

Non-consolidated financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Richmond

March 31, 2020

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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	2020	2019
Financial assets		
Cash	\$ <u>1,104,348</u>	\$ <u>255,233</u>
Receivables		
Taxes (Note 4)	1,423,488	1,373,865
Interest on taxes	<u>1,074,266</u>	<u>979,483</u>
	2,497,754	2,353,348
Less: allowance for doubtful accounts (Note 11)	<u>1,143,466</u>	<u>990,357</u>
	1,354,288	1,362,991
Sewer - special assessments	242,918	277,608
Due from provincial governments and its agencies (Note 5)	205,587	40,811
Due from federal government and its agencies (Note 5)	118,739	196,187
Due from own funds and agencies (Note 6)	555,885	815,728
Due from other local organizations (Note 7)	268,277	487,215
Other	<u>108,410</u>	<u>104,771</u>
	<u>2,854,104</u>	<u>3,285,311</u>
Loans and advances		
Employee loans (Note 3)	<u>5,766</u>	<u>7,137</u>
Total financial assets	<u>\$ 3,964,218</u>	<u>\$ 3,547,681</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

2020

2019

Financial liabilities

Term loan (Note 13) (Schedule D)	\$ <u>188,571</u>	\$ <u>235,714</u>
Due to own funds and agencies (Note 8)	925,791	519,911
Due to other local organizations (Note 9)	8,537	11,087
Trade payables	<u>2,421,202</u>	<u>2,590,147</u>
	<u>3,355,530</u>	<u>3,121,145</u>
Other liabilities		
Prepayment of taxes	250,276	225,113
Tax sale surplus (Note 10)	<u>732,000</u>	<u>649,863</u>
	<u>982,276</u>	<u>874,976</u>
	<u>4,526,377</u>	<u>4,231,835</u>
Net financial liabilities	<u>(562,159)</u>	<u>(684,154)</u>

Non-financial assets

Land acquired for special assessments	367,499	383,499
Prepaid expense	<u>194,660</u>	<u>183,071</u>
Total non-financial assets	562,159	566,570
Amounts to be recovered from future revenues	<u>-</u>	<u>117,584</u>
	<u>562,159</u>	<u>684,154</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 _____ Deputy Warden

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	2020	2019	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 8,122,715	\$ 8,166,067	\$ 8,394,069
Grants in lieu of taxes	2,053,885	2,067,306	1,982,777
Other revenue from own sources	820,100	996,047	721,712
Conditional transfers from federal and provincial governments and agencies	85,000	46,439	81,492
Recreation and cultural services	248,500	199,681	208,808
Collections for other government	134,000	132,434	132,908
	<u>11,464,200</u>	<u>11,607,974</u>	<u>11,521,766</u>
Expenditures (Schedule B)			
General government services	4,044,046	3,863,891	4,156,721
Protective services	2,973,233	2,891,293	2,800,119
Transportation services	560,804	584,785	580,491
Environmental health services	1,646,787	2,021,383	1,893,371
Public health and welfare services	66,000	75,149	78,178
Environmental development services	518,594	480,196	602,082
Recreation and cultural services	935,522	824,409	872,940
Collections for other government	134,000	132,434	132,908
Extraordinary and special items	10,000	19,531	-
	<u>10,888,986</u>	<u>10,893,071</u>	<u>11,116,810</u>
Excess of revenue over expenditures	<u>575,214</u>	<u>714,903</u>	<u>404,956</u>
Financing and transfers			
Debenture principal instalment – general capital	(360,214)	(360,209)	(358,298)
Transfer from (to) general capital fund	(220,000)	280,154	85,006
Transfer from capital reserve	5,000	5,604	5,604
Transfer to operating reserve – current years surplus	-	(640,452)	(137,268)
Transfer to operating reserve – prior years accumulated surplus	-	-	-
	<u>(575,214)</u>	<u>(714,903)</u>	<u>(404,956)</u>
Change in fund balance	\$ -	\$ -	\$ -

