



Grant Thornton

Non-consolidated financial statements

Municipality of the County of Richmond

March 31, 2011

Contents

	<u>Page</u>
Independent auditor's report	1 - 2
General section	
Operating fund statement of financial position	3 - 4
Operating fund statement of financial activities	5
Operating fund statement of fund balance	6
Capital fund statement of financial position	7
Capital fund statement of financial activities	8
Schedule A - Details of revenue	9 - 10
Schedule B - Details of expenditures	11 - 14
Schedule C - Details of plant and equipment	15
Reserve funds section	
Capital reserve statement of financial position	16
Capital reserve statement of financial activities	16
Operating reserve statement of financial position	17
Operating reserve statement of financial activities	17
Notes to the non-consolidated financial statements	18 - 26
Schedule D - debt charges and term debt	27



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Independent auditor's report

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To the Warden and members of Council of the

Municipality of the County of Richmond

We have audited the accompanying non-consolidated statement of financial position of the Municipality of the County of Richmond (the "Municipality") as at March 31, 2011, and the non-consolidated statements of financial activities for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Municipality's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Municipality's management, as well as evaluating the overall presentation of the non-consolidated financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

Under Canadian public sector accounting standards complete financial statements include a statement of financial position, a statement of financial activities, a statement of changes in net debt and a statement of cash flows. The statements of changes in net debt and cash flows have not been prepared as management feels they add no additional useful information to the financial statements and additionally they are included in the consolidated financial statements.

Qualified opinion

In our opinion, except for the matters described in the *basis for qualified* opinion paragraph these non-consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of the County of Richmond as at March 31, 2011, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Sydney, Canada

June 13, 2011

Grant Thornton LLP
Chartered accountants

Municipality of the County of Richmond
General section
Operating fund statement of financial position

March 31 2011 2010

Financial assets		
Cash	<u>\$ 1,147,635</u>	\$ 520,998
Receivables		
Taxes (Note 4)	1,023,260	1,270,680
Interest on taxes	<u>526,297</u>	<u>565,768</u>
	1,549,557	1,836,448
Less: allowance for doubtful accounts (Note 12)	<u>565,171</u>	<u>740,899</u>
	984,386	1,095,549
Special assessments	99,823	91,602
Due from provincial government and its agencies (Note 5)	112,732	7,390
Due from Nova Scotia Power Incorporated	276,003	278,268
Due from own funds and agencies (Note 6)	540,715	409,213
Due from other local governments (Note 7)	223,484	439,671
Other	<u>509,496</u>	<u>201,583</u>
	<u>2,746,639</u>	<u>2,523,276</u>
Loans and advances		
Employee loans (Note 3)	<u>8,349</u>	<u>13,789</u>
Total financial assets	<u>\$ 3,902,623</u>	<u>\$ 3,058,063</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Operating fund statement of financial position

March 31

2011

2010

Liabilities and operating equity

Bank indebtedness	<u>\$ 185,850</u>	<u>\$ 226,713</u>
Due to own funds and agencies (Note 8)	874,707	485,293
Due to other local governments (Note 9)	91,569	59,392
Trade payables	<u>4,037,654</u>	<u>3,783,994</u>
	<u>5,003,930</u>	<u>4,328,679</u>
Other liabilities		
Deferred revenue	31,693	31,693
Prepayment of taxes	35,673	71,143
Tax sale surplus (Note 10)	<u>141,049</u>	<u>127,648</u>
	<u>208,415</u>	<u>230,484</u>
	<u>5,398,195</u>	<u>4,785,876</u>
Net financial liabilities	<u>\$ (1,495,572)</u>	<u>\$ (1,727,813)</u>
Non-financial assets		
Land acquired for special assessments	\$ 421,297	\$ 433,936
Prepaid expense	<u>276,791</u>	<u>248,628</u>
Total non-financial assets	698,088	682,564
Amounts to be recovered from future revenues	<u>1,058,223</u>	<u>1,276,644</u>
	<u>1,756,311</u>	<u>1,959,208</u>
Net assets and fund balance	<u>\$ 260,739</u>	<u>\$ 231,395</u>

Commitments and contingencies (Note 16)

On behalf of the Municipality of the County of Richmond

_____ Warden _____ Clerk

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Operating fund statement of financial activities

