

Non-consolidated financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Richmond

March 31, 2015

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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

2015

2014

(Restated Note 11)

Financial assets

Receivables

Taxes (Note 4)	\$ 1,764,880	\$ 1,825,237
Interest on taxes	<u>771,343</u>	<u>707,184</u>

	2,536,223	2,532,421
Less: allowance for doubtful accounts (Note 12)	<u>715,033</u>	<u>644,432</u>

	1,821,190	1,887,989
Special assessments	215,785	226,601

Due from provincial government and its agencies (Note 5)	16,799	16,591
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Due from own funds and agencies (Note 6)	1,472,962	1,522,090
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Due from other local governments (Note 7)	39,723	148,439
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Other	<u>320,588</u>	<u>576,169</u>
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	<u>3,887,047</u>	<u>4,377,879</u>
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Loans and advances

Employee loans (Note 3)	<u>7,468</u>	<u>8,714</u>
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Total financial assets	<u>\$ 3,894,515</u>	<u>\$ 4,386,593</u>
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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

2015

2014

(Restated Note 11)

Financial liabilities

Bank indebtedness	<u>\$ 1,376,933</u>	<u>\$ 1,663,831</u>
Due to own funds and agencies (Note 8)	85,622	167,420
Due to other local governments (Note 9)	375,479	46,235
Trade payables	<u>2,575,234</u>	<u>3,504,623</u>
	<u>3,036,335</u>	<u>3,718,278</u>
Other liabilities		
Deferred revenue	31,693	31,693
Prepayment of taxes	204,876	25,725
Tax sale surplus (Note 10)	<u>278,222</u>	<u>160,657</u>
	<u>514,791</u>	<u>218,075</u>
	<u>4,928,059</u>	<u>5,600,184</u>
Net financial liabilities	<u>\$ (1,033,544)</u>	<u>\$ (1,213,591)</u>

Non-financial assets

Land acquired for special assessments	\$ 418,195	\$ 418,195
Prepaid expense	<u>290,182</u>	<u>262,388</u>
Total non-financial assets	708,377	680,583
Amounts to be recovered from future revenues	<u>587,904</u>	<u>705,484</u>
	<u>1,296,281</u>	<u>1,386,067</u>
Net assets and fund balance (page 5)	<u>\$ 262,737</u>	<u>\$ 172,476</u>

Commitments and contingencies (Note 16)

