



Consolidated financial statements

Municipality of the County of Inverness

March 31, 2015

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Management's responsibility for financial reporting

The accompanying consolidated financial statements of the Municipality of the County of Inverness are the responsibility of management and have been approved by the Warden and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, and the Town's assets are appropriately accounted for and adequately safeguarded.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the Council. Grant Thornton LLP has full and free access to the Council.

Chief Administrative Officer

Director of Finance

Independent auditor's report

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To the Warden and Council of the
Municipality of the County of Inverness

We have audited the accompanying consolidated financial statements of the Municipality of the County of Inverness which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of financial activities, changes in net debt and changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality of the County of Inverness as at March 31, 2015, and the consolidated results of its financial activities, changes in net debt, and changes in financial position for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on Pages 19 to 23 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.



Port Hawkesbury, Canada
July 23, 2015

Chartered Accountants

Municipality of the County of Inverness

Consolidated statement of financial position

March 31

2015

2014

Financial assets

Cash and temporary investments	\$ 15,102,782	\$ 16,313,485
Taxes receivable (Note 2)	1,815,875	2,122,764
User charges receivable (Note 3)	506,681	574,406
Receivable from governments (Note 4)	1,394,936	1,178,671
Other receivables	<u>455,647</u>	<u>734,707</u>
	<u>19,275,921</u>	<u>20,924,033</u>

Liabilities

Payables and accruals	3,683,039	4,330,020
Deferred revenue	2,553,353	2,241,623
Tax sale surplus	445,185	382,334
Unfunded retirement benefits (Note 7)	5,974,300	5,747,400
Long term debt (Page 16)	<u>37,409,328</u>	<u>38,704,905</u>
	<u>50,065,205</u>	<u>51,406,282</u>

Net debt

(30,789,284) (30,482,249)

Non-financial assets

Tangible capital assets (Pages 17 -18)	57,009,113	56,955,514
Tax sale properties	154,631	151,784
Prepays	3,210	2,792
Inventory	<u>138,156</u>	<u>119,080</u>
	<u>57,305,110</u>	<u>57,229,170</u>

Accumulated surplus

\$ 26,515,826 \$ 26,746,921

Commitments and contingencies (Note 7)

Approved by:

_____ Warden _____ CAO

See accompanying notes to the consolidated financial statements.

Municipality of the County of Inverness

Consolidated statement of financial activities

March 31

2015

2014

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Taxes	\$ 12,153,768	\$ 12,224,417	\$ 11,834,967
Less: school board requisition	(2,882,800)	(2,882,763)	(2,785,673)
Less: fire department tax levy	<u>(800,230)</u>	<u>(801,788)</u>	<u>(767,333)</u>
Municipal taxation	8,470,738	8,539,866	8,281,961
Grants-in-lieu	386,462	427,289	358,671
Services provided to other governments	240,244	285,832	276,455
Conditional transfers from other governments	60,000	108,573	66,036
Unconditional transfers from other governments	467,700	489,541	572,845
Sale of services	222,355	14,807,712	15,164,396
Water utility operating revenues	570,400	497,375	514,317
Other revenue from own sources	333,705	587,003	478,094
Capital grants	<u>-</u>	<u>1,105,432</u>	<u>297,716</u>
	<u>10,751,604</u>	<u>26,848,623</u>	<u>26,010,491</u>
Expenditures			
General government services	2,458,584	2,760,289	2,803,179
Protective services	2,500,060	2,523,982	2,433,224
Transportation services	918,400	957,714	890,792
Environmental health services	2,424,800	2,844,970	3,011,708
Environmental development services	651,660	641,404	622,252
Public health and welfare services	160,000	15,912,511	15,953,366
Recreation and cultural services	639,800	638,825	604,758
Water treatment and distribution	<u>748,300</u>	<u>800,023</u>	<u>862,261</u>
	<u>10,501,604</u>	<u>27,079,718</u>	<u>27,181,540</u>
Annual surplus (deficit)	<u>\$ 250,000</u>	<u>\$ (231,095)</u>	<u>\$ (1,171,049)</u>
Accumulated surplus, beginning of year		\$ 26,746,921	\$ 27,917,970
Annual deficit		<u>(231,095)</u>	<u>(1,171,049)</u>
Accumulated surplus, end of year		<u>\$ 26,515,826</u>	<u>\$ 26,746,921</u>

See accompanying notes to the consolidated financial statements.

