

Non-consolidated financial statements

(Unaudited – see advisory to readers)

Town of Port Hawkesbury

March 31, 2018

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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

2018

2017

Assets

Cash and cash equivalents	<u>\$ 1,484,261</u>	<u>\$ 1,205,859</u>
Receivables		
Taxes (Note 2)	331,301	387,524
Due from federal government and its agencies	655,145	188,466
Due from provincial government and its agencies (Note 3)	140,926	27,485
Due from local government and its agencies (Note 4)	133,354	126,025
Due from Water Utility – operating fund	-	167,676
Due from Water Utility – capital fund	69,115	18,074
Other	<u>201,907</u>	<u>197,181</u>
	<u>1,531,748</u>	<u>1,112,431</u>
Tangible assets		
Inventories of materials and supplies	<u>2,421</u>	<u>24,291</u>
Other assets		
Deferred expenditures	<u>65,885</u>	<u>23,907</u>
	<u>\$ 3,084,315</u>	<u>\$ 2,366,488</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 2018 2017

Liabilities and operating equity

Trade payables	\$ 1,680,750	\$ 1,353,304
Other liabilities		
Due to operating reserve	473,146	322,896
Due to Water Utility – operating fund	7,122	-
Deferred revenue	692,200	505,138
Prepaid taxes	<u>79,559</u>	<u>52,503</u>
	<u>1,252,027</u>	<u>880,537</u>
Asset valuation allowances		
For uncollectible accounts receivable	84,538	68,552
For uncollected taxes (Note 5)	<u>31,715</u>	<u>28,810</u>
	<u>116,253</u>	<u>97,362</u>
Operating fund surplus	<u>35,285</u>	<u>35,285</u>
	<u>\$ 3,084,315</u>	<u>\$ 2,366,488</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

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 4,969,420	\$ 4,939,672	\$ 4,929,944
Grants in lieu of taxes	762,557	771,924	776,784
Services provided to other local governments	190,000	241,387	244,408
Sales of services	1,136,400	971,521	1,472,151
Other revenue from own sources	248,523	288,291	274,387
Conditional transfers from other governments	103,500	185,872	128,566
Unconditional transfers from other governments	300,730	304,989	301,331
Conditional transfers from other local governments	79,500	79,769	74,604
Other transfers	30,772	-	-
	<u>7,821,402</u>	<u>7,783,425</u>	<u>8,202,175</u>
Expenditures (Schedule B)			
General government services	1,190,077	1,161,042	1,088,259
Protective services	1,527,161	1,516,022	1,472,945
Transportation services	1,203,723	954,469	1,168,804
Environmental health services	690,781	587,488	642,903
Public health and welfare services	50,000	45,428	50,000
Environmental development services	100,412	91,595	90,029
Recreation and cultural services	1,788,511	1,745,486	1,954,071
Education	627,072	627,070	626,500
Financing and transfers	643,665	1,054,825	1,108,664
	<u>7,821,402</u>	<u>7,783,425</u>	<u>8,202,175</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	2018	2017
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 2018 2017

Assets

Cash and cash equivalents	\$ 31,925	\$ 31,925
Due from other governments	449	449
Unamortized discount on debentures	8,565	12,966
Property and equipment (Note 7)	<u>24,947,918</u>	<u>23,539,467</u>
	<u>\$ 24,988,857</u>	<u>\$ 23,584,807</u>

Liabilities

Long term debt (Note 8) (Schedule D)	\$ 3,074,230	\$ 3,525,095
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Equity

Investment in capital assets (Page 8)	<u>21,914,627</u>	<u>20,059,712</u>
	<u>\$ 24,988,857</u>	<u>\$ 23,584,807</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

