

Non-consolidated financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Richmond

March 31, 2018

Contents

	<u>Page</u>
Advisory to readers	1
General section	
Operating fund statement of financial position	2 - 3
Operating fund statement of financial activities	4
Operating fund statement of fund balance	5
Capital fund statement of financial position	6
Capital fund statement of investment in capital assets	7
Schedule A - Details of revenue	8 - 9
Schedule B - Details of expenditures	10 - 13
Schedule C - Details of plant and equipment	14
Reserve funds section	
Capital reserve statement of financial position	15
Capital reserve statement of financial activities	15
Operating reserve statement of financial position	16
Operating reserve statement of financial activities	16
Notes to the non-consolidated financial statements	17 - 24
Schedule D - Debt charges and term debt	25

Advisory to readers

The Municipality of the County of Richmond prepares both consolidated and non-consolidated financial statements.

Non-consolidated financial statements are prepared to show the details of the individual funds managed by the Municipality. In particular, they provide information as to how each of the funds performed compared to the approved Operating Budget of the Municipality. For all other purposes, readers are advised to refer to the consolidated financial statements that have been audited.

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

Municipality of the County of Richmond

General section

Operating fund statement of financial position

(Unaudited - see advisory to readers)

March 31	2018	2017
Financial assets		
Receivables		
Taxes (Note 4)	\$ 1,515,849	\$ 1,560,257
Interest on taxes	<u>1,006,895</u>	<u>973,513</u>
	2,522,744	2,533,770
Less: allowance for doubtful accounts (Note 11)	<u>936,366</u>	<u>849,607</u>
	1,586,378	1,684,163
Sewer - special assessments	262,049	232,744
Due from provincial governments and its agencies (Note 5)	396,554	872,241
Due from federal government and its agencies (Note 5)	125,434	85,935
Due from own funds and agencies (Note 6)	1,809,044	821,742
Due from other local organizations (Note 7)	352,775	377,584
Other	<u>134,279</u>	<u>123,668</u>
	<u>4,666,513</u>	<u>4,198,077</u>
Loans and advances		
Employee loans (Note 3)	<u>5,571</u>	<u>6,223</u>
Total financial assets	<u>\$ 4,672,084</u>	<u>\$ 4,204,300</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Operating fund statement of financial position

(Unaudited - see advisory to readers)

March 31

2018

2017

Financial liabilities

Bank indebtedness	<u>\$ 445,232</u>	<u>\$ 484,677</u>
Term loan (Note 13) (Schedule D)	<u>282,857</u>	<u>326,071</u>
Due to own funds and agencies (Note 8)	1,548,103	667,699
Due to other local organizations (Note 9)	41,526	30,589
Trade payables	<u>2,662,034</u>	<u>2,607,005</u>
	<u>4,251,663</u>	<u>3,305,293</u>
Other liabilities		
Deferred revenue	31,693	31,693
Prepayment of taxes	214,895	169,070
Tax sale surplus (Note 10)	<u>287,334</u>	<u>309,318</u>
	<u>533,922</u>	<u>510,081</u>
	<u>5,513,674</u>	<u>4,626,122</u>
Net financial liabilities	<u>(841,590)</u>	<u>(421,822)</u>

Non-financial assets

Land acquired for special assessments	418,195	418,195
Prepaid expense	<u>188,231</u>	<u>184,687</u>
Total non-financial assets	606,426	602,882
Amounts to be recovered from future revenues	<u>235,164</u>	<u>352,744</u>
	<u>841,590</u>	<u>955,626</u>
Net assets and fund balance (page 5)	<u>\$ -</u>	<u>\$ 533,804</u>

Commitments and contingencies (Note 15)

On behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Operating fund statement of financial activities

(Unaudited - see advisory to readers)

