



Non-consolidated financial statements

(Unaudited – see notice to reader)

Town of Port Hawkesbury

March 31, 2013

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## Notice to reader

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On the basis of information provided by management, we have compiled the Operating Fund and Capital Fund balance sheets of the General Fund, Water Utility and Reserve Funds of the Town of Port Hawkesbury as at March 31, 2013, and the statement of operations for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Port Hawkesbury, Canada

February 4, 2014

*Grant Thornton LLP*  
Chartered accountants

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# Town of Port Hawkesbury

## General section

### Operating fund balance sheet

March 31 2013 2012  
(Unaudited - see notice to reader)

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#### Assets

Cash and cash equivalents	<u>\$ 886,372</u>	<u>\$ 669,004</u>
Receivables		
Taxes (Note 2)	229,164	161,318
Due from federal government and its agencies	85,899	69,418
Due from provincial government and its agencies (Note 3)	7,320	4,587
Due from local government and its agencies (Note 4)	110,661	23,794
Due from Water Utility section – capital fund	-	173,333
Due from General section – capital fund	65,693	65,693
Due from Water Utility section – operating fund	168,590	-
Other	<u>264,507</u>	<u>245,650</u>
	<u>931,834</u>	<u>743,793</u>
Tangible assets		
Inventories of materials and supplies	<u>21,669</u>	<u>36,972</u>
Other assets		
Deferred expenditures	<u>96,479</u>	<u>69,960</u>
	<u>\$ 1,936,354</u>	<u>\$ 1,519,729</u>

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See accompanying notes to the non-consolidated financial statements.

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**Town of Port Hawkesbury**  
**General section**  
**Operating fund balance sheet (continued)**

March 31 2013 2012  
 Unaudited - see notice to reader)

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**Liabilities and operating equity**

Trade payables	<u>\$ 1,146,267</u>	<u>\$ 964,743</u>
Other liabilities		
Deferred revenue	448,828	404,422
Due to Water utility section - operating fund	-	68,539
Due to Reserve fund section -- operating reserve	236,290	-
Prepaid taxes	<u>59,589</u>	<u>47,292</u>
	<u>744,707</u>	<u>520,253</u>
Asset valuation allowances		
For uncollectible accounts receivable	17,748	7,101
For uncollected taxes (Note 5)	<u>10,855</u>	<u>10,855</u>
	<u>28,603</u>	<u>17,956</u>
Operating fund surplus	<u>16,777</u>	<u>16,777</u>
	<u>\$ 1,936,354</u>	<u>\$ 1,519,729</u>

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On behalf of the Town of Port Hawkesbury

\_\_\_\_\_ Mayor \_\_\_\_\_ CAO

See accompanying notes to the non-consolidated financial statements.

# Town of Port Hawkesbury

## General section

### Statement of operations

Year ended March 31 2013 2012  
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 4,802,403	\$ 4,790,655	\$ 4,636,845
Grants in lieu of taxes	715,717	715,084	708,050
Services provided to other local governments	190,000	194,734	201,272
Sales of services	875,982	1,049,459	1,134,820
Other revenue from own sources	230,500	274,174	241,343
Conditional transfers from other governments	57,500	98,004	63,864
Unconditional transfers from other governments	319,686	326,153	409,720
Conditional transfers from other local governments	109,712	123,962	117,079
Other transfers	<u>148,500</u>	<u>148,500</u>	<u>144,630</u>
	<u>7,450,000</u>	<u>7,720,725</u>	<u>7,657,623</u>
Expenditures (Schedule B)			
General government services	1,229,381	1,135,267	1,246,055
Protective services	1,366,823	1,343,062	1,241,179
Transportation services	1,104,756	1,002,841	1,117,362
Environmental health services	716,885	650,785	775,904
Public health and welfare	54,258	49,575	44,004
Environmental development services	105,731	109,145	97,486
Recreation and cultural services	1,656,441	1,863,342	1,723,762
Education	629,780	629,777	551,874
Financing and transfers	<u>585,945</u>	<u>936,931</u>	<u>843,351</u>
	<u>7,450,000</u>	<u>7,720,725</u>	<u>7,640,977</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,646</u>

See accompanying notes to the non-consolidated financial statements.

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**Town of Port Hawkesbury**  
**General section**  
**Statement of operating fund surplus**

Year ended March 31 (Unaudited - see notice to reader)	2013	2012
Operating fund surplus, beginning of year	\$ 16,777	\$ 99,131
Transfer to operating revenue	-	(99,000)
Excess of revenue over expenditures	<u>-</u>	<u>16,646</u>
Operating fund surplus, end of year	<u>\$ 16,777</u>	<u>\$ 16,777</u>

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See accompanying notes to the non-consolidated financial statements.

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**Town of Port Hawkesbury**  
**General section**  
**General capital fund balance sheet**

March 31 2013 2012  
(Unaudited - see notice to reader)

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<b>Assets</b>		
Cash and cash equivalents	\$ 31,925	\$ 31,925
Due from other governments	447	471
Unamortized discount on debentures	32,156	37,062
Property and equipment (Note 7)	<u>27,523,071</u>	<u>28,737,764</u>
	<u>\$ 27,587,599</u>	<u>\$ 28,807,222</u>

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<b>Liabilities</b>		
Due to General section – operating fund	\$ 65,693	\$ 65,693
Term loans (Schedule D)	6,691	25,929
Long term debt (Note 8) (Schedule D)	<u>5,724,875</u>	<u>6,290,820</u>
	<u>5,797,259</u>	<u>6,382,442</u>

<b>Equity</b>		
Investment in capital assets (Page 8)	<u>21,790,340</u>	<u>22,424,780</u>
	<u>\$ 27,587,599</u>	<u>\$ 28,807,222</u>

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On behalf of the Town of Port Hawkesbury

\_\_\_\_\_ Mayor \_\_\_\_\_ CAO

See accompanying notes to the non-consolidated financial statements.



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**Town of Port Hawkesbury  
 General section  
 School capital fund balance sheet**

March 31 2013 2012  
 (Unaudited - see notice to reader)

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**Assets**

Strait Area Education Recreation Centre (Note 6)	\$ <u>1</u>	\$ <u>1</u>
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**Equity**

Investment in capital assets	\$ <u>1</u>	\$ <u>1</u>
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On behalf of the Town of Port Hawkesbury

\_\_\_\_\_ Mayor \_\_\_\_\_ CAO

See accompanying notes to the non-consolidated financial statements.

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**Town of Port Hawkesbury**  
**General section**

**Statement of investment in general capital assets**

Year ended March 31  
(Unaudited - see notice to reader)

	2013	2012
Balance, beginning of year	\$ 22,424,780	\$ 23,098,496
Capital out of revenue	42,259	-
Amortization of debenture discount	(4,906)	(4,906)
Amortization of tangible capital assets	(1,256,953)	(1,258,404)
Term debt retired	<u>585,160</u>	<u>589,594</u>
Balance, end of year	<u>\$ 21,790,340</u>	<u>\$ 22,424,780</u>

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**General section**

**Statement of investment in school capital assets**

Year ended March 31  
(Unaudited - see notice to reader)

	2013	2012
Balance, beginning and end of year	<u>\$ 1</u>	<u>\$ 1</u>

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See accompanying notes to the non-consolidated financial statements.

# Town of Port Hawkesbury

## General section

### Schedule A - Details of revenue

Year ended March 31

2013

2012

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Taxes</b>			
Assessable property			
Residential	\$ 2,270,615	\$ 2,267,518	\$ 2,171,284
Commercial			
Based on taxable assessment	2,317,475	2,308,277	2,274,155
Resource			
Based on taxable assessment	<u>24,618</u>	<u>24,533</u>	<u>24,110</u>
	<u>\$ 4,612,708</u>	<u>\$ 4,600,328</u>	<u>4,469,549</u>
Business property			
Business occupancy	46,295	46,513	49,419
Nova Scotia Power - HST offset grant	43,000	56,819	42,739
Based in revenue - Nova Scotia Power	10,400	9,953	10,397
Based on revenue - Aliant Inc.	<u>40,000</u>	<u>34,671</u>	<u>40,000</u>
	<u>139,695</u>	<u>147,956</u>	<u>142,555</u>
Other			
Deed transfer tax	<u>50,000</u>	<u>42,371</u>	<u>24,741</u>
	<u>\$ 4,802,403</u>	<u>\$ 4,790,655</u>	<u>\$ 4,636,845</u>
<b>Grants in lieu of taxes</b>			
Federal government	\$ 75,472	\$75,472	\$ 73,661
Federal government agencies			
Enterprise Cape Breton Corporation	21,064	21,064	20,353
Provincial government			
Provincial property	<u>619,181</u>	<u>618,548</u>	<u>614,036</u>
	<u>\$ 715,717</u>	<u>\$ 715,084</u>	<u>\$ 708,050</u>
<b>Services provided to other local governments</b>			
Fire protection - Richmond County	\$ 25,000	\$ 25,000	\$ 25,000
Leachate Treatment - Guysborough County	<u>165,000</u>	<u>169,734</u>	<u>176,272</u>
	<u>\$ 190,000</u>	<u>\$ 194,734</u>	<u>\$ 201,272</u>

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# Town of Port Hawkesbury

## General section

### Schedule A - Details of revenue (continued)

Year ended March 31

2013

2012

(Unaudited - see notice to reader)

