



Grant Thornton

Non-consolidated financial statements

(Unaudited – see notice to reader)

Town of Port Hawkesbury

March 31, 2015

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Grant Thornton

Grant Thornton LLP
Unit 2
301 Pitt Street
Port Hawkesbury, NS
B9A 2T6
T +1 902 625 6383
F +1 902 625 5242
www.GrantThornton.ca

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, 2015, 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.

Grant Thornton LLP

Port Hawkesbury, Canada
October 6, 2015

Chartered accountants

Town of Port Hawkesbury
General section
Operating fund balance sheet

March 31 2015 2014
(Unaudited - see notice to reader)

Assets

Cash and cash equivalents	\$ 669,089	\$ _____
Receivables		
Taxes (Note 2)	326,499	398,125
Due from federal government and its agencies	49,767	163,094
Due from provincial government and its agencies (Note 3)	2,330	607,847
Due from local government and its agencies (Note 4)	32,914	212,563
Due from Water Utility section – operating fund	487,857	353,305
Other	<u>227,499</u>	<u>319,624</u>
	<u>1,126,866</u>	<u>2,054,558</u>
Tangible assets		
Inventories of materials and supplies	<u>22,820</u>	<u>25,460</u>
Other assets		
Deferred expenditures	<u>61,586</u>	<u>66,596</u>
	<u>\$ 1,880,361</u>	<u>\$ 2,146,614</u>

See accompanying notes to the non-consolidated financial statements.

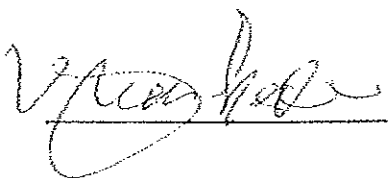
Town of Port Hawkesbury
General section
Operating fund balance sheet (continued)

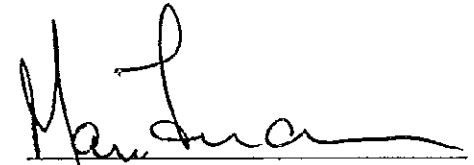
March 31 2015 2014
 Unaudited - see notice to reader)

Liabilities and operating equity

Bank indebtedness	\$ -	\$ 324,143
Trade payables	<u>1,275,470</u>	<u>1,247,519</u>
	<u>1,275,470</u>	<u>1,571,662</u>
 Other liabilities		
Deferred revenue	488,509	461,977
Prepaid taxes	<u>48,891</u>	<u>64,374</u>
	<u>537,400</u>	<u>526,351</u>
 Asset valuation allowances		
For uncollectible accounts receivable	17,748	17,748
For uncollected taxes (Note 5)	<u>14,458</u>	<u>12,954</u>
	<u>32,206</u>	<u>30,702</u>
 Operating fund surplus	<u>35,285</u>	<u>17,899</u>
	<u>\$ 1,880,361</u>	<u>\$ 2,146,614</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 2015 2014
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 4,982,703	\$ 4,945,387	\$ 5,201,387
Grants in lieu of taxes	746,466	746,986	735,196
Services provided to other local governments	200,000	222,974	241,598
Sales of services	982,576	1,042,319	1,008,227
Other revenue from own sources	257,115	270,713	482,729
Conditional transfers from other governments	65,080	110,293	84,203
Unconditional transfers from other governments	383,774	300,486	373,044
Conditional transfers from other local governments	121,326	122,121	126,078
Other transfers	<u>45,000</u>	<u>-</u>	<u>-</u>
	<u>7,784,040</u>	<u>7,761,279</u>	<u>8,252,462</u>
Expenditures (Schedule B)			
General government services	1,169,502	1,073,384	1,060,698
Protective services	1,399,823	1,411,300	1,383,261
Transportation services	1,262,659	1,148,486	1,122,566
Environmental health services	727,536	631,866	687,082
Public health and welfare	55,000	47,269	51,253
Environmental development services	67,642	74,040	73,313
Recreation and cultural services	1,742,613	1,854,885	1,991,104
Education	634,181	634,181	634,526
Financing and transfers	<u>725,084</u>	<u>868,482</u>	<u>1,247,537</u>
	<u>7,784,040</u>	<u>7,743,893</u>	<u>8,251,340</u>
Excess of revenue over expenditures	<u>\$</u>	<u>\$ 17,386</u>	<u>\$ 1,122</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 2015 2014
(Unaudited - see notice to reader)

Operating fund surplus, beginning of year	\$ 17,899	\$ 16,777
Excess of revenue over expenditures	<u>17,386</u>	<u>1,122</u>
Operating fund surplus, end of year	<u>\$ 35,285</u>	<u>\$ 17,899</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
General section
General capital fund balance sheet

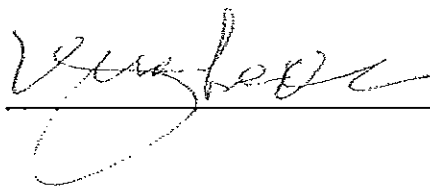
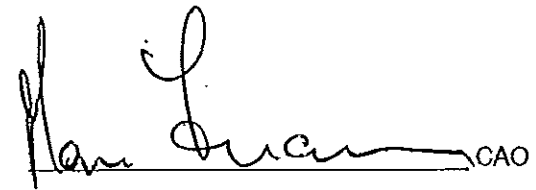
March 31 2015 2014
(Unaudited - see notice to reader)

Assets		
Cash and cash equivalents	\$ 31,925	\$ 31,925
Due from other governments	449	449
Unamortized discount on debentures	22,345	27,251
Property and equipment (Note 7)	<u>25,523,570</u>	<u>26,534,940</u>
	<u>\$ 25,578,289</u>	<u>\$ 26,594,565</u>

Liabilities		
Term loans (Schedule D)	\$ -	\$ 6,691
Long term debt (Note 8) (Schedule D)	<u>4,592,985</u>	<u>5,158,930</u>
	<u>4,592,985</u>	<u>5,165,621</u>

Equity		
Investment in capital assets (Page 8)	<u>20,985,304</u>	<u>21,428,944</u>
	<u>\$ 25,578,289</u>	<u>\$ 26,594,565</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)

2015 2014

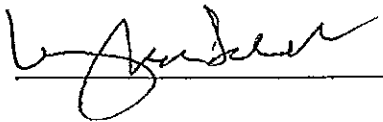
Assets

Strait Area Education Recreation Centre (Note 6) \$ 1 \$ 1

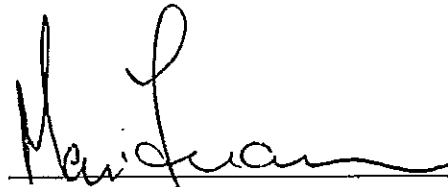
Equity

Investment in capital assets \$ 1 \$ 1

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)

	2015	2014
Balance, beginning of year	\$ 21,428,944	\$ 21,790,340
Transfer from gas tax revenue	149,940	43,450
Capital out of revenue	114,412	232,558
Amortization of debenture discount	(4,906)	(4,906)
Amortization of tangible capital assets	(1,275,721)	(1,264,136)
Term debt retired	<u>572,635</u>	<u>631,638</u>
Balance, end of year	<u>\$ 20,985,304</u>	<u>\$ 21,428,944</u>

