

Consolidated financial statements

Town of Port Hawkesbury

March 31, 2023

# Contents

	<b><u>Page</u></b>
Management's responsibility for financial reporting	1
Independent auditor's report	2 - 3
Consolidated statement of financial position	4
Consolidated statement of operations	5
Consolidated statement of changes in net financial assets	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8 - 23
Schedule of consolidated debt charges and term debt	24
Schedule of consolidated tangible capital assets	25
<hr/>	
Supplementary information	
Town of Port Hawkesbury Water Utility	
Non-consolidated operating fund balance sheet	26
Non-consolidated statement of operations	27
Non-consolidated statement of operating fund surplus	28
Non-consolidated capital fund balance sheet	29
Non-consolidated statement of reserve for depreciation	30
Non-consolidated statement of investment in capital assets	30
Non-consolidated statement of depreciation fund cash	30
Non-consolidated schedule of utility plant and equipment	31

## Management's responsibility for financial reporting

The accompanying consolidated financial statements of the **Town of Port Hawkesbury** are the responsibility of management and have been approved by the Mayor and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, and the Town's assets are appropriately accounted for and adequately safeguarded.

The Town Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the Council. Grant Thornton LLP has full and free access to the Council.

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Chief Administrative Officer

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Director of Finance

# Independent Auditor's Report

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

## Opinion

We have audited the accompanying consolidated financial statements of the Town of Port Hawkesbury ("the Entity") on pages 4 - 25, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town of Port Hawkesbury as at March 31, 2023, and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other matters – supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 26 to 31 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

## Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

# Independent Auditor's Report (continued)

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Antigonish, Canada  
June 18, 2024

Chartered Professional Accountants

# Town of Port Hawkesbury

## Consolidated statement of financial position

March 31

2023

2022

### Financial assets

Cash and cash equivalents (Note 3)	\$ 11,015,422	\$ 10,511,662
Receivables (Note 4)	<u>2,179,789</u>	<u>995,330</u>
	<b>13,195,211</b>	<b>11,506,992</b>
Accrued pension benefit asset (Note 12)	<u>-</u>	<u>16,800</u>
	<b><u>13,195,211</u></b>	<b><u>11,523,792</u></b>

### Liabilities

Payables and accruals	1,657,037	920,137
Sick leave liability (Note 20)	133,500	126,600
Retirement benefit obligation (Note 12)	65,100	-
Deferred revenue (Note 17)	2,581,475	2,203,153
Other liabilities (Note 6)	190,909	138,978
Asset retirement obligation (Note 8)	299,919	-
Long term debt (Note 7) (Page 24)	<u>2,698,000</u>	<u>3,229,500</u>
	<b><u>7,625,940</u></b>	<b><u>6,618,368</u></b>

### Net financial assets

	<b><u>5,569,271</u></b>	<b><u>4,905,424</u></b>
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### Non-financial assets

Tangible capital assets (Page 25)	34,007,006	33,318,713
Inventory and prepaid expenses	53,761	120,577
Other	<u>17,546</u>	<u>20,782</u>
	<b><u>34,078,313</u></b>	<b><u>33,460,072</u></b>

### Accumulated surplus (Page 5)

	<b><u>\$ 39,647,584</u></b>	<b><u>\$ 38,365,496</u></b>
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Approved on behalf of the Town of Port Hawkesbury

\_\_\_\_\_ Mayor \_\_\_\_\_ CAO

See accompanying notes to the consolidated financial statements.

# Town of Port Hawkesbury

## Consolidated statement of operations

March 31 2023 2022

	<u>Budget</u> (Note 15)	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Taxation (Note 16)	\$ 4,441,501	\$ 4,699,559	\$ 4,525,259
Grants in lieu of taxes	774,476	773,190	762,088
Sale of goods and services	725,681	834,277	598,620
Other revenue from own sources	319,034	418,477	333,344
Government transfers	573,230	671,063	972,708
Capital grants	4,115,100	1,367,772	59,312
Other revenue	311,000	783,766	522,621
Water rates	1,177,938	1,242,423	1,234,646
Gain on disposal of tangible capital assets	-	15,801	22,100
	12,437,960	10,806,328	9,030,698
<b>Expenditures</b>			
General government services	1,393,397	1,501,468	1,224,789
Protective services	1,548,745	1,534,864	1,369,678
Transportation services	1,500,099	1,636,843	1,605,272
Health and development services	1,093,345	983,144	1,071,719
Recreation and cultural services	2,370,696	2,556,058	2,175,296
Water treatment and distribution	1,327,938	1,290,641	1,197,819
Interest and bank charges	18,000	17,986	21,511
Other	2,579	3,236	3,236
	9,254,799	9,524,240	8,666,084
Annual surplus	\$ 3,183,161	\$ 1,282,088	\$ 364,614
<hr/>			
Accumulated surplus, beginning of year		\$ 38,365,496	\$ 38,000,882
Annual surplus		1,282,088	364,614
Accumulated surplus, end of year		\$ 39,647,584	\$ 38,365,496

See accompanying notes to the consolidated financial statements.

