



Consolidated financial statements

Municipality of the County of Inverness

March 31, 2021

Contents

	<u>Page</u>
Management's responsibility for financial reporting	1
Independent auditor's report	2 - 3
Consolidated statement of financial position	4
Consolidated statement of operations	5
Consolidated statement of changes in net debt	6
Consolidated statement of cash flow	7
Notes to the consolidated financial statements	8 – 21
Schedule of debt charges and term debt	22
Schedule of tangible capital assets	23 - 24
<hr/>	
Supplementary schedules	
Water utility - operating fund balance sheet	25
Water utility - operating fund statement of operations	26
Water utility - capital fund balance sheet	27
Water utility - statement of reserve for depreciation	28
Water utility - statement of investment in capital assets	28
Water utility - statement of depreciation fund cash	28
Water utility - schedule of utility plant and equipment	29

Management's responsibility for financial reporting

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and supplementary schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Audit Committee. Council reviews internal financial statements on a regular basis and external audited consolidated financial statements annually. The Audit Committee also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Municipality of the County of Inverness and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Municipality of the County of Inverness

Chief Administrative Officer

Director of Finance

Independent auditor's report

Grant Thornton LLP
Suite 301, Membertou Place
90 San'tele'sew Aawti
Membertou, NS
B1S 0A5
T +1 902 562 5581
F +1 902 562 0073
www.GrantThornton.ca

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

Opinion

We have audited the accompanying consolidated financial statements of the Municipality of the County of Inverness (the Entity") on pages 4 to 24, which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of the County of Inverness as at March 31, 2021, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 25 to 29 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.

Responsibilities of management and those charged with governance for the consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Membertou, Canada
September 28, 2021

Grant Thornton LLP
Chartered Professional Accountants

Municipality of the County of Inverness

Consolidated statement of financial position

March 31

2021

2020

Financial assets

Cash and cash equivalents		
Unrestricted	\$ 15,607,245	\$ 16,197,978
Restricted	3,597,593	3,103,066
Taxes receivable (Note 2)	1,430,547	1,493,052
User charges receivable (Note 3)	1,042,700	1,143,199
Receivable from governments (Note 4)	1,079,404	349,995
Other receivables (Note 5)	<u>2,289,968</u>	<u>2,394,245</u>
	<u>25,047,457</u>	<u>24,681,535</u>

Liabilities

Payables and accruals (Note 7)	5,243,125	5,435,847
Deferred revenue (Note 14)	7,103,175	6,129,561
Tax sale surplus	1,086,026	885,489
Unfunded retirement benefits (Note 8)	6,044,400	6,053,800
Long term debt (Page 22)	<u>31,981,128</u>	<u>33,539,777</u>
	<u>51,457,854</u>	<u>52,044,474</u>

Net debt

(26,410,397) (27,362,939)

Non-financial assets

Tangible capital assets (Pages 23 - 24)	57,065,817	57,112,943
Tax sale properties	202,799	202,799
Prepaid expenses	37,026	36,811
Inventory	<u>207,104</u>	<u>134,677</u>
	<u>57,512,746</u>	<u>57,487,230</u>

Accumulated surplus

\$ 31,102,349 \$ 30,124,291

Commitments and contingencies (Note 8)

Approved by:

_____ Warden

_____ CAO

See accompanying notes to the consolidated financial statements.

Municipality of the County of Inverness

Consolidated statement of operations

March 31

2021

2020

	<u>Budget</u> (Note 12)	<u>Actual</u>	<u>Actual</u>
Revenue			
Municipal taxation	\$ 10,395,400	\$ 10,708,584	\$ 10,060,427
Grants-in-lieu	428,500	425,840	413,967
Services provided to other governments	187,000	306,032	225,749
Conditional transfers from other governments	235,100	771,167	385,555
Unconditional transfers from other governments	245,049	479,506	512,413
Sale of services	574,250	208,427	378,932
Public Health Services	15,688,759	16,348,640	15,442,018
Water utility operating revenues	769,000	956,023	712,398
Other revenue from own sources	272,300	1,334,564	918,764
Capital grants	<u>600,000</u>	<u>812,914</u>	<u>906,469</u>
	<u>29,395,358</u>	<u>32,351,697</u>	<u>29,956,692</u>
Expenses			
General government services	2,787,300	2,770,950	3,022,586
Protective services	2,938,300	2,955,834	2,791,037
Transportation services	1,441,700	1,488,754	1,503,587
Environmental health services	3,474,100	4,161,463	4,114,434
Environmental development services	1,009,099	1,177,471	1,396,193
Public health services	15,526,760	16,743,246	15,569,669
Recreation and cultural services	864,700	706,469	689,997
Water treatment and distribution	<u>1,433,591</u>	<u>1,369,452</u>	<u>1,243,609</u>
	<u>29,475,550</u>	<u>31,373,639</u>	<u>30,331,112</u>
Annual surplus	<u>\$ (80,192)</u>	<u>\$ 978,058</u>	<u>\$ (374,420)</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 30,124,291	\$ 30,498,711
Annual surplus		<u>978,058</u>	<u>(374,240)</u>
Accumulated surplus, end of year		<u>\$ 31,102,349</u>	<u>\$ 30,124,291</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 2021 2020