General section

Statement of investment in school capital assets

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

	2015	2014
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 2015 2014
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 2,547,761	\$ 2,527,802	\$ 2,507,697
Commercial			
Based on taxable assessment	2,257,159	2,222,452	2,381,406
Resource			
Based on taxable assessment	<u>27,415</u>	<u>27,445</u>	<u>26,541</u>
	<u>4,832,335</u>	<u>4,777,699</u>	<u>4,915,644</u>
Business property			
Nova Scotia Power - HST offset grant	42,000	23,233	41,057
Based in revenue – Nova Scotia Power	8,368	8,368	9,054
Based on revenue – Alliant Inc.	<u>35,000</u>	<u>33,175</u>	<u>33,175</u>
	<u>85,368</u>	<u>64,776</u>	<u>83,286</u>
Other			
Deed transfer tax	<u>65,000</u>	<u>102,912</u>	<u>202,457</u>
	<u>\$ 4,982,703</u>	<u>\$ 4,945,387</u>	<u>\$ 5,201,387</u>
Grants in lieu of taxes			
Federal government	\$ 75,446	\$ 97,928	\$ 75,510
Federal government agencies			
Enterprise Cape Breton Corporation	22,483	-	22,040
Provincial government			
Provincial property	<u>648,537</u>	<u>649,058</u>	<u>637,646</u>
	<u>\$ 746,466</u>	<u>\$ 746,986</u>	<u>\$ 735,196</u>
Services provided to other local governments			
Fire protection – Richmond County	\$ 25,000	\$ 25,000	\$ 25,000
Leachate Treatment – Guysborough County	<u>175,000</u>	<u>197,974</u>	<u>216,598</u>
	<u>\$ 200,000</u>	<u>\$ 222,974</u>	<u>\$ 241,598</u>

Town of Port Hawkesbury

General section

Schedule A - Details of revenue (continued)

Year ended March 31

2015

2014

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Sales of services			
Airport	\$ 286,300	\$ 280,376	\$ 287,034
Civic centre	451,900	459,300	477,343
Public works	18,300	18,779	17,187
Recreation and education	175,700	233,376	176,287
Water utility	41,616	42,448	41,616
Administrative	<u>8,760</u>	<u>8,040</u>	<u>8,760</u>
	<u>\$ 982,576</u>	<u>\$ 1,042,319</u>	<u>\$ 1,008,227</u>
Other revenue from own sources			
Licenses and permits	\$ 1,850	\$ 3,258	\$ 1,854
Fines and fees	4,000	6,031	3,044
Rentals	131,028	135,531	167,822
Interest on short term funds	20,000	4,716	10,565
Interest on taxes	50,000	69,207	69,730
Miscellaneous	50,237	51,970	80,289
Donations-Playground	<u>-</u>	<u>-</u>	<u>149,425</u>
	<u>\$ 257,115</u>	<u>\$ 270,713</u>	<u>\$ 482,729</u>
Conditional transfers from other governments			
Provincial government			
Education and community literacy	\$ 52,500	\$ 87,543	\$ 71,134
Environmental development			
Refuse diversion	<u>5,000</u>	<u>11,518</u>	<u>6,889</u>
	<u>57,500</u>	<u>99,061</u>	<u>78,023</u>
Federal government			
Federal works grant	<u>7,580</u>	<u>11,232</u>	<u>6,180</u>
	<u>\$ 65,080</u>	<u>\$ 110,293</u>	<u>\$ 84,203</u>

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

Year ended March 31 2015 2014
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Unconditional transfers from other governments			
Fuel rebate	\$ 1,761	\$ 1,756	\$ 1,527
Federal gas tax rebate	83,283	-	95,498
Provincial equalization grant	<u>298,730</u>	<u>298,730</u>	<u>276,019</u>
	<u>\$ 383,774</u>	<u>\$ 300,486</u>	<u>\$ 373,044</u>
Conditional transfers from other local governments			
Pool funding	\$ 50,500	\$ 51,295	\$ 50,252
Airport funding	<u>70,826</u>	<u>70,826</u>	<u>75,826</u>
	<u>\$ 121,326</u>	<u>\$ 122,121</u>	<u>\$ 126,078</u>
Transfers from reserves			
Transfer from operating reserve fund	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ -</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 2015 2014
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor			
Stipend	\$ 27,500	\$ 27,069	\$ 27,737
Travel	9,300	13,041	10,889
Council			
Stipend	59,400	58,330	61,039
Travel	2,500	575	710
Other legislative services	<u>1,700</u>	<u>1,443</u>	<u>1,436</u>
	<u>100,400</u>	<u>100,458</u>	<u>101,811</u>
General administrative			
Administrative	470,030	442,831	433,557
Financial management	101,500	98,850	66,939
Taxation			
Administration	63,200	70,451	64,608
Reduced taxes –section 69	8,000	7,600	8,000
Section 71	177,000	177,776	176,764
Common services	6,000	6,259	5,447
General financing	20,000	26,636	23,551
Transfer to assessment services	<u>46,700</u>	<u>46,696</u>	<u>47,933</u>
	<u>892,430</u>	<u>877,099</u>	<u>826,799</u>
Other general government services			
General liability insurance	85,000	69,083	84,108
Grants to other organizations and Individuals	20,000	4,049	19,279
Intergovernmental relations	7,172	11,529	15,288
Other general services	<u>19,500</u>	<u>11,166</u>	<u>13,413</u>
	<u>131,672</u>	<u>95,827</u>	<u>132,088</u>
Valuation allowances			
Uncollectible taxes	<u>45,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,169,502</u>	<u>\$ 1,073,384</u>	<u>\$ 1,060,698</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2015

2014

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Administration	\$ -	\$ 966	\$ 118
Crime investigation, prevention, and protective services	802,600	799,128	775,404
Other	<u>120,400</u>	<u>122,235</u>	<u>118,047</u>
	<u>923,000</u>	<u>922,329</u>	<u>893,569</u>
Law enforcement			
Transfers to corrective services	<u>43,401</u>	<u>43,401</u>	<u>44,501</u>
Fire protection			
Administration	25,100	21,665	20,484
Fire fighting force	25,600	25,600	25,600
Water supply and hydrants	290,000	260,328	273,835
Fire stations and building	40,600	41,139	59,393
Fire fighting equipment	<u>48,500</u>	<u>93,044</u>	<u>45,843</u>
	<u>429,800</u>	<u>441,776</u>	<u>425,155</u>
Debt charges			
Debenture interest	<u>872</u>	<u>872</u>	<u>2,600</u>
Other			
Animal and pest control	750	465	15,436
Emergency measures	<u>2,000</u>	<u>2,457</u>	<u>2,000</u>
	<u>2,750</u>	<u>2,922</u>	<u>17,436</u>
	<u>\$ 1,399,823</u>	<u>\$ 1,411,300</u>	<u>\$ 1,383,261</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2015

