

Consolidated financial statements

Municipality of the County of Richmond

March 31, 2018

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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 – 26 which comprise the consolidated statement of financial position as at March 31, 2018, 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, 2018, 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which explains that certain comparative information for the year ended March 31, 2017 has been restated.

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 27 to 32 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
November 20, 2018



Chartered Professional Accountants
Licensed Public Accountants

Municipality of the County of Richmond

Consolidated statement of financial position

March 31	2018	2017
		(Restated Note 2)
Financial assets		
Cash and cash equivalents (Note 3)	\$ 7,054,468	\$ 6,643,816
Receivables (Note 4)	<u>4,519,098</u>	<u>3,691,667</u>
Total financial assets	<u>11,573,566</u>	<u>10,335,483</u>
Financial liabilities		
Bank indebtedness	445,232	484,677
Payables and accruals	3,562,324	3,123,051
Retirement benefits (Notes 12, 15)	1,168,734	1,176,718
Sick leave benefit liability (Note 16)	380,900	350,389
Other liabilities (Note 5)	1,342,098	1,028,507
Long term debt (Note 7)	<u>10,691,845</u>	<u>11,788,062</u>
Total financial liabilities	<u>17,591,133</u>	<u>17,951,404</u>
Net debt	<u>(6,017,567)</u>	<u>(7,615,921)</u>
Non-financial assets		
Tangible capital assets (Note 8)	29,213,884	27,794,942
Prepays	188,584	187,632
Land inventory and other	<u>548,375</u>	<u>553,398</u>
	<u>29,950,843</u>	<u>28,535,972</u>
Accumulated surplus	<u>\$ 23,933,276</u>	<u>\$ 20,920,051</u>

Commitments and contingencies (Note 11)

Approved on behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

See accompanying notes to the consolidated financial statements.

Municipality of the County of Richmond

Consolidated statement of operations

Year ended March 31

		2018	2017
	Budget (Note 17)	Actual	Actual (Restated Note 2)
Revenues			
Taxes	\$10,852,354	\$10,886,626	\$10,682,611
Less: school board requisition	<u>(2,635,868)</u>	<u>(2,635,871)</u>	<u>(2,700,700)</u>
Municipal taxation	8,216,486	8,250,755	7,981,911
Grants-in-lieu of taxes	1,965,446	1,964,516	1,947,956
Conditional transfer from other governments	43,000	140,695	51,886
Housing corporation operations	7,554,973	7,907,384	7,546,726
Water rates and fire protection	475,497	517,034	509,879
Other revenue from own sources	840,679	916,177	813,387
Collections for other governments	130,076	128,822	127,389
Capital contributions	-	1,890,302	306,610
Other revenue	<u>-</u>	<u>41,639</u>	<u>40,677</u>
	<u>19,226,157</u>	<u>21,757,324</u>	<u>19,326,421</u>
Expenses			
General government services	4,066,413	3,793,091	4,371,369
Protective services	2,688,477	2,612,875	2,528,824
Transportation services	563,452	563,507	570,806
Health and development services	2,947,508	2,988,016	3,028,928
Housing corporation operations	7,913,327	7,325,577	7,270,264
Recreation and cultural services	973,165	800,722	896,626
Water treatment and distribution	430,028	343,354	333,158
Transfers to other governments	130,076	128,822	127,389
Other	<u>10,000</u>	<u>188,135</u>	<u>228,157</u>
	<u>19,722,446</u>	<u>18,744,099</u>	<u>19,355,521</u>
Annual surplus (deficit)	<u>\$ (496,289)</u>	3,013,225	(29,100)
Accumulated surplus			
Beginning of year, as previously reported		21,185,505	21,213,578
Restated (Note 2)		<u>(265,454)</u>	<u>(264,427)</u>
As restated		<u>20,920,051</u>	<u>20,949,151</u>
Accumulated surplus, end of year		<u>\$23,933,276</u>	<u>\$20,920,051</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

