

TOWN OF STRATFORD
Consolidated Financial Statements
March 31, 2020

TOWN OF STRATFORD
Index to Consolidated Financial Statements
March 31, 2020

	Page
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Debt	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 21
Schedules to Consolidated Financial Statements	22 - 34

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Town of Stratford are the responsibility of management and have been prepared in accordance with Canadian accounting standards for the public sector. A summary of the significant accounting policies are described in the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with a certainty until future periods.

To meet its responsibility, management maintains a system of internal controls 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 preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MRSB Chartered Professional Accountants Inc., independent external auditors appointed by the Town of Stratford. 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 Stratford

Mayor

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councilors of the Town of Stratford

Opinion

We have audited the consolidated financial statements of the Town of Stratford (the Town), 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 flows 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 as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for the public sector.

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 17, 2019.

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 accounting standards for the public sector, 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 relating 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.

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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.

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.

MRSB Chartered Professional Accountants Inc.

MRSB CHARTERED PROFESSIONAL ACCOUNTANTS INC.

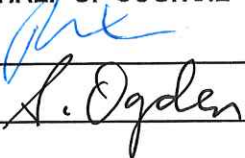
Charlottetown, PE

October 28, 2020

TOWN OF STRATFORD
Consolidated Statement of Financial Position
March 31, 2020

	2020	2019
Financial assets		
Cash	\$ 961,274	\$ 526,774
Restricted cash	420,921	839,018
Accounts receivable (Note 3)	4,464,591	1,606,759
Loans and contributions receivable (Note 4)	160,098	173,980
Land held for resale	163,367	1,046,164
Long term investments (Note 5)	220,046	199,293
	<u>6,390,297</u>	<u>4,391,988</u>
Liabilities		
Short term indebtedness (Note 6)	236,303	1,589,047
Accounts payable and accrued liabilities	2,960,200	1,511,218
Deferred revenue (Note 7)	200,092	529,392
Long term debt (Note 8)	14,680,046	8,839,771
	<u>18,076,641</u>	<u>12,469,428</u>
Lease commitment (Note 9)		
Commitments (Note 11)		
Net debt (Statement 6)	<u>(11,686,344)</u>	<u>(8,077,440)</u>
Non-financial assets		
Inventory	14,717	15,466
Prepaid expense	23,521	19,768
Tangible capital assets (Schedules 1 and 2)	60,427,779	50,459,294
	<u>60,466,017</u>	<u>50,494,528</u>
Accumulated surplus and municipal position (Statement 5)	<u>\$ 48,779,673</u>	<u>\$ 42,417,088</u>

ON BEHALF OF COUNCIL


S. Ogden → GAO
 MAYOR.

Notes 1 - 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Consolidated Statement of Operations
Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019 (15 months)
Revenues			
Property tax	\$ 4,161,800	\$ 4,152,661	\$ 4,733,126
Government transfers			
Provincial municipal support	1,147,700	1,197,564	1,331,410
Donations	-	732,702	7,426
Rental	757,100	402,914	326,036
Development permits	142,500	124,912	290,312
Recreation programs	95,500	83,852	98,489
Police fines	60,000	54,574	70,672
Income from government business enterprises (Note 5)	-	20,752	21,693
Seniors' complex wage allocation	10,000	10,000	12,500
Maintenance fee levy	5,500	9,255	5,522
Miscellaneous	4,500	5,803	4,567
Animal control	-	3,779	7,764
Interest	100	-	1,735
Stratford Utility Corporation (Schedule 11)	2,642,500	2,754,721	3,257,986
Stratford Business Park (Schedule 12)	-	494,101	249,648
	<u>9,027,200</u>	<u>10,047,590</u>	<u>10,418,886</u>
Cost of sales			
Stratford Business Park (Schedule 12)	-	284,861	204,325
	<u>9,027,200</u>	<u>9,762,729</u>	<u>10,214,561</u>
Gross margin			
	<u>9,027,200</u>	<u>9,762,729</u>	<u>10,214,561</u>
Expenditures			
General (Schedule 6)	3,502,600	3,436,957	3,754,833
Finance (Schedule 7)	795,600	684,736	598,953
Recreation (Schedule 8)	713,200	645,600	897,438
Infrastructure (Schedule 9)	1,037,200	983,044	1,011,618
Planning (Schedule 10)	334,400	332,534	423,940
Stratford Utility Corporation (Schedule 11)	2,610,200	2,517,049	2,900,263
Stratford Business Park (Schedule 12)	-	20,465	41,110
	<u>8,993,200</u>	<u>8,620,385</u>	<u>9,628,155</u>
Surplus from operations	<u>34,000</u>	<u>1,142,344</u>	<u>586,406</u>
Other revenues			
Stratford Utility Corporation (Schedule 11)	-	3,086,336	2,944,565
Town (Note 16)	-	2,133,905	1,288,424
	<u>-</u>	<u>5,220,241</u>	<u>4,232,989</u>
Annual surplus	<u>34,000</u>	<u>6,362,585</u>	<u>4,819,395</u>
Accumulated surplus - beginning of year (Note 12)	<u>42,417,088</u>	<u>42,417,088</u>	<u>37,597,693</u>
Accumulated surplus - end of year (Note 13)	<u>\$ 42,451,088</u>	<u>\$ 48,779,673</u>	<u>\$ 42,417,088</u>

Notes 1 - 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Consolidated Statement of Changes in Net Debt
Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019 (15 months)
Annual surplus	\$ 34,000	\$ 6,362,585	\$ 4,819,395
Amortization of tangible capital assets	1,720,000	1,738,563	1,947,092
Proceeds on disposal of tangible capital assets	-	-	4,121
Decrease (increase) in prepaid expense	-	(3,753)	14,030
Decrease (increase) in inventory	-	749	(9,417)
Purchase of tangible capital assets	<u>(23,902,000)</u>	<u>(11,707,048)</u>	<u>(6,156,666)</u>
	<u>(22,182,000)</u>	<u>(9,971,489)</u>	<u>(4,200,840)</u>
(Increase) decrease in net debt	(22,148,000)	(3,608,904)	618,555
Net debt - beginning of year	(8,077,440)	(8,077,440)	(8,695,995)
Net debt - end of year	<u>\$ (30,225,440)</u>	<u>\$ (11,686,344)</u>	<u>\$ (8,077,440)</u>