2014

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Administration	\$ 15,000	\$ 11,058	\$ 12,421
Engineering services	12,500	-	4,046
General equipment	20,300	17,483	6,424
Small tools and equipment	6,300	3,799	3,257
Workshop, yards, and other buildings	26,700	29,011	24,079
Liability insurance	10,000	430	8,709
Other	<u>18,500</u>	<u>5,346</u>	<u>4,600</u>
	<u>109,300</u>	<u>67,127</u>	<u>63,536</u>
Road transport			
Administration	13,302	87,900	18,005
Roads and streets	489,237	420,511	420,551
Street lighting	153,000	164,719	149,299
Traffic services	33,400	18,474	30,130
Motor vehicles	129,900	84,535	91,824
Other road transport	<u>-</u>	<u>956</u>	<u>11,619</u>
	<u>818,839</u>	<u>777,095</u>	<u>721,428</u>
Air transport			
Airport	<u>321,400</u>	<u>294,148</u>	<u>326,211</u>
Debt charges			
Debenture interest	<u>13,120</u>	<u>10,116</u>	<u>11,391</u>
	<u>\$ 1,262,659</u>	<u>\$ 1,148,486</u>	<u>\$ 1,122,566</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2015

2014

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Sewage collection and disposal			
Administration	\$ 82,810	\$ 90,225	\$ 80,401
Sewage collection system	95,500	35,418	80,126
Sewage treatment and disposal	250,900	224,067	247,769
Other sewage collection	<u>9,800</u>	<u>8,698</u>	<u>9,015</u>
	<u>439,010</u>	<u>358,408</u>	<u>417,311</u>
Garbage and waste collection and disposal			
Garbage and waste collection	156,000	154,030	150,902
Waste disposal	45,000	38,293	38,630
Recycling costs	<u>21,100</u>	<u>17,713</u>	<u>11,379</u>
	<u>222,100</u>	<u>210,036</u>	<u>200,911</u>
Debt charges			
Interest on long term debt	<u>66,426</u>	<u>63,422</u>	<u>68,860</u>
	<u>\$ 727,536</u>	<u>\$ 631,866</u>	<u>\$ 687,082</u>
Public health and welfare services			
Housing			
Deficit of Regional Housing Authority	<u>\$ 55,000</u>	<u>\$ 47,269</u>	<u>\$ 51,253</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2015

2014

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental development services			
Community development			
Transfers to Eastern Planning Commission	\$ 67,642	\$ 68,202	\$ 66,328
Transfers to Regional Development			
Agency/Regional Enterprise Network	<u>-</u>	<u>5,838</u>	<u>6,985</u>
	<u>\$ 67,642</u>	<u>\$ 74,040</u>	<u>\$ 73,313</u>
Recreation and cultural services			
Recreation facilities			
Civic centre	\$ 956,250	\$ 960,695	\$ 952,506
Administration	24,000	31,308	15,852
Other programs	89,800	162,814	110,455
Swimming pool	289,100	286,741	295,617
Parks and playgrounds	82,900	84,720	256,247
Other recreation facilities	<u>117,355</u>	<u>145,090</u>	<u>162,929</u>
	<u>1,559,405</u>	<u>1,671,368</u>	<u>1,793,606</u>
Cultural buildings and facilities			
Transfers to regional library	<u>23,838</u>	<u>24,147</u>	<u>23,837</u>
Debt charges			
Interest on long term debt	<u>159,370</u>	<u>159,370</u>	<u>173,661</u>
	<u>\$ 1,742,613</u>	<u>\$ 1,854,885</u>	<u>\$ 1,991,104</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2015

2014

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Education			
Appropriation to Strait Regional School Board	<u>\$ 634,181</u>	<u>\$ 634,181</u>	<u>\$ 634,526</u>
Financing and transfers			
Principal instalments			
Debenture principal	\$ 565,945	\$ 565,945	\$ 565,945
Term loans	80,000	6,691	65,693
Transfers to own reserves, funds and agencies			
Other funds			
Capital out of revenue	-	114,412	232,558
Operating reserve fund	8,000	128,968	310,498
Airport committee	<u>71,139</u>	<u>52,466</u>	<u>72,843</u>
	<u>\$ 725,084</u>	<u>\$ 868,482</u>	<u>\$ 1,247,537</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
Water utility section
Operating fund balance sheet

March 31 2015 2014
(Unaudited - see notice to reader)

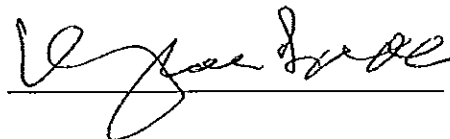
Assets

Accounts receivable		
Rates (less allowance for doubtful accounts \$5,527; 2014 - \$36,306)	\$ 189,300	\$ 104,266
Inventories, at cost		
Chemicals	17,327	16,605
Other	39,982	47,044
Water meters and equipment	<u>20,167</u>	<u>21,276</u>
	<u>\$ 266,776</u>	<u>\$ 189,191</u>

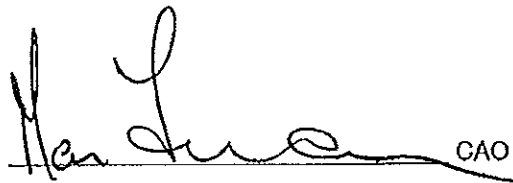
Liabilities and operating equity

Accounts payable and accrued liabilities		
Prepaid rates	\$ 6,082	\$ 7,572
Consumer deposits	11,252	11,279
Due to General section - operating fund	<u>487,857</u>	<u>353,305</u>
	<u>505,191</u>	<u>372,156</u>
Operating fund deficit	<u>(238,415)</u>	<u>(182,965)</u>
	<u>\$ 266,776</u>	<u>\$ 189,191</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 2015 2014
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 89,770	\$ 68,527	\$ 68,860
Metered sales	998,227	866,088	767,225
Public fire protection	<u>275,184</u>	<u>260,328</u>	<u>273,835</u>
	<u>1,363,181</u>	<u>1,194,943</u>	<u>1,109,920</u>
Operating expenses			
Source of supply	106,580	127,783	117,125
Pumping	20,659	26,071	20,057
Water treatment	396,734	437,845	378,494
Transmission and distribution	228,930	194,079	225,211
Administration and general	152,133	123,635	149,592
Depreciation	297,586	276,446	268,746
Taxes	<u>116,972</u>	<u>113,562</u>	<u>113,565</u>
	<u>1,319,594</u>	<u>1,299,421</u>	<u>1,272,790</u>
Operating income (loss)	<u>43,587</u>	<u>(104,478)</u>	<u>(162,870)</u>
Non-operating expenditure			
Debt charges			
Debenture interest	43,590	43,590	47,695
Principal instalments			
Debenture principal	<u>132,600</u>	<u>132,600</u>	<u>132,600</u>
	<u>176,190</u>	<u>176,190</u>	<u>180,295</u>
Non-operating revenue			
Transfer from depreciation fund	132,600	132,600	-
Amortization of deferred government contributions	<u>92,490</u>	<u>92,618</u>	<u>92,054</u>
Excess of expenditures over revenue	<u>\$ 92,487</u>	<u>\$ (55,450)</u>	<u>\$ (251,111)</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)

	2015	2014
Operating fund (deficit) surplus, beginning of year	\$ (182,965)	\$ 68,146
Excess of expenditures over revenue	<u>(55,450)</u>	<u>(251,111)</u>
Operating fund deficit, end of year	<u>\$ (238,415)</u>	<u>\$ (182,965)</u>

See accompanying notes to the non-consolidated financial statements.

