

Non-consolidated financial statements

(Unaudited – see advisory to readers)

Town of Port Hawkesbury

March 31, 2017

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Advisory to readers

The Town of Port Hawkesbury prepares both consolidated and non-consolidated financial statements.

Non-consolidated financial statements are prepared to show the details of the individual funds managed by the Town. In particular, they provide information as to how each of the funds performed compared to the approved Operating Budget of the Town. For all other purposes, readers are advised to refer to the consolidated financial statements that have been audited.

These non-consolidated financial statements have **not** been audited. The non-consolidated financial statements are **not** presented in full accordance with Canadian public sector accounting standards.

Town of Port Hawkesbury

General section

Operating fund balance sheet

(Unaudited – see advisory to readers)

March 31

2017

2016

Assets

Cash and cash equivalents	<u>\$ 1,205,859</u>	<u>\$ 1,051,894</u>
Receivables		
Taxes (Note 2)	387,524	382,897
Due from federal government and its agencies	188,466	157,740
Due from provincial government and its agencies (Note 3)	27,485	2,649
Due from local government and its agencies (Note 4)	126,025	116,591
Due from Water Utility – operating fund	167,676	339,365
Due from Water Utility – capital fund	18,074	-
Other	<u>197,181</u>	<u>211,608</u>
	<u>1,112,431</u>	<u>1,210,850</u>
Tangible assets		
Inventories of materials and supplies	<u>24,291</u>	<u>17,521</u>
Other assets		
Deferred expenditures	<u>23,907</u>	<u>109,290</u>
	<u>\$ 2,366,488</u>	<u>\$ 2,389,555</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

General section

Operating fund balance sheet (continued)

(Unaudited – see advisory to readers)

March 31

2017

2016

Liabilities and operating equity

Trade payables	\$ 1,353,304	\$ 1,573,271
Other liabilities		
Due to operating reserve	322,896	98,680
Deferred revenue	505,138	576,706
Prepaid taxes	<u>52,503</u>	<u>59,003</u>
	<u>880,537</u>	<u>734,389</u>
Asset valuation allowances		
For uncollectible accounts receivable	68,552	18,945
For uncollected taxes (Note 5)	<u>28,810</u>	<u>27,665</u>
	<u>97,362</u>	<u>46,610</u>
Operating fund surplus	<u>35,285</u>	<u>35,285</u>
	<u>\$ 2,366,488</u>	<u>\$ 2,389,555</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

(Unaudited – see advisory to readers)

Year ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 4,937,563	\$ 4,929,944	\$ 4,918,034
Grants in lieu of taxes	777,459	776,784	761,437
Services provided to other local governments	185,000	244,408	190,300
Sales of services	1,036,616	1,472,151	1,134,822
Other revenue from own sources	241,123	274,387	290,930
Conditional transfers from other governments	75,500	128,566	84,497
Unconditional transfers from other governments	300,730	301,331	300,873
Conditional transfers from other local governments	81,000	74,604	120,158
Other transfers	69,719	-	-
	<u>7,704,710</u>	<u>8,202,175</u>	<u>7,801,051</u>
Expenditures (Schedule B)			
General government services	1,144,425	1,088,259	1,053,029
Protective services	1,521,850	1,472,945	1,402,490
Transportation services	1,239,278	1,168,804	1,107,513
Environmental health services	690,979	642,903	656,689
Public health and welfare	50,000	50,000	66,390
Environmental development services	96,217	90,029	69,070
Recreation and cultural services	1,709,465	1,954,071	1,798,100
Education	626,535	626,500	625,580
Financing and transfers	625,961	1,108,664	1,022,190
	<u>7,704,710</u>	<u>8,202,175</u>	<u>7,801,051</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

General section

Statement of operating fund surplus

(Unaudited – see advisory to readers)

Year ended March 31	2017	2016
Operating fund surplus, beginning of year	\$ 35,285	\$ 35,285
Excess of revenue over expenditures	<u>-</u>	<u>-</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

(Unaudited – see advisory to readers)