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## Town of Port Hawkesbury

### Consolidated statement of changes in net financial assets

Year ended March 31	Budget	2023	2022
Annual surplus	\$ 3,183,161	\$ <b>1,282,088</b>	\$ 364,614
Acquisition of tangible capital assets	(6,983,900)	<b>(2,123,420)</b>	(425,705)
Amortization of tangible capital assets	1,697,584	<b>1,719,410</b>	1,707,502
Adjustment on adoption of asset retirement obligation	-	<b>(284,283)</b>	-
Proceeds on sale of assets	-	<b>15,801</b>	22,100
Gain on disposal of tangible capital assets	-	<b>(15,801)</b>	(22,100)
	<u>(2,103,155)</u>	<u><b>593,795</b></u>	<u>1,646,411</u>
Change in prepaids, inventory and other	<u>-</u>	<u><b>70,052</b></u>	<u>(53,641)</u>
Change in net financial assets	<u>\$ (2,103,155)</u>	<u>\$ <b>663,847</b></u>	<u>\$ 1,592,770</u>
Net financial assets, beginning of year		<u><b>4,905,424</b></u>	<u>3,312,654</u>
Net financial assets, end of year		<u><b>\$ 5,569,271</b></u>	<u>\$ 4,905,424</u>

See accompanying notes to the consolidated financial statements.

# Town of Port Hawkesbury

## Consolidated statement of cash flows

Year ended March 31

2023

2022

### Increase in cash and cash equivalents

<b>Operating activities</b>		
Annual surplus	\$ 1,282,088	\$ 364,614
Amortization of tangible capital assets	1,719,410	1,707,502
Gain on disposal of tangible capital assets	(15,801)	(22,100)
Accretion expense	<u>15,636</u>	<u>-</u>
	<u>3,001,333</u>	<u>2,050,016</u>
Changes in non-cash working capital		
Receivables	(1,184,459)	180,700
Prepays, inventory and other	70,052	(53,641)
Payables and accruals	736,900	(203,397)
Sick leave liability	6,900	3,900
Retirement benefit obligations	81,900	4,700
Deferred revenue	378,322	504,673
Other liabilities	<u>51,931</u>	<u>(15,540)</u>
	<u>3,142,879</u>	<u>2,471,411</u>
<b>Investing activities</b>		
Purchase of tangible capital assets	(2,123,420)	(425,705)
Proceeds from disposal of tangible capital assets	<u>15,801</u>	<u>22,100</u>
	<u>(2,107,619)</u>	<u>(403,605)</u>
<b>Financing activities</b>		
Repayment/refinancing of long term debt	(531,500)	(1,419,000)
Issuance of long term debt	<u>-</u>	<u>887,500</u>
	<u>(531,500)</u>	<u>(531,500)</u>
<b>Net increase in cash and cash equivalents</b>	<b>503,760</b>	<b>1,536,306</b>
Cash and cash equivalents		
Beginning of year	<u>10,511,662</u>	<u>8,975,356</u>
End of year	<u>\$ 11,015,422</u>	<u>\$ 10,511,662</u>

See accompanying notes to the consolidated financial statements

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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### 1. Summary of significant accounting policies

The consolidated financial statements of the Town of Port Hawkesbury are the representations of management prepared in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Institute of Chartered Professional Accountants (CPA) Canada.

Significant aspects of the accounting policies adopted by the Town are as follows:

#### Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, changes in net financial assets and changes in cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Town and which are owned or controlled by the Town. The Town has proportionately consolidated in its 50% share in its government partnership held in Landrie Lake Water Utility.

Interdepartmental and organizational transactions and balances are eliminated.

#### Basis of accounting

The basis of accounting followed in the consolidated financial statements presentation includes revenues in the period in which the transaction or events occurred that gave rise to the revenues and expenses in the period in which the goods and services are acquired and a liability or transfers are due.

#### Fund accounting

Funds with the consolidated financial statements consist of the operating, capital, reserve and funds for general operations, the Town of Port Hawkesbury Water Utility and a 50% proportionate consolidation of the funds of the government partnership held in the Landrie Lake Water Utility.

#### Budget

The budget figures contained in these financial statements were approved by Council on May 10, 2022 in its original fiscal plan. They also include budgets prepared and approved by controlled entities and are adjusted for amortization in accordance with Public Sector requirements. Note 15 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these consolidated financial statements.

#### Revenue recognition

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

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

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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### 1. Summary of significant accounting policies (continued)

#### Revenue recognition (continued)

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

All non-government contributions or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

#### Government transfers

Government transfers received are recognized in the consolidated financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

#### Expenses

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

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities. See Note 3.

#### Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net financial assets for the year.

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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### 1. Summary of significant accounting policies (continued)

#### Tax sale

Annually, the Municipality hosts a tax sale for properties whose owners are not up to date on their tax payments. The amounts from the proceeds of sale in excess of tax owing must be held for a period of 20 years. After the 20 year period of holding these funds in trust has expired, the cash will be transferred to the capital reserve. In 2023 and 2022, there were no transfers made from the tax sale amounts to the capital reserve.

#### Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and impairment, 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>
Engineered buildings	15 - 40
Engineered structures	25 - 50
Automotive equipment	6
Machinery and equipment	5 - 15
Streets and lighting	25
Sewer lines	50
Computer software	10
Utility plant	5 - 75

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.

