

Consolidated financial statements

Municipality of the County of Richmond

March 31, 2017

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Management's responsibility for financial reporting

The accompanying consolidated financial statements of the Municipality of the County of Richmond are the responsibility of management and have been approved by the Warden and Council.

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

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

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

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

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

Chief Administrative Officer

Chief Financial Officer

Independent auditor's report

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To the Warden and Members of Council
of the Municipality of the County of Richmond

We have audited the accompanying consolidated financial statements of the Municipality of the County of Richmond (the "Municipality") on pages 4 – 23 which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the consolidated financial statements 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 Municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Municipality's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality of the County of Richmond as at March 31, 2017, and the consolidated results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on Pages 24 to 29 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

Sydney, Canada
February 7, 2018



Chartered Professional Accountants
Licensed Public Accountants

Municipality of the County of Richmond

Consolidated statement of operations

Year ended March 31

2017

2016

	Budget (Note 16)	<u>Actual</u>	<u>Actual</u>
Revenues			
Taxes	\$10,827,742	\$10,682,611	\$11,074,349
Less: school board requisition	<u>(2,700,737)</u>	<u>(2,700,700)</u>	<u>(2,423,230)</u>
Municipal taxation	8,127,005	7,981,911	8,651,119
Grants-in-lieu of taxes	1,954,876	1,947,956	1,938,361
Conditional transfer from other governments	13,000	26,156	491,491
Housing corporation operations	7,492,723	7,547,753	7,593,459
Water rates and fire protection	419,000	509,879	337,062
Other revenue from own sources	750,558	619,981	550,798
Collections for other governments	128,218	127,389	124,809
Capital contributions	-	306,610	744,590
Other revenue	<u>-</u>	<u>40,677</u>	<u>19,655</u>
	<u>18,885,380</u>	<u>19,108,312</u>	<u>20,451,344</u>
Expenses			
General government services	4,303,353	4,371,369	3,730,590
Protective services	2,618,921	2,528,824	2,480,959
Transportation services	564,903	570,806	655,703
Health and development services	3,209,610	3,028,928	3,272,236
Housing corporation operations	8,147,723	7,270,264	7,476,188
Recreation and cultural services	755,122	677,490	686,804
Water treatment and distribution	386,000	333,158	359,724
Transfers to other governments	128,218	127,389	124,809
Other	<u>10,000</u>	<u>228,157</u>	<u>11,379</u>
	<u>20,123,850</u>	<u>19,136,385</u>	<u>18,798,392</u>
Annual (deficit) surplus	<u>\$ (1,238,470)</u>	<u>(28,073)</u>	1,652,952
Accumulated surplus			
Beginning of year		<u>21,213,578</u>	<u>19,560,626</u>
End of year		<u>\$21,185,505</u>	<u>\$21,213,578</u>

See accompanying notes to the consolidated financial statements.

Municipality of the County of Richmond

Consolidated statement of changes in net debt

Year ended March 31

2017

2016

	<u>Budget</u> (Note 16)	<u>Actual</u>	<u>Actual</u>
Annual (deficit) surplus	\$ (1,238,470)	\$ (28,073)	\$ 1,652,952
Amortization of tangible capital assets	1,200,450	1,272,864	1,286,094
Loss on disposal of tangible capital assets	-	27,271	805
Proceeds on disposal of tangible capital assets	-	3,500	1,660
Purchase of tangible capital assets	<u>-</u>	<u>(662,094)</u>	<u>(666,733)</u>
	(38,020)	613,468	2,274,778
Change in prepaid expenses	-	90,984	18,429
Change in land inventory and other	<u>-</u>	<u>2,218</u>	<u>2,863</u>
Change in net debt	<u>\$ (38,020)</u>	706,670	2,296,070
Net debt			
Beginning of year		<u>(8,057,137)</u>	<u>(10,353,207)</u>
End of year		<u>\$ (7,350,467)</u>	<u>\$ (8,057,137)</u>

See accompanying notes to the consolidated financial statements.

