

Non-consolidated financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Richmond

March 31, 2019

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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	2019	2018
Financial assets		
Cash	\$ <u>255,233</u>	\$ _____ -
Receivables		
Taxes (Note 4)	1,373,865	1,515,849
Interest on taxes	<u>979,483</u>	<u>1,006,895</u>
	2,353,348	2,522,744
Less: allowance for doubtful accounts (Note 11)	<u>990,357</u>	<u>936,366</u>
	1,362,991	1,586,378
Sewer - special assessments	277,608	262,049
Due from provincial governments and its agencies (Note 5)	40,811	396,554
Due from federal government and its agencies (Note 5)	196,187	125,434
Due from own funds and agencies (Note 6)	815,728	1,809,044
Due from other local organizations (Note 7)	487,215	352,775
Other	<u>104,771</u>	<u>134,279</u>
	<u>3,285,311</u>	<u>4,666,513</u>
Loans and advances		
Employee loans (Note 3)	<u>7,137</u>	<u>5,571</u>
Total financial assets	<u>\$ 3,547,681</u>	<u>\$ 4,672,084</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

2019

2018

Financial liabilities

Bank indebtedness	\$ <u> -</u>	\$ <u>445,232</u>
Term loan (Note 13) (Schedule D)	<u>235,714</u>	<u>282,857</u>
Due to own funds and agencies (Note 8)	519,911	1,548,103
Due to other local organizations (Note 9)	11,087	41,526
Trade payables	<u>2,590,147</u>	<u>2,662,034</u>
	<u>3,121,145</u>	<u>4,251,663</u>
Other liabilities		
Deferred revenue	-	31,693
Prepayment of taxes	225,113	214,895
Tax sale surplus (Note 10)	<u>649,863</u>	<u>287,334</u>
	<u>874,976</u>	<u>533,922</u>
	<u>4,231,835</u>	<u>5,513,674</u>
Net financial liabilities	<u>(684,154)</u>	<u>(841,590)</u>

Non-financial assets

Land acquired for special assessments	383,499	418,195
Prepaid expense	<u>183,071</u>	<u>188,231</u>
Total non-financial assets	566,570	606,426
Amounts to be recovered from future revenues	<u>117,584</u>	<u>235,164</u>
	<u>684,154</u>	<u>841,590</u>
Net assets and fund balance (page 5)	<u>\$ -</u>	<u>\$ -</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

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 8,405,925	\$ 8,394,069	\$ 8,351,393
Grants in lieu of taxes	1,976,564	1,982,777	1,964,516
Other revenue from own sources	714,058	721,712	668,486
Conditional transfers from federal and provincial governments and agencies	76,000	81,492	140,695
Recreation and cultural services	253,500	208,808	225,195
Collections for other government	<u>132,000</u>	<u>132,908</u>	<u>128,822</u>
	<u>11,558,047</u>	<u>11,521,766</u>	<u>11,479,107</u>
Expenditures (Schedule B)			
General government services	4,008,687	4,156,721	3,910,671
Protective services	2,819,793	2,800,119	2,764,939
Transportation services	554,508	580,491	563,507
Environmental health services	1,624,684	1,893,371	1,943,443
Public health and welfare services	71,407	78,178	64,373
Environmental development services	708,638	602,082	795,449
Recreation and cultural services	950,032	872,940	825,725
Collections for other government	132,000	132,908	128,822
Extraordinary and special items	<u>10,000</u>	<u>-</u>	<u>-</u>
	<u>10,879,749</u>	<u>11,116,810</u>	<u>10,996,929</u>
Excess of revenue over expenditures	<u>678,298</u>	<u>404,956</u>	<u>482,178</u>
Financing and transfers			
Debenture principal instalment – general capital	(358,298)	(358,298)	(356,452)
Transfer from (to) general capital fund	(575,000)	85,006	503,440
Transfer from capital reserve	5,000	5,604	5,604
Transfer from operating reserve fund	-	-	1,139
Transfer to operating reserve – current years surplus	-	(137,268)	(635,909)
Transfer to operating reserve – prior years accumulated surplus	<u>-</u>	<u>-</u>	<u>(533,804)</u>
	<u>(928,298)</u>	<u>(404,956)</u>	<u>(1,015,982)</u>
Change in fund balance	<u>\$ (250,000)</u>	<u>\$ -</u>	<u>\$ (533,804)</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 2019 2018