2018

2017

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

	2018	2017
Balance, beginning of year	\$ 20,059,712	\$ 20,587,353
Transfer from gas tax revenue	65,082	-
Capital out of revenue	26,269	80,603
Amortization of debenture discount	(4,399)	(4,690)
Amortization of tangible capital assets	(1,297,367)	(1,285,413)
Asset disposals	(37,112)	-
Transfer from waterfront reserve	30,250	-
Assets funded by ACOA and fundraising	205,707	106,090
Assets funded through CWWF	907,963	22,260
Assets funded through capital reserve	-	19,564
Asset funded through operating reserve	302,657	-
Contributed asset	1,205,000	-
Term debt retired	<u>450,865</u>	<u>533,945</u>
Balance, end of year	<u>\$ 21,914,627</u>	<u>\$ 20,059,712</u>

General section

Statement of investment in school capital assets

Year ended March 31

2018

2017

(Unaudited - see advisory to readers)

Balance, beginning and end of year	<u>\$ 1</u>	<u>\$ 1</u>
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See accompanying notes to the non-consolidated financial statements.

Town of Port Hawkesbury

General section

Schedule A - Details of revenue

(Unaudited – see advisory to readers)

Year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 2,560,387	\$ 2,552,988	\$ 2,550,029
Commercial			
Based on taxable assessment	2,250,295	2,234,992	2,201,962
Resource			
Based on taxable assessment	<u>29,470</u>	<u>28,705</u>	<u>28,502</u>
	<u>4,840,152</u>	<u>4,816,685</u>	<u>4,780,493</u>
Business property			
Nova Scotia Power - HST offset grant	23,000	21,334	22,337
Based in revenue – Nova Scotia Power	9,268	9,268	8,342
Based on revenue – Aliant Inc.	<u>27,000</u>	<u>24,588</u>	<u>26,916</u>
	<u>59,268</u>	<u>55,190</u>	<u>57,595</u>
Other			
Deed transfer tax	<u>70,000</u>	<u>67,797</u>	<u>91,856</u>
	<u>\$ 4,969,420</u>	<u>\$ 4,939,672</u>	<u>\$ 4,929,944</u>
Grants in lieu of taxes			
Federal government	\$ 98,992	\$ 98,992	\$ 100,748
Provincial government			
Provincial property	<u>663,565</u>	<u>672,932</u>	<u>676,036</u>
	<u>\$ 762,557</u>	<u>\$ 771,924</u>	<u>\$ 776,784</u>
Services provided to other local governments			
Leachate Treatment – Guysborough County	<u>\$ 190,000</u>	<u>\$ 241,387</u>	<u>\$ 244,408</u>

Town of Port Hawkesbury

General section

Schedule A - Details of revenue (continued)

(Unaudited – see advisory to readers)

Year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Sales of services			
Airport	\$ 457,500	\$ 224,741	\$ 507,648
Civic centre	436,400	435,141	711,198
Public works	18,000	28,976	29,886
Recreation and education	172,500	230,850	171,543
Water utility	44,000	44,958	44,076
Administrative	<u>8,000</u>	<u>6,855</u>	<u>7,800</u>
	<u>\$ 1,136,400</u>	<u>\$ 971,521</u>	<u>\$ 1,472,151</u>
Other revenue from own sources			
Licenses and permits	\$ 1,250	\$ 2,368	\$ 464
Fines and fees	5,000	6,986	2,803
Rentals	130,973	133,602	143,485
Interest on short term funds	10,000	19,938	13,740
Interest on taxes	72,000	75,041	75,109
Miscellaneous	<u>29,300</u>	<u>50,356</u>	<u>38,786</u>
	<u>\$ 248,523</u>	<u>\$ 288,291</u>	<u>\$ 274,387</u>
Conditional transfers from other governments			
Provincial government			
Education and community literacy	\$ 52,500	\$ 81,708	\$ 72,000
MPAL	25,000	25,000	10,417
Accessibility	-	-	10,772
Environmental development			
Refuse diversion	<u>18,000</u>	<u>22,313</u>	<u>23,928</u>
	95,500	129,021	117,117
Federal government			
ACOA	-	47,134	-
Federal works grant	<u>8,000</u>	<u>9,717</u>	<u>11,449</u>
	<u>\$ 103,500</u>	<u>\$ 185,872</u>	<u>\$ 128,566</u>

Town of Port Hawkesbury

General section

Schedule A - Details of revenue (continued)

