
Consolidated financial statements of Town of Mahone Bay

March 31, 2021

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Independent Auditor's Report

To His Worship the Mayor and Members of
the Council of the Town of Mahone Bay

Opinion

We have audited the consolidated financial statements of the Town of Mahone Bay (the "Town"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at March 31, 2021, and the results of its operations, changes in net debt, 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Town'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 Town'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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 Town to express an opinion on the 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.

Deloitte LLP

Chartered Professional Accountants
January 27, 2022

Town of Mahone Bay
Consolidated statement of financial position
As at March 31, 2021

	Notes	2021	2020
		\$	\$
Financial assets			
Cash		4,273,777	3,401,224
Taxes and rates receivable		572,742	610,932
Accounts receivable		465,158	351,761
Investment in government business partnership	3	261,574	246,609
Due from other local governments		-	4,395
Total financial assets		5,573,251	4,614,921
Liabilities			
Payables and accruals	3 & 4	1,024,842	659,810
Temporary borrowing	5	420,000	11,000
Deferred revenue		131,603	104,816
Long-term debt	6	6,050,542	6,261,165
Total liabilities		7,626,987	7,036,791
Net debt		(2,053,736)	(2,421,870)
Non-financial assets			
Prepaid expenses		103,860	96,680
Inventory		121,201	85,200
Tangible capital assets	7	18,216,208	17,955,216
Total non-financial assets		18,441,269	18,137,096
Accumulated surplus	8	16,387,533	15,715,226

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Council

_____ Mayor

_____ Clerk

Town of Mahone Bay

Consolidated statement of operations and accumulated surplus

Year ended March 31, 2021

	Notes	2021 \$	2020 \$
Revenues			
Taxes and rates		2,712,519	2,559,923
Power demand sales - electric		1,800,613	1,552,700
Domestic sales - electric		1,032,988	1,084,605
Metered sales - water		520,347	463,365
Other		410,530	314,030
Conditional transfers (federal and provincial)		81,850	165,375
Services provided to other governments		156,153	152,462
Unconditional transfers from other governments		50,022	114,913
Other revenue from own sources		94,525	93,840
Interest		31,111	41,111
Commercial sales - electric		34,696	32,182
Grants in lieu of taxes		22,756	19,843
Sale of services		3,929	3,489
Street lighting		2,857	2,925
		6,954,896	6,600,763
Expenses			
Power purchases		1,947,278	1,957,917
General government services	3	639,273	645,213
Protective services		470,468	477,012
Administrative and general		373,918	441,031
Education		422,870	405,008
Transportation		219,271	280,261
Environmental health	3	259,323	243,694
Loan interest		163,375	170,568
Water treatment		140,020	144,214
Operating and maintenance		212,517	138,821
Salaries		148,496	133,800
Transmission and distribution		124,495	92,143
Environmental development services		165,622	92,729
Recreation and cultural services		83,877	83,049
Pumping		25,893	30,083
Mowing and grounds upkeep		7,458	17,742
Taxes		13,985	13,698
Public health and welfare services		13,000	12,041
Other interest charges		5,373	6,393
		5,436,512	5,385,417
Annual surplus before undernoted		1,518,384	1,215,346
Amortization	7	(861,042)	(807,594)
Income on investment in government business partnership	3	14,965	9,591
Annual surplus		672,307	417,343
Accumulated surplus, beginning of year		15,715,226	15,297,883
Accumulated surplus, end of year	8	16,387,533	15,715,226

The accompanying notes are an integral part of the consolidated financial statements.

Town of Mahone Bay**Consolidated statement of changes in net debt**

Year ended March 31, 2021

	2021	2020
	\$	\$
Annual surplus	672,307	417,343
Change in tangible capital assets		
Purchase of tangible capital assets	(1,122,034)	(660,279)
Amortization of tangible capital assets	861,042	807,594
	(260,992)	147,315
Change in other non-financial assets		
Prepaid expenses	(7,180)	3,014
Inventory	(36,001)	(11,208)
	(43,181)	(8,194)
Decrease in net debt	368,134	556,464
Net debt, beginning of year	(2,421,870)	(2,978,334)
Net debt, end of year	(2,053,736)	(2,421,870)

The accompanying notes are an integral part of the consolidated financial statements.