	<u>Budget</u> (Note 12)	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ (80,192)	\$ 978,058	\$ (374,420)
Acquisition of tangible capital assets, net	-	(2,629,757)	(2,550,592)
Proceeds on disposal of tangible capital assets	-	-	341,638
Loss on disposal of tangible capital assets	-	-	156,302
Amortization of tangible capital assets	-	<u>2,676,883</u>	<u>2,728,956</u>
	<u>(80,192)</u>	<u>1,025,184</u>	<u>301,884</u>
Change in tax sale properties and other non-financial assets	-	<u>(72,642)</u>	<u>(3,658)</u>
Change in net debt	<u>\$ (80,192)</u>	\$ 952,542	\$ 298,226
Net debt, beginning of year		<u>(27,362,939)</u>	<u>(27,661,165)</u>
Net debt, end of year		<u>\$ (26,410,397)</u>	<u>\$ (27,362,939)</u>

Included in net debt above is \$30,351,128 of long-term debt issued to the County of Inverness Municipal Housing Corporation by Nova Scotia Housing Development Corporation which is fully funded by the Department of Health and Wellness on an annual basis.

Thus, there is no requirement for the Municipality of the County of Inverness to raise tax dollars to fund these payments.

Municipality of the County of Inverness

Consolidated statement of cash flow

Year ended March 31

2021

2020

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ 978,058	\$ (371,420)
Amortization of tangible capital assets	2,676,883	2,728,956
Loss on disposal of assets	<u>-</u>	<u>156,302</u>
	3,654,941	2,510,838
Tax sale properties and other non-financial assets	(72,642)	(3,658)
Taxes receivable	62,505	(313,311)
User charges receivable	100,499	(391,243)
Receivables from governments	(729,408)	76,385
Other receivables	104,276	21,213
Payables and accruals	(192,722)	(7,429)
Deferred revenue	973,614	1,295,477
Tax sale surplus	200,537	42,616
Unfunded retirement benefits	(9,400)	<u>(36,400)</u>
	<u>4,092,200</u>	<u>3,194,488</u>
Financing activities		
Repayment of long-term debt	<u>(1,558,649)</u>	<u>(1,529,565)</u>
Investing activities		
Acquisition of tangible capital assets	(2,629,757)	(2,550,592)
Proceeds on the sale of tangible capital assets	<u>-</u>	<u>341,638</u>
	<u>(2,629,757)</u>	<u>(2,208,954)</u>
Net increase in cash and cash equivalents	(96,206)	(544,031)
Cash and cash equivalents		
Beginning of year	<u>19,301,044</u>	19,845,075
End of year	<u>\$ 19,204,838</u>	<u>\$ 19,301,044</u>
<hr/>		
Cash and cash equivalents is comprised of:		
Unrestricted cash	15,607,245	16,197,978
Restricted cash	<u>3,597,593</u>	<u>3,103,066</u>
	<u>\$ 19,204,838</u>	<u>\$ 19,301,044</u>
<hr/>		

See accompanying notes to the consolidated financial statements.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

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 Chartered Professional Accountants of Canada.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Municipality.

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

The Municipality has also consolidated the following proportionally controlled entity:

Eastern District Planning Commission – 23% (2020 – 23%)

Interdepartmental and organizational transactions and balances are eliminated.

Budget

The budget figures contained in these financial statements were approved by Council on June 4, 2020, 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.

Revenue recognition

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs.

All non-government contributions or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Government transfers

Government transfers received are recognized in the consolidated financial statements as revenue when the transfers are authorized, and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized, and all eligibility criteria have been met.

Expenses

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities. Cash proceeds from tax sales in excess of the arrear's taxes receivable are deposited in a separate bank account and are restricted for a period of twenty years at which time the cash can be taken into operations. The balance of the tax sales surplus account at year end is \$1,086,026 (2020 - \$885,489).

Other restricted cash relates to capital renewal reserve cash received from the Nova Scotia Department of Health that is required to be invested by the Home and used, with the Department's approval, to support future replacement of facility components in accordance with the Department's policies for asset replacement and their theoretical useful life. These funds are deferred and will be recognized when the related cost is incurred. Balance of the capital renewal account at year-end is \$2,511,567 (2020 - \$2,217,578).

