

Non-consolidated financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Richmond

March 31, 2017

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Advisory to readers

The Municipality of the County of Richmond prepares both consolidated and non-consolidated financial statements.

Non-consolidated financial statements are prepared to show the details of the individual funds managed by the Municipality. In particular, they provide information as to how each of the funds performed compared to the approved Operating Budget of the Municipality. For all other purposes, readers are advised to refer to the consolidated financial statements that have been audited.

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

Municipality of the County of Richmond

General section

Operating fund statement of financial position

(Unaudited - see advisory to readers)

March 31 2017 2016

Financial assets

Receivables

Taxes (Note 4)	\$ 1,560,257	\$ 1,540,316
Interest on taxes	<u>973,513</u>	<u>872,912</u>

	2,533,770	2,413,228
Less: allowance for doubtful accounts (Note 11)	<u>849,607</u>	<u>782,358</u>

	1,684,163	1,630,870
Sewer - special assessments	232,744	208,719
Due from provincial governments and its agencies (Note 5)	872,241	18,291
Due from federal government and its agencies (Note 5)	85,935	894,040
Due from own funds and agencies (Note 6)	821,742	59,091
Due from other local organizations (Note 7)	377,584	71,514
Other	<u>123,668</u>	<u>156,702</u>

	<u>4,198,077</u>	<u>3,039,227</u>
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Loans and advances

Employee loans (Note 3)	<u>6,223</u>	<u>5,285</u>
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Total financial assets	<u>\$ 4,204,300</u>	<u>\$ 3,044,512</u>
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See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Operating fund statement of financial position

(Unaudited - see advisory to readers)

March 31

2017

2016

Financial liabilities

Bank indebtedness	<u>\$ 484,677</u>	<u>\$ 373,507</u>
Term loan (Note 13) (Schedule D)	<u>326,071</u>	<u>-</u>
Due to own funds and agencies (Note 8)	667,699	327,074
Due to other local organizations (Note 9)	30,589	9,893
Trade payables	<u>2,607,005</u>	<u>2,470,109</u>
	<u>3,305,293</u>	<u>2,807,076</u>
Other liabilities		
Deferred revenue	31,693	31,693
Prepayment of taxes	169,070	159,312
Tax sale surplus (Note 10)	<u>309,318</u>	<u>302,338</u>
	<u>510,081</u>	<u>493,343</u>
	<u>4,626,122</u>	<u>3,673,926</u>
Net financial liabilities	<u>(421,822)</u>	<u>(629,414)</u>

Non-financial assets

Land acquired for special assessments	418,195	418,195
Prepaid expense	<u>184,687</u>	<u>275,838</u>
Total non-financial assets	602,882	694,033
Amounts to be recovered from future revenues	<u>352,744</u>	<u>470,324</u>
	<u>955,626</u>	<u>1,164,357</u>
Net assets and fund balance (page 5)	<u>\$ 533,804</u>	<u>\$ 534,943</u>

Commitments and contingencies (Note 15)

On behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Operating fund statement of financial activities

(Unaudited - see advisory to readers)

Year ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue (Schedule A)			
Taxes	\$ 8,127,005	\$ 8,080,803	\$ 8,748,622
Grants in lieu of taxes	1,954,876	1,947,956	1,938,361
Other revenue from own sources	750,558	603,804	534,620
Conditional transfers from federal and provincial governments and agencies	13,000	26,156	42,231
Collections for other government	<u>128,218</u>	<u>127,389</u>	<u>124,809</u>
	<u>10,973,657</u>	<u>10,786,108</u>	<u>11,388,643</u>
Expenditures (Schedule B)			
General government services	4,225,353	4,488,949	3,848,170
Protective services	2,780,471	2,685,888	2,634,587
Transportation services	537,903	557,246	655,703
Environmental health services	1,596,104	1,965,449	2,049,473
Public health and welfare services	71,407	63,716	70,407
Environmental development services	977,099	843,736	1,000,137
Recreation and cultural services	730,122	708,084	713,280
Collections for other government	128,218	127,389	124,809
Extraordinary and special items	<u>10,000</u>	<u>-</u>	<u>202,155</u>
	<u>11,056,677</u>	<u>11,440,457</u>	<u>11,298,721</u>
Excess of (expenditures over revenue) revenue over expenditures	<u>(83,020)</u>	<u>(654,349)</u>	<u>89,922</u>
Financing and transfers			
Debenture principal instalment – general capital	(354,674)	(354,673)	(352,957)
Transfer from general capital fund	(50,000)	519,085	529,637
Transfer from operating reserve fund	483,194	483,194	-
Transfer from capital reserve	<u>4,500</u>	<u>5,604</u>	<u>5,604</u>
	<u>83,020</u>	<u>653,210</u>	<u>182,284</u>
Change in fund balance	<u>\$ -</u>	<u>\$ (1,139)</u>	<u>\$ 272,206</u>