Operating fund surplus, beginning of year	\$ -	\$ 533,804
Change in fund balance	<u>-</u>	<u>(533,804)</u>
Operating fund surplus, end of year	<u>\$ -</u>	<u>\$ -</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	2019	2018
Financial liabilities		
Due to general operating fund		
Temporary financing – other	\$ <u>490,050</u>	\$ <u>457,310</u>
Long term debt (Note 13) (Schedule D)		
Serial debentures and term debt payable	<u>1,473,821</u>	<u>1,832,119</u>
Net financial liabilities	<u>1,963,871</u>	<u>2,289,429</u>
Non-financial assets		
Tangible assets		
Property acquired at tax sale	99,433	99,433
Plant and equipment (Schedule C)	11,980,788	11,996,689
Work in progress	<u>2,115,495</u>	<u>1,806,356</u>
	14,195,716	13,902,478
Other assets		
Unamortized discount on debentures	<u>3,108</u>	<u>5,326</u>
	<u>14,198,824</u>	<u>13,907,804</u>
Net assets	<u>\$ 12,234,953</u>	<u>\$ 11,618,375</u>
Investment in capital assets (page 7)	<u>\$ 12,234,953</u>	<u>\$ 11,618,375</u>

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 2019 2018

Balance, beginning of year	<u>\$ 11,618,375</u>	<u>\$ 11,340,027</u>
Debentures and term debt retired	358,298	356,452
Transfer from capital reserve - gas tax	149,157	207,034
Grant for tangible capital asset additions	385,500	363,209
Capital out of revenue	815,863	39,525
Internal financing recovery	<u>19,655</u>	<u>19,655</u>
	<u>1,728,473</u>	<u>985,875</u>
Current year amortization	(510,455)	(520,180)
Write off portion of work in progress	<u>(601,440)</u>	<u>(187,347)</u>
	<u>(1,111,895)</u>	<u>(707,527)</u>
Balance, end of year	<u>\$ 12,234,953</u>	<u>\$ 11,618,375</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

		2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 4,903,102	\$ 4,899,714	\$ 4,794,732
Commercial			
Based on taxable assessment	3,431,812	3,426,515	3,437,282
Resource			
Based on taxable assessment	978,553	976,454	987,450
Forest property tax (less than 50,000 acres)	13,275	13,174	13,173
Forest property tax (50,000 acres or more)	<u>6,288</u>	<u>6,288</u>	<u>6,275</u>
	<u>9,333,030</u>	<u>9,322,145</u>	<u>9,238,912</u>
Area rates			
Fire protection	740,500	740,635	725,832
Environmental health services	<u>72,800</u>	<u>72,145</u>	<u>81,940</u>
	<u>813,300</u>	<u>812,780</u>	<u>807,772</u>
Business property			
Based on revenue	<u>47,000</u>	<u>46,801</u>	<u>46,086</u>
Other			
Deed transfer tax	<u>350,000</u>	<u>372,605</u>	<u>401,423</u>
Special assessments			
Sewer services by-law	<u>525,066</u>	<u>502,217</u>	<u>493,071</u>
	11,068,396	11,056,548	10,987,264
Education expenditure as a reduction of tax revenue			
Appropriation to regional school board	<u>(2,662,471)</u>	<u>(2,662,479)</u>	<u>(2,635,871)</u>
	<u>\$ 8,405,925</u>	<u>\$ 8,394,069</u>	<u>\$ 8,351,393</u>
Grants in lieu of taxes			
Federal government	\$ 30,000	\$ 29,936	\$ 29,798
Provincial government			
Property	66,979	68,891	67,307
Crown timber lands	41,921	41,921	41,921
Provincial government agencies			
Nova Scotia Liquor Commission	5,700	5,649	5,936
Other			
Nova Scotia Power Incorporated	1,672,521	1,676,937	1,661,694
Windmills	<u>159,443</u>	<u>159,443</u>	<u>157,860</u>
	<u>\$ 1,976,564</u>	<u>\$ 1,982,777</u>	<u>\$ 1,964,516</u>

