

Non-consolidated financial statements

(Unaudited – see notice to reader)

Town of Port Hawkesbury

March 31, 2016

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Notice to reader

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On the basis of information provided by management, we have compiled the Operating Fund and Capital Fund balance sheets of the General Fund, Water Utility and Reserve Funds of the Town of Port Hawkesbury as at March 31, 2016, 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 4, 2016

Chartered Professional Accountants

Town of Port Hawkesbury
General section
Operating fund balance sheet

March 31 2016 2015
(Unaudited - see notice to reader)

Assets

Cash and cash equivalents	<u>\$ 1,051,894</u>	<u>\$ 669,089</u>
Receivables		
Taxes (Note 2)	382,897	326,499
Due from federal government and its agencies	157,740	49,767
Due from provincial government and its agencies (Note 3)	2,649	2,330
Due from local government and its agencies (Note 4)	116,591	32,914
Due from Water Utility section – operating fund	339,365	487,857
Other	<u>211,608</u>	<u>227,499</u>
	<u>1,210,850</u>	<u>1,126,866</u>
Tangible assets		
Inventories of materials and supplies	<u>17,521</u>	<u>22,820</u>
Other assets		
Deferred expenditures	<u>109,290</u>	<u>61,586</u>
	<u>\$ 2,389,555</u>	<u>\$ 1,880,361</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) 2016 2015

Liabilities and operating equity		
Trade payables	\$ 1,573,271	\$ 1,275,470
Other liabilities		
Due to operating reserve	98,680	-
Deferred revenue	576,706	488,509
Prepaid taxes	<u>59,003</u>	<u>48,891</u>
	<u>734,389</u>	<u>537,400</u>
Asset valuation allowances		
For uncollectible accounts receivable	18,945	17,748
For uncollected taxes (Note 5)	<u>27,665</u>	<u>14,458</u>
	<u>46,610</u>	<u>32,206</u>
Operating fund surplus	<u>35,285</u>	<u>35,285</u>
	<u>\$ 2,389,555</u>	<u>\$ 1,880,361</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

2016

2015

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 4,930,867	\$ 4,918,034	\$ 4,945,387
Grants in lieu of taxes	760,985	761,437	746,986
Services provided to other local governments	185,000	190,300	222,974
Sales of services	1,069,777	1,134,822	1,042,319
Other revenue from own sources	244,607	290,930	270,713
Conditional transfers from other governments	65,080	84,497	110,293
Unconditional transfers from other governments	370,730	300,873	300,486
Conditional transfers from other local governments	121,326	120,158	122,121
Other transfers	45,000	-	-
	<u>7,793,372</u>	<u>7,801,051</u>	<u>7,761,279</u>
Expenditures (Schedule B)			
General government services	1,181,909	1,053,029	1,073,384
Protective services	1,410,734	1,402,490	1,411,300
Transportation services	1,270,625	1,107,513	1,148,486
Environmental health services	705,317	656,689	631,866
Public health and welfare	55,000	66,390	47,269
Environmental development services	91,146	69,070	74,040
Recreation and cultural services	1,759,279	1,798,100	1,854,885
Education	625,579	625,580	634,181
Financing and transfers	693,783	1,022,190	868,482
	<u>7,793,373</u>	<u>7,801,051</u>	<u>7,743,893</u>
Excess of revenue over expenditures	\$ -	\$ -	\$ 17,386

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)

	2016	2015
Operating fund surplus, beginning of year	\$ 35,285	\$ 17,899
Excess of revenue over expenditures	<u> -</u>	<u> 17,386</u>
Operating fund surplus, end of year	<u>\$ 35,285</u>	<u>\$ 35,285</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
General section
General capital fund balance sheet

March 31 2016 2015
(Unaudited - see notice to reader)

Assets		
Cash and cash equivalents	\$ 31,925	\$ 31,925
Due from other governments	449	449
Unamortized discount on debentures	17,654	22,345
Property and equipment (Note 7)	<u>24,596,365</u>	<u>25,523,570</u>
	<u>\$ 24,646,393</u>	<u>\$ 25,578,289</u>

Liabilities		
Long term debt (Note 8) (Schedule D)	\$ 4,059,040	\$ 4,592,985
Equity		
Investment in capital assets (Page 8)	<u>20,587,353</u>	<u>20,985,304</u>
	<u>\$ 24,646,393</u>	<u>\$ 25,578,289</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)

2016 2015

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)

	2016	2015
Balance, beginning of year	\$ 20,985,304	\$ 21,428,944
Transfer from gas tax revenue	79,486	149,940
Capital out of revenue	57,875	114,412
Amortization of debenture discount	(4,690)	(4,906)
Amortization of tangible capital assets	(1,271,788)	(1,275,721)
Loss on asset disposal	(17,298)	-
Transfer from waterfront reserve	128,190	-
Assets funded by ACOA	96,329	-
Term debt retired	<u>533,945</u>	<u>572,635</u>
Balance, end of year	<u>\$ 20,587,353</u>	<u>\$ 20,985,304</u>

General section

Statement of investment in school capital assets

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

	2016	2015
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 2016 2015
 (Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 2,561,850	\$ 2,556,619	\$ 2,527,802
Commercial			
Based on taxable assessment	2,206,863	2,197,499	2,222,452
Resource			
Based on taxable assessment	<u>28,516</u>	<u>28,516</u>	<u>27,445</u>
	<u>4,797,229</u>	<u>4,782,634</u>	<u>4,777,699</u>
Business property			
Nova Scotia Power - HST offset grant	25,000	26,774	23,233
Based in revenue – Nova Scotia Power	8,638	8,638	8,368
Based on revenue – Aliant Inc.	<u>35,000</u>	<u>16,816</u>	<u>33,175</u>
	<u>68,638</u>	<u>52,228</u>	<u>64,776</u>
Other			
Deed transfer tax	<u>65,000</u>	<u>83,172</u>	<u>102,912</u>
	<u>\$ 4,930,867</u>	<u>\$ 4,918,034</u>	<u>\$ 4,945,387</u>
Grants in lieu of taxes			
Federal government	\$ 100,385	\$ 100,386	\$ 97,928
Provincial government			
Provincial property	<u>660,600</u>	<u>661,051</u>	<u>649,058</u>
	<u>\$ 760,985</u>	<u>\$ 761,437</u>	<u>\$ 746,986</u>
Services provided to other local governments			
Fire protection – Richmond County	\$ -	\$ -	\$ 25,000
Leachate Treatment – Guysborough County	<u>185,000</u>	<u>190,300</u>	<u>197,974</u>
	<u>\$ 185,000</u>	<u>\$ 190,300</u>	<u>\$ 222,974</u>

