



Grant Thornton

Non-consolidated financial statements

Municipality of the County of Richmond

March 31, 2012

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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, 2012, 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, 2012, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Sydney, Canada

June 25, 2012

*Grant Thornton LLP*  
Chartered accountants

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

March 31

2012

2011

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**Financial assets**

Cash	\$ <u>-</u>	\$ <u>1,147,635</u>
Receivables		
Taxes (Note 4)	2,502,178	1,023,260
Interest on taxes	<u>670,510</u>	<u>526,297</u>
	3,172,688	1,549,557
Less: allowance for doubtful accounts (Note 12)	<u>709,797</u>	<u>565,171</u>
	2,462,891	984,386
Special assessments	102,040	99,823
Due from provincial government and its agencies (Note 5)	12,571	112,732
Due from Nova Scotia Power Incorporated	267,507	276,003
Due from own funds and agencies (Note 6)	612,232	540,715
Due from other local governments (Note 7)	397,054	223,484
Other	<u>343,588</u>	<u>509,496</u>
	<u>4,197,883</u>	<u>2,746,639</u>
Loans and advances		
Employee loans (Note 3)	<u>3,583</u>	<u>8,349</u>
Total financial assets	<u>\$ 4,201,466</u>	<u>\$ 3,902,623</u>

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See accompanying notes to the non-consolidated financial statements.

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# Municipality of the County of Richmond

## General section

### Operating fund statement of financial position

March 31

2012

2011

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#### Liabilities and operating equity

Bank indebtedness	<u>\$ 579,628</u>	<u>\$ 185,850</u>
Due to own funds and agencies (Note 8)	91,279	874,707
Due to other local governments (Note 9)	45,658	91,569
Trade payables	<u>4,487,938</u>	<u>4,037,654</u>
	<u>4,624,875</u>	<u>5,003,930</u>
Other liabilities		
Deferred revenue	61,693	31,693
Prepayment of taxes	87,755	35,673
Tax sale surplus (Note 10)	<u>153,141</u>	<u>141,049</u>
	<u>302,589</u>	<u>208,415</u>
	<u>5,507,092</u>	<u>5,398,195</u>
<b>Net financial liabilities</b>	<u><b>(1,305,626)</b></u>	<u><b>\$ (1,495,572)</b></u>

#### Non-financial assets

Land acquired for special assessments	\$ 421,297	\$ 421,297
Prepaid expense	<u>284,638</u>	<u>276,791</u>
Total non-financial assets	705,935	698,088
Amounts to be recovered from future revenues	<u>940,644</u>	<u>1,058,223</u>
	<u>1,646,579</u>	<u>1,756,311</u>
<b>Net assets and fund balance</b>	<u><b>\$ 340,953</b></u>	<u><b>\$ 260,739</b></u>

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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

2012

2011

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 8,659,573	\$ <b>8,761,423</b>	\$ 9,177,982
Grants in lieu of taxes	1,423,100	<b>1,388,010</b>	1,338,025
Other revenue from own sources	384,000	<b>640,189</b>	539,705
Conditional transfers from federal and provincial governments and agencies	67,000	<b>79,675</b>	74,123
Collections for other government	<u>170,000</u>	<u><b>182,228</b></u>	<u>166,634</u>
	<u>10,703,673</u>	<u><b>11,051,525</b></u>	<u>11,296,469</u>
Expenditures (Schedule B)			
General government services	3,550,637	<b>3,747,770</b>	4,091,238
Protective services	2,263,100	<b>2,320,112</b>	2,218,214
Transportation services	581,200	<b>598,215</b>	594,630
Environmental health services	1,528,398	<b>1,885,988</b>	1,672,664
Public health and welfare services	181,500	<b>191,920</b>	160,941
Environmental development services	1,100,760	<b>1,103,094</b>	955,330
Recreation and cultural services	708,003	<b>526,402</b>	708,588
Collections for other government	170,000	<b>182,228</b>	166,634
Extraordinary and special items	<u>10,000</u>	<u><b>26,414</b></u>	<u>(613)</u>
	<u>10,093,598</u>	<u><b>10,582,143</b></u>	<u>10,567,626</u>
Excess of revenue over expenditures	<u>610,075</u>	<u><b>469,382</b></u>	<u>728,843</u>
Financing and transfers			
Debenture principal instalment	(404,625)	<b>(404,625)</b>	(364,979)
Gas tax	-	-	-
Transfer from surplus	-	-	50,000
Transfer from general capital fund	(207,450)	<b>10,571</b>	287,249
Transfer (to) from operating reserve fund	-	-	(625,000)
Transfer from capital reserve	<u>2,000</u>	<u><b>4,886</b></u>	<u>3,231</u>
	<u>(610,075)</u>	<u><b>(389,168)</b></u>	<u>(649,499)</u>
Change in fund balance	<u>\$ -</u>	<u><b>\$ 80,214</b></u>	<u>\$ 79,344</u>