Municipality of the County of Richmond

General section

Schedule A - Details of revenue (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other revenue from own sources			
Licenses and permits	\$ 9,500	\$ 49,741	\$ 5,757
Return on investments	70,000	131,089	64,359
Penalties and interest on taxes and special assessments	260,500	269,294	244,446
Miscellaneous	<u>374,058</u>	<u>271,588</u>	<u>353,924</u>
	<u>\$ 714,058</u>	<u>\$ 721,712</u>	<u>\$ 668,486</u>
Conditional transfers from federal and provincial governments and agencies			
Federal government			
Recreation and cultural services			
Summer student grant	\$ 6,000	\$ 7,921	\$ 4,000
Provincial government			
Programs-Grants	50,000	68,412	107,152
Environmental health services recycling	<u>20,000</u>	<u>5,159</u>	<u>29,543</u>
	<u>\$ 76,000</u>	<u>\$ 81,492</u>	<u>\$ 140,695</u>
Recreation and cultural services			
User fees recreation programs	\$ 60,000	\$ 50,448	\$ 62,670
Arena revenue	<u>193,500</u>	<u>158,360</u>	<u>162,525</u>
	<u>\$ 253,500</u>	<u>\$ 208,808</u>	<u>\$ 225,195</u>
Collections for other government			
Village of St. Peters	<u>\$ 132,000</u>	<u>\$ 132,908</u>	<u>\$ 128,822</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