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	2020	2019
Operating fund surplus, beginning of year	\$ -	\$ -
Change in fund balance	<u>-</u>	<u>-</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	2020	2019
Financial liabilities		
Due to general operating fund		
Temporary financing – other	\$ <u>549,008</u>	\$ <u>490,050</u>
Long term debt (Note 13) (Schedule D)		
Serial debentures and term debt payable	<u>1,113,612</u>	<u>1,473,821</u>
Net financial liabilities	<u>1,662,620</u>	<u>1,963,871</u>
Non-financial assets		
Tangible assets		
Property acquired at tax sale	99,433	99,433
Plant and equipment (Schedule C)	11,954,404	11,980,788
Work in progress	<u>3,552,081</u>	<u>2,115,495</u>
	15,605,918	14,195,716
Other assets		
Unamortized discount on debentures	<u>1,838</u>	<u>3,108</u>
	<u>15,607,756</u>	<u>14,198,824</u>
Net assets	<u>\$ 13,945,136</u>	<u>\$ 12,234,953</u>
Investment in capital assets (page 7)	<u>\$ 13,945,136</u>	<u>\$ 12,234,953</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ Deputy Warden

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 2020 2019

Balance, beginning of year	<u>\$ 12,234,953</u>	<u>\$ 11,618,375</u>
Debtures and term debt retired	360,209	358,298
Transfer from capital reserve - gas tax	672,596	149,157
Grant for tangible capital asset additions	943,784	385,500
Capital out of revenue	243,588	815,863
Internal financing recovery	<u>-</u>	<u>19,655</u>
	<u>2,220,177</u>	<u>1,728,473</u>
Current year amortization	(509,994)	(510,455)
Write off portion of work in progress	<u>-</u>	<u>(601,440)</u>
	<u>(509,994)</u>	<u>(1,111,895)</u>
Balance, end of year	<u>\$ 13,945,136</u>	<u>\$ 12,234,953</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

		2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 4,992,828	\$ 4,979,242	\$ 4,899,714
Commercial			
Based on taxable assessment	3,042,451	3,028,923	3,426,515
Resource			
Based on taxable assessment	976,840	973,957	976,454
Forest property tax (less than 50,000 acres)	13,275	13,341	13,174
Forest property tax (50,000 acres or more)	<u>6,416</u>	<u>6,416</u>	<u>6,288</u>
	<u>9,031,810</u>	<u>9,001,879</u>	<u>9,322,145</u>
Area rates			
Fire protection	789,000	766,288	740,635
Environmental health services	<u>49,600</u>	<u>46,852</u>	<u>72,145</u>
	<u>838,600</u>	<u>813,140</u>	<u>812,780</u>
Business property			
Based on revenue	<u>40,232</u>	<u>38,598</u>	<u>46,801</u>
Other			
Deed transfer tax	<u>375,000</u>	<u>458,224</u>	<u>372,605</u>
Special assessments			
Sewer services by-law	<u>541,169</u>	<u>558,322</u>	<u>502,217</u>
	10,826,811	10,870,163	11,056,548
Education expenditure as a reduction of tax revenue			
Appropriation to regional school board	<u>(2,704,096)</u>	<u>(2,704,096)</u>	<u>(2,662,479)</u>
	<u>\$ 8,122,715</u>	<u>\$ 8,166,067</u>	<u>8,394,069</u>
Grants in lieu of taxes			
Federal government	\$ 30,000	\$ 30,226	\$ 29,936
Provincial government			
Property	69,000	69,942	68,891
Crown timber lands	39,900	41,086	41,921
Provincial government agencies			
Nova Scotia Liquor Commission	6,000	5,295	5,649
Other			
Nova Scotia Power Incorporated	1,747,948	1,759,720	1,676,937
Windmills	<u>161,037</u>	<u>161,037</u>	<u>159,443</u>
	<u>\$ 2,053,885</u>	<u>\$ 2,067,306</u>	<u>\$ 1,982,777</u>

Municipality of the County of Richmond

General section

Schedule A - Details of revenue (Continued)

(Unaudited - see advisory to readers)

Year ended March 31 2020 2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other revenue from own sources			
Licenses and permits	\$ 32,500	\$ 128,000	\$ 49,741
Return on investments	125,000	180,099	131,089
Penalties and interest on taxes and special assessments	260,000	255,397	269,294
Miscellaneous	<u>402,600</u>	<u>432,551</u>	<u>271,588</u>
	<u>\$ 820,100</u>	<u>\$ 996,047</u>	<u>\$ 721,712</u>
Conditional transfers from federal and provincial governments and agencies			
Federal government			
Recreation and cultural services			
Summer student grant	\$ 7,000	\$ 8,092	\$ 7,921
Provincial government			
Programs-Grants	50,000	24,187	68,412
Environmental health services recycling	<u>28,000</u>	<u>14,160</u>	<u>5,159</u>
	<u>\$ 85,000</u>	<u>\$ 46,439</u>	<u>\$ 81,492</u>
Recreation and cultural services			
User fees recreation programs	\$ 55,000	\$ 52,054	\$ 50,448
Arena revenue	<u>193,500</u>	<u>147,627</u>	<u>158,360</u>
	<u>\$ 248,500</u>	<u>\$ 199,681</u>	<u>\$ 208,808</u>
Collections for other government			
Village of St. Peters	<u>\$ 134,000</u>	<u>\$ 132,434</u>	<u>\$ 132,908</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