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net debt for the year.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Tax sale

Annually, the Municipality hosts a tax sale for properties whose owners are not up to date on their tax payments. The amounts from the proceeds of sale in excess of tax owing must be held for a period of 20 years. After the 20-year period of holding these funds in trust has expired, the cash will be transferred to the capital reserve. In 2021, there were no transfers made from the tax sale amounts to the capital reserve.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and impairment 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. The Municipality does not capitalize interest as part of the costs of its capital assets.

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

School assets

All school buildings on hand remain assets of the Municipality but are under the operational control of the 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.

School buildings have not been recorded as tangible capital assets, as they are not currently under the control of the Municipality.

Deferred revenue

Gas tax and other deferred grant revenue will be recognized in the period in which any stipulations and eligibility criteria been met.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Liability for contaminated sites

The Municipality of the County of Inverness follows Public Sector Accounting Section 3260 Liability for Contaminated Sites, which establishes the recognition, measurement and disclosure requirements for reporting liabilities associated with the remediation of contaminated sites.

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Municipality:
 - is directly responsible; or
 - accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates that effect the amounts recorded in the financial statements. Management reviews the carrying amounts of items in the financial statements at each fiscal year end date to assess the need for revisions. Items in preparation of these consolidated financial statements require management's best estimate based on assumptions that reflect the most probably set of economic conditions and planned courses of action.

These estimates are reviewed periodically, and adjustments are made to annual surplus as appropriate in the year they become known.

Significant items subject to management estimates include:

<u>Financial statement element</u>	<u>Management estimate</u>
Taxes and other receivables	Allowance for doubtful accounts
Unfunded retirement benefits	Accrued unfunded liability
Tangible capital assets	Useful lives
Payables and accruals	Sick leave liability

Related party transactions

Effective for the fiscal period beginning on April 1, 2017, the Municipality was required to adopt Public Sector Accounting sections 2200, Related Party Disclosures and 3420 Inter-Entity Transactions, which establishes the disclosure requirements for reporting related party transactions. Management has determined that there are no related party transactions to disclose at this time.

Contractual rights

Effective for the fiscal period beginning on April 1, 2017, the Municipality was required to adopt Public Sector Accounting section 3380, Contractual rights, which establishes the disclosure requirements for contractual rights. Management has determined that there are no contractual rights to disclose at this time.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

2. Taxes receivable	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 2,249,803	\$ 1,794,909
Levy	14,717,824	14,266,107
Interest	<u>84,988</u>	<u>181,325</u>
	17,052,615	16,242,341
Collections	<u>14,670,708</u>	<u>13,653,698</u>
	2,381,907	2,588,643
Write offs, adjustments, exemptions	<u>345,280</u>	<u>338,841</u>
	2,036,627	2,249,802
Valuation allowance (Note 6)	<u>606,080</u>	<u>756,750</u>
Balance, end of year	<u>\$ 1,430,547</u>	<u>\$ 1,493,052</u>

3. User charges receivable	<u>2021</u>	<u>2020</u>
Other receivables	\$ 640,152	\$ 843,279
Water rates	<u>402,548</u>	<u>299,920</u>
	<u>\$ 1,042,700</u>	<u>\$ 1,143,199</u>

4. Receivable from governments	<u>2021</u>	<u>2020</u>
Federal government	\$ 105,384	\$ 111,458
Provincial government	<u>974,020</u>	<u>238,537</u>
	<u>\$ 1,079,404</u>	<u>\$ 349,995</u>

5. Other receivables	<u>2021</u>	<u>2020</u>
Municipal receivables	\$ 1,586,920	\$ 1,736,343
Public Health Services	<u>703,048</u>	<u>657,902</u>
	<u>\$ 2,289,968</u>	<u>\$ 2,394,245</u>

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

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>2021</u>	<u>2020</u>
Cape Breton Island Housing Authority	\$ -	\$ -
Eastern Counties Regional Library	\$ 94,655	\$ 98,778

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2021.

7. Payables	<u>2021</u>	<u>2020</u>
Municipal payables	\$ 1,971,369	\$ 2,030,107
Public health services	2,186,756	2,339,640
Accrued sick leave benefits (Note 11)	<u>1,085,000</u>	<u>1,066,100</u>
	<u>\$ 5,243,125</u>	<u>\$ 5,435,847</u>

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

8. 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 \$141,204 in 2021 (2020 - \$131,722) are included in the wages and benefits as part of expenditures.

