

Consolidated Financial Statements of

Town of Mahone Bay

Year ended March 31, 2023

Town of Mahone Bay

Consolidated Financial Statements

Year ended March 31, 2023

Independent Auditor's Report	1 - 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 33
Schedule 1 - Tangible Capital Assets	34



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Independent Auditor's Report

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

Qualified 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, 2023, and the consolidated statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town of Mahone Bay as at March 31, 2023, and its consolidated results of operations, changes in net debt, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Town has not performed the preliminary study necessary to assess whether a liability exists in relation to the remediation costs of its tangible capital assets.

Effective April 1, 2022, the Town was required to adopt PS 3280 *Asset Retirement Obligations*, which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets, adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect the change in accounting policy.

As of the audit report date, Management has not completed its assessment of the Town's tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of the departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at March 31, 2023 and 2022, and accumulated surplus as at April 1 and March 31 for both 2023 and 2022.

Because we were appointed as auditors of the Town at a date subsequent to March 31, 2023, we were not able to observe the counting of inventory at March 31, 2023 or satisfy ourselves concerning those inventory quantities by alternative means. Therefore, we were unable to determine whether adjustments to inventory and tangible capital assets at March 31, 2023 and the results of operations and changes in net debt and cash flows for the year then ended might be necessary.



The predecessor auditor did not observe the counting of inventory at March 31, 2022 or satisfy themselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the results of operations and changes in net debt and cash flows, we are unable to determine whether adjustments to results of operations and changes in net debt and cash flows for the year ended March 31, 2023 might be necessary.

We conducted our audit in accordance with Canadian general 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 Town 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 qualified opinion.

Emphasis of Matter - Restated Comparative Information

The consolidated financial statements for the year ended March 31, 2022, excluding the adjustments that were applied to restate certain comparative information as described in Note 3, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on May 12, 2023.

As part of our audit of the consolidated financial statements for the year ended March 31, 2023, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the year ended March 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those 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 the 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 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 Management's financial reporting process.



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 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information or business activities within the Town 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.

Chartered Professional Accountants

Halifax, Nova Scotia
April 16, 2025

Town of Mahone Bay

Consolidated Statement of Financial Position
March 31, 2023

	2023	(Restated - Note 3) 2022
Financial Assets		
Cash	\$ 3,857,749	\$ 2,469,435
Taxes and rates receivable	784,033	764,546
Accounts receivable	1,269,838	1,292,063
Investment in Municipal Joint Services Board, Lunenburg (Note 6)	258,873	261,659
	<u>6,170,493</u>	<u>4,787,703</u>
Liabilities		
Accounts payable and accrued liabilities (Notes 6, 7, 10 & 11)	1,774,881	2,239,905
Temporary borrowing (Note 4)	3,120,000	3,120,000
Deferred revenue	135,166	129,984
Long-term debt (Note 8)	9,743,676	5,735,314
	<u>14,773,723</u>	<u>11,225,203</u>
Net debt	<u>(8,603,230)</u>	<u>(6,437,500)</u>
Non Financial Assets		
Prepaid expenses	95,543	93,632
Inventory	349,503	214,564
Tangible capital assets (Schedule 1)	25,812,659	23,136,397
	<u>26,257,705</u>	<u>23,444,593</u>
Net assets and accumulated surplus (Note 5)	<u>\$ 17,654,475</u>	<u>\$ 17,007,093</u>

Commitments and contingent liabilities (Note 11)
Subsequent events (Note 15)

Approved on behalf of Council:

_____ Mayor

_____ Chief Administration Officer

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

Town of Mahone Bay
Consolidated Statement of Operations and Accumulated Surplus
Year ended March 31, 2023

	(Restated - Note 3)	
	2023	2022
Revenues		
Taxes and rates	\$ 3,179,581	\$ 2,912,332
Power demand sales - electric	1,754,845	1,848,832
Domestic sales - electric	1,106,810	1,099,131
Solar garden (Note 7)	968,246	694,213
Provincial solar garden funding (Note 7)	759,293	439,018
Metered sales - water	557,537	542,751
Other	356,790	506,896
Unconditional transfers from other governments	321,149	75,023
Services provided to other governments	171,656	159,038
Other revenue from own sources	120,584	62,235
Conditional transfers (federal and provincial)	111,341	345,344
Grants in lieu of taxes	22,193	22,500
Interest	15,326	17,452
Commercial sales - electric	3,611	34,744
	9,448,962	8,759,509
Expenses		
Power purchases (Note 7)	1,895,524	2,082,271
Solar garden (Note 7)	1,726,540	1,135,924
General government services (Notes 6 & 9)	791,754	684,257
Administrative and general	536,317	506,177
Education	444,330	435,281
Protective services	435,435	526,240
Transportation	388,709	371,780
Environmental health (Note 6)	317,247	307,154
Environmental development services	191,844	140,288
Salaries	181,004	206,280
Interest on long-term debt	171,108	153,556
Water treatment	170,689	159,926
Operating and maintenance	125,568	209,392
Recreation and cultural services	120,977	90,014
Transmission and distribution	117,540	133,376
Other interest charges	65,391	13,013
Pumping	34,570	30,013
Mowing and grounds upkeep	33,575	11,324
Public health and welfare services (Note 11)	18,449	7,015
Taxes	14,039	14,068
	7,780,610	7,217,349
Annual surplus before undernoted	1,668,352	1,542,160
Amortization of tangible capital assets (Schedule 1)	(1,018,184)	(918,687)
(Loss) income on investment in Municipal Joint Services Board, Lunenburg	(2,786)	3,154
Annual surplus	647,382	626,627
Accumulated surplus, beginning of year, as previously stated	\$ 16,968,060	\$ 16,387,276
Restatement (Note 3)	39,033	(6,810)
Accumulated surplus, beginning of year, restated	\$ 17,007,093	\$ 16,380,466
Accumulated surplus, end of year	\$ 17,654,475	\$ 17,007,093

