



Non-consolidated financial statements

(Unaudited – see notice to reader)

Town of Port Hawkesbury

March 31, 2014

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Notice to reader

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, 2014, 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

October 15, 2014

Grant Thornton LLP
Chartered accountants

Town of Port Hawkesbury

General section

Operating fund balance sheet

March 31 2014 2013
(Unaudited - see notice to reader)

Assets

Cash and cash equivalents	\$ <u> -</u>	\$ <u>886,372</u>
Receivables		
Taxes (Note 2)	398,125	229,164
Due from federal government and its agencies	163,094	85,899
Due from provincial government and its agencies (Note 3)	607,847	7,320
Due from local government and its agencies (Note 4)	212,563	110,661
Due from General section – capital fund	-	65,693
Due from Water Utility section – operating fund	353,305	168,590
Other	<u>319,624</u>	<u>264,507</u>
	<u>2,054,558</u>	<u>931,834</u>
Tangible assets		
Inventories of materials and supplies	<u>25,460</u>	<u>21,669</u>
Other assets		
Deferred expenditures	<u>66,596</u>	<u>96,479</u>
	<u>\$ 2,146,614</u>	<u>\$ 1,936,354</u>

See accompanying notes to the non-consolidated financial statements.

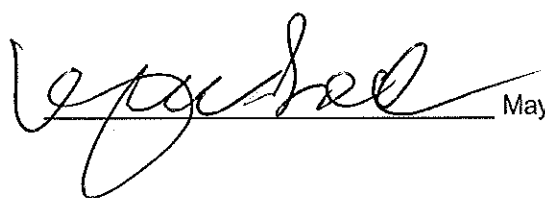
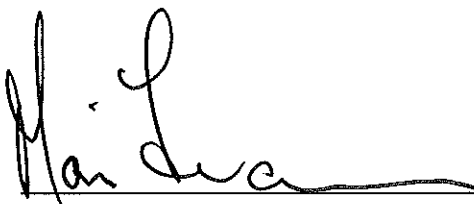
Town of Port Hawkesbury
General section
Operating fund balance sheet (continued)

March 31
 Unaudited - see notice to reader) 2014 2013

Liabilities and operating equity

Bank indebtedness	\$ 324,143	\$ -
Trade payables	<u>1,247,519</u>	<u>1,146,267</u>
	<u>1,571,662</u>	<u>1,146,267</u>
Other liabilities		
Deferred revenue	461,977	448,828
Due to Reserve fund section – operating reserve	-	236,290
Prepaid taxes	<u>64,374</u>	<u>59,589</u>
	<u>526,351</u>	<u>744,707</u>
Asset valuation allowances		
For uncollectible accounts receivable	17,748	17,748
For uncollected taxes (Note 5)	<u>12,954</u>	<u>10,855</u>
	<u>30,702</u>	<u>28,603</u>
Operating fund surplus	<u>17,899</u>	<u>16,777</u>
	<u>\$ 2,146,614</u>	<u>\$ 1,936,354</u>

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

2014

2013

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 5,103,431	\$ 5,201,387	\$ 4,790,655
Grants in lieu of taxes	715,084	735,196	715,084
Services provided to other local governments	195,000	241,598	194,734
Sales of services	873,777	1,008,227	1,049,459
Other revenue from own sources	245,997	482,729	274,174
Conditional transfers from other governments	44,000	84,203	98,004
Unconditional transfers from other governments	365,705	373,044	326,153
Conditional transfers from other local governments	126,974	126,078	123,962
Other transfers	414,375	-	148,500
	<u>8,084,343</u>	<u>8,252,462</u>	<u>7,720,725</u>
Expenditures (Schedule B)			
General government services	1,313,841	1,060,698	1,135,267
Protective services	1,421,006	1,383,261	1,343,062
Transportation services	1,185,407	1,122,566	1,002,841
Environmental health services	733,940	687,082	650,785
Public health and welfare	54,258	51,253	49,575
Environmental development services	77,828	73,313	109,145
Recreation and cultural services	1,761,125	1,991,104	1,863,342
Education	634,526	634,526	629,777
Financing and transfers	902,412	1,247,537	936,931
	<u>8,084,343</u>	<u>8,251,340</u>	<u>7,720,725</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ 1,122</u>	<u>\$ -</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
General section
Statement of operating fund surplus

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

2014

2013

Operating fund surplus, beginning of year	\$ 16,777	\$ 16,777
Excess of revenue over expenditures	<u>1,122</u>	<u>-</u>
Operating fund surplus, end of year	<u>\$ 17,899</u>	<u>\$ 16,777</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
General section
General capital fund balance sheet

March 31 2014 2013
(Unaudited - see notice to reader)

Assets		
Cash and cash equivalents	\$ 31,925	\$ 31,925
Due from other governments	449	447
Unamortized discount on debentures	27,251	32,156
Property and equipment (Note 7)	<u>26,534,940</u>	<u>27,523,071</u>
	<u>\$ 26,594,565</u>	<u>\$ 27,587,599</u>

Liabilities		
Due to General section – operating fund	\$ -	\$ 65,693
Term loans (Schedule D)	6,691	6,691
Long term debt (Note 8) (Schedule D)	<u>5,158,930</u>	<u>5,724,875</u>
	<u>5,165,621</u>	<u>5,797,259</u>

Equity		
Investment in capital assets (Page 8)	<u>21,428,944</u>	<u>21,790,340</u>
	<u>\$ 26,594,565</u>	<u>\$ 27,587,599</u>

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
School capital fund balance sheet

March 31
(Unaudited - see notice to reader)

	2014	2013
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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.