Town of Mahone Bay
Consolidated statement of cash flows
Year ended March 31, 2021

	2021	2020
	\$	\$
Operating transactions		
Annual surplus	672,307	417,343
Amortization	861,042	807,594
Income on investment in government business partnership	(14,965)	(9,591)
Changes in non-cash working capital items		
Taxes and rates receivable	38,190	(24,712)
Accounts receivable	(113,397)	(159,014)
Due from other local governments	4,395	5,787
Payables and accruals	365,032	(17,282)
Due to other local governments	—	—
Deferred revenue	26,787	5,890
Prepaid expenses	(7,180)	3,014
Inventory	(36,001)	(11,208)
	1,796,210	1,017,821
Financing transactions		
Proceeds from long term debt	116,462	—
Repayments of long-term debt	(327,086)	(323,723)
Proceeds from temporary borrowing	420,000	-
Repayment of temporary borrowing	(11,000)	(55,000)
	198,377	(378,723)
Capital transactions		
Purchase of tangible capital assets	(1,122,034)	(660,279)
	(1,122,034)	(660,279)
Increase (decrease) in cash	872,553	(21,181)
Cash, beginning of year	3,401,224	3,422,405
Cash, end of year	4,273,777	3,401,224

The accompanying notes are an integral part of the consolidated financial statements.

1. Significant accounting policies

Basis of accounting

The consolidated financial statements of the Town of Mahone Bay (the "Town") are prepared in accordance with PSAS, as established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

Reporting entity

These consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses, changes in net debt and cash flows of the reporting entity. The reporting entity is comprised of the Town and its 10% proportionate share of the Alternative Resource Energy Authority ("AREA").

Inter-departmental and inter-entity transactions and balances are eliminated on consolidation.

Fund accounting

Funds within the consolidated financial statements consist of current, capital and reserve funds.

Council approves certain amounts to be set aside in reserve funds for future operating and capital purposes. Transfers between funds are recorded as adjustments to the appropriate fund balances.

Cash

Cash is comprised of amounts held with financial institutions and petty cash.

Financial instruments

The Town initially measures its financial assets and financial liabilities at fair value plus the amount of transaction costs directly attributable to the instrument. Subsequently, the Town measures all of its financial assets and financial liabilities at amortized cost using the effective interest method.

Fair value is the estimated amount for which a financial instrument could be exchanged between willing parties, based on the current market for instruments with the same risk, principal and remaining maturity. Certain fair value estimates are significantly affected by the assumptions for the amount and timing of estimated cash flows and discount rates, all of which reflect varying degrees of risk. As a result, the fair values may not necessarily be indicative of the amounts that would be realized if these instruments were actually settled. Due to their short period to maturity, the fair values of cash, taxes and rates receivable, accounts receivable, due from other local governments, payables and accruals, temporary borrowing, and due to other local governments approximate their carrying values as presented in the statement of financial position.

Deferred revenue

Deferred revenue consists of customer prepayments and user charges, grants and fees which have been collected but for which the related services have yet to be performed, at which time they will be recognized as revenues.

Inventory

Inventory consists of materials to be used in the construction of tangible capital assets and are carried at cost. Work in progress is included in tangible capital assets.

1. Significant accounting policies (continued)

Investment in government business partnership

Investment in government business partnership consists of a 3.39% ownership interest in the Municipal Joint Services Board, Lunenburg Region (the "MJSB"). The Town records its investments in government business partnerships using the modified equity method.

Under the modified equity method, the investment is carried at the initial cost of the investment plus adjustments for the Town's proportionate share of subsequent earnings, dividends and other changes in equity of the government business partnership. Investment income is recorded for the Town's proportionate share of the government business partnership when earned by the government business partnership and adjustments for dividends are recorded when the dividends are declared by the government business partnership. No adjustments are made for accounting policies of the government business partnership that are different from those of the Town, except that any other comprehensive income of the business enterprise is accounted for as an adjustment to the accumulated surplus. Inter-organizational transactions and balances are not eliminated, except for any profit or loss on the sale between entities of assets that remain within the reporting entity.

Investment in government partnership

The Town records its investment in government partnership, which consists of its 10% ownership interest in AREA, using the proportionate consolidation method.

Under the proportionate consolidation method, the Town recognizes its proportionate share of the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the government partnership, adjusted for differences between the government partnership's and the Town's accounting policies. These are proportionately consolidated on a line-by-line basis, after elimination of the inter-organizational transactions and balances.