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Warden			
Stipend	\$ 47,683	\$ 44,471	\$ 40,898
Travel and meeting fees	10,000	2,356	4,902
Council			
Stipend	108,359	110,818	95,431
Travel and meeting fees	<u>20,000</u>	<u>7,736</u>	<u>11,398</u>
	<u>186,042</u>	<u>165,381</u>	<u>152,629</u>
Administrative			
Salaries and wages	734,092	667,564	633,668
Employee benefits	1,205,900	967,143	1,373,691
Office buildings	228,168	211,207	210,910
Legal services	40,000	46,690	21,690
Office expenses	171,500	163,337	162,492
Other administrative services	25,500	22,771	87,883
Financial management	40,000	36,816	42,572
Taxation			
Transfer for assessment services	276,618	276,618	272,772
Exemption to halls	330,000	379,939	317,091
Capped assessment	<u>635,584</u>	<u>635,584</u>	<u>702,210</u>
	<u>3,687,362</u>	<u>3,407,669</u>	<u>3,824,979</u>
Debt charges			
Interest on short term debt			
General operations interest	5,000	927	-
Interest on long term debt	<u>3,642</u>	<u>1,427</u>	<u>8,697</u>
	<u>8,642</u>	<u>2,354</u>	<u>8,697</u>
Valuation allowance			
Uncollectible taxes	63,500	73,308	16,802
Uncollectible interest	<u>63,500</u>	<u>114,601</u>	<u>53,663</u>
	<u>127,000</u>	<u>187,909</u>	<u>70,465</u>
Other general services			
Amortization	-	65,578	64,951
Intergovernmental relations	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
	<u>35,000</u>	<u>100,578</u>	<u>99,951</u>
	<u>\$ 4,044,046</u>	<u>\$ 3,863,891</u>	<u>\$ 4,156,721</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31 2020 2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Contracted policing	\$ 1,534,925	\$ 1,540,010	\$ 1,517,698
Law enforcement			
County court	1,956	811	15,003
Transfer to correctional services	<u>152,252</u>	<u>152,252</u>	<u>152,958</u>
	<u>1,689,133</u>	<u>1,693,073</u>	<u>1,685,659</u>
Fire protection			
Fire fighting force			
Fire services	117,000	82,322	25,000
Area rate levies	789,000	766,288	740,635
Water supply and hydrants	<u>321,000</u>	<u>321,000</u>	<u>315,848</u>
	<u>1,227,000</u>	<u>1,169,610</u>	<u>1,081,483</u>
Other			
Amortization	-	374	390
Maintenance area rate	20,100	19,624	18,908
Animal and pest control	10,000	1,693	3,593
Emergency measures	<u>27,000</u>	<u>6,919</u>	<u>10,086</u>
	<u>57,100</u>	<u>28,610</u>	<u>32,977</u>
	<u>\$ 2,973,233</u>	<u>\$ 2,891,293</u>	<u>\$ 2,800,119</u>
Transportation services			
Transportation fee	\$ 182,171	\$ 173,483	\$ 173,515
Street lighting	355,000	357,693	353,897
Amortization	-	30,383	27,994
Air transport	15,000	15,000	15,000
Interest on long term debt	<u>8,633</u>	<u>8,226</u>	<u>10,085</u>
	<u>\$ 560,804</u>	<u>\$ 584,785</u>	<u>\$ 580,491</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31 2020 2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Administration	\$ 187,387	\$ 176,957	\$ 175,468
Sewage collection and disposal			
Central treatment plant	363,665	382,265	320,851
Garbage collection and disposal			
Garbage and waste collection	360,000	348,787	328,687
Municipal dumps	690,919	687,697	632,770
Amortization	-	383,250	385,623
Interest on long term debt	<u>44,816</u>	<u>42,427</u>	<u>49,972</u>
	<u>\$ 1,646,787</u>	<u>\$ 2,021,383</u>	<u>\$ 1,893,371</u>
Public health and welfare services			
Public health			
Board of health	\$ 1,000	\$ -	\$ -
Housing			
Deficit of Cape Breton Island			
Housing Authority (Richmond district)	<u>65,000</u>	<u>75,149</u>	<u>78,178</u>
	<u>\$ 66,000</u>	<u>\$ 75,149</u>	<u>\$ 78,178</u>
Environmental development services			
Transfer to			
Eastern District Planning Commission	\$ 178,589	\$ 178,428	\$ 176,488
Economic development and tourism	<u>340,005</u>	<u>301,768</u>	<u>425,594</u>
	<u>\$ 518,594</u>	<u>\$ 480,196</u>	<u>602,082</u>
Recreation and cultural services			
Recreation facilities			
Administration	\$ 653,220	\$ 550,269	\$ 591,173
Amortization	-	29,139	29,280
Programs and grants	128,000	109,768	108,147
Canada works program	<u>54,800</u>	<u>36,647</u>	<u>47,192</u>
	836,020	725,823	775,792
Cultural buildings and facilities			
Libraries	34,500	36,207	32,146
Transfer to regional library	<u>65,002</u>	<u>62,379</u>	<u>65,002</u>
	<u>\$ 935,522</u>	<u>\$ 824,409</u>	<u>\$ 872,940</u>