Year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 8,317,912	\$ 8,351,393	\$ 8,080,803
Grants in lieu of taxes	1,965,446	1,964,516	1,947,956
Other revenue from own sources	582,179	668,486	603,804
Conditional transfers from federal and provincial governments and agencies	43,000	140,695	51,886
Recreation and cultural services	258,500	225,195	193,406
Collections for other government	<u>130,076</u>	<u>128,822</u>	<u>127,389</u>
	<u>11,297,113</u>	<u>11,479,107</u>	<u>11,005,244</u>
Expenditures (Schedule B)			
General government services	3,995,885	3,910,671	4,488,949
Protective services	2,840,135	2,764,939	2,685,888
Transportation services	538,399	563,507	557,246
Environmental health services	1,520,748	1,943,443	1,965,449
Public health and welfare services	71,407	64,373	63,716
Environmental development services	777,208	795,449	843,736
Recreation and cultural services	946,802	825,725	927,220
Collections for other government	130,076	128,822	127,389
Extraordinary and special items	<u>10,000</u>	<u>-</u>	<u>-</u>
	<u>10,830,660</u>	<u>10,996,929</u>	<u>11,659,593</u>
Excess of revenue over expenditures (expenditures over revenue)	<u>466,453</u>	<u>482,178</u>	<u>(654,349)</u>
Financing and transfers			
Debenture principal instalment – general capital	(356,453)	(356,452)	(354,673)
Transfer from (to) general capital fund	(115,000)	503,440	519,085
Transfer from capital reserve	5,000	5,604	5,604
Transfer from operating reserve fund	-	1,139	483,194
Transfer to operating reserve – current years surplus	-	(635,909)	-
Transfer to operating reserve – prior years accumulated surplus	<u>-</u>	<u>(533,804)</u>	<u>-</u>
	<u>(466,453)</u>	<u>(1,015,982)</u>	<u>653,210</u>
Change in fund balance	<u>\$ -</u>	<u>\$ (533,804)</u>	<u>\$ (1,139)</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond
General section
Operating fund statement of fund balance

(Unaudited - see advisory to readers)

Year ended March 31 2018 2017

Operating fund surplus, beginning of year	\$ 533,804	\$ 534,943
Change in fund balance	<u>(533,804)</u>	<u>(1,139)</u>
Operating fund surplus, end of year	<u>\$ -</u>	<u>\$ 533,804</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Capital fund statement of financial position

(Unaudited - see advisory to readers)

March 31 2018 2017

Financial liabilities

Due to general operating fund
 Temporary financing - other \$ 457,310 \$ 338,390

Long term debt (Note 13) (Schedule D)
 Serial debentures and term debt payable 1,832,119 2,188,571

Net financial liabilities **2,289,429** **2,526,961**

Non-financial assets

Tangible assets
 Property acquired at tax sale 99,433 99,433
 Plant and equipment (Schedule C) 11,996,689 12,352,971
 Work in progress 1,806,356 1,407,040

13,902,478 13,859,444

Other assets
 Unamortized discount on debentures 5,326 7,544

13,907,804 13,866,988

Net assets **\$ 11,618,375** **\$ 11,340,027**

Investment in capital assets (page 7) **\$ 11,618,375** **\$ 11,340,027**

On behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond
General section
Capital fund statement of investment in capital assets

(Unaudited - see advisory to readers)

Year ended March 31	2018	2017
Balance, beginning of year	<u>\$ 11,340,027</u>	<u>\$ 11,218,367</u>
Debtures and term debt retired	356,452	354,673
Transfer from capital reserve - gas tax	207,034	35,258
Transfer from capital reserve - other	-	99,457
Grant for tangible capital asset additions	363,209	306,610
Capital out of revenue	39,525	55,361
Internal financing recovery	19,655	19,655
Disposal of tangible capital asset – accumulated amortization	<u>-</u>	<u>62,125</u>
	<u>985,875</u>	<u>933,139</u>
Transfer to capital reserve – repayment of gas tax	-	(172,514)
Current year amortization	(520,180)	(546,070)
Disposal of tangible capital asset - cost	-	(92,895)
Write off portion of work in progress	<u>(187,347)</u>	<u>-</u>
	<u>(707,527)</u>	<u>(811,479)</u>
Balance, end of year	<u>\$ 11,618,375</u>	<u>\$ 11,340,027</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Schedule A - Details of revenue

(Unaudited - see advisory to readers)