(Unaudited – see advisory to readers)

Year ended March 31

	2018		2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Unconditional transfers from other governments			
Fuel rebate	\$ 2,000	\$ 6,259	\$ 2,601
Provincial equalization grant	<u>298,730</u>	<u>298,730</u>	<u>298,730</u>
	<u>\$ 300,730</u>	<u>\$ 304,989</u>	<u>\$ 301,331</u>
Conditional transfers from other local governments			
Pool funding	\$ 49,500	\$ 49,769	\$ 49,604
Airport funding	<u>30,000</u>	<u>30,000</u>	<u>25,000</u>
	<u>\$ 79,500</u>	<u>\$ 79,769</u>	<u>\$ 74,604</u>
Other transfers			
Transfer from operating reserve fund	<u>\$ 30,772</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

	2018		2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor			
Stipend	\$ 28,700	\$ 28,130	\$ 27,138
Travel	9,000	3,184	3,089
Council			
Stipend	61,900	60,615	58,409
Travel	10,000	4,675	2,005
Other legislative services	-	-	935
	<u>109,600</u>	<u>96,604</u>	<u>91,576</u>
General administrative			
Administrative	504,608	538,712	459,078
Financial management	73,000	79,266	76,600
Taxation			
Administration	68,280	66,153	66,107
Reduced taxes - section 69	8,000	4,762	4,524
Reduced taxes - section 71	174,589	174,589	175,930
Common services	6,000	7,927	8,163
General financing	20,000	11,979	12,651
Transfer to assessment services	44,000	43,998	44,331
	<u>898,477</u>	<u>927,386</u>	<u>847,384</u>
Other general government services			
General liability insurance	83,000	76,108	80,850
Grants to other organizations and individuals	30,000	28,826	13,391
Intergovernmental relations	15,000	10,299	11,277
Other general services	24,000	18,384	40,447
	<u>152,000</u>	<u>133,617</u>	<u>145,965</u>
Valuation allowances			
Uncollectible taxes allowance for appeals	30,000	3,435	3,334
	<u>\$ 1,190,077</u>	<u>\$ 1,161,042</u>	<u>\$ 1,088,259</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

		2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Crime investigation, prevention, and protective services	\$ 880,224	\$ 880,856	\$ 847,705
Other	<u>133,700</u>	<u>134,846</u>	<u>129,731</u>
	<u>1,013,924</u>	<u>1,015,702</u>	<u>977,436</u>
Law enforcement			
Transfers to corrective services	<u>40,784</u>	<u>40,784</u>	<u>41,316</u>
Fire protection			
Administration	30,100	29,822	23,498
Fire fighting force	25,600	25,600	25,600
Water supply and hydrants	324,003	324,003	324,003
Fire stations and building	37,500	32,622	39,465
Fire fighting equipment	<u>52,500</u>	<u>45,397</u>	<u>40,573</u>
	<u>469,703</u>	<u>457,444</u>	<u>453,139</u>
Other			
Animal and pest control	750	92	54
Emergency measures	<u>2,000</u>	<u>2,000</u>	<u>1,000</u>
	<u>2,750</u>	<u>2,092</u>	<u>1,054</u>
	<u>\$ 1,527,161</u>	<u>\$ 1,516,022</u>	<u>\$ 1,472,945</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

	2018		2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Administration	\$ 14,938	\$ 16,527	\$ 17,350
Engineering services	8,000	15,812	7,819
General equipment	8,000	14,239	7,526
Small tools and equipment	6,000	3,447	5,312
Workshop, yards, and other buildings	51,655	46,287	48,094
Fleet insurance	8,500	5,715	6,023
Other	4,500	3,697	5,150
	<u>101,593</u>	<u>105,724</u>	<u>97,274</u>
Road transport			
Administration	77,000	81,478	67,917
Roads and streets	433,310	347,809	373,550
Street lighting	90,000	86,913	83,029
Traffic services	22,000	22,888	26,620
Motor vehicles	78,700	83,222	83,471
Other road transport	-	260	51
	<u>701,010</u>	<u>622,570</u>	<u>634,638</u>
Air transport			
Airport	<u>395,700</u>	<u>220,758</u>	<u>429,777</u>
Debt charges			
Debenture interest	<u>5,420</u>	<u>5,417</u>	<u>7,115</u>
	<u>\$ 1,203,723</u>	<u>\$ 954,469</u>	<u>\$ 1,168,804</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