2018

2017

	<u>Budget</u> (Note 17)	<u>Actual</u>	<u>Actual</u> (Restated Note 2)
Annual surplus (deficit)	\$ (496,289)	\$ 3,013,225	\$ (29,100)
Amortization of tangible capital assets	1,722,742	1,147,641	1,272,864
Loss on disposal of tangible capital assets	-	-	27,271
Proceeds on disposal of tangible capital assets	-	-	3,500
Purchase of tangible capital assets	-	(2,753,930)	(662,094)
Write off portion of construction in progress	-	187,347	-
	1,226,453	1,594,283	612,441
Change in prepaid expenses	-	(952)	90,984
Change in land inventory and other	-	5,023	2,218
Change in net debt	<u>\$ 1,226,453</u>	1,598,354	705,643
Net debt			
Beginning of year		<u>(7,615,921)</u>	<u>(8,321,564)</u>
End of year		<u>\$ 6,017,567</u>	<u>\$ (7,615,921)</u>

See accompanying notes to the consolidated financial statements.

Municipality of the County of Richmond

Consolidated statement of cash flows

Year ended March 31

2018

2017

(Restated
Note 2)

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ 3,013,225	\$ (29,100)
Amortization of tangible capital assets	1,147,641	1,272,864
Loss on disposal of tangible capital assets	-	27,271
Write off portion of construction in progress	<u>187,347</u>	<u>-</u>
	4,348,213	1,271,035
Prepaid expenses	(952)	90,984
Land inventory and other	5,023	2,218
Receivables	(827,431)	(449,962)
Retirement benefits	(7,984)	161,688
Sick leave benefit liability	30,511	(264,427)
Payables and accruals	439,273	656,076
Other liabilities	<u>313,591</u>	<u>326,316</u>
	<u>4,300,244</u>	<u>1,793,928</u>
Capital activities		
Purchase of tangible capital assets	(2,753,930)	(662,094)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>3,500</u>
	<u>(2,753,930)</u>	<u>(658,594)</u>
Financing activities		
(Decrease) increase in bank indebtedness	(39,445)	111,170
Repayment of long term debt	(1,096,217)	(1,024,835)
Proceeds of long term debt	<u>-</u>	<u>330,000</u>
	<u>(1,135,662)</u>	<u>(583,665)</u>
Net increase (decrease) in cash and cash equivalents	410,652	551,669
Cash and cash equivalents		
Beginning of year	<u>6,643,816</u>	<u>6,092,147</u>
End of year	<u>\$ 7,054,468</u>	<u>\$ 6,643,816</u>

See accompanying notes to the consolidated financial statements.

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

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, 2018

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, 2018

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 3.

Budget figures

The budget figures contained in these consolidated financial statements were approved by Council on July 4, 2017 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 17 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, 2018

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, sick leave benefit liability, 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, 2018, there are no known contaminated sites identified.

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

2. Prior period adjustment

During the year, an organization that is controlled and consolidated by the Municipality adopted Public Sector Accounting Standards (PSAS). This entity previously reported under Accounting Standards for Not-for-Profit Organizations (ASNPO). As such for certain externally restricted contributions used in the purchase of capital assets, the organization had previously deferred the contributions and recognized them into revenue on the same basis of amortization as the assets which the amounts related. Upon implementation of PSAS, the organization recognized these amounts into revenue in accordance with the revenue requirements as stated in PS 3100 of the Public Accounting handbook.

Also, under its previous ASNPO financial statements, the organization was not required to accrue a liability for employee's accumulated non-vesting sick leave. Upon implementation of PSAS, the organization recognized this obligation in accordance with PS 3255

As a result a result of the above transaction adjustments, the March 31, 2017, financial statement amounts were increased (decreased) as follows:

<u>March 31, 2017</u>	<u>Previously reported</u>	<u>Adjustments</u>	<u>As restated</u>
Housing corporation operations	\$ 7,547,753	\$ (1,027)	\$ 7,546,726
Other liabilities	1,053,153	(24,646)	1,028,507
Sick leave benefit liability	60,289	290,100	350,389
Accumulated surplus - opening	21,213,578	(264,427)	20,949,151
Accumulated surplus - ending	21,185,505	(265,454)	20,920,051

3. Cash and cash equivalents

	<u>2018</u>	<u>2017</u>
Unrestricted cash and cash equivalents	\$ 1,518,826	\$ 1,184,564
Internally restricted cash and cash equivalents	<u>5,535,642</u>	<u>5,459,252</u>
	<u>\$ 7,054,468</u>	<u>\$ 6,643,816</u>