**Town of Port Hawkesbury
Water utility section
Capital fund balance sheet**

March 31 2015 2014
(Unaudited - see notice to reader)

Assets

Cash		
Depreciation fund	\$ 1,027,113	\$ 995,339
Unamortized discount on debentures	7,044	7,993
Utility plant in service (Schedule C)	<u>8,908,258</u>	<u>8,851,970</u>
	<u>\$ 9,942,415</u>	<u>\$ 9,855,302</u>

Liabilities

Long term debt (Note 8) (Schedule D)	\$ <u>1,012,600</u>	\$ <u>1,145,200</u>
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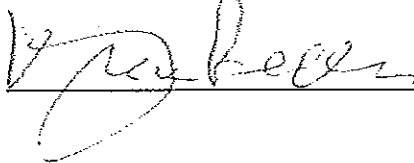
Reserve

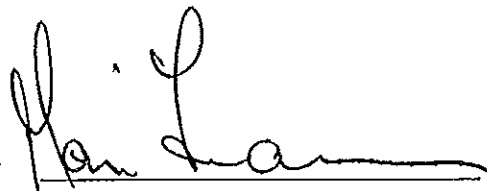
Reserve for depreciation	3,587,124	3,310,678
Deferred government contributions	<u>1,628,777</u>	<u>1,700,424</u>
	<u>5,215,901</u>	<u>5,011,102</u>

Equity

Investment in capital assets	<u>3,713,914</u>	<u>3,699,000</u>
	<u>\$ 9,942,415</u>	<u>\$ 9,855,302</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)	2015	2014
Balance, beginning of year	\$ 3,310,678	\$ 3,041,932
Depreciation for the year	<u>276,446</u>	<u>268,746</u>
Balance, end of year	<u>\$ 3,587,124</u>	<u>\$ 3,310,678</u>

Water utility section
Statement of investment in capital assets

Year ended March 31 (Unaudited - see notice to reader)	2015	2014
Balance, beginning of year	\$ 3,699,000	\$ 3,550,799
Interest earned depreciation fund	15,864	16,551
Term debt retired	132,600	132,600
Transfer from depreciation reserve	(132,600)	
Discount amortized	<u>(950)</u>	<u>(950)</u>
Balance, end of year	<u>\$ 3,713,914</u>	<u>\$ 3,699,000</u>

Water utility section
Statement of depreciation fund cash

Year ended March 31 (Unaudited - see notice to reader)	2015	2014
Cash, beginning of year	\$ 995,339	\$ 1,036,859
Deferred assistance transferred	(92,619)	(184,109)
Approved transfer based on rate study	(132,600)	-
Capital	(35,316)	(142,708)
Depreciation	276,446	268,746
Interest earned on depreciation funds	<u>15,863</u>	<u>16,551</u>
Cash, end of year	<u>\$ 1,027,113</u>	<u>\$ 995,339</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 2015 2014
(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	3,509,524	3,474,208
Transmission and distribution mains	2,457,078	2,436,106
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>8,904,758</u>	<u>8,848,470</u>
	<u>\$ 8,908,258</u>	<u>\$ 8,851,970</u>

See accompanying notes to the non-consolidated financial statements.

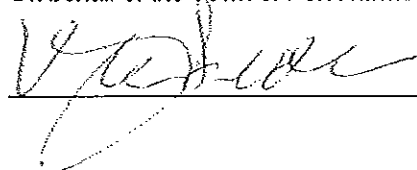
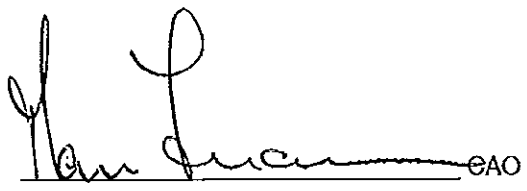
Town of Port Hawkesbury
Reserve funds section
Capital reserve balance sheet

March 31 2015 2014
(Unaudited - see notice to reader)

Assets		
Cash and cash equivalents	<u>\$ 255,012</u>	<u>\$ 251,042</u>

Reserve		
Special reserve	<u>\$ 255,012</u>	<u>\$ 251,042</u>

On behalf of the Town of Port Hawkesbury

 _____ Mayor	 _____ CAO
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Reserve funds section
Statement of capital reserve

Year ended March 31 2015 2014
(Unaudited - see notice to reader)

Balance, beginning of year	\$ 251,042	\$ 242,017
Interest earned	3,970	3,926
Proceeds on sale of property	<u>-</u>	<u>5,100</u>
Balance, end of year	<u>\$ 255,012</u>	<u>\$ 251,042</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
Reserve funds section
Operating reserve balance sheet

March 31 2015 2014
(Unaudited - see notice to reader)¹

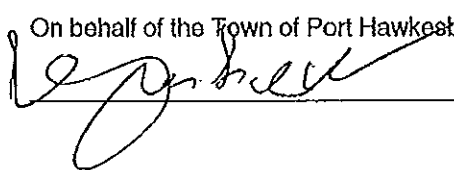
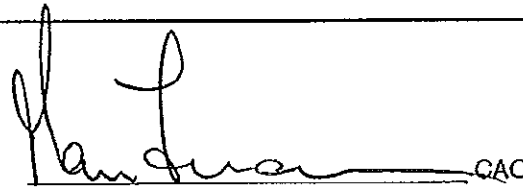
Assets

Cash and cash equivalents	<u>\$ 1,075,130</u>	<u>\$ 930,432</u>
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Reserve

Operating reserve	<u>\$ 1,075,130</u>	<u>\$ 930,432</u>
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On behalf of the Town of Port Hawkesbury

 _____ Mayor		 _____ CAO
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Reserve funds section
Statement of operating reserve

Year ended March 31 2015 2014
(Unaudited - see notice to reader)

Balance, beginning of year	\$ 930,432	\$ 613,919
Interest earned	15,731	6,015
Appropriation per council – general	<u>128,967</u>	<u>310,498</u>
Balance, end of year	<u>\$ 1,075,130</u>	<u>\$ 930,432</u>

See accompanying notes to the non-consolidated financial statements.