Town of Port Hawkesbury

General section

Statement of investment in general capital assets

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

	2014	2013
Balance, beginning of year	\$ 21,790,340	\$ 22,424,780
Transfer from gas tax revenue	43,450	-
Capital out of revenue	232,558	42,259
Amortization of debenture discount	(4,906)	(4,906)
Amortization of tangible capital assets	(1,264,136)	(1,256,953)
Term debt retired	<u>631,638</u>	<u>585,160</u>
Balance, end of year	<u>\$ 21,428,944</u>	<u>\$ 21,790,340</u>

General section

Statement of investment in school capital assets

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

	2014	2013
Balance, beginning and end of year	<u>\$ 1</u>	<u>\$ 1</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

General section

Schedule A - Details of revenue

Year ended March 31 2014 2013
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 2,497,155	\$ 2,507,697	\$ 2,267,518
Commercial			
Based on taxable assessment	2,378,591	2,381,406	2,308,277
Resource			
Based on taxable assessment	<u>24,618</u>	<u>26,541</u>	<u>24,533</u>
	<u>4,900,364</u>	<u>4,915,644</u>	<u>4,600,328</u>
Business property			
Business occupancy	46,295	-	46,513
Nova Scotia Power - HST offset grant	56,819	41,057	56,819
Based in revenue – Nova Scotia Power	9,953	9,054	9,953
Based on revenue – Aliant Inc.	<u>40,000</u>	<u>33,175</u>	<u>34,671</u>
	<u>153,067</u>	<u>83,286</u>	<u>147,956</u>
Other			
Deed transfer tax	<u>50,000</u>	<u>202,457</u>	<u>42,371</u>
	<u>\$ 5,103,431</u>	<u>\$ 5,201,387</u>	<u>\$ 4,790,655</u>
Grants in lieu of taxes			
Federal government	\$ 75,472	\$ 75,510	\$ 75,472
Federal government agencies			
Enterprise Cape Breton Corporation	21,064	22,040	21,064
Provincial government			
Provincial property	<u>618,548</u>	<u>637,646</u>	<u>618,548</u>
	<u>\$ 715,084</u>	<u>\$ 735,196</u>	<u>\$ 715,084</u>
Services provided to other local governments			
Fire protection – Richmond County	\$ 25,000	\$ 25,000	\$ 25,000
Leachate Treatment – Guysborough County	<u>170,000</u>	<u>216,598</u>	<u>169,734</u>
	<u>\$ 195,000</u>	<u>\$ 241,598</u>	<u>\$ 194,734</u>

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

Year ended March 31 2014 2013
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Sales of services			
Airport	\$ 113,800	\$ 287,034	\$ 97,112
Civic centre	534,405	477,343	675,328
Public works	16,206	17,187	26,577
Recreation and education	163,700	176,287	204,776
Water utility	41,616	41,616	45,666
Administrative	<u>4,050</u>	<u>8,760</u>	<u>-</u>
	<u>\$ 873,777</u>	<u>\$ 1,008,227</u>	<u>\$ 1,049,459</u>
Other revenue from own sources			
Licenses and permits	\$ 5,000	\$ 1,854	\$ 1,359
Fines and fees	5,000	3,044	5,200
Rentals	117,397	167,822	167,816
Interest on short term funds	40,000	10,565	7,999
Interest on taxes	45,000	69,730	45,340
Miscellaneous	33,600	80,289	46,460
Donations-Playground	<u>-</u>	<u>149,425</u>	<u>-</u>
	<u>\$ 245,997</u>	<u>\$ 482,729</u>	<u>\$ 274,174</u>
Conditional transfers from other governments			
Provincial government			
Emergency measure organization	\$ 1,000	\$ -	\$ -
Education and community literacy	38,000	71,134	78,404
Environmental development			
Refuse diversion	<u>5,000</u>	<u>6,889</u>	<u>19,600</u>
	44,000	78,023	98,004
Federal government			
Federal works grant	<u>-</u>	<u>6,180</u>	<u>-</u>
	<u>\$ 44,000</u>	<u>\$ 84,203</u>	<u>\$ 98,004</u>

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

Year ended March 31 2014 2013
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Unconditional transfers from other governments			
Fuel rebate	\$ 2,000	\$ 1,527	1,485
Federal gas tax rebate	87,686	95,498	\$ 87,686
Provincial equalization grant	<u>276,019</u>	<u>276,019</u>	<u>236,982</u>
	<u>\$ 365,705</u>	<u>\$ 373,044</u>	<u>\$ 326,153</u>
Conditional transfers from other local governments			
Pool funding	\$ 49,448	\$ 50,252	\$ 48,698
Airport funding	<u>77,526</u>	<u>75,826</u>	<u>75,264</u>
	<u>\$ 126,974</u>	<u>\$ 126,078</u>	<u>\$ 123,962</u>
Transfers from reserves			
Transfer from operating reserve fund	<u>\$ 414,375</u>	<u>\$ -</u>	<u>\$ 148,500</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures

Year ended March 31 2014 2013
 (Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor			
Stipend	\$ 26,902	\$ 27,737	\$ 28,112
Travel	10,300	10,889	11,698
Council			
Stipend	62,498	61,039	63,233
Travel	2,500	710	2,965
Other legislative services	<u>5,000</u>	<u>1,436</u>	<u>7,189</u>
	<u>107,200</u>	<u>101,811</u>	<u>113,197</u>
General administrative			
Administrative	653,948	433,557	560,613
Financial management	104,500	66,939	64,397
Taxation			
Administration	32,238	64,608	43,723
Reduced taxes –section 69	5,500	8,000	5,396
Section 71	168,669	176,764	169,828
Common services	2,000	5,447	-
General financing	12,000	23,551	-
Transfer to assessment services	<u>49,486</u>	<u>47,933</u>	<u>49,486</u>
	<u>1,028,341</u>	<u>826,799</u>	<u>893,443</u>
Other general government services			
General liability insurance	72,000	84,108	66,400
Grants to other organizations and individuals	15,000	19,279	7,039
Intergovernmental relations	17,800	15,288	17,300
Other general services	<u>52,500</u>	<u>13,413</u>	<u>37,888</u>
	<u>157,300</u>	<u>132,088</u>	<u>128,627</u>
Valuation allowances			
Uncollectible taxes	<u>21,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,313,841</u>	<u>\$ 1,060,698</u>	<u>\$ 1,135,267</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2014

2013

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Administration	\$ -	\$ 118	\$ 32,276
Crime investigation, prevention, and protective services	780,768	775,404	714,408
Other	<u>120,400</u>	<u>118,047</u>	<u>120,854</u>
	<u>901,168</u>	<u>893,569</u>	<u>867,538</u>
Law enforcement			
Transfers to corrective services	<u>44,501</u>	<u>44,501</u>	<u>45,675</u>
Fire protection			
Administration	25,100	20,484	23,518
Fire fighting force	26,100	25,600	25,600
Water supply and hydrants	308,349	273,835	273,835
Fire stations and building	38,000	59,393	41,219
Fire fighting equipment	<u>47,500</u>	<u>45,843</u>	<u>43,258</u>
	<u>445,049</u>	<u>425,155</u>	<u>407,430</u>
Debt charges			
Debenture interest	<u>4,288</u>	<u>2,600</u>	<u>4,288</u>
Other			
Animal and pest control	24,000	15,436	16,131
Emergency measures	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
	<u>26,000</u>	<u>17,436</u>	<u>18,131</u>
	<u>\$ 1,421,006</u>	<u>\$ 1,383,261</u>	<u>\$ 1,343,062</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2014