Government transfers of tangible capital assets are recognized as an asset when the recipient government controls the resource as the results of past events, expects to receive future economic benefits from the asset and the asset is reliably measured. During the year the Town received a government transfer of a tangible capital asset for a nominal monetary amount. This asset is recorded at its fair market value and a capital contribution of this amount.

When conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-downs of tangible capital assets are accounted for as expenses in the statement of operations and such write-downs are not reversed.

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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### 1. Summary of significant accounting policies (continued)

#### Use of estimates

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

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

Significant items subject to management estimates include:

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

#### Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites would be recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Town of Port Hawkesbury:
  - is directly responsible; or
  - accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

As at March 31, 2023, there are no known contaminated sites identified.

#### Deferred revenue

Canada Community Building Fund and other deferred grant revenue will be recognized in the period in which any stipulations and eligibility criteria been met.

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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### 1. Summary of significant accounting policies (continued)

#### Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- i. There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii. The past transaction or event giving rise to the liability has occurred;
- iii. It is expected that future economic benefits will be given up; and
- iv. A reasonable estimate of the amount can be made.

The liability associated with the remediation of contaminants present within a number of buildings owned by the Town has been recognized based on estimated future expenses on closure of the sites and post-closure care.

The liability is discounted using the present value calculation and adjusted annually for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective capital assets. The increase to tangible capital assets is being amortized in accordance with the amortization accounting policies outlined above.

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### 2. Change in accounting policy

Asset retirement obligations:

On April 1, 2022, the Town adopted Public Sector Accounting Standards PS 3280 – Asset retirement obligations (“PS 3280”). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, including the removal and remediation of contaminants in retired buildings by public sector entities. The standard was adopted on the prospective basis at the date of adoption as the event giving rise to the obligation arose prior to April 1, 2022 and the obligation has not been previously recognized. Under the prospective basis of adoption, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

The Town recognized an asset retirement obligation upon adoption of PS 3280 on April 1, 2022. The liability represents the required remediation of contaminants present within a number of buildings owned by the Town. These buildings have expected useful lives ranging from 2 to 57 years. As of the date of adoption of the standard the relevant discount rate on tangible assets held was 5.5% per annum.

In accordance with the provisions of this new standard, the Town has reflected the following adjustments as at April 1, 2022:

- a) An asset retirement obligation in the amount of \$281,163, representing the original \$581,873 obligation discounted to the present value using a discount rate of 5.5% per annum.
- b) An increase to tangible capital assets, representing the original estimate of the obligation as at the date of transition.

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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<b>3. Cash and cash equivalents</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
General operations (unrestricted)	\$ 3,245,248	\$ 3,189,151
Capital (restricted)	2,017,506	1,823,822
Reserves (restricted)	<u>5,752,668</u>	<u>5,498,689</u>
	<b><u>\$ 11,015,422</u></b>	<b><u>\$ 10,511,662</u></b>

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<b>4. Receivables</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Taxpayers and rate payers net of allowance of \$96,970 (2022: \$77,593)	\$ 483,690	\$ 463,764
Other governments	1,321,670	355,995
Other net of allowance of \$186,199 (2022: \$132,605)	<u>374,429</u>	<u>175,571</u>
	<b><u>\$ 2,179,789</u></b>	<b><u>\$ 995,330</u></b>

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

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### **5. Bank indebtedness**

Bank indebtedness consists of Scotiabank demand bank loans at the bank's prime rate which were fully available as of March 31, 2023.

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<b>6. Other liabilities</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Prepaid taxes and rates	\$ 180,087	\$ 128,156
Consumer deposits	<u>10,822</u>	<u>10,822</u>
	<b><u>\$ 190,909</u></b>	<b><u>\$ 138,978</u></b>

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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### 7. Long term debt

Principal repayments required during the next five (5) years on long term debt are approximately as follows:

	General Capital	Water Capital	Total
2024	\$ 445,700	\$ 85,800	\$ 531,500
2025	\$ 393,200	\$ 85,800	\$ 479,000
2026	\$ 318,200	\$ 85,800	\$ 404,000
2027	\$ 260,700	\$ 85,800	\$ 346,500
2028	\$ 83,200	\$ 5,800	\$ 89,000

All term debt outstanding at year end has been properly authorized by Service Nova Scotia and Municipal Relations.

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### 8. Asset retirement obligation

The Town's asset retirement obligation consists of the liability for the remediation of contaminants present within a number of buildings owned by the Town. These contaminants represent a health hazard upon demolition and therefore there is a legal obligation for removal of these contaminants on decommissioning. Following the adoption of PS 3280 – Asset retirement obligations, the Town recognized an obligation relating to this remediation of contaminants as estimated as at April 1, 2022. These buildings have expected useful lives ranging from 2 to 57 years. Estimated costs have been discounted to the present value using the discount rate of 5.5% per annum.

Changes to the asset retirement obligation in the year are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ -	\$ -
Liability recognized on adoption of PS 3280	<b>284,283</b>	-
Accretion expense	<u>15,636</u>	-
Balance, end of year	<u><b>299,919</b></u>	-

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### 9. 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 operational control of the Centre for Education until such time as the Centre for Education no longer requires the assets for school purposes. At that time, control will revert to the Town. As of March 31, 2023, the Town of Port Hawkesbury has not received notice of intent to revert these assets to the Town.