	2018		2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Sewage collection and disposal			
Administration	\$ 96,700	\$ 89,517	\$ 89,838
Sewage collection system	64,800	54,569	74,776
Sewage treatment and disposal	239,900	172,748	198,204
Other sewage collection	<u>10,600</u>	<u>5,189</u>	<u>7,371</u>
	<u>412,000</u>	<u>322,023</u>	<u>370,189</u>
Garbage and waste collection and disposal			
Garbage and waste collection	167,481	167,468	163,387
Waste disposal	45,000	42,012	39,681
Recycling costs	<u>20,000</u>	<u>9,717</u>	<u>17,526</u>
	<u>232,481</u>	<u>219,197</u>	<u>220,594</u>
Debt charges			
Interest on long term debt	<u>46,300</u>	<u>46,268</u>	<u>52,120</u>
	<u>\$ 690,781</u>	<u>\$ 587,488</u>	<u>\$ 642,903</u>
Public health and welfare services			
Housing			
Deficit of Regional Housing Authority	<u>\$ 50,000</u>	<u>\$ 45,428</u>	<u>\$ 50,000</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental development services			
Community development			
Transfers to Eastern Planning Commission	\$ 70,471	\$ 69,140	\$ 67,573
Transfers to Regional Development			
Eastern Strait Regional Enterprise Network	<u>29,941</u>	<u>22,455</u>	<u>22,456</u>
	<u>\$ 100,412</u>	<u>\$ 91,595</u>	<u>\$ 90,029</u>
Recreation and cultural services			
Recreation facilities			
Civic centre	\$ 1,001,345	\$ 888,418	\$ 1,164,867
Administration	25,200	18,470	19,084
Parks and other recreation facilities	136,307	150,748	137,876
Swimming pool	282,765	256,579	258,488
Other programs	<u>206,310</u>	<u>294,687</u>	<u>219,386</u>
	<u>1,651,927</u>	<u>1,608,902</u>	<u>1,799,701</u>
Cultural buildings and facilities			
Transfers to regional library	<u>21,147</u>	<u>21,147</u>	<u>24,147</u>
Debt charges			
Interest on long term debt	<u>115,437</u>	<u>115,437</u>	<u>130,223</u>
	<u>\$ 1,788,511</u>	<u>\$ 1,745,486</u>	<u>\$ 1,954,071</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

		2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Education			
Appropriation to Strait Regional School Board	\$ 627,072	\$ 627,070	\$ 626,500
Financing and transfers			
Principal instalments			
Debenture principal	\$ 450,865	\$ 450,865	\$ 533,945
Transfers to own reserves, funds and agencies			
Other funds			
Capital out of revenue	86,000	26,269	80,603
Operating reserve fund	-	528,709	400,255
Airport committee	106,800	48,982	93,861
	<u>\$ 643,665</u>	<u>\$ 1,054,825</u>	<u>\$ 1,108,664</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 2018 2017

Assets

Accounts receivable		
Rates (less allowance for doubtful accounts \$14,712; 2017 - \$12,122)	\$ 208,390	\$ 209,521
Due from general section – operating fund	7,122	-
Inventories, at cost		
Chemicals	31,606	23,010
Other	42,858	42,452
Water meters and equipment	<u>3,389</u>	<u>3,522</u>
	<u>\$ 293,365</u>	<u>\$ 278,505</u>

Liabilities and operating equity

Accounts payable and accrued liabilities		
Prepaid rates	\$ 12,278	\$ 9,667
Consumer deposits	11,100	11,000
Due to general section - operating fund	<u>-</u>	<u>167,676</u>
	<u>23,378</u>	<u>188,343</u>
Operating fund surplus	<u>269,987</u>	<u>90,162</u>
	<u>\$ 293,365</u>	<u>\$ 278,505</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