Tangible capital assets

Tangible capital assets are carried at cost less accumulated amortization.

Amortization is based on the estimated useful life of the assets and is calculated using the straight line method, as follows:

General Capital	
Land improvements	20-25 years
Municipal buildings	25-40 years
Buildings – plants	25 years
Electronic data equipment	3 years
Small equipment	5 years
Machinery and equipment	5-15 years
Vehicles	5-15 years
Wharves	25 years
Bridges	25 years
Streets, roads and curbs	25 years
Sidewalks	20 years
Sewer lines	50 years
Lagoons	50 years
Landfills	4 years
Other	5 years
Work in progress	No amortization

1. Significant accounting policies (continued)

Tangible capital assets (continued)

Water Utility system As specified for water utilities by the Nova Scotia Utility and Review Board ("NSURB")

Electric Utility system As specified for electric utilities by the NSURB

AREA

Development costs	10 years
Interconnection	40 years
Generation foundation	50 years
Generation turbines	25 years
Poles, fixtures and conduit	30 years
Overhead conductors	32 years
Roads	50 years
Substation equipment	31 years
Substation foundation	50 years
Right of way	No amortization

Revenue and expense recognition

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Property tax revenue is based on assessments determined in accordance with Province of Nova Scotia legislation. Tax rates are set annually. Taxation revenues are recorded at the time tax billings are issued, in the period to which they relate. Assessments are subject to appeal with provisions made for any material appeals. Penalties on overdue taxes are recorded in the period levied.

Government grants and other transfers are recognized as revenue in the period in which the events giving rise to the transfer occur, provided transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Government grants with stipulations are initially deferred and recognized as revenue as the related stipulations are met. Stipulations associated with the acquisition or construction of tangible capital assets are considered to be met when acquisition or construction occurs.

Water and electric utility revenue is based on meter readings and levies, which are set annually. Utility revenues are recorded using the accrual basis as they are earned and measurable.

Investment income earned on surplus current funds, capital funds and reserve funds are reported as revenue in the period earned.

Expenses are recorded using the accrual basis of accounting. As such, expenses are recorded in period the related goods or services are received.

Use of estimates

The preparation of consolidated financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the allowance for doubtful accounts, the useful lives of tangible capital assets and certain accruals. Actual results could differ materially from these estimates.

Town of Mahone Bay
Notes to the consolidated financial statements
March 31, 2021

2. Investment in government partnership

In July 2013, the Town of Antigonish, the Town of Berwick and the Town of Mahone Bay created AREA, a joint municipal corporation and inter-municipal agreement to explore alternative sources of Energy for municipal electric utilities. The primary project of AREA was to construct a windfarm facility in Ellershouse, Nova Scotia. The share of ownership of AREA is as follows: Antigonish 63%, Berwick 27% and Mahone Bay 10%.

AREA's financial information as at March 31, 2021 and for the year then ended, and the related amounts included in these consolidated financial statements using the proportionate consolidation method are summarized as follows:

	10% share of AREA	Consolidation Adjustments	2021 Inclusion in the Town Consolidated	2020 Inclusion in the Town Consolidated
	\$	\$	\$	\$
Statement of Financial Position				
Financial assets				
Cash	87,364	—	87,364	96,762
Accounts receivable	300,350	—	300,350	291,183
	387,714	—	387,714	387,945
Liabilities				
Payables and accruals	175,598	—	175,598	166,087
Deferred revenue	-	—	-	4,500
Long-term debt	4,499,580	—	4,499,580	4,699,365
	4,675,178	—	4,675,178	4,869,952
Non-financial assets				
Prepaid expenses	17,331	—	17,331	2,004
Tangible capital assets	4,223,519	—	4,223,519	4,412,218
	4,240,850	—	4,240,850	4,414,222
Accumulated (deficit) surplus	(46,614)	—	(46,614)	(67,785)
Statement of Operations and accumulated surplus				
Revenues				
Power demand sales	1,173,743	(107,220) (1)	1,066,523	769,491
Other	245,349	—	245,349	221,046
	1,419,092	(107,220)	1,311,872	990,537
Expenses				
Power purchases	711,718	(107,220) (1)	604,498	343,107
Administrative and general	128,480	—	128,480	117,946
Loan interest	138,721	—	138,721	143,085
Salaries	25,513	—	25,513	15,667
Operating and maintenance	60,712	—	60,712	41,564
Taxes	13,306	—	13,306	13,019
Other interest charges	—	—	-	-
	1,078,450	(107,220)	971,230	674,388
Amortization (Note 7)	200,111	—	200,111	199,021
Annual surplus	140,531	—	140,531	117,128