See accompanying notes to the non-consolidated financial statements.

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

(Unaudited - see advisory to readers)

Year ended March 31 2017 2016

Operating fund surplus, beginning of year	\$ 534,943	\$ 262,737
Change in fund balance	<u>(1,139)</u>	<u>272,206</u>
Operating fund surplus, end of year	<u>\$ 533,804</u>	<u>\$ 534,943</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Capital fund statement of financial position

(Unaudited - see advisory to readers)

March 31 2017 2016

Financial liabilities

Due to general operating fund
 Temporary financing - other \$ 338,390 \$ 58,966

Long term debt (Note 13) (Schedule D)
 Serial debentures and term debt payable 2,188,571 2,543,244

Net financial liabilities **2,526,961** **2,602,210**

Non-financial assets

Tangible assets
 Property acquired at tax sale 99,433 99,433
 Plant and equipment (Schedule C) 12,352,971 12,879,318
 Work in progress 1,407,040 832,064

13,859,444 13,810,815

Other assets
 Unamortized discount on debentures 7,544 9,762

13,866,988 **13,820,577**

Net assets **\$ 11,340,027** **\$ 11,218,367**

Investment in capital assets (page 7) **\$ 11,340,027** **\$ 11,218,367**

On behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Capital fund statement of investment in capital assets

(Unaudited - see advisory to readers)

Year ended March 31 2017 2016

Balance, beginning of year	<u>\$ 11,218,367</u>	<u>\$ 10,175,827</u>
Debtures and term debt retired	354,673	352,957
Transfer from capital reserve - gas tax	35,258	482,116
Transfer from capital reserve - other	99,457	68,468
Grant for tangible capital asset additions	306,610	381,616
Grant to repay temporary financing	-	362,974
Prior year projects not previously funded	-	202,155
Capital out of revenue	55,361	54,107
Internal financing recovery	19,655	19,655
Disposal of tangible capital asset – accumulated amortization	<u>62,125</u>	<u>22,184</u>
	<u>933,139</u>	<u>1,946,232</u>
Transfer to capital reserve – excess grant funding	-	(319,556)
Transfer to capital reserve – repayment of gas tax	(172,514)	-
Current year amortization	(546,070)	(559,487)
Disposal of tangible capital asset - cost	<u>(92,895)</u>	<u>(24,649)</u>
	<u>(811,479)</u>	<u>(903,692)</u>
Balance, end of year	<u>\$ 11,340,027</u>	<u>\$ 11,218,367</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Schedule A - Details of revenue

(Unaudited - see advisory to readers)

Year ended March 31

		2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 4,707,085	\$ 4,705,499	\$ 4,507,779
Commercial			
Based on taxable assessment	3,478,297	3,463,140	4,128,443
Resource			
Based on taxable assessment	970,684	967,438	939,504
Forest property tax (less than 50,000 acres)	13,275	13,035	13,112
Forest property tax (50,000 acres or more)	<u>6,354</u>	<u>6,354</u>	<u>6,643</u>
	<u>9,175,695</u>	<u>9,155,466</u>	<u>9,595,481</u>
Area rates			
Fire protection	721,000	705,035	691,191
Environmental health services	<u>99,000</u>	<u>83,101</u>	<u>84,131</u>
	<u>820,000</u>	<u>788,136</u>	<u>775,322</u>
Business property			
Based on revenue	<u>49,000</u>	<u>48,888</u>	<u>48,858</u>
Other			
Deed transfer tax	<u>275,000</u>	<u>252,043</u>	<u>192,718</u>
Special assessments			
Sewer services by-law	<u>508,047</u>	<u>536,970</u>	<u>559,473</u>
	10,827,742	10,781,503	11,171,852
Education expenditure as a reduction of tax revenue			
Appropriation to regional school board	<u>(2,700,737)</u>	<u>(2,700,700)</u>	<u>(2,423,230)</u>
	<u>\$ 8,127,005</u>	<u>\$ 8,080,803</u>	<u>\$ 8,748,622</u>
Grants in lieu of taxes			
Federal government	\$ 35,000	\$ 29,433	\$ 28,613
Provincial government			
Property	65,000	67,207	60,061
Crown timber lands	40,900	41,921	41,921
Provincial government agencies			
Nova Scotia Liquor Commission	6,400	6,418	6,370
Other			
Nova Scotia Power Incorporated	1,649,638	1,646,671	1,651,118
Windmills	<u>157,938</u>	<u>156,306</u>	<u>150,278</u>
	<u>\$ 1,954,876</u>	<u>\$ 1,947,956</u>	<u>\$ 1,938,361</u>