4. Receivables

	<u>2018</u>	<u>2017</u>
Taxes and rates	\$ 1,713,740	\$ 1,798,131
Other	<u>2,805,358</u>	<u>1,893,536</u>
	<u>\$ 4,519,098</u>	<u>\$ 3,691,667</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

5. Other liabilities	<u>2018</u>	<u>2017</u> (Restated Note 2)
General operations	\$ 502,229	\$ 478,388
Deferred revenue (Note 6)	<u>839,869</u>	<u>550,119</u>
	<u>\$ 1,342,098</u>	<u>\$ 1,028,507</u>

6. Deferred revenue	<u>2018</u>	<u>2017</u> (Restated Note 2)
Operating revenue	\$ 31,693	\$ 31,693
Gas tax	740,325	473,251
Education grant	<u>67,851</u>	<u>45,175</u>
	<u>\$ 839,869</u>	<u>\$ 550,119</u>

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

Balance, beginning of year	\$ <u>550,119</u>	\$ <u>214,868</u>
Contributions from:		
Education investment	22,676	12,000
Gas tax	<u>474,108</u>	<u>473,251</u>
	<u>496,784</u>	<u>485,251</u>
Utilized for:		
Water services	-	150,000
Gas tax	<u>207,034</u>	<u>-</u>
	<u>207,034</u>	<u>150,000</u>
Balance end of year	<u>\$ 839,869</u>	<u>\$ 550,119</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

7. Long term debt	<u>2018</u>	<u>2017</u>
Province of Nova Scotia		
4.45 - 4.59% debenture maturing in fiscal 2022	\$ 480,000	\$ 600,000
5.65 - 5.75% debenture maturing in fiscal 2020	253,329	379,996
4.77 - 5.09% debenture maturing in fiscal 2024	229,879	268,191
1.62 - 3.79% debenture maturing in fiscal 2030	264,799	286,866
Canadian Mortgage and Housing Corporation		
3.65% term loan maturing in fiscal 2026	298,441	328,853
3.89% term loan maturing in fiscal 2031	305,671	324,665
Nova Scotia Housing Development Corporation 4.5% mortgage, maturing in March 2026, payable in monthly instalments of principal and interest of \$91,323.	8,576,869	9,273,420
Royal Bank term loan of prime plus .5%, maturing in fiscal 2024, payable in monthly instalments of \$3,929 plus interest	<u>282,857</u>	<u>326,071</u>
	<u>\$10,691,845</u>	<u>\$11,788,062</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 \$7,597,291 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:

2019	\$ 1,133,693
2020	\$ 1,168,749
2021	\$ 1,078,718
2022	\$ 1,117,004
2023	\$ 1,037,015

Included in expenses is \$492,074 (2017 - \$531,344) of interest related to these loans.

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

8. 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	\$ 32,656,212	\$ 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
Acquisition of tangible capital assets	-	-	-	40,297	-	-	-	-	-	-	-	2,713,633	2,753,930
Transfer of construction in progress	-	161,680	-	-	-	-	-	-	-	-	-	(161,680)	-
Write off of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	(187,347)	(187,347)
Balance, end of year	<u>1,755,517</u>	<u>32,817,892</u>	<u>520,456</u>	<u>2,655,691</u>	<u>3,297,748</u>	<u>542,185</u>	<u>264,715</u>	<u>882,350</u>	<u>227,058</u>	<u>521,647</u>	<u>295,187</u>	<u>3,843,974</u>	<u>47,624,420</u>
Accumulated amortization:													
Balance, beginning 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
Annual amortization	-	912,049	5,205	113,077	33,852	6,446	5,504	24,197	13,837	23,264	10,210	-	1,147,641
Reduction of accumulated amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance, end of year	<u>-</u>	<u>13,913,983</u>	<u>159,699</u>	<u>1,898,958</u>	<u>1,017,611</u>	<u>177,000</u>	<u>242,698</u>	<u>301,625</u>	<u>194,772</u>	<u>232,823</u>	<u>271,367</u>	<u>-</u>	<u>18,410,536</u>
Net book value of tangible capital assets	\$ 1,755,517	\$ 18,903,909	\$ 360,757	\$ 756,733	\$ 2,280,137	\$ 365,185	\$ 22,017	\$ 580,725	\$ 32,286	\$ 288,824	\$ 23,820	\$ 3,843,974	\$ 29,213,884
2017 net book value of tangible capital assets	<u>\$ 1,755,517</u>	<u>\$ 19,654,278</u>	<u>\$ 365,962</u>	<u>\$ 829,513</u>	<u>\$ 2,313,989</u>	<u>\$ 371,631</u>	<u>\$ 27,521</u>	<u>\$ 604,922</u>	<u>\$ 46,123</u>	<u>\$ 312,088</u>	<u>\$ 34,030</u>	<u>\$ 1,479,368</u>	<u>\$ 27,794,942</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