2013

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Administration	\$ 15,900	\$ 12,421	\$ 11,415
Engineering services	12,500	4,046	9,834
General equipment	26,300	6,424	23,811
Small tools and equipment	6,000	3,257	2,886
Workshop, yards, and other buildings	25,200	24,079	20,833
Liability insurance	10,000	8,709	7,161
Other	<u>33,500</u>	<u>4,600</u>	<u>5,760</u>
	<u>129,400</u>	<u>63,536</u>	<u>81,700</u>
Road transport			
Administration	29,218	18,005	27,364
Roads and streets	471,577	420,551	476,808
Street lighting	141,480	149,299	136,078
Traffic services	25,000	30,130	14,924
Motor vehicles	122,239	91,824	103,440
Other road transport	<u>11,254</u>	<u>11,619</u>	<u>6,353</u>
	<u>800,768</u>	<u>721,428</u>	<u>764,967</u>
Air transport			
Airport	<u>232,739</u>	<u>326,211</u>	<u>134,083</u>
Debt charges			
Debenture interest	<u>22,500</u>	<u>11,391</u>	<u>22,091</u>
	<u>\$ 1,185,407</u>	<u>\$ 1,122,566</u>	<u>\$ 1,002,841</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2014

2013

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Sewage collection and disposal			
Administration	\$ 78,825	\$ 80,401	\$ 63,716
Sewage collection system	100,704	80,126	78,684
Sewage treatment and disposal	277,750	247,769	229,165
Other sewage collection	<u>14,600</u>	<u>9,015</u>	<u>9,231</u>
	<u>471,879</u>	<u>417,311</u>	<u>380,796</u>
Garbage and waste collection and disposal			
Garbage and waste collection	137,300	150,902	146,849
Waste disposal	40,000	38,630	38,874
Recycling costs	<u>38,100</u>	<u>11,379</u>	<u>13,306</u>
	<u>215,400</u>	<u>200,911</u>	<u>199,029</u>
Debt charges			
Interest on long term debt	<u>46,661</u>	<u>68,860</u>	<u>70,960</u>
	<u>\$ 733,940</u>	<u>\$ 687,082</u>	<u>\$ 650,785</u>
Public health and welfare services			
Housing			
Deficit of Regional Housing Authority	<u>\$ 54,258</u>	<u>\$ 51,253</u>	<u>\$ 49,575</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2014

2013

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental development services			
Community development			
Transfers to Eastern Planning Commission	\$ 66,328	\$ 66,328	\$ 67,964
Transfers to Regional Development Agency	<u>11,500</u>	<u>6,985</u>	<u>41,181</u>
	<u>\$ 77,828</u>	<u>\$ 73,313</u>	<u>\$ 109,145</u>
Recreation and cultural services			
Recreation facilities			
Civic centre	\$ 882,766	\$ 952,506	\$ 874,673
Administration	138,270	15,852	121,982
Other programs	96,950	110,455	149,958
Swimming pool	241,775	295,617	263,319
Parks and playgrounds	77,059	256,247	61,424
Other recreation facilities	<u>110,607</u>	<u>162,929</u>	<u>184,151</u>
	<u>1,547,427</u>	<u>1,793,606</u>	<u>1,655,507</u>
Cultural buildings and facilities			
Transfers to regional library	<u>23,837</u>	<u>23,837</u>	<u>20,158</u>
Debt charges			
Interest on long term debt	<u>189,861</u>	<u>173,661</u>	<u>187,677</u>
	<u>\$ 1,761,125</u>	<u>\$ 1,991,104</u>	<u>\$ 1,863,342</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2014

2013

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Education			
Appropriation to Strait Regional School Board	<u>\$ 634,526</u>	<u>\$ 634,526</u>	<u>\$ 629,777</u>
Financing and transfers			
Principal instalments			
Debenture principal	\$ 614,445	\$ 565,945	\$ 565,945
Term loans	20,000	65,693	19,238
Transfers to own reserves, funds and agencies			
Other funds			
Capital out of revenue	-	232,558	42,259
Operating reserve fund	267,967	310,498	236,290
Airport committee	<u>-</u>	<u>72,843</u>	<u>73,199</u>
	<u>\$ 902,412</u>	<u>\$ 1,247,537</u>	<u>\$ 936,931</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Water utility section

Operating fund balance sheet

March 31 2014 2013
(Unaudited - see notice to reader)

Assets

Accounts receivable		
Rates (less allowance for doubtful accounts \$36,306; 2013 - \$36,871)	\$ 104,266	\$ 103,464
Due from Water utility – capital fund	-	92,054
Inventories, at cost		
Chemicals	16,605	9,063
Other	47,044	47,044
Water meters and equipment	<u>21,276</u>	<u>22,799</u>
	<u>\$ 189,191</u>	<u>\$ 274,424</u>

Liabilities and operating equity

Accounts payable and accrued liabilities		
Prepaid rates	\$ 7,572	\$ 8,330
Accounts payable	-	18,000
Consumer deposits	11,279	11,358
Due to General section - operating fund	<u>353,305</u>	<u>168,590</u>
	<u>372,156</u>	<u>206,278</u>
Operating fund (deficit) surplus	<u>(182,965)</u>	<u>68,146</u>
	<u>\$ 189,191</u>	<u>\$ 274,424</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

Year ended March 31 2014 2013
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 75,000	\$ 68,860	\$ 75,000
Metered sales	748,000	767,225	747,571
Public fire protection	<u>308,349</u>	<u>273,835</u>	<u>273,835</u>
	<u>1,131,349</u>	<u>1,109,920</u>	<u>1,096,406</u>
Operating expenses			
Source of supply	114,000	117,125	111,063
Pumping	26,250	20,057	17,879
Water treatment	413,436	378,494	228,580
Transmission and distribution	193,950	225,211	306,997
Administration and general	180,928	149,592	112,567
Depreciation	274,259	268,746	274,259
Taxes	<u>110,713</u>	<u>113,565</u>	<u>110,713</u>
	<u>1,313,536</u>	<u>1,272,790</u>	<u>1,162,058</u>
Operating loss (income)	<u>(182,187)</u>	<u>(162,870)</u>	<u>(65,652)</u>
Non-operating expenditure			
Debt charges			
Debenture interest	51,339	47,695	51,405
Principal instalments			
Debenture principal	<u>132,600</u>	<u>132,600</u>	<u>132,600</u>
	<u>183,939</u>	<u>180,295</u>	<u>184,005</u>
Non-operating revenue			
Amortization of deferred government contributions	<u>92,054</u>	<u>92,054</u>	<u>92,054</u>
Excess of expenditures over revenue	<u>\$ (274,072)</u>	<u>\$ (251,111)</u>	<u>\$ (157,603)</u>

See accompanying notes to the non-consolidated financial statements.