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

Year ended March 31 2016 2015
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Sales of services			
Airport	\$ 283,000	\$ 351,986	\$ 280,376
Civic centre	528,861	502,406	459,300
Public works	18,300	25,945	18,779
Recreation and education	190,000	203,228	233,376
Water utility	41,616	43,212	42,448
Administrative	<u>8,000</u>	<u>8,045</u>	<u>8,040</u>
	<u>\$ 1,069,777</u>	<u>\$ 1,134,822</u>	<u>\$ 1,042,319</u>
Other revenue from own sources			
Licenses and permits	\$ 1,850	\$ 976	\$ 3,258
Fines and fees	4,000	5,740	6,031
Rentals	149,457	151,341	135,531
Interest on short term funds	20,000	11,907	4,716
Interest on taxes	55,000	79,687	69,207
Miscellaneous	<u>14,300</u>	<u>41,279</u>	<u>51,970</u>
	<u>\$ 244,607</u>	<u>\$ 290,930</u>	<u>\$ 270,713</u>
Conditional transfers from other governments			
Provincial government			
Education and community literacy	\$ 52,500	\$ 75,000	\$ 87,543
Environmental development			
Refuse diversion	<u>5,000</u>	<u>1,229</u>	<u>11,518</u>
	57,500	76,229	99,061
Federal government			
Federal works grant	<u>7,580</u>	<u>8,268</u>	<u>11,232</u>
	<u>\$ 65,080</u>	<u>\$ 84,497</u>	<u>\$ 110,293</u>

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

Year ended March 31 2016 2015
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Unconditional transfers from other governments			
Fuel rebate	\$ 2,000	\$ 2,143	\$ 1,756
Federal gas tax rebate	70,000	-	-
Provincial equalization grant	<u>298,730</u>	<u>298,730</u>	<u>298,730</u>
	<u>\$ 370,730</u>	<u>\$ 300,873</u>	<u>\$ 300,486</u>
Conditional transfers from other local governments			
Pool funding	\$ 50,500	\$ 49,332	\$ 51,295
Airport funding	<u>70,826</u>	<u>70,826</u>	<u>70,826</u>
	<u>\$ 121,326</u>	<u>\$ 120,158</u>	<u>\$ 122,121</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 2016 2015
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor			
Stipend	\$ 27,912	\$ 27,476	\$ 27,069
Travel	9,300	4,597	13,041
Council			
Stipend	60,291	59,205	58,330
Travel	2,500	1,444	575
Other legislative services	<u>1,700</u>	<u>1,026</u>	<u>1,443</u>
	<u>101,703</u>	<u>93,748</u>	<u>100,458</u>
General administrative			
Administrative	509,000	455,141	442,831
Financial management	89,000	52,387	98,850
Taxation			
Administration	66,600	64,491	66,820
Reduced taxes –section 69	8,000	6,000	7,600
Section 71	177,706	174,287	177,776
Common services	6,000	6,813	6,259
General financing	20,000	22,221	26,636
Transfer to assessment services	<u>45,400</u>	<u>45,347</u>	<u>46,696</u>
	<u>921,706</u>	<u>826,687</u>	<u>873,468</u>
Other general government services			
General liability insurance	85,000	83,612	69,083
Grants to other organizations and individuals	15,000	20,148	4,049
Intergovernmental relations	9,000	6,576	11,529
Other general services	<u>19,500</u>	<u>38,187</u>	<u>11,166</u>
	<u>128,500</u>	<u>148,523</u>	<u>95,827</u>
Valuation allowances			
Uncollectible taxes (recovered)	<u>30,000</u>	<u>(15,929)</u>	<u>3,631</u>
	<u>\$ 1,181,909</u>	<u>\$ 1,053,029</u>	<u>\$ 1,073,384</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2016

2015

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Administration	\$ -	\$ 543	\$ 966
Crime investigation, prevention, and protective services	822,000	816,088	799,128
Other	<u>120,400</u>	<u>125,091</u>	<u>122,235</u>
	<u>942,400</u>	<u>941,722</u>	<u>922,329</u>
Law enforcement			
Transfers to corrective services	<u>42,246</u>	<u>42,246</u>	<u>43,401</u>
Fire protection			
Administration	25,100	25,499	21,665
Fire fighting force	25,600	25,600	25,600
Water supply and hydrants	283,538	283,538	260,328
Fire stations and building	40,600	30,447	41,139
Fire fighting equipment	<u>48,500</u>	<u>51,214</u>	<u>93,044</u>
	<u>423,338</u>	<u>416,298</u>	<u>441,776</u>
Debt charges			
Debenture interest	<u>-</u>	<u>-</u>	<u>872</u>
Other			
Animal and pest control	750	224	465
Emergency measures	<u>2,000</u>	<u>2,000</u>	<u>2,457</u>
	<u>2,750</u>	<u>2,224</u>	<u>2,922</u>
	<u>\$ 1,410,734</u>	<u>\$ 1,402,490</u>	<u>\$ 1,411,300</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2016

2015

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Administration	\$ 15,000	\$ 14,557	\$ 11,058
Engineering services	8,000	20,836	-
General equipment	15,300	7,309	17,483
Small tools and equipment	6,300	7,767	3,799
Workshop, yards, and other buildings	29,700	43,393	29,011
Fleet insurance	10,000	7,293	430
Other	8,500	4,063	5,346
	<u>92,800</u>	<u>105,218</u>	<u>67,127</u>
Road transport			
Administration	75,700	84,269	87,900
Roads and streets	486,737	347,479	420,511
Street lighting	155,000	142,869	164,719
Traffic services	21,700	27,669	18,474
Motor vehicles	106,400	82,243	84,535
Other road transport	-	2,357	956
	<u>845,537</u>	<u>686,886</u>	<u>777,095</u>
Air transport			
Airport	<u>321,400</u>	<u>304,521</u>	<u>294,148</u>
Debt charges			
Debenture interest	<u>10,888</u>	<u>10,888</u>	<u>10,116</u>
	<u>\$ 1,270,625</u>	<u>\$ 1,107,513</u>	<u>\$ 1,148,486</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2016

2015

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Sewage collection and disposal			
Administration	\$ 88,210	\$ 95,789	\$ 90,225
Sewage collection system	74,000	53,729	35,418
Sewage treatment and disposal	250,900	234,616	224,067
Other sewage collection	<u>12,200</u>	<u>6,021</u>	<u>8,698</u>
	<u>425,310</u>	<u>390,155</u>	<u>358,408</u>
Garbage and waste collection and disposal			
Garbage and waste collection	159,300	159,073	154,030
Waste disposal	45,000	41,767	38,293
Recycling costs	<u>20,100</u>	<u>10,087</u>	<u>17,713</u>
	<u>224,400</u>	<u>210,927</u>	<u>210,036</u>
Debt charges			
Interest on long term debt	<u>55,607</u>	<u>55,607</u>	<u>63,422</u>
	<u>\$ 705,317</u>	<u>\$ 656,689</u>	<u>\$ 631,866</u>
Public health and welfare services			
Housing			
Deficit of Regional Housing Authority	<u>\$ 55,000</u>	<u>\$ 66,390</u>	<u>\$ 47,269</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31 2016 2015
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental development services			
Community development			
Transfers to Eastern Planning Commission	\$ 68,690	\$ 69,070	\$ 68,202
Transfers to Regional Development			
Agency/Regional Enterprise Network	<u>22,456</u>	<u>-</u>	<u>5,838</u>
	<u>\$ 91,146</u>	<u>\$ 69,070</u>	<u>\$ 74,040</u>
Recreation and cultural services			
Recreation facilities			
Civic centre	\$ 966,450	\$ 940,757	\$ 960,695
Administration	26,000	18,176	31,308
Other programs	188,512	229,282	247,534
Swimming pool	255,500	293,780	286,741
Parks and playgrounds	154,106	146,274	144,823
Other recreation facilities	<u>-</u>	<u>131</u>	<u>267</u>
	<u>1,590,568</u>	<u>1,628,400</u>	<u>1,671,368</u>
Cultural buildings and facilities			
Transfers to regional library	<u>23,837</u>	<u>24,826</u>	<u>24,147</u>
Debt charges			
Interest on long term debt	<u>144,874</u>	<u>144,874</u>	<u>159,370</u>
	<u>\$ 1,759,279</u>	<u>\$ 1,798,100</u>	<u>\$ 1,854,885</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