Year ended March 31

		2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 4,796,807	\$ 4,794,732	\$ 4,705,499
Commercial			
Based on taxable assessment	3,464,809	3,437,282	3,463,140
Resource			
Based on taxable assessment	986,440	987,450	967,438
Forest property tax (less than 50,000 acres)	13,275	13,173	13,035
Forest property tax (50,000 acres or more)	<u>6,275</u>	<u>6,275</u>	<u>6,354</u>
	<u>9,267,606</u>	<u>9,238,912</u>	<u>9,155,466</u>
Area rates			
Fire protection	744,000	725,832	705,035
Environmental health services	<u>101,000</u>	<u>81,940</u>	<u>83,101</u>
	<u>845,000</u>	<u>807,772</u>	<u>788,136</u>
Business property			
Based on revenue	<u>47,000</u>	<u>46,086</u>	<u>48,888</u>
Other			
Deed transfer tax	<u>275,000</u>	<u>401,423</u>	<u>252,043</u>
Special assessments			
Sewer services by-law	<u>519,174</u>	<u>493,071</u>	<u>536,970</u>
	10,953,780	10,987,264	10,781,503
Education expenditure as a reduction of tax revenue			
Appropriation to regional school board	<u>(2,635,868)</u>	<u>(2,635,871)</u>	<u>(2,700,700)</u>
	<u>\$ 8,317,912</u>	<u>\$ 8,351,393</u>	<u>\$ 8,080,803</u>
Grants in lieu of taxes			
Federal government	\$ 30,000	\$ 29,798	\$ 29,433
Provincial government			
Property	60,979	67,307	67,207
Crown timber lands	41,921	41,921	41,921
Provincial government agencies			
Nova Scotia Liquor Commission	6,400	5,936	6,418
Other			
Nova Scotia Power Incorporated	1,668,080	1,661,694	1,646,671
Windmills	<u>158,066</u>	<u>157,860</u>	<u>156,306</u>
	<u>\$ 1,965,446</u>	<u>\$ 1,964,516</u>	<u>\$ 1,947,956</u>

Municipality of the County of Richmond

General section

Schedule A - Details of revenue (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other revenue from own sources			
Licenses and permits	\$ 9,000	\$ 5,757	\$ 6,385
Return on investments	50,000	64,359	45,926
Penalties and interest on taxes and special assessments	289,500	244,446	293,605
Miscellaneous	<u>233,679</u>	<u>353,924</u>	<u>257,888</u>
	<u>\$ 582,179</u>	<u>\$ 668,486</u>	<u>\$ 603,804</u>
Conditional transfers from federal and provincial governments and agencies			
Federal government			
Recreation and cultural services			
Summer student grant	\$ 4,000	\$ 4,000	\$ 7,490
Provincial government			
Programs-Grants	26,000	107,152	25,730
Environmental health services recycling	<u>13,000</u>	<u>29,543</u>	<u>18,666</u>
	<u>\$ 43,000</u>	<u>\$ 140,695</u>	<u>\$ 51,886</u>
Recreation and cultural services			
User fees recreation programs	\$ 65,000	62,670	58,517
Arena revenue	<u>193,500</u>	<u>162,525</u>	<u>134,889</u>
	<u>\$ 258,500</u>	<u>\$ 225,195</u>	<u>\$ 193,406</u>
Collections for other government			
Village of St. Peters	<u>\$ 130,076</u>	<u>\$ 128,822</u>	<u>\$ 127,389</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures

(Unaudited - see advisory to readers)