2. Investment in government partnership (continued)

Consolidation adjustments and related party transactions with AREA

(1) During the year ended March 31, 2021, AREA received \$1,072,199 (2020 - \$716,986) of its power demand sales revenue from the Town; therefore, 10% of both the demand sales revenue recorded by AREA and 10% of the power purchases recorded by the Town are eliminated on consolidation.

3. Investment in government business partnership

As of March 31, 2013, the Town of Bridgewater, the Town of Mahone Bay and the Municipality of Lunenburg transferred the operations of the Solid Waste site to the MJSB. The Board of the MJSB establishes tipping fees and each customer of the MJSB, including municipalities, are charged a tipping fee based on tonnage delivered to the site. The assets and liabilities of the Solid Waste site were assumed by the MJSB effective April 1, 2013.

The Town holds a 3.39% ownership interest in the net assets of the MJSB. As of March 31, 2021 the Town's investment is carried at \$261,574 (2020 - \$246,609) and the Town's proportionate share of the MJSB's annual surplus for the year ended March 31, 2021 was \$14,965 (2020 - \$9,591).

The MJSB's consolidated financial information as at March 31, 2021 and for the year then ended, and the Town's related investment and investment income are summarized as follows:

	2021	2020
	\$	\$
MJSB consolidated statement of financial position		
Financial assets	3,800,456	2,946,180
Liabilities	1,154,449	1,164,540
Net financial assets	2,646,007	1,781,640
Non-financial assets	5,070,041	5,492,970
Accumulated surplus	7,716,048	7,274,610
Town of Mahone Bay ownership interest	3.39%	3.39%
Investment in MJSB	261,574	246,609
MJSB consolidated statement of operations		
Total revenue	5,027,452	4,825,750
Total expenses	4,586,016	4,542,818
Annual surplus	441,436	282,932
Town of Mahone Bay ownership interest	3.39%	3.39%
Investment income	14,965	9,591

Related party balances and transactions with MJSB

The Town's payables and accruals include \$8,889 (2020 - \$35,300) payable to MJSB.

During the year ended March 31, 2020, the Town paid tipping fees of \$78,594 (2020 - \$81,547) to MJSB, included in environmental health expenses, and IT shared services costs of \$45,141 (2020 - \$27,168), included in general government services expense. These related party transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. In accordance with the modified equity method, no adjustments have been made to the carrying value of the Town's investment in MJSB in respect of these transactions.

4. Obligations

Employee benefits

The Town provides certain employee benefits that require funding in future periods. Under the personnel policies of the Town, unused sick leave can accumulate and employees can use the credits at a future date, however, employees do not receive entitlement to a cash payment of sick leave credits when they leave the Town's employment. The Town is also liable for vacation days earned by its employees as at March 31, but not taken until a later date. An estimated accrual for this liability of \$38,356 (2020 - \$44,062) has been recorded in payables and accruals on the consolidated statement of financial position.

Landfill site closure costs - centralized disposal site

The centralized disposal site is closed and the present value of the remaining landfill site closure monitoring costs for the next 15 years is estimated to be \$622,500 (2020 - \$622,500), which will be covered by the three partners of MJSB (see Note 3) and the Town of Lunenburg.

The future landfill site closure costs were forecast with inflation at 2.5% (2020 - 2.5%) per annum and discounted back to March 31, 2021 using a discount rate of 2.5% (2020 - 2.5%). A liability (reserve) of \$21,987 (2020 - \$21,987) has been reported in the consolidated statement of financial position of the Town, as this represents the Town's portion of the related costs. This liability for landfill site closure includes costs for the assessment of the site monitoring and treatment of leachate, monitoring of ground water and surface water, monitoring and recovery of gases, maintenance of the required drainage systems and other control systems. The amount in the capital reserve for site monitoring will be adjusted at the end of each fiscal year. It is the intention of the Town; however, to pay the annual monitoring costs as an operating expense as part of the Town's annual budgets.