Notes 1 - 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Consolidated Statement of Cash Flows
Year Ended March 31, 2020

	Actual 2020	Actual 2019 (15 months)
Cash flows from operating activities		
Annual surplus	\$ 6,362,585	\$ 4,819,395
Item not affecting cash:		
Amortization of tangible capital assets	<u>1,738,563</u>	<u>1,947,092</u>
	<u>8,101,148</u>	<u>6,766,487</u>
Changes in non-cash working capital:		
Accounts receivable	(2,857,832)	1,198,499
Loans and contributions receivable	13,882	95,004
Prepaid expense	(3,750)	14,029
Inventory	749	(9,417)
Land held for resale	882,797	(476,735)
Accounts payable and accrued liabilities	1,448,979	(1,596,417)
Deferred revenue	<u>(329,300)</u>	<u>(247,653)</u>
	<u>(844,475)</u>	<u>(1,022,690)</u>
	<u>7,256,673</u>	<u>5,743,797</u>
Cash flows from capital activities		
Purchase of tangible capital assets	(11,707,048)	(6,156,666)
Proceeds on disposal of tangible capital assets	-	4,121
Long term investments	<u>(20,753)</u>	<u>(21,693)</u>
	<u>(11,727,801)</u>	<u>(6,174,238)</u>
Cash flows from financing activities		
Proceeds from long term debt	7,022,000	2,256,100
Repayment of long term debt	<u>(1,181,725)</u>	<u>(2,487,562)</u>
	<u>5,840,275</u>	<u>(231,462)</u>
Increase (decrease) in cash	<u>1,369,147</u>	<u>(661,903)</u>
Cash - beginning of year	<u>(223,255)</u>	<u>438,648</u>
Cash - end of year	<u>\$ 1,145,892</u>	<u>\$ (223,255)</u>
Cash consists of:		
Cash	\$ 961,274	\$ 526,774
Restricted cash	420,921	839,018
Short term indebtedness	<u>(236,303)</u>	<u>(1,589,047)</u>
	<u>\$ 1,145,892</u>	<u>\$ (223,255)</u>

Notes 1 - 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

1. DESCRIPTION OF BUSINESS

The Town of Stratford was incorporated under the Municipalities Act of Prince Edward Island. Its principal activities include the provision of local government services to residents of the incorporated area. The Town is a non-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Town of Stratford are the representations of management prepared in accordance with Canadian accounting standards for the public sector.

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs and in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services are performed or the tangible capital assets are acquired.

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

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

The financial activities of a certain entity associated with the Town of Stratford are 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 be consolidated:

Stratford Community Senior's Complex Ltd.

A government business enterprise is a self-sustaining organization that has the financial and operating authority to sell goods and services to individuals and non-government organizations as its principal activity and source of revenue. Government business enterprises are accounted for on the modified equity basis. Their accounting principles are not adjusted to conform with those of the Town. The total net assets of all government business enterprises are reported as a separate item on the Consolidated Statement of Financial Position. The total net income from all government business enterprises is reported as a separate item on the Consolidated Statement of Operations. The Town's investment in government business enterprises include the following:

The Charlottetown Area Development Corporation (CADC)

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TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

Cash is comprised of unrestricted, internally restricted and restricted balances on deposits with banks and short term indebtedness.

Accounts receivable

Accounts receivable arise from Utility billings, miscellaneous receivable, government funding receivable, Harmonized Sales Tax receivable and other miscellaneous receivables. An allowance for bad debts has been calculated through discussions with management, assessment of the other circumstances influencing the collectibility of amounts, and using historical loss experience. Amounts deemed uncollectible are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

Inventory

Inventories are stated at the lower of cost and net realizable value. Cost includes the costs to purchase and other costs directly attributable to the inventories. Cost is determined using the first in, first out method. Net realizable value represents the amount that may be realized from the sale of an inventory item under normal business conditions. When inventories are sold, the carrying amount of those inventories are recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the loss or write-down occurs. The amount of reversal of any write-downs, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Land held for resale

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.

Tangible capital assets

Tangible capital assets are stated at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized over the useful life on a straight-line basis less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings and facilities	40 and 50 years
Sidewalks, parks and paving	25 years
Machinery and equipment	10 years
Vehicles	7 years
Small equipment	5 years
Computer hardware and software	4 years
Sewer systems	20 and 50 years
Water systems	50 years

Interest on capital projects is capitalized during the period of construction.

One-half of the annual rate is recorded in the year of acquisition; no amortization is recorded in the year of disposal.

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TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2020, the liability for unused sick leave, that is required to be paid out upon severance or retirement, amounted to \$81,051 (2019 - \$66,885). No actuarial valuation has been performed pertaining to this liability.

Employees accumulate vacation time based on their years of service. 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, 2020, the liability for unused vacation time that is required to be paid out upon an employee leaving the organization amounted to \$126,286 (2019 - \$94,619). No actuarial valuation has been performed pertaining to this liability.

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 year, there was \$86,431 (2019 - \$97,817) contributed to RRSP plans. This represents both the Town's and the employees' portion of the contribution.

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 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 annual surplus, provides the consolidated change in net debt for the year.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue 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 on the amounts can be determined.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in surplus. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issuance of financial instruments that are subsequently measured at amortized cost are shown as an adjustment to the carrying value of the related financial instrument.