Year ended March 31

2011

2010

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 8,257,267	\$ 9,177,982	\$ 7,561,543
Grants in lieu of taxes	1,290,000	1,338,025	1,335,113
Other revenue from own sources	365,800	539,705	568,946
Conditional transfers from federal and provincial governments and agencies	80,000	74,123	93,937
Collections for other government	<u>170,000</u>	<u>166,634</u>	<u>170,240</u>
	<u>10,163,067</u>	<u>11,296,469</u>	<u>9,729,779</u>
Expenditures (Schedule B)			
General government services	3,893,054	4,091,238	3,701,727
Protective services	2,239,900	2,218,214	2,222,831
Transportation services	574,900	594,630	593,414
Environmental health services	1,509,441	1,672,664	1,596,569
Public health and welfare services	35,500	160,941	188,090
Environmental development services	1,029,460	955,330	743,605
Recreation and cultural services	613,333	708,588	581,470
Collections for other government	170,000	166,634	170,240
Extraordinary and special items	<u>10,000</u>	<u>(613)</u>	<u>(77,819)</u>
	<u>10,075,588</u>	<u>10,567,626</u>	<u>9,720,127</u>
Excess of revenue over expenditures	<u>87,479</u>	<u>728,843</u>	<u>9,652</u>
Financing and transfers			
Debenture principal instalment	(364,979)	(364,979)	(364,979)
Gas tax	-	-	20,000
Transfer from surplus	50,000	50,000	150,000
Transfer from general capital fund	(50,000)	287,249	515,891
Transfer (to) from operating reserve fund	275,000	(625,000)	(251,104)
Transfer from capital reserve	<u>2,500</u>	<u>3,231</u>	<u>1,346</u>
	<u>(87,479)</u>	<u>(649,499)</u>	<u>71,154</u>
Change in fund balance	<u>\$ -</u>	<u>\$ 79,344</u>	<u>\$ 80,806</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond
General section
Operating fund statement of fund balance

Year ended March 31 2011 2010

Operating fund surplus, beginning of year	\$ 231,395	\$ 300,589
Transfer to current operations	(50,000)	(150,000)
Change in fund balance	<u>79,344</u>	<u>80,806</u>
Operating fund surplus, end of year	<u>\$ 260,739</u>	<u>\$ 231,395</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond
General section
Capital fund statement of financial position

March 31 2011 2010

Financial assets		
Accounts receivable	<u>\$ 390,496</u>	\$ -
Liabilities		
Accounts payable	277,157	-
Due to general operating fund	<u>539,745</u>	<u>408,058</u>
	<u>816,902</u>	<u>408,058</u>
Long term debt (Note 14) (Schedule D)		
Serial debentures payable	<u>3,952,811</u>	<u>3,403,040</u>
Net liabilities	<u>(4,379,217)</u>	<u>(3,811,098)</u>
Non-financial assets		
Tangible assets		
Property acquired at tax sale	96,433	96,433
Plant and equipment (Schedule C)	7,762,921	7,959,832
Work in progress	<u>3,799,501</u>	<u>238,806</u>
	<u>11,658,855</u>	<u>8,295,071</u>
Other assets		
Unamortized discount on debentures	<u>22,138</u>	<u>25,635</u>
	<u>11,680,993</u>	<u>8,320,706</u>
Net assets	<u>\$ 7,301,776</u>	<u>\$ 4,509,608</u>
Fund balance	\$ 526,391	\$ 316,543
Investment in capital assets	<u>6,775,385</u>	<u>4,193,065</u>
	<u>\$ 7,301,776</u>	<u>\$ 4,509,608</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ Clerk

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond
General section
Capital fund statement of financial activities