March 31

2017

2016

Assets

Cash and cash equivalents	\$ 31,925	\$ 31,925
Due from other governments	449	449
Unamortized discount on debentures	12,966	17,654
Property and equipment (Note 7)	<u>23,539,467</u>	<u>24,596,365</u>
	<u>\$ 23,584,807</u>	<u>\$ 24,646,393</u>

Liabilities

Long term debt (Note 8) (Schedule D)	\$ 3,525,095	\$ 4,059,040
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Equity

Investment in capital assets (Page 8)	<u>20,059,712</u>	<u>20,587,353</u>
	<u>\$ 23,584,807</u>	<u>\$ 24,646,393</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

(Unaudited – see advisory to readers)

March 31

2017

2016

Assets

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

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

_____ Mayor _____ CAO

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

General section

Statement of investment in general capital assets

(Unaudited – see advisory to readers)

Year ended March 31	2017	2016
Balance, beginning of year	\$ 20,587,353	\$ 20,985,304
Transfer from gas tax revenue	-	79,486
Capital out of revenue	80,603	57,875
Amortization of debenture discount	(4,690)	(4,690)
Amortization of tangible capital assets	(1,285,413)	(1,271,788)
Loss on asset disposal	-	(17,298)
Transfer from waterfront reserve	-	128,190
Assets funded by ACOA and fundraising	106,090	96,329
Assets funded through CWWF	22,260	-
Assets funded through capital reserve	19,564	-
Term debt retired	<u>533,945</u>	<u>533,945</u>
Balance, end of year	<u>\$ 20,059,712</u>	<u>\$ 20,587,353</u>

General section

Statement of investment in school capital assets

Year ended March 31

(Unaudited - see advisory to readers)

	2017	2016
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

(Unaudited – see advisory to readers)

Year ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 2,561,324	\$ 2,550,029	\$ 2,556,619
Commercial			
Based on taxable assessment	2,209,395	2,201,962	2,197,499
Resource			
Based on taxable assessment	<u>28,502</u>	<u>28,502</u>	<u>28,516</u>
	<u>4,799,221</u>	<u>4,780,493</u>	<u>4,782,634</u>
Business property			
Nova Scotia Power - HST offset grant	25,000	22,337	26,774
Based in revenue – Nova Scotia Power	8,342	8,342	8,638
Based on revenue – Aliant Inc.	<u>35,000</u>	<u>26,916</u>	<u>16,816</u>
	<u>68,342</u>	<u>57,595</u>	<u>52,228</u>
Other			
Deed transfer tax	<u>70,000</u>	<u>91,856</u>	<u>83,172</u>
	<u>\$ 4,937,563</u>	<u>\$ 4,929,944</u>	<u>\$ 4,918,034</u>
Grants in lieu of taxes			
Federal government	\$ 100,789	\$ 100,748	\$ 100,386
Provincial government			
Provincial property	<u>676,670</u>	<u>676,036</u>	<u>661,051</u>
	<u>\$ 777,459</u>	<u>\$ 776,784</u>	<u>\$ 761,437</u>
Services provided to other local governments			
Leachate Treatment – Guysborough County	<u>\$ 185,000</u>	<u>\$ 244,408</u>	<u>\$ 190,300</u>

Town of Port Hawkesbury

General section

Schedule A - Details of revenue (continued)

(Unaudited – see advisory to readers)

Year ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Sales of services			
Airport	\$ 323,116	\$ 507,648	\$ 351,986
Civic centre	449,000	711,198	502,406
Public works	18,000	29,886	25,945
Recreation and education	194,500	171,543	203,228
Water utility	44,000	44,076	43,212
Administrative	<u>8,000</u>	<u>7,800</u>	<u>8,045</u>
	<u>\$ 1,036,616</u>	<u>\$ 1,472,151</u>	<u>\$ 1,134,822</u>
Other revenue from own sources			
Licenses and permits	\$ 1,250	\$ 464	\$ 976
Fines and fees	5,000	2,803	5,740
Rentals	140,573	143,485	151,341
Interest on short term funds	5,000	13,740	11,907
Interest on taxes	75,000	75,109	79,687
Miscellaneous	<u>14,300</u>	<u>38,786</u>	<u>41,279</u>
	<u>\$ 241,123</u>	<u>\$ 274,387</u>	<u>\$ 290,930</u>
Conditional transfers from other governments			
Provincial government			
Education and community literacy	\$ 52,500	\$ 72,000	\$ 75,000
MPAL	-	10,417	-
Accessibility	-	10,772	-
Environmental development			
Refuse diversion	<u>15,000</u>	<u>23,928</u>	<u>1,229</u>
	67,500	117,117	76,229
Federal government			
Federal works grant	<u>8,000</u>	<u>11,449</u>	<u>8,268</u>
	<u>\$ 75,500</u>	<u>\$ 128,566</u>	<u>\$ 84,497</u>