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Warden			
Stipend	\$ 41,887	\$ 40,898	\$ 39,404
Travel and meeting fees	15,000	4,902	12,740
Council			
Stipend	94,949	95,431	89,321
Travel and meeting fees	25,000	11,398	10,047
	<u>176,836</u>	<u>152,629</u>	<u>151,512</u>
Administrative			
Salaries and wages	744,819	633,668	605,870
Employee benefits	1,053,146	1,373,691	968,860
Office buildings	197,211	210,910	163,470
Legal services	80,000	21,690	23,844
Office expenses	166,300	162,492	144,442
Other administrative services	64,500	87,883	262,256
Financial management	40,000	42,572	68,420
Taxation			
Transfer for assessment services	272,772	272,772	270,644
Exemption to halls	330,000	317,091	319,063
Capped assessment	702,210	702,210	713,102
	<u>3,650,958</u>	<u>3,824,979</u>	<u>3,539,971</u>
Debt charges			
Interest on short term debt			
General operations interest	5,000	-	-
Interest on long term debt	10,893	8,697	15,906
	<u>15,893</u>	<u>8,697</u>	<u>15,906</u>
Valuation allowance			
Uncollectible taxes	65,000	16,802	29,080
Uncollectible interest	65,000	53,663	68,674
	<u>130,000</u>	<u>70,465</u>	<u>97,754</u>
Other general services			
Amortization	-	64,951	70,528
Intergovernmental relations	35,000	35,000	35,000
	<u>35,000</u>	<u>99,951</u>	<u>105,528</u>
	<u>\$ 4,008,687</u>	<u>\$ 4,156,721</u>	<u>\$ 3,910,671</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31 2019 2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Contracted policing	\$ 1,505,435	\$ 1,517,698	\$ 1,485,690
Law enforcement			
County court	20,600	15,003	16,614
Transfer to correctional services	<u>152,958</u>	<u>152,958</u>	<u>154,243</u>
	<u>1,678,993</u>	<u>1,685,659</u>	<u>1,656,547</u>
Fire protection			
Fire fighting force			
Fire services	25,000	25,000	25,000
Area rate levies	740,500	740,635	725,832
Water supply and hydrants	<u>316,000</u>	<u>315,848</u>	<u>314,089</u>
	<u>1,081,500</u>	<u>1,081,483</u>	<u>1,064,921</u>
Other			
Amortization	-	390	406
Maintenance area rate	19,300	18,908	31,270
Animal and pest control	10,000	3,593	2,692
Emergency measures	<u>30,000</u>	<u>10,086</u>	<u>9,103</u>
	<u>59,300</u>	<u>32,977</u>	<u>43,471</u>
	<u>\$ 2,819,793</u>	<u>\$ 2,800,119</u>	<u>\$ 2,764,939</u>
Transportation services			
Transportation fee	\$ 178,998	\$ 173,515	\$ 160,575
Street lighting	350,000	353,897	350,934
Amortization	-	27,994	25,053
Air transport	15,000	15,000	15,000
Interest on long term debt	<u>10,510</u>	<u>10,085</u>	<u>11,945</u>
	<u>\$ 554,508</u>	<u>\$ 580,491</u>	<u>\$ 563,507</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Administration	\$ 189,700	\$ 175,468	\$ 258,376
Sewage collection and disposal			
Central treatment plant	365,541	320,851	325,182
Garbage collection and disposal			
Garbage and waste collection	330,000	328,687	308,117
Municipal dumps	686,840	632,770	598,710
Amortization	-	385,623	395,612
Interest on long term debt	<u>52,603</u>	<u>49,972</u>	<u>57,446</u>
	<u>\$ 1,624,684</u>	<u>\$ 1,893,371</u>	<u>\$ 1,943,443</u>
Public health and welfare services			
Public health			
Board of health	\$ 1,000	\$ -	\$ -
Housing			
Deficit of Cape Breton Island			
Housing Authority (Richmond district)	<u>70,407</u>	<u>78,178</u>	<u>64,373</u>
	<u>\$ 71,407</u>	<u>\$ 78,178</u>	<u>\$ 64,373</u>
Environmental development services			
Transfer to			
Eastern District Planning Commission	\$ 176,938	\$ 176,488	\$ 177,908
Economic development and tourism	<u>531,700</u>	<u>425,594</u>	<u>617,541</u>
	<u>\$ 708,638</u>	<u>\$ 602,082</u>	<u>\$ 795,449</u>
Recreation and cultural services			
Recreation facilities			
Administration	\$ 644,230	\$ 591,173	\$ 544,847
Amortization	-	29,280	26,363
Programs and grants	146,500	108,147	106,572
Canada works program	<u>59,800</u>	<u>47,192</u>	<u>50,968</u>
	850,530	775,792	728,750
Cultural buildings and facilities			
Libraries	34,500	32,146	31,973
Transfer to regional library	<u>65,002</u>	<u>65,002</u>	<u>65,002</u>
	<u>\$ 950,032</u>	<u>\$ 872,940</u>	<u>\$ 825,725</u>

Municipality of the County of Richmond
General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Collections for other government			
Village of St. Peter's	\$ <u>132,000</u>	\$ <u>132,908</u>	\$ <u>128,822</u>
Extraordinary and special items			
Other	\$ <u>10,000</u>	\$ <u>-</u>	\$ <u>-</u>