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Sales of services</b>			
Airport	\$ 33,150	\$ 97,112	\$ 41,441
Civic centre	573,510	675,328	819,714
Public works	16,206	26,577	19,789
Recreation and education	211,500	204,776	213,076
Water utility	<u>41,616</u>	<u>45,666</u>	<u>40,800</u>
	<u>\$ 875,982</u>	<u>\$ 1,049,459</u>	<u>\$ 1,134,820</u>
<b>Other revenue from own sources</b>			
Licenses and permits	\$ 2,500	\$ 1,359	\$ 1,831
Fines and fees	5,000	5,200	10,075
Rentals	131,000	167,816	159,181
Interest on short term funds	12,000	7,999	-
Interest on taxes	40,000	45,340	47,870
Miscellaneous	<u>40,000</u>	<u>46,460</u>	<u>22,386</u>
	<u>\$ 230,500</u>	<u>\$ 274,174</u>	<u>\$ 241,343</u>
<b>Conditional transfers from other governments</b>			
Provincial government			
Emergency measure organization	\$ 1,000	\$ -	\$ 1,076
Workers' compensation			6,751
Education and community literacy	39,500	78,404	48,000
Environmental development	<u>14,000</u>	<u>19,600</u>	<u>1,855</u>
Refuse diversion	54,500	98,004	57,682
Federal government			
Federal works grant	<u>3,000</u>	<u>-</u>	<u>6,182</u>
	<u>\$ 57,500</u>	<u>\$ 98,004</u>	<u>\$ 63,864</u>

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**Town of Port Hawkesbury**  
**General section**  
**Schedule A - Details of revenue (continued)**

Year ended March 31 2013 2012  
(Unaudited - see notice to reader)

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Unconditional transfers from other governments</b>			
Federal gas tax rebate	\$ 89,686	\$ 89,171	\$ 89,856
Provincial equalization grant	<u>230,000</u>	<u>236,982</u>	<u>319,864</u>
	<u>\$ 319,686</u>	<u>\$ 326,153</u>	<u>\$ 409,720</u>
<b>Conditional transfers from other local governments</b>			
Pool funding	\$ 34,448	\$ 48,698	\$ 33,429
Airport funding	75,264	75,264	76,504
Other	<u>-</u>	<u>-</u>	<u>7,146</u>
	<u>\$ 109,712</u>	<u>\$ 123,962</u>	<u>\$ 117,079</u>
<b>Transfers from reserves</b>			
Transfer from operating reserve fund	\$ 148,500	\$ 148,500	\$ 45,630
Surplus of prior years	<u>-</u>	<u>-</u>	<u>99,000</u>
	<u>\$ 148,500</u>	<u>\$ 148,500</u>	<u>\$ 144,630</u>

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See accompanying notes to the non-consolidated financial statements.

**Town of Port Hawkesbury**  
**General section**  
**Schedule B - Details of expenditures**

Year ended March 31  
(Unaudited - see notice to reader)

2013                      2012

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>General government services</b>			
Legislative			
Mayor			
Stipend	\$ 28,335	\$ 28,112	\$ 27,561
Travel	15,000	11,698	15,689
Council			
Stipend	63,934	63,233	62,681
Travel	1,000	2,965	1,823
Other legislative services	<u>3,600</u>	<u>7,189</u>	<u>12,229</u>
	<u>111,869</u>	<u>113,197</u>	<u>119,983</u>
General administrative			
Administrative	598,497	560,613	623,773
Financial management	62,000	64,397	55,668
Taxation			
Administration	52,360	43,723	72,877
Reduced taxes –section 69	5,500	5,396	5,600
Section 71	168,669	169,828	163,307
Common services	2,000	-	-
General financing	12,000	-	7,305
Transfer to assessment services	<u>49,486</u>	<u>49,486</u>	<u>47,852</u>
	<u>950,512</u>	<u>893,443</u>	<u>976,382</u>
Other general government services			
Conventions	1,000	-	7,686
General liability insurance	60,000	66,400	57,957
Grants to other organizations and individuals	10,000	7,039	9,231
Intergovernmental relations	19,000	17,300	19,632
Other general services	<u>56,000</u>	<u>37,888</u>	<u>29,328</u>
	<u>146,000</u>	<u>128,627</u>	<u>123,834</u>
Valuation allowances			
Uncollectible taxes	-	-	(2,220)
Unresolved assessment appeals	<u>21,000</u>	<u>-</u>	<u>28,076</u>
	<u>21,000</u>	<u>-</u>	<u>25,856</u>
	<u>\$ 1,229,381</u>	<u>\$ 1,135,267</u>	<u>\$ 1,246,055</u>

# Town of Port Hawkesbury

## General section

### Schedule B - Details of expenditures (continued)

Year ended March 31

2013

2012

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Protective services</b>			
Police protection			
Administration	\$ 7,000	\$ 32,276	\$ 38,242
Crime investigation, prevention, and protective services	773,000	714,408	652,796
Other	<u>118,900</u>	<u>120,854</u>	<u>103,343</u>
	<u>898,900</u>	<u>867,538</u>	<u>794,381</u>
Law enforcement			
Transfers to corrective services	<u>45,700</u>	<u>45,675</u>	<u>33,280</u>
Fire protection			
Administration	23,800	\$23,518	21,974
Fire fighting force	25,600	25,600	25,600
Water supply and hydrants	273,835	273,835	273,835
Fire stations and building	38,000	41,219	33,827
Fire fighting equipment	49,700	43,258	40,528
Other	<u>-</u>	<u>-</u>	<u>500</u>
	<u>410,935</u>	<u>407,430</u>	<u>396,264</u>
Debt charges			
Debenture interest	<u>4,288</u>	<u>4,288</u>	<u>5,920</u>
Other			
Animal and pest control	4,000	16,131	9,334
Emergency measures	<u>3,000</u>	<u>2,000</u>	<u>2,000</u>
	<u>7,000</u>	<u>18,131</u>	<u>11,334</u>
	<u>\$ 1,366,823</u>	<u>\$ 1,343,062</u>	<u>\$ 1,241,179</u>

# Town of Port Hawkesbury

## General section

### Schedule B - Details of expenditures (continued)

Year ended March 31

2013

2012

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Transportation services</b>			
Common services			
Administration	\$ 16,500	\$ 11,415	\$ 35,812
Engineering services	17,500	9,834	37,213
General equipment	21,200	23,811	7,936
Small tools and equipment	14,750	2,886	11,024
Workshop, yards, and other buildings	36,700	20,833	28,090
Liability insurance	10,000	7,161	10,745
Other	<u>19,900</u>	<u>5,760</u>	<u>15,958</u>
	<u>136,550</u>	<u>81,700</u>	<u>146,778</u>
Road transport			
Administration	52,589	27,364	36,295
Roads and streets	458,675	476,808	467,795
Street lighting	141,480	136,078	132,861
Traffic services	40,800	14,924	30,693
Motor vehicles	126,239	103,440	144,831
Other road transport	<u>5,627</u>	<u>6,353</u>	<u>9,742</u>
	<u>825,410</u>	<u>764,967</u>	<u>822,217</u>
Air transport			
Administration	-	-	2,528
Airport	<u>142,796</u>	<u>134,083</u>	<u>129,261</u>
	<u>142,796</u>	<u>134,083</u>	<u>131,789</u>
Debt charges			
Debenture interest	-	<u>22,091</u>	<u>16,578</u>
	<u>\$ 1,104,756</u>	<u>\$ 1,002,841</u>	<u>\$ 1,117,362</u>



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# Town of Port Hawkesbury

## General section

### Schedule B - Details of expenditures (continued)

Year ended March 31

2013

2012

(Unaudited - see notice to reader)

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Environmental health services</b>			
Sewage collection and disposal			
Administration	\$ 63,700	\$ 63,716	\$ 62,527
Sewage collection system	94,904	78,684	74,042
Sewage treatment and disposal	258,181	229,165	176,168
Other sewage collection	<u>10,000</u>	<u>9,231</u>	<u>34,136</u>
	<u>426,785</u>	<u>380,796</u>	<u>346,873</u>
Garbage and waste collection and disposal			
Town yard waste site	-	-	177
Garbage and waste collection	137,000	146,849	136,927
Waste disposal	44,000	38,874	43,380
Recycling costs	<u>38,100</u>	<u>13,306</u>	<u>27,032</u>
	<u>219,100</u>	<u>199,029</u>	<u>207,516</u>
Other environmental health services			
Site clean up	-	-	145,722
Debt charges			
Interest on long term debt	<u>71,000</u>	<u>70,960</u>	<u>75,793</u>
	<u>\$ 716,885</u>	<u>\$ 650,785</u>	<u>\$ 775,904</u>
<b>Public health and welfare services</b>			
Social welfare			
Social welfare services employment program	\$ -	\$ -	\$ 2,436
Housing			
Deficit of Regional Housing Authority	<u>54,258</u>	<u>49,575</u>	<u>41,568</u>
	<u>\$ 54,258</u>	<u>\$ 49,575</u>	<u>\$ 44,004</u>

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# Town of Port Hawkesbury

## General section

### Schedule B - Details of expenditures (continued)

Year ended March 31

2013

2012

(Unaudited - see notice to reader)