Municipality of the County of Richmond

General section

Schedule A - Details of revenue (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other revenue from own sources			
Licenses and permits	\$ 9,000	\$ 6,385	\$ 7,921
Rentals	-	-	3,268
Return on investments	50,000	45,926	42,645
Penalties and interest on taxes and special assessments	253,500	293,605	278,303
Miscellaneous	<u>438,058</u>	<u>257,888</u>	<u>202,483</u>
	<u>\$ 750,558</u>	<u>\$ 603,804</u>	<u>\$ 534,620</u>
Conditional transfers from federal and provincial governments and agencies			
Federal government			
Recreation and cultural services			
Summer student grant	\$ 9,000	\$ 7,490	\$ 7,685
Provincial government			
Environmental health services recycling	<u>4,000</u>	<u>18,666</u>	<u>34,546</u>
	<u>\$ 13,000</u>	<u>\$ 26,156</u>	<u>\$ 42,231</u>
Collections for other government			
Village of St. Peters	<u>\$ 128,218</u>	<u>\$ 127,389</u>	<u>\$ 124,809</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures

(Unaudited - see advisory to readers)

Year ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Warden			
Stipend	\$ 40,296	\$ 38,547	\$ 38,248
Travel and meeting fees	15,000	5,943	13,281
Council			
Stipend	198,665	164,008	188,705
Travel and meeting fees	60,000	28,844	54,672
	<u>313,961</u>	<u>237,342</u>	<u>294,906</u>
Administrative			
Salaries and wages	658,476	730,908	650,545
Employee benefits	824,106	1,096,077	753,544
Office buildings	182,633	174,456	164,544
Legal services	50,000	60,008	65,660
Office expenses	152,000	167,061	142,237
Other administrative services	199,400	164,600	160,773
Financial management	225,000	245,667	49,336
Taxation			
Transfer for assessment services	272,814	272,814	265,893
Exemption to halls	343,980	325,328	326,589
Capped assessment	730,715	746,475	729,229
	<u>3,639,124</u>	<u>3,983,394</u>	<u>3,308,350</u>
Debt charges			
Interest on short term debt			
General operations interest	5,000	-	(5,909)
Interest on long term debt	32,268	22,970	30,209
	<u>37,268</u>	<u>22,970</u>	<u>24,300</u>
Valuation allowance			
Uncollectible taxes	70,000	21,805	29,279
Uncollectible interest	70,000	58,911	64,668
	<u>140,000</u>	<u>80,716</u>	<u>93,947</u>
Other general services			
Amortization	-	77,730	82,860
Municipal Election	50,000	46,927	-
Intergovernmental relations	45,000	39,870	43,807
	<u>95,000</u>	<u>164,527</u>	<u>126,667</u>
	<u>\$ 4,225,353</u>	<u>\$ 4,488,949</u>	<u>\$ 3,848,170</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31 2017 2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Police protection			
Contracted policing	\$ 1,434,602	\$ 1,434,828	\$ 1,378,501
Law enforcement			
County court	23,850	20,331	20,248
Transfer to correctional services	<u>157,519</u>	<u>157,519</u>	<u>152,454</u>
	<u>1,615,971</u>	<u>1,612,678</u>	<u>1,551,203</u>
Fire protection			
Fire fighting force			
Fire services	25,000	25,000	25,000
Area rate levies	721,000	705,035	691,191
Water supply and hydrants	<u>332,000</u>	<u>299,832</u>	<u>315,980</u>
	<u>1,078,000</u>	<u>1,029,867</u>	<u>1,032,171</u>
Other			
Amortization	-	423	440
Maintenance area rate	46,500	30,618	29,873
Animal and pest control	10,000	3,273	3,168
Emergency measures	<u>30,000</u>	<u>9,029</u>	<u>17,732</u>
	<u>86,500</u>	<u>43,343</u>	<u>51,213</u>
	<u>\$ 2,780,471</u>	<u>\$ 2,685,888</u>	<u>\$ 2,634,587</u>
Transportation services			
Transportation fee	\$ 158,733	\$ 153,787	\$ 153,079
Street lighting	350,000	348,642	424,554
Amortization	-	26,097	27,069
Air transport	15,000	15,000	35,413
Interest on long term debt	<u>14,170</u>	<u>13,720</u>	<u>15,588</u>
	<u>\$ 537,903</u>	<u>\$ 557,246</u>	<u>\$ 655,703</u>