Year ended March 31

2011

2010

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Government grants	\$ 2,500,000	\$ 2,608,568	\$ -
Recovery of under financing	<u>20,000</u>	<u>19,030</u>	<u>26,674</u>
	<u>2,520,000</u>	<u>2,627,598</u>	<u>26,674</u>
Expenditures			
Capital additions and work in progress	3,000,000	3,678,281	216,420
Amortization of other assets and depreciation	<u>(300,000)</u>	<u>(314,969)</u>	<u>(329,875)</u>
	<u>2,700,000</u>	<u>3,363,312</u>	<u>(113,455)</u>
Net expenditure	(180,000)	(735,714)	140,129
Financing and transfers			
Long term debt	-	914,750	-
Capital expenditures from operations	<u>50,000</u>	<u>30,812</u>	<u>21,727</u>
Change in fund balance	\$ (130,000)	\$ 209,848	\$ 161,856
Beginning fund balance	<u>-</u>	<u>316,543</u>	<u>154,687</u>
Ending fund balance	<u>\$ -</u>	<u>\$ 526,391</u>	<u>\$ 316,543</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Schedule A - Details of revenue

Year ended March 31

2011

2010

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 3,446,459	\$ 3,445,535	\$ 2,997,997
Commercial			
Based on taxable assessment	5,356,286	5,375,944	5,082,933
Resource			
Based on taxable assessment	696,449	697,190	603,690
Forest property tax (less than 50,000 acres)	13,100	13,044	13,040
Forest property tax (50,000 acres or more)	5,800	6,143	5,769
	<u>9,518,094</u>	<u>9,537,856</u>	<u>8,703,429</u>
Area rates			
Fire protection	541,000	547,323	535,015
Environmental health services	101,151	86,835	87,333
	<u>642,151</u>	<u>634,158</u>	<u>622,348</u>
Business property			
Business occupancy	16,004	16,003	178,057
Based on revenue	75,000	73,275	73,996
	<u>91,004</u>	<u>89,278</u>	<u>252,053</u>
Other			
Deed transfer tax	70,000	921,149	88,058
Special assessments			
Sewer services by-law	468,018	424,203	427,397
	<u>10,789,267</u>	<u>11,606,644</u>	<u>10,093,285</u>
Education expenditure as a Reduction of tax revenue			
Appropriation to regional school board	(2,532,000)	(2,428,662)	(2,531,742)
	<u>\$ 8,257,267</u>	<u>\$ 9,177,982</u>	<u>\$ 7,561,543</u>
Grants in lieu of taxes			
Federal government	\$ 30,000	\$ 32,142	\$ 30,155
Provincial government			
Property	51,000	55,703	51,401
Crown timber lands	40,000	40,542	40,473
Provincial government agencies			
Nova Scotia Liquor Commission	15,000	14,036	14,628
Other			
Nova Scotia Power Incorporated	1,154,000	1,195,602	1,198,456
	<u>\$ 1,290,000</u>	<u>\$ 1,338,025</u>	<u>\$ 1,335,113</u>

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

Year ended March 31	2011		2010
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other revenue from own sources			
Licenses and permits	\$ 25,800	\$ 29,528	\$ 30,234
Rentals	7,500	9,803	34,629
Return on investments	75,000	96,878	73,013
Penalties and interest on taxes and special assessments	175,000	235,236	231,175
Industrial mall	-	-	1,416
Miscellaneous	<u>82,500</u>	<u>168,260</u>	<u>198,479</u>
	<u>\$ 365,800</u>	<u>\$ 539,705</u>	<u>\$ 568,946</u>
Conditional transfers from federal and provincial governments and agencies			
Federal government			
Recreation and cultural services			
Canada Works Program	\$ 4,000	\$ 4,416	\$ 4,128
Provincial government			
Environmental health services recycling	<u>76,000</u>	<u>69,707</u>	<u>89,809</u>
	<u>\$ 80,000</u>	<u>\$ 74,123</u>	<u>\$ 93,937</u>
Collections for other government			
Village of St. Peters	<u>\$ 170,000</u>	<u>\$ 166,634</u>	<u>\$ 170,240</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures

Year ended March 31

2011

2010

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Warden			
Stipend	\$ 34,400	\$ 34,310	\$ 33,392
Travel and meeting fees	17,000	11,073	16,388
Council			
Stipend	177,000	169,262	164,728
Travel and meeting fees	40,000	32,363	39,474
	<u>268,400</u>	<u>247,008</u>	<u>253,982</u>
Administrative			
Salaries and wages	667,700	654,966	668,276
Employee benefits	817,862	847,187	800,684
Office buildings	156,600	161,820	294,930
Legal services	35,000	57,588	28,469
Office expenses	108,000	123,645	110,884
Other administrative services	196,084	234,912	195,749
Financial management	13,000	16,127	14,800
Taxation			
Transfer for assessment services	281,194	281,194	274,059
Exemption to halls	287,000	276,808	171,958
Capped assessment	573,000	565,200	338,293
	<u>3,135,440</u>	<u>3,219,447</u>	<u>2,898,102</u>
Debt charges			
Interest on short tem debt			
General operations interest	4,000	5,983	881
Interest on long term debt			
Debenture interest	59,214	59,214	69,320
	<u>63,214</u>	<u>65,197</u>	<u>70,201</u>
Valuation allowance			
Uncollectible taxes	200,000	236,047	170,431
Uncollectible interest	95,000	118,232	85,271
	<u>295,000</u>	<u>354,279</u>	<u>255,702</u>
Other general services			
Amortization	-	82,898	89,989
Intergovernmental relations	26,000	27,359	19,853
Grant to organizations and individuals	105,000	95,050	113,898
	<u>131,000</u>	<u>205,307</u>	<u>223,740</u>
	<u>\$ 3,893,054</u>	<u>\$ 4,091,238</u>	<u>\$ 3,701,727</u>

Municipality of the County of Richmond
General section
Schedule B - Details of expenditures (Continued)

Year ended March 31

2011

2010

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Contracted policing	\$ 1,169,000	\$ 1,170,336	\$1,149,960
Law enforcement			
County court	62,900	56,326	61,279
Transfer to correctional services	176,400	172,106	220,453
Other	500	-	274
	<u>1,408,800</u>	<u>1,398,768</u>	<u>1,431,966</u>
Fire protection			
Fire fighting force			
Fire services	25,000	25,000	25,000
Area rate levies	541,000	547,323	535,015
Water supply and hydrants	183,100	183,131	169,061
	<u>749,100</u>	<u>755,454</u>	<u>729,076</u>
Other			
Amortization	-	540	563
Maintenance area rate	39,000	24,684	23,705
Animal and pest control	13,000	13,175	12,047
Emergency measures	30,000	25,593	25,474
	<u>82,000</u>	<u>63,992</u>	<u>61,789</u>
	<u>\$ 2,239,900</u>	<u>\$ 2,218,214</u>	<u>\$ 2,222,831</u>
Transportation services			
Transportation fee	\$ 144,500	\$ 142,782	\$ 146,664
Street lighting	392,000	381,378	373,878
Amortization	-	32,071	33,406
Air transport	38,400	38,399	39,466
	<u>\$ 574,900</u>	<u>\$ 594,630</u>	<u>\$ 593,414</u>

Municipality of the County of Richmond
General section
Schedule B - Details of expenditures (Continued)

Year ended March 31 2011 2010

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Administration	\$ 181,600	\$ 178,719	\$ 179,338
Sewage collection and disposal			
Central treatment plant	315,900	278,034	277,734
Garbage collection and disposal			
Garbage and waste collection	320,000	321,430	305,204
Municipal dumps	602,300	613,518	537,298
Amortization	-	191,322	197,660
Debt charges			
Interest on long term debt	<u>89,641</u>	<u>89,641</u>	<u>99,335</u>
	<u>\$ 1,509,441</u>	<u>\$ 1,672,664</u>	<u>\$ 1,596,569</u>
Public health and welfare services			
Public health			
Board of health	\$ 500	\$ 100,417	\$ 120,145
Housing			
Deficit of Cape Breton Island			
Housing Authority (Richmond district)	<u>35,000</u>	<u>60,524</u>	<u>67,945</u>
	<u>\$ 35,500</u>	<u>\$ 160,941</u>	<u>\$ 188,090</u>
Environmental development services			
Transfer to			
Eastern District Planning Commission	\$ 157,800	\$ 157,801	\$ 153,943
Industrial Mall	-	5,945	4,959
Economic development and tourism	<u>871,660</u>	<u>791,584</u>	<u>584,703</u>
	<u>\$ 1,029,460</u>	<u>\$ 955,330</u>	<u>\$ 743,605</u>
Recreation and cultural services			
Recreation facilities			
Administration	\$ 381,733	\$ 378,368	\$ 377,591
Amortization	-	4,641	4,760
Programs and grants	134,000	223,966	87,749
Canada works program	<u>22,000</u>	<u>24,827</u>	<u>24,384</u>
	537,733	631,802	494,484
Cultural buildings and facilities			
Libraries	15,600	15,114	28,635
Transfer to regional library	<u>60,000</u>	<u>61,672</u>	<u>58,351</u>
	<u>\$ 613,333</u>	<u>\$ 708,588</u>	<u>\$ 581,470</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