Defined Benefit Plan

Certain of the employees of Inverness County Municipal Housing Corporation (ICMHC) participate in a multi-employer defined benefit pension plan for certain health care employers which is administered by the Health Association of Nova Scotia ("HANS"). This plan to which contributions totaled is accounted for as a defined contribution plan. These costs are included with wages and employee benefits in the financial statements. For earnings up to the yearly maximum pensionable earnings (YMPE) the ICMHC contributes 9.22% of gross wages to a registered pension plan which requires contributions of 7.82% from employees. Once earnings exceed YMPE the ICMHC contributes 11.58% and the employees contribute 10.18%. During the year, the ICMHC paid contributions of \$575,365 (2020 - \$562,452) to the benefit plan.

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, 2018 as well as an extrapolation to March 31, 2021. The March 31, 2021, actuarial valuation extrapolation indicated that the pension enhancement had an accrued benefit obligation of \$6,044,400 (2020 - \$6,053,800).

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

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

8. Commitments and contingencies (continued)

(a) Pension costs and obligations (continued)

Pension enhancement (continued)

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

- Discount rate of 4.75%
- Rate of compensation increase of 3.00%
- Expected long term rate of return on plan assets of 3.00%; and
- Remaining years of service for employee group of 5 years

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

	<u>2021</u>	<u>2020</u>
Accrued benefit obligation, beginning of year	\$ 6,053,800	\$ 6,090,200
Current service cost	20,100	19,200
Interest on obligation	281,100	282,200
Less: benefits paid	<u>(310,600)</u>	<u>(337,800)</u>
Accrued benefit obligation, end of year	<u>6,044,400</u>	<u>6,053,800</u>
Unfunded retirement benefits	<u>\$ (6,044,400)</u>	<u>\$ (6,053,800)</u>

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

9. Remuneration and expenses

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>			
Laurie Cranton	Warden/Councillor – District 2	\$ 47,425	\$ 5,802
Betty Ann MacQuarrie	Warden – District 5	\$ 36,200	\$ 713
Alfred Poirier	Councillor – District 1	\$ 41,665	\$ 4,053
Bonnie MacIsaac	Councillor – District 3	\$ 18,476	\$ 3,980
James Mustard	Councillor – District 3	\$ 22,324	\$ 1,797
John MacLennan	Councillor – District 4	\$ 39,095	\$ 3,706
Lynn Chisholm	Councillor – District 5	\$ 15,593	\$ 4,826
Catherine Gillis	Councillor – District 6	\$ 15,593	\$ 2,654
John Dowling	Councillor – District 6	\$ 23,502	\$ 1,150
<u>Senior officials</u>			
Keith MacDonald	Chief Administrative Officer	\$ 136,068	\$ 5,319

10. Landfill closure and post-closure costs

In accordance with the regulations of Nova Scotia Department of 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 has estimated these costs will be incurred annually for 20 years.

Included in payables and accruals is \$460,000 (2020 - \$460,000), being the estimated sum of the discounted future cash flows associated with closure and post closure care activities as noted above as of March 31, 2021. The Municipality has included in its reserves an amount of \$460,000 (2020 - \$460,000) to fund these future landfill closure costs.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

11. Sick leave benefit liability

Section 3255 of the CPA Canada Public Sector Accounting Handbook (PS 3255) requires that a liability and expense be recorded for compensated absences that vest or that accumulate. The Municipality has employees that have sick benefits that are accumulating and non-vesting. The valuation was completed as at March 31, 2021.

Actuarial Method:

The actuarial cost method used was the "Projected Unit Credit" method (also known as the "Projected Accrued Benefit" method) pro - rated on service.

Components of benefit expense under PS3250:

	Municipal	Housing Corporation	Total 2021
Current service cost	\$ 21,900	\$ 85,400	\$ 107,300
Sick leave interest expense	5,000	29,500	34,500
Benefit expense	<u>\$ 26,900</u>	<u>\$ 114,900</u>	<u>\$ 141,800</u>

Accrued benefit liability / (asset) on the consolidated statement of financial position:

Balance, beginning of year	\$ 215,300	\$ 850,800	\$ 1,066,100
Benefit expense	21,900	85,400	107,300
Interest expense	5,000	29,500	34,500
Municipal contribution	<u>(20,300)</u>	<u>(102,600)</u>	<u>(122,900)</u>
Balance, end of year (unfunded)	<u>\$ 221,900</u>	<u>\$ 863,100</u>	<u>\$ 1,085,000</u>

Assumptions:

Discount rate:	2.32% - 3.5% per annum
Salary increases:	2.0% per annum.
Mortality:	100% of CPM-2014 Public with future mortality improvements according to scale CPM-B and MI-2017
Withdrawal prior to retirement:	Nil
Retirement age:	End of the year in which age 62 - 63 is attained
Excess sick leave utilization:	Probability of usage and average number of sick leave bank days used

Plan Provisions:

The Municipality provides eligible employees with sick leave that accumulates at 30 days per year (2.5 days per month) up to a maximum of 150 days. If an employee is sick more than 30 days in a year, they can draw on their accumulated sick leave. No benefit in respect of accumulated sick leave is payable upon termination, retirement, or death.