9. 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>2018</u>	<u>2017</u>
Cape Breton Island Housing Authority	\$ 64,373	\$ 63,716
Eastern Counties Regional Library	\$ 65,002	\$ 65,002
Eastern District Planning Commission	\$ 177,908	\$ 175,410

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2018.

10. 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.

11. 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 \$62,262 (2017 - \$75,060).

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, 2018

12. 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 \$63,734 (2017 - \$74,318) 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 \$340,360 (2016 - \$349,512) to the benefit plan.

13. 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 \$5,571 as at March 31, 2018, which represents the cost of computers acquired less any repayments to date, is included in the total receivables of the Municipality.

14. 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	\$40,667
James Goyetche	Deputy Warden	\$27,110
Alvin Martell	Councillor	\$21,691
Gilbert Boucher	Councillor	\$21,691
Jason MacLean	Councillor	\$21,691
Kent MacIntyre	CAO (Jan-Mar)	\$32,861
Louis Digout	CAO (July-Dec)	\$37,600
Maris Freeman	CAO (April-June)	\$34,706

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

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, 2017. On a going-concern basis, the actual going concern unfunded actuarial liability as at December 31, 2017 was \$2,495,800. The next actuarial valuation will be completed as at December 31, 2020.

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, 2018 is based on the March 31, 2018 investment reports for the purpose of this valuation, the projected benefit prorated on service valuation method was used as at December 31, 2017 and was then projected forward to the valuation date of March 31, 2018.

	March 31, 2018	March 31, <u>2017</u>
Market value of assets	\$ (6,634,500)	\$(6,426,900)
Unamortized actuarial gains (losses)	(1,287,900)	(1,460,400)
Accrued benefit obligation	<u>9,027,400</u>	<u>8,989,700</u>
Accrued liability	<u>\$ 1,105,000</u>	<u>\$ 1,102,400</u>

Components of Pension Expense under PS 3250:

The main components of pension expense under PS 3250.

	2018	<u>2017</u>
Employer's current service cost	\$ 182,300	\$ 167,700
Interest costs	122,200	80,700
Regular contributions by employees	(47,700)	(59,700)
Amortization of actuarial (gains) losses	<u>121,600</u>	<u>288,900</u>
Pension expense	<u>\$ 378,400</u>	<u>\$ 477,600</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 2018 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, 2018

15. Pension plan (continued)

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

	<u>2018</u>	<u>2017</u>
Balance March 31, 2017	\$ 1,102,400	\$ 969,200
Pension expense / (income) for 2018	378,400	477,600
Municipality's contributions	<u>(375,800)</u>	<u>(344,400)</u>
Balance March 31, 2018	<u>\$ 1,105,000</u>	<u>\$ 1,102,400</u>

The significant actuarial assumptions adopted measuring the Municipality's accrued benefit obligations as at December 31, 2017 and March 31, 2018 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, 2018 4.85% per annum as at December 31, 2017
EARSL:	10.25 years
The actuarial cost method:	Projected benefit prorated on service valuation method
Post-retirement mortality:	CPM 2014 Public sector with MI-2017 improvement scale

During the year, the Municipality and employees contributed \$375,800 (including special payments) and \$47,700 respectively, to the plan. Benefit payments for the year totaled \$471,800.

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 \$62,262 (2017 - \$75,060).