Municipality of the County of Inverness

Consolidated statement of changes in net debt

Year ended March 31

2015

2014

Annual deficit	\$ (231,095)	\$ (1,171,049)
Acquisition of tangible capital assets, net	(2,690,779)	(1,802,083)
Amortization of tangible capital assets	<u>2,637,180</u>	<u>2,669,607</u>
	<u>(284,694)</u>	<u>(303,525)</u>
Change in tax sale properties and other non-financial assets	<u>(22,341)</u>	<u>(10,390)</u>
Change in net debt	(307,035)	(313,915)
Net debt, beginning of year	<u>(30,482,249)</u>	<u>(30,168,334)</u>
Net debt, end of year	<u>\$ (30,789,284)</u>	<u>\$ (30,482,249)</u>

Municipality of the County of Inverness

Consolidated statement of changes in financial position

Year ended March 31

2015

2014

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual deficit	\$ (231,095)	\$ (1,171,049)
Amortization of tangible capital assets	<u>2,637,180</u>	<u>2,669,607</u>
	2,406,085	1,498,558
Tax sale properties and other non-financial assets	(22,341)	(10,390)
Taxes receivable	306,889	237,871
User charges receivable	67,725	63,061
Receivables from governments	(216,265)	3,043,802
Other receivables	279,060	167,069
Payables and accruals	(646,981)	(152,890)
Deferred revenue	311,730	1,039,763
Tax sale surplus	62,851	103,619
Unfunded retirement benefits	<u>226,900</u>	<u>480,200</u>
	<u>2,775,653</u>	<u>6,470,663</u>
Financing activities		
Repayment of long term debt	<u>(1,295,577)</u>	<u>(1,260,773)</u>
Investing activities		
Acquisition of tangible capital assets	<u>(2,690,779)</u>	<u>(1,802,083)</u>
Net (decrease) increase in cash and cash equivalents	(1,210,703)	3,407,807
Cash and cash equivalents		
Beginning of year	<u>16,313,485</u>	<u>12,905,678</u>
End of year	<u>\$ 15,102,782</u>	<u>\$ 16,313,485</u>

See accompanying notes to the consolidated financial statements.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2015

1. Summary of significant accounting policies

The consolidated financial statements of the Municipality of the County of Inverness are the representations of management prepared in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations and the water utility operations, they include the following:

County of Inverness Municipal Housing Corporation

Also consistent with generally accepted accounting principles for government partnerships, the following organizations are also included and are accounted for using the proportionate consolidation method:

Strait-Highlands Regional Development Agency - 35% (2014 – 35%)
Eastern District Planning Commission – 23% (2014 – 23%)

Interdepartmental and organizational transactions and balances are eliminated.

Budget

The budget figures contained in these financial statements were approved by Council on June 10, 2014, in its original fiscal plan; they also include budgets prepared and approved by controlled entities and are adjusted for amortization in accordance with Public Sector requirements.

Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

Fund accounting

Funds within the consolidated financial statements consist of the operating, capital, trust and reserve funds for the general operations, the water utility, and the County of Inverness Municipal Housing Corporation.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2015

1. Summary of significant accounting policies (continued)

Reserves for future expenditures

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenditures. Transfers to and from reserves and reserve funds are reflected as an adjustment to the respective fund.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to 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. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include unrestricted cash on hand and balances with banks.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets is amortized using the following rates and basis:

Buildings	3.33%, straight line (30 years), 4% declining balance
Engineered structures	5%, straight line (20 years)
Automotive equipment	16.67%, straight line (6 years), 30% declining balance
Machinery and equipment	6.67 - 10%, straight line (10 – 15 years), 20% declining balance
Sewer lines	2%, straight line (50 years)
Paving and water systems	8%, declining balance
Streets and lighting	4%, straight line (25 years)
Computer equipment	30%, declining balance
Website development	10%, straight line (10 years)
Other equipment	10 - 35%, declining balance
Utility plant in service	2 - 20%, straight-line

A full year of amortization is charged in the year after acquisition. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

The Municipality does not capitalize interest as part of the costs of its capital assets. Certain assets such as surplus schools are disclosed at a nominal value as the determination of a fair market value for these types of assets is not appropriate.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2015

1. Summary of significant accounting policies (continued)

Segmented information

The Municipality of the County of Inverness is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations and activities are organized and reported by fund. This presentation is in accordance with the Provincial Financial Reporting and Accounting Manual, and was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

General government services

This department is responsible for the overall financial and local government administration. Its tasks include tax administration, trade payables and receivables, budgets, financial statements and adherence to the *Municipal Government Act*.