Year ended March 31

2016

2015

(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Education			
Appropriation to Strait Regional School Board	<u>\$ 625,579</u>	<u>\$ 625,580</u>	<u>\$ 634,181</u>
Financing and transfers			
Principal instalments			
Debenture principal	\$ 565,945	\$ 533,945	\$ 565,945
Term loans			6,691
Transfers to own reserves, funds and agencies			
Other funds			
Capital out of revenue	60,000	57,875	114,412
Operating reserve fund	-	276,666	128,968
Airport committee	<u>67,838</u>	<u>153,705</u>	<u>52,466</u>
	<u>\$ 693,783</u>	<u>\$ 1,022,190</u>	<u>\$ 868,482</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
Water utility section
Operating fund balance sheet

March 31 2016 2015
(Unaudited - see notice to reader)

Assets

Accounts receivable		
Rates (less allowance for doubtful accounts \$5,527; 2015 - \$36,306)	\$ 237,898	\$ 189,300
Inventories, at cost		
Chemicals	21,997	17,327
Other	41,034	39,982
Water meters and equipment	<u>2,822</u>	<u>20,167</u>
	<u>\$ 303,751</u>	<u>\$ 266,776</u>

Liabilities and operating equity

Accounts payable and accrued liabilities		
Prepaid rates	\$ 9,267	\$ 6,082
Consumer deposits	11,252	11,252
Due to General section - operating fund	<u>339,365</u>	<u>487,857</u>
	<u>359,884</u>	<u>505,191</u>
Operating fund deficit	<u>(56,133)</u>	<u>(238,415)</u>
	<u>\$ 303,751</u>	<u>\$ 266,776</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 2016 2015
(Unaudited - see notice to reader)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 89,770	\$ 98,148	\$ 68,527
Metered sales	998,227	1,077,309	866,088
Public fire protection	<u>275,184</u>	<u>283,538</u>	<u>260,328</u>
	<u>1,363,181</u>	<u>1,458,995</u>	<u>1,194,943</u>
Operating expenses			
Source of supply	106,580	138,201	127,783
Pumping	20,659	22,256	26,071
Water treatment	396,734	362,887	437,845
Transmission and distribution	228,930	230,736	194,079
Administration and general	152,133	125,115	123,635
Depreciation	297,586	280,112	276,446
Taxes	<u>116,972</u>	<u>113,564</u>	<u>113,562</u>
	<u>1,319,594</u>	<u>1,272,871</u>	<u>1,299,421</u>
Operating income (loss)	<u>43,587</u>	<u>186,124</u>	<u>(104,478)</u>
Non-operating expenditure			
Debt charges			
Debenture interest	43,590	39,134	43,590
Principal instalments			
Debenture principal	<u>132,600</u>	<u>132,600</u>	<u>132,600</u>
	<u>176,190</u>	<u>171,734</u>	<u>176,190</u>
Non-operating revenue			
Transfer from depreciation fund	132,600	75,000	132,600
Amortization of deferred government contributions	<u>92,490</u>	<u>92,892</u>	<u>92,618</u>
Excess of expenditures over revenue	<u>\$ 95,487</u>	<u>\$ 182,282</u>	<u>\$ (55,450)</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)

2016

2015

Operating fund deficit, beginning of year	\$ (238,415)	\$ (182,965)
Excess of expenditures over revenue	<u>182,282</u>	<u>(55,450)</u>
Operating fund deficit, end of year	<u>\$ (56,133)</u>	<u>\$ (238,415)</u>

See accompanying notes to the non-consolidated financial statements.

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

March 31 2016 2015
(Unaudited - see notice to reader)

Assets		
Cash		
Depreciation fund	\$ 1,151,511	\$ 1,027,113
Unamortized discount on debentures	6,094	7,044
Utility plant in service (Schedule C)	<u>8,922,947</u>	<u>8,908,258</u>
	<u>\$ 10,080,552</u>	<u>\$ 9,942,415</u>

Liabilities		
Long term debt (Note 8) (Schedule D)	\$ 880,000	\$ 1,012,600
Reserve		
Reserve for depreciation	3,867,236	3,587,124
Deferred government contributions	<u>1,535,886</u>	<u>1,628,777</u>
	<u>5,403,122</u>	<u>5,215,901</u>
Equity		
Investment in capital assets	<u>3,797,430</u>	<u>3,713,914</u>
	<u>\$ 10,080,552</u>	<u>\$ 9,942,415</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)	2016	2015
Balance, beginning of year	\$ 3,587,124	\$ 3,310,678
Depreciation for the year	<u>280,112</u>	<u>276,446</u>
Balance, end of year	<u>\$ 3,867,236</u>	<u>\$ 3,587,124</u>

Water utility section
Statement of investment in capital assets

Year ended March 31 (Unaudited - see notice to reader)	2016	2015
Balance, beginning of year	\$ 3,713,914	\$ 3,699,000
Capital from revenue	14,688	-
Interest earned depreciation fund	12,178	15,864
Term debt retired	132,600	132,600
Transfer from depreciation reserve	(75,000)	(132,600)
Discount amortized	<u>(950)</u>	<u>(950)</u>
Balance, end of year	<u>\$ 3,797,430</u>	<u>\$ 3,713,914</u>

Water utility section
Statement of depreciation fund cash

Year ended March 31 (Unaudited - see notice to reader)	2016	2015
Cash, beginning of year	\$ 1,027,113	\$ 995,339
Deferred assistance transferred	(92,892)	(92,619)
Approved transfer based on rate study	(75,000)	(132,600)
Capital	-	(35,316)
Depreciation	280,112	276,446
Interest earned on depreciation funds	<u>12,178</u>	<u>15,863</u>
Cash, end of year	<u>\$ 1,151,511</u>	<u>\$ 1,027,113</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 2016 2015
(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	3,509,524
Transmission and distribution mains	2,463,633	2,457,078
Services	103,270	103,270
Meters	262,427	262,427
Hydrants	33,655	33,655
Tools and equipment	<u>83,555</u>	<u>75,421</u>
	<u>8,919,447</u>	<u>8,904,758</u>
	<u>\$ 8,922,947</u>	<u>\$ 8,908,258</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
Reserve funds section
Capital reserve balance sheet

March 31 2016 2015
(Unaudited - see notice to reader)

Assets

Cash and cash equivalents	<u>\$ 279,375</u>	<u>\$ 255,012</u>
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Reserve

Special reserve	<u>\$ 279,375</u>	<u>\$ 255,012</u>
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On behalf of the Town of Port Hawkesbury