		2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 80,000	\$ 82,277	\$ 86,439
Metered sales	1,002,682	1,029,501	1,008,951
Other utility revenues	9,200	12,120	12,104
Public fire protection	<u>324,003</u>	<u>324,003</u>	<u>324,003</u>
	<u>1,415,885</u>	<u>1,447,901</u>	<u>1,431,497</u>
Operating expenses			
Source of supply	140,000	129,737	123,372
Pumping	21,000	17,501	18,051
Water treatment	413,130	358,163	355,201
Transmission and distribution	269,000	244,004	228,187
Administration and general	155,400	129,331	138,389
Depreciation	285,000	249,952	281,525
Taxes	<u>113,566</u>	<u>113,565</u>	<u>113,565</u>
	<u>1,397,096</u>	<u>1,242,253</u>	<u>1,258,290</u>
Operating income	<u>18,789</u>	<u>205,648</u>	<u>173,207</u>
Non-operating expenditure			
Debt charges			
Debenture interest	31,789	31,789	34,388
Principal instalments			
Debenture principal	80,000	80,000	80,000
Capital out of revenue	<u>-</u>	<u>7,535</u>	<u>6,025</u>
	<u>111,789</u>	<u>119,324</u>	<u>120,413</u>
Non-operating revenue			
Amortization of deferred government contributions	<u>93,000</u>	<u>93,501</u>	<u>93,501</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ 179,825</u>	<u>\$ 146,295</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	2018	2017
Operating fund surplus (deficit), beginning of year	\$ 90,162	\$ (56,133)
Excess of revenue over expenditures	<u>179,825</u>	<u>146,295</u>
Operating fund surplus, end of year	<u>\$ 269,987</u>	<u>\$ 90,162</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

2018

2017

Assets

Cash		
Depreciation fund	\$ 1,210,042	\$ 1,296,650
Due from the Province of Nova Scotia	69,115	18,075
Unamortized discount on debentures	4,875	5,484
Utility plant in service (Schedule C)	<u>9,997,490</u>	<u>9,049,193</u>
	<u>\$ 11,281,522</u>	<u>\$ 10,369,402</u>

Liabilities

Long term debt (Note 8) (Schedule D)	\$ 720,000	\$ 800,000
Due to general section – operating fund	<u>69,115</u>	<u>18,074</u>
	<u>789,115</u>	<u>818,074</u>

Reserve

Reserve for depreciation	4,398,713	4,148,761
Deferred government contributions	<u>2,095,044</u>	<u>1,507,389</u>
	<u>6,493,757</u>	<u>5,656,150</u>

Equity

Investment in capital assets	<u>3,998,650</u>	<u>3,895,178</u>
	<u>\$ 11,281,522</u>	<u>\$ 10,369,402</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	2018	2017
Balance, beginning of year	\$ 4,148,761	\$ 3,867,236
Depreciation for the year	<u>249,952</u>	<u>281,525</u>
Balance, end of year	<u>\$ 4,398,713</u>	<u>\$ 4,148,761</u>

Water utility section

Statement of investment in capital assets

(Unaudited – see advisory to readers)

Year ended March 31	2018	2017
Balance, beginning of year	\$ 3,895,178	\$ 3,797,430
Capital from revenue	7,535	6,025
Interest earned depreciation fund	16,547	12,333
Term debt retired	80,000	80,000
Discount amortized	<u>(610)</u>	<u>(610)</u>
Balance, end of year	<u>\$ 3,998,650</u>	<u>\$ 3,895,178</u>

Water utility section

Statement of depreciation fund cash

(Unaudited – see advisory to readers)

