

Non-consolidated financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Victoria

March 31, 2021

Contents

	<u>Page</u>
Advisory to readers	1
General section	
Non-consolidated operating fund balance sheet	2
Non-consolidated statement of operations	3
Non-consolidated statement of operating fund surplus	4
Non-consolidated general capital fund balance sheet	5
Non-consolidated statement of investment in capital assets	6
Schedule A - details of revenue	7 - 9
Schedule B - details of expenses	10 - 13
Reserve funds section	
Non-consolidated capital reserve balance sheet	14
Non-consolidated statement of capital reserve	14
Non-consolidated operating reserve balance sheet	15
Non-consolidated statement of operating reserve	15
Notes to the non-consolidated financial statements	16 - 20

Advisory to readers

The Municipality of the County of Victoria 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 Victoria

General section

Non-consolidated operating fund balance sheet

(Unaudited – see advisory to readers)

March 31 2021 2020

Assets

Cash	<u>\$ 685,020</u>	<u>\$ 2,386,589</u>
Receivables		
Taxes (note 3)	865,951	1,104,310
Other (note 4)	1,074,091	1,139,588
Due from operating reserve	<u>4,808,821</u>	<u>-</u>
	<u>6,748,863</u>	<u>2,243,898</u>
Tangible assets		
Properties acquired at tax sale	<u>71,964</u>	<u>71,964</u>
Deferred charges		
Prepays	<u>855</u>	<u>76,772</u>
	<u>\$ 7,506,702</u>	<u>\$ 4,779,223</u>

Liabilities and operating equity

Payables		
Due to operating reserve	\$ -	\$ 885,580
Due to capital reserve	1,421,248	1,013,441
Trade accounts and other liabilities	<u>1,986,535</u>	<u>2,408,795</u>
	<u>3,407,783</u>	<u>4,307,816</u>
Other liabilities		
MFC operating loan	3,606,000	-
Prepayment of taxes	351,620	340,416
Tax sale surplus	<u>141,299</u>	<u>130,991</u>
	<u>4,098,919</u>	<u>471,407</u>
Operating surplus	<u>-</u>	<u>-</u>
	<u>\$ 7,506,702</u>	<u>\$ 4,779,223</u>

Commitments and contingencies (note 8)

On behalf of the Municipality of the County of Victoria

_____ Warden _____ CAO

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

General section

Non-consolidated statement of operations

(Unaudited – see advisory to readers)

Year ended March 31

2021

2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues (Schedule A)			
Taxes (page 7)	\$ 9,399,845	\$ 9,508,674	\$ 9,163,496
Grants in lieu of taxes (page 8)	1,966,793	1,959,497	1,847,677
Services provided to other governments (page 8)	57,698	54,405	58,898
Other revenue from own sources (page 8)	773,900	838,366	869,590
Transfers from other governments (page 9)	371,434	264,808	369,690
Collections for other governments (page 9)	238,217	235,939	238,217
Other revenue	-	273,206	-
	<u>12,807,887</u>	<u>13,134,895</u>	<u>12,547,568</u>
Expenses (Schedule B)			
General government services (page 10)	2,995,314	2,515,418	2,580,118
Protective services (page 11)	2,846,275	2,844,202	2,719,560
Transportation services (page 11)	441,552	401,975	399,282
Environmental health services (page 11)	2,294,768	2,252,145	2,713,939
Economic development services (page 12)	127,000	114,387	116,691
Recreation and cultural services (page 12)	435,490	261,752	354,680
Fiscal services (page 13)	3,681,475	3,439,418	3,424,156
Water utility (page 13)	-	-	8,686
Transfer to own reserves (page 13)	(14,000)	1,305,598	230,456
	<u>12,807,874</u>	<u>13,134,895</u>	<u>12,547,568</u>
Annual surplus	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

General section

Non-consolidated statement of operating fund surplus

(Unaudited – see advisory to readers)

Year ended March 31

	2021	2020
--	------	------

Operating fund surplus, beginning of year	\$ -	\$ -
Transfer to current operations	-	-
Annual surplus	<u>-</u>	<u>-</u>
Operating fund surplus, end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria
General section
Non-consolidated general capital fund balance
sheet

(Unaudited – see advisory to readers)