_____ Mayor _____ CAO

Reserve funds section
Statement of capital reserve

Year ended March 31 2016 2015
(Unaudited - see notice to reader)

Balance, beginning of year	\$ 255,012	\$ 251,042
Interest earned	2,986	3,970
Proceeds on sale of property	<u>21,377</u>	<u>-</u>
Balance, end of year	<u>\$ 279,375</u>	<u>\$ 255,012</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
Reserve funds section
Operating reserve balance sheet

March 31 2016 2015
(Unaudited - see notice to reader)¹

Assets		
Cash and cash equivalents	\$ 1,266,201	\$ 1,075,130
Due from general operating	<u>98,680</u>	<u>-</u>
	<u>\$ 1,364,881</u>	<u>1,075,130</u>

Reserve		
Snow reserve	123,500	-
General reserve	<u>1,241,381</u>	<u>1,075,130</u>
Operating reserve	<u>\$ 1,364,881</u>	<u>\$ 1,075,130</u>

On behalf of the Town of Port Hawkesbury

_____ Mayor _____ CAO

Reserve funds section
Statement of operating reserve

Year ended March 31 2016 2015
(Unaudited - see notice to reader)

Balance, beginning of year	\$ 1,075,130	\$ 930,432
Interest earned	13,085	15,731
Appropriation per council – general	<u>276,666</u>	<u>128,967</u>
Balance, end of year	<u>\$ 1,364,881</u>	<u>\$ 1,075,130</u>

See accompanying notes to the non-consolidated financial statements.

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

March 31 2016 2015
(Unaudited - see notice to reader)

Assets
Cash and cash equivalents \$ 962,657 \$ 777,145

Reserve
Gas tax reserve \$ 962,657 \$ 777,145

On behalf of the Town of Port Hawkesbury

_____ Mayor _____ CAO

Reserve Funds section
Statement of gas tax reserve

Year ended March 31 2016 2015
(Unaudited - see notice to reader)

Balance, beginning of year	\$ 777,145	\$ 704,295
Interest earned	9,723	11,620
Grant – gas tax	<u>230,275</u>	<u>232,142</u>
	<u>1,017,143</u>	<u>948,057</u>
Funds transferred for capital projects	(54,486)	(170,912)
Transfer to general operations	-	-
Fund transferred to service capital debt	<u>-</u>	<u>-</u>
	<u>(54,486)</u>	<u>(170,912)</u>
Balance, end of year	<u>\$ 962,657</u>	<u>\$ 777,145</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury
Reserve funds section
Waterfront reserve balance sheet

March 31 2016 2015
(Unaudited - see notice to reader)

Assets

Cash and cash equivalents	<u>\$ 47,773</u>	<u>\$ 175,963</u>
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Reserve

Waterfront reserve	<u>\$ 47,773</u>	<u>\$ 175,963</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 2016 2015
(Unaudited - see notice to reader)

Balance, beginning of year	\$ 175,963	\$ 184,663
Funds transferred for project	(128,190)	(8,700)
Funds transferred from Waterfront Society	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 47,773</u>	<u>\$ 175,963</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2016

(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, 2016

(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, 2016
(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>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 312,041	\$ 398,125
Levy	4,782,634	4,777,699
Interest	<u>79,687</u>	<u>69,207</u>
	5,174,362	5,245,031
Collections	<u>4,611,178</u>	<u>4,733,156</u>
	563,184	511,875
Write offs, adjustments, and exemptions	<u>180,287</u>	<u>185,376</u>
	382,897	326,499
Valuation allowance (Note 5)	<u>27,665</u>	<u>14,458</u>
Balance, end of year	<u>\$ 355,232</u>	<u>\$ 312,041</u>

3. Due from provincial government and its agencies	<u>2016</u>	<u>2015</u>
Province of Nova Scotia	<u>\$ 2,649</u>	<u>\$ 2,330</u>

4. Due from local government and its agencies	<u>2016</u>	<u>2015</u>
Various local governments	<u>\$ 116,591</u>	<u>\$ 32,914</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2016

(Unaudited - see notice to reader)

5. Asset valuation allowances	<u>2016</u>	<u>2015</u>
For uncollected taxes		
Balance, beginning of year	\$ 14,458	\$ 12,954
Provision for the year	<u>13,207</u>	<u>1,504</u>
Balance, end of year	<u>\$ 27,665</u>	<u>\$ 14,458</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>2016</u>	<u>2015</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	26,204,075	7,631,540	18,572,535	19,089,729
Engineered structures	2,271,016	1,554,797	716,219	806,533
Automotive equipment	788,530	723,888	64,642	79,678
Machinery and equipment	3,201,026	2,202,997	998,029	1,128,770
Sewer lines	4,392,300	3,407,284	985,016	1,023,921
Streets and lighting	6,139,742	3,656,529	2,483,213	2,607,433
Computer software	<u>107,953</u>	<u>32,386</u>	<u>75,567</u>	<u>86,362</u>
	<u>\$ 43,805,786</u>	<u>\$19,209,421</u>	<u>\$ 24,596,365</u>	<u>\$ 25,523,570</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2016
(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>
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
2021	\$ 522,500	\$ 80,000	\$ 602,500

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>2016</u>	<u>2015</u>
Cape Breton Island Housing Authority	\$ 66,390	\$ 47,269
Eastern District Planning Commission	\$ 69,070	\$ 68,202
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, 2016.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

March 31, 2016

(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 \$283,538 (2015 - \$260,328) and the charge is governed by the Utilities and Review Board.

11. Pensions

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, 2016. The March 31, 2016, actuarial valuation indicated that the pension plan had an accrued pension liability of \$Nil (2015 - \$Nil).

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, 2016

(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 2016 valuation is as follows:

Market value of the pension plan asset	\$ 1,202,100
Accrued benefit obligation	<u>1,238,900</u>
Pension plan deficit (surplus)	36,800
Unamortized actuarial gains (losses)	(36,800)
Valuation allowance	<u>-</u>
Pension liability	<u>\$ -</u>

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	8%
Management and salaried employees	8%

This plan, to which contributions totalled \$91,679 in fiscal 2016 (2015 - \$82,143), 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, 2016

(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	\$ 27,714
Brenda Chisholm-Beaton	Councillor	\$ 14,502
Trevor Boudreau	Councillor	\$ 14,502
Joe Janega	Councillor	\$ 14,502
Bert Lewis	Deputy Mayor	\$ 16,211
Maris Freimanis	CAO	\$112,273

Town of Port Hawkesbury

Schedule D - Debt charges and term debt

Year ended March 31, 2016
(Unaudited - see notice to reader)