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Environmental development services</b>			
Community development			
Transfers to Eastern Planning Commission	\$ 68,000	\$ 67,964	\$ 59,120
Transfers to Regional Development Agency	<u>37,731</u>	<u>41,181</u>	<u>38,366</u>
	<u>\$ 105,731</u>	<u>\$ 109,145</u>	<u>\$ 97,486</u>
<b>Recreation and cultural services</b>			
Recreation facilities			
Civic centre	\$ 853,995	\$ 874,673	\$ 834,745
Administration	135,785	121,982	118,181
Other programs	75,700	149,958	82,247
Swimming pool	212,131	263,319	254,171
Skating rinks and arenas	-	-	6,185
Parks and playgrounds	72,793	61,424	68,879
Other recreation facilities	<u>97,500</u>	<u>184,151</u>	<u>137,013</u>
	<u>1,447,904</u>	<u>1,655,507</u>	<u>1,501,421</u>
Cultural buildings and facilities			
Transfers to regional library	<u>20,837</u>	<u>20,158</u>	<u>20,960</u>
Debt charges			
Interest on long term debt	<u>187,700</u>	<u>187,677</u>	<u>201,381</u>
	<u>\$ 1,656,441</u>	<u>\$ 1,863,342</u>	<u>\$ 1,723,762</u>

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# Town of Port Hawkesbury

## General section

### Schedule B - Details of expenditures (continued)

Year ended March 31

2013

2012

(Unaudited - see notice to reader)

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Education</b>			
Appropriation to Strait Regional School Board	<u>\$ 629,780</u>	<u>\$ 629,777</u>	<u>\$ 551,874</u>
<b>Financing and transfers</b>			
Principal instalments			
Debenture principal	\$ 565,945	\$ 565,945	\$ 565,945
Term loans	20,000	19,238	23,649
Transfers to own reserves, funds and agencies			
Other funds			
Capital out of revenue	-	42,259	-
Operating reserve fund	-	236,290	231,905
Airport committee	-	73,199	21,852
	<u>\$ 585,945</u>	<u>\$ 936,931</u>	<u>\$ 843,351</u>

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See accompanying notes to the non-consolidated financial statements.

# Town of Port Hawkesbury

## Water utility section

### Operating fund balance sheet

March 31

2013

2012

(Unaudited - see notice to reader)

#### Assets

Accounts receivable		
Rates (less allowance for doubtful accounts \$36,871; 2012 - \$34,679)	\$ 103,464	\$ 82,546
Due from General section - operating fund	-	68,539
Due from Water utility - capital fund	92,054	
Inventories, at cost		
Chemicals	9,063	16,652
Other	47,044	44,944
Water meters and equipment	<u>22,799</u>	<u>28,282</u>
	<u>\$ 274,424</u>	<u>\$ 240,963</u>

#### Liabilities and operating equity

Accounts payable and accrued liabilities	\$ 8,330	\$ 3,856
Prepaid rates	18,000	-
Accounts payable	11,358	11,358
Consumer deposits	<u>168,590</u>	<u>-</u>
Due to General section - operating fund	<u>206,278</u>	<u>15,214</u>
Operating fund surplus	<u>68,146</u>	<u>225,749</u>
	<u>\$ 274,424</u>	<u>\$ 240,963</u>

On behalf of the Town of Port Hawkesbury

\_\_\_\_\_ Mayor

\_\_\_\_\_ CAO

See accompanying notes to the non-consolidated financial statements.

# Town of Port Hawkesbury

## Water utility section

### Statement of operations

	2013		2012
Year ended March 31 (Unaudited - see notice to reader)			
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 75,000	\$ 75,000	\$ 72,632
Metered sales	1,114,127	747,571	719,923
Public fire protection	<u>273,835</u>	<u>273,835</u>	<u>273,835</u>
	<u>1,462,962</u>	<u>1,096,406</u>	<u>1,066,390</u>
Operating expenses			
Source of supply	114,000	111,063	82,958
Pumping	26,000	17,879	16,839
Water treatment	215,485	228,580	274,314
Transmission and distribution	402,573	306,997	296,614
Administration and general	134,076	112,567	124,696
Depreciation	274,259	274,259	124,205
Taxes	<u>113,564</u>	<u>110,713</u>	<u>110,194</u>
	<u>1,279,957</u>	<u>1,162,058</u>	<u>1,029,820</u>
Operating loss (income)	<u>183,005</u>	<u>(65,652)</u>	<u>36,570</u>
Non-operating expenditure			
Debt charges			
Debenture interest	50,405	51,405	32,906
Principal instalments	<u>132,600</u>	<u>132,600</u>	<u>52,600</u>
Debenture principal	<u>183,005</u>	<u>184,005</u>	<u>85,506</u>
Non-operating revenue			
Amortization of deferred government contributions	<u>                    </u>	<u>92,054</u>	<u>                    </u>
Excess of revenue under expenditures	<u>\$ -</u>	<u>\$ (157,603)</u>	<u>\$ (48,936)</u>

See accompanying notes to the non-consolidated financial statements.

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**Town of Port Hawkesbury**  
**Water utility section**  
**Statement of operating fund surplus**

Year ended March 31  
(Unaudited - see notice to reader)

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	2013	2012
Operating fund surplus, beginning of year	\$ 225,749	\$ 274,685
Excess of revenue under expenditures	<u>(157,603)</u>	<u>(48,936)</u>
Operating fund surplus, end of year	<u>\$ 68,146</u>	<u>\$ 225,749</u>

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See accompanying notes to the non-consolidated financial statements.

# Town of Port Hawkesbury

## Water utility section

### Capital fund balance sheet

March 31 2013 2012  
 (Unaudited - see notice to reader)

**Assets**

Cash	\$ 1,036,859	\$ 751,085
Depreciation fund	-	173,333
Due from other governments	8,943	9,893
Unamortized discount on debentures	<u>8,665,811</u>	<u>8,665,811</u>
Utility plant in service (Schedule C)	<u>\$ 9,711,613</u>	<u>\$ 9,600,122</u>

**Liabilities**

Due to General section – operating fund	\$ -	\$ 173,333
Due to Water utility – operating fund	92,054	-
Long term debt (Note 8) (Schedule D)	<u>1,277,800</u>	<u>1,410,400</u>
	<u>1,369,854</u>	<u>1,583,733</u>

**Reserve**

Reserve for depreciation	3,041,932	2,767,673
Deferred government contributions	<u>1,749,028</u>	<u>1,841,082</u>
	<u>4,790,960</u>	<u>4,608,755</u>

**Equity**

Investment in capital assets	<u>3,550,799</u>	<u>3,407,634</u>
	<u>\$ 9,711,613</u>	<u>\$ 9,600,122</u>

On behalf of the Town of Port Hawkesbury

\_\_\_\_\_ Mayor \_\_\_\_\_ CAO

See accompanying notes to the non-consolidated financial statements.

**Town of Port Hawkesbury**  
**Water utility section**  
**Statement of reserve for depreciation**

Year ended March 31 (Unaudited - see notice to reader)	2013	2012
Balance, beginning of year	\$ 2,767,673	\$ 2,643,468
Depreciation for the year	<u>274,259</u>	<u>124,205</u>
Balance, end of year	<u>\$ 3,041,932</u>	<u>\$ 2,767,673</u>

**Water utility section**  
**Statement of investment in capital assets**

Year ended March 31 (Unaudited - see notice to reader)	2013	2012
Balance, beginning of year	\$ 3,407,634	\$ 3,320,851
Interest earned depreciation fund	11,515	8,394
Term debt retired	132,600	52,600
Transfer from gas tax reserve	-	26,739
Discount amortized	<u>(950)</u>	<u>(950)</u>
Balance, end of year	<u>\$ 3,550,799</u>	<u>\$ 3,407,634</u>

**Water utility section**  
**Statement of depreciation fund cash**

Year ended March 31 (Unaudited - see notice to reader)	2013	2012
Cash, beginning of year	\$ 751,085	\$ 618,486
Depreciation	274,259	124,205
Interest earned on depreciation funds	<u>11,515</u>	<u>8,394</u>
Cash, end of year	<u>\$ 1,036,859</u>	<u>\$ 751,085</u>

See accompanying notes to the non-consolidated financial statements.



**Town of Port Hawkesbury**  
**Water utility section**  
**Schedule C - Utility plant and equipment**

Year ended March 31

2013

2012

(Unaudited - see notice to reader)

Intangible asset		
Working capital	<u>\$ 3,500</u>	<u>\$ 3,500</u>
Tangible plant		
Land and land rights		13,058
Land for chemical building	13,058	13,058
Reservoir	17,841	17,841
Structures and improvements		23,806
Heating	23,806	23,806
Source of supply	19,639	19,639
Purification structures	1,154,437	1,154,437
Distribution reservoirs and standpipes	1,138,086	1,138,086
Electric pumping equipment	96,516	96,516
Purification equipment	3,331,499	3,331,499
Transmission and distribution mains	2,392,656	2,392,656
Services	103,270	103,270
Meters	262,427	262,427
Hydrants	33,655	33,655
Tools and equipment	<u>75,421</u>	<u>75,421</u>
	<u>8,662,311</u>	<u>8,662,311</u>
	<u>\$ 8,665,811</u>	<u>\$ 8,665,811</u>

See accompanying notes to the non-consolidated financial statements.

**Town of Port Hawkesbury  
Reserve funds section  
Capital reserve balance sheet**

March 31  
(Unaudited - see notice to reader)

	2013	2012
<b>Assets</b>		
Cash and cash equivalents	<u>\$ 242,017</u>	<u>\$ 235,867</u>
<b>Reserve</b>		
Special reserve	<u>\$ 242,017</u>	<u>\$ 235,867</u>

On behalf of the Town of Port Hawkesbury

\_\_\_\_\_ Mayor \_\_\_\_\_ CAO

**Reserve funds section  
Statement of capital reserve**

Year ended March 31  
(Unaudited - see notice to reader)

	2013	2012
Balance, beginning of year	\$ 235,867	\$ 212,525
Interest earned	3,057	2,748
Proceeds on sale of property	<u>3,093</u>	<u>20,594</u>
Balance, end of year	<u>\$ 242,017</u>	<u>\$ 235,867</u>

See accompanying notes to the non-consolidated financial statements.

