

Financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Richmond
Water Utility

March 31, 2018

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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 position

(Unaudited - see advisory to readers)

March 31	2018	2017
Assets		
Cash	\$ 149,439	\$ 290,737
Receivables		
Rates (less allowance for doubtful accounts \$5,781; 2017 - \$5,516)	127,362	113,968
Due from General operating fund	-	32,576
Due from Water utility capital fund	1,514,083	23,912
Other receivables	<u>162,642</u>	<u>9,750</u>
	<u>\$1,953,526</u>	<u>\$ 470,943</u>
Liabilities		
Payables and accruals	\$ 34,810	\$ 32,172
Due to General operating fund	<u>1,351,734</u>	<u>-</u>
	<u>1,386,544</u>	<u>32,172</u>
Net assets	<u>\$ 566,982</u>	<u>\$ 438,771</u>
Fund balance	<u>\$ 566,982</u>	<u>\$ 438,771</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

See accompanying notes to the financial statements.

Municipality of the County of Richmond Water Utility

Operating fund statement of financial activities

(Unaudited - see advisory to readers)

Year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Base rate sales	\$ 176,000	\$ 164,482	\$ 159,595
Metered sales	286,497	324,404	208,108
Public fire protection	152,064	152,064	157,064
Other revenue	<u>13,000</u>	<u>28,148</u>	<u>166,368</u>
	<u>627,561</u>	<u>669,098</u>	<u>691,135</u>
Operating expenditures			
Pumping	90,000	76,624	66,513
Water treatment	101,662	46,055	52,209
Transmission and distribution	285,000	279,273	247,125
Administrative and general	76,000	64,036	61,221
Depreciation	<u>74,899</u>	<u>74,899</u>	<u>74,899</u>
	<u>627,561</u>	<u>540,887</u>	<u>501,967</u>
Net operating revenue	<u>-</u>	128,211	189,168
Beginning fund balance		<u>438,771</u>	<u>249,603</u>
Ending fund balance		<u>\$ 566,982</u>	<u>\$ 438,771</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	2018	2017
Assets		
Cash		
Depreciation	\$ 770,028	\$ 793,940
Provincial grant funding receivable	<u>1,261,518</u>	-
	<u>2,031,546</u>	<u>793,940</u>
Liabilities		
Due to Water utility operating fund	1,514,083	23,912
Trade payables	311,887	-
Deferred government contributions	<u>1,320,059</u>	-
	<u>3,146,029</u>	<u>23,912</u>
Net financial assets	<u>(1,114,483)</u>	<u>770,028</u>
Non-financial assets		
Net utility plant in service	<u>7,476,692</u>	<u>5,586,301</u>
Net assets	<u>\$ 6,362,209</u>	<u>\$ 6,356,329</u>
Investment in capital assets (page 5)	<u>\$ 6,362,209</u>	<u>\$ 6,356,329</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

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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	2018	2017
Balance, beginning of year	\$ 6,356,329	\$ 6,350,449
Interest	<u>5,880</u>	<u>5,880</u>
Balance, end of year	<u>\$ 6,362,209</u>	<u>\$ 6,356,329</u>

See accompanying notes to the financial statements.

Municipality of the County of Richmond Water Utility

Schedule of utility plant and equipment

(Unaudited - see advisory to readers)

March 31	2018	2017
Work in progress	\$ 2,037,613	\$ 72,322
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>\$ 9,429,641</u>	<u>\$ 7,464,350</u>

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

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Pumping			
Power	\$ 55,000	\$ 47,294	\$ 42,309
Maintenance	<u>35,000</u>	<u>29,330</u>	<u>24,204</u>
	<u>\$ 90,000</u>	<u>\$ 76,624</u>	<u>\$ 66,513</u>
Water treatment			
Supplies and expenses	<u>\$ 101,662</u>	<u>\$ 46,055</u>	<u>\$ 52,209</u>
Transmission and distribution			
Administration charge – Richmond County	\$ 197,533	\$ 197,533	\$ 168,809
Maintenance of mains and services	60,500	60,371	62,367
Maintenance of meters and meter reading	<u>26,967</u>	<u>21,369</u>	<u>15,949</u>
	<u>\$ 285,000</u>	<u>\$ 279,273</u>	<u>\$ 247,125</u>
Administrative and general			
Regulatory expenses	\$ 4,000	\$ 2,784	\$ 2,864
Professional fees	14,000	13,283	5,757
Insurance	21,000	20,954	20,954
Bad debts (recovery)	1,000	811	256
Office	4,000	2,610	2,588
Miscellaneous	<u>32,000</u>	<u>23,594</u>	<u>28,802</u>
	<u>\$ 76,000</u>	<u>\$ 64,036</u>	<u>\$ 61,221</u>
Depreciation	<u>\$ 74,899</u>	<u>\$ 74,899</u>	<u>\$ 74,899</u>

See accompanying notes to the financial statements.

Municipality of the County of Richmond Water Utility

Notes to the financial statements

(Unaudited - see advisory to readers)

March 31, 2018

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 through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as deferred contributions and are amortized at the same rate as the related asset.

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 \$770,028. 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.

Municipality of the County of Richmond Water Utility

Notes to the financial statements

(Unaudited - see advisory to readers)

March 31, 2018

2. Depreciation fund	<u>2018</u>	<u>2017</u>
Cash, beginning of year	\$ 793,940	\$ 793,940
Transfers to operating fund	<u>(23,912)</u>	<u>-</u>
Cash, end of year	<u>\$ 770,028</u>	<u>\$ 793,940</u>

3. Rate of return on rate base

For the year ended March 31, 2018, the Water Utility had a rate of return on rate base of 1.71% (2017: 3.39%).