Inverness Municipal Housing Corporation provides eligible CUPE employees with sick leave that accumulated at 18 days per year (1.5 days per month) up to a maximum of 120 days. Eligible Nova Scotia Nurses Union ("NSNU") and administrative employees are granted 12 hours for every 126 hours worked up to a maximum of 1,000 hours. No benefit in respect of accumulated sick leave is payable upon termination, retirement or death except for eligible CUPE employees with sick leave accumulated prior to August 1, 2003 who are entitled to a payment equal to 50% of any unused prior sick leave accumulation at time employment ceases. Eligible NSNU employees with sick leave accumulated prior to April 1, 1990 are entitled to a payment of 60% of any unused sick leave accumulation at the time employment ceases.

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

12. Budget figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations and statement of changes in net assets has been adjusted to be on a consistent basis as actual results. The adjustments below include netting school board appropriations and reduced taxes against tax revenues, and reclassification of revenues and expenditures amongst categories. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statement:

	<u>Approved Fiscal Plan</u>	<u>Adjustments</u>	<u>Per Financial Statements</u>
Revenue			
Municipal taxation	\$ 10,760,400	\$ (365,000)	\$ 10,395,400
Grants-in-lieu	428,500	-	428,500
Services provided to other governments	187,000	-	187,000
Conditional transfers from other governments	235,100	-	235,100
Unconditional transfers from other governments	454,049	(209,000)	245,049
Sale of services	574,250	-	574,250
Public health Services	15,688,759	-	15,688,759
Water utility operating revenues	769,000	-	769,000
Other revenue from own sources	488,300	(216,000)	272,300
Capital grants	-	600,000	600,000
	<u>29,585,358</u>	<u>(190,000)</u>	<u>29,395,358</u>
Expense			
General government services	3,152,300	(365,000)	2,787,300
Protective services	3,154,300	(216,000)	2,938,300
Transportation services	1,441,700	-	1,441,700
Environmental health services	3,474,100	-	3,474,100
Environmental development services	1,218,099	(209,000)	1,009,099
Public health services	15,526,760	-	15,526,760
Recreation and cultural services	864,700	-	864,700
Water treatment and distribution	1,433,591	-	1,433,591
Transfers to (from) own reserves, funds and agencies	(415,400)	415,400	-
	<u>29,850,150</u>	<u>(374,600)</u>	<u>29,475,550</u>
Annual surplus	<u>\$ (264,792)</u>	<u>\$ 184,600</u>	<u>\$ (80,192)</u>

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

13. Segment disclosure

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 firefighting apparatus and vehicles approved by Council. The Municipality 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, 2021

13. Segment disclosure (continued)

	General Government	Protective	Transportation	Environmental health	Public health	Environmental development	Recreation and cultural	Water treatment	2021	2020
Revenues										
Taxes	\$ 2,237,620	\$ 2,386,919	\$ 1,202,211	\$ 3,360,499	\$ -	\$ 950,841	\$ 570,494	\$ -	\$ 10,708,584	\$ 10,060,427
Grants in lieu of taxes	88,982	94,919	47,807	133,634	-	37,811	22,687	-	425,840	413,967
Services provided to other governments	-	-	-	-	-	306,032	-	-	306,032	225,749
Unconditional transfers from other governments	771,167	-	-	-	-	-	-	-	771,167	512,413
Conditional transfers from other governments	475,807	-	-	3,699	-	-	-	-	479,506	385,555
Sale of services	79,541	-	-	-	-	130,681	(1,795)	-	208,427	378,932
Public health services	-	-	-	-	16,348,640	-	-	-	16,348,640	15,442,018
Water utility operating revenues	-	-	-	-	-	-	-	956,023	956,023	712,398
Other revenues from own sources	321,872	-	-	-	1,012,692	-	-	-	1,334,564	918,764
Capital grants	812,914	-	-	-	-	-	-	-	812,914	906,469
	<u>4,787,902</u>	<u>2,481,838</u>	<u>1,250,018</u>	<u>3,497,832</u>	<u>17,361,332</u>	<u>1,425,365</u>	<u>591,386</u>	<u>956,023</u>	<u>32,351,697</u>	<u>29,956,692</u>
Expenditures										
Salaries and benefits	1,367,504	-	384,491	1,916,682	11,453,324	-	328,741	336,608	15,817,351	14,225,242
Goods, services and other	1,363,478	2,955,834	920,675	1,429,276	2,763,691	1,175,131	377,728	651,575	11,637,387	12,073,643
Amortization	39,968	-	183,558	788,046	1,334,349	2,340	-	328,591	2,676,882	2,728,956
Interest	-	-	-	27,459	1,191,882	-	-	22,678	1,242,019	1,303,271
	<u>2,770,950</u>	<u>2,955,837</u>	<u>1,488,754</u>	<u>4,161,463</u>	<u>16,743,246</u>	<u>1,177,471</u>	<u>706,469</u>	<u>1,369,452</u>	<u>31,373,639</u>	<u>30,331,112</u>
Annual surplus (deficit)	\$ 2,016,952	\$ (473,996)	\$ (238,736)	\$ (663,631)	\$ 618,086	\$ 247,894	\$ (116,083)	\$ (413,429)	\$ 978,058	\$ (374,420)