No consolidated budget prepared or approved (Note 13)

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

Town of Mahone Bay

Consolidated Statement of Changes in Net Debt
Year ended March 31, 2023

	(Restated - Note 3)	
	2023	2022
Annual surplus	\$ 647,382	\$ 626,627
Change in tangible capital assets		
Purchase of tangible capital assets (Schedule 1)	(3,694,444)	(5,838,876)
Amortization of tangible capital assets (Schedule 1)	1,018,184	918,687
	(2,676,260)	(4,920,189)
Change in other non-financial assets		
Prepaid expenses	(1,913)	10,228
Inventory	(134,939)	(93,363)
	(136,852)	(83,135)
Increase in net debt	(2,165,730)	(4,376,697)
Net debt, beginning of year, as previously stated	(6,476,533)	(2,053,993)
Restatement (Note 3)	39,033	(6,810)
Net debt, beginning of year, restated	(6,437,500)	(2,060,803)
Net debt, end of year	\$ (8,603,230)	\$ (6,437,500)

No consolidated budget prepared or approved (Note 13)

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

Town of Mahone Bay

Consolidated Statement of Cash Flows
Year ended March 31, 2023

	2023	(Restated - Note 3) 2022
Operating activities		
Annual surplus	\$ 647,382	\$ 626,627
Amortization of tangible capital assets (Schedule 1)	1,018,184	918,687
Loss (income) on Municipal Joint Services Board, Lunenburg	2,786	(3,154)
Changes in non-cash working capital:		
Taxes receivable	(19,487)	(191,804)
Accounts receivable	22,225	(826,905)
Inventory	(134,939)	(93,364)
Prepaid expenses	(1,913)	10,229
Accounts payable and accrued liabilities	(465,024)	1,214,806
Deferred revenue	5,182	(1,619)
Cash provided by operating activities	1,074,396	1,653,503
Capital activity		
Purchase of tangible capital assets (Schedule 1)	(3,694,444)	(5,838,876)
Financing activities		
Proceeds from long-term debt	4,355,146	92,500
Repayments of long-term debt	(346,784)	(407,727)
Proceeds from temporary borrowing	-	2,700,000
Cash provided by financing activities	4,008,362	2,384,773
Increase (decrease) in cash	1,388,314	(1,800,600)
Cash, beginning of year, as previously stated	2,473,176	4,273,777
Restatement (Note 3)	(3,741)	(3,741)
Cash, beginning of year, restated	2,469,435	4,270,035
Cash, end of year	\$ 3,857,749	\$ 2,469,435

No consolidated budget prepared or approved (Note 13)

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

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

1. Status of the Town and Management's Responsibility

The Town of Mahone Bay (the "Town") is a municipal government located in Nova Scotia, Canada, and was incorporated on March 31, 1919 pursuant to the Municipal Government Act. The Town provides or funds municipal services such as fire, public works, community service programming, recreational programming, general government operations, and water and electric utilities.

Management of the Town is responsible for the integrity, objectivity and accuracy of the consolidated financial statements, prepared in accordance with Public Sector Accounting Standards ("PSAS"), as established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada"). A summary of the significant accounting policies is described in Note 2 to the consolidated financial statements.

Management of the Town maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Town's Audit and Finance Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the approval of the consolidated financial statements.

Town of Mahone Bay

Notes to Consolidated Financial Statements
March 31, 2023

2. Summary of Significant Accounting Policies

Basis of accounting

The consolidated financial statements of the Town are prepared in accordance with PSAS, as established by the PSAB of CPA Canada.

Reporting entity

The consolidated financial statements reflect the assets, liabilities, non-financial assets, revenue, expenses, and changes in net debt and in financial position of the reporting entity. The reporting entity is comprised of the Town General Operating Fund, Town General Capital Fund, Water Utility, Electric Utility, Town Reserve Funds and Cemetery Commission and its 10% proportionate share of the Alternative Resource Energy Authority ("AREA", Note 7).

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

Trusts administered by the Town are not included in these consolidated financial statements.

Adoption of Accounting Policies

Effective April 1, 2022, the Town adopted PS 1201 Financial Statement Presentation, which establishes general reporting principles and standards for the disclosure of information in the consolidated financial statements. There were no material effects of the adoption of this standard on the consolidated financial statements. This standard requires the consolidated financial statements to include a consolidated statement of remeasurement gains and losses. As the Town has no remeasurement gains and losses, this statement has not been presented.

Effective April 1, 2022, the Town adopted PS 3450 Financial Instruments, which establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. There were no material effects on the adoption of this standard on the consolidated financial statements. This standard is required to be adopted prospectively; therefore, comparative figures have not been restated with respect to the adoption of this standard.

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

2. Summary of Significant Accounting Policies (continued)

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 accounting policies of the government partnership and the Town. These are proportionately consolidated on a line-by-line basis, after elimination of the inter-organizational transactions and businesses.

Fund balances

Funds within the consolidated financial statements consist of operating, capital, and reserve funds. Council approves certain amounts of the accumulated surplus to be set aside in reserve for future operating and capital purposes. Transfers between funds are recorded as adjustments to the appropriate fund balances within accumulated surplus.

Cash

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

Financial instruments

Cash and cash equivalents are measured at fair value. Accounts receivable, accounts payable and accrued liabilities, temporary borrowing, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

2. Summary of Significant Accounting Policies (continued)

Investment in Municipal Joint Services Board, Lunenburg

Investment in Municipal Joint Services Board, Lunenburg (the "MJSB") consists of a 3.39% ownership interest. The Town records its investment as a portfolio investment.