See accompanying notes to the non-consolidated financial statements.

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

Year ended March 31 2012 2011

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Operating fund surplus, beginning of year	\$ 260,739	\$ 231,395
Transfer to current operations	-	(50,000)
Change in fund balance	<u>80,214</u>	<u>79,344</u>
Operating fund surplus, end of year	<u>\$ 340,953</u>	<u>\$ 260,739</u>

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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	2012	2011
<b>Financial assets</b>		
Accounts receivable	\$ <u>165,233</u>	\$ <u>390,496</u>
<b>Liabilities</b>		
Accounts payable	179,295	277,157
Due to general operating fund	<u>611,435</u>	<u>539,745</u>
	<u>790,730</u>	<u>816,902</u>
Long term debt (Note 14) (Schedule D)		
Serial debentures payable	<u>3,548,186</u>	<u>3,952,811</u>
Net liabilities	<u>(4,173,683)</u>	<u>(4,379,217)</u>
<b>Non-financial assets</b>		
Tangible assets		
Property acquired at tax sale	96,433	96,433
Plant and equipment (Schedule C)	11,816,284	7,762,921
Work in progress	<u>468,157</u>	<u>3,799,501</u>
	<u>12,380,874</u>	<u>11,658,855</u>
Other assets		
Unamortized discount on debentures	<u>18,634</u>	<u>22,138</u>
	<u>12,399,508</u>	<u>11,680,993</u>
Net assets	<u>\$ 8,225,825</u>	<u>\$ 7,301,776</u>
Fund balance	\$ 744,699	\$ 526,391
Investment in capital assets	<u>7,481,126</u>	<u>6,775,385</u>
	<u>\$ 8,225,825</u>	<u>\$ 7,301,776</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	2012		2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Government grants	\$ 400,000	\$ 393,841	\$ 2,608,568
Recovery of under financing	<u>20,000</u>	<u>19,655</u>	<u>19,030</u>
	<u>420,000</u>	<u>413,496</u>	<u>2,627,598</u>
Expenditures			
Capital additions and work in progress	1,000,000	1,135,913	3,678,281
Amortization of other assets and depreciation	<u>(400,000)</u>	<u>(417,400)</u>	<u>(314,969)</u>
	<u>600,000</u>	<u>718,513</u>	<u>3,363,312</u>
Net expenditure	(180,000)	(305,017)	(735,714)
Financing and transfers			
Long term debt	-	-	914,750
Capital expenditures from operations	<u>361,450</u>	<u>523,325</u>	<u>30,812</u>
Change in fund balance	\$ <u>181,450</u>	\$ <u>218,308</u>	\$ <u>209,848</u>
Beginning fund balance	<u>-</u>	<u>526,391</u>	<u>316,543</u>
Ending fund balance	<u>\$ -</u>	<u>\$ 744,699</u>	<u>\$ 526,391</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