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TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The Town follows the deferral method of accounting for grants and contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred, with recognition of excess amounts being deferred until the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Measurement uncertainty

The presentation of the consolidated financial statements in conformity with Canadian accounting standards for the public sector requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. The following are areas in which management makes significant accounting estimates:

- The amounts recorded for amortization of tangible capital assets on the statement of operations and schedules is subject to management's assessment of the estimated useful life of the Town's tangible capital assets;
- The recognized amounts of potential claims and liabilities depend on management's assessment of future costs and the probability these events will occur.

TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

3. ACCOUNTS RECEIVABLE

	2020	2019
Government transfers	\$ 3,198,972	\$ 557,642
Utility billings	752,210	689,874
HST	268,141	46,840
Trade	242,768	292,665
Due from Stratford Community Senior's Complex Ltd.	2,500	19,738
	\$ 4,464,591	\$ 1,606,759

4. LOANS AND CONTRIBUTIONS RECEIVABLE

	2020	2019
Donald Baker, Bakerridge 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	35,098	48,980
	\$ 160,098	\$ 173,980

TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

5. INVESTMENTS

The Town of Stratford holds a 2% portion of the Charlottetown Area Development Corporation (CADC). Condensed financial information for CADC for the years ended March 31, 2020 and 2019 are as follows:

	2020	2019
<u>Consolidated Statement of Financial Position</u>		
Assets		
Current assets	\$ 10,893,093	\$ 8,322,849
Property inventory	3,424,515	3,314,849
Mortgages receivable	4,923,525	-
Capital assets	38,765	31,351
Investment properties	50,404,015	51,509,902
	69,683,913	63,178,951
Liabilities		
Current liabilities	18,758,870	8,833,710
Long term debt	6,285,537	10,122,082
Deferred revenues	35,236,402	35,857,674
	60,280,809	54,813,466
Shareholders' equity		
Capital stock	2,500	2,500
Contributed surplus	4,526,706	4,526,706
Retained earnings	4,873,898	3,836,279
	9,403,104	8,365,485
Total liabilities and shareholders' equity	\$ 69,683,913	\$ 63,178,951

Consolidated Statement of Comprehensive Income

Revenue		
Operating income	\$ 1,667,147	\$ 1,557,392
Management fee	152,400	157,124
Interest	171,359	149,199
Miscellaneous	35,715	25,676
	2,026,621	1,889,391
Expenses		
	989,002	804,738
Net earnings for the year	1,037,619	1,084,653
Retained earnings - beginning of year	3,836,279	2,751,626
Retained earnings - end of year	4,873,898	3,836,279
Investment - beginning of year	\$ 199,293	\$ 177,600
Share of net income (2%)	20,753	21,693
Investment - end of year	\$ 220,046	\$ 199,293

Key Activities and Commitments:

Demand loans of \$13,255,067 (2019 - \$5,931,067) are due on demand, interest at prime minus 0.1% and interest paid monthly.

The 2.6% term loan and 6.64% debenture were repaid during the year.

TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

5. INVESTMENTS (continued)

The 2.92%, 2.95%, 3.11% and 4.18% mortgages and the demand loans are secured by general security agreement representing a first charge on all assets, continuing collateral mortgages representing a first charge on all real property known as Harbourside Complex and an undertaking not to encumber or mortgage the property at 119 Euston Street, assignment of mortgage receivable and fire insurance for Harbourside Complex and general assignment of rents representing a first charge on rent on the Harbourside Complex.

The Province of Prince Edward Island is the majority shareholder of the The Charlottetown Area Development Corporation and the City of Charlottetown and the Town of Stratford are minority shareholders. Included in accounts payable was \$1,292 (2019 - \$0) due to Stratford Utility Corporation.

6. SHORT TERM INDEBTEDNESS

	2020	2019
<u>Utility</u>		
Provincial Credit Union Limited - prime; maximum limit of \$2,000,000; renewable January 5, 2021; secured by line of credit agreement and Borrowing resolution.	\$ 236,303	\$ -
<u>Town</u>		
Provincial Credit Union Limited - prime; maximum limit of \$2,000,000; renewable January 5, 2021; secured by line of credit agreement and Borrowing resolution.	-	1,027,905
<u>Business Park</u>		
Provincial Credit Union Limited - prime; maximum limit of \$800,000; renewable January 5, 2021; secured by line of credit agreement, and unlimited Corporate Guarantee of Town of Stratford and Borrowing resolution.	-	561,142
	\$ 236,303	\$ 1,589,047

7. DEFERRED REVENUE

During the year, the Town was allocated \$1,321,792 (2019 - \$866,156) under the New Deal Gas Tax Funding for Incorporated Communities agreement. Total proceeds of \$1,332,343 received by the Town as at March 31, 2020 is comprised of \$1,321,792 plus interest of \$10,551. The Town must use their allocation of the New Deal Gas Tax funds for eligible infrastructure and capacity building projects.

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 year, \$1,862,476 (2019 - \$1,152,426) was spent on eligible projects. The Town has prepared, and the governmental regulating body has accepted, a Capital Investment Plan which details anticipated expenditures.