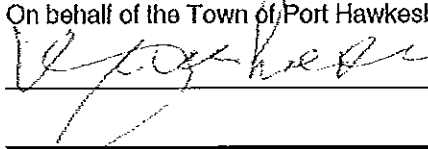
**Town of Port Hawkesbury
Reserve funds section
Gas tax reserve balance sheet**

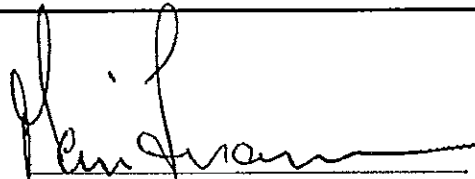
March 31 2015 2014
(Unaudited - see notice to reader)

Assets		
Cash and cash equivalents	<u>\$ 777,145</u>	<u>\$ 704,295</u>

Reserve		
Gas tax reserve	<u>\$ 777,145</u>	<u>\$ 704,295</u>

On behalf of the Town of Port Hawkesbury


Mayor


CAO

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

Year ended March 31 2015 2014
(Unaudited - see notice to reader)

Balance, beginning of year	\$ 704,295	\$ 627,412
Interest earned	11,620	10,015
Grant – gas tax	<u>232,142</u>	<u>249,266</u>
	<u>948,057</u>	<u>886,693</u>
Funds transferred for capital projects	(170,912)	(86,900)
Transfer to general operations	-	(10,000)
Fund transferred to service capital debt	<u>-</u>	<u>(85,498)</u>
	<u>(170,912)</u>	<u>(182,398)</u>
Balance, end of year	<u>\$ 777,145</u>	<u>\$ 704,295</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
Reserve funds section
Waterfront reserve balance sheet

March 31 2015 2014
(Unaudited - see notice to reader)

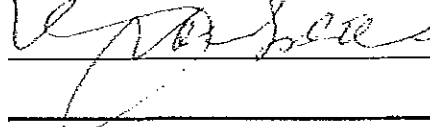
Assets

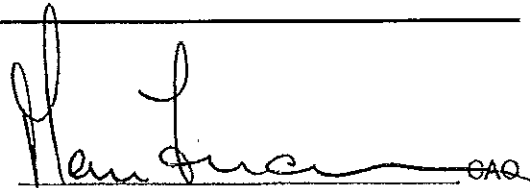
Cash and cash equivalents	<u>\$ 175,963</u>	<u>\$ 184,663</u>
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Reserve

Waterfront reserve	<u>\$ 175,963</u>	<u>\$ 184,663</u>
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On behalf of the Town of Port Hawkesbury

 Mayor

 CAO

Reserve Funds section
Statement of Waterfront reserve

Year ended March 31 2015 2014
(Unaudited - see notice to reader)

Balance, beginning of year	\$ 184,663	\$ -
Funds transferred for project	(8,700)	
Funds transferred from Waterfront Society	<u>-</u>	<u>184,663</u>
Balance, end of year	<u>\$ 175,963</u>	<u>\$ 184,663</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2015

(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, 2015

(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, 2015

(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>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 398,125	\$ 229,164
Levy	4,777,699	4,915,644
Interest	<u>69,207</u>	<u>69,730</u>
	5,245,031	5,214,538
Collections	<u>4,733,156</u>	<u>4,631,649</u>
	511,875	582,889
Write offs, adjustments, and exemptions	<u>185,376</u>	<u>184,764</u>
	326,499	398,125
Valuation allowance (Note 5)	<u>14,458</u>	<u>12,954</u>
Balance, end of year	<u>\$ 312,041</u>	<u>\$ 385,171</u>

3. Due from provincial government and its agencies	<u>2015</u>	<u>2014</u>
Province of Nova Scotia	<u>\$ 2,330</u>	<u>\$ 607,847</u>

4. Due from local government and its agencies	<u>2015</u>	<u>2014</u>
Various local governments	<u>\$ 32,914</u>	<u>\$ 212,563</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2015

(Unaudited - see notice to reader)

5. Asset valuation allowances	<u>2015</u>	<u>2014</u>
For uncollected taxes		
Balance, beginning of year	\$ 12,954	\$ 10,855
Provision for the year	<u>1,504</u>	<u>2,099</u>
Balance, end of year	<u>\$ 14,458</u>	<u>\$ 12,954</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.

7. Property and equipment	<u>2015</u>		<u>2014</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	6,982,929	19,089,729	19,738,339
Engineered structures	2,271,016	1,464,483	806,533	855,247
Automotive equipment	856,504	776,826	79,678	17,405
Machinery and equipment	3,123,974	1,995,204	1,128,770	1,345,125
Sewer lines	4,344,319	3,320,398	1,023,921	1,089,416
Streets and lighting	6,060,256	3,452,823	2,607,433	2,691,106
Computer software	<u>107,953</u>	<u>21,591</u>	<u>86,362</u>	<u>97,158</u>
	<u>\$ 43,537,824</u>	<u>\$18,014,254</u>	<u>\$ 25,523,570</u>	<u>\$ 26,534,940</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2015

(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:

	General <u>Capital</u>	Water <u>Capital</u>	<u>Total</u>
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
2020	\$ 773,365	\$ 80,000	\$ 853,365

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>2015</u>	<u>2014</u>
Cape Breton Island Housing Authority	\$ 47,269	\$ 51,254
Eastern District Planning Commission	\$ 68,202	\$ 66,328
Strait-Highlands Regional Development Agency	\$ -	\$ 6,985
Eastern Strait Regional Enterprise Network	\$ 5,838	\$ -

The Town has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2015.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2015

(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 (2015 – 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 \$260,328 (2014 - \$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, 2015. The March 31, 2015, actuarial valuation indicated that the pension plan had an accrued pension liability of \$Nil (2014 - \$15,700).

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, 2015

(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 percent;
- The discount rate used to determine the accrued benefit obligation is 6 percent; and
- The expected rate of return is 6 percent.

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

Pension fund assets are valued at market values. The result of the 2015 valuation is as follows:

Market value of the pension plan asset	\$ 1,274,400
Accrued benefit obligation	<u>1,067,000</u>
Pension plan deficit (surplus)	(207,400)
Unamortized actuarial gains (losses)	179,600
Valuation allowance	<u>27,800</u>
Pension liability	<u>\$ 0</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	7%
Management and salaried employees	7%

This plan, to which contributions totalled \$82,143 in fiscal 2015 (2014 - \$70,686), 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, 2015

(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	\$ 27,304
Brenda Chisholm-Beaton	Councillor	\$ 14,288
Trevor Boudreau	Councillor	\$ 14,288
Joe Janega	Deputy Mayor	\$ 15,971
Bert Lewis	Councillor	\$ 14,288
Maris Freimanis	CAO	\$109,536

Town of Port Hawkesbury

Schedule D - Debt charges and term debt

Year ended March 31, 2015

(Unaudited - see notice to reader)

	Maturity	Loan Continuity			
		Balance March 31, 2014	Redeemed	Balance March 31, 2015	Interest
General capital					
Term loans					
2005 Truck		\$ 2,952	\$ 2,952	\$ -	\$ -
2005 Truck		2,217	2,217	-	-
Truck – Fire dept	2011	<u>1,522</u>	<u>1,522</u>	-	-
		<u>6,691</u>	<u>6,691</u>	-	-
Serial debentures					
Backhoe – Work	2019	78,600	13,115	65,575	3,049
Truck – Fire dept	2014	32,000	32,000	-	872
Street construction	2010	136,500	22,750	113,750	5,123
Civic Centre	2019	825,000	75,000	750,000	43,286
Waste water plant	2018	525,000	52,500	472,500	27,825
Civic Centre	2020	690,000	57,500	632,500	31,619
Civic Centre FCM	2016	249,240	83,080	166,160	6,356
Civic Centre	2021	1,625,000	125,000	1,500,000	78,109
Waste water plant	2021	682,500	52,500	630,000	30,783
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Pumping station	2019	60,000	10,000	50,000	2,252
Waterfront	2019	<u>135,000</u>	<u>22,500</u>	<u>112,500</u>	<u>5,232</u>
		<u>5,158,930</u>	<u>565,945</u>	<u>4,592,985</u>	<u>239,010</u>
Water capital					
Serial debentures					
Municipal finance	2027	1,040,000	80,000	960,000	38,880
Municipal finance	2016	<u>105,200</u>	<u>52,600</u>	<u>52,600</u>	<u>4,710</u>
		<u>1,145,200</u>	<u>132,600</u>	<u>1,012,600</u>	<u>43,590</u>
Total Municipal debt		\$ 6,310,821	\$ 705,236	\$ 5,605,585	\$ 282,600

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

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



Grant Thornton

Consolidated financial statements

Town of Port Hawkesbury

March 31, 2015

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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.