Municipality of the County of Richmond

Consolidated statement of cash flows

Year ended March 31

2017

2016

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ (28,073)	\$ 1,652,952
Amortization of tangible capital assets	1,272,864	1,286,094
Loss on disposal of tangible capital assets	<u>27,271</u>	<u>805</u>
	1,272,062	2,939,851
Prepaid expenses	90,984	18,429
Land inventory and other	2,218	2,863
Receivables	(449,962)	(511,443)
Retirement benefits	161,688	(165,031)
Payables and accruals	365,976	(219,287)
Other liabilities	<u>350,962</u>	<u>(14,446)</u>
	<u>1,793,928</u>	<u>2,050,936</u>
Capital activities		
Purchase of tangible capital assets	(662,094)	(666,733)
Proceeds on disposal of tangible capital assets	<u>3,500</u>	<u>1,660</u>
	<u>(658,594)</u>	<u>(665,073)</u>
Financing activities		
Increase (decrease) in bank indebtedness	111,170	(1,003,426)
Repayment of long term debt	(1,024,835)	(990,192)
Proceeds of long term debt	<u>330,000</u>	<u>-</u>
	<u>(583,665)</u>	<u>(1,993,618)</u>
Net increase (decrease) in cash and cash equivalents	551,669	(607,755)
Cash and cash equivalents		
Beginning of year	<u>6,092,147</u>	<u>6,699,902</u>
End of year	<u>\$ 6,643,816</u>	<u>\$ 6,092,147</u>

See accompanying notes to the consolidated financial statements.

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

1. Summary of significant accounting policies

Principles and basis of consolidation

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

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

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. These include the Municipality of the County of Richmond, Municipality of the County of Richmond Water Utility, Richmond County – Port Hawkesbury Joint Development Commission and Richmond Housing Corporation.

Interdepartmental and organizational transactions and balances are eliminated.

Basis of accounting

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

Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds for general operations, the water utility, Richmond County – Port Hawkesbury Joint Development and Richmond Housing Corporation

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

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

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

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

1. Summary of significant accounting policies (continued)

Government transfers

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

Non-financial assets

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

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and impairment, which includes costs that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset is amortized using the following rates and bases:

Buildings and structures	1%, straight line, 2.5% - 4%, declining balance
Equipment	
Pumping and purification	1%, straight line
Machinery	10%, declining balance
Water delivery lines	1%-1.3%, straight line
Meters and hydrants	1%-1.3%, straight line
Furniture and fixtures	20%, declining balance
Sidewalks	4%, declining balance
Vehicles	30%, declining balance
Construction and debris (C&D) cells	10 years straight line
Computer	30%, declining balance

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

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

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

1. Summary of significant accounting policies (continued)

Segment information

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

General government services

This segment is responsible for the overall local government administration. Its tasks include direction for Municipal services, such as planning, engineering, finance, and information technology in adherence to the Municipal Government Act.

Protective services

This segment is primarily responsible for contracted policing, fire protection and bylaw administration for its residents.

Transportation services

The Municipality is responsible for the maintenance of certain local roads, sidewalks and street lights within its jurisdiction.

Health and development services

This segment is responsible for the maintenance and operations of waste and sewer services provided to residents and other customers. Its tasks include the provision of waste collection through contract and recycling.

Housing corporation operations

This segment represents the expenses incurred by the Richmond Housing Corporation.

Recreation and cultural services

This segment is responsible for promoting and offering recreation opportunities and activities to the Municipality's residents, specializing in maintaining and assisting recreational facilities within the Municipality such as the arena and the library.

Water treatment and distribution

This segment manages water treatment and distribution facilities and services within the Municipality and includes activities such as plant operation and pumping, water treatment, transmission and distribution.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and funds held in internally restricted accounts. Refer to Note 2.