2012

2011

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Taxes</b>			
Assessable property			
Residential	\$ 3,649,100	\$ <b>3,661,272</b>	\$ 3,445,535
Commercial			
Based on taxable assessment	5,351,200	<b>5,365,674</b>	5,375,944
Resource			
Based on taxable assessment	706,839	<b>707,445</b>	697,190
Forest property tax			
(less than 50,000 acres)	13,100	<b>13,046</b>	13,044
Forest property tax			
(50,000 acres or more)	<u>6,100</u>	<u><b>6,290</b></u>	<u>6,143</u>
	<u>9,726,339</u>	<u><b>9,753,727</b></u>	<u>9,537,856</u>
Area rates			
Fire protection	541,000	<b>576,291</b>	547,323
Environmental health services	<u>99,613</u>	<u><b>86,374</b></u>	<u>86,835</u>
	<u>640,613</u>	<u><b>662,665</b></u>	<u>634,158</u>
Business property			
Business occupancy	17,200	<b>17,174</b>	16,003
Based on revenue	<u>73,000</u>	<u><b>62,500</b></u>	<u>73,275</u>
	<u>90,200</u>	<u><b>79,674</b></u>	<u>89,278</u>
Other			
Deed transfer tax	<u>130,000</u>	<u><b>185,824</b></u>	<u>921,149</u>
Special assessments			
Sewer services by-law	<u>547,421</u>	<u><b>521,856</b></u>	<u>424,203</u>
	11,134,573	<b>11,203,746</b>	11,606,644
Education expenditure as a			
Reduction of tax revenue			
Appropriation to regional school board	<u>(2,475,000)</u>	<u><b>(2,442,323)</b></u>	<u>(2,428,662)</u>
	<u>\$ 8,659,573</u>	<u><b>\$ 8,761,423</b></u>	<u>\$ 9,177,982</u>
<b>Grants in lieu of taxes</b>			
Federal government	33,000	\$ <b>32,422</b>	\$ 32,142
Provincial government			
Property	50,000	<b>57,940</b>	55,703
Crown timber lands	41,000	<b>41,103</b>	40,542
Provincial government agencies			
Nova Scotia Liquor Commission	14,100	<b>14,412</b>	14,036
Other			
Nova Scotia Power Incorporated	1,145,000	<b>1,101,019</b>	1,195,602
Windmills	<u>140,000</u>	<u><b>141,114</b></u>	<u>-</u>
	<u>\$ 1,423,100</u>	<u><b>\$ 1,388,010</b></u>	<u>\$ 1,338,025</u>

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

Year ended March 31	<b>2012</b>		2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Other revenue from own sources</b>			
Licenses and permits	\$ 22,700	\$ <b>23,841</b>	\$ 29,528
Rentals	9,800	<b>9,803</b>	9,803
Return on investments	80,000	<b>106,139</b>	96,878
Penalties and interest on taxes and special assessments	179,500	<b>317,598</b>	235,236
Industrial mall	-	-	-
Miscellaneous	<u>92,000</u>	<u><b>182,808</b></u>	<u>168,260</u>
	<u>\$ 384,000</u>	<u>\$ <b>640,189</b></u>	<u>\$ 539,705</u>
<b>Conditional transfers from federal and provincial governments and agencies</b>			
Federal government			
Recreation and cultural services Canada Works Program	\$ 4,500	\$ <b>4,057</b>	\$ 4,416
Provincial government			
Environmental health services recycling	<u>62,500</u>	<u><b>75,618</b></u>	<u>69,707</u>
	<u>\$ 67,000</u>	<u>\$ <b>79,675</b></u>	<u>\$ 74,123</u>
<b>Collections for other government</b>			
Village of St. Peters	<u>\$ 170,000</u>	<u>\$ <b>182,228</b></u>	<u>\$ 166,634</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	<u>2012</u>	<u>2011</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>General government services</b>			
Legislative			
Warden			
Stipend	\$ 35,400	\$ 34,993	\$ 34,310
Travel and meeting fees	15,000	5,048	11,073
Council			
Stipend	175,000	172,631	169,262
Travel and meeting fees	40,000	57,730	32,363
	<u>265,400</u>	<u>270,402</u>	<u>247,008</u>
Administrative			
Salaries and wages	719,700	737,690	654,966
Employee benefits	677,200	737,217	847,187
Office buildings	174,440	186,970	161,820
Legal services	50,000	48,642	57,588
Office expenses	139,000	121,279	123,645
Other administrative services	92,978	107,532	234,912
Financial management	16,000	16,299	16,127
Taxation			
Transfer for assessment services	281,900	281,903	281,194
Exemption to halls	286,000	282,708	276,808
Capped assessment	606,600	606,600	565,200
	<u>3,043,818</u>	<u>3,126,840</u>	<u>3,219,447</u>
Debt charges			
Interest on short term debt			
General operations interest	6,000	3,077	5,983
Interest on long term debt			
Debenture interest	57,419	57,419	59,214
	<u>63,419</u>	<u>60,496</u>	<u>65,197</u>
Valuation allowance			
Uncollectible taxes	75,000	18,971	236,047
Uncollectible interest	75,000	141,562	118,232
	<u>150,000</u>	<u>160,533</u>	<u>354,279</u>
Other general services			
Amortization	-	101,117	82,898
Intergovernmental relations	28,000	28,382	27,359
Grant to organizations and individuals	-	-	95,050
	<u>28,000</u>	<u>129,499</u>	<u>205,307</u>
	<u>\$ 3,550,637</u>	<u>\$ 3,747,770</u>	<u>\$ 4,091,238</u>