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TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

7. DEFERRED REVENUE (continued)

	2020	2019
<u>Town</u>		
Unearned revenue	\$ 21,310	\$ 25,606
Deferred revenue	15,813	35,995
Stratford Youth Council	2,198	6,725
New Deal Gas Tax	-	340,776
	39,321	409,102
 <u>Utility</u>		
Deferred capital contributions	160,771	114,290
Deferred revenue	-	6,000
	160,771	120,290
 Total deferred revenue	\$ 200,092	\$ 529,392

8. LONG TERM DEBT

	2020	2019
<u>Town</u>		
TD Canada Trust - 2.99%; repayable in monthly blended installments of \$24,035. The loan matures on June 22, 2023.	\$ 892,396	\$ 1,149,767
TD Canada Trust - 2.98%; repayable in monthly blended installments of \$11,972. The loan matures on March 21, 2023.	411,827	541,008
TD Canada Trust - 2.66%; repayable in monthly blended installments of \$3,418. The loan matures on May 20, 2025.	197,893	233,144
TD Canada Trust - 2.9%; repayable in monthly blended installments of \$2,169. The loan matures on January 23, 2023.	70,702	94,313
Royal Bank of Canada - 2.81%; Bankers Acceptance; repayable in quarterly principal payments of \$63,000 to \$69,000 for 2020 to 2024. The loan matures on December 20, 2030.	6,038,000	-
	7,610,818	2,018,232
 <u>Utility</u>		
TD Canada Trust - 3.81%; repayable in monthly blended installments of \$7,075. The loan matures on April 24, 2028.	1,108,410	1,150,209
TD Canada Trust - 3.257%; repayable in monthly blended installments of \$6,180. The loan matures on May 20, 2030.	885,004	929,199
TD Canada Trust - 3.425%; repayable in monthly blended installments of \$4,943. The loan matures on May 20, 2024.	665,127	700,921
TD Canada Trust - 3.2%; repayable in monthly blended installments of \$3,598. The loan matures on June 14, 2037.	546,669	571,765

(continues)

TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

8. LONG TERM DEBT (continued)

	2020	2019
TD Canada Trust - 3.11%; repayable in monthly blended installments of \$6,291. The loan matures on January 23, 2028.	524,104	582,352
TD Canada Trust - 3.3%; repayable in monthly blended installments of \$2,960. The loan matures on June 19, 2037.	466,797	486,514
TD Canada Trust - 2.53%; repayable in monthly blended installments of \$4,081. The loan matures on January 19, 2027.	323,648	363,744
CMHC - 3.92%; repayable in annual blended installments of \$53,878. The loan matures on March 1, 2026.	296,505	336,222
TD Canada Trust - 2.63%; repayable in monthly blended installments of \$4,335. The loan matures on January 18, 2026.	281,052	325,030
Royal Bank of Canada - 2.61%; repayable in monthly blended installments of \$5,581. The loan matures on April 30, 2022.	269,176	315,599
TD Canada Trust - 3.48%; repayable in monthly blended installments of \$5,455. The loan matures on November 23, 2023.	225,028	281,605
Bank of Montreal - 5.45%; repayable in monthly blended installments of \$1,859. The loan matures on April 30, 2030.	174,668	189,403
TD Canada Trust - 2.843%; repayable in monthly blended installments of \$3,077. The loan matures on December 17, 2024.	163,865	195,633
Bank of Montreal - 5.23%; repayable in monthly blended installments of \$2,708. The loan matures on May 31, 2023.	93,064	124,955
CMHC - 3.98%; repayable in annual blended installments of \$19,054. The loan matures on February 1, 2025.	89,982	104,630
Bank of Montreal - 3.77%; repayable in monthly blended installments of \$3,547. The loan matures on July 31, 2021.	55,208	98,413
TD Canada Trust - 1.9%; repayable in monthly blended installments of \$3,025. The loan matures on January 18, 2021.	29,987	65,345
Royal Bank of Canada - 1.71%; Bankers acceptance. The loan matures on September 14, 2020.	750,000	-
Royal Bank of Canada - 2.73%; repayable in monthly blended installments of \$4,982. The loan matures on April 10, 2022.	120,934	-
	<u>7,069,228</u>	<u>6,821,539</u>
	<u>\$ 14,680,046</u>	<u>\$ 8,839,771</u>

Principal repayments of long term debt are expected to be repaid over the next five years as follows:

2021	\$ 2,160,721
2022	1,393,358
2023	1,447,772
2024	889,140
2025	1,252,766

TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

9. LEASE COMMITMENT

The Town has entered into a lease agreement with Parkdale Holdings for the lease of a library space. The minimum lease payments due over the next five years are as follows:

2021	\$	59,156
2022		59,156
2023		59,156
2024		59,156
2025		59,156

10. 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.

11. 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 2020 were \$1,038,989 (2019 - \$813,484).

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.

12. PRIOR PERIOD ADJUSTMENT

The Town's 2% investment in common shares of Charlottetown Area Development Corporation (CADC) was previously recorded at cost since its purchase in 2007. However, CADC is considered to be a government business enterprise (GBE) and should be accounted for using the modified equity method as required by Canadian accounting standards for the public sector. As a result, the following comparative amounts have been increased from amounts previously reported on the audited financial statements for the 15 months ended March 31, 2019:

Accumulated surplus	\$45,100
Income from GBE	\$21,693
Long term investments	\$66,793

TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

13. ACCUMULATED SURPLUS

	2020	2019
Unrestricted deficit	\$ (562,079)	\$ (617,459)
Reserve funds (Note 14)	3,584,019	1,415,024
Investment in tangible capital assets (Note 15)	45,757,733	41,619,523
	\$ 48,779,673	\$ 42,417,088

14. RESERVE FUNDS

	2020	2019
<u>Reserve funds</u>		
Balance, beginning of year	\$ 1,415,024	\$ 1,516,662
Allocation to Youth Centre Reserve	2,348	-
Allocation to Utility Capital project fund	2,181,364	194,363
Allocation to Town Capital project fund	223,541	-
Allocation to Pondsides Park dredging fund	7,000	7,000
Allocation to election reserve fund	9,500	(23,860)
Allocation to Stratfords of the World reserve fund	966	(1,082)
RCMP building reserve expenditures	(249,721)	-
Recreation/ GoPEI reserve expenditures	(6,003)	-
Expenditures	-	(278,059)
Balance, end of year	3,584,019	1,415,024
<u>Town</u>		
Town capital project	359,344	135,803
Utility capital contribution	131,286	131,286
Dedication fees	110,589	110,589
Pondsides Park dredging	56,000	49,000
RCMP vehicle	30,000	30,000
Election	9,500	-
Heritage grant reserve	6,198	6,198
Stratfords of the World	4,454	3,488
Youth Centre Reserve	2,348	-
Recreation/Go PEI	-	6,003
RCMP building	-	249,721
	709,719	722,088
<u>Utility</u>		
Capital project fund	2,874,300	692,936
Total reserve funds	\$ 3,584,019	\$ 1,415,024

TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

15. INVESTMENT IN TANGIBLE CAPITAL ASSETS

	2020	2019
Tangible capital assets (Schedules 1 and 2)	\$ 83,793,205	\$ 72,086,157
Accumulated amortization (Schedules 1 and 2)	(23,365,426)	(21,626,863)
Long term debt (Note 8)	(14,680,046)	(8,839,771)
	\$ 45,747,733	\$ 41,619,523

16. GOVERNMENT TRANSFERS FOR INFRASTRUCTURE

	2020	2019
<u>Town</u>		
New Deal Gas Tax	\$ 1,145,137	\$ 1,161,524
Municipal Capital Expenditure Grant	890,850	64,184
Canada Water Wastewater Fund	64,360	-
Investing in Canada Plan	23,735	-
Trans Canada Trail Funding	7,143	-
Province of PEI	2,680	-
Provincial Infrastructure Fund	-	62,716
	2,133,905	1,288,424
 <u>Utility</u>		
Clean Water Wastewater Fund	2,606,268	999,138
Municipal Capital Expenditure Fund	333,943	150,951
	2,940,211	1,150,089
 Total government transfers for infrastructure	 \$ 5,074,116	 \$ 2,438,513

TOWN OF STRATFORD
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

17. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, restricted cash, accounts receivable, loans and contributions receivable, short term indebtedness, accounts payable and accrued liabilities, and long term debt.

The Town is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Town's risk exposure and concentration as of March 31, 2020.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Town is exposed to credit risk from customers. In order to reduce its credit risk, the Town reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Town has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, contributions to the pension plan, and accounts payable.

18. SEGMENT DISCLOSURE

The Town is a diversified municipal unit that provides a wide range of services to its citizens. For management reporting purposes the Town's operations and activities are organized and reported by segment. The major segments 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 includes accounts payable and receivables, 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.

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
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

19. SUBSEQUENT EVENT

The recent outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Town or its residents, employees, contractors, suppliers and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Town's business, the continued spread of COVID-19 and the measures taken by the federal and provincial governments to contain its impact could adversely impact the Town's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the Town's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

20. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants.

TOWN OF STRATFORD
Schedules to Consolidated Financial Statements
Tangible Capital Assets
Year Ended March 31, 2020

(Schedule 1)

	Cost beginning of year	Additions	Disposals and write downs	Cost end of year	Accum amort beginning of year	Amort in the year	Disposals and write downs	Accum amort end of year	Net book value
Town									
Land	\$ 1,773,830	\$ 306,785	-	\$ 2,080,615	-	-	-	-	\$ 2,080,615
Buildings and facilities	9,564,311	7,068,032	-	16,632,343	3,488,627	294,591	-	3,783,218	12,849,125
Computer and equipment	1,535,872	96,803	-	1,632,675	1,283,187	77,710	-	1,360,897	271,778
Vehicles	1,181,532	86,709	-	1,268,241	1,116,240	20,844	-	1,137,084	131,157
Parks and other	3,198,077	129,444	-	3,327,521	1,444,585	94,466	-	1,539,051	1,788,470
Active transportation	6,898,668	264,905	-	7,163,573	2,939,124	251,481	-	3,190,605	3,972,968
	\$ 24,152,290	\$ 7,952,678	-	\$ 32,104,968	\$ 10,271,763	\$ 739,092	-	\$ 11,010,855	\$ 21,094,113
Sewer Utility									
Land	\$ 783,759	-	-	\$ 783,759	-	-	-	-	\$ 783,759
Computer and equipment	1,529,498	124,724	-	1,654,222	220,774	82,891	-	303,665	1,350,557
Vehicles	184,713	52,086	-	236,799	184,713	3,720	-	188,433	48,366
Sewer	25,705,176	159,767	-	25,864,943	7,473,543	515,684	-	7,989,227	17,875,716
Water	19,730,721	109,349	-	19,840,070	3,476,070	397,176	-	3,873,246	15,966,824
Construction in progress	-	3,308,444	-	3,308,444	-	-	-	-	3,308,444
	\$ 47,933,867	\$ 3,754,370	-	\$ 51,688,237	\$ 11,355,100	\$ 999,471	-	\$ 12,354,571	\$ 39,333,666
Total	\$ 72,086,157	\$ 11,707,048	-	\$ 83,793,205	\$ 21,626,863	\$ 1,738,563	-	\$ 23,365,426	\$ 60,427,779

Notes 1 to 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Schedules to Consolidated Financial Statements
Tangible Capital Assets
15 Months Ended March 31, 2019

(Schedule 2)