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		2019	2018
	<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	17,485,939	7,726,252	9,759,687	9,730,458
Machinery and equipment	1,666,627	1,100,701	565,926	644,821
Vehicles	191,177	129,267	61,910	32,286
Sidewalks	882,350	324,854	557,496	580,725
Landfill	521,647	254,078	267,569	288,824
Road Signs	<u>52,568</u>	<u>3,943</u>	<u>48,625</u>	<u>-</u>
	<u>\$21,519,883</u>	<u>\$ 9,539,095</u>	<u>\$ 11,980,788</u>	<u>\$ 11,996,689</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	2019	2018
Financial assets (liabilities)		
Cash	\$ 1,926,916	\$ 1,633,830
Due from operating fund	<u>302,996</u>	<u>315,070</u>
	<u>\$ 2,229,912</u>	<u>\$ 1,948,900</u>
Reserve		
Gas tax	\$ 1,531,167	\$ 1,278,197
Landfill closure	366,519	384,365
Capital	<u>332,226</u>	<u>286,338</u>
	<u>\$ 2,229,912</u>	<u>\$ 1,948,900</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	2019	2018
Gas tax revenue	\$ 494,436	\$ 474,108
Interest earned – gas tax	14,060	11,012
Interest earned – other capital	5,604	5,604
Budgeted transfer from operating fund	30,000	15,000
Transfer from operating fund – tax sale surplus	9,968	21,984
Proceeds on sale of assets	<u>40,000</u>	<u>-</u>
	594,068	527,708
Transfer to operating fund	(47,846)	-
Transfer to operating fund – non-capital expenditures	(110,450)	-
Transfer of gas tax to fund general capital	(149,156)	(207,034)
Transfer to operating fund – other capital interest	<u>(5,604)</u>	<u>(5,604)</u>
Change in fund balance	281,012	315,070
Balance, beginning of year	<u>1,948,900</u>	<u>1,633,830</u>
Balance, end of year	<u>\$ 2,229,912</u>	<u>\$ 1,948,900</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 2019 2018

Financial assets (liabilities)

Cash	\$ 4,236,252	\$ 3,068,817
Due from operating fund	<u>138,407</u>	<u>1,168,574</u>
	<u>\$ 4,374,659</u>	<u>\$ 4,237,391</u>

Reserve

Infrastructure reserve	\$ 1,637,272	\$ 1,500,004
Tax rate stabilization reserve	<u>2,737,387</u>	<u>2,737,387</u>
	<u>\$ 4,374,659</u>	<u>\$ 4,237,391</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 2019 2018

Financing and transfers		
Transfer to operating fund	\$ -	\$ (1,139)
Transfer from operating fund – current year surplus	137,268	635,909
Transfer from operating fund – prior years accumulated surplus	<u>-</u>	<u>533,804</u>
Change in fund balance	137,268	1,168,574
Balance, beginning of year	<u>4,237,391</u>	<u>3,068,817</u>
Balance, end of year	<u>\$ 4,374,659</u>	<u>\$ 4,237,391</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, 2019

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%
Road Signs	15%

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, 2019

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 \$7,137 as at March 31, 2019, represents the cost of computers acquired less any repayments to date.

4. Taxes receivable	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 1,515,849	\$ 1,560,257
Levy	<u>9,302,684</u>	<u>9,219,464</u>
	10,818,533	10,779,721
Collections	<u>9,444,668</u>	<u>9,263,872</u>
	\$ 1,373,865	\$ 1,515,849
Allocation of balance:		
Current	\$ 748,796	\$ 691,825
Prior year	<u>625,069</u>	<u>824,024</u>
	\$ 1,373,865	\$ 1,515,849

5. Due from governments and agencies	<u>2019</u>	<u>2018</u>
Provincial		
Provincial – Sundry	<u>\$ 40,811</u>	<u>\$ 396,554</u>
Federal		
Canada Post – GIL	\$ 11,220	\$ -
ACOA	40,922	-
Harmonized sales tax	<u>144,045</u>	<u>125,434</u>
	\$ 196,187	\$ 125,434