Municipality of the County of Inverness

Notes to the consolidated financial statements

March 31, 2021

14. Deferred revenue

The Province of Nova Scotia signed an agreement with the Federal government which would enable the Province to transfer gas tax rebates to municipalities for special capital improvements. The program was to initially run for five years but has been extended past this five-year time frame. In fiscal 2021, \$739,057 has been recognized as revenues by the Municipality, the remaining balance is deferred as they have not fulfilled the stipulations associated with the grant.

Other deferred revenues represent funds received from varying sources for projects and capital purposes yet to be completed. In fiscal 2021, \$969,087 has been recognized as revenues by the Municipality.

	<u>Gas tax</u>	<u>Other</u>	<u>Total</u>
Balance, beginning of year	\$ 2,793,271	\$ 3,336,290	\$ 6,129,561
Contributions and interest earned	682,779	1,999,576	2,682,355
Amounts recognized as revenue	<u>(739,085)</u>	<u>(969,656)</u>	<u>(1,708,741)</u>
Balance, end of year	<u>\$ 2,736,965</u>	<u>\$ 4,366,210</u>	<u>\$ 7,103,175</u>

15. Impacts of COVID-19

Since March 31, 2021 the spread of COVID-19 has continued to impact many local economies around the globe, with Nova Scotia extending their state of emergency. During the fiscal year, the Municipality of the County of Inverness ("The Municipality") received federal grant funding totaling \$805,580 of which \$163,443 was recognized in revenue and \$642,137 was deferred to fiscal 2022. The Municipality of the County of Inverness has not yet experienced a significant impact on its operations and has determined that no events have taken place that impact the financial results of operations as of and for the year ended March 31, 2021.

The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of the impact the pandemic will have on the financial position and results of the Municipality's future periods.

16. Comparative figures

Comparative figures have been adjusted to conform to the changes in the current year presentation.

Municipality of the County of Inverness

Schedule of debt charges and term debt

Year ended March 31, 2021

	Interest rate	Loan Continuity			Balance March 31, 2021	Interest
		Balance April 1, 2020	Repaid	Issued		
General Capital						
Municipal Finance Corporation	1.809%-2.925%	\$ 1,260,000	\$ 180,000	\$ -	\$ 1,080,000	\$ 27,459
Water Capital						
Municipal Finance Corporation	3.471%-4.026%	<u>600,000</u>	<u>50,000</u>	<u>-</u>	<u>550,000</u>	<u>22,678</u>
		<u>1,860,000</u>	<u>230,000</u>	<u>-</u>	<u>1,630,000</u>	<u>50,137</u>
Housing Corporation						
Nova Scotia Housing Development Corporation	3.730%	27,420,056	1,160,611	-	26,259,445	995,352
Nova Scotia Housing Development Corporation	5.000%	2,664,250	112,896	-	2,551,354	129,307
Nova Scotia Housing Development Corporation	3.370%	<u>1,595,471</u>	<u>55,142</u>	<u>-</u>	<u>1,540,329</u>	<u>52,728</u>
		<u>31,679,777</u>	<u>1,328,649</u>	<u>-</u>	<u>30,351,128</u>	<u>1,177,387</u>
Total municipal debt		<u>\$ 33,539,777</u>	<u>\$ 1,558,649</u>	<u>\$ -</u>	<u>\$ 31,981,128</u>	<u>\$ 1,227,524</u>

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

2022	\$ 1,609,559
2023	\$ 1,662,842
2024	\$ 1,718,201
2025	\$ 1,775,721
2026	\$ 1,835,484

Long-term debt issued by the Municipal Finance Corporation has been authorized by the Minister of Municipal Affairs.

The Housing Corporation debt is funded by the Department of Health and Wellness.