Year ended March 31

2011

2010

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Collections for other government			
Village of St. Peter's	\$ 170,000	\$ 166,634	\$ 170,240
Extraordinary and special items			
Adjustment of prior year's revenue and expenditures	\$ 10,000	\$ (613)	\$ (77,819)

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond
General section
Schedule C – Details of plant and equipment

Year ended March 31

2011

2010

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 693,100	\$ -	\$ 693,100	\$ 693,100
Buildings	10,675,274	4,834,791	5,840,483	6,043,298
Machinery and equipment	847,729	474,543	373,186	325,303
Vehicles	135,222	74,177	61,045	66,229
Sidewalks	856,167	113,835	742,332	773,263
Landfill	<u>163,708</u>	<u>110,933</u>	<u>52,775</u>	<u>58,639</u>
	<u>\$13,371,200</u>	<u>\$ 5,608,279</u>	<u>\$ 7,762,921</u>	<u>\$ 7,959,832</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

March 31 2011 2010

Assets		
Cash	\$ 1,137,588	\$ 1,198,780
Receivable from operating fund	<u>65,000</u>	<u>48,299</u>
	<u>\$ 1,202,588</u>	<u>\$ 1,247,079</u>

Reserve		
Gas tax	\$ 732,367	\$ 841,858
Landfill closure	279,365	214,365
Capital	125,210	125,210
Water utility	<u>65,646</u>	<u>65,646</u>
	<u>\$ 1,202,588</u>	<u>\$ 1,247,079</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ Clerk

Reserve funds section
Capital reserve statement of financial activities

Year ended March 31 2011 2010

Proceeds on sale of property	\$ -	\$ 33,299
Gas tax revenue	494,714	518,127
Interest earned	<u>7,439</u>	<u>3,394</u>
	<u>502,153</u>	<u>554,820</u>
Transfer from operating fund	65,000	15,000
Transfer to operating fund	<u>(611,644)</u>	<u>(21,349)</u>
Change in fund balance	(44,491)	548,471
Balance, beginning of year	<u>1,247,079</u>	<u>698,608</u>
Balance, end of year	<u>\$ 1,202,588</u>	<u>\$ 1,247,079</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
 March 31 2011 2010

Financial assets		
Cash	\$ 3,166,745	\$ 2,915,641
Due from general section, operating fund	<u>625,000</u>	<u>251,104</u>
	<u>\$ 3,791,745</u>	<u>\$ 3,166,745</u>

Reserve		
Infrastructure reserve	\$ 331,430	\$ 331,430
Tax rate stabilization reserve	<u>3,460,315</u>	<u>2,835,315</u>
	<u>\$ 3,791,745</u>	<u>\$ 3,166,745</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ Clerk

Reserve funds section
Operating reserve statement of financial activities
 Year ended March 31 2011 2010

Financing and transfers		
Transfer from operating fund	\$ 625,000	\$ 251,104
Change in fund balance	625,000	251,104
Balance, beginning of year	<u>3,166,745</u>	<u>2,915,641</u>
Balance, end of year	<u>\$ 3,791,745</u>	<u>\$ 3,166,745</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

March 31, 2011

1. Summary of significant accounting policies

Basis of presentation

These non-consolidated financial statements have been prepared to conform in all material respects with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants except that they do not contain a statement of changes in net debt or statement of cash flows.

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	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 in accordance with generally accepted accounting principles 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.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

March 31, 2011

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.

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 \$ 8,349 as at March 31, 2011, represents the cost of computers acquired less any repayments to date.