	Cost beginning of period	Additions	Disposals and write downs	Cost end of period	Accum amort beginning of period	Amort in the period	Disposals and write downs	Accum amort end of period	Net book value
Town									
Land	\$ 1,274,899	\$ 498,931	-	\$ 1,773,830	\$ -	-	\$ -	\$ -	\$ 1,773,830
Buildings and facilities	7,641,626	1,922,685	-	9,564,311	3,254,559	234,068	-	3,488,627	6,075,684
Computer and equipment	1,451,860	84,012	-	1,535,872	1,198,875	84,312	-	1,283,187	252,685
Vehicles	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	(199,948)	-	1,444,585	1,753,492
Active transportation	6,516,547	382,121	-	6,898,668	2,334,480	604,644	-	2,939,124	3,959,544
	\$ 20,800,814	\$ 3,352,146	(\$ 670)	\$ 24,152,290	\$ 9,534,168	\$ 737,595	\$ -	\$ 10,271,763	\$ 13,880,527
Sewer Utility									
Land	\$ 783,759	-	-	\$ 783,759	-	-	\$ -	\$ -	\$ 783,759
Computer and equipment	760,445	769,053	-	1,529,498	150,138	70,636	-	220,774	1,308,724
Vehicles	184,713	-	-	184,713	157,344	27,369	-	184,713	-
Sewer	24,651,041	1,057,585	(3,450)	25,705,176	6,832,907	640,636	-	7,473,543	18,231,633
Water	18,752,839	977,882	-	19,730,721	3,005,214	470,856	-	3,476,070	16,254,651
	\$ 45,132,797	\$ 2,804,520	(\$ 3,450)	\$ 47,933,867	\$ 10,145,603	\$ 1,209,497	\$ -	\$ 11,355,100	\$ 36,578,767
Total	\$ 65,933,611	\$ 6,156,666	(\$ 4,120)	\$ 72,086,157	\$ 19,679,771	\$ 1,947,092	\$ -	\$ 21,626,863	\$ 50,459,294

Notes 1 to 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Schedules to Consolidated Financial Statements
Segment Disclosures
Year Ended March 31, 2020

(Schedule 3)

	General Government	Finance	Recreation	Infrastructure	Planning	Stratford Utility Corporation	Stratford Business Park	Elimination	Consolidated 2020
Revenue									
Property taxes	\$ 4,152,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,152,661
Government transfers									
Support	1,197,564	-	-	-	-	-	-	-	1,197,564
Infrastructure	2,133,905	-	-	-	2,940,211	-	-	-	5,074,116
Donations	732,702	-	-	-	-	-	-	-	732,702
Rental	402,914	-	-	-	-	-	-	(52,500)	350,414
Third party revenue	68,353	-	83,852	-	134,167	-	-	-	286,372
Other revenue	26,555	-	-	-	-	-	494,101	-	520,656
Interest	-	-	-	-	-	35,282	-	-	35,282
Water and sewer	-	-	-	-	-	2,865,564	-	(26,299)	2,839,265
	\$ 8,714,654	\$ -	\$ 83,852	\$ -	\$ 134,167	\$ 5,841,057	\$ 494,101	\$ (78,799)	\$ 15,189,032
Expenditures									
Salaries and benefits	\$ 271,532	\$ 178,611	\$ 412,047	\$ 419,513	\$ 305,978	\$ 608,163	\$ -	\$ -	\$ 2,195,845
Goods and services	2,426,332	289,436	151,601	563,531	26,556	626,412	-	(78,799)	4,005,069
Depreciation	739,093	-	-	-	-	999,471	-	-	1,738,563
Interest	-	216,689	-	-	-	283,003	-	-	499,692
Other	-	-	81,952	-	-	-	305,326	-	387,278
	\$ 3,436,957	\$ 684,736	\$ 645,600	\$ 983,044	\$ 332,534	\$ 2,517,049	\$ 305,326	\$ (78,799)	\$ 8,826,447
Annual surplus	\$ 5,277,697	\$ (684,736)	\$ (561,748)	\$ (983,044)	\$ (198,367)	\$ 3,324,008	\$ 188,775	\$ -	\$ 6,362,585

Notes 1 to 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Schedules to Consolidated Financial Statements
Segment Disclosures
15 Months Ended March 31, 2019

(Schedule 4)

	General Government	Finance	Recreation	Infrastructure	Planning	Stratford Utility Corporation	Stratford Business Park	Elimination	Consolidated 2019
Revenues									
Property taxes	\$ 4,733,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,733,126
Government transfers									
Support	1,331,410	-	-	-	-	-	-	-	1,331,410
Infrastructure	1,288,424	-	-	-	1,150,089	-	-	-	2,438,513
Donations	7,426	-	-	-	-	-	-	-	7,426
Rental	326,036	-	-	-	-	-	(37,300)	-	288,736
Third party revenue	90,936	-	98,489	-	295,834	-	-	-	485,259
Other revenue	26,260	-	-	-	-	-	249,648	-	275,908
Interest	1,735	-	-	-	-	10,252	-	-	11,987
Water and sewer	-	-	-	-	-	5,042,210	-	(24,673)	5,017,537
	\$ 7,805,353	\$ -	\$ 98,489	\$ -	\$ 295,834	\$ 6,202,551	\$ 249,648	\$ (61,973)	\$ 14,589,902
Expenditures									
Salaries and benefits	\$ 266,287	\$ 207,406	\$ 625,414	\$ 371,849	\$ 354,119	\$ 672,473	\$ -	\$ -	\$ 2,497,548
Goods and services	2,750,951	279,002	189,035	639,769	69,821	628,887	-	(61,973)	4,495,492
Depreciation	737,595	-	-	-	-	1,209,497	-	-	1,947,092
Interest	-	112,545	-	-	-	389,406	-	-	501,951
Other	-	-	82,989	-	-	-	245,435	-	328,424
	\$ 3,754,833	\$ 598,953	\$ 897,438	\$ 1,011,618	\$ 423,940	\$ 2,900,263	\$ 245,435	\$ (61,973)	\$ 9,770,507
Annual surplus	\$ 4,050,520	\$ (598,953)	\$ (798,949)	\$ (1,011,618)	\$ (128,106)	\$ 3,302,288	\$ 4,213	\$ -	\$ 4,819,395

Notes 1 to 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Consolidated Statement of Operations - Town
Year Ended March 31, 2020

(Schedule 5)