Municipality of the County of Richmond

General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health services			
Administration	\$ 190,738	\$ 182,875	\$ 177,378
Sewage collection and disposal			
Central treatment plant	355,750	377,590	430,012
Garbage collection and disposal			
Garbage and waste collection	335,000	315,470	322,361
Municipal dumps	654,300	609,234	623,336
Amortization	-	415,270	421,775
Interest on long term debt	<u>60,316</u>	<u>65,010</u>	<u>74,611</u>
	<u>\$ 1,596,104</u>	<u>\$ 1,965,449</u>	<u>\$ 2,049,473</u>
Public health and welfare services			
Public health			
Board of health	\$ 1,000	\$ -	\$ -
Housing			
Deficit of Cape Breton Island			
Housing Authority (Richmond district)	<u>70,407</u>	<u>63,716</u>	<u>70,407</u>
	<u>\$ 71,407</u>	<u>\$ 63,716</u>	<u>\$ 70,407</u>
Environmental development services			
Transfer to			
Eastern District Planning Commission	\$ 175,410	\$ 175,410	\$ 162,766
Industrial Mall	5,000	-	-
Economic development and tourism	<u>796,689</u>	<u>668,326</u>	<u>837,371</u>
	<u>\$ 977,099</u>	<u>\$ 843,736</u>	<u>\$ 1,000,137</u>
Recreation and cultural services			
Recreation facilities			
Administration	\$ 247,330	\$ 441,821	\$ 410,107
Amortization	-	24,333	25,124
Programs and grants	331,500	106,274	133,965
Canada works program	<u>45,500</u>	<u>38,644</u>	<u>47,079</u>
	624,330	611,072	616,275
Cultural buildings and facilities			
Libraries	34,500	32,010	32,003
Transfer to regional library	<u>71,292</u>	<u>65,002</u>	<u>65,002</u>
	<u>\$ 730,122</u>	<u>\$ 708,084</u>	<u>\$ 713,280</u>

Municipality of the County of Richmond
General section

Schedule B - Details of expenditures (Continued)

(Unaudited - see advisory to readers)

Year ended March 31 2017 2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Collections for other government			
Village of St. Peter's	\$ 128,218	\$ 127,389	\$ 124,809
Extraordinary and special items			
Prior years projects not previously funded	\$ -	\$ -	\$ 202,155
Other	<u>10,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 202,155</u>

See accompanying notes to the non-consolidated financial statements.

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

(Unaudited - see advisory to readers)

Year ended March 31 2017 2016

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 719,575	\$ -	\$ 719,575	\$ 719,575
Buildings and land improvements	16,930,737	6,994,805	9,935,932	10,264,840
Machinery and equipment	1,666,627	932,296	734,331	861,317
Vehicles	144,931	98,808	46,123	65,890
Sidewalks	882,350	277,428	604,922	630,127
Landfill	<u>521,647</u>	<u>209,559</u>	<u>312,088</u>	<u>337,569</u>
	<u>\$20,865,867</u>	<u>\$ 8,512,896</u>	<u>\$ 12,352,971</u>	<u>\$ 12,879,318</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

Reserve funds section

Capital reserve statement of financial position

(Unaudited - see advisory to readers)