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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### 10. Contributions to Boards and Commissions

Boards and Commissions in which the Town has less than a 100% interest:

The Town is required to finance the operations of various boards and commissions, along with the other local municipal units to the extent of its participation based on assessment, population or prescribed formulae.

In addition to any budgeted contributions, the municipal units share in the deficits or surpluses of these boards based on their sharing percentages. A municipal unit's share of any deficit must be paid in the next fiscal year while a surplus may be taken into the next year's estimates. Alternatively, the Town may provide for its share of the surplus or deficit in the current year.

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

	<u>2023</u>	<u>2022</u>
Cape Breton Island Housing Authority	\$ 58,881	\$ 60,873
Eastern District Planning Commission	\$ 67,379	\$ 67,710
Cape Breton Regional Enterprise Network	\$ 27,900	\$ 27,900

The Town has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2023.

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### 11. 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>	<u>Expenses</u>
Brenda Chisholm-Beaton	Mayor	\$ 37,135	\$ 11,906
Jason Aucoin	Deputy Mayor/Councillor	\$ 20,353	\$ 5,842
Hughie MacDougall	Councillor/Councillor	\$ 19,968	\$ 2,159
Mark MacIver	Councillor	\$ 19,007	\$ 900
Blaine MacQuarrie	Deputy Mayor	\$ 19,007	\$ 660
Terry Doyle	CAO	\$ 126,347	\$ 3,478

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

### 12. Pension

#### *Defined benefit pension plan*

The Town of Port Hawkesbury sponsors a contributory defined benefit pension plan for a retired Municipal Clerk. The plan provides pension benefits for services which is determined using a final average salary formula in which the benefit is calculated as a specified percentage of the member's average salary over the last five years of membership in the plans.

An actuarial extrapolation for accounting purposes has been obtained for the year ended March 31, 2023 based on an actuarial valuation performed as at January 1, 2018. The next actuarial valuation for funding purposes will be prepared as at January 1, 2023. The March 31, 2023, actuarial valuation indicated that the pension plan had an accrued pension obligation of \$65,100 (2022 - \$16,800 accrued pension asset).

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Town's best estimates.

The following summarizes the major assumptions in the valuation:

- The expected inflation rate is 1.8 percent;
- The discount rate used to determine the accrued benefit obligation is 4.0 percent;
- The expected rate of return is 4.0 percent; and
- The expected average remaining life expectancy is 16 years.

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

Pension fund assets are valued at market values. A result of the 2023 valuation is as follows:

	<u>2023</u>	<u>2022</u>
Market value of the pension plan asset	\$ 1,101,400	\$ 1,206,800
Accrued benefit obligation	<u>(1,166,500)</u>	<u>(1,273,900)</u>
Pension plan deficit	(65,100)	(67,100)
Unamortized actuarial gains	-	83,900
Valuation allowance	<u>-</u>	<u>-</u>
Accrued benefit (deficit) asset	<u>\$ (65,100)</u>	<u>\$ 16,800</u>

Pension expense was \$21,704.

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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### 12. Pension (Continued)

#### *Defined contribution pension plan*

During the year, the Town has also matched employee contributions to a defined contribution pension plan for full-time employees to a maximum percentage of each participating employee's gross pay depending on years of service. The rates for employee and employer contributions are as follows:

Public works	9%
Management and salaried employees	9%

This plan, to which contributions totalled \$129,683 in fiscal 2023 (2022 - \$124,507), 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.

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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### 13. Segmented information

The Town of Port Hawkesbury is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Town's operations and activities are organized and reported by fund. This presentation is in accordance with the Provincial Financial Reporting and Accounting Manual and was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

#### General government services

This department is responsible for the overall financial and local government administration. Its tasks include tax administration, trade payables and receivables, budgets, financial statements and adherence to the *Municipal Government Act*.

#### Protective services

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

#### Transportation services

The Town is responsible for the maintenance and construction of roads and sidewalks including snow removal. They are also responsible for the street lighting within the Town.

#### Health and development services

This department is responsible for the maintenance and operations of waste management and sewer services provided to residents and other customers. This segment also includes Town contributions to regional development authorities, housing authorities and planning commissions who are mandated to promote health and development within respective communities.

#### Recreation and cultural services

The recreation department is responsible for promoting and offering opportunities and activities to the Town's residents including programs, grants for facility development and programs. The department also provides funding for special municipal recreation initiatives and projects along with assistance for community based projects. The Town provides a municipal contribution towards the operations of the Eastern Counties Regional Library Board.

#### Water treatment distribution

This segment manages water treatment and distribution facilities and services with the Town and includes activities such as source of supply, power and pumping, water treatment, transmission and distribution.

# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

### 14. Segmented information – financial data

	General government	Protective	Transportation	Health and development	Water treatment and distribution	Interest and bank charges	Recreation and cultural	<u>2023</u>	<u>2022</u>
<b>Revenues</b>									
Taxes	\$ 832,624	\$ 885,851	\$ 942,721	\$ 566,231	\$ -	\$ -	\$ 1,472,132	\$ 4,699,559	\$ 4,525,259
Grants in lieu of taxes	136,987	145,744	155,100	93,158	-	-	242,201	773,190	762,088
Sale of goods and services	59,188	-	111,873	-	-	-	663,216	834,277	598,620
Other revenue from own sources	214,796	-	-	-	14,884	165,619	23,178	418,477	333,344
Government transfers	372,490	-	30,000	30,016	-	-	238,557	671,063	972,708
Capital grants	1,151,557	-	-	-	46,632	-	169,583	1,367,772	59,312
Other revenue	22,251	61,000	-	512,514	-	188,001	-	783,766	522,621
Gain on disposal of tangible capital assets	15,801	-	-	-	-	-	-	15,801	22,100
Water rates	-	-	-	-	1,242,423	-	-	1,242,423	1,234,646
	<u>2,805,694</u>	<u>1,092,595</u>	<u>1,239,694</u>	<u>1,201,919</u>	<u>1,303,939</u>	<u>353,620</u>	<u>2,808,867</u>	<u>10,806,328</u>	<u>9,030,698</u>
<b>Expenditures</b>									
Salaries and benefits	540,961	-	454,108	121,853	393,077	-	984,853	2,494,852	2,279,613
Goods and services	278,551	124,450	381,560	100,637	421,438	-	637,300	1,943,936	1,564,439
External transfers	60,592	-	-	58,882	-	-	-	119,474	110,709
Contracted services	52,446	1,235,099	13,777	236,348	22,829	-	76,636	1,637,135	1,523,347
Amortization	113,125	54,154	495,749	258,347	314,757	-	483,278	1,719,410	1,707,502
Accretion	15,636	-	-	-	-	-	-	15,636	-
Interest	-	-	12,499	5,835	17,986	-	12,305	48,625	84,730
Loss on disposal of tangible capital assets and other	440,157	124,397	279,150	201,242	120,554	17,986	361,686	1,545,172	1,395,744
	<u>1,501,468</u>	<u>1,538,100</u>	<u>1,636,843</u>	<u>983,144</u>	<u>1,290,641</u>	<u>17,986</u>	<u>2,556,058</u>	<u>9,524,240</u>	<u>8,666,084</u>
<b>Annual surplus</b>	<u>\$ 1,304,226</u>	<u>\$ (445,505)</u>	<u>\$ (397,149)</u>	<u>\$ 218,775</u>	<u>\$ 13,298</u>	<u>\$ 335,634</u>	<u>\$ 252,809</u>	<u>\$ 1,282,088</u>	<u>\$ 364,614</u>

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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### 15. Budget figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations and statement of net debt has been adjusted to be on a consistent basis as actual results. The adjustments below include reclassification of revenues and expenditures amongst categories, capital grants, amortization, removal of transfers, principal repayments of long term debt and capital out of revenue. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the consolidated statement of operations:

	Approved Fiscal Plan	Adjustments	Per Consolidated Statement of Operations
<b>Revenue</b>			
Taxes	\$ 4,555,066	\$ (113,565)	\$ 4,441,501
Grants in lieu of taxes	774,476	-	774,476
Sale of services	796,037	(70,356)	725,681
Other revenue from own sources	319,034	-	319,034
Government transfers	573,230	-	573,230
Capital grants	-	4,115,100	4,115,100
Services provided to other local governments	311,000	-	311,000
Water rates	<u>1,252,200</u>	<u>(74,262)</u>	<u>1,177,938</u>
	<u>8,581,043</u>	<u>3,856,917</u>	<u>12,437,960</u>
<b>Expense</b>			
General government services	1,320,421	72,976	1,393,397
Protective services	1,818,594	(269,849)	1,548,745
Transportation services	1,004,350	495,749	1,500,099
Health and development services	834,998	258,347	1,093,345
Recreation and cultural services	1,887,418	483,278	2,370,696
Water treatment and distribution	1,253,042	74,896	1,327,938
Interest and bank charges	18,000	-	18,000
Other	<u>444,220</u>	<u>(441,641)</u>	<u>2,579</u>
	<u>8,581,043</u>	<u>673,756</u>	<u>9,254,799</u>
Annual surplus	<u>\$ -</u>	<u>\$ 3,183,161</u>	<u>\$ 3,183,161</u>

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

16. Taxation	Budget	<u>2023</u>	<u>2022</u>
<b>Taxes</b>			
Assessable property			
Residential	\$ 2,752,181	\$ <b>2,692,102</b>	\$ 2,616,732
Commercial			
Based on taxable assessment	2,157,384	<b>2,244,729</b>	2,218,552
Resource			
Based on taxable assessment	<u>23,882</u>	<u><b>20,956</b></u>	<u>21,323</u>
	<u>4,933,447</u>	<u><b>4,957,787</b></u>	<u>4,856,607</u>
Business property			
Nova Scotia Power - HST offset grant	21,000	<b>23,995</b>	32,327
Based on revenue – Nova Scotia Power	9,346	<b>9,756</b>	9,136
Based on revenue – Aliant Inc.	<u>25,000</u>	<u><b>22,687</b></u>	<u>23,716</u>
	<u>55,346</u>	<u><b>56,438</b></u>	<u>65,179</u>
Other			
Deed transfer tax	<u>100,000</u>	<u><b>332,625</b></u>	<u>236,870</u>
Less:			
Education	<u>(647,292)</u>	<u><b>(647,291)</b></u>	<u>(633,397)</u>
	<u>\$ 4,441,501</u>	<u><b>\$ 4,699,559</b></u>	<u>\$ 4,525,259</u>

### 17. Deferred revenue

The Province of Nova Scotia signed an agreement with the Federal government which would enable the Province to transfer Canada Community Building Fund rebates to municipalities for special capital improvements. The program was to initially run for five years, but has been extended past this five year time frame. In fiscal 2023, \$402,728 (2022 - \$nil) has been recognized as revenues by the Town.