**Town of Port Hawkesbury**  
**Reserve funds section**  
**Operating reserve balance sheet**

March 31 2013 2012  
(Unaudited - see notice to reader)<sup>1</sup>

<b>Assets</b>		
Cash and cash equivalents	\$ 377,629	\$ 520,346
Due from General section – operating fund	<u>236,290</u>	<u>-</u>
	<u>\$ 613,919</u>	<u>\$ 520,346</u>

<b>Reserve</b>		
Operating reserve	<u>\$ 613,919</u>	<u>\$ 520,346</u>

On behalf of the Town of Port Hawkesbury

\_\_\_\_\_ Mayor \_\_\_\_\_ CAO

**Reserve funds section**  
**Statement of operating reserve**

Year ended March 31 2013 2012  
(Unaudited - see notice to reader)

Balance, beginning of year	\$ 520,346	\$ 328,866
Interest earned	5,783	5,205
Appropriation per council – general	<u>236,290</u>	<u>231,905</u>
	762,419	565,976
Transfer to general operating fund	<u>(148,500)</u>	<u>(45,630)</u>
Balance, end of year	<u>\$ 613,919</u>	<u>\$ 520,346</u>

See accompanying notes to the non-consolidated financial statements.

**Town of Port Hawkesbury  
Reserve funds section  
Gas tax reserve balance sheet**

March 31  
(Unaudited - see notice to reader)

	2013	2012
<b>Assets</b>		
Cash and cash equivalents	\$ 502,374	\$ 331,797
Due from federal government and its agencies	<u>125,038</u>	<u>126,326</u>
	<u>\$ 627,412</u>	<u>\$ 458,123</u>

<b>Reserve</b>		
Operating reserve	<u>\$ 627,412</u>	<u>\$ 458,123</u>

On behalf of the Town of Port Hawkesbury

\_\_\_\_\_ Mayor \_\_\_\_\_ CAO

**Reserve Funds section  
Statement of gas tax reserve**

Year ended March 31  
(Unaudited - see notice to reader)

	2013	2012
Balance, beginning of year	\$ 458,123	\$ 317,314
Interest earned	6,992	4,752
Grant – gas tax	<u>249,983</u>	<u>252,652</u>
	<u>715,098</u>	<u>574,718</u>
Transfer to Water utility section – capital fund	-	(26,739)
Fund transferred to service capital debt	<u>(87,686)</u>	<u>(89,856)</u>
	<u>(87,686)</u>	<u>(116,595)</u>
Balance, end of year	<u>\$ 627,412</u>	<u>\$ 458,123</u>

See accompanying notes to the non-consolidated financial statements.

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# Town of Port Hawkesbury

## Notes to the non-consolidated financial statements

March 31, 2013  
(Unaudited - see notice to reader)

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### 1. Summary of significant accounting policies

#### Basis of presentation

These financial statements, except as disclosed in Note 1 below, have been prepared to conform in all material respects to the accounting principles prescribed for Nova Scotia municipalities by the Department of Municipal Affairs and for water utilities by the Utilities and Review Board.

#### Operating funds

- i) Properties acquired at tax sale  
Properties acquired at tax sale are stated at cost.
- ii) Valuation allowances  
Uncollected taxes, special assessments and rates  
The Town provides a valuation allowance for uncollected taxes equal to, at minimum, the following, which it feels represents a reasonable estimate of potential losses:
  - Average of current and prior year's business occupancy tax and trailers outstanding at year end.

In the water utility, a valuation allowance is provided for estimated losses that will be incurred in collecting water rates receivable outstanding.
- iii) Other receivables  
The Town provides a valuation allowance for all current receivables which are outstanding for more than one year.
- iv) Revenue and expenditures  
Major revenue and expenditure items are recorded on the accrual basis.  
  
Forfeited discount revenue on water rates is recorded on the accrual basis.  
  
Principal and interest payments relating to long term debt are recorded as an expenditure when due for payment.  
  
Interest earned on depreciation funds is recorded as non-operating revenue in the water utility section, operating fund.

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# Town of Port Hawkesbury

## Notes to the non-consolidated financial statements

March 31, 2013  
(Unaudited - see notice to reader)

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### 1. Summary of significant accounting policies (continued)

#### Capital funds

- i) General and school purpose assets  
Capitalized debt expense  
The Town capitalizes interest incurred on funds borrowed for construction in progress activity.
- ii) Water purpose assets  
Capitalized debt expense  
The Town capitalizes interest incurred on funds borrowed for construction in progress activity.

#### Capital asset assistance

Funds received through capital assistance programs are treated as additions to the investment in capital assets.

#### Capital assets and related depreciation

Utility plant, none of which is donated, is recorded at cost.

Depreciation of utility plant is charged to income based on formula rates prescribed by the Utility and Review Board.

#### Depreciation cash

The depreciation charge in the operating fund is transferred to a designated bank account in the capital fund where it becomes available to fund new construction, extensions, additions, or replacements of existing plant and equipment.

#### Tangible capital assets

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

	<u>Years</u>
Buildings	40
Engineered structures	25 - 50
Automotive equipment	6
Machinery and equipment	10 - 15
Sewer lines	50
Streets and lighting	25
Computer software	10

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# Town of Port Hawkesbury

## Notes to the non-consolidated financial statements

March 31, 2013  
(Unaudited - see notice to reader)

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### 1. Summary of significant accounting policies (continued)

A full year of amortization is charged in the year after acquisition. Assets under construction are not amortized until the year after the asset is available for productive use.

Certain assets such as surplus schools are disclosed at a nominal value as the determination of a fair market value for these types of assets is not appropriate.

#### Fundraising

Pledges outstanding at year end from prospective donors to the Civic Centre capital project are recorded when received. There is no legal requirement for these pledges to be honoured, and collection is not certain.

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2. Taxes receivable	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 161,318	\$ 215,825
Levy	4,654,890	4,518,968
Interest	<u>42,227</u>	<u>47,870</u>
	4,858,435	4,782,663
Collections	<u>4,443,192</u>	<u>4,452,438</u>
	415,243	330,225
Write offs, adjustments, and exemptions	<u>175,224</u>	<u>168,907</u>
	240,019	161,318
Valuation allowance (Note 5)	<u>10,855</u>	<u>10,855</u>
Balance, end of year	<u>\$ 229,164</u>	<u>\$ 150,463</u>

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3. Due from provincial government and its agencies	<u>2013</u>	<u>2012</u>
Province of Nova Scotia	<u>\$ 7,320</u>	<u>\$ 4,587</u>

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4. Due from local government and its agencies	<u>2013</u>	<u>2012</u>
Various local governments	<u>\$ 110,661</u>	<u>\$ 23,794</u>

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# Town of Port Hawkesbury

## Notes to the non-consolidated financial statements

March 31, 2013  
(Unaudited - see notice to reader)

5. Asset valuation allowances	<u>2013</u>	<u>2012</u>
For uncollected taxes		
Balance, beginning of year	\$ 10,855	\$ 13,075
Provision for the year	<u>-</u>	<u>(2,220)</u>
Balance, end of year	<u>\$ 10,855</u>	<u>\$ 10,855</u>

### 6. Schools

On January 1, 1982, the Town of Port Hawkesbury joined with the Municipality of Inverness County to form the Inverness District School Board (now known as the Strait Regional School Board). Under the agreement, all school buildings on hand at December 31, 1981, will remain assets of the Municipality but will be under the operational control of the District School Board until such time as the Board no longer requires the asset for school purposes. At that time, control will revert back to the Town.

In 2003-2004 the Senior Elementary School was returned by the School Board to the Town. The building was demolished by the Town.

7. Property and equipment			<u>2013</u>	<u>2012</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 701,144	\$ -	\$ 701,144	\$ 701,144
Buildings	26,072,658	5,685,708	20,386,950	21,035,560
Engineered structures	2,231,016	1,287,055	943,961	1,032,675
Automotive equipment	782,091	752,546	29,545	41,685
Machinery and equipment	2,945,564	1,630,171	1,315,393	1,587,521
Sewer lines	4,279,897	3,148,333	1,131,564	1,217,162
Streets and lighting	5,931,289	3,024,728	2,906,561	3,122,017
Computer software	<u>107,953</u>	<u>-</u>	<u>107,953</u>	<u>-</u>
	<u>\$ 43,051,612</u>	<u>\$15,528,541</u>	<u>\$ 27,523,071</u>	<u>\$ 28,737,764</u>



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# Town of Port Hawkesbury

## Notes to the non-consolidated financial statements

March 31, 2013  
(Unaudited - see notice to reader)

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### 8. Long term debt

Principal repayments required during the next five (5) years on long term debt are approximately as follows:

	<u>General Capital</u>	<u>Water Capital</u>	<u>Total</u>
2014	\$ 565,945	\$ 132,600	\$ 698,545
2015	\$ 565,945	\$ 132,600	\$ 698,545
2016	\$ 533,945	\$ 132,600	\$ 666,545
2017	\$ 533,945	\$ 80,000	\$ 613,945
2018	\$ 450,865	\$ 80,000	\$ 530,865

All existing long term debt has been approved by Service Nova Scotia and Municipal Relations.

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### 9. Contributions to Boards and Commissions

(a) Boards and Commissions in which the Town has less than a 100% interest:

The Town is required to finance the operations of various boards and commissions, along with the other local municipal units to the extent of its participation based on assessment, population or prescribed formulae.