	Maturity	Loan Continuity			Interest
		Balance March 31, 2015	Redeemed	Balance March 31, 2016	
General capital					
Serial debentures					
Backhoe – Work	2019	\$ 65,575	\$ 13,115	\$ 52,460	\$ 2,599
Street construction	2010	113,750	22,750	91,000	4,411
Civic Centre	2019	750,000	75,000	675,000	39,499
Waste water plant	2018	472,500	52,500	420,000	25,134
Civic Centre	2020	632,500	57,500	575,000	29,023
Civic Centre FCM	2016	166,160	83,080	83,080	4,237
Civic Centre	2021	1,500,000	125,000	1,375,000	72,116
Waste water plant	2021	630,000	52,500	577,500	28,534
Salt truck	2019	100,000	20,000	80,000	3,878
Pumping station	2019	50,000	10,000	40,000	1,939
Waterfront	2019	112,500	22,500	90,000	4,458
		<u>4,592,985</u>	<u>533,945</u>	<u>4,059,040</u>	<u>215,828</u>
Water capital					
Serial debentures					
Municipal finance	2027	960,000	80,000	880,000	36,759
Municipal finance	2016	52,600	52,600	-	2,375
		<u>1,012,600</u>	<u>132,600</u>	<u>880,000</u>	<u>39,134</u>
Total Municipal debt		<u>\$ 5,605,585</u>	<u>\$ 666,545</u>	<u>\$ 4,939,040</u>	<u>\$ 254,962</u>

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

- | | |
|----------------------|-----------------------|
| 1 – 3.660% to 4.889% | 8 – 4.340% to 4.590% |
| 2 – 3.387% to 4.329% | 9 – 3.387% to 4.329% |
| 3 – 5.100% to 5.325% | 10 – 3.387% to 4.329% |
| 4 – 5.125% to 5.375% | 11 – 3.660% to 4.889% |
| 5 – 4.560% to 4.880% | 12 – 2.881% to 4.597% |
| 6 – 2.550% | 13 – 4.515% |
| 7 – 4.825% to 5.080% | |

Consolidated financial statements

Town of Port Hawkesbury

March 31, 2016

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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



Independent auditor's report

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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, 2016, and the consolidated statements of financial activities and accumulated surplus, 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 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, 2016, 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.

Emphasis of Matter-Restatement

Without modifying our opinion, we draw attention to Note 14 to the consolidated financial statements which explains that the consolidated financial statements as at, and for the year ended March 31, 2015, have been restated from those on which we originally reported on October 6, 2015.

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 23 to 28 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 4, 2016

Chartered Professional Accountants

Town of Port Hawkesbury

Consolidated statement of financial position

March 31

2016

2015
(Restated
See note 14)

Financial assets		
Cash (Note 2)	\$ 4,791,336	\$ 4,011,377
Receivables (Note 3)	<u>1,063,224</u>	<u>796,554</u>
	<u>5,854,560</u>	<u>4,807,931</u>
 Liabilities		
Payables and accruals	1,213,680	1,086,535
Deferred revenue	1,483,151	1,308,900
Other liabilities (Note 5)	79,522	66,225
Long term debt (Note 6) (Page 19)	<u>4,939,040</u>	<u>5,605,585</u>
	<u>7,715,393</u>	<u>8,067,245</u>
 Net debt	 <u>(1,860,833)</u>	 <u>(3,259,314)</u>
 Non-financial assets		
Tangible capital assets (Pages 20 - 21)	29,652,076	30,844,704
Inventory and prepaid expenses	192,664	161,882
Other	<u>23,748</u>	<u>29,389</u>
	<u>29,868,488</u>	<u>31,035,975</u>
 Accumulated surplus (Note 14)	 <u>\$ 28,007,655</u>	 <u>\$ 27,776,661</u>

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 and accumulated surplus

March 31	2016	2015	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u> (Restated See note 14)
Revenue			
Taxation	\$ 4,191,723	\$ 4,178,890	\$ 4,197,644
Grants in lieu of taxes	760,985	761,437	746,986
Sale of goods and services	1,009,955	1,075,000	983,555
Other revenue from own sources	244,607	303,108	286,577
Government transfers	557,136	505,528	532,900
Capital grants	240,550	240,550	-
Other revenue	230,000	216,094	254,295
Water rates	1,087,997	1,175,457	934,615
Gain on disposal of tangible capital assets	<u>-</u>	<u>4,080</u>	<u>-</u>
	<u>8,322,953</u>	<u>8,460,144</u>	<u>7,936,572</u>
Expenditures			
General government services	1,247,296	1,117,688	1,122,343
Protective services	1,137,284	1,120,667	1,152,687
Transportation services	1,648,242	1,448,365	1,536,705
Health and development services	1,019,174	1,048,124	1,008,730
Recreation and cultural services	2,341,793	2,364,736	2,424,463
Water treatment and distribution	1,131,887	1,084,796	1,127,094
Interest and bank charges	43,590	39,134	43,593
Other	<u>5,640</u>	<u>5,640</u>	<u>5,856</u>
	<u>8,574,904</u>	<u>8,229,150</u>	<u>8,421,471</u>
Annual (deficit) surplus	<u>\$ (251,951)</u>	<u>\$ 230,994</u>	<u>\$ (484,899)</u>
<hr/>			
Accumulated surplus, beginning of year, as previously reported		\$ 27,493,537	\$ 28,025,312
Less prior period adjustment (note 14)		<u>283,124</u>	<u>236,248</u>
Accumulated surplus, beginning of year as restated		27,776,661	28,261,560
Annual surplus (deficit)		<u>230,994</u>	<u>(484,899)</u>
Accumulated surplus, end of year		<u>\$ 28,007,655</u>	<u>\$ 27,776,661</u>

See accompanying notes to the consolidated financial statements.

Town of Port Hawkesbury

Consolidated statement of changes in net debt

Year ended March 31	2016	2015 (Restated See Note 14)
Annual surplus (deficit)	\$ 230,994	\$ (484,899)
Acquisition of tangible capital assets	(376,569)	(320,641)
Amortization of tangible capital assets	1,551,900	1,552,167
Proceeds on sale of tangible capital assets	21,377	-
Gain on disposal of tangible capital assets	(4,080)	-
	<u>1,423,622</u>	<u>746,627</u>
Change in prepaids, inventory and other	<u>(25,141)</u>	<u>20,954</u>
Change in net debt	1,398,481	767,581
Net debt, beginning of year	<u>(3,259,314)</u>	<u>(4,026,895)</u>
Net debt, end of year	<u>\$ (1,860,833)</u>	<u>\$ (3,259,314)</u>

See accompanying notes to the consolidated financial statements.

Town of Port Hawkesbury

Consolidated statement of cash flows

Year ended March 31

2016

2015
(Restated
See Note 14)

Increase in cash and cash equivalents

Operating activities		
Annual surplus (deficit)	\$ 230,994	\$ (484,899)
Amortization of tangible capital assets	1,551,900	1,552,167
Gain on disposal of tangible capital assets	<u>(4,080)</u>	<u>-</u>
	1,778,814	1,067,268
Changes in non-cash working capital		
Receivables	(266,670)	978,714
Prepays, inventory, and other capital charges	(25,141)	20,954
Payables and accruals	127,145	(29,210)
Retirement benefit obligations	-	(15,700)
Deferred revenue	174,251	258,674
Other liabilities	<u>13,297</u>	<u>(16,999)</u>
	<u>1,801,696</u>	<u>2,263,701</u>
Investing activities		
Purchase of tangible capital assets	(376,569)	(320,641)
Proceeds from disposal of tangible capital assets	<u>21,377</u>	<u>-</u>
	<u>(355,192)</u>	<u>(320,641)</u>
Financing activities		
Repayment of long term debt	<u>(666,545)</u>	<u>(705,236)</u>
Net increase in cash and cash equivalents	779,959	1,237,824
Cash and cash equivalents		
Beginning of year	<u>4,011,377</u>	<u>2,773,553</u>
End of year	<u>\$ 4,791,336</u>	<u>\$ 4,011,377</u>

See accompanying notes to the consolidated financial statements.

