

# Financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Richmond  
Water Utility

March 31, 2014

# Contents

	<b><u>Page</u></b>
Advisory to readers	1
Operating fund statement of financial position	2
Operating fund statement of financial activities	3
Capital fund statement of financial position	4
Capital fund statement of financial activities	5
Capital fund statement of reserve for depreciation	5
Schedule of utility plant and equipment	6
Schedule of operating expenses	7
Notes to the financial statements	8 - 9

## Advisory to readers

The Municipality of the County of Richmond Water Utility prepares these financial statements to show the details of the individual funds managed by the Utility. In particular, they provide information as to how each of the funds performed compared to the approved Operating Budget of the Utility.

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

# Municipality of the County of Richmond Water Utility

## Operating fund statement of financial position

(Unaudited - see advisory to readers)

March 31 2014 2013

<b>Assets</b>		
Cash	\$ 216,719	\$ 262,396
Receivables		
Rates (less allowance for doubtful accounts \$5,821; 2013 - \$9,546)	93,308	100,632
Due from General operating fund	87,420	-
Other receivables	<u>17,336</u>	<u>16,120</u>
	<b><u>\$ 414,783</u></b>	<b><u>\$ 379,148</u></b>

<b>Liabilities</b>		
Due to General operating fund	\$ -	\$ 87,318
Accounts payable and accrued liabilities	18,665	60,465
Due to Water Utility capital fund	<u>189,051</u>	<u>70,457</u>
	<b><u>207,716</u></b>	<b><u>218,240</u></b>

<b>Net financial assets</b>	<b><u>207,067</u></b>	<b><u>160,908</u></b>
-----------------------------	-----------------------	-----------------------

<b>Non-financial assets</b>		
Prepaid expenses	<u>4,835</u>	<u>5,447</u>

<b>Net assets</b>	<b><u>\$ 211,902</u></b>	<b><u>\$ 166,355</u></b>
-------------------	--------------------------	--------------------------

<b>Fund balance</b>	<b><u>\$ 211,902</u></b>	<b><u>\$ 166,355</u></b>
---------------------	--------------------------	--------------------------

On behalf of the Municipality of the County of Richmond

\_\_\_\_\_ Warden \_\_\_\_\_ CAO

See accompanying notes to the financial statements.

# Municipality of the County of Richmond Water Utility

## Operating fund statement of financial activities

(Unaudited - see advisory to readers)

Year ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Operating revenues</b>			
Base rate sales	\$ 170,000	\$ 159,989	\$ 167,040
Metered sales	215,000	185,593	209,640
Public fire protection	165,000	171,097	179,724
Other revenue	<u>10,500</u>	<u>16,628</u>	<u>19,085</u>
	<u>560,500</u>	<u>533,307</u>	<u>575,489</u>
<b>Operating expenditures</b>			
Pumping	80,000	82,480	72,334
Water treatment	40,000	37,131	36,287
Transmission and distribution	260,000	231,193	234,442
Administrative and general	60,000	62,057	81,958
Depreciation	<u>73,000</u>	<u>74,899</u>	<u>74,899</u>
	<u>513,000</u>	<u>487,760</u>	<u>499,920</u>
<b>Net operating revenue</b>	47,500	45,547	75,569
<b>Non-operating transfers</b>			
Capital expenditure out of operations	<u>15,000</u>	<u>-</u>	<u>(49,796)</u>
Change in fund balance	<u>32,500</u>	45,547	25,773
Beginning fund balance		<u>166,355</u>	<u>140,582</u>
Ending fund balance		<u>\$ 211,902</u>	<u>\$ 166,355</u>

See accompanying notes to the financial statements.

---

# Municipality of the County of Richmond Water Utility

## Capital fund statement of financial position

(Unaudited - see advisory to readers)

March 31

2014

2013

---

### Assets

Cash

Depreciation \$ 524,111 \$ 562,042

Receivables

Due from Water Utility operating fund 189,051 70,457

713,162 632,499

### Liabilities

Deferred revenue

150,000 150,000

### Net financial assets

563,162 482,499

### Non-financial assets

Net utility plant in service

5,775,526 5,850,426

### Net assets

\$ 6,338,688 \$ 6,332,925

---

### Reserve

Fund balance

\$ 407,698 \$ 401,935

### Equity

Investment in capital assets

5,930,990 5,930,990

\$ 6,338,688 \$ 6,332,925

---

On behalf of the Municipality of the County of Richmond

\_\_\_\_\_ Warden \_\_\_\_\_ CAO

See accompanying notes to the financial statements.