Protective services

The Municipality is primarily responsible for fire protection for its residents. The Municipality engages the services of various not for profit, volunteer fire departments in order to fulfil its fire protection role. The Municipality pays operating grants to the fire departments to assist in the operating cost of the fire departments along with capital expenditure grants for acquisition of certain fire fighting apparatus and vehicles approved by Council. The Town engages the RCMP for policing services.

Transportation services

The Municipality is responsible for the maintenance and construction sidewalks including snow removal. They are also responsible for the street lighting within the Municipality.

Environmental health services

This department is responsible for the maintenance and operations of waste management and sewer services provided to residents and other customers.

Recreation and cultural services

The recreation department is responsible for promoting and offering opportunities and activities to the Municipality's residents including programs, grants for facility development and programs. The department also provides funding for special municipal recreation initiatives and projects along with assistance for community based projects. The municipality provides a municipal contribution towards the operations of the Eastern Counties Regional Library Board and pays for the operating cost, excluding wages and benefits, for the Coady Tompkins Library which is a branch library of the Eastern Counties Regional Library Board.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2015

2. Taxes receivable	2015	2014
Balance, beginning of year	\$ 2,711,041	\$ 3,201,845
Levy	12,224,417	11,834,967
Interest	<u>271,485</u>	<u>265,296</u>
	15,206,943	15,302,108
Collections	<u>12,381,185</u>	<u>12,278,976</u>
	2,825,758	3,023,132
Write offs, adjustments, and exemptions	<u>320,410</u>	<u>312,091</u>
	2,505,348	2,711,041
Valuation allowance	<u>689,473</u>	<u>588,277</u>
Balance, end of year	<u>\$ 1,815,875</u>	<u>\$ 2,122,764</u>

3. User charges receivable	2015	2014
Capital charges	\$ 282,526	\$ 314,850
Water rates	<u>224,155</u>	<u>259,556</u>
	<u>\$ 506,681</u>	<u>\$ 574,406</u>

4. Receivable from governments	2015	2014
Federal government	\$ 1,134,733	\$ 990,576
Provincial government	<u>260,203</u>	<u>188,095</u>
	<u>\$ 1,394,936</u>	<u>\$ 1,178,671</u>

5. Schools

On January 1, 1982, the Municipality of the County of Inverness joined with the Town of Port Hawkesbury to form the Inverness 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.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2015

6. Contributions to boards and commissions

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>2015</u>	<u>2014</u>
Cape Breton Island Housing Authority	\$ 164,067	\$ 166,047
Eastern Counties Regional Library	\$ 103,000	\$ 97,932

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2015.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2015

7. Commitments and contingencies

(a) Pension costs and obligations

Defined Contribution Pension Plan

During the year, the Municipality matched employee contributions to a money-purchase pension plan for full-time employees to a maximum percentage of each participating employee's gross pay depending on years of service. The graduated rates for employee and employer contributions are as follows:

Under 10 years	5%
10 to 20 years	7%
Over 20 years	9%

Contributions totalling \$104,142 in 2015 (2014 - \$109,098) are included in the wages and benefits as part of expenditures.

Pension enhancement

During the 2006 fiscal year, the Municipality approved pension enhancements for a specific group of former employees affected by the service exchange in 1995. This was facilitated by an Act of the Nova Scotia legislature in May of 2002. The Municipality decided to fund these amounts annually as opposed to providing a lump sum into their current pension plan(s). In addition to this group, the Municipality has made a commitment to a specific group of employees for years of service prior to when the current pension plan was available.

An actuarial valuation for accounting purposes has been obtained for the year ended March 31, 2015. The March 31, 2015, actuarial valuation indicated that the pension enhancement had an accrued benefit obligation of \$5,974,300 (2014 - \$5,747,400).

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Municipality's best estimates.