In addition to any budgeted contributions, the municipal units share in the deficits or surpluses of these boards based on their sharing percentages. A municipal unit's share of any deficit must be paid in the next fiscal year while a surplus may be taken into the next year's estimates. Alternatively, the Town may provide for its share of the surplus or deficit in the current year.

Details of contributions to these boards and commissions are as follows:

	<u>2013</u>	<u>2012</u>
Cape Breton Island Housing Authority	\$ 49,575	\$ 41,568
Eastern District Planning Commission	\$ 67,964	\$ 59,120
Strait-Highlands Regional Development Agency	\$ 41,181	\$ 38,366

The Town has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2013.

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# Town of Port Hawkesbury

## Notes to the non-consolidated financial statements

March 31, 2013

(Unaudited - see notice to reader)

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### 9. Contributions to Boards and Commissions (continued)

(b) Boards and commissions in which the Town has a 100% interest:

i) Town of Port Hawkesbury Water Utility

The Town annually records a provision for its share of the utility's deficit. During the year the Town recorded in its expenditures a deficit of nil (2012 – nil).

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### 10. Transactions between the Town of Port Hawkesbury and the Water Utility

- (a) In general, and where identifiable, costs incurred by the Town of Port Hawkesbury on behalf of the Water Utility are charged to the Utility.
- (b) Salary and wage related costs are allocated in proportion to time spent performing functions on behalf of the Water Utility.
- (c) The Water Utility provides public fire protection to the Town. The charge for this service, included in operating revenues, amounted to \$273,835 (2012 - \$273,835) and the charge is governed by the Utilities and Review Board.
- 

### 11. Commitments and contingencies

#### Pension costs and obligations

The Town of Port Hawkesbury sponsors a contributory defined benefit pension plan for a retired Municipal Clerk. The plan provides pension benefits for services which is determined using a final average salary formula in which the benefit is calculated as a specified percentage of the member's average salary over the last five years of membership in the plans.

An actuarial valuation for accounting purposes has been obtained for the year ended March 31, 2013. The March 31, 2013, actuarial valuation indicated that the pension plan had an accrued benefit obligation of \$52,200 (2012 - \$86,800).

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Town's best estimates.

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# Town of Port Hawkesbury

## Notes to the non-consolidated financial statements

March 31, 2013

(Unaudited - see notice to reader)

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### 11. Commitments and contingencies (continued)

The following summarizes the major assumptions in the valuation:

- The expected inflation rate is 2.0 percent;
- The discount rate used to determine the accrued benefit obligation is 6.0 percent; and
- The expected rate of return is 6.0 percent.

Combined employer and employee contributions during the year were nil and nil, respectively.

Pension fund assets are valued at market values. A result of the 2013 valuation is as follows:

Market value of the pension plan asset	\$ 1,035,900
Accrued benefit obligation	<u>(1,026,900)</u>
Pension plan deficit (surplus)	(9,000)
Unamortized actuarial gains (losses)	61,200
Valuation allowance	<u>                    </u>
Pension liability	<u>\$ 52,200</u>

Under Nova Scotia Pension Plan regulations, the Town has 15 years to fund the deficit arising from the valuation. Service Nova Scotia and Municipal Relations have released the Financial Reporting manual which indicates that a Municipality will have up to 5 years to rate for any deficit incurred from recording this liability. The Town has not recorded a liability relating to this retirement benefit obligation in these non-consolidated financial statements.

During the year, the Town has also matched employee contributions to a money-purchase pension plan for full-time employees to a maximum percentage of each participating employee's gross pay depending on years of service. The graduated rates for employee and employer contributions are as follows:

Public Works	6%
Management and salaried employees	6%

This plan, to which contributions totalled \$72,433 in fiscal 2013 (2012 - \$73,873), is accounted for as a defined contribution plan, where the Town contributes a percentage of eligible wages as outlined above. These costs are included with wages and benefits expenditures on the statement of operations.

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# Town of Port Hawkesbury

## Notes to the non-consolidated financial statements

March 31, 2013

(Unaudited - see notice to reader)

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### 12. Remuneration

Total remuneration and expenses paid to elected and senior appointed officials of the Town are as follows:

<u>Official</u>	<u>Position</u>	<u>Remuneration</u>
Billy Joe MacLean	Mayor	\$ 28,010
Ken Anderson	Deputy Mayor	\$ 9,943
Jim King	Councillor	\$ 9,014
Hugh MacDougall	Councillor	\$ 9,014
Mark McIver	Councillor	\$ 9,014
Brenda Chisholm-Beaton	Deputy Mayor	\$ 7,244
Trevor Boudreau	Councillor	\$ 6,567
Joe Janega	Councillor	\$ 6,567
Bert Lewis	Councillor	\$ 6,567
Maris Freimanis	CAO	\$ 99,254

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### 13. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for 2013.

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# Town of Port Hawkesbury

## Schedule D - Debt charges and term debt

Year ended March 31, 2013  
(Unaudited - see notice to reader)

	<u>Maturity</u>	<u>Issued</u>	<u>Loan Continuity</u>		<u>Interest</u>	
			<u>Balance March 31, 2012</u>	<u>Redeemed</u>		<u>Balance March 31, 2013</u>
<b>General capital</b>						
<b>Term loans</b>						
2005 Truck		\$ -	\$ 11,952	\$ 9,000	\$ 2,952	\$ -
2005 Truck		-	5,217	3,000	2,217	-
Truck – Fire dept	2011	-	5,106	3,584	1,522	-
2006 Truck	2013	-	3,654	3,654	-	-
		-	<u>25,929</u>	<u>19,238</u>	<u>6,691</u>	-
<b>Serial debentures</b>						
Backhoe – Work	2019	-	104,920	13,115	91,805	3,783
Truck – Fire dept	2014	-	96,000	32,000	64,000	4,288
Street construction	2010	-	182,000	22,750	159,250	6,289
Civic Centre	2019	-	975,000	75,000	900,000	50,621
Waste water plant	2018	-	630,000	52,500	577,500	33,009
Civic Centre	2020	-	805,000	57,500	747,500	36,617
Civic Centre FCM	2016	-	415,400	83,080	332,320	10,598
Civic Centre	2021	-	1,875,000	125,000	1,750,000	89,841
Waste water plant	2021	-	787,500	52,500	735,000	35,186
Salt truck	2019	-	160,000	20,000	140,000	5,529
Pumping station	2019	-	80,000	10,000	70,000	2,765
Waterfront	2019	-	180,000	22,500	157,500	6,490
		-	<u>6,290,820</u>	<u>565,945</u>	<u>5,724,875</u>	<u>285,016</u>
<b>Water capital</b>						
<b>Serial debentures</b>						
Municipal finance	2027	-	1,200,000	80,000	1,120,000	42,185
Municipal finance	2016	-	210,400	52,600	157,800	9,221
		-	<u>1,410,400</u>	<u>132,600</u>	<u>1,277,800</u>	<u>51,406</u>
<b>Total Municipal debt</b>		<b>\$ -</b>	<b>\$ 7,727,149</b>	<b>\$ 717,783</b>	<b>\$ 7,009,366</b>	<b>\$ 336,422</b>

Note 1: Interest rates are ordered consistently with order of term loans and debentures above:

1 – 1.500%	10 – 2.970% to 4.880%
2 – 1.500%	11 – 7.125% to 8.125%
3 – 1.500%	12 – 2.550%
4 – 1.500%	13 – 4.350% to 5.080%
5 – 1.000% to 4.889%	14 – 0.900% to 4.329%
6 – 2.550% to 5.450%	15 – 0.900% to 4.329%
7 – 5.750% to 6.750%	16 – 1.000% to 4.889%
8 – 3.195% to 5.325%	17 – 1.630% to 4.597%
9 – 2.750% to 5.375%	18 – 4.265% to 4.590%



Grant Thornton

Consolidated financial statements

Town of Port Hawkesbury

March 31, 2013

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## Management's responsibility for financial reporting

The accompanying consolidated financial statements of the Town of Port Hawkesbury are the responsibility of management and have been approved by the Mayor and Council.


The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, and the Town's assets are appropriately accounted for and adequately safeguarded.

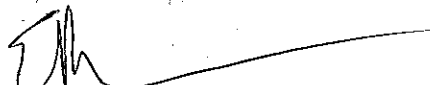
The Town Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

The consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the Council. Grant Thornton LLP has full and free access to the Council.