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	2015	2014	
		(Restated – Note 11)	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 8,213,753	\$ 8,266,246	\$ 7,933,791
Grants in lieu of taxes	1,908,500	1,891,104	1,630,459
Other revenue from own sources	615,800	541,021	612,506
Conditional transfers from federal and provincial governments and agencies	74,000	61,039	54,563
Collections for other government	<u>200,000</u>	<u>228,907</u>	<u>199,943</u>
	<u>11,012,053</u>	<u>10,988,317</u>	<u>10,431,262</u>
Expenditures (Schedule B)			
General government services	3,863,997	3,857,323	3,983,246
Protective services	2,547,850	2,499,974	2,474,451
Transportation services	616,297	685,577	642,089
Environmental health services	1,641,623	2,034,524	2,017,367
Public health and welfare services	61,000	77,890	73,096
Environmental development services	1,110,749	1,031,834	1,038,429
Recreation and cultural services	703,863	708,701	798,448
Collections for other government	200,000	228,907	199,943
Extraordinary and special items	<u>10,000</u>	<u>(89,374)</u>	<u>(63,921)</u>
	<u>10,755,379</u>	<u>11,035,356</u>	<u>11,163,148</u>
Excess of (expenditures over revenue) revenue over expenditures	<u>256,674</u>	<u>(47,039)</u>	<u>(731,886)</u>
Financing and transfers			
Debenture principal instalment	(329,236)	(329,236)	(327,642)
Transfer from general capital fund	(50,000)	342,870	444,423
Transfer (to) from operating reserve fund	118,062	118,062	641,672
Transfer from capital reserve	<u>4,500</u>	<u>5,604</u>	<u>5,447</u>
	<u>(256,674)</u>	<u>137,300</u>	<u>763,900</u>
Change in fund balance	<u>\$ -</u>	<u>\$ 90,261</u>	<u>\$ 32,014</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	2015	2014
		(Restated – Note 11)
Operating fund surplus, beginning of year	\$ 172,476	\$ 140,462
Change in fund balance	<u>90,261</u>	<u>32,014</u>
Operating fund surplus, end of year	<u>\$ 262,737</u>	<u>\$ 172,476</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	2015	2014
Financial liabilities		
Accounts payable	\$ -	\$ 4,300
Due to general operating fund		
Temporary financing - other	280,776	879,964
Temporary financing - tourism project	<u>362,974</u>	<u>-</u>
	<u>643,750</u>	<u>884,264</u>
Long term debt (Note 14) (Schedule D)		
Serial debentures and term debt payable	<u>2,896,201</u>	<u>2,894,437</u>
Net financial liabilities	<u>3,539,951</u>	<u>3,778,701</u>
Non-financial assets		
Tangible assets		
Property acquired at tax sale	99,433	99,433
Plant and equipment (Schedule C)	12,806,684	11,970,190
Work in progress	<u>797,681</u>	<u>252,832</u>
	13,703,798	12,322,455
Other assets		
Unamortized discount on debentures	<u>11,980</u>	<u>14,198</u>
	<u>13,715,778</u>	<u>12,336,653</u>
Net assets	<u>\$ 10,175,827</u>	<u>\$ 8,557,952</u>
Investment in capital assets (page 7)	<u>\$ 10,175,827</u>	<u>\$ 8,557,952</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	2015	2014
Balance, beginning of year	\$ <u>8,557,952</u>	\$ <u>8,178,127</u>
Debtures and term debt retired	329,236	327,642
Transfer from capital reserve – gas tax	1,293,600	418,462
Grants for tangible capital asset additions	419,107	-
Capital out of revenue	200,975	146,514
Internal financing recovery	19,667	19,656
Disposal of tangible capital asset – accumulated amortization	<u>90,788</u>	-
	<u>2,353,373</u>	<u>912,274</u>
Transfer to capital reserve – excess funding	(68,468)	-
Current year amortization	(529,024)	(532,449)
Disposal of tangible capital asset - cost	<u>(138,006)</u>	-
	<u>(735,498)</u>	<u>(532,449)</u>
Balance, end of year	<u>\$ 10,175,827</u>	<u>\$ 8,557,952</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

		2015	2014
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 4,304,000	\$ 4,312,247	\$ 4,187,340
Commercial			
Based on taxable assessment	4,119,400	4,081,860	4,087,927
Resource			
Based on taxable assessment	866,500	864,567	830,452
Forest property tax (less than 50,000 acres)	13,900	13,834	13,170
Forest property tax (50,000 acres or more)	<u>6,500</u>	<u>6,521</u>	<u>7,216</u>
	<u>9,310,300</u>	<u>9,279,029</u>	<u>9,126,105</u>
Area rates			
Fire protection	644,000	660,242	637,962
Environmental health services	<u>99,100</u>	<u>84,281</u>	<u>85,311</u>
	<u>743,100</u>	<u>744,523</u>	<u>723,273</u>
Business property			
Based on revenue	<u>52,000</u>	<u>48,523</u>	<u>50,144</u>
Other			
Deed transfer tax	<u>160,000</u>	<u>208,587</u>	<u>197,664</u>
Special assessments			
Sewer services by-law	<u>467,800</u>	<u>505,031</u>	<u>487,928</u>
	10,733,200	10,785,693	10,585,114
Education expenditure as a reduction of tax revenue			
Appropriation to regional school board	<u>(2,519,447)</u>	<u>(2,519,447)</u>	<u>(2,651,323)</u>
	<u>\$ 8,213,753</u>	<u>\$ 8,266,246</u>	<u>\$ 7,933,791</u>
Grants in lieu of taxes			
Federal government	\$ 35,000	\$ 29,361	\$ 32,290
Provincial government			
Property	70,000	60,442	60,073
Crown timber lands	40,000	41,921	41,650
Provincial government agencies			
Nova Scotia Liquor Commission	7,500	6,966	7,201
Other			
Nova Scotia Power Incorporated	1,615,100	1,611,021	1,348,958
Windmills	<u>140,900</u>	<u>141,393</u>	<u>140,287</u>
	<u>\$ 1,908,500</u>	<u>\$ 1,891,104</u>	<u>\$ 1,630,459</u>