March 31	2017	2016
Financial assets (liabilities)		
Cash	\$ 1,062,423	\$ 1,062,424
Payable to operating fund	<u>571,407</u>	<u>229,800</u>
	\$ 1,633,830	\$ 1,292,224
Reserve		
Gas tax	\$ 1,000,111	\$ 398,471
Landfill closure	369,365	354,365
Capital	198,708	473,742
Water utility	<u>65,646</u>	<u>65,646</u>
	\$ 1,633,830	\$ 1,292,224

On behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

Reserve funds section

Capital reserve statement of financial activities

(Unaudited - see advisory to readers)

Year ended March 31	2017	2016
Gas tax revenue	\$ 473,251	\$ 449,260
Interest earned – gas tax	4,693	4,694
Interest earned – other capital	5,604	5,604
Proceeds on sale of tangible capital assets	3,500	2,284
Proceeds on sale of other assets	20,000	-
Excess funding for tangible capital assets	-	319,556
Excess funding for other expenses	4,080	-
Transfer from operating fund	15,000	15,000
Transfer from operating fund – tax sale surplus	<u>16,942</u>	<u>-</u>
	543,070	796,398
Transfer to operating fund	(195,860)	(550,584)
Transfer to operating fund – tax sale overage	-	(10,410)
Transfer to operating fund – other capital interest	<u>(5,604)</u>	<u>(5,604)</u>
Change in fund balance	341,606	229,800
Balance, beginning of year	<u>1,292,224</u>	<u>1,062,424</u>
Balance, end of year	\$ 1,633,830	\$ 1,292,224

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

Reserve funds section

Operating reserve statement of financial position

(Unaudited - see advisory to readers)

March 31 2017 2016

Financial assets (liabilities)

Cash	\$ 3,552,011	\$ 3,552,011
Payable to operating fund	<u>(483,194)</u>	<u>-</u>
	<u>\$ 3,068,817</u>	<u>\$ 3,552,011</u>

Reserve

Infrastructure reserve	\$ 331,430	\$ 331,430
Tax rate stabilization reserve	<u>2,737,387</u>	<u>3,220,581</u>
	<u>\$ 3,068,817</u>	<u>\$ 3,552,011</u>

On behalf of the Municipality of the County of Richmond

_____ Warden _____ CAO

Reserve funds section

Operating reserve statement of financial activities

(Unaudited - see advisory to readers)

Year ended March 31 2017 2016

Financing and transfers		
Transfer to operating fund	\$ (483,194)	\$ -
Change in fund balance	(483,194)	-
Balance, beginning of year	<u>3,552,011</u>	<u>3,552,011</u>
Balance, end of year	<u>\$ 3,068,817</u>	<u>\$ 3,552,011</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2017

1. Summary of significant accounting policies

Operating funds

- i) Properties acquired at tax sale

Properties acquired at tax sale are stated at cost.

- ii) Revenue and expenditures

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

Tangible capital assets

Tangible assets are recorded at cost using the declining balance method at the following rates:

Buildings and land improvements	2.5% - 4%
Office equipment	20%
Machinery & equipment	20%
Computer equipment	30%
Vehicles	30%
Sidewalks	4%

One-half year's amortization is taken in the year of acquisition.

Use of estimates

The preparation of financial statements for municipal governments requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Where estimation uncertainty exists the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

2. Inter-fund balances

The various funds of the Municipality and its Water Utility include a series of inter-fund balances as noted in the respective funds. It is anticipated that all inter-fund balances will be settled within the next fiscal year, except where noted or where there is a longer term plan in place to fund such balances.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
 March 31, 2017

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 \$6,223 as at March 31, 2017, represents the cost of computers acquired less any repayments to date.