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

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

2014

2013

Operating fund surplus, beginning of year	\$ 68,146	\$ 225,749
Excess of expenditures over revenue	<u>(251,111)</u>	<u>(157,603)</u>
Operating fund surplus (deficit), end of year	<u>\$ (182,965)</u>	<u>\$ 68,146</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Water utility section

Capital fund balance sheet

March 31 2014 2013
(Unaudited - see notice to reader)

Assets

Cash		
Depreciation fund	\$ 995,339	\$ 1,036,859
Unamortized discount on debentures	7,993	8,943
Utility plant in service (Schedule C)	<u>8,851,970</u>	<u>8,665,811</u>
	<u>\$ 9,855,302</u>	<u>\$ 9,711,613</u>

Liabilities

Due to Water utility – operating fund	\$ -	\$ 92,054
Long term debt (Note 8) (Schedule D)	<u>1,145,200</u>	<u>1,277,800</u>
	<u>1,145,200</u>	<u>1,369,854</u>

Reserve

Reserve for depreciation	3,310,678	3,041,932
Deferred government contributions	<u>1,700,424</u>	<u>1,749,028</u>
	<u>5,011,102</u>	<u>4,790,960</u>

Equity

Investment in capital assets	<u>3,699,000</u>	<u>3,550,799</u>
	<u>\$ 9,855,302</u>	<u>\$ 9,711,613</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)	2014	2013
Balance, beginning of year	\$ 3,041,932	\$ 2,767,673
Depreciation for the year	<u>268,746</u>	<u>274,259</u>
Balance, end of year	<u>\$ 3,310,678</u>	<u>\$ 3,041,932</u>

Water utility section
Statement of investment in capital assets

Year ended March 31 (Unaudited - see notice to reader)	2014	2013
Balance, beginning of year	\$ 3,550,799	\$ 3,407,634
Interest earned depreciation fund	16,551	11,515
Term debt retired	132,600	132,600
Discount amortized	<u>(950)</u>	<u>(950)</u>
Balance, end of year	<u>\$ 3,699,000</u>	<u>\$ 3,550,799</u>

Water utility section
Statement of depreciation fund cash

Year ended March 31 (Unaudited - see notice to reader)	2014	2013
Cash, beginning of year	\$ 1,036,859	\$ 751,085
Deferred assistance transferred	(184,109)	-
Capital	(142,708)	-
Depreciation	268,746	274,259
Interest earned on depreciation funds	<u>16,551</u>	<u>11,515</u>
Cash, end of year	<u>\$ 995,339</u>	<u>\$ 1,036,859</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 2014 2013
(Unaudited - see notice to reader)

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	3,474,208	3,331,499
Transmission and distribution mains	2,436,106	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>8,848,470</u>	<u>8,662,311</u>
	<u>\$ 8,851,970</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 2014 2013
(Unaudited - see notice to reader)

Assets
Cash and cash equivalents \$ 251,042 \$ 242,017

Reserve
Special reserve \$ 251,042 \$ 242,017

On behalf of the Town of Port Hawkesbury

_____ Mayor _____ CAO

Reserve funds section
Statement of capital reserve

Year ended March 31 2014 2013
(Unaudited - see notice to reader)

Balance, beginning of year	<u>\$ 242,017</u>	<u>\$ 235,867</u>
Interest earned	3,925	3,057
Proceeds on sale of property	<u>5,100</u>	<u>3,093</u>
Balance, end of year	<u>\$ 251,042</u>	<u>\$ 242,017</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Reserve funds section

Gas tax reserve balance sheet

March 31 2014 2013
(Unaudited - see notice to reader)

Assets

Cash and cash equivalents	\$ 704,295	\$ 502,374
Due from federal government and its agencies	<u>-</u>	<u>125,038</u>
	<u>\$ 704,295</u>	<u>\$ 627,412</u>

Reserve

Operating reserve	\$ <u>704,295</u>	\$ <u>627,412</u>
-------------------	-------------------	-------------------

On behalf of the Town of Port Hawkesbury

_____ Mayor _____ CAO

Reserve Funds section

Statement of gas tax reserve

Year ended March 31 2014 2013
(Unaudited - see notice to reader)

Balance, beginning of year	\$ 627,412	\$ 458,123
Interest earned	10,015	6,992
Grant – gas tax	<u>249,266</u>	<u>249,983</u>
	<u>886,693</u>	<u>715,098</u>
Funds transferred for capital projects	(86,900)	-
Transfer to general operations	(10,000)	-
Fund transferred to service capital debt	<u>(85,498)</u>	<u>(87,686)</u>
	<u>(182,398)</u>	<u>(87,686)</u>
Balance, end of year	<u>\$ 704,295</u>	<u>\$ 627,412</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
Reserve funds section
Waterfront reserve balance sheet

March 31 2014 2013
(Unaudited - see notice to reader)

Assets

Cash and cash equivalents \$ 184,663 \$ -

Reserve

Waterfront reserve \$ 184,663 \$ -

On behalf of the Town of Port Hawkesbury

_____ Mayor _____ CAO

Reserve Funds section
Statement of Waterfront reserve

Year ended March 31 2014 2013
(Unaudited - see notice to reader)

Balance, beginning of year \$ - \$ -

Funds transferred from Waterfront Society 184,663 -

Balance, end of year \$ 184,663 \$ -

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2014

(Unaudited - see notice to reader)

1. Summary of significant accounting policies

Basis of presentation

These non-consolidated 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.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2014

(Unaudited - see notice to reader)

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

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2014
(Unaudited - see notice to reader)

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.