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

Inventory

Inventories, which are comprised of materials to be used in the construction of tangible capital assets, are carried at the lower of cost and replacement value, with cost being determined on a first-in, first-out basis. Work in progress is included in tangible capital assets.

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

2. Summary of Significant Accounting Policies (continued)

Tangible capital assets

Tangible capital assets are stated at cost, less accumulated amortization. Cost includes amounts that are directly related to the acquisition, construction, development, or betterment of the tangible capital assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition, construction or development of the asset. Amortization is based on estimated useful life, using the straight line method, as follows:

Asset	Estimated useful life
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	5-10 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
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
Meteorological mast	10 years
Right of way	No amortization

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

2. Summary of Significant Accounting Policies (continued)

Tangible capital assets (continued)

Tangible capital assets under construction ("work-in-progress"), development or that have been removed from service are not amortized until they are available to be put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Town's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed tangible capital assets are recorded at their fair value on the date of contribution, except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Landfills

The estimated costs to close and maintain closed landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are recognized and charged to expense as the landfill is used.

Revenue and expense recognition

Funds from external parties and earnings thereon, other than from government transfers, are deferred when restrictions are placed on their use by the external party, and are recognized as revenue when used for the purpose specified.

Property tax revenue is determined based on assessments according to Nova Scotia legislation. Tax rates are set annually, and revenue is recorded in the period to which it relates. Assessments can be appealed, and provisions are made for significant appeals. Overdue tax penalties are recorded in the period they are levied.

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability and are recognized in the consolidated statement of operations as the stipulations are settled.

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

2. Summary of Significant Accounting Policies (continued)

Revenue and expense recognition (continued)

Water and electric utility revenue is based on meter readings and levies, recognized using the accrual basis as they are earned and measurable.

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

Expenses are recognized using the accrual basis of accounting, aligning with the receipt of goods and services.

Use of estimates

In preparing the Town's consolidated financial statements in conformity with PSAS, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of estimates include the allowance for doubtful accounts, the useful lives of tangible capital assets and certain accruals.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements.

Town of Mahone Bay

Notes to Consolidated Financial Statements
March 31, 2023

3. Restatement of Comparative Figures

During the year, the Town determined that the consolidated financial statements improperly included trusts it administers. As a result, cash and accumulated surplus were each overstated by \$3,741 as at March 31, 2022.

The Town has also determined that certain inter-fund balances did not reconcile as at March 31, 2022. In order to correct this, the Town has increased accounts receivable by \$46,283 as at March 31, 2022 and increased other revenues for the year then ended by \$46,283. These corrections also impacted the allocation of accumulated surplus across funds as at March 31, 2022, which along with the impact of the other above noted corrections is detailed in Note 5.

The resulting impacts of the above corrections on the comparative figures as at March 31, 2022 and for the year then ended are as follows:

	Previously stated	Restatement	As restated
Cash	\$ 2,473,176	\$ (3,741)	\$ 2,469,435
Accounts receivable	1,245,779	46,283	1,292,062
Investment in MJSB	265,168	(3,509)	261,659
Accumulated surplus, beginning of year	16,387,276	(6,810)	16,380,466
Other revenues	454,446	52,450	506,896
Sale of services	3,273	(3,273)	-
Street lighting	2,894	(2,894)	-
Income on investment in Municipal Joint Services Board, Lunenburg	3,594	(440)	3,154

These adjustments resulted in a \$45,843 increase to annual surplus and a \$440 decrease in income on investment in Municipal Joint Services Board, Lunenburg for the year ended March 31, 2022 and a \$6,810 decrease to accumulated surplus as at March 31, 2023.

Certain other comparative figures have also been reclassified in order to conform to the current year's presentation.

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

4. Temporary Borrowing

	<u>2023</u>	<u>2022</u>
Bank of Montreal ("BMO") demand loan, bearing interest at prime less 0.75%, an effective rate of 5.95% (2022 - 1.95%).	\$ 2,700,000	\$ 2,700,000
BMO demand loan, bearing interest at prime less 0.75%, an effective rate of 5.95% (2022 - 1.95%).	<u>420,000</u>	<u>420,000</u>
	<u>\$ 3,120,000</u>	<u>\$ 3,120,000</u>

5. Accumulated Surplus

Accumulated surplus - 2023

	Current Funds	Reserve Funds	Capital Funds	2023 Total
General	\$ 77,191	\$ 574,632	\$ 8,854,622	\$ 9,506,445
Water	159,047	631,550	4,510,175	5,300,772
Electric	528,554	700,410	1,251,447	2,480,411
Cemetery	220,601	-	-	220,601
	<u>\$ 985,393</u>	<u>\$ 1,906,592</u>	<u>\$ 14,616,244</u>	<u>\$ 17,508,229</u>
AREA (Note 7)	52,676	100,000	(265,302)	(112,626)
MJSB (Note 6)	258,873	-	-	258,873
	<u>\$ 1,296,942</u>	<u>\$ 2,006,592</u>	<u>\$ 14,350,942</u>	<u>\$ 17,654,475</u>

Town of Mahone Bay

Notes to Consolidated Financial Statements
March 31, 2023

5. Accumulated Surplus (continued)

As described in Note 3, certain corrections were made to the accumulated surplus balances as at March 31, 2022. The following two tables outline the restated accumulated surplus balances as at March 31, 2022 and the impact of the corrections, respectively:

Accumulated surplus - 2022 - As restated

	Current Funds	Reserve Funds	Capital Funds	2022 Total
General	\$ 44,474	\$ 350,539	\$ 8,781,522	\$ 9,176,535
Water	146,395	629,555	4,439,769	5,215,719
Electric	325,916	700,411	1,236,968	2,263,295
Cemetery	181,553	-	-	181,553
	\$ 698,338	\$ 1,680,505	\$ 14,458,259	\$ 16,837,102
AREA (Note 7)	81,141	100,000	(272,809)	(91,668)
MJSB (Note 6)	261,659	-	-	261,659
	\$ 1,041,138	\$ 1,780,505	\$ 14,185,450	\$ 17,007,093

The impact of these restatements to the accumulated surplus of 2022 are as follows:

	Current Funds	Reserve Funds	Capital Funds	2022 Total
General	\$ 50,544	\$ 90,120	\$ (55,028)	\$ 85,636
Water	8,255	-	743	8,998
Electric	2,183	(11,646)	11,646	2,183
Cemetery	(54,274)	-	-	(54,274)
	\$ 6,708	\$ 78,474	\$ (42,639)	\$ 42,543
AREA (Note 7)	(1)	372,809	(372,809)	(1)
MJSB (Note 6)	(3,509)	-	-	(3,509)
	\$ 3,198	\$ 451,283	\$ (415,448)	\$ 39,033

Accumulated surplus - 2022 - As previously stated

	Current Funds	Reserve Funds	Capital Funds	2022 Total
General	\$ (6,070)	\$ 260,419	\$ 8,836,550	\$ 9,090,899
Water	138,140	629,555	4,439,026	5,206,721
Electric	323,733	712,057	1,225,322	2,261,112
Cemetery	235,827	-	-	235,827
	\$ 691,630	\$ 1,602,031	\$ 14,500,898	\$ 16,794,559
AREA (Note 7)	81,142	(272,809)	100,000	(91,667)
MJSB (Note 6)	265,168	-	-	265,168
	\$ 1,037,940	\$ 1,329,222	\$ 14,600,898	\$ 16,968,060

Town of Mahone Bay

Notes to Consolidated Financial Statements
March 31, 2023

6. Investment in Municipal Joint Services Board, Lunenburg

As of March 31, 2013, the Town of Bridgewater, the Town of Mahone Bay, and the Municipality of the District of Lunenburg transferred the operations of its solid waste site to the MJSB (the "Solid Waste site"). The Board of MJSB establishes tipping fees, charging each customer, including municipalities, based on tonnage delivered to the site. Effective April 1, 2013, the MJSB assumed the assets and liabilities of the Solid Waste site. The Town has a 3.39% ownership interest in the MJSB.

In the Town's accounts payable and accrued liabilities, there is an amount of \$7,615 (2022 - \$11,823) payable to MJSB. During the fiscal year ending March 31, 2023, the Town made payments to MJSB for tipping fees totaling \$72,324 (2022 - \$78,682), which were categorized as environmental health expenses. Additionally, information technology shared services costs of \$89,723 (2022 - \$38,849) were incurred by the Town and included in general government services expense. These transactions involving related parties were conducted in the normal course of operations and were measured at the exchange amount, agreed upon by the related parties.

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

7. Investment in Government Partnership

In July 2013, the Town of Antigonish ("Antigonish"), the Town of Berwick ("Berwick"), and the Town established AREA - a joint municipal corporation formed through an inter-municipal agreement. The purpose of AREA was to explore alternative energy sources for municipal electric utilities. Their flagship project involved constructing a wind farm facility in Ellershouse, Nova Scotia and has subsequently supervised the construction of solar gardens in Antigonish, Berwick and the Town. Ownership shares in AREA are distributed as follows: Antigonish (63%), Berwick (27%), and Mahone Bay (10%). AREA's financial information and the related amounts included in these consolidated financial statements using the proportionate consolidation method are summarized as follows:

Statement of Financial Position	10% share of AREA	Consolidation Adjustments	2023	2022
Financial assets				
Cash	\$ 163,086	\$ -	\$ 163,086	\$ 229,966
Accounts receivable	765,143	(8,733)	756,410	784,031
	928,229	(8,733)	919,496	1,013,997
Liabilities				
Accounts payable and accrued liabilities	804,321	(8,733)	795,588	845,181
Deferred revenue	-	-	-	6,750
Long-term debt	4,088,159	-	4,088,159	4,295,997
	4,892,480	(8,733)	4,883,747	5,147,928
Non-financial assets				
Prepaid expenses	16,505	-	16,505	6,814
Inventory	12,263	-	12,263	12,263
Tangible capital assets	3,822,857	-	3,822,857	4,023,188
	3,851,625	-	3,851,625	4,042,265
Accumulated deficit	\$ (112,626)	\$ -	\$ (112,626)	\$ (91,666)

Town of Mahone Bay

Notes to Consolidated Financial Statements
March 31, 2023

7. Investment in Government Partnership (continued)

	10% share of AREA	Consolidation Adjustments	2023	2022
Statement of Operations and Accumulated Surplus				
Revenues				
Power demand sales - electric	\$ 1,078,955	\$ (90,196)	\$ 988,759	\$ 1,102,563
Solar garden	968,246	-	968,246	694,213
Provincial solar garden funding	759,293	-	759,293	439,018
Other	248,862	-	248,862	241,305
	3,055,356	(90,196)	2,965,160	2,477,099
Expenses				
Power purchases	641,562	(90,196)	551,366	630,838
Solar garden expenses	1,726,541	-	1,726,540	1,135,924
Administrative and general	136,934	-	136,935	155,284
Salaries	32,012	-	32,012	33,013
Interest on long-term debt	130,496	-	130,496	135,056
Operating and maintenance	104,216	-	104,216	78,037
Taxes	13,346	-	13,346	13,380
	2,785,107	(90,196)	2,694,911	2,181,532
Amortization (Schedule 1)	200,331	-	200,331	200,331
Annual surplus	\$ 69,918	\$ -	\$ 69,918	\$ 95,236
Accumulated deficit, beginning of year	(91,666)	-	(91,666)	(46,614)
Distributions	(90,879)	-	(90,879)	(140,287)
Accumulated deficit, end of year	\$ (112,626)	\$ -	\$ (112,626)	\$ (91,666)

Included in accounts payable and accrued liabilities is \$78,594 (2022 - \$nil) payable to AREA. Included in power purchases is \$811,764 (2022 - \$1,027,301) of purchases from AREA. These transactions involving related parties were conducted in the normal course of operations and were measured at the exchange amount, agreed upon by the related parties.