Town of Port Hawkesbury

General section

Schedule A - Details of revenue (continued)

(Unaudited – see advisory to readers)

Year ended March 31

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Unconditional transfers from other governments			
Fuel rebate	\$ 2,000	\$ 2,601	\$ 2,143
Provincial equalization grant	<u>298,730</u>	<u>298,730</u>	<u>298,730</u>
	<u>\$ 300,730</u>	<u>\$ 301,331</u>	<u>\$ 300,873</u>
Conditional transfers from other local governments			
Pool funding	\$ 51,000	\$ 49,604	\$ 49,332
Airport funding	<u>30,000</u>	<u>25,000</u>	<u>70,826</u>
	<u>\$ 81,000</u>	<u>\$ 74,604</u>	<u>\$ 120,158</u>
Other transfers			
Transfer from operating reserve fund	<u>\$ 69,719</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

(Unaudited – see advisory to readers)

Year ended March 31

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor			
Stipend	\$ 28,130	\$ 27,138	\$ 27,476
Travel	9,000	3,089	4,597
Council			
Stipend	60,615	58,409	59,205
Travel	2,500	2,005	1,444
Other legislative services	<u>1,000</u>	<u>935</u>	<u>1,026</u>
	<u>101,245</u>	<u>91,576</u>	<u>93,748</u>
General administrative			
Administrative	465,600	459,078	455,141
Financial management	73,000	76,600	52,387
Taxation			
Administration	67,500	66,107	64,491
Reduced taxes –section 69	8,000	4,524	6,000
Section 71	175,749	175,930	174,287
Common services	6,000	8,163	6,813
General financing	20,000	12,651	22,221
Transfer to assessment services	<u>44,331</u>	<u>44,331</u>	<u>45,347</u>
	<u>860,180</u>	<u>847,384</u>	<u>826,687</u>
Other general government services			
General liability insurance	85,000	80,850	83,612
Grants to other organizations and individuals	15,000	13,391	20,148
Intergovernmental relations	9,000	11,277	6,576
Other general services	<u>44,000</u>	<u>40,447</u>	<u>38,187</u>
	<u>153,000</u>	<u>145,965</u>	<u>148,523</u>
Valuation allowances			
Uncollectible taxes (recovered) / allowance for appeals	<u>30,000</u>	<u>3,334</u>	<u>(15,929)</u>
	<u>\$ 1,144,425</u>	<u>\$ 1,088,259</u>	<u>\$ 1,053,029</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Administration	\$ -	\$ -	\$ 543
Crime investigation, prevention, and protective services	848,181	847,705	816,088
Other	<u>128,800</u>	<u>129,731</u>	<u>125,091</u>
	<u>976,981</u>	<u>977,436</u>	<u>941,722</u>
Law enforcement			
Transfers to corrective services	<u>41,316</u>	<u>41,316</u>	<u>42,246</u>
Fire protection			
Administration	60,100	23,498	25,499
Fire fighting force	25,600	25,600	25,600
Water supply and hydrants	324,003	324,003	283,538
Fire stations and building	40,000	39,465	30,447
Fire fighting equipment	<u>51,100</u>	<u>40,573</u>	<u>51,214</u>
	<u>500,803</u>	<u>453,139</u>	<u>416,298</u>
Other			
Animal and pest control	750	54	224
Emergency measures	<u>2,000</u>	<u>1,000</u>	<u>2,000</u>
	<u>2,750</u>	<u>1,054</u>	<u>2,224</u>
	<u>\$ 1,521,850</u>	<u>\$ 1,472,945</u>	<u>\$ 1,402,490</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Administration	\$ 15,438	\$ 17,350	\$ 14,557
Engineering services	8,000	7,819	20,836
General equipment	9,500	7,526	7,309
Small tools and equipment	6,100	5,312	7,767