The significant actuarial assumptions used in measuring the Municipality's accrued benefit obligations and benefit costs are as follows:

- Discount rate of 6.00%
- Rate of compensation increase of 3.00%
- Expected long term rate of return on plan assets of 4.00%; and
- Remaining years of service for employee group of 7 years

An actuarial valuation has been obtained by the Municipality which has been prepared under PSAB 3250 of the Public Sector Accounting Handbook.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2015

7. Commitments and contingencies (continued)

	<u>2015</u>	<u>2014</u>
Accrued benefit obligation, beginning of year	\$ 5,747,400	\$ 5,267,200
Current service cost	86,100	72,000
Interest on obligation	345,200	313,300
Less: benefits paid	(249,200)	(236,500)
Actuarial losses (gains)	44,800	331,400
Accrued benefit obligation, end of year	<u>5,974,300</u>	<u>5,747,400</u>
Pension assets, at market related values	-	-
Funded status – surplus (deficiency)	<u>(5,974,300)</u>	<u>(5,747,400)</u>
Unamortized actuarial gains (losses)	-	-
Unfunded retirement benefits	<u>\$ (5,974,300)</u>	<u>\$ (5,747,400)</u>

(b) Loan guarantees

The Municipality has guaranteed the bank loan for several volunteer fire departments. As of March 31, 2015, the details of these are as follows:

	<u>Guarantee amount</u>	<u>Outstanding loan balance</u>
Margaree	\$ 170,306	\$ 79,940
Mabou Fire Department	\$ 155,653	\$ 83,414
Judique Fire Department	\$ 46,934	\$ 41,487
Port Hood Fire Department	\$ 192,455	\$ 146,204
North East Margaree	\$ 65,000	\$ 19,852
Whycocomagh	\$ 300,000	\$ 127,915

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2015

8. Other

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

	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
<u>Elected officials</u>			
Duart MacAulay	Warden	\$ 45,717	\$ 7,041
Alfred Poirier	Councillor	\$ 32,664	\$ 6,794
Gloria LeBlanc	Councillor	\$ 30,947	\$ 3,232
Jim Mustard	Councillor	\$ 33,025	\$ 7,882
Betty Ann MacQuarrie	Councillor	\$ 30,947	\$ 2,813
Dwayne MacDonald	Councillor	\$ 30,947	\$ 6,170
<u>Senior officials</u>			
Joe O'Connor	Chief Administrative Officer	\$ 122,642	\$ 14,132

9. Landfill closure and post-closure costs

In keeping with the regulations of Nova Scotia Environment, the Municipality is required to close its Kenloch landfill. The Municipality has obtained permits to use the site for construction and demolition as well as recycling efforts; however, the Municipality will be required to close the site at some point and in doing so will have to incur the related post-closure costs. Based on the reports of consulting engineers, the costs for closing the site including cleanup, capping and general structure maintenance are estimated to be \$270,000. In addition, there will be ongoing costs for groundwater monitoring for \$13,000 annually. While not specifically mentioned, management feels these costs will carry on for 20 years.

Included in payables and accruals is \$460,000, being the estimated value as of March 31, 2015, for the above costs. The Municipality has included in its reserves an amount of \$408,000 to cover these costs.

10. Sick leave benefit obligation

The liability associated with the accumulated sick leave of staff cannot be reasonably estimated; therefore, no liability has been recorded in these financial statements.

11. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for 2015.

Municipality of the County of Inverness

Schedule of debt charges and term debt

Year ended March 31, 2015

	Interest rate	Loan Continuity		Balance March 31, 2015	Interest
		Balance April 1, 2014	Repaid		
<i>General Capital</i>					
Municipal Finance Corporation	4.420%-4.625%	\$ 800,000	\$ (200,000)	\$ 600,000	\$ 28,940
<i>Water Capital</i>					
Municipal Finance Corporation	1.490%-4.026%	900,000	(50,000)	850,000	30,588
<i>Housing Corporation</i>					
Nova Scotia Housing Development Corporation	3.730%	33,561,090	(919,759)	32,641,331	
Nova Scotia Housing Development Corporation	5.000%	3,236,129	(83,944)	3,152,185	
Canada Mortgage and Housing Corporation	6.875%	183,724	(17,912)	165,812	
Canada Mortgage and Housing Corporation	2.760%	23,962	(23,962)	-	
		<u>37,004,905</u>	<u>(1,045,577)</u>	<u>35,959,328</u>	<u>1,405,052</u>
Total municipal debt		<u>\$ 38,704,905</u>	<u>\$ (1,295,577)</u>	<u>\$ 37,409,328</u>	<u>\$ 1,464,580</u>

