



Grant Thornton

Non-consolidated financial statements

Municipality of the County of Richmond

March 31, 2013

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 |



Grant Thornton

Independent auditor's report

Grant Thornton LLP
Suite 200, George Place
500 George Street
Sydney, NS
B1P 1K6
T +1 902 562 5581
F +1 902 562 0073
www.GrantThornton.ca

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, 2013, 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.



Grant Thornton

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, 2013, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Sydney, Canada

December 5, 2013

Grant Thornton LLP
Chartered accountants

Municipality of the County of Richmond

General section

Operating fund statement of financial position

March 31 2013 2012

| Financial assets | | |
|---|---------------------|---------------------|
| Cash | <u>\$ 963,012</u> | <u>\$ -</u> |
| Receivables | | |
| Taxes (Note 4) | 2,507,207 | 2,502,178 |
| Interest on taxes | <u>655,950</u> | <u>670,510</u> |
| | 3,163,157 | 3,172,688 |
| Less: allowance for doubtful accounts (Note 12) | <u>657,465</u> | <u>709,797</u> |
| | 2,505,692 | 2,462,891 |
| Special assessments | 233,700 | 102,040 |
| Due from provincial government and its agencies (Note 5) | 18,825 | 12,571 |
| Due from Nova Scotia Power Incorporated | 295,179 | 267,507 |
| Due from own funds and agencies (Note 6) | 662,208 | 612,232 |
| Due from other local governments (Note 7) | 298,690 | 397,054 |
| Other | <u>353,683</u> | <u>343,588</u> |
| | <u>4,367,977</u> | <u>4,197,883</u> |
| Loans and advances | | |
| Employee loans (Note 3) | <u>816</u> | <u>3,583</u> |
| Total financial assets | <u>\$ 5,331,805</u> | <u>\$ 4,201,466</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

2013

2012

Liabilities and operating equity

| | | |
|--|------------------------------|------------------------------|
| Bank indebtedness | <u>\$ 397,402</u> | <u>\$ 579,628</u> |
| Due to own funds and agencies (Note 8) | 595,524 | 91,279 |
| Due to other local governments (Note 9) | 60,556 | 45,658 |
| Trade payables | <u>5,063,575</u> | <u>4,487,938</u> |
| | <u>5,719,655</u> | <u>4,624,875</u> |
| Other liabilities | | |
| Deferred revenue | 31,693 | 61,693 |
| Prepayment of taxes | 100,860 | 87,755 |
| Tax sale surplus (Note 10) | <u>160,657</u> | <u>153,141</u> |
| | <u>293,210</u> | <u>302,589</u> |
| | <u>6,410,267</u> | <u>5,507,092</u> |
| Net financial liabilities | <u>\$ (1,078,462)</u> | <u>\$ (1,305,626)</u> |
| Non-financial assets | | |
| Land acquired for special assessments | <u>\$ 418,195</u> | <u>\$ 421,297</u> |
| Prepaid expense | <u>272,844</u> | <u>284,638</u> |
| Total non-financial assets | <u>691,039</u> | <u>705,935</u> |
| Amounts to be recovered from future revenues | <u>823,064</u> | <u>940,644</u> |
| | <u>1,514,103</u> | <u>1,646,579</u> |
| Net assets and fund balance | <u>\$ 435,641</u> | <u>\$ 340,953</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