4. Taxes receivable	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,540,316	\$ 1,764,880
Levy	<u>9,136,078</u>	<u>10,370,803</u>
	10,676,394	12,135,683
Collections	<u>9,116,137</u>	<u>10,595,367</u>
	<u>\$ 1,560,257</u>	<u>\$ 1,540,316</u>
Allocation of balance:		
Current	\$ 704,834	\$ 1,113,464
Prior year	<u>855,423</u>	<u>426,852</u>
	<u>\$ 1,560,257</u>	<u>\$ 1,540,316</u>

5. Due from governments and agencies	<u>2017</u>	<u>2016</u>
Provincial		
Provincial – Sundry	<u>\$ 872,241</u>	<u>\$ 18,291</u>
Federal		
ACOA grant	-	744,590
Harmonized sales tax	<u>85,935</u>	<u>149,450</u>
	<u>\$ 85,935</u>	<u>\$ 894,040</u>

6. Due from own funds and agencies	<u>2017</u>	<u>2016</u>
Own funds		
Capital fund – temporary financing	\$ 338,390	\$ 58,966
Operating reserve	483,194	-
Own agencies		
Richmond County-Port Hawkesbury		
Joint Development Commission	<u>158</u>	<u>125</u>
	<u>\$ 821,742</u>	<u>\$ 59,091</u>

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
March 31, 2017

7. Due from other local organizations	<u>2017</u>	<u>2016</u>
District 10 Fire Department	\$ 1,941	\$ 3,136
St. Peter's Fire Department	328,093	12,634
Isle Madame Fire Department	25,826	42,184
Loch Lomond Fire Department	10,880	7,105
Grand River Fire Department	9,886	6,455
Framboise Fourchu Fire Department	443	-
L'Ardoise Fire Department	515	-
	<u>\$ 377,584</u>	<u>\$ 71,514</u>

8. Due to own funds and agencies	<u>2017</u>	<u>2016</u>
Own funds		
Capital Reserve	\$ 571,407	\$ 229,800
Water Utility fund	32,576	26,866
Own agencies		
Cape Breton Island Housing Authority	63,716	70,408
	<u>\$ 667,699</u>	<u>\$ 327,074</u>

9. Due to other local organizations	<u>2017</u>	<u>2016</u>
Framboise Fourchu Fire Department	\$ -	\$ 3,074
L'Ardoise Fire Department	-	1,597
Louisdale Fire Department	30,589	5,222
	<u>\$ 30,589</u>	<u>\$ 9,893</u>

10. Tax sale surplus

There is a twenty year period of holding these funds in trust, after which cash must be transferred to the Capital Reserve Fund.

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)
 March 31, 2017

11. Asset valuation allowances	<u>2017</u>	<u>2016</u>
For uncollected taxes		
Balance, beginning of year	\$ 303,604	\$ 290,549
Provision for the year	13,309	13,055
Less write offs and adjustments	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 316,913</u>	<u>\$ 303,604</u>
For uncollected interest		
Balance, beginning of year	\$ 478,754	\$ 424,484
Provision for the year	53,940	54,270
Less write offs and adjustments	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 532,694</u>	<u>\$ 478,754</u>
	<u>\$ 849,607</u>	<u>\$ 782,358</u>

12. 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, now operating as part of the Strait Regional 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.

13. Long term debt

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

	<u>General capital</u>	<u>General operations</u>
2018	\$ 356,451	\$ 47,148
2019	\$ 358,297	\$ 47,148
2020	\$ 360,213	\$ 47,148
2021	\$ 235,534	\$ 47,148
2022	\$ 237,595	\$ 47,148

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

(Unaudited - see advisory to readers)

March 31, 2017

14. 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>2017</u>	<u>2016</u>
Cape Breton Island Housing Authority	\$ 63,716	\$ 70,408
Eastern Counties Regional Library	65,002	65,002
Eastern District Planning Commission	175,410	162,766
Richmond County – Port Hawkesbury Joint Development Commission	33	(165)

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2017.

- (b) Boards and commissions in which the Municipality has a 100% interest:

- i) Richmond Housing Corporation (Richmond Villa)

The Municipality has guaranteed a line of credit in the amount of \$200,000 (2016 - \$200,000) on behalf of the Housing Corporation which is indebted to the bank in the amount of Nil as at March 31, 2017, (2016 – Nil).

The Housing Corporation had an accumulated operating deficit of \$720,819 as at March 31, 2017, (2016 - \$854,308 deficit).

- ii) Municipality of the County of Richmond Water Utility

During the year the Municipality paid \$157,064 (2016 - \$153,628) 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 \$168,809 (2016 - \$165,000).

The Utility has an accumulated operating surplus of \$438,771 as at March 31, 2017, (2016 - \$249,603).