Municipality of the County of Richmond
General section
Schedule A - Details of revenue (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

	2015		2014
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other revenue from own sources			
Licenses and permits	\$ 15,000	\$ 12,693	\$ 12,791
Rentals	9,800	9,803	9,803
Return on investments	110,000	55,726	104,349
Penalties and interest on taxes and special assessments	270,000	244,664	289,623
Miscellaneous	<u>211,000</u>	<u>218,135</u>	<u>195,940</u>
	<u>\$ 615,800</u>	<u>\$ 541,021</u>	<u>\$ 612,506</u>
Conditional transfers from federal and provincial governments and agencies			
Federal government			
Recreation and cultural services			
Summer student grant	\$ 9,000	\$ 10,532	\$ 9,012
Provincial government			
Environmental health services recycling	<u>65,000</u>	<u>50,507</u>	<u>45,551</u>
	<u>\$ 74,000</u>	<u>\$ 61,039</u>	<u>\$ 54,563</u>
Collections for other government			
Village of St. Peters	<u>\$ 200,000</u>	<u>\$ 228,907</u>	<u>\$ 199,943</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

2015

2014

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Warden			
Stipend	\$ 38,900	\$ 37,692	\$ 36,763
Travel and meeting fees	35,000	38,107	45,744
Council			
Stipend	192,000	187,086	182,749
Travel and meeting fees	<u>50,000</u>	<u>60,018</u>	<u>42,229</u>
	<u>315,900</u>	<u>322,903</u>	<u>307,485</u>
Administrative			
Salaries and wages	692,900	714,253	817,110
Employee benefits	769,000	707,460	816,598
Office buildings	161,000	168,566	165,376
Legal services	50,000	41,791	47,106
Office expenses	150,000	166,399	136,632
Other administrative services	156,000	168,843	147,328
Financial management	19,000	17,549	19,182
Taxation			
Transfer for assessment services	271,893	271,893	280,434
Exemption to halls	312,000	319,876	300,389
Capped assessment	<u>719,200</u>	<u>719,200</u>	<u>716,300</u>
	<u>3,300,993</u>	<u>3,295,830</u>	<u>3,446,455</u>
Debt charges			
Interest on short term debt			
General operations interest	5,000	969	2,053
Interest on long term debt			
Debenture interest	<u>37,104</u>	<u>37,135</u>	<u>44,095</u>
	<u>42,104</u>	<u>38,104</u>	<u>46,148</u>
Valuation allowance			
Uncollectible taxes	80,000	53,288	10,605
Uncollectible interest	<u>80,000</u>	<u>17,313</u>	<u>30,227</u>
	<u>160,000</u>	<u>70,601</u>	<u>40,832</u>
Other general services			
Amortization	-	88,416	100,512
Intergovernmental relations	<u>45,000</u>	<u>41,469</u>	<u>41,814</u>
	<u>45,000</u>	<u>129,885</u>	<u>142,326</u>
	<u>\$ 3,863,997</u>	<u>\$ 3,857,323</u>	<u>\$ 3,983,246</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