Municipality of the County of Richmond
General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31 **2020** 2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Collections for other government			
Village of St. Peter's	\$ 134,000	\$ 132,434	\$ 132,908
Extraordinary and special items			
Other	\$ 10,000	\$ 19,531	\$ -

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)

	<u>Year ended March 31</u>		2020	2019
	<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	17,751,923	7,953,488	9,798,435	9,759,687
Machinery and equipment	1,666,627	1,170,768	495,859	565,926
Vehicles	228,377	153,420	74,957	61,910
Sidewalks	882,350	347,154	535,196	557,496
Landfill	564,717	275,666	289,051	267,569
Road Signs	<u>52,568</u>	<u>11,237</u>	<u>41,331</u>	<u>48,625</u>
	<u>\$21,866,137</u>	<u>\$ 9,911,733</u>	<u>\$ 11,954,404</u>	<u>\$ 11,980,788</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	2020	2019
Financial assets (liabilities)		
Cash	\$ 2,229,912	\$ 1,926,916
Due from operating fund	<u>209,621</u>	<u>302,996</u>
	<u>\$ 2,439,533</u>	<u>\$ 2,229,912</u>
Reserve		
Gas tax	\$ 1,684,160	\$ 1,531,167
Landfill closure	403,146	366,519
Capital	<u>352,227</u>	<u>332,226</u>
	<u>\$ 2,439,533</u>	<u>\$ 2,229,912</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ Deputy Warden

Reserve funds section

Capital reserve statement of financial activities

(Unaudited - see advisory to readers)

Year ended March 31	2020	2019
Gas tax revenue	\$ 968,153	\$ 494,436
Interest earned – gas tax	16,843	14,060
Interest earned – other capital	5,604	5,604
Budgeted transfer from operating fund	40,000	30,000
Transfer from operating fund – tax sale surplus	-	9,968
Proceeds on sale of assets	<u>20,000</u>	<u>40,000</u>
	1,050,600	594,068
Transfer to operating fund	(3,372)	(47,846)
Transfer to operating fund – non-capital expenditures	(159,407)	(110,450)
Transfer of gas tax to fund general capital	(672,596)	(149,156)
Transfer to operating fund – other capital interest	<u>(5,604)</u>	<u>(5,604)</u>
Change in fund balance	209,621	281,012
Balance, beginning of year	<u>2,229,912</u>	<u>1,948,900</u>
Balance, end of year	<u>\$ 2,439,533</u>	<u>\$ 2,229,912</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 2020 2019

Financial assets (liabilities)

Cash	\$ 4,375,126	\$ 4,236,252
Due from operating fund	<u>640,446</u>	<u>138,407</u>
	<u>\$ 5,015,572</u>	<u>\$ 4,374,659</u>

Reserve

Infrastructure reserve	\$ 2,278,185	\$ 1,637,272
Tax rate stabilization reserve	<u>2,737,387</u>	<u>2,737,387</u>
	<u>\$ 5,015,572</u>	<u>\$ 4,374,659</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ Deputy Warden

Reserve funds section

Operating reserve statement of financial activities

(Unaudited - see advisory to readers)

Year ended March 31 2020 2019

Financing and transfers		
Transfer from operating fund – current year surplus	\$ 640,452	\$ 137,268
Interest	<u>461</u>	<u>-</u>
Change in fund balance	640,913	137,268
Balance, beginning of year	<u>4,374,659</u>	<u>4,237,391</u>
Balance, end of year	<u>\$ 5,015,572</u>	<u>\$ 4,374,659</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, 2020

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, 2020

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 \$5,766 as at March 31, 2020, represents the cost of computers acquired less any repayments to date.