Chief Administrative Officer



Director of Finance





Grant Thornton

## Independent auditor's report

Grant Thornton LLP  
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301 Pitt Street  
Port Hawkesbury, NS  
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T +1 902 625 5383  
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www.GrantThornton.ca

To the Members of Council, Inhabitants and Ratepayers of

The Town of Port Hawkesbury

We have audited the accompanying consolidated statement of financial position of the Town of Port Hawkesbury (the "Town") as at March 31, 2013, and the consolidated results of operations, changes in net debt, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Town's management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Port Hawkesbury as at March 31, 2013, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other matters**

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The Water Utility statements and schedules on pages 19 to 24 are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Port Hawkesbury, Canada

February 4, 2014

*Grant Thornton LLP*

Registered municipal auditor

# Town of Port Hawkesbury

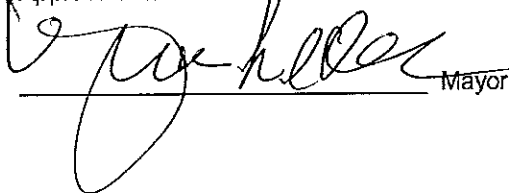
## Consolidated statement of financial position

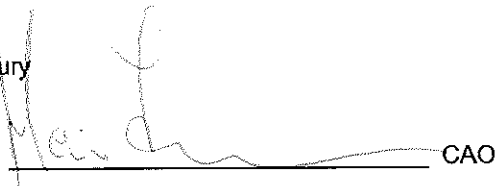
March 31 2013 2012

<b>Financial assets</b>		
Cash (Note 3)	\$ 3,077,176	\$ 2,540,024
Receivables (Note 4)	<u>897,897</u>	<u>869,487</u>
	<u>3,975,073</u>	<u>3,409,511</u>
<b>Liabilities</b>		
Payables and accruals	1,280,654	1,089,511
Deferred revenue	698,811	404,422
Other liabilities (Note 6)	79,277	62,506
Long term debt (Note 7) (Page 16)	7,009,366	7,727,149
Retirement benefit obligation (Note 11)	<u>52,200</u>	<u>86,800</u>
	<u>9,120,308</u>	<u>9,370,388</u>
<b>Net debt</b>	<u>(5,145,235)</u>	<u>(5,960,877)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Pages 17 -18)	33,146,950	34,635,902
Inventory and prepaid expenses	197,054	196,810
Other capital charges	<u>41,099</u>	<u>46,955</u>
	<u>33,385,103</u>	<u>34,879,667</u>
<b>Accumulated surplus</b>	<u>\$ 28,239,868</u>	<u>\$ 28,918,790</u>

Commitments (Note 11)

Approved on behalf of the Town of Port Hawkesbury

  
 \_\_\_\_\_ Mayor

  
 \_\_\_\_\_ CAO

See accompanying notes to the consolidated financial statements.

# Town of Port Hawkesbury

## Consolidated statement of financial activities

March 31	2013	2012	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Taxation	\$ 4,688,839	\$ 4,679,942	\$ 4,526,651
Less: School board requisition	<u>(629,780)</u>	<u>(629,777)</u>	<u>(551,874)</u>
Municipal taxation	4,059,059	4,050,165	3,974,777
Grants in lieu of taxes	715,717	715,084	708,050
Sale of goods and services	835,982	990,989	1,078,720
Other revenue from own sources	220,500	285,689	249,737
Government transfers	496,898	460,433	500,807
Other revenue	190,000	210,566	213,977
Water rates	1,189,127	822,571	792,555
Gain on disposal of tangible capital assets	-	3,093	20,594
Capital grants	<u>-</u>	<u>-</u>	<u>252,652</u>
	<u>7,707,283</u>	<u>7,538,590</u>	<u>7,791,869</u>
<b>Expenditures</b>			
General government services	1,229,381	1,100,667	1,194,655
Protective services	1,092,988	1,069,227	967,344
Transportation services	1,104,756	1,076,040	1,139,214
Health and development services	876,874	809,505	917,394
Recreation and cultural services	1,656,441	1,854,962	1,730,270
Water treatment and distribution	852,134	718,616	739,321
Interest and bank charges	50,405	51,406	32,906
Other	-	5,877	5,857
Amortization of tangible capital assets	<u>274,259</u>	<u>1,531,212</u>	<u>1,382,609</u>
	<u>7,137,238</u>	<u>8,217,512</u>	<u>8,109,570</u>
Annual (deficit) surplus	<u>\$ 570,045</u>	<u>\$ (678,922)</u>	<u>\$ (317,701)</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 28,918,790	\$ 29,236,491
Annual (deficit) surplus		<u>(678,922)</u>	<u>(317,701)</u>
Accumulated surplus, end of year		<u>\$ 28,239,868</u>	<u>\$ 28,918,790</u>

See accompanying notes to the consolidated financial statements.

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## Town of Port Hawkesbury

### Consolidated statement of changes in net debt

Year ended March 31	2013	2012
Annual (deficit) surplus	\$ (678,922)	\$ (317,701)
Acquisition of tangible capital assets	(42,259)	(141,573)
Amortization of tangible capital assets	1,531,212	1,382,609
Proceeds on sale of tangible capital assets	3,093	20,594
Gain on disposal of tangible capital assets	<u>(3,093)</u>	<u>(20,594)</u>
	<u>810,031</u>	<u>923,335</u>
Change in prepaids, inventory and other capital charges	<u>5,611</u>	<u>(33,949)</u>
Change in net debt	815,642	889,386
Net debt, beginning of year	<u>(5,960,877)</u>	<u>(6,850,263)</u>
Net debt, end of year	<u>\$ (5,145,235)</u>	<u>\$ (5,960,877)</u>

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See accompanying notes to the consolidated financial statements.

# Town of Port Hawkesbury

## Consolidated statement of changes in financial position

Year ended March 31 2013 2012

**Increase (decrease) in cash and cash equivalents**

<b>Operating activities</b>		
Annual (deficit) surplus	\$ (678,922)	\$ (317,701)
Amortization of tangible capital assets	1,531,212	1,382,609
Gain on disposal of tangible capital assets	<u>(3,093)</u>	<u>(20,594)</u>
	849,197	1,044,314
Changes in non-cash working capital:		
Decrease (increase) in receivables	(28,410)	907,851
(Increase) decrease in prepaids, inventory, and other capital charges	5,612	(33,949)
(Decrease) increase in payables and accruals	191,143	(452,990)
Increase (decrease) in retirement benefit obligations	(34,600)	(51,400)
Increase (decrease) in deferred revenue	294,389	(281,963)
Increase (decrease) in other liabilities	<u>16,771</u>	<u>10,711</u>
	<u>1,294,102</u>	<u>1,142,574</u>
<b>Investing activities</b>		
Purchase of tangible capital assets	(42,259)	(141,573)
Proceeds from disposal of tangible capital assets	<u>3,093</u>	<u>20,594</u>
	<u>(39,166)</u>	<u>(120,979)</u>
<b>Financing activities</b>		
Proceeds of long term debt	-	1,200,000
Repayment of long term debt	<u>(717,784)</u>	<u>(642,500)</u>
	<u>(717,784)</u>	<u>557,500</u>
<b>Net increase in cash and cash equivalents</b>	<b>537,152</b>	<b>1,579,095</b>
Cash and cash equivalents		
Beginning of year	<u>2,540,024</u>	<u>960,929</u>
End of year	<u>\$ 3,077,176</u>	<u>\$ 2,540,024</u>

See accompanying notes to the consolidated financial statements.

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

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March 31, 2013

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### 1. Summary of significant accounting policies

The consolidated financial statements of the Town of Port Hawkesbury are the representations of management prepared in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Significant aspects of the accounting policies adopted by the Town are as follows:

#### Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Town and which are owned or controlled by the Town.

#### Budget

The budget figures contained in these financial statements were approved by Council on June 5, 2012, in its original fiscal plan; they also include budgets prepared and approved by controlled entities and are adjusted for amortization in accordance with Public Sector requirements.

#### Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

#### Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds for both the general operations and the water utility. Transfers between funds are recorded as adjustments to the appropriate fund balance.

#### Tangible capital assets

##### a) General capital fund

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

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

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March 31, 2013

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### 1. Summary of significant accounting policies (continued)

#### Tangible Capital Assets (continued)

	<u>Years</u>
Buildings	40
Engineered structures	25 - 50
Automotive equipment	6
Machinery and equipment	10 - 15
Sewer lines	50
Streets and lighting	25

A full year of amortization is charged in the year after acquisition. Assets under construction are not amortized until the year after the asset is available for productive use.

Certain assets such as surplus schools are disclosed at a nominal value as the determination of a fair market value for these types of assets is not appropriate.

#### b) Water utility capital fund

Utility plant in service is recorded at cost. Funds received prior to January 1, 1985, through capital assistance programs, cost-sharing arrangements or loan forgiveness are treated as additions to Investment in Capital Assets. Similar funds received after January 1, 1985, are treated as a reduction in the cost of the capital asset acquired.

The Water utility records depreciation which is calculated based on a formula prescribed by the Public Utilities Board. The Public Utilities Board requires that an amount of cash equal to the depreciation claimed is to be transferred to a special bank account which is used to help fund replacement of existing plant in service. Or subject to approval by the Public Utilities Board, to repay principal on term debt. The Water utility has set aside cash in the amount of \$1,036,859 as at March 31, 2013 (2012 - \$751,085). Interest on depreciation funds is retained in the Capital Fund, except when approved by Council.

#### Fundraising

Pledges outstanding at year end from prospective donors to the Civic Centre capital project are recorded when received. There is no legal requirement for these pledges to be honoured, and collection is not certain.

#### Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.



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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2013

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### 1. Summary of significant accounting policies (continued)

#### Financial Instruments

The fair values of cash, receivables, and payables are assumed to approximate their carrying amounts because of their short term to maturity. The fair value of long term debt is assumed to approximate its carrying amount.

#### Segmented information

The Town of Port Hawkesbury is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Town's operations and activities are organized and reported by fund. This presentation is in accordance with the Provincial Financial Reporting and Accounting Manual, and was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

##### General government services

This department is responsible for the overall financial and local government administration. Its tasks include tax administration, trade payables and receivables, budgets, financial statements and adherence to the *Municipal Government Act*.

##### Protective services

The Town is primarily responsible for fire protection for its residents. The Town engages the services of various not for profit, volunteer fire departments in order to fulfil its fire protection role.

##### Transportation services

The Town is responsible for the maintenance and construction of roads and sidewalks including snow removal. They are also responsible for the street lighting within the Town.

##### Environmental health services

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

##### Recreation and cultural services

The recreation department is responsible for promoting and offering opportunities and activities to the Town's residents including programs, grants for facility development and programs. The department also provides funding for special municipal recreation initiatives and projects along with assistance for community based projects. The Town provides a municipal contribution towards the operations of the Eastern Counties Regional Library Board.