2015

2014

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Contracted policing	\$ 1,352,250	\$ 1,348,330	\$ 1,307,573
Law enforcement			
County court	39,600	24,539	48,813
Transfer to correctional services	<u>158,500</u>	<u>158,496</u>	<u>166,475</u>
	<u>1,550,350</u>	<u>1,531,365</u>	<u>1,522,861</u>
Fire protection			
Fire fighting force			
Fire services	25,000	25,000	25,000
Area rate levies	644,000	660,242	637,962
Water supply and hydrants	<u>245,000</u>	<u>223,304</u>	<u>243,679</u>
	<u>914,000</u>	<u>908,546</u>	<u>906,641</u>
Other			
Amortization	-	459	478
Maintenance area rate	43,500	28,696	27,992
Animal and pest control	10,000	2,886	3,370
Emergency measures	<u>30,000</u>	<u>28,022</u>	<u>13,109</u>
	<u>83,500</u>	<u>60,063</u>	<u>44,949</u>
	<u>\$ 2,547,850</u>	<u>\$ 2,499,974</u>	<u>\$ 2,474,451</u>
Transportation services			
Transportation fee	\$ 154,076	\$ 154,618	\$ 147,208
Street lighting	410,000	450,673	412,088
Amortization	-	27,652	28,373
Air transport	35,000	35,413	35,413
Interest on long term debt	<u>17,221</u>	<u>17,221</u>	<u>19,007</u>
	<u>\$ 616,297</u>	<u>\$ 685,577</u>	<u>\$ 642,089</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

2015

2014

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Administration	\$ 185,300	\$ 170,841	\$ 168,771
Sewage collection and disposal			
Central treatment plant	336,000	397,817	378,628
Garbage collection and disposal			
Garbage and waste collection	350,000	330,514	328,942
Municipal dumps	699,910	669,638	682,793
Amortization	-	387,886	381,163
Debt charges			
Interest on long term debt	<u>70,413</u>	<u>77,828</u>	<u>77,070</u>
	<u>\$ 1,641,623</u>	<u>\$ 2,034,524</u>	<u>\$ 2,017,367</u>
Public health and welfare services			
Public health			
Board of health	\$ 1,000	\$ 64	\$ 11,859
Housing			
Deficit of Cape Breton Island			
Housing Authority (Richmond district)	<u>60,000</u>	<u>77,826</u>	<u>61,237</u>
	<u>\$ 61,000</u>	<u>\$ 77,890</u>	<u>\$ 73,096</u>
Environmental development services			
Transfer to			
Eastern District Planning Commission	\$ 160,000	\$ 162,579	\$ 165,900
Industrial Mall	5,000	704	7,561
Economic development and tourism	<u>945,749</u>	<u>868,551</u>	<u>864,968</u>
	<u>\$ 1,110,749</u>	<u>\$ 1,031,834</u>	<u>\$ 1,038,429</u>
Recreation and cultural services			
Recreation facilities			
Administration	\$ 418,363	\$ 388,291	\$ 415,771
Amortization	-	22,393	19,705
Programs and grants	147,500	162,414	230,143
Canada works program	<u>37,500</u>	<u>37,861</u>	<u>36,362</u>
	603,363	610,959	701,981
Cultural buildings and facilities			
Libraries	34,500	32,740	32,367
Transfer to regional library	<u>66,000</u>	<u>65,002</u>	<u>64,100</u>
	<u>\$ 703,863</u>	<u>\$ 708,701</u>	<u>\$ 798,448</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

2015

2014

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Collections for other government			
Village of St. Peter's	\$ 200,000	\$ 228,907	\$ 199,943
Extraordinary and special items			
Adjustment of prior years payable	\$ 10,000	\$ (89,374)	\$ (63,921)