2. Taxes receivable	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 229,164	\$ 161,318
Levy	4,915,644	4,654,890
Interest	<u>69,730</u>	<u>42,227</u>
	5,214,538	4,858,435
Collections	<u>4,631,649</u>	<u>4,454,847</u>
	582,889	404,388
Write offs, adjustments, and exemptions	<u>184,764</u>	<u>175,224</u>
	398,125	229,164
Valuation allowance (Note 5)	<u>12,954</u>	<u>10,855</u>
Balance, end of year	<u>\$ 385,171</u>	<u>\$ 218,309</u>

3. Due from provincial government and its agencies	<u>2014</u>	<u>2013</u>
Province of Nova Scotia	<u>\$ 607,847</u>	<u>\$ 7,320</u>

4. Due from local government and its agencies	<u>2014</u>	<u>2013</u>
Various local governments	<u>\$ 212,563</u>	<u>\$ 110,661</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2014

(Unaudited - see notice to reader)

5.	Asset valuation allowances	<u>2014</u>	<u>2013</u>
	For uncollected taxes		
	Balance, beginning of year	\$ 10,855	\$ 10,855
	Provision for the year	<u>2,099</u>	<u>-</u>
	Balance, end of year	<u>\$ 12,954</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>2014</u>	<u>2013</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	6,334,319	19,738,339	20,386,950
	Engineered structures	2,231,016	1,375,769	855,247	943,961
	Automotive equipment	782,091	764,686	17,405	29,545
	Machinery and equipment	3,123,974	1,778,849	1,345,125	1,315,393
	Sewer lines	4,323,347	3,233,931	1,089,416	1,131,564
	Streets and lighting	5,931,289	3,240,183	2,691,106	2,906,561
	Computer software	<u>107,953</u>	<u>10,795</u>	<u>97,158</u>	<u>107,953</u>
		<u>\$ 43,273,472</u>	<u>\$16,738,532</u>	<u>\$ 26,534,940</u>	<u>\$ 27,523,071</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2014
(Unaudited - see notice to reader)

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>
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
2019	\$ 713,365	\$ 80,000	\$ 793,365

All existing long term debt has been approved by Municipal Finance.

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>2014</u>	<u>2013</u>
Cape Breton Island Housing Authority	\$ 51,254	\$ 49,575
Eastern District Planning Commission	\$ 66,328	\$ 67,964
Strait-Highlands Regional Development Agency	\$ 6,985	\$ 41,181

The Town has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2014.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2014

(Unaudited - see notice to reader)

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 (2013 – nil).

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 (2013 - \$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, 2014. The March 31, 2014, actuarial valuation indicated that the pension plan had an accrued benefit obligation of \$15,700 (2013 - \$52,200).

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.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2014

(Unaudited - see notice to reader)

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 2014 valuation is as follows:

Market value of the pension plan asset	\$ 1,156,500
Accrued benefit obligation	<u>(1,064,600)</u>
Pension plan deficit (surplus)	(91,900)
Unamortized actuarial gains (losses)	107,600
Valuation allowance	<u>-</u>
Pension liability	<u>\$ 15,700</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 \$70,686 in fiscal 2014 (2013 - \$72,433), 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.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2014

(Unaudited - see notice to reader)

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	\$ 27,737
Brenda Chisholm-Beaton	Councillor	\$ 15,887
Trevor Boudreau	Deputy Mayor	\$ 15,607
Joe Janega	Councillor	\$ 14,939
Bert Lewis	Councillor	\$ 14,939
Maris Freimanis	CAO	\$ 101,239

13. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for 2014.

Town of Port Hawkesbury

Schedule D - Debt charges and term debt

Year ended March 31, 2014

(Unaudited - see notice to reader)

	Maturity	Issued	Loan Continuity		Interest	
			Balance March 31, 2013	Redeemed		Balance March 31, 2014
General capital						
Term loans						
2005 Truck		\$ -	\$ 2,952	\$ -	\$ 2,952	\$ -
2005 Truck		-	2,217	-	2,217	-
Truck – Fire dept	2011	-	1,522	-	1,522	-
		-	6,691	-	6,691	-
Serial debentures						
Backhoe – Work	2019	-	91,805	13,115	78,690	3,447
Truck – Fire dept	2014	-	64,000	32,000	32,000	2,600
Street construction	2010	-	159,250	22,750	136,500	12,101
Civic Centre	2019	-	900,000	75,000	825,000	47,010
Waste water plant	2018	-	577,500	52,500	525,000	30,450
Civic Centre	2020	-	747,500	57,500	690,000	34,159
Civic Centre FCM	2016	-	332,320	83,080	249,240	8,470
Civic Centre	2021	-	1,750,000	125,000	1,625,000	84,022
Waste water plant	2021	-	735,000	52,500	682,500	32,998
Salt truck	2019	-	140,000	20,000	120,000	5,063
Pumping station	2019	-	70,000	10,000	60,000	2,532
Waterfront	2019	-	157,500	22,500	135,000	5,914
		-	5,724,875	565,945	5,158,930	268,766
Water capital						
Serial debentures						
Municipal finance	2027	-	1,120,000	80,000	1,040,000	40,704
Municipal finance	2016	-	157,800	52,600	105,200	6,991
		-	1,277,800	132,600	1,145,200	47,695
Total Municipal debt		\$ -	\$ 7,009,366	\$ 698,545	\$ 6,310,821	\$ 316,461

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, 2014

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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.

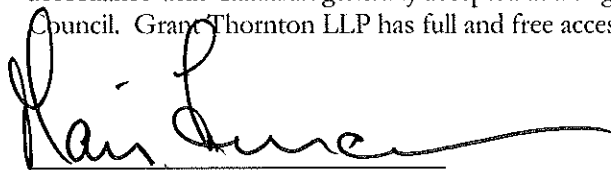
The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, 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.

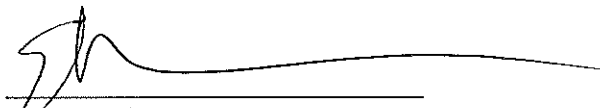
The Town Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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



Independent auditor's report

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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, 2014, 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, 2014, 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



October 15, 2014

Registered municipal auditor

Town of Port Hawkesbury

Consolidated statement of financial position

March 31

2014

2013

Financial assets

Cash (Note 2)	\$ 2,773,553	\$ 3,077,176
Receivables (Note 3)	<u>1,775,268</u>	<u>897,897</u>
	<u>4,548,821</u>	<u>3,975,073</u>

Liabilities

Payables and accruals	1,351,993	1,280,654
Deferred revenue	1,050,226	698,811
Other liabilities (Note 5)	83,224	79,277
Long term debt (Note 6) (Page 16)	6,310,821	7,009,366
Retirement benefit obligation (Note 10)	<u>15,700</u>	<u>52,200</u>
	<u>8,811,964</u>	<u>9,120,308</u>