	Budget 2020	Actual 2020	Actual 2019 (15 months)
Revenues			
Property tax	\$ 4,161,800	\$ 4,152,661	\$ 4,733,126
Government transfers			
Provincial municipal support	1,147,700	1,197,564	1,331,410
Donations	-	732,702	7,426
Rental	757,100	402,914	326,036
Development permits	142,500	124,912	290,312
Recreation programs	95,500	83,852	98,489
Police fines	60,000	54,574	70,672
Income from government business enterprise (Note 5)	-	20,752	21,693
Seniors' complex wage allocation	10,000	10,000	12,500
Maintenance fee levy	5,500	9,255	5,522
Miscellaneous	4,500	5,803	4,567
Animal control	-	3,779	7,764
Interest	100	-	1,735
	<u>6,384,700</u>	<u>6,798,768</u>	<u>6,911,252</u>
Expenditures			
General (Schedule 6)	3,502,600	3,436,957	3,754,833
Finance (Schedule 7)	795,600	684,736	598,953
Recreation (Schedule 8)	713,200	645,600	897,438
Infrastructure (Schedule 9)	1,037,200	983,044	1,011,618
Planning (Schedule 10)	334,400	332,534	423,940
	<u>6,383,000</u>	<u>6,082,871</u>	<u>6,686,782</u>
Surplus from operations	1,700	715,897	224,470
Other revenues			
Government transfer for infrastructure (Note 16)	-	2,133,905	1,288,424
	<u>-</u>	<u>2,133,905</u>	<u>1,288,424</u>
Annual surplus	\$ 1,700	\$ 2,849,802	\$ 1,512,894

Notes 1 - 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Consolidated Statement of Expenditures - General (Schedule 6)
Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019 (15 months)
Expenditures			
Amortization of tangible capital assets	\$ 720,000	\$ 739,093	\$ 737,595
Animal control	32,500	33,049	40,483
Committee	44,200	43,194	48,283
Community engagement	75,000	68,315	83,946
Donations	18,000	14,450	15,715
Elections	-	-	39,051
Fire protection	534,800	539,303	404,224
GIS development and maintenance	-	381	67,212
Library lease	82,000	80,906	101,696
Mayor and council:			
Council development	29,500	24,699	27,322
Council honorariums	131,700	136,421	160,914
Discretionary fund	3,500	3,460	2,604
Municipal dues and fees	21,000	18,968	20,664
Professional fees - consulting	37,500	32,160	50,771
Professional fees - legal	20,000	28,853	23,892
Promotions	10,000	13,332	19,263
RCMP contract	931,700	879,820	1,038,989
RCMP office lease	4,400	2,294	11,472
Salaries and wages	263,100	257,131	252,821
Staff EAP and incentives	10,500	7,278	7,992
Staff development and travel	5,000	7,123	5,474
Street lighting	225,000	224,210	275,339
Sustainability	55,000	54,938	50,732
Transit	226,200	220,692	260,755
Watershed	22,000	6,887	7,624
	\$ 3,502,600	\$ 3,436,957	\$ 3,754,833

Notes 1 - 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Consolidated Statement of Expenditures - Finance (Schedule 7)
Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019 (15 months)
Expenditures			
Advertising	\$ 7,700	\$ 2,593	\$ 9,276
Computer software and internet	63,200	76,640	50,393
Fees and journals	5,000	5,877	5,842
Insurance	51,000	48,926	58,117
Interest and bank charges	17,500	16,371	22,047
Interest on long term debt	308,000	200,318	90,494
Leased equipment	5,800	2,475	6,897
Office supplies	29,000	27,238	34,892
Postage and courier	6,600	3,040	6,608
Professional fees	25,300	23,452	20,195
Property tax	30,700	43,283	21,520
Property tax rebates	7,000	11,340	12,390
Salaries and wages	179,800	171,733	193,394
Staff development and travel	5,500	3,787	6,156
Stratfords of the World	1,000	35	2,288
Telephone	41,000	44,537	50,588
Workers compensation	11,500	3,091	7,856
	\$ 795,600	\$ 684,736	\$ 598,953

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TOWN OF STRATFORD
Consolidated Statement of Expenditures - Recreation **(Schedule 8)**
Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019 (15 months)
Expenditures			
Arts and culture	\$ 32,000	\$ 35,561	\$ 39,130
Events	25,000	27,208	32,860
Grants:			
CARI operating	15,300	15,952	15,300
Glen Stewart playground	15,000	15,000	15,000
Pownal rink	50,000	50,000	50,000
School levy	-	-	1,189
Other	3,400	1,000	1,500
Maintenance:			
Playground	26,750	35,349	39,385
Sports field	26,750	13,711	16,775
Professional fees	6,500	218	4,653
Programs	35,000	37,879	51,805
Promotion	1,600	-	1,424
Rink operations	2,500	1,675	3,003
Salaries and wages	468,900	409,987	616,778
Staff development and travel	4,500	2,060	8,636
	\$ 713,200	\$ 645,600	\$ 897,438

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TOWN OF STRATFORD
Consolidated Statement of Expenditures - Infrastructure (Schedule 9)
Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019 (15 months)
Expenditures			
Beautification plans	\$ 25,000	\$ 22,415	\$ 13,142
Building and grounds maintenance	320,400	195,459	244,489
Electricity	106,300	114,789	130,992
Fuel	18,000	17,488	24,181
Grass cutting	25,000	23,744	22,990
Professional fees	1,500	-	4,067
Salaries and wages	402,200	416,459	368,270
Sidewalk maintenance	2,000	4,038	5,531
Signage	6,000	4,813	6,367
Small tools	3,000	4,713	2,761
Snow removal	64,000	107,811	115,065
Staff development and travel	1,500	3,054	3,579
Vehicle and equipment operations	40,000	42,229	46,556
Water and sewer	22,300	26,032	23,628
	<u>\$ 1,037,200</u>	<u>\$ 983,044</u>	<u>\$ 1,011,618</u>