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

16. Sick leave benefit liability

Summary:

	<u>2018</u>	<u>2017</u>
Municipality of the County of Richmond	\$ 90,800	\$ 60,289
Richmond Housing Corporation	<u>290,100</u>	<u>290,100</u>
	<u>\$ 380,900</u>	<u>\$ 350,389</u>

Municipality of the County of Richmond:

Section 3255 of the CPA Canada Public Sector Accounting Handbook requires that a liability and expense be recorded for compensated absences that are both accumulating and non-vesting and accumulating and vesting. The valuation was completed as at March 31, 2018

Actuarial Method:

The actuarial cost method used was the "Projected Unit Credit" method (also known as the "Projected Accrued Benefit" method) pro - rated on service.

Components of benefit expense under PS3250:

	<u>2018</u>
Current period benefit cost	\$ 6,900
Interest expense	<u>3,000</u>
Benefit expense	<u>\$ 9,900</u>

Accrued benefit liability / (asset) on the consolidated statement of financial position:

	<u>2018</u>
Balance, end of year (unfunded)	<u>\$ 90,800</u>

Assumptions:

Discount rate:	3.5% per annum
Salary increases:	2.0% per annum
Mortality rate:	CPM-2014 and scale CPM-B
Retirement age:	Age 62 or in 1 year if currently over 62
Current year sick leave utilization:	4 days each year from that year's allotment of sick days

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

16. Sick leave benefit liability (continued)

Plan Provisions:

The main provisions of the program are as follows:

- Eligible employees are granted 1.5 sick leave days per month (i.e., 18 days per year based on an employee working full time).
- Employees may accumulate 100% of their unused sick time, up to a maximum of 115 days in a sick leave bank
- Unused accumulated sick leave banks (to a maximum of 30 days) are paid at retirement, termination or death provided the member has at least 10 years of employment with the Municipality.

Richmond Housing Corporation:

Section 3255 of the CPA Canada Public Sector Accounting Handbook requires that a liability and expense be recorded for compensated absences that are both accumulating and non-vesting and accumulating and vesting. The valuation was completed as at March 31, 2018. The amount of the sick leave liability recorded for March 31, 2017 and 2018 remained at the April 1, 2016 balance of \$290,100 given no significant changes in actuary's projected balances.

Actuarial Method:

The actuarial cost method used was the "Projected Unit Credit" method (also known as the "Projected Accrued Benefit" method) pro - rated on service.

Components of benefit expense under PS3250:

	<u>2018</u>
Current period benefit cost	\$ 31,500
Interest expense	<u>9,900</u>
Benefit expense	<u>\$ 41,400</u>

Accrued benefit liability / (asset) on the consolidated statement of financial position:

	<u>2018</u>
Balance, beginning and end of year (unfunded)	<u>\$ 290,100</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

16. Sick leave benefit liability (continued)

Assumptions:

Discount rate:	3.5% per annum
Salary increases:	1.5% per annum
Mortality rate:	CPM-2014 and scale MI-2017
Retirement age:	Age 62 or in 1 year if currently over 62

Plan Provisions:

The main provisions of the program are as follows:

- Eligible employees are granted 144 sick leave hours per year. These amounts are prorated for those employed less than full-time.
- Employees may accumulate 100% of their unused sick time in a sick leave bank, up to a maximum of 720 hours in a sick leave bank.
- Unused accumulated sick leave banks at termination, or retirement are forfeited.

17. 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	(1,722,742)
Capital and term debt repayments	1,056,453
Transfer from reserves, net	10,000
Transfer from General capital, net	115,000
Capital out of revenue	<u>45,000</u>
Net PSAB adjustments	<u>(496,289)</u>
PSAB adjusted budgeted surplus for the year	\$ <u>(496,289)</u>

18. 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%).

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

19. Segment disclosure – March 31, 2018

	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	\$ 2,825,769	\$ 1,946,534	\$ 419,800	\$ 2,226,006	\$ 95,970	\$ 140,156	\$ 596,520	\$ -	\$ -	\$ 8,250,755
Grants-in-lieu of taxes	672,820	463,473	99,955	530,015	22,850	33,371	142,032	-	-	1,964,516
Conditional transfer from - other governments	48,186	33,193	7,154	37,959	1,637	2,390	10,176	-	-	140,695
Housing corporation - operations	-	-	-	-	-	-	-	-	7,907,384	7,907,384
Water rates and fire protection	-	-	-	-	-	-	-	517,034	-	517,034
Other revenue from own sources	258,115	177,803	38,346	203,331	8,766	12,802	217,014	-	-	916,177
Collections for other governments	-	-	-	-	128,822	-	-	-	-	128,822
Capital contributions	1,527,092	-	-	354,234	-	-	8,976	-	-	1,890,302
Other revenue	41,639	-	-	-	-	-	-	-	-	41,639
	<u>\$ 5,373,621</u>	<u>\$ 2,621,003</u>	<u>\$ 565,255</u>	<u>\$ 3,351,545</u>	<u>\$ 258,045</u>	<u>\$ 188,719</u>	<u>\$ 974,718</u>	<u>\$ 517,034</u>	<u>\$7,907,384</u>	<u>\$21,757,324</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

