

Non-consolidated financial statements

(Unaudited – see advisory to readers)

Town of Port Hawkesbury

March 31, 2020

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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

2020

2019

Assets

Cash and cash equivalents	<u>\$ 2,221,936</u>	<u>\$ 1,212,439</u>
Receivables		
Taxes (Note 2)	289,418	404,892
Due from federal government and its agencies	439,062	530,045
Due from provincial government and its agencies (Note 3)	15,989	229,942
Due from local government and its agencies (Note 4)	169,548	158,395
Due from general capital fund	-	572,950
Due from Water Utility – capital fund	-	215,831
Other	<u>285,866</u>	<u>273,901</u>
	<u>1,199,883</u>	<u>2,385,956</u>
Tangible assets		
Inventories of materials and supplies	<u>2,633</u>	<u>2,327</u>
Other assets		
Deferred expenditures	<u>28,930</u>	<u>33,664</u>
	<u>\$ 3,453,382</u>	<u>\$ 3,634,386</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

2020

2019

Liabilities and operating equity

Trade payables	<u>\$ 1,717,785</u>	<u>\$ 1,738,355</u>
Other liabilities		
Due to operating reserve	325,778	324,448
Due to Water Utility – operating fund	253,510	115,236
Payable to Landrie Lake Water Utility	68,469	400,000
Deferred revenue	811,070	807,220
Prepaid taxes	<u>79,524</u>	<u>63,429</u>
	<u>1,538,351</u>	<u>1,710,333</u>
Asset valuation allowances		
For uncollectible accounts receivable	115,497	99,538
For uncollected taxes (Note 5)	<u>46,464</u>	<u>50,875</u>
	<u>161,961</u>	<u>150,413</u>
Operating fund surplus (Page 5)	<u>35,285</u>	<u>35,285</u>
	<u>\$ 3,453,382</u>	<u>\$ 3,634,386</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

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 5,099,591	\$ 5,119,498	\$ 4,993,491
Grants in lieu of taxes	734,784	726,430	753,427
Services provided to other local governments	246,750	373,042	273,092
Sales of services	795,980	828,211	893,265
Other revenue from own sources	291,557	327,647	327,721
Conditional transfers from other governments	196,000	233,766	229,407
Unconditional transfers from other governments	300,730	305,890	303,233
Conditional transfers from other local governments	80,000	92,500	80,050
Other transfers	<u>20,000</u>	<u>-</u>	<u>-</u>
	<u>7,765,392</u>	<u>8,006,984</u>	<u>7,853,686</u>
Expenditures (Schedule B)			
General government services	1,237,514	1,175,341	1,267,991
Protective services	1,583,281	1,568,586	1,518,152
Transportation services	974,555	1,098,430	882,055
Environmental health services	720,962	684,118	603,228
Public health and welfare services	50,000	46,948	50,000
Environmental development services	96,901	88,966	94,524
Recreation and cultural services	1,850,302	1,840,138	1,809,867
Education	628,212	628,209	630,252
Financing and transfers	<u>623,665</u>	<u>876,248</u>	<u>997,617</u>
	<u>7,765,392</u>	<u>8,006,984</u>	<u>7,853,686</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	2020	2019
Operating fund surplus, beginning of year	\$ 35,285	\$ 35,285
Excess of revenue over expenditures	_____ -	_____ -
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

2020

2019

Assets

Cash and cash equivalents	\$ 17,627	\$ 30,369
Due from other governments	449	449
Due from Water Utility – capital fund	715	-
Unamortized discount on debentures	16,505	6,118
Property and equipment (Note 7)	<u>27,823,100</u>	<u>26,282,861</u>
	<u>\$ 27,858,396</u>	<u>\$ 26,319,797</u>

Liabilities

Long term debt (Note 8) (Schedule D)	\$ 3,645,445	\$ 2,623,365
Due to general operating fund	<u>-</u>	<u>572,950</u>
	3,645,445	3,196,315

Equity

Investment in capital assets (Page 8)	<u>24,212,951</u>	<u>23,123,482</u>
	<u>\$ 27,858,396</u>	<u>\$ 26,319,797</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