Year ended March 31	2018		2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Warden			
Stipend	\$ 41,887	\$ 39,404	\$ 38,547
Travel and meeting fees	15,000	12,740	5,943
Council			
Stipend	94,951	89,321	164,008
Travel and meeting fees	45,000	10,047	28,844
	<u>196,838</u>	<u>151,512</u>	<u>237,342</u>
Administrative			
Salaries and wages	848,500	605,870	730,908
Employee benefits	778,469	968,860	1,096,077
Office buildings	193,250	163,470	174,456
Legal services	50,000	23,844	60,008
Office expenses	167,500	144,442	167,061
Other administrative services	224,500	262,256	164,600
Financial management	35,000	68,420	245,667
Taxation			
Transfer for assessment services	270,644	270,644	272,814
Exemption to halls	330,000	319,063	325,328
Capped assessment	713,102	713,102	746,475
	<u>3,610,965</u>	<u>3,539,971</u>	<u>3,983,394</u>
Debt charges			
Interest on short term debt			
General operations interest	5,000	-	-
Interest on long term debt	18,082	15,906	22,970
	<u>23,082</u>	<u>15,906</u>	<u>22,970</u>
Valuation allowance			
Uncollectible taxes	65,000	29,080	21,805
Uncollectible interest	65,000	68,674	58,911
	<u>130,000</u>	<u>97,754</u>	<u>80,716</u>
Other general services			
Amortization	-	70,528	77,730
Municipal Election	-	-	46,927
Intergovernmental relations	35,000	35,000	39,870
	<u>35,000</u>	<u>105,528</u>	<u>164,527</u>
	<u>\$ 3,995,885</u>	<u>\$ 3,910,671</u>	<u>\$ 4,488,949</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31	2018	2017	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Contracted policing	\$ 1,485,988	\$ 1,485,690	\$ 1,434,828
Law enforcement			
County court	28,100	16,614	20,331
Transfer to correctional services	<u>154,243</u>	<u>154,243</u>	<u>157,519</u>
	<u>1,668,331</u>	<u>1,656,547</u>	<u>1,612,678</u>
Fire protection			
Fire fighting force			
Fire services	25,000	25,000	25,000
Area rate levies	744,000	725,832	705,035
Water supply and hydrants	<u>315,304</u>	<u>314,089</u>	<u>299,832</u>
	<u>1,084,304</u>	<u>1,064,921</u>	<u>1,029,867</u>
Other			
Amortization	-	406	423
Maintenance area rate	47,500	31,270	30,618
Animal and pest control	10,000	2,692	3,273
Emergency measures	<u>30,000</u>	<u>9,103</u>	<u>9,029</u>
	<u>87,500</u>	<u>43,471</u>	<u>43,343</u>
	<u>\$ 2,840,135</u>	<u>\$ 2,764,939</u>	<u>\$ 2,685,888</u>
Transportation services			
Transportation fee	\$ 161,039	\$ 160,575	\$ 153,787
Street lighting	350,000	350,934	348,642
Amortization	-	25,053	26,097
Air transport	15,000	15,000	15,000
Interest on long term debt	<u>12,360</u>	<u>11,945</u>	<u>13,720</u>
	<u>\$ 538,399</u>	<u>\$ 563,507</u>	<u>\$ 557,246</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

	2018		2017
	Budget	Actual	Actual
Environmental health services			
Administration	\$ 173,600	\$ 258,376	\$ 182,875
Sewage collection and disposal			
Central treatment plant	320,967	325,182	377,590
Garbage collection and disposal			
Garbage and waste collection	341,000	308,117	315,470
Municipal dumps	625,000	598,710	609,234
Amortization	-	395,612	415,270
Interest on long term debt	60,181	57,446	65,010
	<u>\$ 1,520,748</u>	<u>\$ 1,943,443</u>	<u>\$ 1,965,449</u>
Public health and welfare services			
Public health			
Board of health	\$ 1,000	\$ -	\$ -
Housing			
Deficit of Cape Breton Island			
Housing Authority (Richmond district)	70,407	64,373	63,716
	<u>\$ 71,407</u>	<u>\$ 64,373</u>	<u>\$ 63,716</u>
Environmental development services			
Transfer to			
Eastern District Planning Commission	\$ 178,508	\$ 177,908	\$ 175,410
Economic development and tourism	598,700	617,541	668,326
	<u>\$ 777,208</u>	<u>\$ 795,449</u>	<u>\$ 843,736</u>
Recreation and cultural services			
Recreation facilities			
Administration	\$ 675,500	\$ 544,847	\$ 660,957
Amortization	-	26,363	24,333
Programs and grants	112,000	106,572	106,274
Canada works program	59,800	50,968	38,644
	847,300	728,750	830,208
Cultural buildings and facilities			
Libraries	34,500	31,973	32,010
Transfer to regional library	65,002	65,002	65,002
	<u>\$ 946,802</u>	<u>\$ 825,725</u>	<u>\$ 927,220</u>

Municipality of the County of Richmond
General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Collections for other government			
Village of St. Peter's	\$ 130,076	\$ 128,822	\$ 127,389
Extraordinary and special items			
Other	\$ 10,000	\$ -	\$ -

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond
General section
Schedule C – Details of plant and equipment

(Unaudited - see advisory to readers)

Year ended March 31 2018 2017

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 719,575	\$ -	\$ 719,575	\$ 719,575
Buildings and land improvements	17,092,417	7,361,959	9,730,458	9,935,932
Machinery and equipment	1,666,627	1,021,806	644,821	734,331
Vehicles	144,931	112,645	32,286	46,123
Sidewalks	882,350	301,625	580,725	604,922
Landfill	<u>521,647</u>	<u>232,823</u>	<u>288,824</u>	<u>312,088</u>
	<u>\$21,027,547</u>	<u>\$ 9,030,858</u>	<u>\$ 11,996,689</u>	<u>\$ 12,352,971</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