Workshop, yards, and other buildings	39,875	48,094	43,393
Fleet insurance	10,000	6,023	7,293
Other	4,500	5,150	4,063
	<u>93,413</u>	<u>97,274</u>	<u>105,218</u>
Road transport			
Administration	91,200	67,917	84,269
Roads and streets	440,450	373,550	347,479
Street lighting	155,000	83,029	142,869
Traffic services	22,000	26,620	27,669
Motor vehicles	94,000	83,471	82,243
Other road transport	-	51	2,357
	<u>802,650</u>	<u>634,638</u>	<u>686,886</u>
Air transport			
Airport	<u>336,100</u>	<u>429,777</u>	<u>304,521</u>
Debt charges			
Debenture interest	<u>7,115</u>	<u>7,115</u>	<u>10,888</u>
	<u>\$ 1,239,278</u>	<u>\$ 1,168,804</u>	<u>\$ 1,107,513</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Sewage collection and disposal			
Administration	\$ 90,300	\$ 89,838	\$ 95,789
Sewage collection system	62,400	74,776	53,729
Sewage treatment and disposal	249,757	198,204	234,616
Other sewage collection	<u>9,322</u>	<u>7,371</u>	<u>6,021</u>
	<u>411,779</u>	<u>370,189</u>	<u>390,155</u>
Garbage and waste collection and disposal			
Garbage and waste collection	162,000	163,387	159,073
Waste disposal	45,000	39,681	41,767
Recycling costs	<u>20,000</u>	<u>17,526</u>	<u>10,087</u>
	<u>227,000</u>	<u>220,594</u>	<u>210,927</u>
Debt charges			
Interest on long term debt	<u>52,200</u>	<u>52,120</u>	<u>55,607</u>
	<u>\$ 690,979</u>	<u>\$ 642,903</u>	<u>\$ 656,689</u>
Public health and welfare services			
Housing			
Deficit of Regional Housing Authority	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 66,390</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental development services			
Community development			
Transfers to Eastern Planning Commission	\$ 68,659	\$ 67,573	\$ 69,070
Transfers to Regional Development			
Eastern Strait Regional Enterprise Network	<u>27,558</u>	<u>22,456</u>	<u>-</u>
	<u>\$ 96,217</u>	<u>\$ 90,029</u>	<u>\$ 69,070</u>
Recreation and cultural services			
Recreation facilities			
Civic centre	\$ 936,735	\$ 1,164,867	\$ 940,757
Administration	25,200	19,084	18,176
Other programs	132,668	137,876	146,275
Swimming pool	266,143	258,488	293,780
Parks and playgrounds	75,050	72,002	78,870
Other recreation facilities	<u>119,300</u>	<u>147,384</u>	<u>150,542</u>
	<u>1,555,096</u>	<u>1,799,701</u>	<u>1,628,400</u>
Cultural buildings and facilities			
Transfers to regional library	<u>24,147</u>	<u>24,147</u>	<u>24,826</u>
Debt charges			
Interest on long term debt	<u>130,222</u>	<u>130,223</u>	<u>144,874</u>
	<u>\$ 1,709,465</u>	<u>\$ 1,954,071</u>	<u>\$ 1,798,100</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Education			
Appropriation to Strait Regional School Board	\$ 626,535	\$ 626,500	\$ 625,580
Financing and transfers			
Principal instalments			
Debenture principal	\$ 533,945	\$ 533,945	\$ 533,945
Transfers to own reserves, funds and agencies			
Other funds			
Capital out of revenue	60,000	80,603	57,875
Operating reserve fund	-	400,255	276,666
Airport committee	32,016	93,861	153,704
	<u>\$ 625,961</u>	<u>\$ 1,108,664</u>	<u>\$ 1,022,190</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Water utility section