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			2015	2014
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 719,575	\$ -	\$ 719,575	\$ 710,711
Buildings and land improvements	16,510,953	6,234,386	10,276,567	9,694,165
Machinery and equipment	1,550,007	796,661	753,346	761,398
Vehicles	123,761	82,805	40,956	21,458
Sidewalks	876,825	226,083	650,742	656,768
Landfill	<u>521,647</u>	<u>156,149</u>	<u>365,498</u>	<u>125,690</u>
	<u>\$20,302,768</u>	<u>\$ 7,496,084</u>	<u>\$ 12,806,684</u>	<u>\$ 11,970,190</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	2015	2014
Financial assets (liabilities)		
Cash	\$ 1,773,284	\$ 1,758,283
(Payable to) receivable from operating fund	<u>(710,860)</u>	<u>15,000</u>
	<u>\$ 1,062,424</u>	<u>\$ 1,773,283</u>
Reserve		
Gas tax	\$ 426,634	\$ 1,258,062
Landfill closure	339,365	324,365
Capital	230,779	125,210
Water utility	<u>65,646</u>	<u>65,646</u>
	<u>\$ 1,062,424</u>	<u>\$ 1,773,283</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	2015	2014
Gas tax revenue	\$ 448,332	\$ 478,198
Interest earned – gas tax	13,839	11,088
Interest earned – other capital	5,604	5,447
Proceeds on sale of tangible capital assets	37,101	-
Excess funding for tangible capital assets	<u>68,468</u>	<u>-</u>
	573,344	494,733
Transfer from operating fund	15,000	15,000
Transfer to operating fund	(1,293,600)	(529,940)
Transfer to operating fund – other capital interest	<u>(5,604)</u>	<u>(5,447)</u>
Change in fund balance	(710,860)	(25,654)
Balance, beginning of year	<u>1,773,283</u>	<u>1,798,937</u>
Balance, end of year	<u>\$ 1,062,424</u>	<u>\$ 1,773,283</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	2015	2014
Financial assets (liabilities)		
Cash	\$ 3,670,073	\$ 4,311,745
Payable to operating fund	<u>(118,062)</u>	<u>(641,672)</u>
	<u>\$ 3,552,011</u>	<u>\$ 3,670,073</u>
Reserve		
Infrastructure reserve	\$ 331,430	\$ 331,430
Tax rate stabilization reserve	<u>3,220,581</u>	<u>3,338,643</u>
	<u>\$ 3,552,011</u>	<u>\$ 3,670,073</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	2015	2014
Financing and transfers		
Transfer to operating fund	\$ (118,062)	\$ (641,672)
Change in fund balance	(118,062)	(641,672)
Balance, beginning of year	<u>3,670,073</u>	<u>4,311,745</u>
Balance, end of year	<u>\$ 3,552,011</u>	<u>\$ 3,670,073</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, 2015

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%

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, 2015

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 \$7,468 as at March 31, 2015, represents the cost of computers acquired less any repayments to date.

4. Taxes receivable	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,825,237	\$ 2,507,207
Levy	<u>10,575,912</u>	<u>10,278,937</u>
	12,401,149	12,786,144
Collections	<u>10,636,269</u>	<u>10,960,907</u>
	<u>\$ 1,764,880</u>	<u>\$ 1,825,237</u>
Allocation of balance:		
Current	\$ 1,014,075	\$ 942,825
Prior year	<u>750,805</u>	<u>882,412</u>
	<u>\$ 1,764,880</u>	<u>\$ 1,825,237</u>

5. Due from provincial government and its agencies	<u>2015</u>	<u>2014</u>
Sundry	<u>\$ 16,799</u>	<u>\$ 16,591</u>

6. Due from own funds and agencies	<u>2015</u>	<u>2014</u>
Own funds		
Capital fund – temporary financing - other	\$ 280,776	\$ 879,964
Capital fund – temporary financing – tourism project	362,974	-
Operating reserve	118,062	641,672
Capital reserve	710,860	-
Own agencies		
Richmond County-Port Hawkesbury		
Joint Development Commission	<u>290</u>	<u>454</u>
	<u>\$ 1,472,962</u>	<u>\$ 1,522,090</u>

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2015

7. Due from other local governments	<u>2015</u>	<u>2014</u>
District 10 Fire Department	\$ -	\$ 5,781
St. Peter's Fire Department	-	24,074
Isle Madame Fire Department	<u>39,723</u>	<u>118,584</u>
	<u>\$ 39,723</u>	<u>\$ 148,439</u>