March 31 2021 2020

Assets

Property and equipment \$ 6,148,819 \$ 6,161,580

Equity

Investment in capital assets (page 6) \$ 6,148,819 \$ 6,161,580

On behalf of the Municipality of the County of Victoria

_____ Warden _____ CAO

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

General section

Non-consolidated statement of investment in capital assets

(Unaudited – see advisory to readers)

Year ended March 31

2021

2020

Balance, beginning of year	\$ 6,161,580	\$ 5,924,419
Disposal of tangible capital assets	(240,757)	-
Capital out of revenue	<u>227,996</u>	<u>237,161</u>
Balance, end of year	<u>\$ 6,148,819</u>	<u>\$ 6,161,580</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

General section

Schedule A - details of revenue

(Unaudited – see advisory to readers)
Year ended March 31

2021 2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 6,825,723	\$ 6,815,041	\$ 6,647,034
Commercial			
Based on taxable assessment	1,278,890	1,213,194	1,127,982
Resource			
Based on taxable assessment	1,109,532	1,103,338	1,100,338
Forest property tax	<u>13,700</u>	<u>13,735</u>	<u>13,761</u>
	<u>9,227,845</u>	<u>9,145,308</u>	<u>8,889,115</u>
Business property			
Based on revenue – Aliant Inc.	<u>62,000</u>	<u>57,458</u>	<u>54,598</u>
Other			
Deed transfer tax	<u>110,000</u>	<u>305,908</u>	<u>219,783</u>
	<u>\$ 9,399,845</u>	<u>\$ 9,508,674</u>	<u>\$ 9,163,496</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

General section

Schedule A - details of revenue (continued)

(Unaudited – see advisory to readers)

Year ended March 31

2021

2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Grants in lieu of taxes			
Federal government	\$ 270,199	\$ 249,813	\$ 249,657
Provincial government			
Crown timber lands	148,148	148,148	148,148
Provincial property	113,027	125,190	143,027
Farm acreage	13,687	13,687	13,496
Provincial government agencies			
Nova Scotia Liquor Commission	14,300	15,227	15,274
Nova Scotia Power Inc.	1,407,432	1,407,432	1,278,075
	<u>\$ 1,966,793</u>	<u>\$ 1,959,497</u>	<u>\$ 1,847,677</u>
Services provided to other governments			
Solid waste collection and policing services			
- Inverness County	\$ 31,700	\$ 32,650	\$ 32,900
Commission on taxes – Village of Baddeck	25,998	21,755	25,998
	<u>\$ 57,698</u>	<u>\$ 54,405</u>	<u>\$ 58,898</u>
Other revenue from own sources			
Licenses and permits	\$ 2,000	\$ 1,595	\$ 1,100
Rentals	5,000	1,421	1,005
Interest on investments	25,000	27,806	94,090
Interest on taxes	135,000	119,604	146,364
Recycling and landfill tipping fees	599,400	672,310	624,476
Miscellaneous	7,500	15,630	2,555
	<u>\$ 773,900</u>	<u>\$ 838,366</u>	<u>\$ 869,590</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

General section

Schedule A - details of revenue (continued)

(Unaudited – see advisory to readers)

Year ended March 31

2021

2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transfers from other governments			
Provincial government			
Active living program	\$ 15,000	\$ 15,000	\$ 5,000
Active communities	12,000	11,576	-
Physical activity initiatives	-	900	-
Tourism initiatives	-	-	109,000
Miscellaneous	59,000	83,313	60,334
Special events	-	1,400	1,770
Fuel tax rebate	15,000	-	-
Federal government			
Environment and climate change initiative	-	22,059	-
Department of Municipal Affairs			
HST offset grant	25,000	31,001	27,988
Gas tax revenue	215,434	63,648	130,359
Department of Justice			
Fines	<u>30,000</u>	<u>35,911</u>	<u>35,239</u>
	<u>\$ 371,434</u>	<u>\$ 264,808</u>	<u>\$ 369,690</u>
Collections for other governments			
Village of Baddeck	<u>\$ 238,217</u>	<u>\$ 235,939</u>	<u>\$ 238,217</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

General section

Schedule B - details of expenses

(Unaudited – see advisory to readers)