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2016

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 Institute of Chartered Professional Accountants (CPA) Canada.

The focus of PSAB financial statement is on the financial position of the Town and the changes thereto. The Consolidated statement of financial position includes all of the assets and liabilities of the Town.

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.

Interdepartmental and organizational transactions and balances are eliminated.

Budget

The budget figures contained in these financial statements were approved by Council on June 2, 2015 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.

- (a) Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized and a taxable event occurs, which for property taxes is the period for which the tax is levied.

At each financial statement date, management evaluates the extent to which its tax receivables are ultimately collectible and valuation allowances are used to reflect tax receivables at their net recoverable amount.

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs

- (b) Other revenue is recorded when it is earned.

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2016

1. Summary of significant accounting policies (continued)

Government transfers

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Expenses

- (a) Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation.
- (b) Government transfers made to a recipient by the Municipality are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Tax sale

Annually, the Municipality hosts a tax sale for properties whose owners are not up to date on their tax payments. The amounts from the proceeds of sale in excess of tax owing must be held for a period of 20 years. After the 20 year period of holding these funds in trust has expired, the cash will be transferred to the capital reserve. In 2016 and 2015, there were no transfers made from the tax sale amounts to the capital reserve.

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
Streets and lighting	25
Sewer lines	50
Utility plant	5-75

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2016

1. Summary of significant accounting policies (continued)

Tangible Capital Assets (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.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates that effect the amounts recorded in the financial statements. Management reviews the carrying amounts of items in the financial statements at each fiscal year end date to assess the need for revisions. Items in preparation of these consolidated financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to annual surplus as appropriate in the year they become known.

Significant items subject to management estimates include:

<u>Financial statement element</u>	<u>Management estimate</u>
Receivables	Allowance for doubtful accounts
Defined benefit pension plan	Accrued, unfunded liability
Tangible capital assets	Useful lives

Liability for contaminated sites

Effective for the fiscal period beginning on April 1, 2014, the Town of Port Hawkesbury was required to adopt Public Sector Accounting *Section 3260 Liability for Contaminated Sites*, which establishes the recognition, measurement and disclosure requirements for reporting liabilities associated with the remediation of contaminated sites. Management has reviewed all potential sites that are owned for application to this section and has concluded there is no known liability at this time.

Sick leave

The Town provides sick leave benefits to its employees. Employees do not accumulate sick leave nor does it vest. However, a few specific employees have sick leave benefits that both accumulate and vest. A liability has been calculated and recorded by the town.

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2016

2. Cash	<u>2016</u>	<u>2015</u>
General operations	\$ 1,051,894	\$ 669,089
Capital	1,183,436	1,059,038
Reserves	<u>2,556,006</u>	<u>2,283,250</u>
	<u>\$ 4,791,336</u>	<u>\$ 4,011,377</u>

3. Receivables	<u>2016</u>	<u>2015</u>
Taxpayers and rate payers (net)	\$ 593,130	\$ 501,341
Other governments	277,431	85,462
Other	<u>192,663</u>	<u>209,751</u>
	<u>\$ 1,063,224</u>	<u>\$ 796,554</u>

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

4. Bank indebtedness

Bank indebtedness consists of Scotiabank demand bank loans at the bank's prime rate which were fully available as of March 31, 2016.

5. Other liabilities	<u>2016</u>	<u>2015</u>
Prepaid taxes and rates	\$ 68,270	\$ 54,973
Consumer deposits	<u>11,252</u>	<u>11,252</u>
	<u>\$ 79,522</u>	<u>\$ 66,225</u>

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2016

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>
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
2021	\$ 522,500	\$ 80,000	\$ 602,500

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.

During the previous fiscal year (2009), the Town has written off the cost of school assets to reflect the new PSAB guidance on Tangible Capital Assets, which indicates that the assets do not belong to the Municipality until control reverts to them. This adjustment was made retroactively in 2009. Proceeds from the sale of these assets would be recorded in the capital reserve. As of March 31, 2016, the Town of Port Hawkesbury has not received notice of intent to revert these assets 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.

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2016

8. Contributions to Boards and Commissions (continued)

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

	<u>2016</u>	<u>2015</u>
Cape Breton Island Housing Authority	\$ 66,390	\$ 47,269
Eastern District Planning Commission	\$ 69,070	\$ 68,202
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, 2016.

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	\$ 27,714
Brenda Chisholm-Beaton	Councillor	\$ 14,502
Trevor Boudreau	Councillor	\$ 14,502
Joe Janega	Councillor	\$ 14,502
Bert Lewis	Deputy Mayor	\$ 16,211
Maris Freimanis	CAO	\$ 112,273

10. Pension obligations

Defined benefit pension plan

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, 2016. The March 31, 2016, actuarial valuation indicated that the pension plan had an accrued pension liability of \$Nil (2015 – \$Nil).

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 consolidated financial statements

March 31, 2016

10. Pension Obligations (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 4.75 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. A result of the 2016 valuation is as follows:

Market value of the pension plan asset	\$ 1,202,100
Accrued benefit obligation	<u>1,238,900</u>
Pension plan deficit	36,800
Unamortized actuarial losses	(36,800)
Valuation allowance	<u>-</u>
Pension liability	<u>\$ -</u>

Defined contribution pension plan

During the year, the Town has also matched employee contributions to a defined contribution pension plan for full-time employees. The graduated rates for employee and employer contributions are as follows:

Public works	8%
Management and salaried employees	8%

This plan, to which contributions totalled \$91,679 in fiscal 2016 (2015 - \$82,143), 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 consolidated financial statements

March 31, 2016

11. 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 fulfil 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, 2016