Housing authorities

During the year, the Town paid \$12,041 (2020 - \$11,449) to the Department of Community Services to fund its share of the prior year's operating deficit. As at March 31, 2020, the Town's share of the 2020 operating deficit, which will be required to be paid by the Town in 2020, was \$13,000 (2020 - \$12,041). This amount has been accrued in the financial statements as at March 31, 2020.

5. Temporary borrowing

	2021	2020
	\$	\$
Advanced to the Town		
Bank of Montreal ("BMO") demand loans, bearing interest at prime less 0.75%, an effective rate of 1.70% (2020 - 1.70%).	420,000	11,000

6. Long-term debt

	2021	2020
	\$	\$
Advanced to the Town		
Nova Scotia Municipal Finance Corporation ("NSMFC") debenture, bearing interest at rates of 2.37% to 3.50% over the term of the debenture (2019 - 2.06% to 3.50%), repayable in annual principal payments of \$40,000, maturing May 30, 2033.	720,000	760,000
NSMFC debenture, bearing interest at rates of 5.04% to 5.08% over the term of the debenture (2020 - 5.00% to 5.08%), repayable in annual principal payments of \$18,500, maturing May 28, 2026.	111,000	129,500
NSMFC debenture, bearing interest at rates of 5.26% to 5.48% over the term of the debenture (2020 - 5.16% to 5.48%), repayable in annual principal payments of \$35,400, maturing October 24, 2023.	212,000	238,500
NSMFC debenture, bearing interest at rates of 1.48% to 3.21% over the term of the debenture (2019 - 1.20% to 3.21%), repayable in annual principal payments of \$15,000, maturing May 9, 2032.	255,000	270,000
NSMFC debenture, bearing interest at rates of 0.68 % to 1.88% over the term of the debenture, repayable in annual principal payments of \$11,646, maturing July 7, 2030.	116,462	-
Bank of Montreal ("BMO") loan, bearing interest at prime less 0.75%, an effective rate of 1.70% (2019 - 3.20%), repayable in annual principal payments of \$27,300, maturing May 31, 2026.	136,500	163,800
Advanced to AREA (10% proportionate share)		
NSMFC debenture, bearing interest at rates of 2.06% to 3.50% over the term of the debenture (2020 - 2.06% to 3.50%), repayable in annual principal payments of \$419,000 to \$610,000, maturing in 2033.	1,105,200	1,148,100
NSMFC debenture, bearing interest at rates of 1.15% to 3.48% over the term of the debenture (2020 - 1.15% to 3.48%), repayable in annual principal payments of \$91,793 to \$124,175, maturing in 2031.	2,025,485	2,121,175

Town of Mahone Bay
Notes to the consolidated financial statements
 March 31, 2021

6. Long-term debt (continued)

	2021	2020
	\$	\$
NSMFC debenture, bearing interest at rates of 1.20% to 3.21% over the term of the debenture (2020 - 1.20% to 3.21%), repayable in annual principal payments of \$59,573 to \$79,715, maturing in 2032.	1,368,895	1,430,090
	6,050,542	6,261,165

The NSMFC debentures and BMO loan advanced to the Town are secured by the various General Fund, Water Utility system and Electric Utility system tangible capital assets disclosed in Note 7.

The NSMFC debentures advanced to AREA are secured by tangible capital assets with a net book value of \$4,223,518 (2020 - \$4,412,218), based on the Town's 10% proportionate share, as disclosed in Note 7.

Principal repayments required over the next five years and thereafter are as follows:

	Town	AREA	Total
	\$	\$	\$
2022	138,946	203,583	342,529
2023	138,946	207,838	346,784
2024	138,946	212,596	351,542
2025	138,946	217,778	356,724
2026	138,946	223,573	362,519
Thereafter	856,232	3,434,213	4,290,445
	1,550,962	4,499,580	6,050,542