Budget figures

The budget figures contained in these consolidated financial statements were approved by Council on June 7, 2016 in its original fiscal plan; they also include budgets prepared and approved by controlled entities and are adjusted for amortization in accordance with Public Sector requirements. Note 16 outlines the original fiscal plan and the adjustments made to come to the budget figures shown in these consolidated financial statements.

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

1. Summary of significant accounting policies (continued)

Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, receivables, bank indebtedness, payables and accruals, retirement benefits, other liabilities, and long term debt and are carried at cost which approximates their fair value.

Deferred revenue

Deferred revenue relating to operations is recognized as related expenses occur.

Deferred revenue relating to capital projects is recognized in the period that the resources are used for the specified purposes outlined in its agreement and as the Municipality discharges its obligations, in accordance with the terms and conditions of the agreement.

Deferred gas tax funding (if applicable) and other deferred revenue will be recognized in the period in which the resources are used for the purposes specified.

Contaminated sites

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

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

As of March 31, 2017, there are no known contaminated sites identified.

2. Cash and cash equivalents	<u>2017</u>	<u>2016</u>
Unrestricted cash and cash equivalents	\$ 1,184,564	\$ 649,930
Internally restricted cash and cash equivalents	<u>5,459,252</u>	<u>5,442,217</u>
	<u>\$ 6,643,816</u>	<u>\$ 6,092,147</u>

3. Receivables	<u>2017</u>	<u>2016</u>
Taxes and rates	\$ 1,798,131	\$ 1,722,930
Other	<u>1,893,536</u>	<u>1,518,775</u>
	<u>\$ 3,691,667</u>	<u>\$ 3,241,705</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

4. Other liabilities	<u>2017</u>	<u>2016</u>
General operations	\$ 478,388	\$ 461,650
Deferred revenue (Note 5)	<u>574,765</u>	<u>240,541</u>
	<u>\$ 1,053,153</u>	<u>\$ 702,191</u>

5. Deferred revenue	<u>2017</u>	<u>2016</u>
Operating revenue	\$ 31,693	\$ 31,693
Gas tax	473,251	-
Water services	-	150,000
Non-repayable loan	24,646	25,673
Education grant	<u>45,175</u>	<u>33,175</u>
	<u>\$ 574,765</u>	<u>\$ 240,541</u>

Deferred revenue reported on the consolidated statement of financial position is comprised of the following:

Balance, beginning of year	<u>\$ 240,541</u>	<u>\$ 233,539</u>
Contributions from:		
Education investment	12,000	12,000
Gas tax	<u>473,251</u>	<u>-</u>
	<u>485,251</u>	<u>12,000</u>
Utilized for:		
Training costs	-	3,929
Water services	150,000	-
Non-repayable loan	<u>1,027</u>	<u>1,069</u>
	<u>151,027</u>	<u>4,998</u>
Balance end of year	<u>\$ 574,765</u>	<u>\$ 240,541</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

6. Long term debt	<u>2017</u>	<u>2016</u>
Province of Nova Scotia		
4.41 - 4.59% debenture maturing in fiscal 2022	\$ 600,000	\$ 720,000
5.60 - 5.75% debenture maturing in fiscal 2020	379,996	506,663
4.68 - 5.09% debenture maturing in fiscal 2024	268,191	306,503
1.37 - 3.79% debenture maturing in fiscal 2030	286,866	308,933
Canadian Mortgage and Housing Corporation		
3.65% term loan maturing in fiscal 2026	328,853	359,266
3.89% term loan maturing in fiscal 2031	324,665	341,879
Nova Scotia Housing Development Corporation 4.5% mortgage, maturing in March 2026, payable in monthly instalments of principal and interest of \$91,323.	9,273,420	9,939,653
Royal Bank term loan of prime plus .5%, maturing in fiscal 2024, payable in monthly instalments of \$3,929 plus interest	<u>326,071</u>	<u>-</u>
	<u>\$11,788,062</u>	<u>\$12,482,897</u>

As security for the Nova Scotia Housing Development Corporation mortgage, the Corporation has provided a first mortgage over the land and building having a net book value of \$8,114,142 as well as a general security agreement over all other property.

