

Financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Richmond
Water Utility

March 31, 2015

Contents

	<u>Page</u>
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 investment in capital assets	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	2015	2014
Assets		
Cash	\$ 334,651	\$ 216,719
Receivables		
Rates (less allowance for doubtful accounts \$5,709; 2014 - \$5,821)	101,212	93,308
Due from General operating fund	7,881	87,420
Other receivables	<u>11,147</u>	<u>17,336</u>
	<u>\$ 454,891</u>	<u>\$ 414,783</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 11,753	\$ 18,665
Due to Water Utility capital fund	<u>189,167</u>	<u>189,051</u>
	<u>200,920</u>	<u>207,716</u>
Net financial assets	<u>253,971</u>	<u>207,067</u>
Non-financial assets		
Prepaid expenses	<u>5,341</u>	<u>4,835</u>
Net assets	<u>\$ 259,312</u>	<u>\$ 211,902</u>
Fund balance	<u>\$ 259,312</u>	<u>\$ 211,902</u>

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	2015	2014
	<u>Budget</u>	<u>Actual</u>
Operating revenues		<u>Actual</u>
Base rate sales	\$ 172,000	\$ 158,843
Metered sales	220,000	173,520
Public fire protection	165,000	157,064
Other revenue	<u>11,000</u>	<u>18,219</u>
	<u>568,000</u>	<u>533,307</u>
Operating expenditures		
Pumping	85,000	60,471
Water treatment	45,000	39,186
Transmission and distribution	265,000	226,380
Administrative and general	63,000	59,300
Depreciation	<u>73,000</u>	<u>74,899</u>
	<u>531,000</u>	<u>487,760</u>
Net operating revenue	37,000	47,410
Non-operating transfers		
Capital expenditure out of operations	<u>35,000</u>	<u>-</u>
Change in fund balance	<u>2,000</u>	45,547
Beginning fund balance		<u>166,355</u>
Ending fund balance		<u>\$ 211,902</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	2015	2014
Assets		
Cash		
Depreciation	\$ 604,773	\$ 524,111
Receivables		
Due from Water Utility operating fund	<u>189,167</u>	<u>189,051</u>
	793,940	713,162
Liabilities		
Deferred revenue	<u>150,000</u>	<u>150,000</u>
Net financial assets	<u>643,940</u>	<u>563,162</u>
Non-financial assets		
Net utility plant in service	<u>5,700,629</u>	<u>5,775,526</u>
Net assets	<u>\$ 6,344,569</u>	<u>\$ 6,338,688</u>
Equity		
Investment in capital assets (page 5)	<u>\$ 6,344,569</u>	<u>\$ 6,338,688</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

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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	2015	2014
Balance, beginning of year	\$ 6,338,688	\$ 6,332,925
Interest	<u>5,881</u>	<u>5,763</u>
Balance, end of year	<u>\$ 6,344,569</u>	<u>\$ 6,338,688</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	2015	2014
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

2015

2014

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Pumping			
Power	\$ 50,000	\$ 43,809	\$ 48,587
Maintenance	<u>35,000</u>	<u>16,662</u>	<u>33,893</u>
	<u>\$ 85,000</u>	<u>\$ 60,471</u>	<u>\$ 82,480</u>
Water treatment			
Supplies and expenses	<u>\$ 45,000</u>	<u>\$ 39,186</u>	<u>\$ 37,131</u>
Transmission and distribution			
Administration charge – Richmond County	\$ 165,000	\$ 165,000	\$ 165,000
Maintenance of mains and services	69,000	43,360	44,968
Maintenance of other distribution plant	1,000	-	-
Maintenance of meters and meter reading	<u>30,000</u>	<u>18,020</u>	<u>21,225</u>
	<u>\$ 265,000</u>	<u>\$ 226,380</u>	<u>\$ 231,193</u>
Administrative and general			
Regulatory expenses	\$ 2,000	\$ 4,017	\$ 3,130
Professional fees	5,000	6,413	9,622
Insurance	21,000	20,954	20,954
Bad debts (recovery)	1,000	(112)	(2,044)
Office	2,000	2,500	2,530
Miscellaneous	<u>32,000</u>	<u>25,528</u>	<u>27,865</u>
	<u>\$ 63,000</u>	<u>\$ 59,300</u>	<u>\$ 62,057</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, 2015

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 \$604,773. 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, 2015

2. Depreciation fund	<u>2015</u>	<u>2014</u>
Cash, beginning of year	\$ 524,111	\$ 562,042
Transfers from operating fund	<u>80,662</u>	<u>(37,931)</u>
Cash, end of year	<u>\$ 604,773</u>	<u>\$ 524,111</u>

3. Rate of return on rate base

For the year ended March 31, 2015, the Water Utility had a rate of return on rate base of .83% (2014 – .79%).