Reserve funds section

Capital reserve statement of financial position

(Unaudited - see advisory to readers)

March 31	2018	2017
Financial assets (liabilities)		
Cash	\$ 1,633,830	\$ 1,062,423
Due from operating fund	<u>315,070</u>	<u>571,407</u>
	<u>\$ 1,948,900</u>	<u>\$ 1,633,830</u>
Reserve		
Gas tax	\$ 1,278,197	\$ 1,000,111
Landfill closure	384,365	369,365
Capital	286,338	198,708
Water utility	<u>-</u>	<u>65,646</u>
	<u>\$ 1,948,900</u>	<u>\$ 1,633,830</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

Reserve funds section

Capital reserve statement of financial activities

(Unaudited - see advisory to readers)

Year ended March 31	2018	2017
Gas tax revenue	\$ 474,108	\$ 473,251
Interest earned – gas tax	11,012	4,693
Interest earned – other capital	5,604	5,604
Proceeds on sale of tangible capital assets	-	3,500
Proceeds on sale of other assets	-	20,000
Excess funding for other expenses	-	4,080
Transfer from operating fund	15,000	15,000
Transfer from operating fund – tax sale surplus	<u>21,984</u>	<u>16,942</u>
	527,708	543,070
Transfer to operating fund	-	(160,602)
Transfer of gas tax to fund capital	(207,034)	(35,258)
Transfer to operating fund – other capital interest	<u>(5,604)</u>	<u>(5,604)</u>
Change in fund balance	315,070	341,606
Balance, beginning of year	<u>1,633,830</u>	<u>1,292,224</u>
Balance, end of year	<u>\$ 1,948,900</u>	<u>\$ 1,633,830</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

Reserve funds section

Operating reserve statement of financial position

(Unaudited - see advisory to readers)

March 31 2018 2017

Financial assets (liabilities)

Cash	\$ 3,068,817	\$ 3,552,011
Receivable from (payable to) operating fund	<u>1,168,574</u>	<u>(483,194)</u>
	<u>\$ 4,237,391</u>	<u>\$ 3,068,817</u>

Reserve

Infrastructure reserve	\$ 1,500,004	\$ 331,430
Tax rate stabilization reserve	<u>2,737,387</u>	<u>2,737,387</u>
	<u>\$ 4,237,391</u>	<u>\$ 3,068,817</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

Reserve funds section

Operating reserve statement of financial activities

(Unaudited - see advisory to readers)

Year ended March 31 2018 2017

Financing and transfers		
Transfer to operating fund	\$ (1,139)	\$ (483,194)
Transfer from operating fund – current year surplus	635,909	-
Transfer from operating fund – prior years accumulated surplus	<u>533,804</u>	<u>-</u>
Change in fund balance	1,168,574	(483,194)
Balance, beginning of year	<u>3,068,817</u>	<u>3,552,011</u>
Balance, end of year	<u>\$4,237,391</u>	<u>\$ 3,068,817</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2018

1. Summary of significant accounting policies

Operating funds

- i) Properties acquired at tax sale

Properties acquired at tax sale are stated at cost.

- ii) Revenue and expenditures

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

Tangible capital assets

Tangible assets are recorded at cost using the declining balance method at the following rates:

Buildings and land improvements	2.5% - 4%
Office equipment	20%
Machinery & equipment	20%
Computer equipment	30%
Vehicles	30%
Sidewalks	4%

One-half year's amortization is taken in the year of acquisition.

Use of estimates

The preparation of financial statements for municipal governments requires that management 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 financial statements, and the reported amounts of revenues and expenditures during the reporting period. Where estimation uncertainty exists the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

2. Inter-fund balances

The various funds of the Municipality and its Water Utility include a series of inter-fund balances as noted in the respective funds. It is anticipated that all inter-fund balances will be settled within the next fiscal year, except where noted or where there is a longer term plan in place to fund such balances.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2018

3. 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, represents the cost of computers acquired less any repayments to date.

