastructure	Planning	Stratford Utility Corporation	Stratford Business Park	Elimination	Consolidated 2019
Revenue:									
Property taxes	\$ 2,167,121	\$ 598,957	\$ 825,400	\$ 1,006,822	\$ 134,826	\$ -	\$ -	\$ -	\$ 4,733,126
Government transfer:									
Support Grant Program	1,331,410	-	-	-	-	-	-	-	1,331,410
Infrastructure	993,056	-	-	-	-	1,150,089	-	-	2,143,145
Rental	338,530	-	-	-	-	-	-	(50,000)	288,530
Third party revenue	131,307	-	73,834	3,000	289,112	-	-	-	497,253
Other revenue	-	-	-	-	-	-	249,648	-	249,648
Interest	10,008	-	-	-	-	49,250	-	-	59,258
Water and sewer	-	-	-	-	-	5,003,213	-	-	5,003,213
	4,971,432	598,957	899,234	1,009,822	423,938	6,202,552	249,648	(50,000)	14,305,583
Expenditures:									
Salaries and benefits	249,696	193,394	616,778	368,270	340,083	672,472	-	-	2,440,693
Goods and services	2,817,543	293,018	199,467	641,552	83,855	591,589	-	(50,000)	4,577,024
Depreciation	737,595	-	-	-	-	1,209,497	-	-	1,947,092
Interest	-	112,545	-	-	-	389,404	-	-	501,949
Other	-	-	82,989	-	-	-	245,435	-	328,424
	3,804,834	598,957	899,234	1,009,822	423,938	2,862,962	245,435	(50,000)	9,795,182
	\$ 1,166,598	\$ -	\$ -	\$ -	\$ -	\$ 3,339,590	\$ 4,213	\$ -	\$ 4,510,401

TOWN OF STRATFORD

Schedule of Consolidated Segment Disclosures

Year ended ended December 31, 2017

	General Government	Finance	Recreation	Infrastructure	Planning	Stratford Utility Corporation	Stratford Business Park	Elimination	Consolidated 2017
Revenue:									
Property taxes	\$ 2,037,061	\$ 335,834	\$ 482,277	\$ 486,175	\$ 221,198	\$ -	\$ -	\$ -	\$ 3,562,545
Government transfer:									
Support Grant Program	522,219	131,454	128,595	187,297	12,607	-	-	-	982,172
Infrastructure	1,041,138	-	-	-	-	2,084,365	-	-	3,125,503
Rental	262,262	-	-	-	-	-	-	(37,300)	224,962
Third party revenue	89,138	-	60,177	3,000	73,974	-	-	-	226,289
Other revenue	-	-	-	-	-	-	518,947	-	518,947
Interest	6,597	-	-	-	-	35,216	-	-	41,813
Water and sewer	-	-	-	-	-	2,479,693	-	-	2,479,693
	3,958,415	467,288	671,049	676,472	307,779	4,599,274	518,947	(37,300)	11,161,924
Expenditures:									
Salaries and benefits	220,238	134,796	434,915	280,094	285,797	426,592	-	-	1,782,432
Goods and services	2,110,179	226,239	153,707	453,402	21,982	489,961	-	(37,300)	3,418,171
Depreciation	518,095	-	-	-	-	880,220	-	-	1,398,315
Interest	-	117,038	-	-	-	268,455	-	-	385,493
Other	-	-	68,900	-	-	-	373,734	-	442,634
	2,848,512	478,073	657,522	733,496	307,779	2,065,228	373,734	(37,300)	7,427,044
	\$ 1,109,903	\$ (10,785)	\$ 13,527	\$ (57,024)	\$ -	\$ 2,534,046	\$ 145,213	\$ -	\$ 3,734,880

TOWN OF STRATFORD

Schedule of Tangible Capital Assets

15-month period ended March 31, 2019, with comparative figures for December 31, 2017 (note 16)

	Cost Beginning of Period	Additions	Disposals and Write Downs	Cost End of Period	Accumulated Amortization Beginning of Period	Disposals and Write Downs Amortization	Accumulated Amortization End of Period	Net Book Value 2019	Net Book Value 2017
Town:									
Land	\$ 1,274,899	\$ 498,931	\$ -	\$ 1,773,830	\$ -	\$ -	\$ -	\$ 1,773,830	\$ 1,274,899
Buildings and facility	7,643,849	1,922,684	-	9,566,533	3,256,781	-	234,068	3,490,849	6,075,684
Computer and equipment	1,451,860	84,012	-	1,535,872	1,198,875	-	84,312	1,283,187	252,685
Vehicle	1,139,027	43,175	(670)	1,181,532	1,101,721	-	14,519	1,116,240	65,292
Parks and other	2,776,855	421,222	-	3,198,077	1,644,533	-	106,207	1,750,740	1,447,337
Active transportation	6,516,548	393,847	-	6,910,395	2,334,480	-	298,489	2,632,969	4,277,426
Sewer utility:									
Land	783,759	-	-	783,759	-	-	-	783,759	783,759
Computer and equipment	760,445	769,052	-	1,529,497	150,138	-	70,636	220,774	1,308,723
Vehicle	184,713	-	-	184,713	157,345	-	27,368	184,713	-
Sewer	24,650,042	1,950,561	(3,450)	26,597,153	6,826,302	-	635,107	7,461,409	19,135,744
Water	18,753,838	84,907	-	18,838,745	3,011,819	-	476,385	3,488,204	15,350,541
	\$ 65,935,835	\$ 6,168,391	\$ (4,120)	\$ 72,100,106	\$ 19,681,994	\$ -	\$ 1,947,091	\$ 21,629,085	\$ 50,471,021
									\$ 46,253,841