Other deferred revenues represent funds received from varying sources for projects and capital purposes yet to be completed. In fiscal 2023, \$44,544 (2022: \$32,607) has been recognized as revenues by the Town.

	Canada Community Building Fund	Other	Total
Balance, beginning of year	\$ 1,647,971	\$ 555,182	\$ 2,203,153
Contributions	232,668	592,926	825,594
Amounts recognized as revenue	<u>(402,728)</u>	<u>(44,544)</u>	<u>(447,272)</u>
Balance, end of year	<u>\$ 1,477,911</u>	<u>\$ 1,103,564</u>	<u>\$ 2,581,475</u>

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# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

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### 18. Government partnership

Government partnership entered into by the Town during the current year of operations is recorded using the proportionate consolidation method. Government partnerships include:

Partnership with the Municipality of the County of Richmond to maintain and operate the Landrie Lake Water Utility at 50% ownership for each municipal unit. The partnership was created March 6, 2019 through an inter-municipal agreement between the two parties to make application to establish the Landrie Lake Water Utility. The NSUARB approved the establishment of the Landrie Lake Water Utility on March 31, 2019, the Province of Nova Scotia sold and transferred to the newly established utility the full beneficial interest of its water utility assets, consisting of tangible capital assets along with the responsibility of providing water services to the water utility consumers. The assets were purchased for \$1 and were recognized at their carrying amounts.

Government partnerships accounted for using the proportionate consolidation method have the following impact on the consolidated statement of financial position and operations as at March 31, 2023.

	<u>2023</u>	<u>2022</u>
Total Assets	\$ 1,228,519	\$ 1,261,224
Total Liabilities	<u>5,250</u>	<u>4,000</u>
Net Assets	<u>\$ 1,223,269</u>	<u>\$ 1,257,224</u>
Total Revenues	\$ 187,232	\$ 163,703
Total Expenses	<u>221,187</u>	<u>159,512</u>
Annual surplus (deficit)	<u>\$ (33,955)</u>	<u>\$ 4,191</u>

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### 19. Contingencies

There are claims and litigation in which the Town is involved that arise out of the ordinary course of operations. Many of the claims are being handled by the Town's insurers. The outcome of these actions is not determinable as at the date of the reporting. Management believes that any liability which may result from the resolution of these actions will either be covered by the Town's insurers or will not be material to the Town's financial position.

# Town of Port Hawkesbury

## Notes to the consolidated financial statements

March 31, 2023

### 20. Sick leave benefit liability

Section 3255 of the CPA Canada Public Sector Accounting Handbook (PS 3255) requires that a liability and expense be recorded for compensated absences that vest or that accumulate. The Town has employees that have sick benefits that are accumulating and non-vesting. The valuation was completed as at March 31, 2023.

#### Actuarial Method:

The actuarial cost method used was the "Projected Unit Credit" method (also known as the "Projected Accrued Benefit" method) pro - rated on service.

#### Components of benefit expense under PS3255:

	<b>Total 2023</b>
Current service cost	\$ 19,200
Sick leave interest expense	4,200
Amortization of gains and losses	-
Benefit expense	<u>\$ 23,400</u>

#### Accrued benefit liability / (asset) on the consolidated statement of financial position:

Balance, beginning of year	\$ 126,600
Benefit expense	19,200
Interest expense	4,200
Town contribution	<u>(16,500)</u>
Balance, end of year (unfunded)	<u>\$ 133,500</u>

#### Assumptions:

Discount rate:	3.25% per annum
Salary increases:	2.0% per annum
Mortality:	100% of CPM-2014 Public with future mortality improvements according to scale CPM-B
Withdrawal prior to retirement:	Nil
Retirement age:	End of the year in which age 65 is attained, or in 1 year if already 65
Excess sick leave utilization:	Probability of usage and average number of sick leave bank days used

#### Plan Provisions:

Town of Port Hawkesbury provides eligible employees with sick leave that accumulated at 18 days per year (1.5 days per month) the number is prorated for those employed less than full-time. Employees may accumulate 100% of their unused sick days, up to a maximum, in a sick leave bank. The maximum bank is 185 days. Unused sick leave banks at termination or retirement are forfeited.