As at March 31, 2023, AREA had also recognized an asset retirement obligation for the decommissioning of its wind farm, in the amount of \$4,430,821 (2022 - \$4,280,986) with accretion expense of \$149,835 and a \$34,489 reduction in amortization expense recognized for the year then ended. As management has not completed its assessment of the Town's own potential retirement obligations and has therefore not adopted the requirements of PS 3280 Asset Retirement Obligations (see basis for qualified opinion in independent auditor's report), it has excluded the impacts of AREA's asset retirement obligation from its proportionate consolidation. These balances will be recognized via appropriate consolidation, on a retrospective basis, in the same fiscal year in which the Town completes its own assessment and fully adopts PS 3280.

Town of Mahone Bay

Notes to Consolidated Financial Statements
March 31, 2023

8. Long-Term debt

	<u>2023</u>	<u>2022</u>
<u>Advanced to the Town</u>		
Nova Scotia Municipal Finance Corporation ("NSMFC") debenture, bearing interest at rates of 2.761% to 3.501% (2022 - 2.582% to 3.501%) over the term of the debenture, repayable in annual principal payments of \$40,000, maturing May 30, 2033.	\$ 640,000	\$ 680,000
NSMFC debenture, bearing interest at rates of 5.43% to 5.48% (2022 - 4.48% to 5.335%), repayable in annual principal payments of \$26,500, maturing October 24, 2023.	159,000	\$ 185,500
NSMFC debenture, bearing interest at rates of 1.86% to 3.209% (2022 - 1.655% to 3.209%) over the term of the debenture, repayable in annual principal payments of \$15,000, maturing May 9, 2032.	225,000	240,000
NSMFC debenture, bearing interest at rates of 0.859% to 1.879% (2022 - 0.68% to 1.88%) over the term of the debenture, repayable in annual principal payments of \$11,646, maturing July 7, 2030.	93,170	104,816
NSMFC debenture, bearing interest at rates of 0.4% to 1.398% (2022 - 0.4% to 1.398%) over the term of the debenture, repayable in annual principal payments of \$18,500, maturing May 28, 2026.	74,000	92,500
BMO loan, bearing interest at prime less 0.75% an effective rate of 5.95% (2022 - 1.70%), repayable in annual principal payments of \$27,300, maturing May 31, 2026.	109,200	136,500
NSMFC debenture, bearing interest at rates of 4.177% to 4.567% over the term of the debenture, repayable in annual principal payments of \$257,367, maturing October 25, 2037.	4,355,146	-

Town of Mahone Bay

Notes to Consolidated Financial Statements
March 31, 2023

8. Long-Term Debt (continued)

Advanced to AREA (10% proportionate share)

NSMFC debenture, bearing interest at rates of 2.06% to 3.501% (2022 - 2.06% to 3.501%) over the term of the debenture, repayable in annual principal payments of \$41,900 to \$61,000, maturing in 2033.	1,016,000	1,061,200
NSMFC debenture, bearing interest at rates of 1.15% to 3.475% (2022 - 1.15% to 3.48%) over the term of the debenture, repayable in annual principal payments of \$91,793 to \$124,175, maturing in 2031.	1,828,687	1,928,063
NSMFC debenture, bearing interest at rates of 1.20% to 3.209% (2022 - 1.20% to 3.209%) over the term of the debenture, repayable in annual principal payments of \$59,573 to \$79,715, maturing in 2032.	1,243,472	1,306,735
	<u>\$ 9,743,676</u>	<u>\$ 5,735,314</u>

The Town's NSMFC debentures and BMO loan are secured by the various General Fund, Water Utility system and Electric Utility system tangible capital assets disclosed in Schedule 1 (Tangible Asset Schedule).

AREA's NSMFC debentures are secured by tangible capital assets with a net book value of \$3,822,857 (2022 - \$4,023,185), based on the Town's 10% proportionate share, as disclosed in Schedule 1.

The principal repayments for the next five years are outlined below:

	<u>Town</u>	<u>AREA</u>	<u>Total</u>
2024	\$ 528,813	\$ 212,596	\$ 741,409
2025	369,813	217,778	587,591
2026	369,813	223,573	593,386
2027	369,813	229,840	599,653
2028	324,013	236,565	560,578

Town of Mahone Bay

Notes to Consolidated Financial Statements
March 31, 2023

9. Remuneration of Council and Administrator

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

	<u>Remuneration</u>	<u>Expenses</u>	<u>2023 Total</u>	<u>2022 Total</u>
David Devenne, Mayor	\$ 20,479	\$ 5,278	\$ 25,757	\$ 22,938
Francis Kangata, Deputy Mayor	12,395	47	12,442	11,907
Councilors				
Penny Carver	10,779	703	11,482	10,994
Richard Nowe	10,779	191	10,970	10,408
Joseph M. Feeney	10,779	47	10,826	10,354
Kelly Wilson	10,779	124	10,903	10,719
Suzanne Lohnes-Croft	10,779	296	11,075	-
Alice Burdick	-	-	-	10,589
	<u>\$ 86,769</u>	<u>\$ 6,686</u>	<u>\$ 93,455</u>	<u>\$ 87,909</u>
Administrator				
Dylan Heide, CAO	<u>\$ 114,017</u>	<u>\$ 2,957</u>	<u>\$ 116,974</u>	<u>\$ 112,714</u>