Principal repayments required during each of the next five years on long term debt are approximately as follows:

2018	\$ 1,100,137
2019	\$ 1,134,693
2020	\$ 1,168,749
2021	\$ 1,078,718
2022	\$ 1,117,004

Included in expenses is \$531,344 (2016 - \$576,757) of interest related to these loans.

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

7. Tangible capital assets

	<u>Land</u>	<u>Buildings and structures</u>	<u>Pumping and purification equipment</u>	<u>Machinery</u>	<u>Water delivery lines</u>	<u>Meters and hydrants</u>	<u>Furniture and fixtures</u>	<u>Sidewalks</u>	<u>Vehicles</u>	<u>C & D cells</u>	<u>Computer</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:													
Balance, beginning of year	\$ 1,755,517	\$ 32,607,937	\$ 520,456	\$ 2,704,918	\$ 3,297,748	\$ 542,185	\$ 264,715	\$ 882,350	\$ 227,058	\$ 521,647	\$ 295,187	\$ 868,920	\$ 44,488,638
Acquisition of tangible capital assets	-	48,275	-	3,371	-	-	-	-	-	-	-	610,448	662,094
Disposal of tangible capital assets	-	-	-	(92,895)	-	-	-	-	-	-	-	-	(92,895)
Balance, end of year	1,755,517	32,656,212	520,456	2,615,394	3,297,748	542,185	264,715	882,350	227,058	521,647	295,187	1,479,368	45,057,837
Accumulated amortization:													
Balance, beginning of year	-	12,079,858	149,289	1,634,658	949,896	164,098	230,314	252,223	161,168	184,078	246,573	-	16,052,155
Annual amortization	-	922,076	5,205	213,347	33,863	6,456	6,880	25,205	19,767	25,481	14,584	-	1,272,864
Reduction of accumulated amortization	-	-	-	(62,124)	-	-	-	-	-	-	-	-	(62,124)
Balance, end of year	-	13,001,934	154,494	1,785,881	983,759	170,554	237,194	277,428	180,935	209,559	261,157	-	17,262,895
Net book value of tangible capital assets	\$ 1,755,517	\$ 19,654,278	\$ 365,962	\$ 829,513	\$ 2,313,989	\$ 371,631	\$ 27,521	\$ 604,922	\$ 46,123	\$ 312,088	\$ 34,030	\$ 1,479,368	\$ 27,794,942
2016 net book value of tangible capital assets	\$ 1,755,517	\$ 20,528,079	\$ 371,167	\$ 1,070,260	\$ 2,347,852	\$ 378,087	\$ 34,401	\$ 630,127	\$ 65,890	\$ 337,569	\$ 48,614	\$ 868,920	\$ 28,436,483

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

8. Contributions to boards and commissions

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

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

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

	<u>2017</u>	<u>2016</u>
Cape Breton Island Housing Authority	\$ 63,716	\$ 70,407
Eastern Counties Regional Library	\$ 65,002	\$ 65,002
Eastern District Planning Commission	\$ 175,410	\$ 162,766

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2017.

9. Schools

On January 1, 1982, the Municipality of the County of Richmond joined with the Town of Port Hawkesbury to form the Richmond District School Board. Under the agreement, all school buildings on hand at December 31, 1981, will remain assets of the Municipality but will be under the operational control of the District School Board, now operating as part of the Straight Regional School Board, until such time as the Board no longer requires the asset for school purposes. At that time, control will revert back to the Municipality.

10. Commitments and contingencies

Pension costs and obligations

During the year the Municipality contributed to the registered pension plan for full time employees to a maximum of 9% of each employee's gross pay. Total contributions during the period by the Municipality were \$75,060 (2016 - \$76,495).