4. Taxes receivable	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 1,270,680	\$ 1,049,357
Levy	<u>11,318,816</u>	<u>9,806,949</u>
	12,589,496	10,856,306
Collections	<u>11,566,236</u>	<u>9,585,626</u>
	<u>\$ 1,023,260</u>	<u>\$ 1,270,680</u>
Allocation of balance:		
Current	\$ 530,117	\$ 599,345
Prior year	<u>493,143</u>	<u>671,335</u>
	<u>\$ 1,023,260</u>	<u>\$ 1,270,680</u>

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

March 31, 2011

5. Due from provincial government and its agencies	<u>2011</u>	<u>2010</u>
Sundry	\$ <u>112,732</u>	\$ <u>7,390</u>

6. Due from own funds and agencies	<u>2011</u>	<u>2010</u>
Own funds		
Capital fund	\$ 539,745	\$ 408,058
Own agencies		
Richmond County-Port Hawkesbury Joint Development Commission	<u>970</u>	<u>1,155</u>
	<u>\$ 540,715</u>	<u>\$ 409,213</u>

7. Due from other local governments	<u>2011</u>	<u>2010</u>
Framboise – Forchu Fire Department	\$ 15,000	\$ -
Grand River Fire Department	3,464	15,911
District 10 Fire Department	33,384	44,042
Samsonville Water Utility	-	166,400
Isle Madame Fire Department	<u>171,636</u>	<u>213,318</u>
	<u>\$ 223,484</u>	<u>\$ 439,671</u>

8. Due to own funds and agencies	<u>2011</u>	<u>2010</u>
Own funds –		
Operating Reserve	\$ 625,000	\$ 251,104
Capital Reserve Section	65,000	48,299
Water Utility fund	124,183	15,653
Own agencies		
Richmond Housing Corporation	-	102,292
Cape Breton Island Housing Authority	<u>60,524</u>	<u>67,945</u>
	<u>\$ 874,707</u>	<u>\$ 485,293</u>

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

March 31, 2011

9. Due to other local governments	<u>2011</u>	<u>2010</u>
L'Ardoise Fire Department	\$ 20,068	\$ 39,733
Loch Lomond Fire Department	511	1,972
Louisdale Fire Department	-	11,580
St. Peters Fire Department	24,356	4,777
Framboise – Fourchu Fire Department	-	1,330
St. Peters Village Commission	<u>46,634</u>	<u>-</u>
	<u>\$ 91,569</u>	<u>\$ 59,392</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 Special Reserve Fund.

11. Extraordinary and special items

	<u>2011</u>	<u>2010</u>
Prior year receivables	\$ 4,661	\$ (50,172)
Prior year payables	<u>(5,274)</u>	<u>(27,647)</u>
	<u>\$ (613)</u>	<u>\$ (77,819)</u>

During the current year the above items were classified as extraordinary and special items as they related to prior years.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

March 31, 2011

12. Asset valuation allowances	<u>2011</u>	<u>2010</u>
For uncollected taxes		
Balance, beginning of year	\$ 376,423	\$ 212,196
Provision for the year	236,046	170,431
Less write offs and adjustments	<u>(386,523)</u>	<u>(6,204)</u>
Balance, end of year	<u>\$ 225,946</u>	<u>\$ 376,423</u>
For uncollected interest		
Balance, beginning of year	\$ 364,476	\$ 283,447
Provision for the year	118,231	85,271
Less write offs and adjustments	<u>(143,482)</u>	<u>(4,242)</u>
Balance, end of year	<u>\$ 339,225</u>	<u>\$ 364,476</u>
	<u>\$ 565,171</u>	<u>\$ 740,899</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.

14. Long term debt

Principal repayments required during the next five (5) years on long term debt are approximately as follows:

	<u>General capital</u>
2012	\$ 404,600
2013	\$ 326,100
2014	\$ 327,600
2015	\$ 329,200
2016	\$ 330,900

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

March 31, 2011

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>2011</u>	<u>2010</u>
Cape Breton Island Housing Authority	\$ 60,524	\$ 67,945
Eastern County Regional Library	\$ 61,672	\$ 58,351
Eastern District Planning Commission	\$ 157,801	\$ 153,943
Strait Highlands Regional Development Agency	\$ 64,197	\$ 61,802
Richmond County – Port Hawkesbury Joint Development Commission	\$ (185)	\$ (170)

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2011.

- (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 \$150,000 (2010 - \$150,000) on behalf of the Housing Corporation which is indebted to the bank in the amount of NIL as at March 31, 2011, (2010 – NIL).

The Housing Corporation had an estimated accumulated operating deficit of \$48,031 as at March 31, 2011, (2010 - \$67,225 surplus).