10. Employee Future Benefits

The Town offers employee benefits that extend into future periods. According to personnel policies, unused sick leave accumulates, and employees can utilize these credits at a later date. However, departing employees do not receive cash payments for accrued sick leave credits. Additionally, the Town is responsible for vacation days earned by employees as of year-end, even if those days are taken at a later time. An estimated liability of \$46,254 (2022 - \$38,879) has been recorded in accounts payables and accrued liabilities on the consolidated statement of financial position.

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

11. Commitments and Contingent Liabilities

Landfill site closure costs - centralized disposal site

The centralized disposal site has been closed, and the present value of the remaining landfill site closure monitoring costs for the next 15 years is estimated to be \$592,392 (2022 - \$625,532). These costs will be covered by the three partners of MJSB (Note 6) and the Town of Lunenburg.

The forecasted future landfill site closure costs account for inflation at 4% (2022 - 8%) annually and have been discounted back to March 31, 2023 using a discount rate of 4% (2022 - 8%). The consolidated statement of financial position reports a liability (reserve) of \$22,392 (2022 - \$25,511) attributed to the Town's share of these costs. This liability encompasses expenses related to site monitoring assessment, leachate treatment, groundwater and surface water monitoring, monitoring and recovery of gases, drainage system maintenance, and other control systems. The capital reserve for site monitoring will be adjusted at the end of the fiscal year. The Town's intention is to cover the annual monitoring costs as an operating expense within its annual budgets.

Housing authorities

During the year, the Town paid \$25,441 (2022 - \$13,000) to the Department of Community Services to fund its share of the prior year's operating deficit. As at March 31, 2023, the Town's share of the 2023 operating deficit, which will be required to be paid by the Town during the year ended March 31, 2024, was \$18,409 (2022 - \$25,441). This amount has been accrued in the consolidated financial statements as at March 31, 2023.

AREA land lease

AREA leases the land on which its windmills are located. The lessor is entitled to a 3% royalty plus HST on AREA's monthly net energy revenue. Minimum annual lease payments plus HST for the next five years (based on the Town's 10% proportionate share) are as follows:

2024	\$	23,600
2025		24,800
2026		26,000
2027		27,200
2028		28,400

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

11. Commitments and Contingent Liabilities (continued)

Contingent liabilities

As of year-end, two property owners had notified the Town that they would be availing themselves of the option under the Expropriation Act that compensation for lands expropriated by the Town be determined by the NSURB; Turner Drake & Partners assessed appropriate compensation for the referenced expropriations as \$1,660 and \$14,800, while property owners are seeking \$1,065,000 and \$85,000 compensation respectively, which was known at year-end. As of year-end and the date of finalization of these consolidated financial statements, the Town expected to be liable to make payments with respect to each of these claims once the appropriate amounts are litigated by the NSURB; however, the Town cannot reasonably estimate the amounts that will be determined to be payable and, therefore, no amount has been recorded in the consolidated financial statements of these claims.

As of year-end, there was a known claim by a resident in the amount of approximately \$500,000, for stormwater run-off damage alleged to have been caused by the Town's solar garden. The solicitor for the Town's insurer has filed a defence denying these allegations and the Town expects some or all of any successful claims to be covered by insurance; therefore, any amount that may ultimately be payable by the Town without coverage cannot be reasonably estimated as of year-end or the date of finalization of these consolidated financial statements and thus no amount has been recorded.

Town of Mahone Bay

Notes to Consolidated Financial Statements
March 31, 2023

12. Financial Instrument Risk Management

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The Town is mainly exposed to interest rate risk.

The Town's risk management strategies are described below.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in 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 cash flow interest rate risk with respect to its temporary borrowing and BMO long-term debt, which bear interest at variable rates, based on prime lending rate. The Town does not actively manage this risk.

Interest expense based on the high-end of the range for each loan would decrease the Town's annual surplus by \$103,803 compared to interest expense calculated using the low-end of the range (2022 - \$104,309). This sensitivity analysis was prepared on the basis that rates used are those prescribed by the Nova Scotia Municipal Finance Corporation ("NSMFC") and Bank of Montreal (BMO) to the 2023 fiscal year-end and that principal repayments were made as set out in repayment schedules for each loan. The methods and assumptions used have not changed from prior period.

Fair value risk has increased from the prior year, as long-term debt balances have increased materially, and cash flow risk has increased due to rising market interest rates.

(b) 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 carrying amount of financial assets represents the maximum credit exposure. The Town's credit risk is primarily attributable to its taxes and rates receivable and accounts receivable. 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 notices to past due utility accounts. The Town does not have a significant exposure to any individual customer and there are a large number of customers making up the balance. The Town has recorded a \$21,400 provision for doubtful accounts (2022 - \$24,800).

The risk has decreased from the prior year as receivables balances have decreased.