Net debt

	<u>(4,263,143)</u>	<u>(5,145,235)</u>
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Non-financial assets

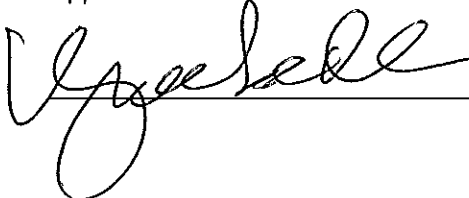
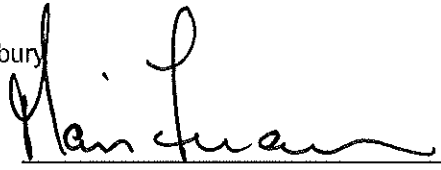
Tangible capital assets (Pages 17 -18)	32,076,230	33,146,950
Inventory and prepaid expenses	176,981	197,054
Other capital charges	<u>35,244</u>	<u>41,099</u>
	<u>32,288,455</u>	<u>33,385,103</u>

Accumulated surplus

	<u>\$ 28,025,312</u>	<u>\$ 28,239,868</u>
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Commitments (Note 10)

Approved on behalf of the Town of Port Hawkesbury

 _____ Mayor	 _____ CAO
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See accompanying notes to the consolidated financial statements.

Town of Port Hawkesbury

Consolidated statement of financial activities

March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Taxation	\$ 4,992,718	\$ 5,087,822	\$ 4,679,942
Less: School board requisition	<u>(634,526)</u>	<u>(634,526)</u>	<u>(629,777)</u>
Municipal taxation	4,358,192	4,453,296	4,050,165
Grants in lieu of taxes	715,084	735,196	715,084
Sale of goods and services	833,777	950,615	990,989
Other revenue from own sources	245,997	499,279	285,689
Government transfers	536,679	487,827	460,433
Other revenue	195,000	357,216	210,566
Water rates	823,000	836,085	822,571
Gain on disposal of tangible capital assets	-	5,100	3,093
Capital grants	<u>-</u>	<u>-</u>	<u>-</u>
	<u>7,707,729</u>	<u>8,324,614</u>	<u>7,538,590</u>
Expenditures			
General government services	1,313,841	1,024,196	1,100,667
Protective services	1,112,657	1,109,426	1,069,227
Transportation services	1,185,407	1,195,462	1,076,040
Health and development services	866,026	811,648	809,505
Recreation and cultural services	1,761,125	1,979,192	1,854,962
Water treatment and distribution	888,564	832,867	718,616
Interest and bank charges	51,339	47,645	51,406
Other	-	5,852	5,877
Amortization of tangible capital assets	<u>274,259</u>	<u>1,532,882</u>	<u>1,531,212</u>
	<u>7,453,218</u>	<u>8,539,170</u>	<u>8,217,512</u>
Annual (deficit) surplus	<u>\$ 254,511</u>	<u>\$ (214,556)</u>	<u>\$ (678,922)</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 28,239,868	\$ 28,918,790
Annual (deficit) surplus		<u>(214,556)</u>	<u>(678,922)</u>
Accumulated surplus, end of year		<u>\$ 28,025,312</u>	<u>\$ 28,239,868</u>

See accompanying notes to the consolidated financial statements.

Town of Port Hawkesbury

Consolidated statement of changes in net debt

Year ended March 31	2014	2013
Annual (deficit) surplus	\$ (214,556)	\$ (678,922)
Acquisition of tangible capital assets	(462,162)	(42,259)
Amortization of tangible capital assets	1,532,882	1,531,212
Proceeds on sale of tangible capital assets	5,100	3,093
Gain on disposal of tangible capital assets	<u>(5,100)</u>	<u>(3,093)</u>
	<u>856,164</u>	<u>810,031</u>
Change in prepaids, inventory and other capital charges	<u>25,928</u>	<u>5,611</u>
Change in net debt	882,092	815,642
Net debt, beginning of year	<u>(5,145,235)</u>	<u>(5,960,877)</u>
Net debt, end of year	<u>\$ (4,263,143)</u>	<u>\$ (5,145,235)</u>

See accompanying notes to the consolidated financial statements.

Town of Port Hawkesbury

Consolidated statement of changes in financial position

Year ended March 31 2014 2013

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual (deficit) surplus	\$ (214,556)	\$ (678,922)
Amortization of tangible capital assets	1,532,882	1,531,212
Gain on disposal of tangible capital assets	<u>(5,100)</u>	<u>(3,093)</u>
	1,313,226	849,197
Changes in non-cash working capital:		
Decrease (increase) in receivables	(877,371)	(28,410)
(Increase) decrease in prepaids, inventory, and other capital charges	25,928	5,612
(Decrease) increase in payables and accruals	71,340	191,143
Increase (decrease) in retirement benefit obligations	(36,500)	(34,600)
Increase (decrease) in deferred revenue	315,415	294,389
Increase (decrease) in other liabilities	<u>3,947</u>	<u>16,771</u>
	<u>851,985</u>	<u>1,294,102</u>
Investing activities		
Purchase of tangible capital assets	(462,163)	(42,259)
Proceeds from disposal of tangible capital assets	<u>5,100</u>	<u>3,093</u>
	<u>(457,063)</u>	<u>(39,166)</u>
Financing activities		
Repayment of long term debt	<u>(698,545)</u>	<u>(717,784)</u>
	<u>(698,545)</u>	<u>(717,784)</u>
Net (decrease) increase in cash and cash equivalents	(303,623)	537,152
Cash and cash equivalents		
Beginning of year	<u>3,077,176</u>	<u>2,540,024</u>
End of year	<u>\$ 2,773,553</u>	<u>\$ 3,077,176</u>

See accompanying notes to the consolidated financial statements.

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2014

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 17, 2013, 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:

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2014

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 \$995,339 as at March 31, 2014 (2013 - \$1,036,859). 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.

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2014

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.

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2014

2. Cash	<u>2014</u>	<u>2013</u>
General operating funds	\$ -	\$ 886,372
Capital funds	1,027,264	1,068,784
Reserve funds	<u>2,070,432</u>	<u>1,122,020</u>
	<u>\$ 3,097,696</u>	<u>\$ 3,077,176</u>

3. Receivables	<u>2014</u>	<u>2013</u>
Taxpayers and rate payers (net)	\$ 489,437	\$ 321,773
Other governments	983,955	329,365
Other	<u>301,876</u>	<u>246,759</u>
	<u>\$ 1,775,268</u>	<u>\$ 897,897</u>

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

4. Bank indebtedness

Bank of Nova Scotia

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

5. Other liabilities	<u>2014</u>	<u>2013</u>
Prepaid taxes and rates	\$ 64,374	\$ 59,589
Consumer deposits	<u>18,850</u>	<u>19,688</u>
	<u>\$ 83,224</u>	<u>\$ 79,277</u>

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2014

6. Long term debt

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

2015	\$ 698,545
2016	\$ 666,545
2017	\$ 613,945
2018	\$ 530,865
2019	\$ 793,365

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

7. 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.