2020

2019

Assets

Strait Regional Centre for Education (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	2020	2019
Balance, beginning of year	\$ 23,123,482	\$ 21,914,627
Transfer from gas tax revenue	519,522	356,496
Capital out of revenue	20,502	45,002
Amortization of debenture discount and other adjustments	(3,355)	(4,004)
Amortization of tangible capital assets	(1,156,412)	(1,309,462)
Transfer from waterfront reserve	40,307	-
Assets funded by ACOA and miscellaneous funding	1,060,331	250,745
Assets funded through CWWF	-	1,262,659
Assets funded through capital reserve	-	98,318
Asset funded through operating reserve	157,709	58,236
Term debt retired/refinanced	825,865	713,365
Town debt refinanced	<u>(375,000)</u>	<u>(262,500)</u>
Balance, end of year	<u>\$ 24,212,951</u>	<u>\$ 23,123,482</u>

General section
Statement of investment in school capital assets

(Unaudited - see advisory to readers)

Year ended March 31	2020	2019
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

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 2,649,697	\$ 2,604,304	\$ 2,564,023
Commercial			
Based on taxable assessment	2,297,791	2,338,100	2,234,913
Resource			
Based on taxable assessment	<u>28,957</u>	<u>20,959</u>	<u>29,243</u>
	<u>4,976,445</u>	<u>4,963,363</u>	<u>4,828,179</u>
Business property			
Nova Scotia Power - HST offset grant	22,000	20,088	22,230
Based in revenue – Nova Scotia Power	9,146	9,146	9,071
Based on revenue – Aliant Inc.	<u>27,000</u>	<u>24,040</u>	<u>27,137</u>
	<u>58,146</u>	<u>53,274</u>	<u>58,438</u>
Other			
Deed transfer tax	<u>65,000</u>	<u>102,861</u>	<u>106,874</u>
	<u>\$ 5,099,591</u>	<u>\$ 5,119,498</u>	<u>\$ 4,993,491</u>
Grants in lieu of taxes			
Federal government	\$ 93,912	\$ 86,391	\$ 97,131
Provincial property	<u>640,872</u>	<u>640,039</u>	<u>656,296</u>
	<u>\$ 734,784</u>	<u>\$ 726,430</u>	<u>\$ 753,427</u>
Services provided to other local governments			
Fire Protection Richmond County	31,750	35,165	-
Leachate Treatment – Guysborough County	<u>215,000</u>	<u>337,877</u>	<u>273,092</u>
	<u>\$ 246,750</u>	<u>\$ 373,042</u>	<u>\$ 273,092</u>

Town of Port Hawkesbury

General section

Schedule A - Details of revenue (continued)

(Unaudited – see advisory to readers)

Year ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Sales of services			
Airport	\$ 80,000	\$ 91,782	\$ 141,235
Civic centre	458,480	472,936	462,669
Public works	25,000	33,962	39,383
Recreation and education	179,500	172,062	196,055
Water utility	45,000	49,774	45,857
Administrative	8,000	7,695	8,066
	<u>\$ 795,980</u>	<u>\$ 828,211</u>	<u>\$ 893,265</u>
Other revenue from own sources			
Licenses and permits	\$ 1,250	\$ 2,474	\$ 577
Fines and fees	5,000	9,900	10,032
Rentals	153,007	169,838	164,920
Interest on short term funds	22,000	43,554	27,792
Interest on taxes	72,000	57,669	73,423
Miscellaneous	38,300	44,212	50,977
	<u>\$ 291,557</u>	<u>\$ 327,647</u>	<u>\$ 327,721</u>
Conditional transfers from other governments			
Provincial government			
Education and community literacy	\$ 72,000	\$ 101,153	\$ 98,941
MPAL	25,000	25,000	25,000
Environmental development			
Refuse diversion	21,000	18,446	12,931
	118,000	144,599	136,872
Federal government			
ACOA	70,000	71,347	79,447
Federal works grant	8,000	17,820	13,088
	<u>\$ 196,000</u>	<u>\$ 233,766</u>	<u>\$ 229,407</u>

Town of Port Hawkesbury

General section

Schedule A - Details of revenue (continued)

(Unaudited – see advisory to readers)