2013

2012

| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|--|-------------------|--------------------------|-------------------|
| Revenue (Schedule A) | | | |
| Taxes | \$ 8,844,844 | \$ 8,724,597 | \$ 8,761,423 |
| Grants in lieu of taxes | 1,544,500 | 1,534,083 | 1,388,010 |
| Other revenue from own sources | 572,800 | 769,070 | 640,189 |
| Conditional transfers from federal and provincial governments and agencies | 69,100 | 57,547 | 79,675 |
| Collections for other government | <u>185,000</u> | <u>192,996</u> | <u>182,228</u> |
| | <u>11,216,244</u> | <u>11,278,293</u> | <u>11,051,525</u> |
| Expenditures (Schedule B) | | | |
| General government services | 3,804,461 | 3,825,471 | 3,747,770 |
| Protective services | 2,431,076 | 2,461,438 | 2,320,112 |
| Transportation services | 594,285 | 596,273 | 598,215 |
| Environmental health services | 1,519,474 | 1,907,591 | 1,885,988 |
| Public health and welfare services | 61,000 | 60,724 | 191,920 |
| Environmental development services | 1,225,301 | 1,035,287 | 1,103,094 |
| Recreation and cultural services | 684,310 | 778,145 | 526,402 |
| Collections for other government | 185,000 | 192,996 | 182,228 |
| Extraordinary and special items | <u>10,000</u> | <u>(4,948)</u> | <u>26,414</u> |
| | <u>10,514,907</u> | <u>10,852,977</u> | <u>10,582,143</u> |
| Excess of revenue over expenditures | <u>701,337</u> | <u>425,316</u> | <u>469,382</u> |
| Financing and transfers | | | |
| Debenture principal instalment | (326,106) | (326,106) | (404,625) |
| Transfer from general capital fund | (50,000) | 510,251 | 10,571 |
| Transfer (to) from operating reserve fund | (329,231) | (520,000) | - |
| Transfer from capital reserve | <u>4,000</u> | <u>5,227</u> | <u>4,886</u> |
| | <u>701,337</u> | <u>(330,628)</u> | <u>(389,168)</u> |
| Change in fund balance | <u>\$ -</u> | <u>\$ 94,688</u> | <u>\$ 80,214</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 2013 2012

| | | |
|---|--------------------------|--------------------------|
| Operating fund surplus, beginning of year | \$ 340,953 | \$ 260,739 |
| Change in fund balance | <u>94,688</u> | <u>80,214</u> |
| Operating fund surplus, end of year | <u>\$ 435,641</u> | <u>\$ 340,953</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 | 2013 | 2012 |
|---------------------------------------|-----------------------|---------------------|
| Financial assets | | |
| Accounts receivable | \$ <u> -</u> | \$ <u> 165,233</u> |
| Liabilities | | |
| Accounts payable | 100,000 | 179,295 |
| Due to general operating fund | <u>574,265</u> | <u>611,435</u> |
| | <u>674,265</u> | <u>790,730</u> |
| Long term debt (Note 14) (Schedule D) | | |
| Serial debentures payable | <u>3,222,080</u> | <u>3,548,186</u> |
| Net liabilities | <u>(3,896,345)</u> | <u>(4,173,683)</u> |
| Non-financial assets | | |
| Tangible assets | | |
| Property acquired at tax sale | 99,433 | 96,433 |
| Plant and equipment (Schedule C) | 11,935,457 | 11,816,284 |
| Work in progress | <u>23,179</u> | <u>468,157</u> |
| | <u>12,058,069</u> | <u>12,380,874</u> |
| Other assets | | |
| Unamortized discount on debentures | <u>16,416</u> | <u>18,634</u> |
| | <u>12,074,485</u> | <u>12,399,508</u> |
| Net assets | <u>\$ 8,178,140</u> | <u>\$ 8,225,825</u> |
| Fund balance | \$ 1,280,404 | \$ 744,699 |
| Investment in capital assets | <u>6,897,736</u> | <u>7,481,126</u> |
| | <u>\$ 8,178,140</u> | <u>\$ 8,225,825</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 | 2013 | | 2012 |
|---|------------------|------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| Revenue | | | |
| Government grants | \$ 50,000 | \$ 30,000 | \$ 393,841 |
| Recovery of under financing | <u>20,000</u> | <u>19,655</u> | <u>19,655</u> |
| | <u>70,000</u> | <u>49,655</u> | <u>413,496</u> |
| Expenditures | | | |
| Capital additions and work in progress | 300,000 | 197,991 | 1,135,913 |
| Amortization of other assets and depreciation | <u>(500,000)</u> | <u>(523,014)</u> | <u>(417,400)</u> |
| | <u>(200,000)</u> | <u>(325,023)</u> | <u>718,513</u> |
| Net revenue (expenditure) | 270,000 | 374,678 | (305,017) |
| Financing and transfers | | | |
| Capital expenditures from operations | <u>200,000</u> | <u>161,027</u> | <u>523,325</u> |
| Change in fund balance | \$ 470,000 | 535,705 | \$ 218,308 |
| Beginning fund balance | <u>-</u> | <u>744,699</u> | <u>526,391</u> |
| Ending fund balance | <u>\$ -</u> | <u>1,280,404</u> | <u>\$ 744,699</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