Town of Mahone Bay

Notes to Consolidated Financial Statements
March 31, 2023

12. Financial Instrument Risk Management (continued)

As at March 31	2023			2022		
	Taxes and rates receivable	Less: Impairment Allowance	Total	Taxes and rates receivable	Less: Impairment Allowance	Total
Current	223,325	-	223,325	237,368	-	237,368
31 to 60 days	-	-	-	-	-	-
61 to 90 days	-	-	-	-	-	-
Over 90 days	582,108	(21,400)	560,708	551,978	(24,800)	527,178
Total	805,433	(21,400)	784,033	789,346	(24,800)	764,546

As at March 31	2023			2022		
	Other receivables	Less: Impairment Allowance	Total	Other receivables	Less: Impairment Allowance	Total
Current	773,413	-	773,413	791,318	-	791,318
31 to 60 days	-	-	-	-	-	-
61 to 90 days	-	-	-	-	-	-
Over 90 days	496,425	-	496,425	500,745	-	500,745
Total	1,269,838	-	1,269,838	1,292,063	-	1,292,063

Town of Mahone Bay

Notes to Consolidated Financial Statements
March 31, 2023

12. Financial Instrument Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Town will encounter problems in raising funds to meet its commitments at maturity. The Town is exposed to liquidity risk through its accounts payable and accrued liabilities, temporary borrowing, and long-term debt. The Town monitors its cash and cash flows generated from operations to meet its requirements. 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	Totals
Accounts payable and accrued liabilities	\$ -	\$ 1,774,881	\$ -	\$ -	\$ 1,774,881
Temporary borrowing	3,120,000	-	-	-	3,120,000
Long-term debt	-	741,409	2,341,208	6,661,059	9,743,676
	<u>\$ 3,120,000</u>	<u>\$ 2,516,290</u>	<u>\$ 2,341,208</u>	<u>\$ 6,661,059</u>	<u>\$ 14,638,557</u>

The risk has increased from the prior year, as the Town's net debt position has increased.

13. No Consolidated Budget Prepared or Approved

The Town does not prepare or approve a consolidated budget in accordance with PSAS and, therefore, no such budget has been presented in these consolidated financial statements. The Town has included budgets for its Water Utility and Electric Utility in their respective audited financial statements for the year ended March 31, 2023 and budgets for its other funds in their respective compiled financial statements for the year ended March 31, 2023. Management of AREA and MJSB are responsible for the preparation and approval of budgets for these investments of the Town.

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

14. Segmented Information

The Town is a diversified municipal government institution that provides a wide range of services to its citizens, including fire, police, public transit, roads, waste and recycling services, water supply and distribution, wastewater treatment, electric supply and distribution and recreational and cultural services. Segmented information has been prepared by major functional classification of activities provided, consistent with the Consolidated Statement of Operations and provincially legislated requirements. The major segments are as follows:

General government services: Activities that provide for the overall operation of the Town and that are common to, or affect, all the services provided by the Town. This includes the activities of the Mayor and Council, and the following administrative activities: human resources, finance and information, communications and technology, and the office of the Chief Administrative Officer.

Protective services: Activities that provide for the public safety of the inhabitants of the Town. This includes police and fire protection and other protective services such as by-law enforcement and protective inspections.

Environmental health and development services: Activities that provide environmentally regulated services and that support and control the Town's physical and economic development. This includes collection of garbage and other waste material, water supply and distribution, wastewater treatment, as well land-use planning, zoning and development.

Solar garden: Activities related to funding received for construction of the community solar garden and purchases of related materials and ancillary costs.

Transportation services: Activities related to public transportation including road transport. This includes public transportation services offered throughout the Town using buses. Other transportation activities include the planning, development and maintenance of roads and traffic operations.

Recreation and cultural services: Activities related to the Town's recreation facilities, including the swimming pool, playgrounds and sports fields. Activities that provide for cultural facilities such as the library, heritage properties and related programs.

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

14. Segmented Information (continued)

Water utility: The Mahone Bay Water Utility provides the delivery of drinking water through the supply, pumping, treatment and distribution of water to its users.

Electric utility: The Mahone Bay Electric Utility provides electricity through the purchase and distribution of power to its users.

Certain allocation methodologies are employed in the preparation of the segmented financial information. The General Operating Fund reports on municipal services that are funded primarily by property tax revenues. The Mahone Bay Water Utility Operating Fund reports on municipal services that are funded primarily by water rates. The Mahone Bay Electric Utility Operating Fund reports on municipal services that are funded primarily by electricity rates.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements, as disclosed in Note 2.

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

	General Government	Protective Services	Environmental Health and Development	Solar Garden	Transportation Services	Recreation and Cultural Services	Water Utility	Electric Utility	2023 Actual	2022 Actual
Revenue										
Taxes and rates	\$ 2,896,052	\$ 283,529	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,179,581	\$ 2,912,332
Metered sales - electric	-	-	-	-	-	-	-	2,865,266	2,865,266	2,982,707
Solar garden funding	-	-	-	1,727,539	-	-	-	-	1,727,539	1,133,231
Metered sales - water	-	-	-	-	-	-	557,537	-	557,537	542,751
Sales - other	341	-	-	-	-	-	-	351,528	351,869	503,623
Unconditional transfers	321,149	-	-	-	-	-	-	-	321,149	75,023
Services provided to other governments	-	171,656	-	-	-	-	-	-	171,656	159,038
Other revenue from own sources	125,505	-	-	-	-	-	-	-	125,505	65,508
Conditional transfers (federal and provincial)	109,341	2,000	-	-	-	-	-	-	111,341	345,344
Grants in lieu of taxes	22,193	-	-	-	-	-	-	-	22,193	22,500
Interest	15,326	-	-	-	-	-	-	-	15,326	17,452
Total revenue	3,489,907	457,185	-	1,727,539	-	-	557,537	3,216,794	9,448,962	8,759,509
Expenses										
Purchases - electric	-	-	-	-	-	-	-	1,895,524	1,895,524	2,082,271
Purchases - solar garden	-	-	-	1,726,540	-	-	-	-	1,726,540	1,135,924
General government services	930,411	-	-	-	-	-	-	-	930,411	871,009
Administrative and general	263,249	435,435	399,498	-	261,484	81,806	128,875	106,343	1,676,690	1,604,273
Salaries, wages and benefits	352,625	-	109,593	-	127,226	39,171	239,998	307,970	1,176,583	1,182,172
Interest charges	23,463	-	-	-	-	-	15,419	132,417	171,299	153,782
Depreciation	296,575	222,784	15,195	-	273,154	22,431	136,737	51,308	1,018,184	918,687
Pumping, treatment and distribution - water	-	-	-	-	-	-	206,349	-	206,349	184,764
Total expenses	\$ 1,866,323	\$ 658,219	\$ 524,286	\$ 1,726,540	\$ 661,864	\$ 143,408	\$ 727,378	\$ 2,493,562	\$ 8,801,580	\$ 8,132,882
Annual surplus (deficit)	\$ 1,623,584	\$ (201,034)	\$ (524,286)	\$ 999	\$ (661,864)	\$ (143,408)	\$ (169,841)	\$ 723,232	\$ 647,382	\$ 626,627