Year ended March 31

		2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Unconditional transfers from other governments			
Fuel rebate	\$ 2,000	\$ 7,160	\$ 4,503
Provincial equalization grant	<u>298,730</u>	<u>298,730</u>	<u>298,730</u>
	<u>\$ 300,730</u>	<u>\$ 305,890</u>	<u>\$ 303,233</u>
Conditional transfers from other local governments			
Pool funding	\$ 50,000	\$ 52,500	\$ 50,050
Airport funding	<u>30,000</u>	<u>40,000</u>	<u>30,000</u>
	<u>\$ 80,000</u>	<u>\$ 92,500</u>	<u>\$ 80,050</u>
Other transfers			
Transfer from operating reserve fund	<u>\$ 20,000</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

(Unaudited – see advisory to readers)

Year ended March 31

	2020	2019
	<u>Budget</u>	<u>Actual</u>
General government services		
Legislative		
Mayor		
Stipend	\$ 34,700	\$ 37,588
Travel	9,000	10,408
Council		
Stipend	72,900	78,691
Travel	<u>5,000</u>	<u>3,844</u>
	<u>121,600</u>	<u>92,819</u>
General administrative		
Administrative	515,920	461,372
Financial management	75,500	81,676
Taxation		
Administration	71,340	71,161
Reduced taxes - section 69	8,000	3,560
Reduced taxes - section 71	190,954	192,471
Common services	8,200	7,139
General financing	13,200	12,481
Transfer to assessment services	<u>44,000</u>	<u>43,903</u>
	<u>927,114</u>	<u>873,763</u>
Other general government services		
General liability insurance & claims	84,000	90,469
Grants to other organizations and individuals	23,500	23,199
Intergovernmental relations	21,000	12,076
Other general services	<u>30,300</u>	<u>32,425</u>
	<u>158,800</u>	<u>216,959</u>
Valuation allowances		
Uncollectible taxes allowance for appeals	<u>30,000</u>	<u>12,878</u>
	<u>\$ 1,237,514</u>	<u>\$ 1,175,341</u>
		<u>\$ 1,267,991</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

	2020	2019
	<u>Budget</u>	<u>Actual</u>
Protective services		
Police protection		
Crime investigation, prevention, and protective services	\$ 1,040,272	\$ 1,039,987
Law enforcement		
Transfers to corrective services	39,556	39,137
Fire protection		
Administration	30,100	33,923
Fire fighting force	25,600	25,600
Water supply and hydrants	324,003	324,003
Fire stations and building	43,500	52,701
Firefighting equipment	62,500	50,645
	<u>485,703</u>	<u>486,872</u>
Other		
Animal and pest control	750	171
Emergency measures	2,000	2,000
Debenture interest	15,000	-
	<u>17,750</u>	<u>2,171</u>
	<u>\$ 1,583,281</u>	<u>\$ 1,568,586</u>
		<u>\$ 1,518,152</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

		2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Administration	\$ 16,000	\$ 22,568	\$ 25,073
Engineering services	93,000	110,064	76,412
General equipment	8,000	6,686	6,379
Small tools and equipment	6,000	2,326	8,035
Workshop, yards, and other buildings	54,715	42,133	41,758
Fleet insurance	8,500	7,583	5,491
Other	4,500	2,866	7,665
	<u>190,715</u>	<u>194,226</u>	<u>170,813</u>
Road transport			
Administration	118,004	118,036	66,716
Roads and streets	441,561	463,832	387,858
Street lighting	92,000	85,133	88,496
Traffic services	26,075	21,524	23,043
Motor vehicles	80,300	119,043	100,532
Other road transport	-	84	9,172
	<u>757,940</u>	<u>807,652</u>	<u>675,817</u>
Air transport			
Airport	12,200	87,678	31,826
Debt charges			
Debenture interest	13,700	8,874	3,599
	<u>\$ 974,555</u>	<u>\$ 1,098,430</u>	<u>\$ 882,055</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

		2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Sewage collection and disposal			
Administration	\$ 100,495	\$ 81,169	\$ 78,227
Sewage collection system	67,880	58,079	65,877
Sewage treatment and disposal	272,182	271,385	191,461
Other sewage collection	<u>9,100</u>	<u>5,351</u>	<u>4,556</u>
	<u>449,657</u>	<u>415,984</u>	<u>340,121</u>
Garbage and waste collection and disposal			
Garbage and waste collection	178,755	177,412	174,961
Waste disposal	45,000	42,674	37,482
Recycling costs	<u>20,000</u>	<u>20,533</u>	<u>10,323</u>
	<u>243,755</u>	<u>240,619</u>	<u>222,766</u>
Debt charges			
Interest on long term debt	<u>27,550</u>	<u>27,515</u>	<u>40,341</u>
	<u>\$ 720,962</u>	<u>\$ 684,118</u>	<u>\$ 603,228</u>
Public health and welfare services			
Housing			
Deficit of Regional Housing Authority	<u>\$ 50,000</u>	<u>\$ 46,948</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