# Municipality of the County of Richmond

## General section

### Schedule B - Details of expenditures (Continued)

Year ended March 31 2012 2011

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Protective services</b>			
Police protection			
Contracted policing	\$ 1,206,000	\$ 1,221,917	\$ 1,170,336
Law enforcement			
County court	63,000	74,808	56,326
Transfer to correctional services	130,000	127,782	172,106
Other	-	-	-
	<u>1,399,000</u>	<u>1,424,507</u>	<u>1,398,768</u>
<b>Fire protection</b>			
Fire fighting force			
Fire services	25,000	25,000	25,000
Area rate levies	541,000	576,291	547,323
Water supply and hydrants	214,600	244,064	183,131
	<u>780,600</u>	<u>845,355</u>	<u>755,454</u>
<b>Other</b>			
Amortization	-	519	540
Maintenance area rate	39,000	25,761	24,684
Animal and pest control	14,500	11,567	13,175
Emergency measures	30,000	12,403	25,593
	<u>83,500</u>	<u>50,250</u>	<u>63,992</u>
	<u>\$ 2,263,100</u>	<u>\$ 2,320,112</u>	<u>\$ 2,218,214</u>
<b>Transportation services</b>			
Transportation fee	\$ 151,200	\$ 146,310	\$ 142,782
Street lighting	390,000	386,116	381,378
Amortization	-	30,787	32,071
Air transport	40,000	35,002	38,399
	<u>\$ 581,200</u>	<u>\$ 598,215</u>	<u>\$ 594,630</u>

# Municipality of the County of Richmond

## General section

### Schedule B - Details of expenditures (Continued)

Year ended March 31	2012	2011	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Environmental health services</b>			
Administration	\$ 191,350	\$ 198,178	\$ 178,719
Sewage collection and disposal			
Central treatment plant	318,500	299,195	278,034
Garbage collection and disposal			
Garbage and waste collection	330,000	325,830	321,430
Municipal dumps	574,300	676,164	613,518
Amortization	-	272,373	191,322
Debt charges			
Interest on long term debt	<u>114,248</u>	<u>114,248</u>	<u>89,641</u>
	<u>\$ 1,528,398</u>	<u>\$ 1,885,988</u>	<u>\$ 1,672,664</u>
<b>Public health and welfare services</b>			
Public health			
Board of health	\$ 150,500	\$ 156,813	\$ 100,417
Housing			
Deficit of Cape Breton Island			
Housing Authority (Richmond district)	<u>31,000</u>	<u>35,107</u>	<u>60,524</u>
	<u>\$ 181,500</u>	<u>\$ 191,920</u>	<u>\$ 160,941</u>
<b>Environmental development services</b>			
Transfer to			
Eastern District Planning Commission	\$ 158,200	\$ 170,681	\$ 157,801
Industrial Mall	-	4,203	5,945
Economic development and tourism	<u>942,560</u>	<u>928,210</u>	<u>791,584</u>
	<u>\$ 1,100,760</u>	<u>\$ 1,103,094</u>	<u>\$ 955,330</u>
<b>Recreation and cultural services</b>			
Recreation facilities			
Administration	\$ 374,403	\$ 284,609	\$ 378,368
Amortization	-	9,100	4,641
Programs and grants	232,000	119,673	223,966
Canada works program	<u>22,500</u>	<u>36,929</u>	<u>24,827</u>
	628,903	450,311	631,802
Cultural buildings and facilities			
Libraries	15,600	15,488	15,114
Transfer to regional library	<u>63,500</u>	<u>60,603</u>	<u>61,672</u>
	<u>\$ 708,003</u>	<u>\$ 526,402</u>	<u>\$ 708,588</u>

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

Year ended March 31	2012	2011
	<u>Budget</u>	<u>Actual</u>
<b>Collections for other government</b>		<u>Actual</u>
Village of St. Peter's	\$ 170,000	\$ 182,228
		\$ 166,634
<b>Extraordinary and special items</b>		
Adjustment of prior year's revenue and expenditures	\$ 10,000	\$ 26,414
		\$ (613)

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See accompanying notes to the non-consolidated financial statements.