6. Due from own funds and agencies	<u>2019</u>	<u>2018</u>
Own funds		
Capital fund – temporary financing	\$ 490,050	\$ 457,310
Water Utility fund	<u>325,678</u>	<u>1,351,734</u>
	\$ 815,728	\$ 1,809,044

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
 March 31, 2019

7. Due from other local organizations	<u>2019</u>	<u>2018</u>
St. Peter's Fire Department	\$ 229,342	\$ 279,551
St. Peter's-Samsonville & Area Water Utility/Village SA	257,370	73,224
Framboise Fourchu Fire Department	278	-
L'Ardoise Fire Department	<u>225</u>	<u>-</u>
	<u>\$ 487,215</u>	<u>\$ 352,775</u>

8. Due to own funds and agencies	<u>2019</u>	<u>2018</u>
Own funds		
Capital Reserve	\$ 302,996	\$ 315,070
Operating reserve	138,407	1,168,574
Own agencies		
Cape Breton Island Housing Authority	78,178	64,373
Joint Development Commission	<u>330</u>	<u>86</u>
	<u>\$ 519,911</u>	<u>\$ 1,548,103</u>

9. Due to other local organizations	<u>2019</u>	<u>2018</u>
District 10 Fire Department	\$ 2,494	\$ 1,481
Isle Madame Fire Department	4,008	2,107
Loch Lomond Fire Department	738	3,585
Grand River Fire Department	582	1,801
Framboise Fourchu Fire Department	-	570
L'Ardoise Fire Department	-	2,146
Louisdale Fire Department	<u>3,265</u>	<u>29,836</u>
	<u>\$ 11,087</u>	<u>\$ 41,526</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. Of the total amount, the following can be transferred:

2020	\$ 27,178	2030	\$ 13,400
2021	\$ 827	2031	\$ 12,092
2023	\$ 5,083	2032	\$ 8,643
2024	\$ 500	2034	\$ 117,565
2025	\$ 17,113	2035	\$ 13,706
2027	\$ 18,937	2036	\$ 23,922
2029	\$ 18,400	2038	\$ 372,497

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2019

11. Asset valuation allowances	<u>2019</u>	<u>2018</u>
For uncollected taxes		
Balance, beginning of year	\$ 341,513	\$ 316,913
Provision for the year	<u>9,133</u>	<u>24,600</u>
Balance, end of year	<u>\$ 350,646</u>	<u>\$ 341,513</u>
For uncollected interest		
Balance, beginning of year	\$ 594,853	\$ 532,694
Provision for the year	<u>44,858</u>	<u>62,159</u>
Balance, end of year	<u>\$ 639,711</u>	<u>\$ 594,853</u>
	<u>\$ 990,357</u>	<u>\$ 936,366</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 Centre for Education, until such time as the Centre 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>
2020	\$ 360,213	\$ 47,143
2021	\$ 235,534	\$ 47,143
2022	\$ 237,595	\$ 47,143
2023	\$ 119,733	\$ 47,143
2024	\$ 121,959	\$ 47,142

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, 2019

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>2019</u>	<u>2018</u>
Cape Breton Island Housing Authority	\$ 78,178	\$ 64,373
Eastern Counties Regional Library	65,002	65,002
Eastern District Planning Commission	176,488	177,908
Richmond County – Port Hawkesbury Joint Development Commission	(244)	(244)

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2019.

- (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 (2018 - \$200,000) on behalf of the Housing Corporation which is indebted to the bank in the amount of \$NIL as at March 31, 2019 (2018 – Nil).

The Housing Corporation had an accumulated operating deficit of \$1,098,651 as at March 31, 2019, (2018 - \$1,444,383 deficit).

- ii) Municipality of the County of Richmond Water Utility

During the year the Municipality paid \$147,064 (2018 - \$152,064) 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 \$203,459 (2018 - \$197,533).

The Utility has an accumulated operating surplus of \$675,765 as at March 31, 2019, (2018 - \$566,982).