---

## Municipality of the County of Richmond Water Utility

### Capital fund statement of financial activities

(Unaudited - see advisory to readers)

Year ended March 31	<b>2014</b>	2013
	<u>Budget</u>	<u>Actual</u>
<b>Revenues</b>		
Transfer of capitalized expenditures		
Interest	\$ 5,500	\$ 5,763
		\$ 6,056
<b>Expenditures</b>		
Capital expenditures	<u>10,000</u>	<u>-</u>
Net expenditure	<u>(4,500)</u>	<u>(43,740)</u>
<b>Financing and transfers</b>		
Transfers from operating fund	<u>\$ -</u>	-
Beginning fund balance		<u>395,879</u>
Ending fund balance	<u>\$ 407,698</u>	<u>\$ 401,935</u>

---

## Municipality of the County of Richmond Water Utility

### Capital fund statement of reserve for depreciation

(Unaudited - see advisory to readers)

Year ended March 31	<b>2014</b>	2013
Balance, beginning of year	<b>\$ 1,578,455</b>	\$ 1,503,556
Depreciation for the year	<u>74,899</u>	<u>74,899</u>
Balance, end of year	<u><b>\$ 1,653,354</b></u>	<u>\$ 1,578,455</u>

See accompanying notes to the financial statements.

---

# Municipality of the County of Richmond Water Utility

## Schedule of utility plant and equipment

(Unaudited - see advisory to readers)

March 31	2014	2013
Work in progress	\$ 36,852	\$ 36,852
Land	93,060	93,060
Structures and improvements		
Lakes, rivers, and other intakes	466,859	466,859
Power and pumping structures	1,510,185	1,510,185
Distribution reservoirs and stand pipes	827,160	827,160
Equipment		
Other	134,374	134,374
Electric pumping	67,715	67,715
Other pumping	35,264	35,264
Water treatment	417,478	417,478
Transmission mains	1,328,637	1,328,637
Distribution mains	1,703,915	1,703,915
Services	265,196	265,196
Meters	228,776	228,776
Hydrants	<u>313,409</u>	<u>313,409</u>
	<u>\$ 7,428,880</u>	<u>\$ 7,428,880</u>

---

See accompanying notes to the financial statements.



# Municipality of the County of Richmond Water Utility

## Schedule of operating expenses

(Unaudited - see advisory to readers)

Year ended March 31	2014		2013
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Pumping			
Power	\$ 48,000	\$ 48,587	\$ 40,764
Maintenance	<u>32,000</u>	<u>33,893</u>	<u>31,570</u>
	<u>80,000</u>	<u>82,480</u>	<u>72,334</u>
Water treatment			
Supplies and expenses	<u>40,000</u>	<u>37,131</u>	<u>36,287</u>
Transmission and distribution			
Administration charge – Richmond County	165,000	165,000	165,000
Maintenance of mains and services	64,000	44,968	53,771
Maintenance of other distribution plant	1,000	-	-
Maintenance of meters and meter reading	<u>30,000</u>	<u>21,225</u>	<u>15,671</u>
	<u>260,000</u>	<u>231,193</u>	<u>234,442</u>
Administrative and general			
Regulatory expenses	2,000	3,130	17,367
Professional fees	5,000	9,622	8,306
Insurance	18,000	20,954	20,300
Bad debts	1,000	(2,044)	749
Office	2,000	2,530	3,456
Miscellaneous	<u>32,000</u>	<u>27,865</u>	<u>31,780</u>
	<u>60,000</u>	<u>62,057</u>	<u>81,958</u>
Depreciation	<u>73,000</u>	<u>74,899</u>	<u>74,899</u>

See accompanying notes to the financial statements.

---

# Municipality of the County of Richmond Water Utility

## Notes to the financial statements

(Unaudited - see advisory to readers)

March 31, 2014

---

### 1. Summary of significant accounting policies

#### Revenue and expenditure (operating fund)

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

Principal and interest payments relating to term debt are recorded as an expenditure when due.

Utility plant in service acquired with operating funds is recorded as an expenditure when incurred.

#### Capital fund

##### Utility plant in service

Utility plant in service is recorded at cost. Funds received prior to January 1, 1985, through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to investment in capital assets. Similar funds received after January 1, 1985, are treated as a reduction in the cost of the capital asset acquired.

##### Depreciation

The Water Utility records depreciation which is calculated based on a formula prescribed by the Public Utilities Board. The Public Utilities Board requires that an amount of cash equal to the depreciation claimed is to be transferred to a special bank account which is used to help fund replacement of existing plant in service, or subject to approval by the Public Utilities Board, to repay principal on term debt. The Water Utility has set aside cash in the amount of \$524,111. Interest on depreciation funds is retained in the Capital fund.

##### Unamortized debt expense

The Water Utility capitalizes interest incurred on funds borrowed for capital construction and amortizes the expense over the life of the related debt.

##### Use of estimates

In preparing the Water Utility's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

##### Financial instruments

The Water Utility's financial instruments consist of cash, receivables, and payables and accruals. Unless otherwise noted, it is management's opinion that the Utility is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

---

# Municipality of the County of Richmond Water Utility

## Notes to the financial statements

(Unaudited - see advisory to readers)

March 31, 2014

---

### 2. Depreciation fund

	<u>2014</u>	<u>2013</u>
Cash, beginning of year	\$ 562,042	\$ 544,902
Transfers from operating fund	<u>(37,931)</u>	<u>17,140</u>
Cash, end of year	<u>\$ 524,111</u>	<u>\$ 562,042</u>

---

### 3. Rate of return on rate base

For the year ended March 31, 2014, the Water Utility had a rate of return on rate base of .79% (2013 – 1.29%).

---