19. Segment disclosure – March 31, 2018

	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	\$ 1,703,455	\$ -	\$ -	\$ 917,311	\$ -	\$ -	\$ 544,847	\$ -	\$ 2,774,815	\$ 5,940,428
Operating materials and - supplies	-	-	-	645,583	-	-	-	157,125	3,599,158	4,401,866
Contracted services	305,644	2,007,431	526,509	969,846	-	-	71,972	47,294	-	3,928,696
Rents and financial expenses	798,879	-	11,945	59,664	-	-	-	40,441	396,824	1,307,753
Community grants and exemptions	914,585	-	-	-	-	-	157,540	-	-	1,072,125
Amortization	70,528	406	25,053	395,612	-	-	26,363	74,899	554,780	1,147,641
Area rates	-	605,038	-	-	-	-	-	-	-	605,038
Other	-	-	-	-	128,822	188,135	-	23,595	-	340,552
	<u>\$ 3,793,091</u>	<u>\$ 2,612,875</u>	<u>\$ 563,507</u>	<u>\$ 2,988,016</u>	<u>\$ 128,822</u>	<u>\$ 188,135</u>	<u>\$ 800,722</u>	<u>\$ 343,354</u>	<u>\$ 7,325,577</u>	<u>\$ 18,744,099</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

19. 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 (Restated Note 2)
Revenue										
Taxes	\$ 2,968,991	\$ 1,717,553	\$ 387,686	\$ 2,057,218	\$ 86,521	\$ 154,962	\$ 608,980	\$ -	\$ -	\$ 7,981,911
Grants-in-lieu of taxes	724,571	419,162	94,613	502,057	21,115	37,818	148,620	-	-	1,947,956
Conditional transfer from other governments	19,300	11,165	2,520	13,373	562	1,007	3,959	-	-	51,886
Housing corporation operations	-	-	-	-	-	-	-	-	7,546,726	7,546,726
Water rates and fire protection	-	-	-	-	-	-	-	509,879	-	509,879
Other revenue from own sources	302,551	175,025	39,507	209,638	8,817	15,791	62,058	-	-	813,387
Collections for other governments	-	-	-	-	127,389	-	-	-	-	127,389
Capital contributions	-	-	-	224,025	-	-	82,585	-	-	306,610
Other revenue	40,677	-	-	-	-	-	-	-	-	40,677
	<u>\$ 4,056,090</u>	<u>\$ 2,322,905</u>	<u>\$ 524,326</u>	<u>\$ 3,006,311</u>	<u>\$ 244,404</u>	<u>\$ 209,578</u>	<u>\$ 906,202</u>	<u>\$ 509,879</u>	<u>\$7,546,726</u>	<u>\$19,326,421</u>

Municipality of the County of Richmond

Notes to the consolidated financial statements

March 31, 2018

19. 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	\$ -	\$ -	\$ 635,227	\$ -	\$ 5,496,939	\$ 8,966,047
Operating materials and supplies	-	-	-	605,085	-	-	-	147,447	805,148	1,557,680
Contracted services	359,611	1,949,812	530,989	848,316	-	-	92,148	42,309	-	3,823,185
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>\$ 896,626</u>	<u>\$ 333,158</u>	<u>\$ 7,270,264</u>	<u>\$ 19,355,521</u>

SUPPLEMENTARY SCHEDULES

Municipality of the County of Richmond

Supplementary schedules

Water Utility

Operating fund - schedule of financial position

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>
	1,386,544	32,172
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

_____ Deputy Warden

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

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>

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

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>

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

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	313,409	313,409
	<u>\$ 9,429,641</u>	<u>\$ 7,464,350</u>

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

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>