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

Year ended March 31

2012

2011

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 710,711	\$ -	\$ 710,711	\$ 693,100
Buildings	14,801,974	5,122,908	<b>9,679,066</b>	5,840,483
Machinery and equipment	1,170,676	549,556	<b>621,120</b>	373,186
Vehicles	135,221	89,970	<b>45,251</b>	61,045
Sidewalks	856,167	143,528	<b>712,639</b>	742,332
Landfill	<u>163,708</u>	<u>116,211</u>	<u><b>47,497</b></u>	<u>52,775</u>
	<u><b>\$17,838,457</b></u>	<u><b>\$ 6,022,173</b></u>	<u><b>\$ 11,816,284</b></u>	<u><b>\$ 7,762,921</b></u>

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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 2012 2011

**Assets**

Cash	\$ 1,063,571	\$ 1,137,588
Receivable from operating fund	15,000	65,000
Receivable from Province of Nova Scotia	<u>246,681</u>	<u>-</u>
	<u>\$ 1,325,252</u>	<u>\$ 1,202,588</u>

**Reserve**

Gas tax	\$ 840,031	\$ 732,367
Landfill closure	294,365	279,365
Capital	125,210	125,210
Water utility	<u>65,646</u>	<u>65,646</u>
	<u>\$ 1,325,252</u>	<u>\$ 1,202,588</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 2012 2011

Proceeds on sale of property	\$ -	\$ -
Gas tax revenue	493,362	494,714
Interest earned	<u>7,256</u>	<u>7,439</u>
	<u>500,618</u>	<u>502,153</u>
Transfer from operating fund	15,000	65,000
Transfer to operating fund	<u>(392,954)</u>	<u>(611,644)</u>
Change in fund balance	122,664	(44,491)
Balance, beginning of year	<u>1,202,588</u>	<u>1,247,079</u>
Balance, end of year	<u>\$ 1,325,252</u>	<u>\$ 1,202,588</u>

See accompanying notes to the non-consolidated financial statements.

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**Municipality of the County of Richmond**  
**Reserve funds section**  
**Operating reserve statement of financial position**

March 31 2012 2011

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**Financial assets**

Cash	\$ 3,791,745	\$ 3,166,745
Due from general section, operating fund	<u>-</u>	<u>625,000</u>
	<b><u>\$ 3,791,745</u></b>	<b><u>\$ 3,791,745</u></b>

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**Reserve**

Infrastructure reserve	\$ 331,430	\$ 331,430
Tax rate stabilization reserve	<u>3,460,315</u>	<u>3,460,315</u>
	<b><u>\$ 3,791,745</u></b>	<b><u>\$ 3,791,745</u></b>

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On behalf of the Municipality of the County of Richmond

\_\_\_\_\_ Warden \_\_\_\_\_ Clerk

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**Reserve funds section**  
**Operating reserve statement of financial activities**

Year ended March 31 2012 2011

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

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See accompanying notes to the non-consolidated financial statements.

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# Municipality of the County of Richmond

## Notes to the non-consolidated financial statements

March 31, 2012

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### 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.

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# Municipality of the County of Richmond

## Notes to the non-consolidated financial statements

March 31, 2012

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### 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.

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### 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 \$ 3,583 as at March 31, 2012, represents the cost of computers acquired less any repayments to date.