Operating fund balance sheet

(Unaudited – see advisory to readers)

March 31 2017 2016

Assets

Accounts receivable		
Rates (less allowance for doubtful accounts \$12,122; 2016 - \$5,527)	\$ 209,521	\$ 237,898
Inventories, at cost		
Chemicals	23,010	21,997
Other	42,452	41,034
Water meters and equipment	<u>3,522</u>	<u>2,822</u>
	<u>\$ 278,505</u>	<u>\$ 303,751</u>

Liabilities and operating equity

Accounts payable and accrued liabilities		
Prepaid rates	\$ 9,667	\$ 9,267
Consumer deposits	11,000	11,252
Due to general section - operating fund	<u>167,676</u>	<u>339,365</u>
	<u>188,343</u>	<u>359,884</u>
Operating fund surplus (deficit)	<u>90,162</u>	<u>(56,133)</u>
	<u>\$ 278,505</u>	<u>\$ 303,751</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

(Unaudited – see advisory to readers)

Year ended March 31

		2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 80,000	\$ 86,439	\$ 98,148
Metered sales	998,000	1,021,055	1,077,309
Public fire protection	<u>324,003</u>	<u>324,003</u>	<u>283,538</u>
	<u>1,402,003</u>	<u>1,431,497</u>	<u>1,458,995</u>
Operating expenses			
Source of supply	140,000	123,372	138,201
Pumping	20,659	18,051	22,256
Water treatment	390,000	355,201	356,333
Transmission and distribution	230,000	228,187	222,602
Administration and general	152,133	138,389	125,115
Depreciation	285,000	281,525	280,112
Taxes	<u>113,565</u>	<u>113,565</u>	<u>113,564</u>
	<u>1,331,357</u>	<u>1,258,290</u>	<u>1,258,183</u>
Operating income	<u>70,646</u>	<u>173,207</u>	<u>200,812</u>
Non-operating expenditure			
Debt charges			
Debenture interest	34,388	34,388	39,134
Principal instalments			
Debenture principal	80,000	80,000	132,600
Capital out of revenue	<u>10,000</u>	<u>6,025</u>	<u>14,688</u>
	<u>124,388</u>	<u>120,413</u>	<u>186,422</u>
Non-operating revenue			
Transfer from depreciation fund	-	-	75,000
Amortization of deferred government contributions	<u>92,891</u>	<u>93,501</u>	<u>92,892</u>
Excess of revenue over expenditures	<u>\$ 39,149</u>	<u>\$ 146,295</u>	<u>\$ 182,282</u>

See accompanying notes to the non-consolidated financial statements.

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

(Unaudited – see advisory to readers)

Year ended March 31	2017	2016
Operating fund deficit, beginning of year	\$ (56,133)	\$ (238,415)
Excess of revenue over expenditures	<u>146,295</u>	<u>182,282</u>
Operating fund surplus (deficit), end of year	<u>\$ 90,162</u>	<u>\$ (56,133)</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Water utility section

Capital fund balance sheet

(Unaudited – see advisory to readers)

March 31

2017

2016

Assets

Cash		
Depreciation fund	\$ 1,296,650	\$ 1,151,511
Due from the Province of Nova Scotia	18,075	-
Unamortized discount on debentures	5,484	6,094
Utility plant in service (Schedule C)	<u>9,049,193</u>	<u>8,922,947</u>
	<u>\$ 10,369,402</u>	<u>\$ 10,080,552</u>

Liabilities

Long term debt (Note 8) (Schedule D)	\$ 800,000	\$ 880,000
Due to general section – operating fund	<u>18,074</u>	<u>-</u>
	<u>818,074</u>	<u>880,000</u>

Reserve

Reserve for depreciation	4,148,761	3,867,236
Deferred government contributions	<u>1,507,389</u>	<u>1,535,886</u>
	<u>5,656,150</u>	<u>5,403,122</u>