8. 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>2014</u>	<u>2013</u>
Cape Breton Island Housing Authority	\$ 51,254	\$ 49,575
Eastern District Planning Commission	\$ 66,328	\$ 67,964
Strait-Highlands Regional Development Agency	\$ 6,985	\$ 41,181

The Town has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2014.

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2014

9. 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	\$ 27,737
Brenda Chisholm-Beaton	Councillor	\$ 15,887
Trevor Boudreau	Deputy Mayor	\$ 15,607
Joe Janega	Councillor	\$ 14,939
Bert Lewis	Councillor	\$ 14,939
Maris Freimanis	CAO	\$ 101,239

10. 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, 2014. The March 31, 2014, actuarial valuation indicated that the pension plan had an accrued benefit obligation of \$15,700 (2013 – 52,200).

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.

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2014

10. Commitments (continued)

Pension fund assets are valued at market values. A result of the 2014 valuation is as follows:

Market value of the pension plan asset	\$ 1,156,500
Accrued benefit obligation	<u>(1,064,600)</u>
Pension plan deficit (surplus)	(91,900)
Unamortized actuarial gains (losses)	107,600
Valuation allowance	<u>-</u>
Pension liability	<u>\$ 15,700</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.

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 \$70,686 in fiscal 2014 (2013 - \$72,433), 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.

11. Expenditures by object	<u>2014</u>	<u>2013</u>
Salaries, wages, and benefits	\$ 1,994,324	\$ 1,970,356
Materials and services	3,188,024	2,803,932
External transfers	281,707	309,002
Contracted services	1,029,712	1,085,487
Interest on long term debt	304,207	336,421
Amortization of tangible capital assets	1,532,882	1,531,212
Financial and other	<u>208,314</u>	<u>181,102</u>
	<u>\$ 8,539,170</u>	<u>\$ 8,217,512</u>

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2014

12. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for 2014.

Town of Port Hawkesbury

Schedule of debt charges and term debt

Year ended March 31, 2014

	<u>Maturity</u>	<u>Issued</u>	<u>Loan Continuity</u>		<u>Interest</u>	
			<u>Balance March 31, 2013</u>	<u>Redeemed</u>		<u>Balance March 31, 2014</u>
General capital						
Term loans						
2005 Truck		\$ -	\$ 2,952	\$ -	\$ 2,952	\$ -
2005 Truck		-	2,217	-	2,217	-
Truck – Fire department		-	1,522	-	1,522	-
		-	6,691	-	6,691	-
Serial debentures						
Backhoe – Work	2019	-	91,805	13,115	78,690	3,447
Truck – Fire department	2014	-	64,000	32,000	32,000	2,600
Street construction	2010	-	159,250	22,750	136,500	12,101
Civic Centre	2019	-	900,000	75,000	825,000	47,010
Waste water plant	2018	-	577,500	52,500	525,000	30,450
Civic Centre	2020	-	747,500	57,500	690,000	34,159
Civic Centre FCM	2016	-	332,320	83,080	249,240	8,470
Civic Centre	2021	-	1,750,000	125,000	1,625,000	84,022
Waste water plant	2021	-	735,000	52,500	682,500	32,998
Salt truck	2019	-	140,000	20,000	120,000	5,063
Pumping station	2019	-	70,000	10,000	60,000	2,532
Waterfront	2019	-	157,500	22,500	135,000	5,914
		-	5,724,875	565,945	5,158,930	268,766
Water capital						
Serial debentures						
Municipal finance	2027	-	1,120,000	80,000	1,040,000	40,704
Municipal finance	2016	-	157,800	52,600	105,200	6,991
		-	1,277,800	132,600	1,145,200	47,695
Total Municipal debt		\$ -	\$ 7,009,366	\$ 698,545	\$ 6,310,821	\$ 316,467

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, 2014

	Land	Engineered buildings	Engineered structures	Automotive equipment	Machinery and equipment	Streets and lighting	Sewer lines
Cost							
Balance, beginning of year	\$ 701,144	\$26,072,658	\$ 2,231,016	\$ 782,091	\$ 2,945,563	\$ 5,931,289	\$ 4,279,897
Add							
Net additions during the year	-	-	-	-	232,557	-	43,450
Loss on transfer/disposal of tangible capital assets	-	-	-	-	-	-	-
Reclassification of tangible capital assets	-	-	-	-	-	-	-
Less							
Impairments	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	54,146	-	-
Balance, end of year	<u>701,144</u>	<u>26,072,658</u>	<u>2,231,016</u>	<u>782,091</u>	<u>3,123,974</u>	<u>5,931,289</u>	<u>4,323,347</u>
Accumulated amortization							
Balance, beginning of year	-	5,685,708	1,287,055	752,546	1,630,170	3,024,728	3,148,333
Add							
Amortization during the year	-	-	88,714	12,140	202,825	215,456	85,598
Reclassification of accumulated amortization	-	648,611	-	-	-	-	-
Less							
Accumulated amortization on disposals	-	-	-	-	54,146	-	-
Balance, end of year	<u>-</u>	<u>6,334,319</u>	<u>1,375,769</u>	<u>764,686</u>	<u>1,778,849</u>	<u>3,240,184</u>	<u>3,233,931</u>
NET BOOK VALUE	<u>\$ 701,144</u>	<u>\$19,738,339</u>	<u>\$ 855,247</u>	<u>\$ 17,405</u>	<u>\$ 1,345,125</u>	<u>\$ 2,691,105</u>	<u>\$ 1,089,416</u>

Town of Port Hawkesbury

Schedule of tangible capital assets (continued)