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental development services			
Community development			
Transfers to Eastern Planning Commission	\$ 68,990	\$ 68,320	\$ 68,599
Transfers to Regional Development			
Cape Breton Regional Enterprise Network/ Eastern Strait Regional Enterprise Network	<u>27,911</u>	<u>20,646</u>	<u>25,925</u>
	<u>\$ 96,901</u>	<u>\$ 88,966</u>	<u>\$ 94,524</u>
Recreation and cultural services			
Recreation facilities			
Civic centre	\$ 1,035,800	\$ 959,096	\$ 921,147
Administration	22,200	13,591	25,936
Parks and other recreation facilities	159,187	209,285	170,367
Swimming pool	275,518	249,157	275,633
Other programs	<u>246,450</u>	<u>298,151</u>	<u>292,996</u>
	<u>1,739,155</u>	<u>1,729,280</u>	<u>1,686,079</u>
Cultural buildings and facilities			
Transfers to regional library	<u>21,147</u>	<u>21,147</u>	<u>21,147</u>
Debt charges			
Interest on long term debt	<u>90,000</u>	<u>89,711</u>	<u>102,641</u>
	<u>\$ 1,850,302</u>	<u>\$ 1,840,138</u>	<u>\$ 1,809,867</u>

Town of Port Hawkesbury

General section

Schedule B - Details of expenditures (continued)

(Unaudited – see advisory to readers)

Year ended March 31

		2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Education			
Appropriation to Strait Regional Centre for Education	\$ 628,212	\$ 628,209	\$ 630,252
Financing and transfers			
Principal instalments			
Debenture principal, net	\$ 450,865	\$ 450,865	\$ 450,865
Transfers to own reserves, funds and agencies			
Other funds			
Capital out of revenue	60,000	20,502	45,002
Operating reserve fund	-	345,764	347,341
Airport committee	<u>112,800</u>	<u>59,117</u>	<u>154,409</u>
	<u>\$ 623,665</u>	<u>\$ 876,248</u>	<u>\$ 997,617</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

2020

2019

Assets

Accounts receivable

Rates (less allowance for doubtful accounts \$8,390;

2019 - \$12,412)

\$ 242,070

\$ 234,096

Due from general section – operating fund

253,510

115,236

Inventories, at cost

Chemicals

29,285

39,097

Other

42,140

16,828

Water meters and equipment

5,316

4,219

\$ 572,321

\$ 409,476

Liabilities and operating equity

Accounts payable and accrued liabilities

Prepaid rates

\$ 12,396

\$ 13,777

Consumer deposits

10,952

10,952

23,348

24,729

Operating fund surplus (Page 20)

548,973

384,747

\$ 572,321

\$ 409,476

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

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 80,000	\$ 83,170	\$ 81,650
Metered sales	1,021,079	997,853	997,139
Other utility revenues	9,200	12,038	13,481
Public fire protection	<u>324,003</u>	<u>324,003</u>	<u>324,003</u>
	<u>1,434,282</u>	<u>1,417,064</u>	<u>1,416,273</u>
Operating expenses			
Source of supply	140,000	119,005	126,192
Pumping	21,000	7,296	6,028
Water treatment	423,200	381,382	379,852
Transmission and distribution	283,060	209,872	276,622
Administration and general	157,600	141,167	133,444
Depreciation	324,000	291,368	250,329
Taxes	<u>113,565</u>	<u>113,565</u>	<u>113,565</u>
	<u>1,462,425</u>	<u>1,263,655</u>	<u>1,286,032</u>
Operating (loss) income	<u>(28,143)</u>	<u>153,409</u>	<u>130,241</u>
Non-operating expenditure			
Debt charges			
Debenture interest	25,980	27,073	28,983
Principal instalments			
Debenture principal	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
	<u>105,980</u>	<u>107,073</u>	<u>108,983</u>
Non-operating revenue			
Amortization of deferred government contributions	<u>134,123</u>	<u>117,890</u>	<u>93,502</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ 164,226</u>	<u>\$ 114,760</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	2020	2019
Operating fund surplus, beginning of year	\$ 384,747	\$ 269,987
Excess of revenue over expenditures	<u>164,226</u>	<u>114,760</u>
Operating fund surplus, end of year	<u>\$ 548,973</u>	<u>\$ 384,747</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

