

Financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Richmond
Water Utility

March 31, 2022

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Advisory to readers

The Municipality of the County of Richmond Water Utility prepares these financial statements to show the details of the individual funds managed by the Utility. In particular, they provide information as to how each of the funds performed compared to the approved Operating Budget of the Utility.

These financial statements have **not** been audited. The financial statements are **not** presented in full accordance with Canadian generally accepted accounting principles.

Municipality of the County of Richmond Water Utility

Operating fund statement of financial position

(Unaudited - see advisory to readers)

March 31 2022 2021

Assets

Cash	\$ 714,860	\$ 769,266
Receivables		
Rates (less allowance for doubtful accounts \$2,643 2021 - \$3,563)	120,775	136,566
Other receivables	<u>11,142</u>	<u>9,568</u>
	<u>\$ 846,777</u>	<u>\$ 915,400</u>

Liabilities

Payables and accruals	\$ 53,932	\$ 37,767
Due to General operating fund	104,821	141,158
Due to Water utility capital fund	<u>98,352</u>	<u>75,468</u>
	257,105	254,393

Net assets \$ 589,672 \$ 661,007

Fund balance \$ 589,672 \$ 661,007

On behalf of the Municipality of the County of Richmond

_____ Warden

_____ Deputy Warden

See accompanying notes to the financial statements.

Municipality of the County of Richmond Water Utility

Operating fund statement of financial activities

(Unaudited - see advisory to readers)

	2022	2021
	<u>Budget</u>	<u>Actual</u>
Operating revenues		<u>Actual</u>
Base rate sales	\$ 182,500	\$ 187,903
Metered sales	340,500	331,293
Public fire protection	147,000	147,063
Other revenue	<u>17,500</u>	<u>23,183</u>
	<u>687,500</u>	<u>714,092</u>
Operating expenditures		
Pumping	137,500	138,976
Water treatment	80,000	89,686
Transmission and distribution	325,398	315,792
Administrative and general	74,000	60,741
Depreciation	<u>100,000</u>	<u>98,352</u>
	<u>716,898</u>	<u>659,180</u>
Net operating revenue	<u>(29,398)</u>	<u>(14,105)</u>
Non-operating expenditure		
Capital from operations	<u>105,000</u>	<u>87,489</u>
Excess of revenues over expenditures	<u>\$ (134,398)</u>	<u>(32,577)</u>
Beginning fund balance		<u>661,007</u>
Ending fund balance		<u>\$ 589,672</u>

See accompanying notes to the financial statements.

Municipality of the County of Richmond Water Utility

Capital fund statement of financial position

(Unaudited - see advisory to readers)

March 31	2022	2021
Assets		
Cash - depreciation	\$ 75,468	\$ -
Due from Water utility operating fund	<u>98,352</u>	<u>75,468</u>
	173,820	75,468
Liabilities		
Deferred government contributions (net)	<u>2,233,187</u>	<u>2,278,233</u>
Net financial assets	<u>(2,059,367)</u>	<u>(2,202,765)</u>
Non financial assets		
Net utility plant in service	<u>8,619,070</u>	<u>8,705,238</u>
Net assets	<u>\$ 6,559,703</u>	<u>\$ 6,502,473</u>
Investment in capital assets (page 5)	<u>\$ 6,559,703</u>	<u>\$ 6,502,473</u>

On behalf of the Municipality of the County of Richmond

_____ Warden

_____ Deputy Warden

See accompanying notes to the financial statements.

Municipality of the County of Richmond Water Utility

Capital fund statement of investment in capital assets

(Unaudited - see advisory to readers)

Year ended March 31	2022	2021
Balance, beginning of year	\$ 6,502,473	\$ 6,414,984
Additions to capital from operations	<u>57,230</u>	<u>87,489</u>
Balance, end of year	<u>\$ 6,559,703</u>	<u>\$ 6,502,473</u>

See accompanying notes to the financial statements.