Principal repayments in each of the next five (5) years are as follows:

2016	\$ 1,312,017
2017	\$ 1,354,047
2018	\$ 1,397,769
2019	\$ 1,243,257
2020	\$ 1,290,582

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

Municipality of the County of Inverness

Schedule of tangible capital assets

March 31, 2015

	<u>Land</u>	<u>Buildings</u>	<u>Engineered structures</u>	<u>Automotive equipment</u>	<u>Machinery and equipment</u>	<u>Paving and water system</u>	<u>Sewer Lines</u>
Cost							
Balance, beginning of year	\$ 272,382	\$44,422,836	\$ 1,525,310	\$ 386,633	\$ 5,267,177	\$ 822,367	\$10,380,784
Add							
Net additions during the year	<u>-</u>	<u>1,485,717</u>	<u>36,887</u>	<u>61,028</u>	<u>206,430</u>	<u>-</u>	<u>590,166</u>
Balance, end of year	<u>272,382</u>	<u>45,908,553</u>	<u>1,562,197</u>	<u>447,661</u>	<u>5,473,607</u>	<u>822,367</u>	<u>10,970,950</u>
Accumulated amortization							
Balance, beginning of year	-	6,875,133	1,006,844	320,014	2,722,547	166,731	2,646,729
Add							
Amortization during the year	<u>-</u>	<u>1,574,780</u>	<u>61,829</u>	<u>24,530</u>	<u>548,225</u>	<u>54,333</u>	<u>111,052</u>
Balance, end of year	<u>-</u>	<u>8,449,913</u>	<u>1,068,673</u>	<u>344,544</u>	<u>3,270,772</u>	<u>221,064</u>	<u>2,757,781</u>
NET BOOK VALUE	<u>\$ 272,382</u>	<u>\$37,458,640</u>	<u>\$ 493,524</u>	<u>\$ 103,117</u>	<u>\$ 2,202,835</u>	<u>\$ 601,303</u>	<u>\$ 8,213,169</u>

Municipality of the County of Inverness

Schedule of tangible capital assets

March 31, 2015

	Streets and lights	Computer equipment	Website	Other equipment	Utility plant	2015 <u>Total</u>	2014 <u>Total</u>
Cost							
Balance, beginning of year	\$ 2,508,936	\$ 178,063	\$ 116,822	\$ 26,325	\$ 6,397,238	\$ 72,304,873	\$ 70,502,790
Add							
Net additions during the year	<u>120,564</u>	<u>12,494</u>	<u>-</u>	<u>-</u>	<u>177,493</u>	<u>2,690,779</u>	<u>1,802,083</u>
Balance, end of year	<u>2,629,500</u>	<u>190,557</u>	<u>116,822</u>	<u>26,325</u>	<u>6,574,731</u>	<u>74,995,652</u>	<u>72,304,873</u>
Accumulated amortization							
Balance, beginning of year	397,702	14,410	46,729	18,781	1,133,739	15,349,359	12,679,752
Add							
Amortization during the year	<u>105,181</u>	<u>7,843</u>	<u>11,682</u>	<u>3,060</u>	<u>134,665</u>	<u>2,637,180</u>	<u>2,669,607</u>
Balance, end of year	<u>502,883</u>	<u>22,253</u>	<u>58,411</u>	<u>21,841</u>	<u>1,268,404</u>	<u>17,986,539</u>	<u>15,349,359</u>
NET BOOK VALUE	<u>\$ 2,126,617</u>	<u>\$ 168,304</u>	<u>\$ 58,411</u>	<u>\$ 4,484</u>	<u>\$ 5,306,327</u>	<u>\$ 57,009,113</u>	<u>\$ 56,955,514</u>

Municipality of the County of Inverness

Water utility

Operating fund balance sheet

(Unaudited)
 March 31

2015

2014

Assets

Cash and cash equivalents	\$ 256,907	\$ 832,304
Accounts receivable		
Rates (less allowance for doubtful accounts \$62,791; 2014 - \$62,791)	224,155	227,406
Other	29,585	57,873
Due from general section, operating fund	193,380	-
	\$ 704,027	\$ 1,117,583

Liabilities and operating surplus

Accounts payable and accrued liabilities	\$ 95,845	\$ 133,966
Due to water utility section, capital fund	456,871	529,346
Due to general section, operating fund	-	153,858
	552,716	817,170
Operating surplus	151,311	300,413
	\$ 704,027	\$ 1,117,583