4. Taxes receivable	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,373,865	\$ 1,515,849
Levy	<u>9,012,119</u>	<u>9,302,684</u>
	10,385,984	10,818,533
Collections	<u>8,962,496</u>	<u>9,444,668</u>
	\$ 1,423,488	\$ 1,373,865
Allocation of balance:		
Current	\$ 803,618	\$ 748,796
Prior year	<u>619,870</u>	<u>625,069</u>
	\$ 1,423,488	\$ 1,373,865

5. Due from governments and agencies	<u>2020</u>	<u>2019</u>
Provincial		
Provincial – Sundry	<u>\$ 205,587</u>	<u>\$ 40,811</u>
Federal		
Canada Post – GIL	\$ -	\$ 11,220
ACOA	-	40,922
Harmonized sales tax	<u>118,739</u>	<u>144,045</u>
	\$ 118,739	\$ 196,187

6. Due from own funds and agencies	<u>2020</u>	<u>2019</u>
Own funds		
Capital fund – temporary financing	\$ 549,008	\$ 490,050
Water Utility fund	<u>6,877</u>	<u>325,678</u>
	\$ 555,885	\$ 815,728

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2020

7. Due from other local organizations	<u>2020</u>	<u>2019</u>
St. Peter's Fire Department	\$ 174,922	\$ 229,342
St. Peter's-Samsonville & Area Water Utility/Village SA	92,181	257,370
Louisdale Fire Department	257	-
Grand River Fire Department	917	-
Framboise Fourchu Fire Department	-	278
L'Ardoise Fire Department	-	225
	<u>\$ 268,277</u>	<u>\$ 487,215</u>

8. Due to own funds and agencies	<u>2020</u>	<u>2019</u>
Own funds		
Capital Reserve	\$ 209,621	\$ 302,996
Operating reserve	640,446	138,407
Own agencies		
Cape Breton Island Housing Authority	75,149	78,178
Joint Development Commission	575	330
	<u>\$ 925,791</u>	<u>\$ 519,911</u>

9. Due to other local organizations	<u>2020</u>	<u>2019</u>
District 10 Fire Department	\$ 1,465	\$ 2,494
Isle Madame Fire Department	4,973	4,008
Loch Lomond Fire Department	1,980	738
Grand River Fire Department	-	582
Framboise Fourchu Fire Department	9	-
L'Ardoise Fire Department	110	-
Louisdale Fire Department	-	3,265
	<u>\$ 8,537</u>	<u>\$ 11,087</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	\$ 372,317
		2039	\$ 82,317

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
 March 31, 2020

11. Asset valuation allowances	<u>2020</u>	<u>2019</u>
For uncollected taxes		
Balance, beginning of year	\$ 350,646	\$ 341,513
Provision for the year	<u>52,935</u>	<u>9,133</u>
Balance, end of year	<u>\$ 403,581</u>	<u>\$ 350,646</u>
For uncollected interest		
Balance, beginning of year	\$ 639,711	\$ 594,853
Provision for the year	<u>100,174</u>	<u>44,858</u>
Balance, end of year	<u>\$ 739,885</u>	<u>\$ 639,711</u>
	<u>\$ 1,143,466</u>	<u>\$ 990,357</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>
2021	\$ 235,534	\$ 47,143
2022	\$ 237,595	\$ 47,143
2023	\$ 119,733	\$ 47,143
2024	\$ 121,959	\$ 47,142
2025	\$ 85,941	\$ -

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, 2020

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>2020</u>	<u>2019</u>
Cape Breton Island Housing Authority	\$ 75,149	\$ 78,178
Eastern Counties Regional Library	62,379	65,002
Eastern District Planning Commission	178,428	176,488
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, 2020.