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2019

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 \$90,387 (2018 - \$62,262).

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 \$30,000 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 \$78,682 (2018 - \$63,734) 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>	<u>Expenses</u>
Jason MacLean	Warden	\$46,748	\$3,737
Brian Marchand	Deputy Warden	\$31,164	\$7,869
Alvin Martell	Councillor	\$25,023	\$4,916
Gilbert Boucher	Councillor	\$25,023	\$1,862
James Goyetche	Councillor	\$25,023	\$3,675
Kent MacIntyre	CAO	\$134,073	\$13,024

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
 March 31, 2019

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 \$1,423,500. This liability is based on an actuarial valuation completed December 31, 2018 and extrapolated to March 31, 2019. The valuation assumes a discount rate of 4.85% rate of return of 4.85% 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, 2019:

	<u>2019</u>	<u>2018</u>
Liability – Statement of financial position		
Accrued benefit obligation end of year	\$ 8,840,600	\$ 9,027,400
Pension fund assets end of year	(6,709,900)	(6,634,500)
Unamortized actuarial (losses) gains	<u>(707,200)</u>	<u>(1,287,900)</u>
Total liability	<u>\$ 1,423,500</u>	<u>\$ 1,105,000</u>
Expenses – Statement of operations		
Current service cost	\$ 152,600	\$ 182,300
Amortization of actuarial (gains) losses	632,600	121,600
Curtailement	(105,500)	-
Regular contributions by employees	(36,500)	(47,700)
Interest on average pension liability during the year	<u>110,000</u>	<u>122,200</u>
Total expense	<u>\$ 753,200</u>	<u>\$ 378,400</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 and the actuary projected amounts for March 31, 2019.

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>2019</u>	<u>2018</u>
Current service cost	\$ 7,100	\$ 6,900
Interest expense	<u>3,200</u>	<u>3,000</u>
Benefit expense	<u>\$ 10,300</u>	<u>\$ 9,900</u>

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2019

19. Sick leave benefit liability (continued)	<u>2019</u>
Balance, beginning of year (unfunded)	\$ 90,800
Benefit expense	10,300
Benefit payments	<u>(7,100)</u>
Balance, end of year (unfunded)	<u>\$ 94,000</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 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.
-

Municipality of the County of Richmond

Schedule D - Debt charges and term debt

(Unaudited - see advisory to readers)

Year ended March 31, 2019

	Fiscal year due date	Interest rate	Loan Continuity			Balance March 31, 2019	Interest
			Balance March 31, 2018	Additions	Redeemed		
General capital							
Municipal purposes							
Serial debentures							
Building	2020	5.70-5.75%	\$ 253,329	\$ -	\$ 126,667	\$ 126,662	\$ 8,697
Landfill	2022	4.51-4.59%	480,000	-	120,000	360,000	19,497
Sidewalks	2024	4.88-5.09%	229,879	-	38,312	191,567	10,085
Sewer	2030	1.92-3.79%	<u>264,799</u>	<u>-</u>	<u>22,067</u>	<u>242,732</u>	<u>7,842</u>
			1,228,007	-	307,046	920,961	46,121
Term debt							
CMHC	2026 – 2031	3.65-3.89%	<u>604,112</u>	<u>-</u>	<u>51,252</u>	<u>552,860</u>	<u>22,632</u>
			<u>\$ 1,832,119</u>	<u>\$ -</u>	<u>\$ 358,298</u>	<u>\$ 1,473,821</u>	<u>\$ 68,753</u>

	Fiscal year due date	Interest rate	Loan Continuity			Balance March 31, 2019	Interest
			Balance March 31, 2018	Additions	Redeemed		
General operating							
Term debt							
Royal bank	2024	Prime +.50%	<u>\$ 282,857</u>	<u>\$ -</u>	<u>\$ 47,143</u>	<u>\$ 235,714</u>	<u>\$ 10,862</u>