2020

2019

Assets

Cash		
Depreciation fund	\$ 1,248,152	\$ 1,048,228
Due from the Province of Nova Scotia	-	128,776
Unamortized discount on debentures	4,371	4,265
Utility plant in service (Schedule C)	<u>11,167,361</u>	<u>11,167,361</u>
	<u>\$ 12,419,884</u>	<u>\$ 12,348,630</u>

Liabilities

Long term debt (Note 8) (Schedule D)	\$ 647,055	\$ 640,000
Due to general section – operating fund	-	215,831
Due to general section – capital fund	<u>715</u>	<u>-</u>
	<u>647,770</u>	<u>855,831</u>

Reserve

Reserve for depreciation	4,940,410	4,649,042
Deferred government contributions	<u>2,625,214</u>	<u>2,743,104</u>
	<u>7,565,624</u>	<u>7,392,146</u>

Equity

Investment in capital assets	<u>4,206,490</u>	<u>4,100,653</u>
	<u>\$ 12,419,884</u>	<u>\$ 12,348,630</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	2020	2019
Balance, beginning of year	\$ 4,649,042	\$ 4,398,713
Depreciation for the year	<u>291,368</u>	<u>250,329</u>
Balance, end of year	<u>\$ 4,940,410</u>	<u>\$ 4,649,042</u>

Water utility section

Statement of investment in capital assets

(Unaudited – see advisory to readers)

Year ended March 31	2020	2019
Balance, beginning of year	\$ 4,100,653	\$ 3,998,650
Interest earned depreciation fund	26,447	22,613
Term debt retired	80,000	80,000
Discount amortized	<u>(610)</u>	<u>(610)</u>
Balance, end of year	<u>\$ 4,206,490</u>	<u>\$ 4,100,653</u>

Water utility section

Statement of depreciation fund cash

(Unaudited – see advisory to readers)

Year ended March 31	2020	2019
Cash, beginning of year	\$ 1,048,228	\$ 1,210,042
Deferred assistance transferred	(117,890)	(93,502)
Capital additions	-	(341,254)
Depreciation	291,368	250,329
Interest earned on depreciation funds	<u>26,446</u>	<u>22,613</u>
Cash, end of year	<u>\$ 1,248,152</u>	<u>\$ 1,048,228</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

2020

2019

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	1,231,708	1,231,708
Distribution reservoirs and standpipes	1,138,086	1,138,086
Electric pumping equipment	353,547	353,547
Purification equipment	3,509,525	3,509,525
Transmission and distribution mains	4,373,744	4,373,744
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>11,163,861</u>	<u>11,163,861</u>
	<u>\$11,167,361</u>	<u>\$11,167,361</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 2020 2019

Assets

Cash and cash equivalents	<u>\$ 240,001</u>	<u>\$ 234,537</u>
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Reserve

Special reserve	<u>\$ 240,001</u>	<u>\$ 234,537</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 2020 2019

Balance, beginning of year	\$ 234,537	\$ 318,143
Interest earned	5,464	5,502
Capital additions	-	(98,318)
Proceeds on sale of property	<u>-</u>	<u>9,210</u>
Balance, end of year	<u>\$ 240,001</u>	<u>\$ 234,537</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

2020

2019

Assets

Cash and cash equivalents	\$ 2,265,354	\$ 2,025,479
Due from general operating	<u>325,778</u>	<u>324,448</u>
	<u>\$ 2,591,132</u>	<u>\$ 2,349,927</u>

Reserve

Snow reserve	\$ 24,262	\$ 181,971
General reserve	<u>2,566,870</u>	<u>2,167,956</u>
Operating reserve	<u>\$ 2,591,132</u>	<u>\$ 2,349,927</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