8. Due to own funds and agencies	<u>2015</u>	<u>2014</u>
Own funds		
Capital Reserve	\$ -	\$ 15,000
Water Utility fund	7,881	87,420
Own agencies		
Cape Breton Island Housing Authority	<u>77,741</u>	<u>65,000</u>
	<u>\$ 85,622</u>	<u>\$ 167,420</u>

9. Due to other local governments	<u>2015</u>	<u>2014</u>
Framboise Fourchu Fire Department	\$ 4,682	\$ 2,905
L'Ardoise Fire Department	81,987	5,970
Loch Lomond Fire Department	3,032	2,019
Louisdale Fire Department	125,465	22,858
District Ten Fire Department	35,431	-
Grand River Fire Department	18,281	12,483
St. Peters Village Commission	78,907	-
St. Peters Fire Department	<u>27,694</u>	<u>-</u>
	<u>\$ 375,479</u>	<u>\$ 46,235</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.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
 March 31, 2015

11. Prior period adjustment

The Municipality has determined that receivables were overstated in 2014 and in prior years due to a receivable being incorrectly recorded. As a result of the correction, the following financial statement items have been increased (decreased) by the following amounts:

Operating fund surplus as at April 1, 2013 \$ (295,179)

Operating fund statement of financial position at March 31, 2014:

Receivables \$ (325,875)

Net assets and fund balance \$ (325,875)

Income statement for the year ended March 31, 2014:

Revenues - Grants in lieu of taxes \$ (30,696)

Change in fund balance \$ (30,696)

Operating fund surplus as at April 1, 2014 \$ (325,875)

12. Asset valuation allowances

	<u>2015</u>	<u>2014</u>
For uncollected taxes		
Balance, beginning of year	\$ 237,261	\$ 248,875
Provision for the year	53,288	10,605
Less write offs and adjustments	<u>-</u>	<u>(22,219)</u>
Balance, end of year	<u>\$ 290,549</u>	<u>\$ 237,261</u>
For uncollected interest		
Balance, beginning of year	\$ 407,171	\$ 408,590
Provision for the year	17,313	30,227
Less write offs and adjustments	<u>-</u>	<u>(31,646)</u>
Balance, end of year	<u>\$ 424,484</u>	<u>\$ 407,171</u>
	<u>\$ 715,033</u>	<u>\$ 644,432</u>

13. 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 until such time as the Board no longer requires the asset for school purposes. At that time, control will revert back to the Municipality.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2015

14. Long term debt

Principal repayments required during the next five years on long term debt are approximately as follows:

	<u>General capital</u>
2016	\$ 352,956
2017	\$ 354,672
2018	\$ 356,451
2019	\$ 358,297
2020	\$ 360,213

All existing long term debt has been approved by the Minister of Municipal Affairs.

15. 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>2015</u>	<u>2014</u>
Cape Breton Island Housing Authority	\$ 77,826	\$ 61,237
Eastern County Regional Library	65,002	64,100
Eastern District Planning Commission	162,579	165,900
Richmond County – Port Hawkesbury Joint Development Commission	(165)	(171)

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2015.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2015

15. Contributions to Boards and Commissions (continued)

(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 (2014 - \$200,000) on behalf of the Housing Corporation which is indebted to the bank in the amount of Nil as at March 31, 2015, (2014 – Nil).

The Housing Corporation had an accumulated operating deficit of \$858,116 as at March 31, 2015, (2014 - \$745,741 deficit).

ii) Municipality of the County of Richmond Water Utility

During the year the Municipality paid \$157,064 (2014 - \$171,097) 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 \$165,000 (2014 - \$165,000).

The Utility has an accumulated operating surplus of \$259,316 as at March 31, 2015, (2014 - \$211,902).

16. 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 \$67,000 (2014 - \$55,000).

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 \$15,000 in its capital reserve in anticipation of these costs.