2013

2012

| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|--|---------------------|---------------------|---------------------|
| Taxes | | | |
| Assessable property | | | |
| Residential | \$ 3,854,700 | \$ 3,861,723 | \$ 3,661,272 |
| Commercial | | | |
| Based on taxable assessment | 5,388,600 | 5,189,357 | 5,365,674 |
| Resource | | | |
| Based on taxable assessment | 754,400 | 752,135 | 707,445 |
| Forest property tax (less than 50,000 acres) | 13,100 | 13,198 | 13,046 |
| Forest property tax (50,000 acres or more) | 6,300 | 6,383 | 6,290 |
| | <u>10,017,100</u> | <u>9,822,796</u> | <u>9,753,727</u> |
| Area rates | | | |
| Fire protection | 578,000 | 613,374 | 576,291 |
| Environmental health services | 99,861 | 86,146 | 86,374 |
| | <u>677,861</u> | <u>699,520</u> | <u>662,665</u> |
| Business property | | | |
| Business occupancy | 17,049 | 17,049 | 17,174 |
| Based on revenue | 60,100 | 58,969 | 62,500 |
| | <u>77,149</u> | <u>76,018</u> | <u>79,674</u> |
| Other | | | |
| Deed transfer tax | 150,000 | 176,113 | 185,824 |
| Special assessments | | | |
| Sewer services by-law | 457,472 | 484,888 | 521,856 |
| | <u>11,379,582</u> | <u>11,259,335</u> | <u>11,203,746</u> |
| Education expenditure as a Reduction of tax revenue | | | |
| Appropriation to regional school board | (2,534,738) | (2,534,738) | (2,442,323) |
| | <u>\$ 8,844,844</u> | <u>\$ 8,724,597</u> | <u>\$ 8,761,423</u> |
| Grants in lieu of taxes | | | |
| Federal government | \$ 34,000 | \$ 32,702 | \$ 32,422 |
| Provincial government | | | |
| Property | 56,000 | 58,974 | 57,940 |
| Crown timber lands | 40,000 | 41,103 | 41,103 |
| Provincial government agencies | | | |
| Nova Scotia Liquor Commission | 14,500 | 7,375 | 14,412 |
| Other | | | |
| Nova Scotia Power Incorporated | 1,260,000 | 1,261,505 | 1,101,019 |
| Windmills | 140,000 | 132,424 | 141,114 |
| | <u>\$ 1,544,500</u> | <u>\$ 1,534,083</u> | <u>\$ 1,388,010</u> |