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TOWN OF STRATFORD
Consolidated Statement of Expenditures - Planning (Schedule 10)
Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019 (15 months)
Expenditures			
Administrative	\$ 1,800	\$ 1,758	\$ 2,663
Heritage	5,000	5,055	14,494
Professional fees	24,000	19,743	52,664
Salaries and wages	294,600	294,611	340,083
Staff development and travel	9,000	11,367	14,036
	<u>\$ 334,400</u>	<u>\$ 332,534</u>	<u>\$ 423,940</u>

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TOWN OF STRATFORD
Consolidated Statement of Operations - Stratford Utility Corporation (Schedule 11)
Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019 (15 months)
Revenues			
Metered sales	\$ 2,141,500	\$ 2,278,206	\$ 1,183,260
Unmetered sales	421,400	368,506	1,925,921
Frontage charges	38,100	58,160	89,688
Interest and other	4,500	35,282	10,252
Late penalty charges	30,000	8,972	38,997
Connection charges	7,000	5,595	9,868
	<u>2,642,500</u>	<u>2,754,721</u>	<u>3,257,986</u>
Expenditures			
Amortization of tangible capital assets	1,000,000	999,471	1,209,497
Electricity	195,000	195,584	228,833
Honorariums	1,000	1,000	1,000
Insurance	13,600	12,037	14,441
Interest and bank charges	74,000	60,350	67,947
Interest on long term debt	290,000	222,653	321,459
Office	18,400	16,316	15,335
Postage	15,600	13,464	14,960
Professional fees	74,000	24,737	10,097
Property taxes	7,100	8,891	6,868
Rental	52,500	52,500	37,300
Repairs and maintenance	143,000	176,743	177,627
Salaries and wages	608,300	601,872	657,677
Snow removal	9,200	8,772	13,585
Software maintenance	20,000	51,319	19,860
Telephone	20,000	22,708	24,020
Tools and equipment	8,000	2,992	7,132
Travel	11,000	5,978	6,469
Vehicle	20,000	32,129	29,126
Water conservation	18,000	1,242	22,234
Workers compensation	11,500	6,291	14,796
	<u>2,610,200</u>	<u>2,517,049</u>	<u>2,900,263</u>
Surplus from operations	32,300	237,672	357,723
Other revenues			
Government transfers for infrastructure (Note 16)	-	2,940,211	1,150,089
Donated capital contributions	-	146,125	1,600,114
Water supply capital contributions	-	-	194,362
	<u>-</u>	<u>3,086,336</u>	<u>2,944,565</u>
Annual surplus	\$ 32,300	\$ 3,324,008	\$ 1,507,812

Notes 1 - 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Consolidated Statement of Operations - Stratford Business Park (Schedule 12)
Year Ended March 31, 2020

	Actual 2020	Actual 2019 (15 months)
Revenues		
Sale of properties	\$ 494,101	\$ 249,648
Cost of sales	<u>284,861</u>	<u>204,325</u>
Gross profit	<u>209,240</u>	<u>45,323</u>
Expenditures		
Administrative	30	30
Interest and bank charges	5,638	29,564
Maintenance	376	385
Professional fees	9,181	3,326
Property tax	4,973	6,761
Water and sewer	<u>267</u>	<u>1,044</u>
	<u>20,465</u>	<u>41,110</u>
Annual surplus	<u>\$ 188,775</u>	<u>\$ 4,213</u>

Notes 1 - 20 are an integral part of these consolidated financial statements

TOWN OF STRATFORD
Consolidated Statement of Cash Flows by Entity (Schedule 13)
Year Ended March 31, 2020

	Town	Utility	Business Park	Total 2020
Cash flows from operating activities				
Annual surplus	\$ 2,849,802	\$ 3,324,008	\$ 188,775	\$ 6,362,585
Item not affecting cash:				
Amortization of tangible capital assets	739,092	999,471	-	1,738,563
	<u>3,588,894</u>	<u>4,323,479</u>	<u>188,775</u>	<u>8,101,148</u>
Changes in non-working capital:				
Accounts receivable	(679,563)	(2,178,269)	-	(2,857,832)
Loans and contributions receivable	-	13,882	-	13,882
Prepaid expense	(3,500)	(250)	-	(3,750)
Inventory	749	-	-	749
Land held for resale	-	-	882,797	882,797
Accounts payable and accrued liabilities	1,209,508	262,045	(22,574)	1,448,979
Deferred income	(369,781)	40,481	-	(329,300)
	<u>\$ 157,413</u>	<u>\$ (1,862,111)</u>	<u>\$ 860,223</u>	<u>\$ (844,475)</u>
	<u>3,746,307</u>	<u>2,461,368</u>	<u>1,048,998</u>	<u>7,256,673</u>
Cash flows from capital activity				
Purchases of tangible capital assets	(7,952,678)	(3,754,370)	-	(11,707,048)
Cash flows from financing activities				
Proceeds from long term debt	6,100,000	922,000	-	7,022,000
Repayment of long term debt	\$ (507,413)	\$ (674,312)	\$ -	\$ (1,181,725)
Long term investments	(20,753)	-	-	(20,753)
Advances from (to) related entities	\$ (442,772)	\$ 439,242	\$ 3,530	\$ -
	<u>5,129,062</u>	<u>686,930</u>	<u>3,530</u>	<u>5,819,522</u>
Increase (decrease) in cash	922,691	(606,072)	1,052,528	1,369,147
Cash - beginning of the year	\$ (175,369)	\$ 513,192	\$ (561,078)	\$ (223,255)
Cash - end of year	<u>\$ 747,322</u>	<u>\$ (92,880)</u>	<u>\$ 491,450</u>	<u>\$ 1,145,892</u>
Cash consists of:				
Cash	\$ 326,401	\$ 143,423	\$ 491,450	\$ 961,274
Restricted cash	420,921	-	-	420,921
Bank indebtedness	-	(236,303)	-	(236,303)
	<u>\$ 747,322</u>	<u>\$ (92,880)</u>	<u>\$ 491,450</u>	<u>\$ 1,145,892</u>

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