17. 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.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2015

18. 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>
Victor David	Warden	\$ 39,474
Rod Sampson	Councillor	\$ 21,055
Stephen MacNeil	Councillor	\$ 21,055
Brian Marchand	Councillor	\$ 21,055
Alvin Martell	Councillor	\$ 21,055
Shirley McNamara	Deputy Warden	\$ 26,315
Steve Sampson	Councillor	\$ 21,055
Malcolm Beaton	Councillor	\$ 21,055
Gilbert Boucher	Councillor	\$ 21,055
Gail Johnson	Councillor	\$ 21,055
Warren Olsen	CAO	\$ 129,988

19. Operating fund expenditures by object

	<u>2015</u>	<u>2014</u>
Salaries, wages and benefits	\$ 2,205,623	\$ 2,437,762
Materials and services	3,580,295	3,172,216
External transfers	2,866,033	2,893,400
Contracted services	1,706,866	1,946,482
Amortization	526,806	530,231
Interest on long term debt	132,184	140,172
Financial and other	<u>17,549</u>	<u>42,885</u>
	<u>\$ 11,035,356</u>	<u>\$ 11,163,148</u>

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
March 31, 2015

20. Pension agreements

The Municipality provides a defined benefit pension plan for its full time employees. Included in payables is an estimated pension liability of \$1,174,100. This liability is based on actuarial estimates as of March 31, 2015. The valuation assumes a rate of return of 6.10% 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, 2015:

	<u>2015</u>	<u>2014</u>
Liability – Statement of financial position		
Accrued benefit obligation end of year	\$ 7,246,300	\$ 7,087,500
Pension fund assets end of year	(5,774,000)	(5,451,300)
Unamortized actuarial (losses) gains	<u>(298,200)</u>	<u>(242,900)</u>
	<u>\$ 1,174,100</u>	<u>\$ 1,393,300</u>
Expenses – Statement of operations		
Current service cost	\$ 97,900	\$ 257,400
Amortization of actuarial (gains) losses	(20,700)	10,500
Regular contributions by employees	(62,300)	(81,700)
Interest on average pension liability during the year	<u>93,800</u>	<u>119,200</u>
Total expense:	<u>\$ 108,700</u>	<u>\$ 305,400</u>

21. Other matters

During 2013, the Province of Nova Scotia passed Bill No. 155 which amended the 2006 Richmond Stora Enso Taxation Act. The effect of the amendment is as follows:

- a) Reduce the taxation revenue from paper mill by \$200,000 in the 2013 fiscal year. In addition, \$450,000 of the revenues will be paid over a four year period commencing in September of 2013.
- b) Tax revenue from the paper mill will be set at \$1,300,000 in each of the fiscal years 2014, 2015, and 2016.

22. Comparative figures

Certain of the prior year figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Municipality of the County of Richmond

Schedule D - Debt charges and term debt

(Unaudited - see advisory to readers)

Year ended March 31, 2015

	<u>Due date</u>	<u>Interest rate</u>	<u>Loan Continuity</u>			<u>Balance March 31, 2015</u>	<u>Interest</u>
			<u>Balance March 31, 2014</u>	<u>Additions</u>	<u>Redeemed</u>		
Municipal purposes							
Serial debentures							
Building	2019	5.45-5.75%	\$ 759,997	\$ -	\$ 126,667	\$ 633,330	\$ 37,135
Landfill	2021	4.28-4.59%	960,000	-	120,000	840,000	40,596
Sidewalks	2023	4.49-5.09%	383,127	-	38,312	344,815	17,221
Sewer	2029	1.25-3.79%	<u>-</u>	<u>331,000</u>	<u>-</u>	331,000	<u>7,460</u>
			2,103,124	331,000	284,979	2,149,145	102,412
Term debt							
CMHC	2026 – 2031	3.65-3.89%	<u>791,313</u>	<u>-</u>	<u>44,257</u>	747,056	<u>29,772</u>
			<u>\$2,894,437</u>	<u>\$ 331,000</u>	<u>\$ 329,236</u>	\$ 2,896,201	<u>\$ 132,184</u>