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# Town of Port Hawkesbury

## Schedule of consolidated debt charges and term debt

Year ended March 31, 2023

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	Year of Maturity	Loan Continuity			Balance March 31, 2023	Interest
		Balance March 31, 2022	Acquired	Redeemed		
<b>General capital</b>						
<b>Serial debentures</b>						
Civic Centre	2034	\$ 225,000	\$ -	\$ 75,000	\$ 150,000	\$ 4,949
Waste water plant	2023	105,000	-	52,500	52,500	3,156
Civic Centre	2025	230,000	-	57,500	172,500	2,155
Civic Centre – refinanced	2026	625,000	-	125,000	500,000	5,201
Waste water plant – refinanced	2026	262,500	-	52,500	210,000	2,680
Aerial ladder truck	2034	810,000	-	45,000	765,000	21,032
Pitt Napean	2034	496,545	-	38,200	458,345	12,500
		<u>2,754,045</u>	<u>-</u>	<u>445,700</u>	<u>2,308,345</u>	<u>51,673</u>
Water capital						
Serial debentures						
Municipal finance	2026	400,000	-	80,000	320,000	16,087
Pitt Napean	2034	75,455	-	5,800	69,655	1,899
		<u>475,455</u>	<u>-</u>	<u>85,800</u>	<u>389,655</u>	<u>17,986</u>
Total Municipal debt		<u>\$ 3,229,500</u>	<u>\$ -</u>	<u>\$ 531,500</u>	<u>\$ 2,698,000</u>	<u>\$ 69,659</u>

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

1 – 2.129% to 2.829%  
2 – 2.963% to 3.048%  
3 – 0.859% to 1.241%  
4 – 5.080%  
5 – 0.4% to 1.398%  
6 – 2.039% to 3.048%

7 – 0.5% to 1.489%  
8 – 2.129% to 2.829%  
9 – 2.039% to 3.048%  
10 – 4.301% to 4.597%  
11 – 2.039% to 3.048%

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# Town of Port Hawkesbury

## Schedule of consolidated tangible capital assets

March 31, 2023

	Land	Engineered buildings	Engineered structures	Automotive equipment	Machinery and equipment	Streets and lighting	Sewer lines	Computer software	Utility plant	2023 Total	2022 Total
<b>Cost</b>											
Balance, beginning of year	\$ 1,906,144	\$26,657,453	\$2,568,141	\$ 733,810	\$4,701,621	\$ 9,169,744	\$7,470,723	\$ 107,953	\$12,281,674	<b>\$65,597,263</b>	\$65,171,558
Add											
Asset retirement obligation	-	284,283	-	-	-	-	-	-	-	<b>284,283</b>	-
Net additions during the year	-	276,932	207,683	102,114	410,871	1,046,062	-	-	79,758	<b>2,123,420</b>	-
Less											
Disposals during the year	-	100,757	-	-	147,181	-	-	-	-	<b>247,938</b>	-
Balance, end of year	<u>1,906,144</u>	<u>27,117,911</u>	<u>2,775,824</u>	<u>835,924</u>	<u>4,965,311</u>	<u>10,215,806</u>	<u>7,470,723</u>	<u>107,953</u>	<u>12,361,432</u>	<b><u>67,757,028</u></b>	<u>65,597,263</u>
Accumulated amortization											
Balance, beginning of year	-	11,560,287	1,996,185	726,998	3,148,215	5,204,201	3,931,419	97,155	5,614,090	<b>32,278,550</b>	30,571,048
Add											
Amortization during the year	-	658,927	40,212	6,812	149,308	413,469	84,981	10,795	314,757	<b>1,679,261</b>	1,707,502
Amortization of asset retirement obligation	-	40,149	-	-	-	-	-	-	-	<b>40,149</b>	-
Less											
Accumulated amortization on disposals	-	100,757	-	-	147,181	-	-	-	-	<b>247,938</b>	-
Balance, end of year	<u>-</u>	<u>12,158,606</u>	<u>2,036,397</u>	<u>733,810</u>	<u>3,150,342</u>	<u>5,617,670</u>	<u>4,016,400</u>	<u>107,950</u>	<u>5,928,847</u>	<b><u>33,750,022</u></b>	<u>32,278,550</u>
NET BOOK VALUE	<u>\$ 1,906,144</u>	<u>\$14,959,305</u>	<u>\$ 739,427</u>	<u>\$ 102,114</u>	<u>\$1,814,969</u>	<u>\$4,598,136</u>	<u>\$3,454,323</u>	<u>\$ 3</u>	<u>\$6,432,585</u>	<b><u>\$34,007,006</u></b>	<u>\$33,318,713</u>

# Supplementary Information

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

March 31 2023 2022

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**Assets**

Accounts receivable		
Rates (less allowance for doubtful accounts 14,456; 2022 - \$8,279)	<b>\$ 229,516</b>	\$ 221,863
Due from general section - operating fund	<b>823,386</b>	647,076
Inventories, at cost		
Chemicals	<b>19,545</b>	18,126
Other	<b>30,394</b>	42,141
Water meters and equipment	<b><u>2,698</u></b>	<u>2,325</u>
	<b><u>\$1,105,539</u></b>	<b><u>\$ 931,531</u></b>

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**Liabilities and operating equity**