4. Taxes receivable	2018	2017
Balance, beginning of year	\$ 1,560,257	\$ 1,540,316
Levy	<u>9,219,464</u>	<u>9,136,078</u>
	10,779,721	10,676,394
Collections	<u>9,263,872</u>	<u>9,116,137</u>
	<u>\$ 1,515,849</u>	<u>\$ 1,560,257</u>
Allocation of balance:		
Current	\$ 691,825	\$ 704,834
Prior year	<u>824,024</u>	<u>855,423</u>
	<u>\$ 1,515,849</u>	<u>\$ 1,560,257</u>

5. Due from governments and agencies	2018	2017
Provincial		
Provincial – Sundry	<u>\$ 396,554</u>	<u>\$ 872,241</u>
Federal		
Harmonized sales tax	<u>\$ 125,434</u>	<u>\$ 85,935</u>

6. Due from own funds and agencies	2018	2017
Own funds		
Capital fund – temporary financing	\$ 457,310	\$ 338,390
Operating reserve	-	483,194
Water Utility fund	1,351,734	-
Own agencies		
Richmond County-Port Hawkesbury		
Joint Development Commission	<u>-</u>	<u>158</u>
	<u>\$ 1,809,044</u>	<u>\$ 821,742</u>

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
 March 31, 2018

7. Due from other local organizations	<u>2018</u>	<u>2017</u>
St. Peter's Fire Department	\$ 279,551	\$ 328,093
St. Peter's-Samsonville & Area Water Utility	73,224	-
District 10 Fire Department	-	1,941
Isle Madame Fire Department	-	25,826
Loch Lomond Fire Department	-	10,880
Grand River Fire Department	-	9,886
Framboise Fourchu Fire Department	-	443
L'Ardoise Fire Department	-	515
	<u>\$ 352,775</u>	<u>\$ 377,584</u>

8. Due to own funds and agencies	<u>2018</u>	<u>2017</u>
Own funds		
Capital Reserve	\$ 315,070	\$ 571,407
Water Utility fund	-	32,576
Operating reserve	1,168,574	-
Own agencies		
Cape Breton Island Housing Authority	64,373	63,716
Joint Development Commission	86	-
	<u>\$ 1,548,103</u>	<u>\$ 667,699</u>

9. Due to other local organizations	<u>2018</u>	<u>2017</u>
District 10 Fire Department	\$ 1,481	\$ -
Isle Madame Fire Department	2,107	-
Loch Lomond Fire Department	3,585	-
Grand River Fire Department	1,801	-
Framboise Fourchu Fire Department	570	-
L'Ardoise Fire Department	2,146	-
Louisdale Fire Department	29,836	30,589
	<u>\$ 41,526</u>	<u>\$ 30,589</u>

10. Tax sale surplus

There is a twenty year period of holding these funds in trust, after which cash must be transferred to the Capital Reserve Fund.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2018

11. Asset valuation allowances	<u>2018</u>	<u>2017</u>
For uncollected taxes		
Balance, beginning of year	\$ 316,913	\$ 303,604
Provision for the year	<u>24,600</u>	<u>13,309</u>
Balance, end of year	<u>\$ 341,513</u>	<u>\$ 316,913</u>
For uncollected interest		
Balance, beginning of year	\$ 532,694	\$ 478,754
Provision for the year	<u>62,159</u>	<u>53,940</u>
Balance, end of year	<u>\$ 594,853</u>	<u>\$ 532,694</u>
	<u>\$ 936,366</u>	<u>\$ 849,607</u>

12. 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 Strait 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.

13. Long term debt

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

	<u>General capital</u>	<u>General operations</u>
2019	\$ 358,297	\$ 47,148
2020	\$ 360,213	\$ 47,148
2021	\$ 235,534	\$ 47,148
2022	\$ 237,595	\$ 47,148
2023	\$ 119,733	\$ 47,148

All existing long term debt has been approved by the Minister of Municipal Affairs.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2018

14. Contributions to Boards and Commissions

- (a) Boards and commissions in which the Municipality has less than a 100% interest:

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
Richmond County – Port Hawkesbury Joint Development Commission	(244)	33

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.

- (b) Boards and commissions in which the Municipality has a 100% interest:

- i) Richmond Housing Corporation (Richmond Villa)

The Municipality has guaranteed a line of credit in the amount of \$200,000 (2017 - \$200,000) on behalf of the Housing Corporation which is indebted to the bank in the amount of Nil as at March 31, 2018 (2017 – Nil).

The Housing Corporation had an accumulated operating deficit of \$1,444,383 as at March 31, 2018, (2017 - \$1,924,764 deficit).