March 31, 2014

	Computer software	Utility plant	2014 <u>Total</u>	2013 <u>Total</u>
Cost				
Balance, beginning of year	\$ 107,953	\$ 8,665,811	\$ 51,717,422	\$ 51,675,163
Net additions during the year		186,158	462,165	42,259
Loss on transfer/disposal of tangible capital assets	-	-		-
Reclassification of tangible capital assets		-		-
Less				
Disposals during the year			<u>54,146</u>	
Balance, end of year	<u>107,953</u>	<u>8,851,969</u>	<u>52,125,441</u>	<u>51,717,422</u>
Accumulated amortization				
Balance, beginning of year		3,041,932	18,570,472	17,039,261
Add				
Amortization during the year	10,795	268,746	1,532,885	1,531,212
Reclassification of accumulated Amortization		-		-
Less				
Accumulated amortization on disposals			<u>54,146</u>	
Balance, end of year	<u>10,795</u>	<u>3,310,678</u>	<u>20,049,211</u>	<u>18,570,473</u>
NET BOOK VALUE	<u>\$ 97,158</u>	<u>\$ 5,541,291</u>	<u>\$ 32,076,230</u>	<u>\$ 33,146,949</u>

Town of Port Hawkesbury

Water utility

Operating fund balance sheet

March 31 2014 2013
(Unaudited)

Assets

Accounts receivable		
Rates (less allowance for doubtful accounts \$36,306; 2013 - \$36,871)	\$ 104,266	\$ 103,464
Due from Water utility – capital fund	-	92,054
Inventories, at cost		
Chemicals	16,605	9,063
Other	47,044	47,044
Water meters and equipment	<u>21,276</u>	<u>22,799</u>
	<u>\$ 189,191</u>	<u>\$ 274,424</u>

Liabilities and operating equity

Accounts payable and accrued liabilities		
Prepaid rates	\$ 7,571	\$ 8,330
Accounts payable	-	18,000
Consumer deposits	11,279	11,358
Due to General section - operating fund	<u>353,306</u>	<u>168,590</u>
	<u>372,156</u>	<u>206,278</u>
Operating fund (deficit) surplus	<u>(182,965)</u>	<u>68,146</u>
	<u>\$ 189,191</u>	<u>\$ 274,424</u>

Town of Port Hawkesbury

Water utility

Non-consolidated statement of operations

Year ended March 31 2014 2013
(Unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 75,000	\$ 68,860	\$ 75,000
Metered sales	748,000	767,225	747,571
Public fire protection	<u>308,349</u>	<u>273,835</u>	<u>273,835</u>
	<u>1,131,349</u>	<u>1,109,920</u>	<u>1,096,406</u>
Operating expenses			
Source of supply	114,000	117,125	111,063
Pumping	26,250	20,057	17,879
Water treatment	413,436	378,494	228,580
Transmission and distribution	193,950	225,211	306,997
Administration and general	180,928	149,592	112,567
Depreciation	274,259	268,746	274,259
Taxes	<u>110,713</u>	<u>113,565</u>	<u>110,713</u>
	<u>1,313,536</u>	<u>1,272,790</u>	<u>1,162,058</u>
Operating loss (income)	<u>(182,187)</u>	<u>(162,870)</u>	<u>(65,652)</u>
Non-operating expenditure			
Debt charges			
Debenture interest	51,339	47,695	51,405
Principal instalments			
Debenture principal	<u>132,600</u>	<u>132,600</u>	<u>132,600</u>
	<u>183,939</u>	<u>180,295</u>	<u>184,005</u>
Non-operating revenue			
Amortization of deferred government contributions	<u>92,054</u>	<u>92,054</u>	<u>92,054</u>
Excess of revenue under expenditures	<u>\$ (274,072)</u>	<u>\$ (251,111)</u>	<u>\$ (157,603)</u>

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

Year ended March 31 (Unaudited)	2014	2013
Operating fund surplus, beginning of year	\$ 68,146	\$ 225,749
Excess of revenue under expenditures	<u>(251,117)</u>	<u>(157,603)</u>
Operating fund surplus (deficit), end of year	<u>\$ (182,971)</u>	<u>\$ 68,146</u>

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

March 31
(Unaudited)

2014

2013

Assets

Cash		
Depreciation fund	\$ 995,339	\$ 1,036,859
Unamortized discount on debentures	7,993	8,943
Utility plant in service (Page 24)	<u>8,851,970</u>	<u>8,665,811</u>
	<u>\$ 9,855,302</u>	<u>\$ 9,711,613</u>

Liabilities

Due to Water utility – operating fund	\$ -	\$ 92,054
Long term debt (Note 6) (Page 16)	<u>1,145,200</u>	<u>1,277,800</u>
	<u>1,145,200</u>	<u>1,369,854</u>

Reserve

Reserve for depreciation	3,310,678	3,041,932
Deferred government contributions	<u>1,700,424</u>	<u>1,749,028</u>
	<u>5,011,102</u>	<u>4,790,960</u>

Equity

Investment in capital assets	<u>3,699,000</u>	<u>3,550,799</u>
	<u>\$ 9,855,302</u>	<u>\$ 9,711,613</u>

Town of Port Hawkesbury

Water utility

Non-consolidated statement of reserve for depreciation

Year ended March 31
(Unaudited)

	2014	2013
Balance, beginning of year	\$ 3,041,932	\$ 2,767,673
Depreciation for the year	<u>268,746</u>	<u>274,259</u>
Balance, end of year	<u>\$ 3,310,678</u>	<u>\$ 3,041,932</u>

Water utility

Non-consolidated statement of investment in capital assets

Year ended March 31
(Unaudited)

	2014	2013
Balance, beginning of year	\$ 3,550,799	\$ 3,407,634
Interest earned depreciation fund	16,551	11,515
Term debt retired	132,600	132,600
Discount amortized	<u>(950)</u>	<u>(950)</u>
Balance, end of year	<u>\$ 3,699,000</u>	<u>\$ 3,550,799</u>

Water utility

Non-consolidated statement of depreciation fund cash

Year ended March 31
(Unaudited)

	2014	2013
Cash, beginning of year	\$ 1,036,859	\$ 751,085
Deferred assistance transferred	(184,109)	-
Depreciation	268,746	274,259
Interest earned on depreciation funds	16,551	11,515
Cash used for capital project	<u>(142,708)</u>	<u>-</u>
Cash, end of year	<u>\$ 995,339</u>	<u>\$ 1,036,859</u>

Town of Port Hawkesbury

Water utility

Non-consolidated schedule of utility plant and equipment

Year ended March 31 2014 2013
(Unaudited)

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	3,474,208	3,331,499
Transmission and distribution mains	2,436,106	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>8,848,470</u>	<u>8,662,311</u>
	<u>\$ 8,851,970</u>	<u>\$ 8,665,811</u>