Contingencies

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

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

11. Retirement benefits

The Municipality has a policy to pay a retirement benefit to employees upon retirement or termination due to disability, or to the employee's estate in the case of death, for employees who have been employed with the Municipality for at least ten years. The benefit is graduated based on years of service. Included in retirement benefits payable is \$74,318 (2016 - \$51,045) related to these benefits.

Richmond Housing Corporation participates in a multi-employer defined benefit pension plan for certain health care employees, which is administered by the Nova Scotia Association of Health Organizations ("NSAHO"). This plan to which contributions totalled is accounted for as a defined contribution plan. For earnings up to the yearly maximum pensionable earnings (YMPE) the corporation contributes 9.22% of gross wages to a registered pension plan which requires contributions of 7.82% from employees. Once earnings exceed YMPE, the corporation contributes 11.58% and the employees contribute 10.18%. During the year, the corporation paid contributions of \$349,512 (2016 - \$356,726) to the benefit plan.

12. Loans and advances, employees, and elected officials

Municipal Council has approved a computer purchase program which is available to all elected officials and full time employees. The Municipality provides a three year interest free loan up to a maximum of \$4,000 per employee or elected official towards the purchase of a personal computer. The amount outstanding of \$6,223 as at March 31, 2017, which represents the cost of computers acquired less any repayments to date, is included in the total receivables of the Municipality.

13. Other

Total remuneration paid to elected and senior appointed officials of the Municipality are as follows:

<u>Official</u>	<u>Position</u>	<u>Remuneration</u>
Brian Marchand	Warden/Councillor	\$ 25,958
Victor David	Councillor/Warden	\$ 29,606
Rod Sampson	Councillor	\$ 15,791
Stephen MacNeil	Councillor	\$ 15,791
Alvin Martell	Councillor	\$ 21,214
Shirley McNamara	Councillor	\$ 15,791
Steve Sampson	Councillor	\$ 15,791
Malcolm Beaton	Councillor/Deputy Warden	\$ 19,736
Gilbert Boucher	Councillor	\$ 21,214
Gail Johnson	Councillor	\$ 15,791
Jason MacLean	Deputy Warden	\$ 6,778
James Goyetche	Councillor	\$ 5,423
Warren Olsen	CAO	\$ 205,814
Maris Freeman	CAO	\$ 30,659

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

14. Accumulated surplus	<u>2017</u>	<u>2016</u>
Operating deficit	\$ (100,988)	\$ (540,086)
Reserves	4,438,915	5,050,145
Investment in tangible capital assets	<u>16,847,578</u>	<u>16,703,519</u>
	<u>\$ 21,185,505</u>	<u>\$21,213,578</u>

15. Pension plan

Defined benefit plan

The Municipality operates a defined benefit pension plan, which provides benefits to employees upon retirement. The most recent actuarial valuation was at December 31, 2016. On a going-concern basis, the actual going concern unfunded actuarial liability as at December 31, 2016 was \$2,704,000. The next actuarial valuation will be completed as at December 31, 2019.

The assumptions and methods used in the valuation, as selected by management following consultation with the Municipality's Actuary, conform to the requirements of PS 3250. The market value of assets as at March 31, 2017 is based on the March 31, 2017 investment reports for the purpose of this valuation, the projected benefit prorated on service valuation method was used as at December 31, 2016 and was then projected forward to the valuation date of March 31, 2017.

	<u>March 31, 2017</u>	March 31, <u>2016</u>
Market value of assets	\$ (6,426,900)	\$(6,050,800)
Unamortized actuarial gains (losses)	(1,460,400)	(424,300)
Accrued benefit obligation	<u>8,989,700</u>	<u>7,444,300</u>
Accrued liability	<u>\$ 1,102,400</u>	<u>\$ 969,200</u>

Components of Pension Expense under PS 3250:

The main components of pension expense under PS 3250.