Municipality of the County of Inverness

Schedule of tangible capital assets

March 31, 2021

	<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	\$ 481,173	\$51,059,724	\$ 1,671,894	\$ 848,731	\$ 5,974,884	\$ 833,929	\$12,731,938
Additions	1,000	424,438	123,568	67,677	812,682	26,984	185,973
Disposals	-	-	-	-	-	-	-
Balance, end of year	<u>482,173</u>	<u>51,484,162</u>	<u>1,795,462</u>	<u>916,408</u>	<u>6,787,566</u>	<u>860,913</u>	<u>12,917,911</u>
Accumulated amortization							
Balance, beginning of year	-	16,130,796	1,370,431	472,178	4,448,498	430,547	3,860,717
Amortization during the year	-	1,495,750	50,803	85,925	306,144	33,633	252,350
Disposals	-	-	-	-	-	-	-
Balance, end of year	-	<u>17,626,546</u>	<u>1,421,234</u>	<u>558,102</u>	<u>4,754,642</u>	<u>464,180</u>	<u>4,113,067</u>
Net book value – March 31, 2021	<u>\$ 482,173</u>	<u>\$33,957,616</u>	<u>\$ 374,228</u>	<u>\$ 358,306</u>	<u>\$ 2,032,924</u>	<u>\$ 396,733</u>	<u>\$ 8,804,844</u>
Net book value – March 31, 2020	<u>\$ 481,173</u>	<u>\$34,928,928</u>	<u>\$ 301,463</u>	<u>\$ 376,553</u>	<u>\$ 1,526,386</u>	<u>\$ 403,382</u>	<u>\$ 8,871,221</u>

Municipality of the County of Inverness

Schedule of tangible capital assets

March 31, 2021

	<u>Streets and lights</u>	<u>Computer equipment</u>	<u>Website</u>	<u>Other equipment</u>	<u>Utility plant</u>	<u>2021 Total</u>	<u>2020 Total</u>
Cost							
Balance, beginning of year	\$ 2,653,614	\$ 263,426	\$ 116,822	\$ 46,010	\$10,675,028	\$ 87,357,173	\$ 86,082,912
Additions	-	1,282	-	-	986,153	2,629,757	2,550,592
Disposals	-	-	-	-	-	-	1,276,331
Balance, end of year	<u>2,653,614</u>	<u>264,708</u>	<u>116,822</u>	<u>46,010</u>	<u>11,661,181</u>	<u>89,986,930</u>	<u>87,357,173</u>
Accumulated amortization							
Balance, beginning of year	1,032,287	60,130	116,822	46,010	2,275,815	30,244,230	28,293,665
Amortization during the year	106,144	17,543	-	-	328,591	2,676,883	2,728,956
Disposals	-	-	-	-	-	-	778,390
Balance, end of year	<u>1,138,431</u>	<u>77,673</u>	<u>116,822</u>	<u>46,010</u>	<u>2,604,406</u>	<u>32,921,113</u>	<u>30,244,231</u>
Net book value – March 31, 2021	<u>\$ 1,515,183</u>	<u>\$ 187,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,056,775</u>	<u>\$ 57,065,817</u>	<u>\$ 57,122,943</u>
Net book value – March 31, 2020	<u>\$ 1,621,327</u>	<u>\$ 203,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,399,213</u>		



SUPPLEMENTARY SCHEDULES

Municipality of the County of Inverness

Water utility

Operating fund balance sheet

(Unaudited)

March 31

2021

2020

Assets

Cash and cash equivalents	<u>\$ 10,399</u>	<u>\$ 235,122</u>
Receivable		
Rates (less allowance for doubtful accounts \$32,828; 2020 - \$32,829)	402,548	299,920
Province of Nova Scotia	1,397	1,397
HST	75,063	45,571
Due from gas tax reserve	<u>71,955</u>	<u>26,568</u>
	<u>550,963</u>	<u>373,456</u>
	<u>\$ 561,362</u>	<u>\$ 608,578</u>

Liabilities

Payables and accruals		
Due to water utility section, capital fund	\$ 1,241,882	\$ 841,749
Due to general operating fund	94,361	349,917
Other payables and accruals	<u>116,857</u>	<u>134,090</u>
	<u>1,453,100</u>	<u>1,325,756</u>
Deficit	<u>(891,738)</u>	<u>(717,178)</u>
	<u>\$ 561,362</u>	<u>\$ 608,578</u>

Municipality of the County of Inverness

Water utility

Operating fund statement of operations

(Unaudited)