Town of Mahone Bay

Notes to the consolidated financial statements

March 31, 2021

7. Tangible capital assets

	2021						2020
	Opening cost	Additions	Closing cost	Opening accumulated amortization	Amortization in year	Closing accumulated amortization	Net book value
	\$	\$	\$	\$	\$	\$	\$
Town General							
Land (incl. cemetery)	618,100	—	618,100	—	—	—	618,100
Land improvements	833,324	—	833,324	689,468	11,843	701,311	143,856
Municipal buildings	669,477	726,273	1,395,750	309,367	36,031	345,398	1,050,352
Buildings - plants	1,011,525	—	1,011,525	962,467	3,938	966,405	45,120
Electronic data equip.	21,611	—	21,611	21,611	—	21,611	—
Small equipment	507,216	31,968	539,184	237,628	40,794	278,422	269,588
Machinery and equip.	1,546,850	18,903	1,565,753	1,291,884	68,505	1,360,389	205,364
Vehicles	241,792	15,539	257,331	224,999	9,948	234,947	22,384
Wharves	218,438	36,500	254,938	159,816	10,203	170,019	84,919
Bridges	767,108	—	767,108	62,532	15,342	77,874	689,234
Streets, roads, curbs	4,388,196	24,095	4,412,291	1,919,417	206,605	2,126,022	2,286,269
Sidewalks	374,914	—	374,914	267,033	9,648	276,681	98,233
Sewer lines	4,058,662	3,140	4,061,802	1,516,007	64,653	1,580,660	2,481,142
Lagoons	28,280	—	28,280	2,456	944	3,400	24,880
Other	145,782	101,083	246,865	33,651	9,999	43,650	203,215
	15,431,275	957,501	16,388,776	7,698,336	488,453	8,186,789	8,201,987
Water Utility system	5,705,596	51,685	5,757,281	1,092,801	125,038	1,217,839	4,539,442
Electric Utility system	1,779,385	101,436	1,880,821	582,120	47,440	629,560	1,251,261
AREA							
Development costs	140,753	374	141,127	47,467	14,644	62,111	79,017
Interconnection	74,392	—	74,392	7,968	1,661	9,629	64,763
Generation foundation	298,019	—	298,019	23,952	5,960	29,912	268,106
Generation turbines	4,000,396	—	4,000,396	580,131	160,016	740,147	3,260,249
Poles, fixtures, conduit	157,264	—	157,264	19,232	5,237	24,469	132,795
Overhead conductors	93,840	—	93,840	13,807	3,353	17,160	76,680
Roads	182,525	—	182,525	13,396	3,651	17,047	165,479
Substation equipment	114,659	—	114,659	16,142	3,669	19,811	94,848
Substation foundation	68,439	—	68,439	6,054	1,369	7,423	61,016
Metreological mast	—	11,038	11,038	—	552	552	—
Right of way	10,079	—	10,079	—	—	—	10,079
	5,140,366	11,412	5,151,778	728,149	200,111	928,260	4,223,518
	28,056,622	1,122,034	29,178,656	10,101,406	861,042	10,962,448	18,216,208
							17,955,216

Town of Mahone Bay
Notes to the consolidated financial statements
 March 31, 2021

8. Accumulated surplus

Accumulated surplus - 2021

	Current Funds	Reserve Funds	Capital Funds	2021 Total
	\$	\$	\$	\$
General	(283,199)	258,263	11,837,180	11,812,244
Water	(29,421)	707,368	1,301,714	1,979,661
Electric	345,252	626,364	1,224,833	2,196,449
Cemetery	184,219	—	-	184,219
	216,851	1,591,995	14,363,727	16,172,573
AREA (Note 2)	129,447	(276,061)	100,000	(46,614)
MJSB (Note 3)	261,574	—	—	261,574
	607,872	1,315,934	14,463,727	16,387,533

Accumulated surplus - 2020

	Current Funds	Reserve Funds	Capital Funds	2020 Total
	\$	\$	\$	\$
General	5,476,922	1,454,355	3,498,395	10,429,672
Water	8,557	156,227	3,544,299	3,709,083
Electric	131,639	85,036	1,154,356	1,371,031
Cemetery	145,472	—	505	145,977
	5,643,229	1,695,618	8,197,555	15,655,763
AREA (Note 2)	119,362	100,000	(406,508)	(187,146)
MJSB (Note 3)	246,609	—	—	246,609
	6,009,200	1,795,618	7,791,047	15,715,226

9. Remuneration of council and administrators

The following schedule sets out the gross earnings paid to each member of Council, including the administrators and the directors of departments, as reflected in the consolidated statement of operations and accumulated surplus.