Municipality of the County of Richmond Water Utility

Schedule of utility plant and equipment

(Unaudited - see advisory to readers)

March 31	2022	2021
Land	\$ 93,060	\$ 93,060
Structures and improvements		
Lakes, rivers, and other intakes	466,859	466,859
Power and pumping structures	1,882,301	1,825,071
Distribution reservoirs and standpipes	827,160	827,160
Treatment plant	3,231,032	3,231,032
Equipment		
Other	134,374	134,374
Electric pumping	93,317	93,317
Other pumping	35,264	35,264
Water treatment	417,478	417,478
Transmission mains	1,328,637	1,328,637
Distribution mains	1,703,915	1,703,915
Services	265,196	265,196
Meters	247,539	247,539
Hydrants	<u>313,409</u>	<u>313,409</u>
	<u>\$ 11,039,541</u>	<u>\$ 10,982,311</u>

See accompanying notes to the financial statements.

Municipality of the County of Richmond Water Utility

Schedule of operating expenses

(Unaudited - see advisory to readers)

Year ended March 31

2022

2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Pumping			
Power	\$ 76,000	\$ 71,977	\$ 70,731
Maintenance	<u>61,500</u>	<u>66,999</u>	<u>24,809</u>
	<u>\$ 137,500</u>	<u>\$ 138,976</u>	<u>\$ 95,540</u>
Water treatment			
Supplies and expenses	<u>\$ 80,000</u>	<u>\$ 89,686</u>	<u>\$ 80,250</u>
Transmission and distribution			
Administration charge – Richmond County	\$ 233,398	\$ 233,398	\$ 226,600
Maintenance of mains and services	82,000	75,000	91,158
Maintenance of meters and meter reading	<u>10,000</u>	<u>7,394</u>	<u>1,844</u>
	<u>\$ 325,398</u>	<u>\$ 315,792</u>	<u>\$ 319,602</u>
Administrative and general			
Regulatory expenses	\$ 2,000	\$ 2,646	\$ 1,774
Professional fees	15,000	5,751	5,000
Insurance	21,000	20,954	20,954
Bad debts (recovery)	500	(921)	1,992
Office	3,000	2,500	3,464
Miscellaneous	<u>32,500</u>	<u>29,811</u>	<u>33,195</u>
	<u>\$ 74,000</u>	<u>\$ 60,741</u>	<u>\$ 66,379</u>
Depreciation	<u>\$ 100,000</u>	<u>\$ 98,352</u>	<u>\$ 97,409</u>

See accompanying notes to the financial statements.

Municipality of the County of Richmond Water Utility

Notes to the financial statements

(Unaudited - see advisory to readers)

March 31, 2022

1. Summary of significant accounting policies

Revenue and expenditure (operating fund)

Major revenue and expenditure items are recorded on an accrual basis.

Principal and interest payments relating to term debt are recorded as an expenditure when due.

Utility plant in service acquired with operating funds is recorded as an expenditure when incurred.

Capital fund

Utility plant in service

Utility plant in service is recorded at cost. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as deferred contributions and are amortized at the same rate as the related asset.

Depreciation

The Water Utility records depreciation which is calculated based on a formula prescribed by the Public Utilities Board. The Public Utilities Board requires that an amount of cash equal to the depreciation claimed is to be transferred to a special bank account which is used to help fund replacement of existing plant in service, or subject to approval by the Public Utilities Board, to repay principal on term debt. The Water Utility has set aside cash in the amount of \$75,468 (2021 - \$nil). Interest on depreciation funds is retained in the Capital fund.

Use of estimates

In preparing the Water Utility's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Financial instruments

The Water Utility's financial instruments consist of cash, receivables, and payables and accruals. Unless otherwise noted, it is management's opinion that the Utility is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Municipality of the County of Richmond Water Utility

Notes to the financial statements

(Unaudited - see advisory to readers)

March 31, 2022

2. Depreciation fund	<u>2022</u>	<u>2021</u>
Cash, beginning of year	\$ -	\$ -
Transfers from operating fund, net	<u>75,468</u>	<u>-</u>
Cash, end of year	<u>\$ 75,468</u>	<u>\$ -</u>

3. Rate of return on rate base

For the year ended March 31, 2022, the Water Utility had a rate of return on rate base of -0.16% (2021: 0.63%).
