

# Financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Richmond  
Water Utility

March 31, 2017

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## Advisory to readers

The Municipality of the County of Richmond Water Utility prepares these financial statements to show the details of the individual funds managed by the Utility. In particular, they provide information as to how each of the funds performed compared to the approved Operating Budget of the Utility.

These financial statements have **not** been audited. The financial statements are **not** presented in full accordance with Canadian generally accepted accounting principles.



# Municipality of the County of Richmond Water Utility

## Operating fund statement of financial activities

(Unaudited - see advisory to readers)

| Year ended March 31                   | 2017           | 2016              |
|---------------------------------------|----------------|-------------------|
|                                       | <u>Budget</u>  | <u>Actual</u>     |
| <b>Operating revenues</b>             |                | <u>Actual</u>     |
| Base rate sales                       | \$ 176,000     | \$ 159,595        |
| Metered sales                         | 230,000        | 208,108           |
| Public fire protection                | 162,000        | 157,064           |
| Other revenue                         | <u>13,000</u>  | <u>24,410</u>     |
|                                       | <u>581,000</u> | <u>515,015</u>    |
| <b>Operating expenditures</b>         |                |                   |
| Pumping                               | 90,000         | 66,513            |
| Water treatment                       | 50,000         | 52,209            |
| Transmission and distribution         | 269,000        | 247,125           |
| Administrative and general            | 67,000         | 61,221            |
| Depreciation                          | <u>75,000</u>  | <u>74,899</u>     |
|                                       | <u>551,000</u> | <u>524,724</u>    |
| <b>Net operating revenue (loss)</b>   | 30,000         | 189,168           |
|                                       |                | (9,709)           |
| <b>Non-operating transfers</b>        |                |                   |
| Capital expenditure out of operations | <u>30,000</u>  | <u>-</u>          |
| Change in fund balance                | <u>-</u>       | 189,168           |
|                                       |                | (9,709)           |
| Beginning fund balance                |                | <u>249,603</u>    |
| Ending fund balance                   |                | <u>\$ 438,771</u> |
|                                       |                | <u>\$ 249,603</u> |

See accompanying notes to the financial statements.

# Municipality of the County of Richmond Water Utility

## Capital fund statement of financial position

(Unaudited - see advisory to readers)

| March 31                                     | 2017                       | 2016                |
|--|----------------------------|---------------------|
| <b>Assets</b>                                |                            |                     |
| Cash   |                            |                     |
| Depreciation                                 | \$ 793,940                 | \$ 793,940          |
| Receivables                                  |                            |                     |
| Due from Water Utility operating fund        | <u>-</u>                   | <u>80,779</u>       |
|  | <b>793,940</b>             | 874,719             |
| <b>Liabilities</b>                           |                            |                     |
| Deferred revenue                             | -                          | 150,000             |
| Due from Water Utility operating fund        | <u>23,912</u>              | <u>-</u>            |
|  | <b>23,912</b>              | 150,000             |
| <b>Net financial assets</b>                  | <u><b>770,028</b></u>      | <u>724,719</u>      |
| <b>Non-financial assets</b>                  |                            |                     |
| Net utility plant in service                 | <u>5,586,301</u>           | <u>5,625,730</u>    |
| <b>Net assets</b>                            | <u><b>\$ 6,356,329</b></u> | <u>\$ 6,350,449</u> |
| <b>Investment in capital assets</b> (page 5) | <u><b>\$ 6,356,329</b></u> | <u>\$ 6,350,449</u> |

On behalf of the Municipality of the County of Richmond

\_\_\_\_\_ Warden \_\_\_\_\_ CAO

See accompanying notes to the financial statements.

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# Municipality of the County of Richmond Water Utility

## Capital fund statement of investment in capital assets

(Unaudited - see advisory to readers)

Year ended March 31 2017 2016

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|                            |                            |                            |
|----------------------------|----------------------------|----------------------------|
| Balance, beginning of year | <b>\$ 6,350,449</b>        | \$ 6,344,569               |
| Interest                   | <u>5,880</u>               | <u>5,880</u>               |
| Balance, end of year       | <b><u>\$ 6,356,329</u></b> | <b><u>\$ 6,350,449</u></b> |

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See accompanying notes to the financial statements.

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# Municipality of the County of Richmond Water Utility

## Schedule of utility plant and equipment

(Unaudited - see advisory to readers)

| March 31                                | 2017                | 2016                |
|---|---------------------|---------------------|
| Work in progress                        | \$ 72,322           | \$ 36,852           |
| Land                                    | 93,060              | 93,060              |
| Structures and improvements             |                     |                     |
| Lakes, rivers, and other intakes        | 466,859             | 466,859             |
| Power and pumping structures            | 1,510,185           | 1,510,185           |
| Distribution reservoirs and stand pipes | 827,160             | 827,160             |
| Equipment                               |                     |                     |
| Other                                   | 134,374             | 134,374             |
| Electric pumping                        | 67,715              | 67,715              |
| Other pumping                           | 35,264              | 35,264              |
| Water treatment                         | 417,478             | 417,478             |
| Transmission mains                      | 1,328,637           | 1,328,637           |
| Distribution mains                      | 1,703,915           | 1,703,915           |
| Services                                | 265,196             | 265,196             |
| Meters                                  | 228,776             | 228,776             |
| Hydrants                                | <u>313,409</u>      | <u>313,409</u>      |
|   | <u>\$ 7,464,350</u> | <u>\$ 7,428,880</u> |

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See accompanying notes to the financial statements.