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<b>4. Taxes receivable</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Balance, beginning of year	\$ 1,023,260	\$ 1,270,680
Levy	<u>10,864,118</u>	<u>11,318,816</u>
	<b>11,887,378</b>	<b>12,589,496</b>
Collections	<u>9,385,200</u>	<u>11,566,236</u>
	<b><u>\$ 2,502,178</u></b>	<b><u>\$ 1,023,260</u></b>
Allocation of balance:		
Current	\$ 1,967,762	\$ 530,117
Prior year	<u>534,416</u>	<u>493,143</u>
	<b><u>\$ 2,502,178</u></b>	<b><u>\$ 1,023,260</u></b>

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# Municipality of the County of Richmond

## Notes to the non-consolidated financial statements

March 31, 2012

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<b>5. Due from provincial government and its agencies</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Sundry	\$ <b><u>12,571</u></b>	\$ <b><u>112,732</u></b>

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<b>6. Due from own funds and agencies</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Own funds		
Capital fund	\$ <b>611,435</b>	\$ 539,745
Own agencies		
Richmond County-Port Hawkesbury Joint Development Commission	<b><u>797</u></b>	<b><u>970</u></b>
	<b><u>\$ 612,232</u></b>	<b><u>\$ 540,715</u></b>

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<b>7. Due from other local governments</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Framboise – Forchu Fire Department	\$ <b>10,707</b>	\$ 15,000
Grand River Fire Department	-	3,464
District 10 Fire Department	<b>22,793</b>	33,384
St. Peter’s Fire Department	<b>149,902</b>	-
Isle Madame Fire Department	<b><u>213,652</u></b>	<b><u>171,636</u></b>
	<b><u>\$ 397,054</u></b>	<b><u>\$ 223,484</u></b>

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<b>8. Due to own funds and agencies</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Own funds –		
Operating Reserve	\$ -	\$ 625,000
Capital Reserve Section	<b>15,000</b>	65,000
Water Utility fund	<b>15,755</b>	124,183
Own agencies		
Cape Breton Island Housing Authority	<b><u>60,524</u></b>	<b><u>60,524</u></b>
	<b><u>\$ 91,279</u></b>	<b><u>\$ 874,707</u></b>

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# Municipality of the County of Richmond

## Notes to the non-consolidated financial statements

March 31, 2012

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<b>9. Due to other local governments</b>	<u>2012</u>	<u>2011</u>
L'Ardoise Fire Department	\$ 3,060	\$ 20,068
Loch Lomond Fire Department	743	511
Louisdale Fire Department	34,963	-
St. Peters Fire Department	-	24,356
Grand River Fire Department	6,164	-
St. Peters Village Commission	<u>728</u>	<u>46,634</u>
	<u>\$ 45,658</u>	<u>\$ 91,569</u>

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### 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.

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### 11. Extraordinary and special items

	<u>2012</u>	<u>2011</u>
Prior year receivables	\$ 42,243	\$ 4,661
Prior year payables	<u>(15,829)</u>	<u>(5,274)</u>
	<u>\$ 26,414</u>	<u>\$ (613)</u>

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

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# Municipality of the County of Richmond

## Notes to the non-consolidated financial statements

March 31, 2012

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<b>12. Asset valuation allowances</b>	<u>2012</u>	<u>2011</u>
For uncollected taxes		
Balance, beginning of year	\$ 225,946	\$ 376,423
Provision for the year	18,971	236,046
Less write offs and adjustments	<u>(6,579)</u>	<u>(386,523)</u>
Balance, end of year	<u>\$ 238,338</u>	<u>\$ 225,946</u>
For uncollected interest		
Balance, beginning of year	\$ 339,225	\$ 364,476
Provision for the year	141,562	118,231
Less write offs and adjustments	<u>(9,328)</u>	<u>(143,482)</u>
Balance, end of year	<u>\$ 471,459</u>	<u>\$ 339,225</u>
	<u>\$ 709,797</u>	<u>\$ 565,171</u>

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### 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.

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### 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>
2013	\$ 326,100
2014	\$ 327,600
2015	\$ 329,200
2016	\$ 330,900
2017	\$ 332,600

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

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# Municipality of the County of Richmond

## Notes to the non-consolidated financial statements

March 31, 2012

### 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>2012</u>	<u>2011</u>
Cape Breton Island Housing Authority	\$ 35,107	\$ 60,524
Eastern County Regional Library	60,603	\$ 61,672
Eastern District Planning Commission	170,681	\$ 157,801
Strait Highlands Regional Development Agency	68,101	\$ 64,197
Richmond County – Port Hawkesbury Joint Development Commission	(173)	\$ (185)

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2012.