	<u>2017</u>	<u>2016</u>
Employer's current service cost	\$ 167,700	\$ 92,900
Interest costs	80,700	83,700
Regular contributions by employees	(59,700)	(59,100)
Amortization of actuarial (gains) losses	<u>288,900</u>	<u>2,300</u>
Pension expense	<u>\$ 477,600</u>	<u>\$ 119,800</u>

In accordance with PS 3250, actuarial gains and losses will be amortized on a straight line basis over EARSL (expected average remaining service lifetime) of the members. For the fiscal 2017 year, the cumulative actuarial gain/loss at the beginning of the year is amortized over EARSL.

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

15. Pension plan (continued)

Accrued Benefit Liability / (Asset) on the consolidated statement of financial position:

	<u>2017</u>	<u>2016</u>
Balance March 31, 2016	\$ 969,200	\$ 1,174,100
Pension expense / (income) for 2017	477,600	119,800
Municipality's contributions	<u>(344,400)</u>	<u>(324,700)</u>
Balance March 31, 2017	<u>\$ 1,102,400</u>	<u>\$ 969,200</u>

The significant actuarial assumptions adopted measuring the Municipality's accrued benefit obligations as at December 31, 2016 and March 31, 2017 were as follows:

Expected long-term rate of return on plan assets:	4.90%
Rate of compensation increase:	2.60%
Discount rate used to determine benefit obligation:	4.90% per annum as at March 31, 2017 4.90% per annum as at December 31, 2016
EARSL:	13.25 years
The actuarial cost method:	Projected unit credit method
Post-retirement mortality:	CPM 2014 Public sector with CPM-B improvement scale

All plan assets are held by various Standard Life Funds.

During the year, the Municipality and employees contributed \$344,400 (including special payments) and \$59,700 respectively, to the plan. Benefit payments for the year totaled \$346,700.

Defined contribution plan

During the year the Municipality contributed to the registered defined contribution pension plan for full time employees to a maximum of 9% of each employee's gross pay. Total contributions during the year by the Municipality were \$75,060 (2016 - \$76,495).

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

16. Budget figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for the actual results. The fiscal plan presented in the consolidated statement of financial operations and consolidated statement of changes in net debt has been adjusted to be presented on a basis consistent with the actual results. A reconciliation of the approved and reported budgets is set out below:

	<u>Budget</u>
Approved budgeted surplus for the year	
General operations	\$ -
Water utility operations	-
Richmond County – Port Hawkesbury Joint Development Commission	-
Richmond Housing Corporation – general operations	<u>-</u>
Approved budget surplus	-
Adjustments:	
Amortization of tangible capital assets	(1,200,450)
Capital and term debt repayments	354,674
Transfer from reserves, net	(472,694)
Transfer from General capital, net	50,000
Tangible capital assets acquired from operations	<u>30,000</u>
Net PSAB adjustments	<u>(1,238,470)</u>
PSAB adjusted budgeted surplus for the year	\$ <u>(1,238,470)</u>

17. 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%).