- ii) Municipality of the County of Richmond Water Utility

During the year the Municipality paid \$152,064 (2017 - \$157,064) in respect of public fire protection. The annual utility charge is determined under a formula as set out in the utility rate structure which has been approved by the Board of Public Utilities. The Municipality, through its public works department, provided water maintenance services for the Utility during the year, in the amount of \$197,533 (2017 - \$168,809).

The Utility has an accumulated operating surplus of \$566,982 as at March 31, 2018, (2017 - \$438,771).

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2018

15. 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 year by the Municipality were \$62,262 (2017 - \$75,060).

Landfill closure costs

The Municipality is required to properly close and monitor its old landfill sites. As of the year end the amount of this liability is not known nor is it reasonably estimated. As a result, no amount is reported in the financial statements. The Municipality has set aside \$15,000 in its capital reserve in anticipation of these costs.

16. 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 payable is \$63,734 (2017 - \$74,318) related to these benefits.

17. 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 Freimanis	CAO (April-June)	\$ 34,706

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
 March 31, 2018

18. Pension agreements

The Municipality provides a defined benefit pension plan for its full time employees. Included in payables is an estimated pension liability of \$1,105,000. This liability is based on actuarial estimates as of March 31, 2018. The valuation assumes a rate of return of 4.90% with salary increases of 2.60% and an inflation rate of 2.00% post retirement.

The following summarizes the plan for the fiscal year ended March 31, 2018:

	<u>2018</u>	<u>2017</u>
Liability – Statement of financial position		
Accrued benefit obligation end of year	\$ 9,027,400	\$ 8,989,700
Pension fund assets end of year	(6,634,500)	(6,426,900)
Unamortized actuarial (losses) gains	<u>(1,287,900)</u>	<u>(1,460,400)</u>
Total liability	<u>\$ 1,105,000</u>	<u>\$ 1,102,400</u>
Expenses – Statement of operations		
Current service cost	\$ 182,300	\$ 167,700
Amortization of actuarial (gains) losses	121,600	288,900
Regular contributions by employees	(47,700)	(59,700)
Interest on average pension liability during the year	<u>122,200</u>	<u>80,700</u>
Total expense	<u>\$ 378,400</u>	<u>\$ 477,600</u>

19. Sick leave benefit liability

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 service cost	\$ 6,900
Interest expense	<u>3,000</u>
Benefit expense	<u>\$ 9,900</u>

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2018

19. Sick leave benefit liability (continued)

Balance beginning and end of year (unfunded)	\$ 90,800
--	------------------

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 one year if currently over 62
Current sick leave utilization:	4 days each year from that year's allotment of sick leave

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 accumulative 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.

20. Comparative figures

Certain of the previous year comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted for 2018.

Municipality of the County of Richmond

Schedule D - Debt charges and term debt

(Unaudited - see advisory to readers)

Year ended March 31, 2018

	Fiscal year due date	Interest rate	Loan Continuity			Balance March 31, 2018	Interest
			Balance March 31, 2017	Additions	Redeemed		
General capital							
Municipal purposes							
Serial debentures							
Building	2020	5.65-5.75%	\$ 379,996	\$ -	\$ 126,667	\$ 253,329	\$ 15,906
Landfill	2022	4.45-4.59%	600,000	-	120,000	480,000	24,867
Sidewalks	2024	4.77-5.09%	268,191	-	38,312	229,879	11,945
Sewer	2030	1.62-3.79%	<u>286,866</u>	<u>-</u>	<u>22,067</u>	<u>264,799</u>	<u>8,253</u>
			1,535,053	-	307,046	1,228,007	60,971
Term debt							
CMHC	2026 – 2031	3.65-3.89%	<u>653,518</u>	<u>-</u>	<u>49,406</u>	<u>604,112</u>	<u>24,326</u>
			<u>\$ 2,188,571</u>	<u>\$ -</u>	<u>\$ 356,452</u>	<u>\$ 1,832,119</u>	<u>\$ 85,297</u>

	Fiscal year due date	Interest rate	Loan Continuity			Balance March 31, 2018	Interest
			Balance March 31, 2017	Additions	Redeemed		
General operating							
Term debt							
Royal bank	2024	Prime +.50%	<u>\$ 326,071</u>	<u>\$ -</u>	<u>\$ 43,214</u>	<u>\$ 282,857</u>	<u>\$ 9,953</u>