Equity

Investment in capital assets	<u>3,895,178</u>	<u>3,797,430</u>
	<u>\$ 10,369,402</u>	<u>\$ 10,080,552</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

(Unaudited – see advisory to readers)

Year ended March 31	2017	2016
Balance, beginning of year	\$ 3,867,236	\$ 3,587,124
Depreciation for the year	<u>281,525</u>	<u>280,112</u>
Balance, end of year	<u>\$ 4,148,761</u>	<u>\$ 3,867,236</u>

Water utility section

Statement of investment in capital assets

(Unaudited – see advisory to readers)

Year ended March 31	2017	2016
Balance, beginning of year	\$ 3,797,430	\$ 3,713,914
Capital from revenue	6,025	14,688
Interest earned depreciation fund	12,333	12,178
Term debt retired	80,000	132,600
Transfer from depreciation reserve	-	(75,000)
Discount amortized	<u>(610)</u>	<u>(950)</u>
Balance, end of year	<u>\$ 3,895,178</u>	<u>\$ 3,797,430</u>

Water utility section

Statement of depreciation fund cash

(Unaudited – see advisory to readers)

Year ended March 31	2017	2016
Cash, beginning of year	\$ 1,151,511	\$ 1,027,113
Deferred assistance transferred	(93,501)	(92,892)
Approved transfer based on rate study	-	(75,000)
Capital additions	(55,218)	-
Depreciation	281,525	280,112
Interest earned on depreciation funds	<u>12,333</u>	<u>12,178</u>
Cash, end of year	<u>\$ 1,296,650</u>	<u>\$ 1,151,511</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Water utility section

Schedule C - Utility plant and equipment

(Unaudited – see advisory to readers)

Year ended March 31

2017

2016

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	103,187	96,516
Purification equipment	3,509,524	3,509,524
Transmission and distribution mains	2,583,208	2,463,633
Services	103,270	103,270
Meters	262,427	262,427
Hydrants	33,655	33,655
Tools and equipment	<u>83,555</u>	<u>83,555</u>
	<u>9,045,693</u>	<u>8,919,447</u>
	<u>\$ 9,049,193</u>	<u>\$ 8,922,947</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Reserve funds section

Capital reserve balance sheet

(Unaudited – see advisory to readers)

March 31 2017 2016

Assets

Cash and cash equivalents	<u>\$ 303,000</u>	<u>\$ 279,375</u>
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Reserve

Special reserve	<u>\$ 303,000</u>	<u>\$ 279,375</u>
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On behalf of the Town of Port Hawkesbury

_____ Mayor _____ CAO

Reserve funds section

Statement of capital reserve

(Unaudited – see advisory to readers)

Year ended March 31 2017 2016

Balance, beginning of year	\$ 279,375	\$ 255,012
Interest earned	2,933	2,986
Capital additions	(19,564)	-
Proceeds on sale of property	<u>40,256</u>	<u>21,377</u>
Balance, end of year	<u>\$ 303,000</u>	<u>\$ 279,375</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Reserve funds section

Operating reserve balance sheet

(Unaudited – see advisory to readers)

Year ended March 31 2017 2016

Assets

Cash and cash equivalents	\$ 1,456,395	\$ 1,266,201
Due from general operating	<u>322,896</u>	<u>98,680</u>
	<u>\$ 1,779,291</u>	<u>\$ 1,364,881</u>

Reserve

Snow reserve	\$ 123,500	\$ 123,500
General reserve	<u>1,655,791</u>	<u>1,241,381</u>
Operating reserve	<u>\$ 1,779,291</u>	<u>\$ 1,364,881</u>

On behalf of the Town of Port Hawkesbury

_____ Mayor _____ CAO

Reserve funds section

Statement of operating reserve

(Unaudited – see advisory to readers)

Year ended March 31 2017 2016

Balance, beginning of year	\$ 1,364,881	\$ 1,075,130
Interest earned	14,155	13,085
Appropriation per council – general	<u>400,255</u>	<u>276,666</u>
Balance, end of year	<u>\$ 1,779,291</u>	<u>\$ 1,364,881</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Reserve funds section