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

18. Segment disclosure – March 31, 2017

	General Government Services	Protective Services	Transportation Services	Health and Development Services	Transfer to other Governments	Other Services	Recreation and Cultural Services	Water Treatment and Distribution	Housing Corporation Operations	Consolidated
Revenue										
Taxes	\$ 3,025,405	\$ 1,750,188	\$ 395,052	\$ 2,096,307	\$ 88,165	\$ 157,906	\$ 468,888	\$ -	\$ -	\$ 7,981,911
Grants-in-lieu of taxes	738,340	427,127	96,411	511,596	21,516	38,536	114,430	-	-	1,947,956
Conditional transfer from other governments	9,914	5,735	1,295	6,869	289	517	1,537	-	-	26,156
Housing corporation operations	-	-	-	-	-	-	-	-	7,547,753	7,547,753
Water rates and fire protection	-	-	-	-	-	-	-	509,879	-	509,879
Other revenue from own sources	234,993	135,943	30,685	162,827	6,848	12,265	36,420	-	-	619,981
Collections for other governments	-	-	-	-	127,389	-	-	-	-	127,389
Capital contributions	-	-	-	224,025	-	-	82,585	-	-	306,610
Other revenue	40,677	-	-	-	-	-	-	-	-	40,677
	<u>\$ 4,049,329</u>	<u>\$ 2,318,993</u>	<u>\$ 523,443</u>	<u>\$ 3,001,624</u>	<u>\$ 244,207</u>	<u>\$ 209,224</u>	<u>\$ 703,860</u>	<u>\$ 509,879</u>	<u>\$7,547,753</u>	<u>\$19,108,312</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

18. Segment disclosure – March 31, 2017

	General Government Services	Protective Services	Transportation Services	Health and Development Services	Transfer to other Governments	Other Services	Recreation and Cultural Services	Water Treatment and Distribution	Housing Corporation Operations	Consolidated
Expenses										
Salaries, wages and benefits	\$ 2,029,539	\$ -	\$ -	\$ 804,342	\$ -	\$ -	\$ 441,821	\$ -	\$ 5,496,939	\$ 8,772,641
Operating materials and supplies	-	-	-	605,085	-	-	-	147,447	805,148	1,557,680
Contracted services	359,611	1,949,812	530,989	848,316	-	-	66,418	42,309	-	3,797,455
Rents and financial expenses	950,266	-	13,720	100,915	-	-	-	32,418	313,385	1,410,704
Community grants and exemptions	954,223	-	-	255,000	-	-	144,918	-	680	1,354,821
Amortization	77,730	423	26,097	415,270	-	-	24,333	74,899	654,112	1,272,864
Area rates	-	578,589	-	-	-	-	-	-	-	578,589
Other	-	-	-	-	127,389	228,157	-	36,085	-	391,631
	<u>\$ 4,371,369</u>	<u>\$ 2,528,824</u>	<u>\$ 570,806</u>	<u>\$ 3,028,928</u>	<u>\$ 127,389</u>	<u>\$ 228,157</u>	<u>\$ 677,490</u>	<u>\$ 333,158</u>	<u>\$ 7,270,264</u>	<u>\$ 19,136,385</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

18. Segment disclosure – March 31, 2016

	General Government Services	Protective Services	Transportation Services	Health and Development Services	Transfer to other Governments	Other Services	Recreation and Cultural Services	Water Treatment and Distribution	Housing Corporation Operations	Consolidated
Revenue										
Taxes	\$ 2,944,022	\$ 1,957,866	\$ 517,453	\$ 2,582,308	\$ 98,494	\$ 8,980	\$ 541,996	\$ -	\$ -	\$ 8,651,119
Grants-in-lieu of taxes	659,635	438,678	115,940	578,589	22,068	2,012	121,439	-	-	1,938,361
Conditional transfer from other governments	167,257	111,231	29,398	146,707	5,596	510	30,792	-	-	491,491
Housing corporation operations	-	-	-	-	-	-	-	-	7,593,459	7,593,459
Water rates and fire protection	-	-	-	-	-	-	-	337,062	-	337,062
Other revenue from own sources	187,439	124,653	32,945	164,410	6,271	572	34,508	-	-	550,798
Collections for other governments	-	-	-	-	124,809	-	-	-	-	124,809
Capital contributions	-	-	-	-	-	-	744,590	-	-	744,590
Other revenue	19,655	-	-	-	-	-	-	-	-	19,655
	<u>\$ 3,978,008</u>	<u>\$ 2,632,428</u>	<u>\$ 695,736</u>	<u>\$ 3,472,014</u>	<u>\$ 257,238</u>	<u>\$ 12,074</u>	<u>\$ 1,473,325</u>	<u>\$ 337,062</u>	<u>\$7,593,459</u>	<u>\$20,451,344</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2017