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

| Year ended March 31 | 2013 | | 2012 |
|---|-------------------|-------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| Other revenue from own sources | | | |
| Licenses and permits | \$ 21,500 | \$ 19,761 | \$ 23,841 |
| Rentals | 9,800 | 9,803 | 9,803 |
| Return on investments | 95,000 | 100,013 | 106,139 |
| Penalties and interest on taxes and special assessments | 316,500 | 432,257 | 317,598 |
| Miscellaneous | <u>130,000</u> | <u>207,236</u> | <u>182,808</u> |
| | <u>\$ 572,800</u> | <u>\$ 769,070</u> | <u>\$ 640,189</u> |
| Conditional transfers from federal and provincial governments and agencies | | | |
| Federal government | | | |
| Recreation and cultural services | | | |
| Canada Works Program | \$ 4,100 | \$ 8,518 | \$ 4,057 |
| Provincial government | | | |
| Environmental health services recycling | <u>65,000</u> | <u>49,029</u> | <u>75,618</u> |
| | <u>\$ 69,100</u> | <u>\$ 57,547</u> | <u>\$ 79,675</u> |
| Collections for other government | | | |
| Village of St. Peters | <u>\$ 185,000</u> | <u>\$ 192,996</u> | <u>\$ 182,228</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 | 2013 | 2012 | |
|------------------------------------|---------------------|---------------------|---------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| General government services | | | |
| Legislative | | | |
| Warden | | | |
| Stipend | \$ 36,000 | \$ 35,190 | \$ 34,993 |
| Travel and meeting fees | 15,000 | 12,128 | 5,048 |
| Council | | | |
| Stipend | 178,000 | 178,967 | 172,631 |
| Travel and meeting fees | 50,000 | 59,527 | 57,730 |
| | <u>279,000</u> | <u>285,812</u> | <u>270,402</u> |
| Administrative | | | |
| Salaries and wages | 715,400 | 752,492 | 737,690 |
| Employee benefits | 667,800 | 808,186 | 737,217 |
| Office buildings | 164,400 | 172,047 | 186,970 |
| Legal services | 50,000 | 84,361 | 48,642 |
| Office expenses | 130,000 | 127,052 | 121,279 |
| Other administrative services | 122,084 | 131,486 | 107,532 |
| Financial management | 17,000 | 16,789 | 16,299 |
| Taxation | | | |
| Transfer for assessment services | 281,500 | 281,470 | 281,903 |
| Exemption to halls | 290,000 | 288,956 | 282,708 |
| Capped assessment | 602,600 | 602,600 | 606,600 |
| | <u>3,040,784</u> | <u>3,265,439</u> | <u>3,126,840</u> |
| Debt charges | | | |
| Interest on short term debt | | | |
| General operations interest | 5,000 | 5,344 | 3,077 |
| Interest on long term debt | | | |
| Debenture interest | 50,677 | 50,677 | 57,419 |
| | <u>55,677</u> | <u>56,021</u> | <u>60,496</u> |
| Valuation allowance | | | |
| Uncollectible taxes | 80,000 | 51,660 | 18,971 |
| Uncollectible interest | 280,000 | (26,789) | 141,562 |
| | <u>360,000</u> | <u>24,871</u> | <u>160,533</u> |
| Other general services | | | |
| Amortization | - | 114,039 | 101,117 |
| Intergovernmental relations | 29,000 | 41,757 | 28,382 |
| Municipal election | 40,000 | 37,532 | - |
| | <u>69,000</u> | <u>193,328</u> | <u>129,499</u> |
| | <u>\$ 3,804,461</u> | <u>\$ 3,825,471</u> | <u>\$ 3,747,770</u> |

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

Year ended March 31

2013

2012

| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|-----------------------------------|-------------------|-------------------|---------------------|
| Protective services | | | |
| Police protection | | | |
| Contracted policing | \$ 1,286,100 | \$ 1,288,041 | \$ 1,221,917 |
| Law enforcement | | | |
| County court | 61,400 | 69,460 | 74,808 |
| Transfer to correctional services | 168,276 | 168,276 | 127,782 |
| Other | 500 | - | - |
| | <u>1,516,276</u> | <u>1,525,777</u> | <u>1,424,507</u> |
| Fire protection | | | |
| Fire fighting force | | | |
| Fire services | 25,000 | 25,000 | 25,000 |
| Area rate levies | 578,000 | 613,374 | 576,291 |
| Water supply and hydrants | 235,000 | 248,220 | 244,064 |
| | <u>838,000</u> | <u>886,594</u> | <u>845,355</u> |
| Other | | | |
| Amortization | - | 498 | 519 |
| Maintenance area rate | 40,800 | 27,085 | 25,761 |
| Animal and pest control | 16,000 | 4,704 | 11,567 |
| Emergency measures | 20,000 | 16,780 | 12,403 |
| | <u>76,800</u> | <u>49,067</u> | <u>50,250</u> |
| | <u>2,431,076</u> | <u>2,461,438</u> | <u>\$ 2,320,112</u> |
| Transportation services | | | |
| Transportation fee | \$ 154,285 | \$ 151,661 | \$ 146,310 |
| Street lighting | 400,000 | 380,674 | 386,116 |
| Amortization | - | 29,556 | 30,787 |
| Air transport | 40,000 | 34,382 | 35,002 |
| | <u>\$ 594,285</u> | <u>\$ 596,273</u> | <u>\$ 598,215</u> |