Gas tax reserve balance sheet

(Unaudited – see advisory to readers)

Year ended March 31 2017 2016

Assets

Cash and cash equivalents	<u>\$1,213,466</u>	<u>\$ 962,657</u>
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Reserve

Gas tax reserve	<u>\$ 1,213,466</u>	<u>\$ 962,657</u>
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On behalf of the Town of Port Hawkesbury

_____ Mayor _____ CAO

Reserve Funds section

Statement of gas tax reserve

(Unaudited – see advisory to readers)

Year ended March 31 2017 2016

Balance, beginning of year	\$ 962,657	\$ 777,145
Interest earned	10,912	9,723
Grant – gas tax	<u>239,897</u>	<u>230,275</u>
	<u>1,213,466</u>	<u>1,017,143</u>
Funds transferred for capital projects	-	(54,486)
Balance, end of year	<u>\$ 1,213,466</u>	<u>\$ 962,657</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Reserve funds section

Waterfront reserve balance sheet

(Unaudited – see advisory to readers)

March 31 2017 2016

Assets

Cash and cash equivalents	<u>\$ 83,933</u>	<u>\$ 47,773</u>
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Reserve

Waterfront reserve	<u>\$ 83,933</u>	<u>\$ 47,773</u>
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On behalf of the Town of Port Hawkesbury

_____ Mayor _____ CAO

Reserve Funds section

Statement of Waterfront reserve

(Unaudited – see advisory to readers)

Year ended March 31 2017 2016

Balance, beginning of year	\$ 47,773	\$ 175,963
Funds transferred for project	-	(128,190)
Interest earned	648	-
Funds from grants	<u>35,512</u>	<u>-</u>
Balance, end of year	<u>\$ 83,933</u>	<u>\$ 47,773</u>

See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)
March 31, 2017

1. Summary of significant accounting policies

Basis of presentation

These non-consolidated financial statements, except as disclosed, 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:

Uncollected taxes, special assessments and rates are reserved as required based on management's estimate of their collectability.

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 at minimum, for all 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 income earned in investment in capital assets in the water utility section - capital fund.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)
March 31, 2017

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	15 - 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

(Unaudited – see advisory to readers)
March 31, 2017

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>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 355,232	\$ 312,041
Levy	4,780,493	4,782,634
Interest	<u>75,109</u>	<u>79,687</u>
	5,210,834	5,174,362
Collections	<u>4,642,856</u>	<u>4,611,178</u>
	567,978	563,184
Write offs, adjustments, and exemptions	<u>180,454</u>	<u>180,287</u>
	387,524	382,897
Valuation allowance (Note 5)	<u>28,810</u>	<u>27,665</u>
Balance, end of year	<u>\$ 358,714</u>	<u>\$ 355,232</u>

3. Due from provincial government and its agencies	<u>2017</u>	<u>2016</u>
Province of Nova Scotia	<u>\$ 27,485</u>	<u>\$ 2,649</u>

4. Due from local government and its agencies	<u>2017</u>	<u>2016</u>
Various local governments	<u>\$ 126,025</u>	<u>\$ 116,591</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)
March 31, 2017

5. Asset valuation allowances	<u>2017</u>	<u>2016</u>
For uncollected taxes		
Balance, beginning of year	\$ 27,665	\$ 14,458
Provision for the year	<u>1,145</u>	<u>13,207</u>
Balance, end of year	<u>\$ 28,810</u>	<u>\$ 27,665</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 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>2017</u>	<u>2016</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	26,218,837	8,283,437	17,935,400	18,572,535
Engineered structures	2,377,106	1,644,250	732,856	716,219
Automotive equipment	733,812	643,334	90,478	64,642
Machinery and equipment	3,218,576	2,424,575	794,001	998,029
Sewer lines	4,421,978	3,495,129	926,849	985,016
Streets and lighting	6,159,306	3,865,339	2,293,967	2,483,213
Computer software	<u>107,953</u>	<u>43,181</u>	<u>64,772</u>	<u>75,567</u>
	<u>\$ 43,938,712</u>	<u>\$20,399,245</u>	<u>\$ 23,539,467</u>	<u>\$ 24,596,365</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)
 March 31, 2017