Year ended March 31	2018	2017
Cash, beginning of year	\$ 1,296,650	\$ 1,151,511
Deferred assistance transferred	(93,501)	(93,501)
Capital additions	(259,606)	(55,218)
Depreciation	249,952	281,525
Interest earned on depreciation funds	<u>16,547</u>	<u>12,333</u>
Cash, end of year	<u>\$ 1,210,042</u>	<u>\$ 1,296,650</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	2018	2017
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	1,161,973	1,154,437
Distribution reservoirs and standpipes	1,138,086	1,138,086
Electric pumping equipment	332,947	103,187
Purification equipment	3,509,525	3,509,524
Transmission and distribution mains	3,294,208	2,583,208
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>9,993,990</u>	<u>9,045,693</u>
	<u>\$ 9,997,490</u>	<u>\$ 9,049,193</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 2018 2017

Assets

Cash and cash equivalents	<u>\$ 318,143</u>	<u>\$ 303,000</u>
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Reserve

Special reserve	<u>\$ 318,143</u>	<u>\$ 303,000</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 2018 2017

Balance, beginning of year	\$ 303,000	\$ 279,375
Interest earned	4,100	2,933
Capital additions	-	(19,564)
Proceeds on sale of property	<u>11,043</u>	<u>40,256</u>
Balance, end of year	<u>\$ 318,143</u>	<u>\$ 303,000</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 2018 2017

Assets

Cash and cash equivalents	\$ 1,552,055	\$ 1,456,395
Due from general operating	<u>473,146</u>	<u>322,896</u>
	<u>\$ 2,025,201</u>	<u>\$ 1,779,291</u>

Reserve

Snow reserve	\$ 179,063	\$ 123,500
General reserve	<u>1,846,138</u>	<u>1,655,791</u>
Operating reserve	<u>\$ 2,025,201</u>	<u>\$ 1,779,291</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 2018 2017

Balance, beginning of year	\$ 1,779,291	\$ 1,364,881
Interest earned	19,858	14,155
Capital additions	(302,657)	-
Appropriation per council – general	<u>528,709</u>	<u>400,255</u>
Balance, end of year	<u>\$ 2,025,201</u>	<u>\$ 1,779,291</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 2018 2017

Assets

Cash and cash equivalents	<u>\$1,403,359</u>	<u>\$ 1,213,466</u>
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Reserve

Gas tax reserve	<u>\$ 1,403,359</u>	<u>\$ 1,213,466</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 2018 2017

Balance, beginning of year	\$ 1,213,466	\$ 962,657
Interest earned	17,272	10,912
Grant – gas tax	<u>237,703</u>	<u>239,897</u>
	<u>1,468,441</u>	<u>1,213,466</u>
Capital additions	<u>(65,082)</u>	-
Balance, end of year	<u>\$ 1,403,359</u>	<u>\$ 1,213,466</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 2018 2017

Assets

Cash and cash equivalents	<u>\$ 54,592</u>	<u>\$ 83,933</u>
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Reserve

Waterfront reserve	<u>\$ 54,592</u>	<u>\$ 83,933</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 2018 2017

Balance, beginning of year	\$ 83,933	\$ 47,773
Funds transferred for capital projects	(30,250)	-
Interest earned	909	648
Funds from grants	<u>-</u>	<u>35,512</u>
Balance, end of year	<u>\$ 54,592</u>	<u>\$ 83,933</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, 2018

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, 2018

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, 2018

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.

2. Taxes receivable	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 358,714	\$ 355,232
Levy	4,816,685	4,780,493
Interest	<u>75,041</u>	<u>75,109</u>
	5,250,440	5,210,834
Collections	<u>4,739,788</u>	<u>4,642,856</u>
	510,652	567,978
Write offs, adjustments, and exemptions	<u>179,351</u>	<u>180,454</u>
	331,301	387,524
Valuation allowance (Note 5)	<u>31,715</u>	<u>28,810</u>
Balance, end of year	<u>\$ 299,586</u>	<u>\$ 358,714</u>

3. Due from provincial government and its agencies	<u>2018</u>	<u>2017</u>
Province of Nova Scotia	<u>\$ 140,926</u>	<u>\$ 27,485</u>

4. Due from local government and its agencies	<u>2018</u>	<u>2017</u>
Various local governments	<u>\$ 133,354</u>	<u>\$ 126,025</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)
March 31, 2018