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

Year ended March 31 2013 2012

| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|---|---------------------|---------------------|---------------------|
| Environmental health services | | | |
| Administration | \$ 160,600 | \$ 148,750 | \$ 198,178 |
| Sewage collection and disposal | | | |
| Central treatment plant | 327,000 | 361,266 | 299,195 |
| Garbage collection and disposal | | | |
| Garbage and waste collection | 315,000 | 320,654 | 325,830 |
| Municipal dumps | 612,500 | 614,043 | 676,164 |
| Amortization | - | 358,504 | 272,373 |
| Debt charges | | | |
| Interest on long term debt | <u>104,374</u> | <u>104,374</u> | <u>114,248</u> |
| | <u>\$ 1,519,474</u> | <u>\$ 1,907,591</u> | <u>\$ 1,885,988</u> |
| Public health and welfare services | | | |
| Public health | | | |
| Board of health | \$ - | \$ 3,236 | \$ 156,813 |
| Housing | | | |
| Deficit of Cape Breton Island | | | |
| Housing Authority (Richmond district) | <u>61,000</u> | <u>57,488</u> | <u>35,107</u> |
| | <u>\$ 61,000</u> | <u>\$ 60,724</u> | <u>\$ 191,920</u> |
| Environmental development services | | | |
| Transfer to | | | |
| Eastern District Planning Commission | \$ 167,700 | \$ 170,659 | \$ 170,681 |
| Industrial Mall | 5,000 | 5,266 | 4,203 |
| Economic development and tourism | <u>1,052,601</u> | <u>859,362</u> | <u>928,210</u> |
| | <u>\$ 1,225,301</u> | <u>\$ 1,035,287</u> | <u>\$ 1,103,094</u> |
| Recreation and cultural services | | | |
| Recreation facilities | | | |
| Administration | \$ 375,810 | \$ 352,566 | \$ 284,609 |
| Amortization | - | 18,198 | 9,100 |
| Programs and grants | 178,700 | 265,107 | 119,673 |
| Canada works program | <u>22,500</u> | <u>39,167</u> | <u>36,929</u> |
| | <u>577,010</u> | <u>675,038</u> | <u>450,311</u> |
| Cultural buildings and facilities | | | |
| Libraries | 44,300 | 41,504 | 15,488 |
| Transfer to regional library | <u>63,000</u> | <u>61,603</u> | <u>60,603</u> |
| | <u>\$ 684,310</u> | <u>\$ 778,145</u> | <u>\$ 526,402</u> |

Municipality of the County of Richmond
General section

Schedule B - Details of expenditures (Continued)

Year ended March 31 2013 2012

| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|--|---------------|---------------|---------------|
| Collections for other government | | | |
| Village of St. Peter's | \$ 185,000 | \$ 192,996 | \$ 182,228 |
| Extraordinary and special items | | | |
| Adjustment of prior year's revenue and expenditures | \$ 10,000 | \$ (4,948) | \$ 26,414 |

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

2013

2012

| | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Net book value</u> | <u>Net book value</u> |
|-------------------------|----------------------------|-------------------------------------|-----------------------------|-----------------------------|
| Land | \$ 710,711 | \$ - | \$ 710,711 | \$ 710,711 |
| Buildings | 15,435,855 | 5,498,430 | 9,937,425 | 9,679,066 |
| Machinery and equipment | 1,178,223 | 648,436 | 529,787 | 621,120 |
| Vehicles | 120,628 | 89,974 | 30,654 | 45,251 |
| Sidewalks | 856,167 | 172,034 | 684,133 | 712,639 |
| Landfill | <u>163,708</u> | <u>120,961</u> | <u>42,747</u> | <u>47,497</u> |
| | <u>\$18,465,292</u> | <u>\$ 6,529,835</u> | <u>\$ 11,935,457</u> | <u>\$ 11,816,284</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 2013 2012