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

March 31, 2011

15. Contributions to Boards and Commissions (continued)

ii) Municipality of the County of Richmond Water Utility

During the year the Municipality paid \$120,570 (2010 - \$117,000) 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 (2010 - \$165,000).

The Utility has an accumulated operating surplus of \$120,458 as at March 31, 2011, (2010 - \$37,633).

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 9.67% of each employee's gross pay. Total contributions during the period by the Municipality were \$340,100 (2010 - \$283,400).

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 \$279,365 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

March 31, 2011

18. Other

Total remuneration and expenses paid to elected and senior appointed officials of the Municipality are as follows:

<u>Official</u>	<u>Position</u>	<u>Remuneration</u>
John Boudreau	Warden	\$ 36,114
Stephen MacNeil	Councillor	\$ 19,261
Brian Marchand	Councillor	\$ 19,261
Gail Johnson	Councillor	\$ 19,261
Shirley McNamara	Councillor	\$ 19,261
Victor David	Councillor	\$ 19,261
Malcolm Beaton	Councillor	\$ 19,261
Gilbert Boucher	Councillor	\$ 19,261
Steve Sampson	Councillor	\$ 19,261
Alvin Martell	Deputy - Warden	\$ 24,075
Warren Olsen	CAO	\$ 70,605

19. Operating fund expenditures by object

	<u>2011</u>	<u>2010</u>
Salaries, wages and benefits	\$ 2,262,812	\$ 2,224,009
Materials and services	2,973,263	2,551,664
External transfers	2,762,350	2,525,344
Contracted services	1,748,612	1,667,494
Amortization	311,472	326,378
Interest on long term debt	148,855	168,655
Financial and other	<u>360,262</u>	<u>256,583</u>
	<u>\$ 10,567,626</u>	<u>\$ 9,720,127</u>

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

March 31, 2011

20. Pension agreements

As mentioned in Note 16 the Municipality provides a defined benefit pension plan for its full time employees. Included in payables is an estimated pension liability of \$1,518,300. This liability is based on actuarial estimates as of March 31, 2011. The valuation assumes a rate of return of 5.75% with salary increases of 3.5% and an inflation rate of 2% post retirement.

The following summarizes the plan for the fiscal year ended March 31, 2011:

	<u>2011</u>	<u>2010</u>
Liability – Statement of financial position		
Accrued benefit obligation end of year	\$ 6,086,600	\$ 5,612,300
Pension fund assets end of year	(4,318,900)	(3,879,400)
Unamortized actuarial gains (losses)	(249,400)	(133,200)
	<u>\$ 1,518,300</u>	<u>\$ 1,599,700</u>
Expenses – Statement of operations		
Current service cost	\$ 177,300	\$ 244,100
Amortization of actuarial (gains) losses	-	10,000
Regular contributions by employees	(79,800)	(76,000)
Interest on average pension liability during the year	101,800	97,500
	<u>\$ 199,300</u>	<u>\$ 275,600</u>

Municipality of the County of Richmond

Schedule D - Debt charges and term debt

Year ended March 31, 2011

	<u>Due date</u>	<u>Interest rate</u>	<u>Loan Continuity</u>			<u>Balance March 31, 2011</u>	<u>Interest</u>
			<u>Balance March 31, 2010</u>	<u>Additions</u>	<u>Redeemed</u>		
Municipal purposes							
Serial debentures							
Building	2020	5.39%	\$ 1,266,665	\$ -	\$ 126,667	\$ 1,139,998	\$ 59,214
Sewers	2011	4.50%	160,000	-	80,000	80,000	5,167
Landfill	2021	4.50%	1,440,000	-	120,000	1,320,000	60,635
Sidewalks	2023	4.42%	<u>536,375</u>	<u>-</u>	<u>38,312</u>	<u>498,063</u>	<u>23,839</u>
			3,403,040	-	364,979	3,038,061	148,855
Term debt							
CMHC	2026-2031	3.75%	<u>-</u>	<u>914,750</u>	<u>-</u>	<u>914,750</u>	<u>-</u>
			<u>\$ 3,403,040</u>	<u>\$ 914,750</u>	<u>\$ 364,979</u>	<u>\$ 3,952,811</u>	<u>\$ 148,855</u>