5. Asset valuation allowances	<u>2018</u>	<u>2017</u>
For uncollected taxes		
Balance, beginning of year	\$ 28,810	\$ 27,665
Provision for the year	<u>2,905</u>	<u>1,145</u>
Balance, end of year	<u>\$ 31,715</u>	<u>\$ 28,810</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>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 1,906,144	\$ -	\$ 1,906,144	\$ 701,144
Buildings	26,259,088	8,936,316	17,322,772	17,935,400
Engineered structures	2,393,375	1,737,945	655,430	732,856
Automotive equipment	733,812	662,547	71,265	90,478
Machinery and equipment	3,295,565	2,546,343	749,222	794,001
Sewer lines	5,632,599	3,583,569	2,049,030	926,849
Streets and lighting	6,215,013	4,074,935	2,140,078	2,293,967
Computer software	<u>107,954</u>	<u>53,977</u>	<u>53,977</u>	<u>64,772</u>
	<u>\$ 46,543,550</u>	<u>\$21,595,632</u>	<u>\$ 24,947,918</u>	<u>\$ 23,539,467</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)
 March 31, 2018

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>
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
2023	\$ -	\$ 80,000	\$ 80,000

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>2018</u>	<u>2017</u>
Cape Breton Island Housing Authority	\$ 45,428	\$ 50,000
Eastern District Planning Commission	\$ 69,140	\$ 67,573
Eastern Strait Regional Enterprise Network	\$ 22,455	\$ 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, 2018.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)
March 31, 2018

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 (2017 – 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 (2017 - \$324,003) 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, 2018. The March 31, 2018, actuarial valuation indicated that the pension plan had an accrued pension asset of \$26,900 (2017 - \$13,400).

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, 2018

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 2018 valuation is as follows:

Market value of the pension plan asset	\$ 1,220,800
Accrued benefit obligation	<u>(1,222,400)</u>
Pension plan deficit	(1,600)
Unamortized actuarial losses	28,500
Valuation allowance	<u>-</u>
Accrued benefit asset	<u>\$ 26,900</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 \$113,980 in fiscal 2018 (2017 - \$96,716), 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, 2018

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>
Brenda Chisholm-Beaton	Mayor	\$ 28,130
Trevor Boudreau	Deputy Mayor/Councillor	\$ 15,732
Hughie MacDougall	Councillor/Deputy Mayor	\$ 15,443
Mark MacIver	Councillor	\$ 14,721
Jeremy White	Councillor	\$ 14,721
Terry Doyle	CAO	\$115,000

Town of Port Hawkesbury

Schedule D - Debt charges and term debt

(Unaudited – see advisory to readers)
Year ended March 31, 2018

	Year of Maturity	Loan Continuity		Interest
		Balance March 31, 2017	Redeemed	
General capital				
Serial debentures				
Backhoe – Work	2019	\$ 39,345	\$ 13,115	\$ 1,541
Street construction	2019	68,250	22,750	2,643
Civic Centre	2019	600,000	75,000	31,815
Waste water plant	2018	367,500	52,500	19,688
Civic Centre	2020	517,500	57,500	23,697
Civic Centre	2021	1,250,000	125,000	59,925
Waste water plant	2021	525,000	52,500	23,940
Salt truck	2019	60,000	20,000	2,471
Pumping station	2019	30,000	10,000	1,236
Waterfront	2019	67,500	22,500	2,811
		<u>3,525,095</u>	<u>450,865</u>	<u>169,767</u>
Water capital				
Serial debentures				
Municipal finance	2026	<u>800,000</u>	<u>80,000</u>	<u>31,789</u>
Total Municipal debt		<u>\$ 4,325,095</u>	<u>\$ 530,865</u>	<u>\$ 201,556</u>

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

1 – 4.388% to 4.889%
2 – 4.388% to 4.889%
3 – 5.205% to 5.325%
4 – 5.250% to 5.375%
5 – 4.695% to 4.880%
6 – 4.920% to 5.080%

7 – 4.450% to 4.590%
8 – 3.902% to 4.329%
9 – 3.902% to 4.329%
10 – 3.902% to 4.329%
11 – 3.382% to 4.597%