| | | |
|---|---------------------|---------------------|
| Assets | | |
| Cash | \$ 1,541,044 | \$ 1,063,571 |
| Receivable from operating fund | 15,000 | 15,000 |
| Receivable from Province of Nova Scotia | <u>242,893</u> | <u>246,681</u> |
| | <u>\$ 1,798,937</u> | <u>\$ 1,325,252</u> |

| | | |
|------------------|---------------------|---------------------|
| Reserve | | |
| Gas tax | \$ 1,298,716 | \$ 840,031 |
| Landfill closure | 309,365 | 294,365 |
| Capital | 125,210 | 125,210 |
| Water utility | <u>65,646</u> | <u>65,646</u> |
| | <u>\$ 1,798,937</u> | <u>\$ 1,325,252</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 2013 2012

| | | |
|------------------------------|---------------------|---------------------|
| Gas tax revenue | \$ 485,786 | \$ 493,362 |
| Interest earned | <u>9,426</u> | <u>7,256</u> |
| | <u>495,212</u> | <u>500,618</u> |
| Transfer from operating fund | 15,000 | 15,000 |
| Transfer to operating fund | <u>(36,527)</u> | <u>(392,954)</u> |
| Change in fund balance | 473,685 | 122,664 |
| Balance, beginning of year | <u>1,325,252</u> | <u>1,202,588</u> |
| Balance, end of year | <u>\$ 1,798,937</u> | <u>\$ 1,325,252</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 2013 2012

Financial assets

| | | |
|--|----------------------------|----------------------------|
| Cash | \$ 3,791,745 | \$ 3,791,745 |
| Due from general section, operating fund | <u>520,000</u> | <u>-</u> |
| | <u>\$ 4,311,745</u> | <u>\$ 3,791,745</u> |

Reserve

| | | |
|--------------------------------|----------------------------|----------------------------|
| Infrastructure reserve | \$ 331,430 | \$ 331,430 |
| Tax rate stabilization reserve | <u>3,980,315</u> | <u>3,460,315</u> |
| | <u>\$ 4,311,745</u> | <u>\$ 3,791,745</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 2013 2012

| | | |
|------------------------------|----------------------------|----------------------------|
| Financing and transfers | | |
| Transfer from operating fund | \$ <u>520,000</u> | \$ <u>-</u> |
| Change in fund balance | 520,000 | - |
| Balance, beginning of year | <u>3,791,745</u> | <u>3,791,745</u> |
| Balance, end of year | <u>\$ 4,311,745</u> | <u>\$ 3,791,745</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, 2013

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, 2013

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 \$ 816 as at March 31, 2013, represents the cost of computers acquired less any repayments to date.

| 4. Taxes receivable | <u>2013</u> | <u>2012</u> |
|----------------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 2,502,178 | \$ 1,023,260 |
| Levy | <u>10,955,909</u> | <u>10,864,118</u> |
| | 13,458,087 | 11,887,378 |
| Collections | <u>10,950,880</u> | <u>9,385,200</u> |
| | <u>\$ 2,507,207</u> | <u>\$ 2,502,178</u> |
| Allocation of balance: | | |
| Current | \$ 1,447,421 | \$ 1,967,762 |
| Prior year | <u>1,059,786</u> | <u>534,416</u> |
| | <u>\$ 2,507,207</u> | <u>\$ 2,502,178</u> |

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

March 31, 2013

| | | |
|---|-------------------------|-------------------------|
| 5. Due from provincial government and its agencies | <u>2013</u> | <u>2012</u> |
| Sundry | \$ <u>18,825</u> | \$ <u>12,571</u> |

| | | |
|---|--------------------------|--------------------------|
| 6. Due from own funds and agencies | <u>2013</u> | <u>2012</u> |
| Own funds | | |
| Capital fund | \$ 574,265 | \$ 611,435 |
| Water Utility Fund | 87,318 | - |
| Own agencies | | |
| Richmond County-Port Hawkesbury Joint Development Commission | <u>625</u> | <u>797</u> |
| | <u>\$ 662,208</u> | <u>\$ 612,232</u> |