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2017

15. Commitments and contingencies

Pension costs and obligations

During the year the Municipality contributed to the registered pension plan for full time employees to a maximum of 9% of each employee's gross pay. Total contributions during the year by the Municipality were \$75,060 (2016 - \$76,495).

Landfill closure costs

The Municipality is required to properly close and monitor its old landfill sites. As of the year end the amount of this liability is not known nor is it reasonably estimated. As a result, no amount is reported in the financial statements. The Municipality has set aside \$15,000 in its capital reserve in anticipation of these costs.

16. 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. Included in retirement payable is \$74,318 (2016 - \$51,045) related to these benefits.

17. Other

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

<u>Official</u>	<u>Position</u>	<u>Remuneration</u>
Brian Marchand	Warden/Councillor	\$ 25,958
Victor David	Councillor/Warden	\$ 29,606
Rod Sampson	Councillor	\$ 15,791
Stephen MacNeil	Councillor	\$ 15,791
Alvin Martell	Councillor	\$ 21,214
Shirley McNamara	Councillor	\$ 15,791
Steve Sampson	Councillor	\$ 15,791
Malcolm Beaton	Councillor/Deputy Warden	\$ 19,736
Gilbert Boucher	Councillor	\$ 21,214
Gail Johnson	Councillor	\$ 15,791
Jason MacLean	Deputy Warden	\$ 6,778
James Goyetche	Councillor	\$ 5,423
Warren Olsen	CAO	\$ 205,814
Maris Freeman	CAO	\$ 30,659

Municipality of the County of Richmond

Notes to the non-consolidated financial statements

(Unaudited - see advisory to readers)

March 31, 2017

18. Pension agreements

The Municipality provides a defined benefit pension plan for its full time employees. Included in payables is an estimated pension liability of \$1,102,400. This liability is based on actuarial estimates as of March 31, 2017. The valuation assumes a rate of return of 4.90% with salary increases of 2.60% and an inflation rate of 2.00% post retirement.

The following summarizes the plan for the fiscal year ended March 31, 2017:

	<u>2017</u>	<u>2016</u>
Liability – Statement of financial position		
Accrued benefit obligation end of year	\$ 8,989,700	\$ 7,444,300
Pension fund assets end of year	(6,426,900)	(6,050,800)
Unamortized actuarial (losses) gains	<u>(1,460,400)</u>	<u>(424,300)</u>
Total liability	<u>\$ 1,102,400</u>	<u>\$ 969,200</u>
Expenses – Statement of operations		
Current service cost	\$ 167,700	\$ 92,900
Amortization of actuarial (gains) losses	288,900	2,300
Regular contributions by employees	(59,700)	(59,100)
Interest on average pension liability during the year	<u>80,700</u>	<u>83,700</u>
Total expense	<u>\$ 477,600</u>	<u>\$ 119,800</u>

19. Other matters

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

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

Schedule D - Debt charges and term debt

(Unaudited - see advisory to readers)

Year ended March 31, 2017

	Fiscal year due date	Interest rate	Loan Continuity			Balance March 31, 2017	Interest
			Balance March 31, 2016	Additions	Redeemed		
General capital							
Municipal purposes							
Serial debentures							
Building	2020	5.60-5.75%	\$ 506,663	\$ -	\$ 126,667	\$ 379,996	\$ 22,971
Landfill	2022	4.41-4.59%	720,000	-	120,000	600,000	30,092
Sidewalks	2024	4.68-5.09%	306,503	-	38,312	268,191	13,720
Sewer	2030	1.37-3.79%	<u>308,933</u>	<u>-</u>	<u>22,067</u>	<u>286,866</u>	<u>8,577</u>
			1,842,099	-	307,046	1,535,053	75,360
Term debt							
CMHC	2026 – 2031	3.65-3.89%	<u>701,145</u>	<u>-</u>	<u>47,627</u>	<u>653,518</u>	<u>26,340</u>
			<u>\$ 2,543,244</u>	<u>\$ -</u>	<u>\$ 354,673</u>	<u>\$ 2,188,571</u>	<u>\$ 101,700</u>

	Fiscal year due date	Interest rate	Loan Continuity			Balance March 31, 2017	Interest
			Balance March 31, 2016	Additions	Redeemed		
General operating							
Term debt							
Royal bank	2024	Prime +.50%	\$ -	\$ 330,000	\$ 3,929	\$ 326,071	\$ 810