12. Segment disclosure (continued)

	General government	Protective	Transportation	Health and development	Water treatment and distribution	Interest and bank charges	Recreation and cultural	2016	2015
Revenues									
Taxes	\$ 657,883	\$ 659,637	\$ 852,523	\$ 616,937	\$ -	\$ -	\$ 1,391,910	\$ 4,178,890	\$ 4,197,644
Grants in lieu of taxes	119,873	120,193	155,339	112,412	-	-	253,620	761,437	746,986
Sale of goods and services	8,045	-	361,321	-	-	-	705,634	1,075,000	983,555
Other revenue from own sources	187,235	-	-	-	12,178	91,594	12,101	303,108	286,577
Government transfers	307,178	-	70,826	1,229	-	-	126,295	505,528	532,900
Capital grants	240,550	-	-	-	-	-	-	240,550	-
Other revenue	4,080	-	-	190,300	-	25,794	-	220,174	254,295
Other transfers	-	-	-	-	-	-	-	-	-
Water rates	-	-	-	-	1,175,457	-	-	1,175,457	934,615
	<u>1,524,844</u>	<u>779,830</u>	<u>1,440,009</u>	<u>920,878</u>	<u>1,187,635</u>	<u>117,388</u>	<u>2,489,559</u>	<u>8,460,144</u>	<u>7,936,572</u>
Expenditures									
Salaries and benefits	367,712	-	306,083	131,741	269,666	-	859,527	1,934,729	1,986,180
Goods and services	135,999	81,661	588,376	217,025	354,950	-	498,898	1,876,909	3,122,991
External transfers	65,495	-	-	66,390	-	-	109,560	241,445	244,799
Contracted services	85,728	941,722	141,615	200,840	4,013	-	-	1,373,918	1,025,954
Amortization	64,659	1,715	373,412	255,975	280,111	-	576,027	1,551,899	1,552,167
Interest	22,221	-	10,888	55,607	171,733	-	144,874	405,323	277,369
Other	375,874	95,569	27,991	120,546	4,323	44,774	175,850	844,927	212,011
	<u>1,117,688</u>	<u>1,120,667</u>	<u>1,448,365</u>	<u>1,048,124</u>	<u>1,084,796</u>	<u>44,774</u>	<u>2,364,736</u>	<u>8,229,150</u>	<u>8,421,471</u>
Annual surplus (deficit)	\$ <u>407,156</u>	\$ <u>(340,837)</u>	\$ <u>(8,356)</u>	\$ <u>(127,246)</u>	\$ <u>102,839</u>	\$ <u>72,614</u>	\$ <u>124,823</u>	\$ <u>230,994</u>	\$ <u>(484,899)</u>

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2016

13. Budget figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations and statement of changes in net assets has been adjusted to be on a consistent basis as actual results. The adjustments below include netting school board appropriations and reduced taxes against tax revenues, and reclassification of revenues and expenditures amongst categories. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statement:

	Approved Fiscal Plan	Adjustments	Per Financial Statements
Revenue			
Taxes	\$ 4,305,287	\$ (113,564)	\$ 4,191,723
Grants in lieu of taxes	760,985	-	760,985
Sale of goods and services	1,069,777	(59,822)	1,009,955
Other revenue from own sources	244,607	-	244,607
Government transfers	557,136	-	557,136
Capital grants	240,550	-	240,550
Other revenue	1,200	-	230,000
Water rates	<u>1,363,181</u>	<u>(275,184)</u>	<u>1,087,997</u>
	<u>8,771,523</u>	<u>(448,570)</u>	<u>8,322,953</u>
Expense			
General government services	1,247,296	-	1,247,296
Protective services	1,412,468	(275,184)	1,137,284
Transportation services	1,648,242	-	1,648,242
Health and development services	1,019,174	-	1,019,174
Recreation and cultural services	2,341,793	-	2,341,793
Water treatment and distribution	1,305,273	(173,386)	1,131,887
Interest and bank charges	43,590	-	43,590
Other	5,640	-	5,640
Transfers to (from) own reserves, funds and agencies	<u>(601,783)</u>	<u>601,783</u>	<u>-</u>
	<u>9,625,259</u>	<u>(153,213)</u>	<u>8,574,904</u>
Annual (deficit) surplus	<u>\$ (853,736)</u>	<u>\$ 601,783</u>	<u>\$ (251,951)</u>

Town of Port Hawkesbury

Notes to the consolidated financial statements

March 31, 2016

14. Prior period adjustment

During the year ended March 31, 2016, the Town determined that amounts expensed in the years ended 2014 and 2015 and recorded as payable in the amounts of \$236,248 and \$46,876, respectively did not meet the definition of a liability at those year-end dates. As a result, liabilities and expenses were overstated by the amounts noted above and there was a corresponding understatement of accumulated surplus.

These amounts have been corrected retrospectively in these financial statements as follows:

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
April 1, 2014			
Accumulated surplus	\$ 28,025,312	\$ 236,248	\$ 28,261,560
Accounts payable	1,351,993	(236,248)	1,115,745
March 31, 2015			
Statement of financial position			
Payables and accruals	\$ 1,369,659	\$ (283,124)	\$ 1,086,535
March 31, 2015			
Statement of operations			
Transportation services	\$ 1,200,952	\$ (46,876)	\$ 1,154,076

Town of Port Hawkesbury
Notes to the consolidated financial statements
March 31, 2016

15. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the preparation of the 2016 financial statements.

Town of Port Hawkesbury

Schedule of debt charges and term debt

Year ended March 31, 2016

	Maturity	Loan Continuity			Interest
		Balance March 31, 2015	Redeemed	Balance March 31, 2016	
Serial debentures					
Backhoe – Work	2019	65,575	13,115	52,460	2,599
Street construction	2010	113,750	22,750	91,000	4,411
Civic Centre	2019	750,000	75,000	675,000	39,499
Waste water plant	2018	472,500	52,500	420,000	25,134
Civic Centre	2020	632,500	57,500	575,000	29,023
Civic Centre FCM	2016	166,160	83,080	83,080	4,237
Civic Centre	2021	1,500,000	125,000	1,375,000	72,116
Waste water plant	2021	630,000	52,500	577,500	28,534
Salt truck	2019	100,000	20,000	80,000	3,878
Pumping station	2019	50,000	10,000	40,000	1,939
Waterfront	2019	112,500	22,500	90,000	4,458
		<u>4,592,985</u>	<u>533,945</u>	<u>4,059,040</u>	<u>215,828</u>
Water capital					
Serial debentures					
Municipal finance	2027	960,000	80,000	880,000	36,759
Municipal finance	2016	52,600	52,600	-	2,375
		<u>1,012,600</u>	<u>132,600</u>	<u>880,000</u>	<u>39,134</u>
Total Municipal debt		<u>\$ 5,605,585</u>	<u>\$ 666,545</u>	<u>\$ 4,939,040</u>	<u>\$ 254,962</u>

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

1 – 3.660% to 4.889%
 2 – 3.387% to 4.329%
 3 – 5.100% to 5.325%
 4 – 5.125% to 5.375%
 5 – 4.560% to 4.880%
 6 – 2.550%
 7 – 4.825% to 5.080%

8 – 4.340% to 4.590%
 9 – 3.387% to 4.329%
 10 – 3.387% to 4.329%
 11 – 3.660% to 4.889%
 12 – 2.881% to 4.597%
 13 – 4.515%

Town of Port Hawkesbury Schedule of tangible capital assets

March 31, 2016

	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	\$ 2,271,016	\$ 856,503	\$ 3,123,974	\$ 6,060,256	\$ 4,344,320
Add	-	131,418	-	-	102,999	79,486	47,978
Net additions during the year							
Less	-	-	-	(67,973)	(25,947)	-	-
Disposals during the year							
Balance, end of year	<u>701,144</u>	<u>26,204,076</u>	<u>2,271,016</u>	<u>788,530</u>	<u>3,201,026</u>	<u>6,139,742</u>	<u>4,392,298</u>
Accumulated amortization							
Balance, beginning of year	-	6,982,930	1,464,483	776,826	1,995,204	3,452,824	3,320,398
Add	-	648,611	90,314	15,035	216,441	203,706	86,886
Amortization during the year							
Less	-	-	-	(67,974)	(8,649)	-	-
Accumulated amortization on disposals							
Balance, end of year	<u>7,631,541</u>	<u>7,631,541</u>	<u>1,554,797</u>	<u>723,887</u>	<u>2,202,996</u>	<u>3,656,530</u>	<u>3,407,284</u>
NET BOOK VALUE	<u>\$ 701,144</u>	<u>\$ 18,572,535</u>	<u>\$ 716,219</u>	<u>\$ 64,643</u>	<u>\$ 998,030</u>	<u>\$ 2,483,212</u>	<u>\$ 985,014</u>