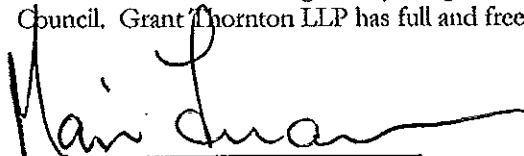
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management 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
Unit 2
301 Pitt Street
Port Hawkesbury, NS
B9A 2T6
T +1 902 625 5383
F +1 902 625 5242
www.GrantThornton.ca

To the Mayor and Members of Council of the Town of Port Hawkesbury

We have audited the accompanying consolidated financial statements of the Town of Port Hawkesbury (the "Town") which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of financial activities, changes in net debt and changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

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 consolidated financial position of the Town of Port Hawkesbury as at March 31, 2015, and the consolidated results of its operations, changes in net debt, and changes in financial position 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 consolidated financial statements taken as a whole. The Water Utility statements and schedules on pages 18 to 23 are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such supplementary 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.

Grant Thornton LLP

Port Hawkesbury, Canada

October 6, 2015

Chartered Accountants

Town of Port Hawkesbury

Consolidated statement of financial position

March 31

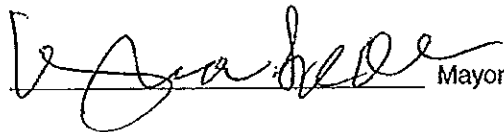
2015

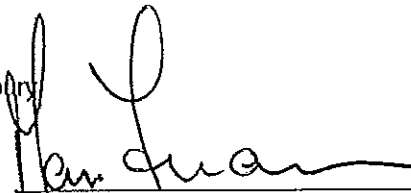
2014

Financial assets		
Cash (Note 2)	\$ 4,011,377	\$ 2,773,553
Receivables (Note 3)	<u>796,554</u>	<u>1,775,268</u>
	<u>4,807,931</u>	<u>4,548,821</u>
 Liabilities		
Payables and accruals	1,369,659	1,351,993
Deferred revenue	1,308,900	1,050,226
Other liabilities (Note 5)	66,225	83,224
Long term debt (Note 6) (Page 15)	5,605,585	6,310,821
Retirement benefit obligation (Note 10)	<u>-</u>	<u>15,700</u>
	<u>8,350,369</u>	<u>8,811,964</u>
 Net debt	 <u>(3,542,438)</u>	 <u>(4,263,143)</u>
 Non-financial assets		
Tangible capital assets (Pages 16 -17)	30,844,704	32,076,230
Inventory and prepaid expenses	161,882	176,981
Other capital charges	<u>29,389</u>	<u>35,244</u>
	<u>31,035,975</u>	<u>32,288,455</u>
 Accumulated surplus	 <u>\$ 27,493,537</u>	 <u>\$ 28,025,312</u>

Commitments (Note 10)

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	2015		2014
	Budget	Actual	Actual
Revenue			
Taxation	\$ 4,865,731	\$ 4,831,825	\$ 5,087,822
Less: School board requisition	<u>(634,181)</u>	<u>(634,181)</u>	<u>(634,526)</u>
Municipal taxation	4,231,550	4,197,644	4,453,296
Grants in lieu of taxes	746,466	746,986	735,196
Sale of goods and services	923,274	983,555	950,615
Other revenue from own sources	257,115	286,577	499,279
Government transfers	570,180	532,900	487,827
Other revenue	245,000	254,295	357,216
Water rates	1,087,997	934,615	836,085
Gain on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>5,100</u>
	<u>8,061,582</u>	<u>7,936,572</u>	<u>8,324,614</u>
Expenditures			
General government services	1,169,502	1,057,684	1,024,196
Protective services	1,124,639	1,150,972	1,109,426
Transportation services	1,262,659	1,200,952	1,195,462
Health and development services	850,178	753,175	811,648
Recreation and cultural services	1,742,613	1,853,299	1,979,192
Water treatment and distribution	845,734	850,649	832,867
Interest and bank charges	43,590	43,593	47,645
Other	5,856	5,856	5,852
Amortization of tangible capital assets	<u>1,573,307</u>	<u>1,552,167</u>	<u>1,532,882</u>
	<u>8,618,078</u>	<u>8,468,347</u>	<u>8,539,170</u>
Annual deficit	<u>\$ (556,496)</u>	<u>\$ (531,775)</u>	<u>\$ (214,556)</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 28,025,312	\$ 28,239,868
Annual deficit		<u>(531,775)</u>	<u>(214,556)</u>
Accumulated surplus, end of year		<u>\$ 27,493,537</u>	<u>\$ 28,025,312</u>

See accompanying notes to the consolidated financial statements.

Town of Port Hawkesbury

Consolidated statement of changes in net debt

Year ended March 31	2015	2014
Annual deficit	\$ (531,775)	\$ (214,556)
Acquisition of tangible capital assets	(320,641)	(462,162)
Amortization of tangible capital assets	1,552,167	1,532,882
Proceeds on sale of tangible capital assets	-	5,100
Gain on disposal of tangible capital assets	-	(5,100)
	<u>699,751</u>	<u>856,164</u>
Change in prepaids, inventory and other capital charges	<u>20,954</u>	<u>25,928</u>
Change in net debt	720,705	882,092
Net debt, beginning of year	<u>(4,263,143)</u>	<u>(5,145,235)</u>
Net debt, end of year	<u>\$ (3,542,438)</u>	<u>\$ (4,263,143)</u>

See accompanying notes to the consolidated financial statements.

Town of Port Hawkesbury

Consolidated statement of changes in financial position

Year ended March 31 2015 2014

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual deficit	\$ (531,775)	\$ (214,556)
Amortization of tangible capital assets	1,552,167	1,532,882
Gain on disposal of tangible capital assets	<u>-</u>	<u>(5,100)</u>
	1,020,392	1,313,226
Changes in non-cash working capital:		
Receivables	978,714	(877,371)
Prepays, inventory, and other capital charges	20,954	25,928
Payables and accruals	17,666	71,340
Retirement benefit obligations	(15,700)	(36,500)
Deferred revenue	258,674	351,415
Other liabilities	<u>(16,999)</u>	<u>3,947</u>
	<u>2,263,701</u>	<u>851,985</u>
Investing activities		
Purchase of tangible capital assets	(320,641)	(462,163)
Proceeds from disposal of tangible capital assets	<u>-</u>	<u>5,100</u>
	<u>(320,641)</u>	<u>(457,063)</u>
Financing activities		
Repayment of long term debt	<u>(705,236)</u>	<u>(698,545)</u>
Net increase (decrease) in cash and cash equivalents	1,237,824	(303,623)
Cash and cash equivalents		
Beginning of year	<u>2,773,553</u>	<u>3,077,176</u>
End of year	<u>\$ 4,011,377</u>	<u>\$ 2,773,553</u>

See accompanying notes to the consolidated financial statements.