Municipality of the County of Inverness

Water utility

Statement of operations

(Unaudited)

Year ended March 31

	2015	2014
	<u>Actual</u>	<u>Actual</u>
Operating revenues		
Flat rate sales	\$ 142,702	\$ 148,374
Metered sales	336,098	335,696
Public fire protection	202,175	202,175
Interest and sundry	<u>18,575</u>	<u>30,247</u>
	<u>699,550</u>	<u>716,492</u>
Operating expenses		
Source of supply	88,065	83,561
Power and pumping	107,983	128,405
Purification	201,772	261,946
Transmission and distribution	180,485	171,231
Collection, administration, and general	77,268	80,314
Depreciation	134,665	132,930
Other	<u>7,473</u>	<u>3,873</u>
	<u>797,711</u>	<u>862,260</u>
Operating loss	<u>(98,161)</u>	<u>(145,768)</u>
Non-operating expense		
Debt charges		
Debenture principal repayments	50,000	50,000
Debenture interest	<u>30,588</u>	<u>31,329</u>
	<u>80,588</u>	<u>81,329</u>
Non-operating revenue		
Amortization of deferred government assistance	<u>29,647</u>	<u>29,111</u>
Excess of expenses over revenues	(149,102)	(197,986)
Surplus, beginning of year	<u>300,413</u>	<u>498,399</u>
Surplus, end of year	<u>\$ 151,311</u>	<u>\$ 300,413</u>

Municipality of the County of Inverness

Water utility

Capital fund balance sheet

(Unaudited)
March 31

2015

2014

Assets

Cash		
Depreciation fund	\$ 1,022,542	\$ 1,012,371
Due from general section, operating fund	171,882	171,882
Due from water utility section, operating fund	456,871	529,346
Utility plant in service (Page 23)	<u>6,574,731</u>	<u>6,397,238</u>
	<u>\$ 8,226,026</u>	<u>\$ 8,110,837</u>

Liabilities

Due to general section, reserve fund	\$ 1,216,875	\$ 1,216,875
Deferred government contributions	1,852,169	1,881,815
Long term debt (Page 16)		
Municipal Finance Corporation	<u>850,000</u>	<u>900,000</u>
	<u>3,919,044</u>	<u>3,998,690</u>

Reserve

Reserve for depreciation	<u>1,090,911</u>	<u>1,133,739</u>
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Equity

Investment in capital assets	<u>3,216,071</u>	<u>2,978,408</u>
	<u>\$ 8,226,026</u>	<u>\$ 8,110,837</u>

Municipality of the County of Inverness
Water utility
Statement of reserve for depreciation

(Unaudited)

Year ended March 31 2015 2014

Balance, beginning of year	\$ 1,133,739	\$ 1,000,809
Capital funded through reserve	(177,493)	-
Depreciation for the year	<u>134,665</u>	<u>132,930</u>
Balance, end of year	<u>\$ 1,090,911</u>	<u>\$ 1,133,739</u>

Water utility
Statement of investment in capital assets

(Unaudited)

Year ended March 31 2015 2014

Balance, beginning of year	\$ 2,978,408	\$ 2,919,564
Term debt retired	50,000	50,000
Interest earned on depreciation fund	10,170	8,844
Transfer from depreciation reserve	<u>177,493</u>	<u>-</u>
Balance, end of year	<u>\$ 3,216,071</u>	<u>\$ 2,978,408</u>

Municipality of the County of Inverness

Water utility

Schedule of utility plant and equipment

(Unaudited)

Year ended March 31

2015

2013

Tangible plant		
Land and land rights	\$ 59,192	\$ 59,192
Source of supply	579,323	549,279
Reservoir	1,468,015	1,468,015
Structures and improvements		
Power and pumping	210,718	210,718
Electric pumping equipment	111,505	111,505
Purification equipment	1,424,379	1,424,379
Port Hood water project	100,001	100,001
Transmission mains	659,428	659,428
Distribution mains	1,428,175	1,313,362
Services	115,572	115,572
Meters	246,984	219,298
Hydrants	140,776	135,826
Other tangible plant	<u>30,663</u>	<u>30,663</u>
	<u>\$ 6,574,731</u>	<u>\$ 6,397,238</u>