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

March 31, 2016

	Computer software	Utility plant	2016 Total	2015 Total
Cost				
Balance, beginning of year	\$ 107,953	\$ 8,908,258	\$ 52,446,082	\$ 52,125,441
Add:				
Net additions during the year		14,688	376,569	320,641
Less				
Disposals during the year	-	-	(93,920)	-
Balance, end of year	<u>107,953</u>	<u>8,922,946</u>	<u>52,728,731</u>	<u>52,446,082</u>
Accumulated amortization				
Balance, beginning of year	21,590	3,587,123	21,601,378	20,049,211
Add				
Amortization during the year	10,795	280,112	1,551,900	1,552,167
Less				
Accumulated amortization on disposals	-	-	(76,623)	-
Balance, end of year	<u>32,385</u>	<u>3,867,235</u>	<u>23,076,655</u>	<u>21,601,378</u>
NET BOOK VALUE	<u>\$ 75,568</u>	<u>\$ 5,055,711</u>	<u>\$ 29,652,076</u>	<u>\$ 30,844,704</u>

Supplementary Information

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

March 31
(Unaudited)

2016 2015

Assets

Accounts receivable		
Rates (less allowance for doubtful accounts \$5,527; 2015 - \$36,306)	\$ 237,898	\$ 189,300
Inventories, at cost		
Chemicals	21,997	17,327
Other	41,034	39,982
Water meters and equipment	<u>2,822</u>	<u>20,167</u>
	<u>\$ 303,751</u>	<u>\$ 266,776</u>

Liabilities and operating equity

Accounts payable and accrued liabilities		
Prepaid rates	\$ 9,267	\$ 6,082
Consumer deposits	11,252	11,252
Due to General section - operating fund	<u>339,365</u>	<u>487,857</u>
	<u>359,884</u>	<u>505,191</u>
Operating fund deficit	<u>(56,133)</u>	<u>(238,415)</u>
	<u>\$ 303,751</u>	<u>\$ 266,776</u>

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

Year ended March 31
(Unaudited)

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 89,770	\$ 98,148	\$ 68,527
Metered sales	998,227	1,077,309	866,088
Public fire protection	<u>275,184</u>	<u>283,538</u>	<u>260,328</u>
	<u>1,363,181</u>	<u>1,458,995</u>	<u>1,194,943</u>
Operating expenses			
Source of supply	106,580	138,201	127,783
Pumping	20,659	22,256	26,071
Water treatment	396,734	362,887	437,845
Transmission and distribution	228,930	230,736	194,079
Administration and general	152,133	125,115	123,635
Depreciation	297,586	280,112	276,446
Taxes	<u>116,972</u>	<u>113,564</u>	<u>113,562</u>
	<u>1,319,594</u>	<u>1,272,871</u>	<u>1,299,421</u>
Operating loss (income)	<u>43,587</u>	<u>186,124</u>	<u>(104,478)</u>
Non-operating expenditure			
Debt charges			
Debenture interest	43,590	39,134	43,590
Principal instalments			
Debenture principal	<u>132,600</u>	<u>132,600</u>	<u>132,600</u>
	<u>176,190</u>	<u>171,734</u>	<u>176,190</u>
Non-operating revenue			
Transfer from depreciation fund	132,600	75,000	132,600
Amortization of deferred government contributions	<u>92,490</u>	<u>92,892</u>	<u>92,618</u>
Excess of expenditures over revenue	<u>\$ 95,487</u>	<u>\$ 182,282</u>	<u>\$ (55,450)</u>

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

Year ended March 31 (Unaudited)	2016	2015
Operating fund deficit, beginning of year	\$ (238,415)	\$ (182,965)
Excess of expenditures over revenue	<u>182,282</u>	<u>(55,450)</u>
Operating fund deficit, end of year	<u>\$ (56,133)</u>	<u>\$ (238,415)</u>

Town of Port Hawkesbury

Water utility

Non-consolidated capital fund balance sheet

March 31
(Unaudited)

2016

2015

Assets

Cash		
Depreciation fund	\$ 1,151,511	\$ 1,027,113
Unamortized discount on debentures	6,094	7,044
Utility plant in service (Page 23)	<u>8,922,947</u>	<u>8,908,258</u>
	<u>\$ 10,080,552</u>	<u>\$ 9,942,415</u>

Liabilities

Long term debt (Note 6) (Page 15)	<u>\$ 880,000</u>	<u>\$ 1,012,600</u>
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Reserve

Reserve for depreciation	3,867,236	3,587,124
Deferred government contributions	<u>1,535,886</u>	<u>1,628,777</u>
	<u>5,403,122</u>	<u>5,215,901</u>

Equity

Investment in capital assets	<u>3,797,430</u>	<u>3,713,914</u>
	<u>\$ 10,080,552</u>	<u>\$ 9,942,415</u>

Town of Port Hawkesbury

Water utility

Non-consolidated statement of reserve for depreciation

Year ended March 31
(Unaudited)

	2016	2015
Balance, beginning of year	\$ 3,587,124	\$ 3,310,678
Depreciation for the year	<u>280,112</u>	<u>276,446</u>
Balance, end of year	<u>\$ 3,867,236</u>	<u>\$ 3,587,124</u>

Water utility

Non-consolidated statement of investment in capital assets

Year ended March 31
(Unaudited)

	2016	2015
Balance, beginning of year	\$ 3,713,914	\$ 3,699,000
Interest earned depreciation fund	12,178	15,864
Term debt retired	132,600	132,600
Transfer from depreciation reserve	(75,000)	(132,600)
Capital out of revenue	14,688	-
Discount amortized	<u>(950)</u>	<u>(950)</u>
Balance, end of year	<u>\$ 3,797,430</u>	<u>\$ 3,713,914</u>

Water utility

Non-consolidated statement of depreciation fund cash

Year ended March 31
(Unaudited)

	2016	2015
Cash, beginning of year	\$ 1,027,113	\$ 995,339
Deferred assistance transferred	(92,892)	(92,619)
Approved transfer based on rate study	(75,000)	(132,600)
Capital	-	(35,316)
Depreciation	280,112	276,446
Interest earned on depreciation funds	<u>12,178</u>	<u>15,863</u>
Cash, end of year	<u>\$ 1,151,511</u>	<u>\$ 1,027,113</u>

Town of Port Hawkesbury

Water utility

Non-consolidated schedule of utility plant and equipment

Year ended March 31
(Unaudited)

	2016	2015
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	3,509,524
Transmission and distribution mains	2,463,633	2,457,078
Services	103,270	103,270
Meters	262,427	262,427
Hydrants	33,655	33,655
Tools and equipment	<u>83,555</u>	<u>75,421</u>
	<u>8,919,447</u>	<u>8,904,758</u>
	<u>\$ 8,922,947</u>	<u>\$ 8,908,258</u>