| | | |
|--|--------------------------|--------------------------|
| 7. Due from other local governments | <u>2013</u> | <u>2012</u> |
| Framboise – Forchu Fire Department | \$ 5,683 | \$ 10,707 |
| District 10 Fire Department | - | 22,793 |
| St. Peter's Fire Department | 106,584 | 149,902 |
| Isle Madame Fire Department | <u>186,423</u> | <u>213,652</u> |
| | <u>\$ 298,690</u> | <u>\$ 397,054</u> |

| | | |
|---|--------------------------|-------------------------|
| 8. Due to own funds and agencies | <u>2013</u> | <u>2012</u> |
| Own funds – | | |
| Operating Reserve | \$ 520,000 | \$ - |
| Capital Reserve Section | 15,000 | 15,000 |
| Water Utility fund | - | 15,755 |
| Own agencies | | |
| Cape Breton Island Housing Authority | <u>60,524</u> | <u>60,524</u> |
| | <u>\$ 595,524</u> | <u>\$ 91,279</u> |

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

March 31, 2013

| 9. Due to other local governments | <u>2013</u> | <u>2012</u> |
|--|------------------|------------------|
| L'Ardoise Fire Department | \$ 9,887 | \$ 3,060 |
| Loch Lomond Fire Department | 1,156 | 743 |
| Louisdale Fire Department | 88 | 34,963 |
| District Ten Fire Department | 9,011 | - |
| Grand River Fire Department | 6,690 | 6,164 |
| St. Peters Village Commission | <u>33,724</u> | <u>728</u> |
| | <u>\$ 60,556</u> | <u>\$ 45,658</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>2013</u> | <u>2012</u> |
|------------------------|-------------------|------------------|
| Prior year receivables | \$ (20,024) | \$ 42,243 |
| Prior year payables | <u>15,076</u> | <u>(15,829)</u> |
| | <u>\$ (4,948)</u> | <u>\$ 26,414</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, 2013

| 12. Asset valuation allowances | <u>2013</u> | <u>2012</u> |
|---------------------------------|-------------------|-------------------|
| For uncollected taxes | | |
| Balance, beginning of year | \$ 238,338 | \$ 225,946 |
| Provision for the year | 51,660 | 18,971 |
| Less write offs and adjustments | <u>(41,123)</u> | <u>(6,579)</u> |
| Balance, end of year | <u>248,875</u> | <u>\$ 238,338</u> |
| For uncollected interest | | |
| Balance, beginning of year | \$ 471,459 | \$ 339,225 |
| Provision for the year | (26,789) | 141,562 |
| Less write offs and adjustments | <u>(36,080)</u> | <u>(9,328)</u> |
| Balance, end of year | <u>408,590</u> | <u>\$ 471,459</u> |
| | <u>\$ 657,465</u> | <u>\$ 709,797</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> |
|------|----------------------------|
| 2014 | \$ 327,600 |
| 2015 | \$ 329,200 |
| 2016 | \$ 330,900 |
| 2017 | \$ 332,600 |
| 2018 | \$ 334,400 |

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, 2013

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>2013</u> | <u>2012</u> |
|---|-------------|-------------|
| Cape Breton Island Housing Authority | \$ 57,488 | \$ 35,107 |
| Eastern County Regional Library | 61,603 | 60,603 |
| Eastern District Planning Commission | 170,659 | 170,681 |
| Strait Highlands Regional Development Agency | 69,961 | 68,101 |
| Richmond County – Port Hawkesbury Joint Development Commission | (172) | (173) |

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2013.

- (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 (2012 - \$150,000) on behalf of the Housing Corporation which is indebted to the bank in the amount of NIL as at March 31, 2013, (2012 – NIL).

The Housing Corporation had an accumulated operating deficit of \$641,469 as at March 31, 2013, (2012 - \$320,038 deficit).

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

March 31, 2013

15. Contributions to Boards and Commissions (continued)

ii) Municipality of the County of Richmond Water Utility

During the year the Municipality paid \$179,724 (2012 - \$178,351) 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 (2012 - \$165,000).

The Utility has an accumulated operating surplus of \$166,355 as at March 31, 2013, (2012 - \$140,582).