Town of Mahone Bay

Notes to Consolidated Financial Statements

March 31, 2023

15. Subsequent Events

On November 28, 2024, the Town entered into a debenture agreement with the Province in the principal amount of \$2,371,155, bearing interest at rates between 3.43% to 3.61% with annual principal repayments of \$94,846 until \$1,991,771 due at maturity on November 28, 2029. On the same date, \$2,355,819 of the proceeds of this debenture were used towards repayment of the Town's demand loans due to BMO (Note 4).

Subsequent to year-end, the Town was awarded a \$5,600,000 grant by the Province's Municipal Capital Growth Program ("MCGP"), towards its Edgewater Street renewal project. The MCGP funds were received by the Town on March 25, 2024.

Town of Mahone Bay
Schedule 1 -Tangible Capital Assets
March 31, 2023

	Opening Cost	Additions	Closing Cost	Opening Accumulated Amortization	Amortization	Closing Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Land	\$ 618,100	\$ -	\$ 618,100	\$ -	\$ -	\$ -	\$ 618,100	\$ 618,100
Land improvements	2,269,762	60,900	2,330,662	714,876	25,880	740,756	1,589,906	1,554,886
Municipal buildings	5,413,904	900,095	6,313,999	482,326	159,935	642,261	5,671,738	4,931,578
Buildings - plants	1,011,525	-	1,011,525	970,343	3,938	974,281	37,244	41,182
Electronic data equipment	21,611	2,367	23,978	21,611	-	21,611	2,367	-
Small equipment	574,670	91,459	666,129	323,655	60,490	384,145	281,984	251,015
Machinery and equipment	1,565,753	10,638	1,576,391	1,411,648	71,602	1,483,250	93,141	154,105
Vehicles	257,331	276,706	534,037	244,895	24,603	269,498	264,539	12,436
Wharves	258,067	20,650	278,717	174,097	4,904	179,001	99,716	83,970
Bridges	767,108	-	767,108	93,216	15,342	108,558	658,550	673,892
Streets, roads and curbs	4,421,880	10,123	4,432,003	2,296,206	170,903	2,467,109	1,964,894	2,125,674
Sidewalks	432,839	32,771	465,610	289,225	15,872	305,097	160,513	143,614
Sewer lines	4,061,802	-	4,061,802	1,645,313	64,662	1,709,975	2,351,827	2,416,489
Lagoons	28,280	-	28,280	4,344	944	5,288	22,992	23,936
Other	272,355	1,117,365	1,389,720	54,381	10,733	65,114	1,326,730	217,972
Solar garden	-	657,521	657,521	-	-	-	657,521	-
	21,974,987	3,180,595	25,155,582	8,726,136	629,808	9,355,944	15,799,638	13,248,849
Water Utility System (1)	5,886,846	430,205	6,317,051	1,345,931	136,737	1,482,668	4,834,383	4,540,915
Electric Utility System (2)	2,003,922	83,644	2,087,566	680,477	51,308	731,785	1,355,781	1,323,445
AREA:								
Development costs	141,127	-	141,127	76,224	14,113	90,337	50,790	64,903
Interconnection	74,392	-	74,392	11,489	1,860	13,349	61,043	62,903
Generation foundation	298,019	-	298,019	35,872	5,960	41,832	256,187	262,147
Generation turbines	4,000,396	-	4,000,396	900,161	160,016	1,060,177	2,940,219	3,100,235
Poles, fixtures and underground	157,264	-	157,264	29,706	5,237	34,943	122,321	127,558
Overhead conductors	93,840	-	93,840	20,513	3,353	23,866	69,974	73,327
Roads	182,525	-	182,525	20,698	3,650	24,348	158,177	161,827
Substation equipment	114,659	-	114,659	23,480	3,669	27,149	87,510	91,179
Substation foundation	68,439	-	68,439	8,792	1,369	10,161	58,278	59,647
Meteorological mast	11,038	-	11,038	1,656	1,104	2,760	8,278	9,382
Right of way	10,079	-	10,079	-	-	-	10,079	10,079
	5,151,778	-	5,151,778	1,128,591	200,331	1,328,922	3,822,856	4,023,187
	\$ 35,017,533	\$ 3,694,444	\$ 38,711,977	\$ 11,881,135	\$ 1,018,184	\$ 12,899,319	\$ 25,812,659	\$ 23,136,397

(1) A full breakdown of the Water Utility system assets is included in the audited financial statements of the Town's Water Utility for the year ended March 31, 2023.

(2) A full breakdown of the Electric Utility system assets is included in the audited financial statements of the Town's Electric Utility for the year ended March 31, 2023.