	Remuneration	Expenses	2021 Total	2020 Total
	\$	\$	\$	\$
Dave Devenne, Mayor	19,536	366	19,902	28,162
Francis Kangata, Deputy Mayor	11,824	—	11,824	13,251
Councilors				
Penny Carver	10,282	173	10,455	13,465
Richard Nowe	10,282	—	10,282	10,282
Joseph M Feeney	10,282	—	10,282	10,282
Kelly Wilson	10,282	—	10,282	
Alice Burdick	10,282	—	10,282	
Colleen O'Neill	—	—	—	11,479
John Bain	—	—	—	10,282
	82,770	539	83,309	97,203
Administrators				
Dylan Heide Chief Accounting Officer ("CAO")	103,886	1,396	105,282	103,389
	103,886	1,396	105,282	103,389

10. Financial instruments

Market risk

Market risk is the risk that the fair value or future cash flows of the Town's financial instruments will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk. The Town is exposed to certain of these risks as described below.

(i) Interest rate risk

Interest rate risk is the risk that the market value of the Town's financial instruments will fluctuate due to changes in the market interest rates. The NSMFC debentures bear interest at fixed rates. Consequently, the cash flow exposure is not significant. However, the fair value of debentures having fixed rates of interest could fluctuate because of changes in market interest rates. The Town is exposed to interest rate risk with respect to its temporary borrowing and BMO long-term debt, which bear interest at variable rates, based on the prime lending rate. The Town does not actively manage this risk.

10. Financial instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Town is exposed to credit risk on the accounts receivable from its customers, primarily related to Property Taxes and water and electric utilities balances owed. To mitigate this risk, the Town has developed the policies of commencing a tax sale process for Property Taxes in arrears over two years, and issuing disconnect notice to past due Utility accounts. The Town does not have a significant exposure to any individual customers. The Town has recorded a \$20,400 (2020 - \$25,600) provision for doubtful accounts.

Liquidity risk

The Town's objective is to have sufficient liquidity to meet its liabilities when due. The Town monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2021, the most significant financial liabilities are the payables and accruals, and long-term debt.

The following table shows the remaining contractual maturities of the Town's financial liabilities:

	No set terms of repayment \$	Due within 1 year \$	Due within 2-5 years \$	Thereafter \$	Total \$
Payables and accruals	—	1,024,822	—	—	1,024,822
Temporary borrowing	420,000	—	—	—	420,000
Long-term debt	—	342,529	1,417,268	4,290,445	6,050,242
	420,000	1,367,351	1,417,268	4,290,445	7,495,064

Town of Mahone Bay
Schedule of current funds
Year ended March 31, 2021

	<i>General operations</i>	<i>Water operations</i>	<i>Electric operations</i>	<i>Cemetery operations</i>	<i>General, water and electric capital funds</i>	<i>Reserve funds</i>	<i>Trust Reserve</i>	<i>Consolidated Total</i>	<i>2020</i>
Financial Assets									
Current assets	513,454	85,040	207,616	179,751	2,342,505	1,591,995	3,602	4,923,963	3,978,363
Investments	-	-	-	-	-	-	-	-	-
	513,454	85,040	207,616	179,751	2,342,505	1,591,995	3,602	4,923,963	3,978,363
Liabilities									
Current liabilities	873,046	34,802	34,073	-	-	-	-	941,921	605,039
Long-term debt	-	-	38,926	-	1,970,962	-	-	2,009,888	1,561,800
	873,046	34,802	72,999	-	1,970,962	-	-	2,951,809	2,166,839
Non-financial assets									
Prepaid expenses	16,696	396	69,437	-	-	-	-	86,529	96,680
Inventory	-	14,683	106,518	-	-	-	-	121,201	85,200
Tangible capital assets	-	-	-	505	13,992,184	-	-	13,992,689	13,542,998
	16,696	15,079	175,955	505	13,992,184	-	-	14,200,419	13,724,878
Opening Accumulated surplus (deficit)	(747,476)	(124,159)	379,932	188,182	14,363,727	1,591,995	3,562	15,655,763	15,365,140
Annual surplus	460,695	94,738	(34,680)	(3,963)	-	-	20	516,810	290,623
Accumulated surplus (deficit)	(286,781)	(29,421)	345,252	184,219	14,363,727	1,591,995	3,582	16,172,573	15,655,763
Revenues	3,156,809	732,166	1,749,474	4,555	-	-	20	5,643,024	5,538,527
Expenses	2,696,114	637,428	1,784,154	8,518	-	-	-	5,126,214	5,247,904
Annual Surplus (deficit)	460,695	94,738	(34,680)	(3,963)	-	-	20	516,810	290,623