2020

2019

Balance, beginning of year	\$ 2,349,927	\$ 2,025,201
Interest earned	53,150	35,621
Capital additions	(157,709)	(58,236)
Appropriation per council – general	<u>345,764</u>	<u>347,341</u>
Balance, end of year	<u>\$ 2,591,132</u>	<u>\$ 2,349,927</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 2020 2019

Assets

Cash and cash equivalents	<u>\$1,312,011</u>	<u>\$ 1,321,189</u>
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Reserve

Gas tax reserve	<u>\$ 1,312,011</u>	<u>\$ 1,321,189</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 2020 2019

Balance, beginning of year	\$ 1,321,189	\$ 1,403,359
Interest earned	30,325	27,116
Grant – gas tax	<u>480,019</u>	<u>247,210</u>
	<u>1,831,533</u>	<u>1,677,685</u>
Capital additions	<u>(519,522)</u>	<u>(356,496)</u>
Balance, end of year	<u>\$ 1,312,011</u>	<u>\$ 1,321,189</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 2020 2019

Assets

Cash and cash equivalents	<u>\$ 16,213</u>	<u>\$ 55,692</u>
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Reserve

Waterfront reserve	<u>\$ 16,213</u>	<u>\$ 55,692</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 2020 2019

Balance, beginning of year	\$ 55,692	\$ 54,592
Capital additions	(40,307)	-
Interest earned	<u>828</u>	<u>1,100</u>
Balance, end of year	<u>\$ 16,213</u>	<u>\$ 55,692</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, 2020

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, 2020

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	5 - 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, 2020

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>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 354,017	\$ 299,586
Levy	4,963,363	4,828,179
Interest	<u>57,669</u>	<u>73,423</u>
	5,375,049	5,201,188
Collections	<u>4,889,600</u>	<u>4,598,966</u>
	485,449	602,222
Write offs, adjustments, and exemptions	<u>196,031</u>	<u>197,330</u>
	289,418	404,892
Valuation allowance (Note 5)	<u>46,464</u>	<u>50,875</u>
Balance, end of year	<u>\$ 242,954</u>	<u>\$ 354,017</u>

3. Due from provincial government and its agencies	<u>2020</u>	<u>2019</u>
Province of Nova Scotia	<u>\$ 15,989</u>	<u>\$ 229,942</u>

4. Due from local government and its agencies	<u>2020</u>	<u>2019</u>
Various local governments	<u>\$ 169,548</u>	<u>\$ 158,395</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)

March 31, 2020

5. Asset valuation allowances	<u>2020</u>	<u>2019</u>
For uncollected taxes		
Balance, beginning of year	\$ 50,875	\$ 31,715
Provision for the year	<u>(4,411)</u>	<u>19,160</u>
Balance, end of year	<u>\$ 46,464</u>	<u>\$ 50,875</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 Centre for Education). Under the agreement, all school buildings on hand at December 31, 1981, will remain assets of the Town but will be under the operational control of the Centre for Education until such time as the Centre for Education no longer requires the asset for school purposes. At that time, control will revert back to the Town.

7. Property and equipment			<u>2020</u>	<u>2019</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	\$ 1,906,144
Buildings	26,376,586	10,246,490	16,130,096	16,745,923
Engineered structures	2,481,080	1,921,089	559,991	649,809
Automotive equipment	733,812	700,975	32,837	52,051
Machinery and equipment	4,497,310	2,868,161	1,629,149	649,166
Sewer lines	7,470,723	3,726,706	3,744,017	3,774,504
Streets and lighting	8,310,992	4,522,512	3,788,480	2,462,083
Computer software	<u>107,953</u>	<u>75,567</u>	<u>32,386</u>	<u>43,181</u>
	<u>\$ 51,884,600</u>	<u>\$24,061,500</u>	<u>\$ 27,823,100</u>	<u>\$ 26,282,861</u>

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)

March 31, 2020

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>
2021	\$ 445,700	\$ 85,800	\$ 531,500
2022	\$ 1,333,200	\$ 85,800	\$1,419,000
2023	\$ 268,200	\$ 85,800	\$ 354,000
2024	\$ 268,200	\$ 85,800	\$ 354,000
2025	\$ 215,700	\$ 85,800	\$ 301,500

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>2020</u>	<u>2019</u>
Cape Breton Island Housing Authority	\$ 46,948	\$ 50,000
Eastern District Planning Commission	\$ 68,320	\$ 68,599
Eastern Strait Regional Enterprise Network	\$ -	\$ 25,925
Cape Breton Regional Enterprise Network	\$ 20,646	\$ -

The Town has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2020.