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2013

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### 2. Change in accounting policies

#### Change in accounting policies

On April 1, 2012, the Town of Port Hawkesbury adopted Public Accounting Standards PS 3410 - *Government Transfers* and PS 3510 - *Tax Revenue*. PS 3410 was applied prospectively upon adoption while PS 3510 was applied retroactively upon adoption as required by the Public Sector Accounting Handbook. Under PS 3410, government transfers should be recognized as revenue when the transfer is authorized, eligibility criteria and stipulations are met. Under PS 3510, tax revenues collected on behalf of others when the Town is acting as an intermediary would be considered a flow-through arrangement and would not be recognized as tax revenue by the Town. In accordance with the provisions of these new standards, no adjustments to the consolidated financial statements were required in the adoption of these new standards.

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	<u>2013</u>	<u>2012</u>
<b>3. Cash</b>		
General operating funds	\$ 886,372	\$ 669,004
Capital funds	1,068,784	783,010
Reserve funds	<u>1,122,020</u>	<u>1,088,010</u>
	<u>\$ 3,077,176</u>	<u>\$ 2,540,024</u>

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	<u>2013</u>	<u>2012</u>
<b>4. Receivables</b>		
Taxpayers and rate payers (net)	\$ 321,773	\$ 233,009
Other governments	329,365	397,929
Other	<u>246,759</u>	<u>238,549</u>
	<u>\$ 897,897</u>	<u>\$ 869,487</u>

Taxpayers and rate payers receivables are reserved as required based on management's estimate as of their collectability.

### 5. Bank indebtedness

Bank of Nova Scotia

Bank indebtedness consists of demand bank loans at the bank's prime rate.

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## Town of Port Hawkesbury

### Notes to the consolidated financial statements

March 31, 2013

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	<u>2013</u>	<u>2012</u>
<b>6. Other liabilities</b>		
Prepaid taxes and rates	\$ 59,589	\$ 51,148
Consumer deposits	<u>19,688</u>	<u>11,358</u>
	<u>\$ 79,277</u>	<u>\$ 62,506</u>

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#### 7. Long term debt

Principal repayments required during the next five (5) years on long term debt are approximately as follows:

2014	\$ 698,545
2015	\$ 698,545
2016	\$ 666,545
2017	\$ 613,945
2018	\$ 530,865

All term debt outstanding at year end has been properly authorized by Service Nova Scotia and Municipal Relations.

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#### 8. Schools

On January 1, 1982, the Town of Port Hawkesbury joined with the Municipality of Inverness County to form the Inverness District School Board (now known as the Strait Regional School Board). Under the agreement, all school buildings on hand at December 31, 1981, will remain assets of the Town but will be under operational control of the District School Board until such time as the Board no longer requires the assets for school purposes. At that time, control will revert to the Town.

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2013

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### 9. Contributions to Boards and Commissions

Boards and Commissions in which the Town has less than a 100% interest:

The Town is required to finance the operations of various boards and commissions, along with the other local municipal units to the extent of its participation based on assessment, population or prescribed formulae.

In addition to any budgeted contributions, the municipal units share in the deficits or surpluses of these boards based on their sharing percentages. A municipal unit's share of any deficit must be paid in the next fiscal year while a surplus may be taken into the next year's estimates. Alternatively, the Town may provide for its share of the surplus or deficit in the current year.

Details of contributions to these boards and commissions are as follows:

	<u>2013</u>	<u>2012</u>
Cape Breton Island Housing Authority	\$ 49,575	\$ 41,568
Eastern District Planning Commission	\$ 67,964	\$ 59,120
Strait-Highlands Regional Development Agency	\$ 41,181	\$ 38,366

The Town has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2013.

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### 10. Remuneration

Total remuneration and expenses paid to elected and senior appointed officials of the Town are as follows:

<u>Official</u>	<u>Position</u>	<u>Remuneration</u>
Billy Joe MacLean	Mayor	\$ 28,010
Ken Anderson	Deputy Mayor	\$ 9,943
Jim King	Councillor	\$ 9,014
Hugh MacDougall	Councillor	\$ 9,014
Mark McIver	Councillor	\$ 9,014
Brenda Chisholm-Beaton	Deputy Mayor	\$ 7,244
Trevor Boudreau	Councillor	\$ 6,567
Joe Janega	Councillor	\$ 6,567
Bert Lewis	Councillor	\$ 6,567
Maris Freimanis	CAO	\$ 99,254

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2013

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### 11. Commitments

#### Pension costs and obligations

The Town of Port Hawkesbury sponsors a contributory defined benefit pension plan for a retired Municipal Clerk. The plan provides pension benefits for services which is determined using a final average salary formula in which the benefit is calculated as a specified percentage of the member's average salary over the last five years of membership in the plans.

An actuarial valuation for accounting purposes has been obtained for the year ended March 31, 2013. The March 31, 2013, actuarial valuation indicated that the pension plan had an accrued benefit obligation of \$52,200 (2012 - \$86,800).

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Town's best estimates.

The following summarizes the major assumptions in the valuation:

- The expected inflation rate is 2.0 percent;
- The discount rate used to determine the accrued benefit obligation is 6.0 percent; and
- The expected rate of return is 6.0 percent.

Combined employer and employee contributions during the year were nil and nil, respectively.

Pension fund assets are valued at market values. A result of the 2013 valuation is as follows:

Market value of the pension plan asset	\$ 1,035,900
Accrued benefit obligation	<u>(1,026,900)</u>
Pension plan deficit (surplus)	(9,000)
Unamortized actuarial gains (losses)	61,200
Valuation allowance	<u>-</u>
Pension liability	<u>\$ 52,200</u>

Under Nova Scotia Pension Plan regulations, the Town has 15 years to fund the deficit arising from the valuation. Service Nova Scotia and Municipal Relations have released the Financial Reporting manual which indicates that a Municipality will have up to 5 years to rate for any deficit incurred from recording this liability.

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2013

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### 11. Commitments (continued)

During the year, the Town has also matched employee contributions to a money-purchase pension plan for full-time employees to a maximum percentage of each participating employee's gross pay depending on years of service. The graduated rates for employee and employer contributions are as follows:

Public works	5%
Management and salaried employees	6%

This plan, to which contributions totalled \$72,433 in fiscal 2013 (2012 - \$73,873), is accounted for as a defined contribution plan, where the Town contributes a percentage of eligible wages as outlined above. These costs are included with wages and benefits expenditures on the statement of operations.

---

12. Expenditures by object	<u>2013</u>	<u>2012</u>
Salaries, wages, and benefits	\$ 1,970,356	\$ 2,011,898
Materials and services	2,803,932	2,919,502
External transfers	309,002	272,229
Contracted services	1,085,487	976,321
Interest on long term debt	336,421	346,391
Amortization of tangible capital assets	1,531,212	1,382,609
Financial and other	<u>181,102</u>	<u>200,620</u>
	<u>\$ 8,217,512</u>	<u>\$ 8,109,570</u>

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### 13. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for 2013.

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# Town of Port Hawkesbury

## Schedule of debt charges and term debt

Year ended March 31, 2013

	Maturity	Issued	Loan Continuity		Balance March 31, 2013	Interest
			Balance March 31, 2012	Redeemed		
<b>General capital</b>						
<b>Term loans</b>						
2005 Truck		\$ -	\$ 11,952	\$ 9,000	\$ 2,952	\$ -
2005 Truck		-	5,217	3,000	2,217	-
Truck – Fire department	2011	-	5,106	3,584	1,522	-
2006 Truck	2013	-	3,654	3,654	-	-
		-	25,929	19,238	6,691	-
<b>Serial debentures</b>						
Backhoe – Work	2019	-	104,920	13,115	91,805	3,783
Truck – Fire department	2014	-	96,000	32,000	64,000	4,288
Street construction	2010	-	182,000	22,750	159,250	6,289
Civic Centre	2019	-	975,000	75,000	900,000	50,621
Waste water plant	2018	-	630,000	52,500	577,500	33,009
Civic Centre	2020	-	805,000	57,500	747,500	36,617
Civic Centre FCM	2016	-	415,400	83,080	332,320	10,598
Civic Centre	2021	-	1,875,000	125,000	1,750,000	89,841
Waste water plant	2021	-	787,500	52,500	735,000	35,186
Salt truck	2019	-	160,000	20,000	140,000	5,529
Pumping station	2019	-	80,000	10,000	70,000	2,765
Waterfront	2019	-	180,000	22,500	157,500	6,490
		-	6,290,820	565,945	5,724,875	285,016
<b>Water capital</b>						
<b>Serial debentures</b>						
Municipal finance	2027	-	1,200,000	80,000	1,120,000	42,185
Municipal finance	2016	-	210,400	52,600	157,800	9,221
		-	1,410,400	132,600	1,277,800	51,406
Total Municipal debt		\$	\$ 7,727,149	\$ 717,783	\$ 7,009,366	\$ 336,422

Note 1: Interest rates are ordered consistently with order of term loans and debentures above:

1 – 1.500%	10 – 2.970% to 4.880%
2 – 1.500%	11 – 7.125% to 8.125%
3 – 1.500%	12 – 2.550%
4 – 1.500%	13 – 4.350% to 5.080%
5 – 1.000% to 4.889%	14 – 0.900% to 4.329%
6 – 2.550% to 5.450%	15 – 0.900% to 4.329%
7 – 5.750% to 6.750%	16 – 1.000% to 4.889%
8 – 3.195% to 5.325%	17 – 1.630% to 4.597%
9 – 2.750% to 5.375%	18 – 4.265% to 4.590%