# Municipality of the County of Richmond Water Utility

## Schedule of operating expenses

(Unaudited - see advisory to readers)

Year ended March 31

2017

2016

|   | <u>Budget</u>     | <u>Actual</u>     | <u>Actual</u>     |
|---|-------------------|-------------------|-------------------|
| Pumping                                 |                   |                   |                   |
| Power                                   | \$ 50,000         | \$ 42,309         | \$ 42,665         |
| Maintenance                             | <u>40,000</u>     | <u>24,204</u>     | <u>25,222</u>     |
|   | <u>\$ 90,000</u>  | <u>\$ 66,513</u>  | <u>\$ 67,887</u>  |
| <br>                                    |                   |                   |                   |
| Water treatment                         |                   |                   |                   |
| Supplies and expenses                   | <u>\$ 50,000</u>  | <u>\$ 52,209</u>  | <u>\$ 39,606</u>  |
| <br>                                    |                   |                   |                   |
| Transmission and distribution           |                   |                   |                   |
| Administration charge – Richmond County | \$ 165,000        | \$ 168,809        | \$ 165,000        |
| Maintenance of mains and services       | 72,000            | 62,367            | 77,758            |
| Maintenance of other distribution plant | 1,000             | -                 | -                 |
| Maintenance of meters and meter reading | <u>31,000</u>     | <u>15,949</u>     | <u>25,988</u>     |
|   | <u>\$ 269,000</u> | <u>\$ 247,125</u> | <u>\$ 268,746</u> |
| <br>                                    |                   |                   |                   |
| Administrative and general              |                   |                   |                   |
| Regulatory expenses                     | \$ 4,000          | \$ 2,864          | \$ 4,064          |
| Professional fees                       | 6,000             | 5,757             | 14,975            |
| Insurance                               | 21,000            | 20,954            | 20,954            |
| Bad debts (recovery)                    | 1,000             | 256               | (449)             |
| Office                                  | 3,000             | 2,588             | 2,960             |
| Miscellaneous                           | <u>32,000</u>     | <u>28,802</u>     | <u>31,082</u>     |
|   | <u>\$ 67,000</u>  | <u>\$ 61,221</u>  | <u>\$ 73,586</u>  |
| <br>                                    |                   |                   |                   |
| Depreciation                            | <u>\$ 75,000</u>  | <u>\$ 74,899</u>  | <u>\$ 74,899</u>  |

See accompanying notes to the financial statements.

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# Municipality of the County of Richmond Water Utility

## Notes to the financial statements

(Unaudited - see advisory to readers)

March 31, 2017

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### 1. Summary of significant accounting policies

#### Revenue and expenditure (operating fund)

Major revenue and expenditure items are recorded on an accrual basis.

Principal and interest payments relating to term debt are recorded as an expenditure when due.

Utility plant in service acquired with operating funds is recorded as an expenditure when incurred.

#### Capital fund

##### Utility plant in service

Utility plant in service is recorded at cost. Funds received prior to January 1, 1985, through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to investment in capital assets. Similar funds received after January 1, 1985, are treated as a reduction in the cost of the capital asset acquired.

##### Depreciation

The Water Utility records depreciation which is calculated based on a formula prescribed by the Public Utilities Board. The Public Utilities Board requires that an amount of cash equal to the depreciation claimed is to be transferred to a special bank account which is used to help fund replacement of existing plant in service, or subject to approval by the Public Utilities Board, to repay principal on term debt. The Water Utility has set aside cash in the amount of \$793,940. Interest on depreciation funds is retained in the Capital fund.

##### Use of estimates

In preparing the Water Utility's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

##### Financial instruments

The Water Utility's financial instruments consist of cash, receivables, and payables and accruals. Unless otherwise noted, it is management's opinion that the Utility is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

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# Municipality of the County of Richmond Water Utility

## Notes to the financial statements

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March 31, 2017

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| <b>2. Depreciation fund</b>   | <u><b>2017</b></u>       | <u><b>2016</b></u>       |
|-------------------------------|--------------------------|--------------------------|
| Cash, beginning of year       | \$ 793,940               | \$ 604,773               |
| Transfers from operating fund | <u>-</u>                 | <u>189,167</u>           |
| Cash, end of year             | <u><b>\$ 793,940</b></u> | <u><b>\$ 793,940</b></u> |

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### **3. Rate of return on rate base**

For the year ended March 31, 2017, the Water Utility had a rate of return on rate base of 3.39% (2016: -0.17%).

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