- (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 (2011 - \$150,000) on behalf of the Housing Corporation which is indebted to the bank in the amount of NIL as at March 31, 2012, (2011 – NIL).

The Housing Corporation had an accumulated operating deficit of \$320,038 as at March 31, 2012, (2011 - \$48,031 deficit).

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# Municipality of the County of Richmond

## Notes to the non-consolidated financial statements

March 31, 2012

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### 15. Contributions to Boards and Commissions (continued)

#### ii) Municipality of the County of Richmond Water Utility

During the year the Municipality paid \$178,351 (2011 - \$120,570) 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 (2011 - \$165,000).

The Utility has an accumulated operating surplus of \$140,582 as at March 31, 2012, (2011 - \$120,458).

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### 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 \$317,000 (2011 - \$340,100).

#### 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 \$294,365 in its capital reserve in anticipation of these costs.

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### 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.

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# Municipality of the County of Richmond

## Notes to the non-consolidated financial statements

March 31, 2012

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### 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	Deputy - Warden	\$ 24,075
Malcolm Beaton	Councillor	\$ 19,261
Gilbert Boucher	Councillor	\$ 19,261
Steve Sampson	Councillor	\$ 19,261
Alvin Martell	Councillor	\$ 19,261
Warren Olsen	CAO	\$116,020

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### 19. Operating fund expenditures by object

	<u>2012</u>	<u>2011</u>
Salaries, wages and benefits	\$ 2,165,318	\$ 2,262,812
Materials and services	3,033,576	2,973,263
External transfers	2,777,324	2,762,350
Contracted services	1,856,752	1,748,612
Amortization	413,896	311,472
Interest on long term debt	171,667	148,855
Financial and other	<u>163,610</u>	<u>360,262</u>
	<u>\$ 10,582,143</u>	<u>\$10,567,626</u>

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# Municipality of the County of Richmond

## Notes to the non-consolidated financial statements

March 31, 2012

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### 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 \$1,478,600. This liability is based on actuarial estimates as of March 31, 2012. 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>2012</u>	<u>2011</u>
Liability – Statement of financial position		
Accrued benefit obligation end of year	\$ 6,481,400	\$ 6,086,600
Pension fund assets end of year	(4,579,600)	(4,318,900)
Unamortized actuarial gains (losses)	<u>(423,200)</u>	<u>(249,400)</u>
	<u>\$ 1,478,600</u>	<u>\$ 1,518,300</u>
Expenses – Statement of operations		
Current service cost	\$ 230,200	\$ 177,300
Amortization of actuarial (gains) losses	8,200	-
Regular contributions by employees	(98,200)	(79,800)
Interest on average pension liability during the year	<u>103,900</u>	<u>101,800</u>
Total expense:	<u>\$ 244,100</u>	<u>\$ 199,300</u>

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# Municipality of the County of Richmond

## Schedule D - Debt charges and term debt

Year ended March 31, 2012

	<u>Due date</u>	<u>Interest rate</u>	<u>Loan Continuity</u>			<u>Balance March 31, 2012</u>	<u>Interest</u>
			<u>Balance March 31, 2011</u>	<u>Additions</u>	<u>Redeemed</u>		
<b>Municipal purposes</b>							
Serial debentures							
Building	2020	5.39%	\$ 1,139,998	\$ -	\$ 126,667	\$ 1,013,331	\$ 57,419
Sewers	2011	4.50%	80,000	-	80,000	-	1,872
Landfill	2021	4.50%	1,320,000	-	120,000	1,200,000	55,682
Sidewalks	2023	4.42%	<u>498,063</u>	<u>-</u>	<u>38,312</u>	<u>459,751</u>	<u>22,301</u>
			3,038,061	-	364,979	2,673,082	137,274
<b>Term debt</b>							
CMHC	2026-2031	3.75%	<u>914,750</u>	<u>-</u>	<u>39,646</u>	<u>875,104</u>	<u>34,393</u>
			<u>\$ 3,952,811</u>	<u>\$ -</u>	<u>\$ 404,625</u>	<u>\$ 3,548,186</u>	<u>\$ 171,667</u>