Year ended March 31

2021

2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating revenues			
Metered sales	\$ 708,600	\$ 920,990	\$ 615,983
Flat rate sales	56,300	35,669	94,415
Public fire protection	216,000	216,629	208,000
Sprinkler	4,100	-	4,160
Other operating revenue	<u>12,000</u>	<u>1,979</u>	<u>10,706</u>
	<u>997,000</u>	<u>1,175,267</u>	<u>935,264</u>
Expenditures			
Source of supply	92,000	72,614	108,489
Power and pumping	161,900	136,617	155,851
Water treatment	454,600	430,862	364,797
Transmission and distribution	250,800	264,297	301,086
Administration and general	131,700	120,789	21,890
Depreciation	328,591	328,591	276,786
Other operating expenditures	<u>14,000</u>	<u>15,682</u>	<u>18,856</u>
	<u>1,433,591</u>	<u>1,369,452</u>	<u>1,247,755</u>
Operating (loss) surplus	<u>(436,591)</u>	<u>(194,185)</u>	<u>(312,491)</u>
Non-operating expenditures			
Debt charges			
Debenture principal repayment	50,000	50,000	50,000
Debenture interest	<u>23,500</u>	<u>22,678</u>	<u>24,376</u>
	<u>73,500</u>	<u>72,678</u>	<u>74,376</u>
Non-operating revenue			
Amortization of deferred government assistance	<u>83,300</u>	<u>92,303</u>	<u>92,173</u>
Excess of expenditures over revenues	\$ <u>(426,791)</u>	\$ <u>(174,560)</u>	\$ <u>(294,694)</u>
Deficit, beginning of year		<u>(717,178)</u>	<u>(422,484)</u>
Deficit, end of year		<u>\$ (891,738)</u>	<u>\$ (717,178)</u>

Municipality of the County of Inverness

Water utility

Capital fund balance sheet

(Unaudited)
March 31

2021

2020

Assets

Cash		
Depreciation fund (page 28)	\$ 431,377	\$ 550,020
Receivable from federal government	-	38,129
Deferred capital charges	2,986	135,894
Due from water utility section, operating fund	1,241,882	841,749
Utility plant and equipment (page 29)	<u>11,657,165</u>	<u>10,671,012</u>
	<u>\$ 13,333,410</u>	<u>\$ 12,236,804</u>

Liabilities

Payables		
Due to operating reserve section	\$ 1,366,875	\$ 1,366,875
Term debt		
Debentures issued to provincial government and its agencies	550,000	600,000
Deferred assistance	<u>2,854,512</u>	<u>2,939,185</u>
	<u>4,771,387</u>	<u>4,906,060</u>
Reserve for depreciation (page 28)	<u>2,604,499</u>	<u>2,275,908</u>
Investment in capital assets (page 28)	<u>5,957,524</u>	<u>5,054,836</u>
	<u>\$ 13,333,410</u>	<u>\$ 12,236,804</u>

Municipality of the County of Inverness

Water utility

Statement of reserve for depreciation

(Unaudited)

Year ended March 31	2021	2020
Balance, beginning of year	\$ 2,275,908	\$ 1,999,122
Depreciation for the year	<u>328,591</u>	<u>276,786</u>
Balance, end of year	<u>\$ 2,604,499</u>	<u>\$ 2,275,908</u>

Water utility section

Non-consolidated statement of investment in capital assets

(Unaudited - see advisory to readers)

Year ended March 31	2021	2020
Balance, beginning of year	\$ 5,054,836	\$ 4,246,085
Term debt retired	50,000	50,000
Interest	2,379	13,571
Local improvement charges	-	33,554
Transfer from operating reserve	-	35,894
Transfer from depreciation reserve	117,567	-
Transfer from capital reserve	39,328	-
Government funding	73,829	(197,727)
Transfer from (to) gas tax reserve	<u>619,585</u>	<u>873,459</u>
Balance, end of year	<u>\$ 5,957,524</u>	<u>\$ 5,054,836</u>

Water utility section

Non-consolidated statement of depreciation fund cash

(Unaudited - see advisory to readers)

Year ended March 31	2021	2020
Cash, beginning of year	\$ 550,020	\$ 819,859
Transfer from depreciation fund	(121,041)	(283,410)
Interest earned on depreciation fund	<u>2,398</u>	<u>13,571</u>
Cash, end of year	<u>\$ 431,377</u>	<u>\$ 550,020</u>

Municipality of the County of Inverness

Water utility

Schedule of utility plant and equipment

(Unaudited)

Year ended March 31	2021	2020
Tangible plant		
Land and land rights	\$ 68,805	\$ 68,805
Source of supply	2,062,263	1,597,531
Reservoir	2,320,874	2,320,874
Structures and improvements		
Power and pumping	311,134	292,302
Electric pumping equipment	441,333	174,822
Purification equipment	1,806,906	1,774,177
Transmission mains	659,428	659,428
Distribution mains	1,489,631	1,471,853
Services	141,481	139,193
Meters	1,135,706	995,339
Hydrants	176,693	173,045
Other tangible plant	69,991	30,663
Cheticamp water utility	<u>972,920</u>	<u>972,920</u>
	<u>\$ 11,657,165</u>	<u>\$ 10,671,012</u>