# Town of Port Hawkesbury

## Schedule of tangible capital assets

March 31, 2013

	Land	Engineered Buildings	Automotive structures	Machinery and equipment	Streets and equipment	Sewer lighting	Lines
<b>Cost</b>							
Balance, beginning of year	\$ 701,144	\$26,072,658	\$ 2,231,016	\$ 782,091	\$ 3,011,257	\$ 5,931,289	\$ 4,279,897
Add							
Net additions during the year	-	-	-	-	-	-	-
Loss on transfer/disposal of tangible capital assets	-	-	-	-	(65,694)	-	-
Reclassification of tangible capital assets	-	-	-	-	-	-	-
Less							
Impairments	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-
Balance, end of year	<u>701,144</u>	<u>26,072,658</u>	<u>2,231,016</u>	<u>782,091</u>	<u>2,945,563</u>	<u>5,931,289</u>	<u>4,279,897</u>
<b>Accumulated amortization</b>							
Balance, beginning of year	-	5,037,098	1,198,341	740,406	1,423,736	2,809,272	3,062,735
Add							
Amortization during the year	-	648,610	88,714	12,140	206,434	215,456	85,598
Reclassification of accumulated amortization	-	-	-	-	-	-	-
Less							
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	<u>-</u>	<u>5,685,708</u>	<u>1,287,055</u>	<u>752,546</u>	<u>1,630,170</u>	<u>3,024,728</u>	<u>3,148,333</u>
<b>NET BOOK VALUE</b>	<u>\$ 701,144</u>	<u>\$20,386,950</u>	<u>\$ 943,961</u>	<u>\$ 29,545</u>	<u>\$ 1,315,393</u>	<u>\$ 2,906,561</u>	<u>\$ 1,131,564</u>



## Town of Port Hawkesbury Schedule of tangible capital assets (continued)

March 31, 2013

	Computer software	Utility plant	2013 Total	2012 Total
<b>Cost</b>				
Balance, beginning of year	-	\$ 8,665,811	\$ 51,675,163	\$51,533,590
Net additions during the year	42,259	-	42,259	141,573
Loss on transfer/disposal of tangible capital assets	-	-	-	-
Reclassification of tangible capital assets	65,694	-	-	-
Less				
Disposals during the year	-	-	-	-
Balance, end of year	<u>107,953</u>	<u>8,665,811</u>	<u>51,717,422</u>	<u>51,675,163</u>
<b>Accumulated amortization</b>				
Balance, beginning of year	-	2,767,672	17,039,261	15,656,652
Add				
Amortization during the year	-	274,260	1,531,212	1,382,609
Reclassification of accumulated Amortization	-	-	-	-
Less				
Accumulated amortization on disposals	-	-	-	-
Balance, end of year	<u>3,041,932</u>	<u>3,041,932</u>	<u>18,570,472</u>	<u>17,039,261</u>
<b>NET BOOK VALUE</b>	<u>\$ 107,953</u>	<u>\$ 5,623,879</u>	<u>\$ 33,146,950</u>	<u>\$34,635,902</u>

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**Town of Port Hawkesbury**  
**Water utility**  
**Non-consolidated operating fund balance sheet**

March 31 2013 2012  
(Unaudited)

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**Assets**

Accounts receivable		
Rates (less allowance for doubtful accounts \$36,871; 2012 - \$34,679)	\$ 103,464	\$ 82,546
Due from General section - operating fund	-	68,539
Due from Water utility – capital fund	92,054	
Inventories, at cost		
Chemicals	9,063	16,652
Other	47,044	44,944
Water meters and equipment	<u>22,799</u>	<u>28,282</u>
	<u>\$ 274,424</u>	<u>\$ 240,963</u>

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**Liabilities and operating equity**

Accounts payable and accrued liabilities		
Prepaid rates	\$ 8,330	\$ 3,856
Accounts payable	18,000	-
Consumer deposits	11,358	11,358
Due to General section - operating fund	<u>168,590</u>	<u>-</u>
	<u>206,278</u>	<u>15,214</u>
Operating fund surplus	<u>68,146</u>	<u>225,749</u>
	<u>\$ 274,424</u>	<u>\$ 240,963</u>

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# Town of Port Hawkesbury

## Water utility

### Non-consolidated statement of operations

Year ended March 31  
(Unaudited)

2013

2012

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 75,000	\$ 75,000	\$ 72,632
Metered sales	1,114,127	747,571	719,923
Public fire protection	<u>273,835</u>	<u>273,835</u>	<u>273,835</u>
	<u>1,462,962</u>	<u>1,096,406</u>	<u>1,066,390</u>
Operating expenses			
Source of supply	114,000	111,063	82,958
Pumping	26,000	17,879	16,839
Water treatment	215,485	228,580	274,314
Transmission and distribution	402,573	306,997	296,614
Administration and general	134,076	112,567	124,696
Depreciation	274,259	274,259	124,205
Taxes	<u>113,564</u>	<u>110,713</u>	<u>110,194</u>
	<u>1,279,957</u>	<u>1,162,058</u>	<u>1,029,820</u>
Operating loss (income)	<u>183,005</u>	<u>(65,652)</u>	<u>36,570</u>
Non-operating expenditure			
Debt charges			
Debt interest	50,405	51,405	32,906
Principal instalments			
Debt principal	<u>132,600</u>	<u>132,600</u>	<u>52,600</u>
	<u>183,005</u>	<u>184,005</u>	<u>85,506</u>
Non-operating revenue			
Amortization of deferred government contributions	-	92,054	-
Excess of revenue under expenditures	<u>\$ -</u>	<u>\$ (157,603)</u>	<u>\$ (48,936)</u>

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**Town of Port Hawkesbury**  
**Water utility**  
**Non-consolidated statement of operating fund surplus**

Year ended March 31 (Unaudited)	2013	2012
Operating fund surplus, beginning of year	\$ 225,749	\$ 274,685
Excess of revenue under expenditures	<u>(157,603)</u>	<u>(48,936)</u>
Operating fund surplus, end of year	<u>\$ 68,146</u>	<u>\$ 225,749</u>

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**Town of Port Hawkesbury**  
**Water utility**  
**Non-consolidated capital fund balance sheet**

March 31 2013 2012  
(Unaudited)

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**Assets**

Cash		
Depreciation fund	\$ 1,036,859	\$ 751,085
Due from other governments	-	173,333
Unamortized discount on debentures	8,943	9,893
Utility plant in service (Page 24)	<u>8,665,811</u>	<u>8,665,811</u>
	<u>\$ 9,711,613</u>	<u>\$ 9,600,122</u>

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**Liabilities**

Due to General section – operating fund	\$ -	\$ 173,333
Due to Water utility – operating fund	92,054	-
Long term debt (Note 7) (Page 16)	<u>1,277,800</u>	<u>1,410,400</u>
	<u>1,369,854</u>	<u>1,583,733</u>

**Reserve**

Reserve for depreciation	3,041,932	2,767,673
Deferred government contributions	<u>1,749,028</u>	<u>1,841,082</u>
	<u>4,790,960</u>	<u>4,608,755</u>

**Equity**

Investment in capital assets	<u>3,550,799</u>	<u>3,407,634</u>
	<u>\$ 9,711,613</u>	<u>\$ 9,600,122</u>

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## Town of Port Hawkesbury

### Water utility

#### Non-consolidated statement of reserve for depreciation

Year ended March 31  
(Unaudited)

	2013	2012
Balance, beginning of year	\$ 2,767,673	\$ 2,643,468
Depreciation for the year	<u>274,259</u>	<u>124,205</u>
Balance, end of year	<u>\$ 3,041,932</u>	<u>\$ 2,767,673</u>

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### Water utility

#### Non-consolidated statement of investment in capital assets

Year ended March 31  
(Unaudited)

	2013	2012
Balance, beginning of year	\$ 3,407,634	\$ 3,320,851
Interest earned depreciation fund	11,515	8,394
Term debt retired	132,600	52,600
Transfer from gas tax reserve	-	26,739
Discount amortized	<u>(950)</u>	<u>(950)</u>
Balance, end of year	<u>\$ 3,550,799</u>	<u>\$ 3,407,634</u>

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### Water utility

#### Non-consolidated statement of depreciation fund cash

Year ended March 31  
(Unaudited)

	2013	2012
Cash, beginning of year	\$ 751,085	\$ 618,486
Depreciation	274,259	124,205
Interest earned on depreciation funds	<u>11,515</u>	<u>8,394</u>
Cash, end of year	<u>\$ 1,036,859</u>	<u>\$ 751,085</u>

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## Town of Port Hawkesbury

### Water utility

### Non-consolidated schedule of utility plant and equipment

Year ended March 31  
(Unaudited)

2013

2012

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Intangible asset		
Working capital	<u>\$ 3,500</u>	<u>\$ 3,500</u>
Tangible plant		
Land and land rights		
Land for chemical building	13,058	13,058
Reservoir	17,841	17,841
Structures and improvements		
Heating	23,806	23,806
Source of supply	19,639	19,639
Purification structures	1,154,437	1,154,437
Distribution reservoirs and standpipes	1,138,086	1,138,086
Electric pumping equipment	96,516	96,516
Purification equipment	3,331,499	3,331,499
Transmission and distribution mains	2,392,656	2,392,656
Services	103,270	103,270
Meters	262,427	262,427
Hydrants	33,655	33,655
Tools and equipment	<u>75,421</u>	<u>75,421</u>
	<u>8,662,311</u>	<u>8,662,311</u>
	<u>\$ 8,665,811</u>	<u>\$ 8,665,811</u>

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