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>
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
2022	\$ 1,065,000	\$ 80,000	\$1,145,000

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>2017</u>	<u>2016</u>
Cape Breton Island Housing Authority	\$ 50,000	\$ 66,390
Eastern District Planning Commission	\$ 67,573	\$ 69,070
Eastern Strait Regional Enterprise Network	\$ 22,456	\$ -

The Town has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2017.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)
March 31, 2017

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 (2016 – 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 \$324,003 (2016 - \$283,538) 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, 2017. The March 31, 2017, actuarial valuation indicated that the pension plan had an accrued pension asset of \$13,400 (2016 - \$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

(Unaudited – see advisory to readers)
March 31, 2017

11. Pensions (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 4.75 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 2017 valuation is as follows:

Market value of the pension plan asset	\$ 1,215,200
Accrued benefit obligation	<u>(1,230,900)</u>
Pension plan deficit (surplus)	(15,700)
Unamortized actuarial gains (losses)	29,100
Valuation allowance	<u>-</u>
Accrued benefit asset	<u>\$ 13,400</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	9%
Management and salaried employees	9%

This plan, to which contributions totalled \$96,716 in fiscal 2017 (2016 - \$91,679), 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

(Unaudited – see advisory to readers)
March 31, 2017

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	\$ 16,166
Brenda Chisholm-Beaton	Mayor	\$ 11,721
Brenda Chisholm-Beaton	Councillor	\$ 8,460
Trevor Boudreau	Councillor	\$ 8,460
Trevor Boudreau	Deputy Mayor	\$ 6,856
Bert Lewis	Deputy Mayor	\$ 9,456
Joe Janega	Councillor	\$ 8,460
Hughie MacDougall	Councillor	\$ 6,134
Mark MacIver	Councillor	\$ 6,134
Jeremy White	Councillor	\$ 6,134
Maris Freimanis	CAO	\$ 68,606
Terry Doyle	CAO	\$ 53,077

Town of Port Hawkesbury

Schedule D - Debt charges and term debt

(Unaudited – see advisory to readers)
Year ended March 31, 2017

	Year of Maturity	Loan Continuity			Interest
		Balance March 31, 2016	Redeemed	Balance March 31, 2017	
General capital					
Serial debentures					
Backhoe – Work	2019	\$ 52,460	\$ 13,115	\$ 39,345	\$ 2,093
Street construction	2019	91,000	22,750	68,250	3,640
Civic Centre	2019	675,000	75,000	600,000	35,673
Waste water plant	2018	420,000	52,500	367,500	22,444
Civic Centre	2020	575,000	57,500	517,500	26,380
Civic Centre FCM	2016	83,080	83,080	-	2,120
Civic Centre	2021	1,375,000	125,000	1,250,000	66,050
Waste water plant	2021	577,500	52,500	525,000	26,255
Salt truck	2019	80,000	20,000	60,000	3,201
Pumping station	2019	40,000	10,000	30,000	1,600
Waterfront	2019	90,000	22,500	67,500	3,592
		<u>4,059,040</u>	<u>533,945</u>	<u>3,525,095</u>	<u>193,048</u>
Water capital					
Serial debentures					
Municipal finance	2026	<u>880,000</u>	<u>80,000</u>	<u>800,000</u>	<u>34,388</u>
Total Municipal debt		<u>\$ 4,939,040</u>	<u>\$ 613,945</u>	<u>\$ 4,325,095</u>	<u>\$ 227,436</u>

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

1 – 4.038% to 4.889%
2 – 3.649% to 4.329%
3 – 5.145% to 5.325%
4 – 5.25% to 5.375%
5 – 4.635% to 4.880%
6 – 2.550%
7 – 4.88% to 5.080%

8 – 4.410% to 4.590%
9 – 3.649% to 4.329%
10 – 3.649% to 4.329%
11 – 4.038% to 4.889%
12 – 3.115% to 4.597%