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 period by the Municipality were \$297,400 (2012 - \$317,000).

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 \$309,365 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, 2013

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> |
|------------------|-----------------|---------------------|
| Steve Sampson | Warden | \$ 37,017 |
| Rod Sampson | Councillor | \$ 19,743 |
| Stephen MacNeil | Councillor | \$ 19,743 |
| Brian Marchand | Councillor | \$ 19,743 |
| Gail Johnson | Councillor | \$ 19,743 |
| Shirley McNamara | Councillor | \$ 19,743 |
| Victor David | Councillor | \$ 19,743 |
| Malcolm Beaton | Councillor | \$ 19,743 |
| Gilbert Boucher | Councillor | \$ 19,743 |
| Alvin Martell | Deputy-Warden | \$ 24,677 |
| Warren Olsen | CAO | \$ 118,921 |

19. Operating fund expenditures by object

| | <u>2013</u> | <u>2012</u> |
|------------------------------|-----------------------------|----------------------------|
| Salaries, wages and benefits | \$ 2,276,151 | \$ 2,165,318 |
| Materials and services | 3,112,503 | 3,033,576 |
| External transfers | 2,800,197 | 2,777,324 |
| Contracted services | 1,958,065 | 1,856,752 |
| Amortization | 520,795 | 413,896 |
| Interest on long term debt | 155,051 | 171,667 |
| Financial and other | <u>30,215</u> | <u>163,610</u> |
| | <u>\$ 10,852,977</u> | <u>\$10,582,143</u> |

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

March 31, 2013

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 \$1,507,600. This liability is based on actuarial estimates as of March 31, 2013. 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, 2013:

| | <u>2013</u> | <u>2012</u> |
|---|---------------------|---------------------|
| Liability – Statement of financial position | | |
| Accrued benefit obligation end of year | \$ 6,928,800 | \$ 6,481,400 |
| Pension fund assets end of year | (4,861,800) | (4,579,600) |
| Unamortized actuarial (losses) gains | (559,400) | (423,200) |
| | <u>\$ 1,507,600</u> | <u>\$ 1,478,600</u> |
| Expenses – Statement of operations | | |
| Current service cost | \$ 243,400 | \$ 230,200 |
| Amortization of actuarial (gains) losses | 12,800 | 8,200 |
| Regular contributions by employees | (82,700) | (98,200) |
| Interest on average pension liability during the year | <u>113,600</u> | <u>103,900</u> |
| Total expense: | <u>\$ 287,100</u> | <u>\$ 244,100</u> |

21. Other matters

During the year, 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.
-

Municipality of the County of Richmond

Schedule D - Debt charges and term debt

Year ended March 31, 2013

| | <u>Due date</u> | <u>Interest rate</u> | <u>Loan Continuity</u> | | | <u>Balance March 31, 2013</u> | <u>Interest</u> |
|---------------------------|-----------------|----------------------|-------------------------------|------------------|-------------------|-------------------------------|-------------------|
| | | | <u>Balance March 31, 2012</u> | <u>Additions</u> | <u>Redeemed</u> | | |
| Municipal purposes | | | | | | | |
| Serial debentures | | | | | | | |
| Building | 2020 | 5.39% | \$ 1,013,331 | \$ - | \$ 126,667 | \$ 886,664 | \$ 50,677 |
| Landfill | 2021 | 4.50% | 1,200,000 | - | 120,000 | 1,080,000 | 50,713 |
| Sidewalks | 2023 | 4.42% | <u>459,751</u> | - | <u>38,312</u> | <u>421,439</u> | <u>20,749</u> |
| | | | 2,673,082 | - | 284,979 | 2,388,103 | 122,139 |
| Term debt | | | | | | | |
| CMHC | 2026 - 2031 | 3.75% | <u>875,104</u> | - | <u>41,127</u> | <u>833,977</u> | <u>32,912</u> |
| | | | <u>\$ 3,548,186</u> | <u>\$ -</u> | <u>\$ 326,106</u> | <u>\$ 3,222,080</u> | <u>\$ 155,051</u> |