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2015

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, changes in net debt and changes 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, 2014 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, 2015

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 deferred revenues and amortized over the life of the associated asset.

The Water utility records depreciation which is calculated based on a formula prescribed by the Nova Scotia Utilities and Review Board. The Nova Scotia Utility and Review 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 Nova Scotia Utilities and Review Board, to repay principal on term debt. The Water utility has set aside cash in the amount of \$1,027,113 as at March 31, 2015 (2014 - \$995,339). 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, 2015

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 and police protection for its residents. The Town engages the services of various not for profit, volunteer fire departments in order to fulfill its fire protection role. The Town engages the RCMP for policing services.

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, 2015

2. Cash	<u>2015</u>	<u>2014</u>
General operating funds	\$ 669,089	\$ (324,143)
Capital funds	1,059,038	1,027,264
Reserve funds	<u>2,283,250</u>	<u>2,070,432</u>
	<u>\$ 4,011,377</u>	<u>\$ 2,773,553</u>

3. Receivables	<u>2015</u>	<u>2014</u>
Taxpayers and rate payers (net)	\$ 501,341	\$ 489,437
Other governments	85,462	983,955
Other	<u>209,751</u>	<u>301,876</u>
	<u>\$ 796,554</u>	<u>\$ 1,775,268</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>2015</u>	<u>2014</u>
Prepaid taxes and rates	\$ 54,973	\$ 64,374
Consumer deposits	<u>11,252</u>	<u>18,850</u>
	<u>\$ 66,225</u>	<u>\$ 83,224</u>

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2015

6. 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>
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
2020\$	773,365	\$	80,000	\$	853,365

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>2015</u>	<u>2014</u>
Cape Breton Island Housing Authority	\$ 47,269	\$ 51,254
Eastern District Planning Commission	\$ 68,202	\$ 66,328
Strait-Highlands Regional Development Agency	\$ -	\$ 6,985
Eastern Strait Regional Enterprise Network	\$ 5,838	\$ -

The Town has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2015.

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2015

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	\$ 27,304
Brenda Chisholm-Beaton	Councillor	\$ 14,288
Trevor Boudreau	Councillor	\$ 14,288
Joe Janega	Deputy Mayor	\$ 15,971
Bert Lewis	Councillor	\$ 14,288
Maris Freimanis	CAO	\$ 109,536

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, 2015. The March 31, 2015, actuarial valuation indicated that the pension plan had an accrued pension liability of \$Nil (2014 – 15,700).

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 percent;
- The discount rate used to determine the accrued benefit obligation is 6 percent; and
- The expected rate of return is 6 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, 2015

10. Commitments (continued)

Pension fund assets are valued at market values. A result of the 2015 valuation is as follows:

Market value of the pension plan asset	\$ 1,274,400
Accrued benefit obligation	<u>1,067,000</u>
Pension plan surplus	(207,000)
Unamortized actuarial gains	179,600
Valuation allowance	<u>27,800</u>
Pension liability	<u>\$ -</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	7%
Management and salaried employees	7%

This plan, to which contributions totalled \$82,143 in fiscal 2015 (2014 - \$70,686), 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>2015</u>	<u>2014</u>
Salaries, wages, and benefits	\$ 1,986,180	\$ 1,994,324
Materials and services	3,169,867	3,188,024
External transfers	244,799	281,707
Contracted services	1,025,954	1,029,712
Interest on long term debt	277,369	304,207
Amortization of tangible capital assets	1,552,167	1,532,882
Financial and other	<u>212,011</u>	<u>208,314</u>
	<u>\$ 8,468,347</u>	<u>\$ 8,539,170</u>

Town of Port Hawkesbury

Schedule of debt charges and term debt

Year ended March 31, 2015

	Maturity	Loan Continuity			Interest
		Balance March 31, 2014	Redeemed	Balance March 31, 2015	
General capital					
Term loans					
2005 Truck		\$ 2,952	\$ 2,952	\$ -	\$ -
2005 Truck		2,217	2,217	-	-
Truck – Fire dept	2011	<u>1,522</u>	<u>1,522</u>	-	-
		<u>6,691</u>	<u>6,691</u>	-	-
Serial debentures					
Backhoe – Work	2019	78,690	13,115	65,575	3,049
Truck – Fire dept	2014	32,000	32,000	-	872
Street construction	2010	136,500	22,750	113,750	5,123
Civic Centre	2019	825,000	75,000	750,000	43,286
Waste water plant	2018	525,000	52,500	472,500	27,825
Civic Centre	2020	690,000	57,500	632,500	31,619
Civic Centre FCM	2016	249,240	83,080	166,160	6,356
Civic Centre	2021	1,625,000	125,000	1,500,000	78,109
Waste water plant	2021	682,500	52,500	630,000	30,783
Salt truck	2019	120,000	20,000	100,000	4,504
Pumping station	2019	60,000	10,000	50,000	2,252
Waterfront	2019	<u>135,000</u>	<u>22,500</u>	<u>112,500</u>	<u>5,232</u>
		<u>5,158,930</u>	<u>565,945</u>	<u>4,592,985</u>	<u>239,010</u>
Water capital					
Serial debentures					
Municipal finance	2027	1,040,000	80,000	960,000	38,880
Municipal finance	2016	<u>105,200</u>	<u>52,600</u>	<u>52,600</u>	<u>4,710</u>
		<u>1,145,200</u>	<u>132,600</u>	<u>1,012,600</u>	<u>43,590</u>
Total Municipal debt		<u>\$ 6,310,821</u>	<u>\$ 705,236</u>	<u>\$ 5,605,585</u>	<u>\$ 282,600</u>

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

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

Town of Port Hawkesbury

Schedule of tangible capital assets

March 31, 2015

		<u>Land</u>	<u>Engineered buildings</u>	<u>Engineered structures</u>	<u>Automotive equipment</u>	<u>Machinery and equipment</u>	<u>Streets and lighting</u>	<u>Sewer lines</u>
Cost								
Balance, beginning of year	\$	701,144	26,072,658	2,231,016	762,091	3,123,974	5,931,289	4,323,347
Add								
Net additions during the year		-	-	40,000	74,412	-	128,967	20,973
Loss on transfer/disposal of tangible capital assets		-	-	-	-	-	-	-
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>2,271,016</u>	<u>856,503</u>	<u>3,123,974</u>	<u>6,060,256</u>	<u>4,344,320</u>
Accumulated amortization								
Balance, beginning of year		-	6,334,319	1,375,769	764,686	1,778,849	3,240,184	3,233,931
Add								
Amortization during the year		-	648,611	88,714	12,140	216,355	212,640	86,467
Reclassification of accumulated amortization		-	-	-	-	-	-	-
Less								
Accumulated amortization on disposals		-	-	-	-	-	-	-
Balance, end of year	\$	<u>701,144</u>	<u>6,982,930</u>	<u>1,464,483</u>	<u>776,826</u>	<u>1,995,204</u>	<u>3,452,824</u>	<u>3,320,398</u>
NET BOOK VALUE	\$	<u>701,144</u>	<u>19,089,728</u>	<u>806,533</u>	<u>79,677</u>	<u>1,128,770</u>	<u>2,607,432</u>	<u>1,023,922</u>