18. Segment disclosure – March 31, 2016

	General Government Services	Protective Services	Transportation Services	Health and Development Services	Transfer to other Governments	Other Services	Recreation and Cultural Services	Water Treatment and Distribution	Housing Corporation Operations	Consolidated
Expenses										
Salaries, wages and benefits	\$ 1,631,042	\$ -	\$ -	\$ 817,748	\$ -	\$ -	\$ 410,107	\$ -	\$ 5,657,221	\$ 8,516,118
Operating materials and supplies	-	-	-	812,555	-	-	-	168,574	813,943	1,795,072
Contracted services	309,700	1,913,083	613,046	865,951	-	-	70,529	42,665	-	3,814,974
Rents and financial expenses	768,750	-	15,588	99,224	-	-	-	42,504	349,809	1,275,875
Community grants and exemptions	938,238	-	-	255,000	-	-	181,044	-	1,271	1,375,553
Amortization	82,860	440	27,069	421,758	-	-	25,124	74,899	653,944	1,286,094
Area rates	-	567,436	-	-	-	-	-	-	-	567,436
Other	-	-	-	-	124,809	11,379	-	31,082	-	167,270
	<u>\$ 3,730,590</u>	<u>\$ 2,480,959</u>	<u>\$ 655,703</u>	<u>\$ 3,272,236</u>	<u>\$ 124,809</u>	<u>\$ 11,379</u>	<u>\$ 686,804</u>	<u>\$ 359,724</u>	<u>\$ 7,476,188</u>	<u>\$ 18,798,392</u>



SUPPLEMENTARY SCHEDULES

Municipality of the County of Richmond
Supplementary schedules
Water Utility
Operating fund - schedule of operations

Year ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Base rate sales	\$ 176,000	\$ 159,595	\$ 158,681
Metered sales	230,000	208,108	178,296
Public fire protection	162,000	157,064	153,628
Other revenue	<u>13,000</u>	<u>166,368</u>	<u>24,410</u>
	<u>581,000</u>	<u>691,135</u>	<u>515,015</u>
Operating expenditures			
Pumping	90,000	66,513	67,887
Water treatment	50,000	52,209	39,606
Transmission and distribution	269,000	247,125	268,746
Administrative and general	67,000	61,221	73,586
Depreciation	<u>75,000</u>	<u>74,899</u>	<u>74,899</u>
	<u>551,000</u>	<u>501,967</u>	<u>524,724</u>
Net operating revenue	30,000	189,168	(9,709)
Non-operating transfers			
Capital expenditure out of operations	<u>30,000</u>	<u>-</u>	<u>-</u>
Change in fund balance	<u>-</u>	189,168	(9,709)
Beginning fund balance		<u>249,603</u>	<u>259,312</u>
Ending fund balance		<u>\$ 438,771</u>	<u>\$ 249,603</u>

Municipality of the County of Richmond
Supplementary schedules
Water Utility
Capital fund – schedule of investment in capital assets

Year ended March 31	2017	2016
Balance, beginning of year	\$ 6,350,449	\$ 6,344,569
Interest	<u>5,880</u>	<u>5,880</u>
Balance, end of year	<u>\$ 6,356,329</u>	<u>\$ 6,350,449</u>

Municipality of the County of Richmond
Supplementary schedules
Water Utility
Schedule of utility plant and equipment

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>

Municipality of the County of Richmond
Supplementary schedules
Water Utility
Schedule of operating expenses

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>
Water treatment			
Supplies and expenses	<u>\$ 50,000</u>	<u>\$ 52,209</u>	<u>\$ 39,606</u>
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>
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>
Depreciation	<u>\$ 75,000</u>	<u>\$ 74,899</u>	<u>\$ 74,899</u>