Accounts payable and accrued liabilities		
Prepaid rates	<b>\$ 21,437</b>	\$ 17,136
Consumer deposits	<b><u>10,822</u></b>	<u>10,822</u>
	<b><u>32,259</u></b>	<u>27,958</u>
Operating fund surplus (Page 26)	<b><u>1,073,280</u></b>	<u>903,573</u>
	<b><u>\$1,105,539</u></b>	<b><u>\$ 931,531</u></b>

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# Town of Port Hawkesbury

## Supplementary schedule

### Water utility

### Non-consolidated statement of operations

Year ended March 31 2023 2022

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Flat rate sales	\$ 80,000	\$ 77,817	\$ 79,825
Metered sales	998,000	<b>1,066,537</b>	1,048,424
Other utility revenues	9,200	<b>14,884</b>	14,350
Public fire protection	<u>324,003</u>	<u><b>324,003</b></u>	<u>324,003</u>
	<u>1,411,203</u>	<u><b>1,483,241</b></u>	<u>1,466,602</u>
Operating expenses			
Source of supply	135,000	<b>148,525</b>	139,973
Pumping	10,640	<b>2,273</b>	4,430
Water treatment	423,871	<b>421,053</b>	405,343
Transmission and distribution	277,216	<b>209,710</b>	181,956
Administration and general	165,000	<b>150,834</b>	152,510
Depreciation	300,000	<b>281,677</b>	293,043
Taxes	<u>113,566</u>	<u><b>113,565</b></u>	<u>113,565</u>
	<u>1,425,293</u>	<u><b>1,327,637</b></u>	<u>1,290,820</u>
Operating (loss) income	<u>(14,090)</u>	<u><b>155,604</b></u>	<u>175,782</u>
Non-operating expenditure			
Debt charges			
Debenture interest	18,000	<b>17,987</b>	21,511
Principal instalments			
Debenture principal	<u>85,800</u>	<u><b>85,800</b></u>	<u>85,800</u>
	<u>103,800</u>	<u><b>103,787</b></u>	<u>107,311</u>
Non-operating revenue			
Amortization of deferred government contributions	<u>117,890</u>	<u><b>117,890</b></u>	<u>117,890</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u><b>\$ 169,707</b></u>	<u>\$ 186,361</u>

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

Year ended March 31	2023	2022
Operating fund surplus, beginning of year	\$ 903,573	\$ 717,212
Excess of revenue over expenditures	<u>169,707</u>	<u>186,361</u>
Operating fund surplus, end of year	<u>\$ 1,073,280</u>	<u>\$ 903,573</u>

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

March 31

2023

2022

**Assets**

Cash		
Depreciation fund	\$ 1,746,432	\$ 1,567,941
Due from other government	28,850	-
Unamortized discount on debentures	2,400	3,057
Utility plant in service (Page 29)	<u>11,296,383</u>	<u>11,216,626</u>
	<b><u>\$13,074,065</u></b>	<b><u>\$12,787,624</u></b>

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**Liabilities**

Long term debt	\$ 389,655	\$ 475,455
Due to general section – operating fund	28,850	-
Due to general section – capital fund	<u>715</u>	<u>715</u>
	<u>419,220</u>	<u>476,170</u>

**Reserve**

Reserve for depreciation	5,804,871	5,523,194
Deferred government contributions	<u>2,318,177</u>	<u>2,389,435</u>
	<u>8,123,048</u>	<u>7,912,629</u>

**Equity**

Investment in capital assets	<u>4,531,797</u>	<u>4,398,825</u>
	<b><u>\$13,074,065</u></b>	<b><u>\$12,787,624</u></b>

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**Town of Port Hawkesbury**  
**Supplementary schedule**  
**Water utility**  
**Non-consolidated statement of reserve for depreciation**

Year ended March 31	2023	2022
Balance, beginning of year	\$ 5,523,194	\$ 5,230,151
Depreciation for the year	<u>281,677</u>	<u>293,043</u>
Balance, end of year	<u>\$ 5,804,871</u>	<u>\$ 5,523,194</u>

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**Water utility**  
**Non-consolidated statement of investment in capital assets**

Year ended March 31	2023	2022
Balance, beginning of year	\$ 4,398,825	\$ 4,302,899
Interest earned depreciation fund	47,829	10,783
Term debt retired	85,800	85,800
Discount amortized	<u>(657)</u>	<u>(657)</u>
Balance, end of year	<u>\$ 4,531,797</u>	<u>\$ 4,398,825</u>

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**Water utility**  
**Non-consolidated statement of depreciation fund cash**

Year ended March 31	2023	2022
Cash, beginning of year	\$ 1,567,941	\$ 1,382,005
Deferred assistance transferred	(117,890)	(117,890)
Capital additions	(33,125)	-
Depreciation	281,677	293,043
Interest earned on depreciation funds	<u>47,829</u>	<u>10,783</u>
Cash, end of year	<u>\$ 1,746,432</u>	<u>\$ 1,567,941</u>

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# Town of Port Hawkesbury

## Supplementary schedule

### Water utility

### Non-consolidated schedule of utility plant and equipment

Year ended March 31 2023 2022

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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	1,167,030	1,138,086
Electric pumping equipment	353,547	353,547
Purification equipment	3,609,603	3,558,790
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>11,292,883</u>	<u>11,213,126</u>
	<u>\$ 11,296,383</u>	<u>\$ 11,216,626</u>

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