Town of Port Hawkesbury

Schedule of tangible capital assets (continued)

March 31, 2015

	Computer software	Utility plant	2015 Total	2014 Total
Cost				
Balance, beginning of year	\$ 107,953	\$ 8,851,969	\$ 52,125,441	\$51,717,422
Net additions during the year		56,289	320,641	462,165
Loss on transfer/disposal of tangible capital assets	-	-	-	-
Reclassification of tangible capital assets		-	-	-
Less				
Disposals during the year	-	-	-	54,146
Balance, end of year	<u>107,953</u>	<u>8,908,258</u>	<u>52,446,082</u>	<u>52,125,441</u>
Accumulated amortization				
Balance, beginning of year	10,795	3,310,678	20,049,211	18,570,472
Add				
Amortization during the year	10,795	276,445	1,552,167	1,532,885
Reclassification of accumulated Amortization	-	-	-	-
Less				
Accumulated amortization on disposals	-	-	-	54,146
Balance, end of year	<u>21,590</u>	<u>3,587,123</u>	<u>21,601,378</u>	<u>20,049,211</u>
NET BOOK VALUE	<u>\$ 86,363</u>	<u>\$ 5,321,135</u>	<u>\$ 30,844,704</u>	<u>\$32,076,230</u>

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

March 31
(Unaudited)

2015 2014

Assets

Accounts receivable		
Rates (less allowance for doubtful accounts \$5,527; 2014 - \$36,306)	\$ 189,300	\$ 104,266
Inventories, at cost		
Chemicals	17,327	16,605
Other	39,982	47,044
Water meters and equipment	<u>20,167</u>	<u>21,276</u>
	<u>\$ 266,776</u>	<u>\$ 189,191</u>

Liabilities and operating equity

Accounts payable and accrued liabilities		
Prepaid rates	\$ 6,082	\$ 7,572
Consumer deposits	11,252	11,279
Due to General section - operating fund	<u>487,857</u>	<u>353,305</u>
	<u>505,191</u>	<u>372,156</u>
Operating fund deficit	<u>(238,415)</u>	<u>(182,965)</u>
	<u>\$ 266,776</u>	<u>\$ 189,191</u>

Town of Port Hawkesbury
Water utility
Non-consolidated statement of operations

Year ended March 31
(Unaudited)

2015

2014

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 89,770	\$ 68,527	\$ 68,860
Metered sales	998,227	866,088	767,225
Public fire protection	<u>275,184</u>	<u>260,328</u>	<u>273,835</u>
	<u>1,363,181</u>	<u>1,194,943</u>	<u>1,109,920</u>
Operating expenses			
Source of supply	106,580	127,783	117,125
Pumping	20,659	26,071	20,057
Water treatment	396,734	437,845	378,494
Transmission and distribution	228,930	194,079	225,211
Administration and general	152,133	123,635	149,592
Depreciation	297,586	276,446	268,746
Taxes	<u>116,972</u>	<u>113,562</u>	<u>113,565</u>
	<u>1,319,594</u>	<u>1,299,421</u>	<u>1,272,790</u>
Operating loss (income)	<u>43,587</u>	<u>(104,478)</u>	<u>(162,870)</u>
Non-operating expenditure			
Debt charges			
Debenture interest	43,590	43,590	47,695
Principal instalments			
Debenture principal	<u>132,600</u>	<u>132,600</u>	<u>132,600</u>
	<u>176,190</u>	<u>176,190</u>	<u>180,295</u>
Non-operating revenue			
Transfer from depreciation fund	132,600	132,600	-
Amortization of deferred government contributions	<u>92,490</u>	<u>92,618</u>	<u>92,054</u>
Excess of expenditures over revenue	<u>\$ 92,487</u>	<u>\$ (55,450)</u>	<u>\$ (251,111)</u>

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

Year ended March 31 (Unaudited)	2015	2014
Operating fund (deficit) surplus, beginning of year	\$ (182,965)	\$ 68,146
Excess of expenditures over revenue	<u>(55,450)</u>	<u>(251,117)</u>
Operating fund deficit, end of year	<u>\$ (238,415)</u>	<u>\$ (182,971)</u>

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

March 31 2015 2014
(Unaudited)

Assets

Cash		
Depreciation fund	\$ 1,027,113	\$ 995,339
Unamortized discount on debentures	7,044	7,993
Utility plant in service (Page 23)	<u>8,908,258</u>	<u>8,851,970</u>
	<u>\$ 9,942,415</u>	<u>\$ 9,855,302</u>

Liabilities

Long term debt (Note 6) (Page 15)	\$ <u>1,012,600</u>	\$ <u>1,145,200</u>
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Reserve

Reserve for depreciation	3,587,124	3,310,678
Deferred government contributions	<u>1,628,777</u>	<u>1,700,424</u>
	<u>5,215,901</u>	<u>5,011,102</u>

Equity

Investment in capital assets	<u>3,713,914</u>	<u>3,699,000</u>
	<u>\$ 9,942,415</u>	<u>\$ 9,855,302</u>

Town of Port Hawkesbury

Water utility

Non-consolidated statement of reserve for depreciation

Year ended March 31
(Unaudited)

	2015	2014
Balance, beginning of year	\$ 3,310,678	\$ 3,041,932
Depreciation for the year	<u>276,446</u>	<u>268,746</u>
Balance, end of year	<u>\$ 3,587,124</u>	<u>\$ 3,310,678</u>

Water utility

Non-consolidated statement of investment in capital assets

Year ended March 31
(Unaudited)

	2015	2014
Balance, beginning of year	\$ 3,699,000	\$ 3,550,799
Interest earned depreciation fund	15,864	16,551
Term debt retired	132,600	132,600
Transfer from depreciation reserve	(132,600)	
Discount amortized	<u>(950)</u>	<u>(950)</u>
Balance, end of year	<u>\$ 3,713,914</u>	<u>\$ 3,699,000</u>

Water utility

Non-consolidated statement of depreciation fund cash

Year ended March 31
(Unaudited)

	2015	2014
Cash, beginning of year	\$ 995,339	\$ 1,036,859
Deferred assistance transferred	(92,619)	(184,109)
Approved transfer based on rate study	(132,600)	-
Capital	(35,316)	(142,708)
Depreciation	276,446	268,746
Interest earned on depreciation funds	<u>15,863</u>	<u>16,551</u>
Cash, end of year	<u>\$ 1,027,113</u>	<u>\$ 995,339</u>

Town of Port Hawkesbury
Water utility
Non-consolidated schedule of utility plant and equipment

Year ended March 31 (Unaudited)	2015	2014
Intangible asset		
Working capital	\$ 3,500	\$ 3,500
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	3,509,524	3,474,208
Transmission and distribution mains	2,457,078	2,436,106
Services	103,270	103,270
Meters	262,427	262,427
Hydrants	33,655	33,655
Tools and equipment	75,421	75,421
	<u>8,904,758</u>	<u>8,848,470</u>
	<u>\$ 8,908,258</u>	<u>\$ 8,851,970</u>