- (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 (2019 - \$200,000) on behalf of the Housing Corporation which is indebted to the bank in the amount of \$NIL as at March 31, 2020 (2019 – Nil).

The Housing Corporation had an accumulated operating deficit of \$899,303 as at March 31, 2020, (2019 - \$1,098,651 deficit).

- ii) Municipality of the County of Richmond Water Utility

During the year the Municipality paid \$147,063 (2019 - \$147,064) 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 \$220,000 (2019 - \$203,459).

The Utility has an accumulated operating surplus of \$693,584 as at March 31, 2020, (2019 - \$675,765).

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
March 31, 2020

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 \$93,252 (2019 - \$90,387).

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 \$40,000 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 \$86,099 (2019 - \$78,682) 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>
Brian Marchand	Warden	\$47,683	\$2,356
Alvin Martell	Deputy Warden	\$31,787	\$1,373
Jason MacLean	Councillor	\$25,523	\$1,496
Gilbert Boucher	Councillor	\$25,523	\$1,952
James Goyetche	Councillor	\$25,523	\$2,916
Don Marchand	CAO	\$125,536	\$2,380
Kent MacIntyre	CAO	\$52,795	\$0

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
 March 31, 2020

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 \$1,078,900. This liability is based on an actuarial valuation completed December 31, 2019 and extrapolated to March 31, 2020. The valuation assumes a discount rate of 4.85%, rate of return of 4.85%, 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, 2020:

	<u>2020</u>	<u>2019</u>
Liability – Statement of financial position		
Accrued benefit obligation end of year	\$ 9,576,600	\$ 8,840,600
Pension fund assets end of year	(7,136,300)	(6,709,900)
Unamortized actuarial (losses) gains	<u>(1,361,400)</u>	<u>(707,200)</u>
Total liability	<u>\$ 1,078,900</u>	<u>\$ 1,423,500</u>
Expenses – Statement of operations		
Current service cost	\$ 136,500	\$ 152,600
Amortization of actuarial (gains) losses	166,600	632,600
Curtailement	-	(105,500)
Regular contributions by employees	(23,800)	(36,500)
Interest on average pension liability during the year	<u>90,400</u>	<u>110,000</u>
Total expense	<u>\$ 369,700</u>	<u>\$ 753,200</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, 2020.

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>2020</u>	<u>2019</u>
Current service cost	\$ 7,300	\$ 7,100
Interest expense	<u>3,300</u>	<u>3,200</u>
Benefit expense	<u>\$ 10,600</u>	<u>\$ 10,300</u>

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2020

19. Sick leave benefit liability (continued)	<u>2020</u>	<u>2019</u>
Balance, beginning of year (unfunded)	\$ 94,000	90,800
Benefit expense	10,600	10,300
Benefit payments	<u>(6,400)</u>	<u>(7,100)</u>
Balance, end of year (unfunded)	\$ <u>98,200</u>	<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.
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Municipality of the County of Richmond

Schedule D - Debt charges and term debt

(Unaudited - see advisory to readers)

Year ended March 31, 2020

	Fiscal year due date	Interest rate	Loan Continuity			Balance March 31, 2020	Interest
			Balance March 31, 2019	Additions	Redeemed		
General capital							
Municipal purposes							
Serial debentures							
Building	2020	5.75%	\$ 126,662	\$ -	\$ 126,662	\$ -	\$ 1,427
Landfill	2022	4.53-4.59%	360,000	-	120,000	240,000	14,105
Sidewalks	2024	4.91-5.09%	191,567	-	38,312	153,255	8,226
Sewer	2030	2.24-3.79%	<u>242,732</u>	<u>-</u>	<u>22,067</u>	220,665	<u>7,380</u>
			920,961	-	307,041	613,920	31,138
Term debt							
CMHC	2026 – 2031	3.65-3.89%	<u>552,860</u>	<u>-</u>	<u>53,168</u>	499,692	<u>20,943</u>
			<u>\$ 1,473,821</u>	<u>\$ -</u>	<u>\$ 360,209</u>	\$ 1,113,612	<u>\$ 52,081</u>

	Fiscal year due date	Interest rate	Loan Continuity			Balance March 31, 2020	Interest
			Balance March 31, 2019	Additions	Redeemed		
General operating							
Term debt							
Royal bank	2024	Prime +.50%	<u>\$ 235,714</u>	<u>\$ -</u>	<u>\$ 47,143</u>	\$ 188,571	<u>\$ 8,587</u>