

# Financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Richmond  
Water Utility

March 31, 2016

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## 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	2016	2015
<b>Assets</b>		
Cash	\$ 208,714	\$ 334,651
Receivables		
Rates (less allowance for doubtful accounts \$5,260; 2015 - \$5,709)	92,060	101,212
Due from General operating fund	26,866	7,881
Other receivables	<u>11,621</u>	<u>11,147</u>
	<b><u>\$ 339,261</u></b>	<b><u>\$ 454,891</u></b>
<b>Liabilities</b>		
Payables and accruals	\$ 9,303	\$ 11,753
Due to Water Utility capital fund	<u>80,779</u>	<u>189,167</u>
	<u>90,082</u>	<u>200,920</u>
<b>Net financial assets</b>	<b><u>249,179</u></b>	<b><u>253,971</u></b>
<b>Non-financial assets</b>		
Prepaid expenses	<u>424</u>	<u>5,341</u>
<b>Net assets</b>	<b><u>\$ 249,603</u></b>	<b><u>\$ 259,312</u></b>
<b>Fund balance</b>	<b><u>\$ 249,603</u></b>	<b><u>\$ 259,312</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	2016	2015
	<u>Budget</u>	<u>Actual</u>
<b>Operating revenues</b>		<u>Actual</u>
Base rate sales	\$ 174,000	\$ 158,681
Metered sales	225,000	178,296
Public fire protection	160,000	153,628
Other revenue	<u>11,000</u>	<u>18,219</u>
	<u>570,000</u>	<u>507,646</u>
<b>Operating expenditures</b>		
Pumping	87,000	67,887
Water treatment	47,000	39,606
Transmission and distribution	267,000	268,746
Administrative and general	65,000	73,586
Depreciation	<u>74,000</u>	<u>74,899</u>
	<u>540,000</u>	<u>460,236</u>
<b>Net operating revenue</b>	30,000	(9,709)
<b>Non-operating transfers</b>		
Capital expenditure out of operations	<u>30,000</u>	<u>-</u>
Change in fund balance	<u>-</u>	47,410
Beginning fund balance		<u>211,902</u>
Ending fund balance		<u>\$ 249,603</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	2016	2015
<b>Assets</b>		
Cash		
Depreciation	\$ 793,940	\$ 604,773
Receivables		
Due from Water Utility operating fund	<u>80,779</u>	<u>189,167</u>
	<b>874,719</b>	793,940
<b>Liabilities</b>		
Deferred revenue	<u>150,000</u>	<u>150,000</u>
<b>Net financial assets</b>	<u><b>724,719</b></u>	<u>643,940</u>
<b>Non-financial assets</b>		
Net utility plant in service	<u>5,625,730</u>	<u>5,700,629</u>
<b>Net assets</b>	<u><b>\$ 6,350,449</b></u>	<u>\$ 6,344,569</u>
<b>Equity</b>		
Investment in capital assets (page 5)	<u><b>\$ 6,350,449</b></u>	<u>\$ 6,344,569</u>

On behalf of the Municipality of the County of Richmond

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

See accompanying notes to the financial statements.

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# Municipality of the County of Richmond Water Utility

## Capital fund statement of investment in capital assets

(Unaudited - see advisory to readers)

Year ended March 31	2016	2015
Balance, beginning of year	\$ 6,344,569	\$ 6,338,688
Interest	<u>5,880</u>	<u>5,881</u>
Balance, end of year	<u>\$ 6,350,449</u>	<u>\$ 6,344,569</u>

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See accompanying notes to the financial statements.

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## Municipality of the County of Richmond Water Utility

### Schedule of utility plant and equipment

(Unaudited - see advisory to readers)

March 31	2016	2015
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>
	<b><u>\$ 7,428,880</u></b>	<b><u>\$ 7,428,880</u></b>

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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

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Pumping			
Power	\$ 50,000	\$ 42,665	\$ 43,809
Maintenance	<u>37,000</u>	<u>25,222</u>	<u>16,662</u>
	<u>\$ 87,000</u>	<u>\$ 67,887</u>	<u>\$ 60,471</u>
Water treatment			
Supplies and expenses	<u>\$ 47,000</u>	<u>\$ 39,606</u>	<u>\$ 39,186</u>
Transmission and distribution			
Administration charge – Richmond County	\$ 165,000	\$ 165,000	\$ 165,000
Maintenance of mains and services	70,000	77,758	43,360
Maintenance of other distribution plant	1,000	-	-
Maintenance of meters and meter reading	<u>31,000</u>	<u>25,988</u>	<u>18,020</u>
	<u>\$ 267,000</u>	<u>\$ 268,746</u>	<u>\$ 226,380</u>
Administrative and general			
Regulatory expenses	\$ 4,000	\$ 4,064	\$ 4,017
Professional fees	5,000	14,975	6,413
Insurance	21,000	20,954	20,954
Bad debts (recovery)	1,000	(449)	(112)
Office	2,000	2,960	2,500
Miscellaneous	<u>32,000</u>	<u>31,082</u>	<u>25,528</u>
	<u>\$ 65,000</u>	<u>\$ 73,586</u>	<u>\$ 59,300</u>
Depreciation	<u>\$ 74,000</u>	<u>\$ 74,899</u>	<u>\$ 74,899</u>

See accompanying notes to the financial statements.

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# Municipality of the County of Richmond Water Utility

## Notes to the financial statements

(Unaudited - see advisory to readers)

March 31, 2016

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### 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 \$793,940. Interest on depreciation funds is retained in the Capital fund.

##### 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.

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# Municipality of the County of Richmond Water Utility

## Notes to the financial statements

(Unaudited - see advisory to readers)

March 31, 2016

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<b>2. Depreciation fund</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Cash, beginning of year	\$ <b>604,773</b>	\$ 524,111
Transfers from operating fund	<u><b>189,167</b></u>	<u>80,662</u>
Cash, end of year	<u><b>\$ 793,940</b></u>	<u>\$ 604,773</u>

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### **3. Rate of return on rate base**

For the year ended March 31, 2016, the Water Utility had a rate of return on rate base of -17% (2015: .83%).

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