Town of Port Hawkesbury

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)
March 31, 2020

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 (2019 – 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 (2019 - \$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, 2020 based on an actual valuation performed as at January 1, 2018. The next actuarial valuation for funding purpose will be prepared as at January 1, 2021. The March 31, 2020, actuarial valuation indicated that the pension plan had an accrued pension asset of \$27,000 (2019 - \$27,300).

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, 2020

11. Pensions (continued)

The following summarizes the major assumptions in the valuation:

- The expected inflation rate is 0.75 percent;
- The discount rate used to determine the accrued benefit obligation is 2.75 percent;
- The expected rate of return is 4.00 percent; and
- The expected average remaining life expectancy is 19 years.

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 2020 valuation is as follows:

Market value of the pension plan asset	\$ 1,178,400
Accrued benefit obligation	<u>(1,325,600)</u>
Pension plan deficit	(147,200)
Unamortized actuarial losses	174,200
Valuation allowance	<u>-</u>
Accrued benefit asset	<u>\$ 27,000</u>

Pension expense was \$7,100.

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 employee and employer contributions are as follows:

Public Works	9%
Management and salaried employees	9%

This plan, to which contributions totalled \$115,593 in fiscal 2020 (2019 - \$111,652), 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, 2020

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	\$ 37,588
Trevor Boudreau	Councillor	\$ 19,165
Hughie MacDougall	Councillor	\$ 19,192
Mark MacIver	Deputy Mayor/Councillor	\$ 20,554
Blaine MacQuarrie	Councillor/Deputy Mayor	\$ 19,782
Terry Doyle	CAO	\$ 126,725

Town of Port Hawkesbury

Schedule D - Debt charges and term debt

(Unaudited – see advisory to readers)
Year ended March 31, 2020

	Year of Maturity	Loan Continuity			Balance March 31, 2020	Interest
		Balance March 31, 2019	Acquired	Redeemed		
General capital						
Serial debentures						
Backhoe – Work	2019	\$ 13,115	\$ -	\$ 13,115	\$ -	\$ 321
Street construction	2019	22,750	-	22,750	-	985
Civic Centre	2019	450,000	-	450,000	-	23,962
Civic Centre -refinanced	2034	-	375,000	-	375,000	-
Waste water plant	2023	262,500	-	52,500	210,000	7,354
Civic Centre	2020	402,500	-	57,500	345,000	18,223
Civic Centre	2021	1,000,000	-	125,000	875,000	47,525
Waste water plant	2021	420,000	-	52,500	367,500	19,236
Salt truck	2019	20,000	-	20,000	-	866
Aerial ladder truck	2034	-	900,000	-	900,000	-
Pitt Napean	2034	-	572,945	-	572,945	7,195
Pumping station	2019	10,000	-	10,000	-	433
Waterfront	2019	22,500	-	22,500	-	550
		<u>2,623,365</u>	<u>1,847,945</u>	<u>825,865</u>	<u>3,645,445</u>	<u>126,650</u>
Water capital						
Serial debentures						
Municipal finance	2026	640,000	-	80,000	560,000	25,980
Pitt Napean	2034	-	87,055	-	87,055	1,093
		<u>640,000</u>	<u>87,055</u>	<u>80,000</u>	<u>647,055</u>	<u>27,073</u>
Total Municipal debt		<u>\$ 3,263,365</u>	<u>\$ 1,935,000</u>	<u>\$ 905,865</u>	<u>\$ 4,292,500</u>	<u>\$ 153,723</u>

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

1 – 4.889%	9 – 4.329%
2 – 4.329%	10 – 0.000% to 2.829%
3 – 5.325%	11 – 1.982% to 3.048%
4 – 0.000% to 2.829%	12 – 4.329%
5 – 2.490% to 3.048%	13 – 4.889%
6 – 4.825% to 4.880%	14 – 3.874% to 4.597%
7 – 5.000% to 5.080%	15 – 1.982% to 3.048%
8 – 4.530% to 4.590%	