Year ended March 31

2021

2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Council stipend	\$ 227,258	\$ 244,634	\$ 228,290
Other legislative services	<u>54,636</u>	<u>10,637</u>	<u>43,525</u>
	<u>281,894</u>	<u>255,271</u>	<u>271,815</u>
Administrative			
Administrative	883,185	963,685	962,799
Financial management	190,257	200,854	188,784
Taxation			
Administration	201,230	193,036	198,273
Reduced taxes	122,000	97,699	98,527
Tax sales and other	107,000	86,341	110,195
Common services	<u>243,748</u>	<u>200,007</u>	<u>257,700</u>
	<u>1,747,420</u>	<u>1,741,622</u>	<u>1,816,278</u>
Other general government services			
Memberships and training	48,000	22,920	39,522
Election expenses	60,000	34,797	516
Information technology	110,000	59,872	58,592
Grants to organizations	378,000	326,746	370,743
Other	200,000	74,190	16,717
Hospital funding	20,000	-	5,935
Broadband funding	<u>150,000</u>	<u>-</u>	<u>-</u>
	<u>966,000</u>	<u>518,525</u>	<u>492,025</u>
	<u>\$ 2,995,314</u>	<u>\$ 2,515,418</u>	<u>\$ 2,580,118</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

General section

Schedule B - details of expenses (continued)

(Unaudited – see advisory to readers)

Year ended March 31

2021

2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Fire protection			
Insurance for volunteers	\$ 18,586	\$ 15,390	\$ 36,284
Public fire protection	332,145	341,983	371,000
Fire fighting force	<u>619,007</u>	<u>625,287</u>	<u>532,300</u>
	<u>969,738</u>	<u>982,660</u>	<u>939,584</u>
Other protection			
Dog control	45,519	39,235	40,794
Protective inspection	<u>184,035</u>	<u>180,273</u>	<u>143,550</u>
	<u>229,554</u>	<u>219,508</u>	<u>184,344</u>
Law enforcement			
Police protection - RCMP	1,630,983	1,630,984	1,589,396
Prosecutorial services	<u>16,000</u>	<u>11,050</u>	<u>6,236</u>
	<u>1,646,983</u>	<u>1,642,034</u>	<u>1,595,632</u>
	<u>\$ 2,846,275</u>	<u>\$ 2,844,202</u>	<u>\$ 2,719,560</u>
Transportation services			
Road transport			
Transit	\$ 30,000	\$ 1,798	\$ -
Road contribution	136,452	136,452	133,515
Street lighting	244,800	233,701	229,942
Sidewalks and other	<u>30,300</u>	<u>30,024</u>	<u>35,825</u>
	<u>\$ 441,552</u>	<u>\$ 401,975</u>	<u>\$ 399,282</u>
Environmental health services			
Waste collection and disposal			
Administration	\$ 213,368	\$ 201,815	\$ 227,438
Waste collection operations	777,805	817,284	872,798
Landfills, transfer stations	<u>1,303,595</u>	<u>1,233,046</u>	<u>1,613,703</u>
	<u>\$ 2,294,768</u>	<u>\$ 2,252,145</u>	<u>\$ 2,713,939</u>

See accompanying notes to the non-consolidated financial statements

Municipality of the County of Victoria

General section

Schedule B - details of expenses (continued)

(Unaudited – see advisory to readers)

Year ended March 31

2021

2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Economic development services			
Community economic development	\$ 127,000	\$ 114,387	\$ 116,691
Recreation and cultural services			
Recreation			
Administration	\$ 74,360	\$ 66,439	\$ 64,429
Recreation programs	50,000	32,265	34,529
Active living program	100,884	92,452	50,147
Tourism	181,600	42,962	173,906
Cultural			
Heritage	28,646	27,634	31,669
	<u>\$ 435,490</u>	<u>\$ 261,752</u>	<u>\$ 354,680</u>
Fiscal services			
Debt charge			
Interest on short term borrowings	\$ 5,000	\$ 13,993	\$ 6,027
Debenture interest	-	26,444	-
Capital out of revenue	339,000	227,996	237,161
	<u>344,000</u>	<u>268,433</u>	<u>243,188</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

General section

Schedule B - details of expenses (continued)

(Unaudited – see advisory to readers)

Year ended March 31

2021

2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Fiscal services (continued)			
Conditional transfers to other governments and agencies			
Assessment cost recovery	224,897	224,897	223,075
Protective services			
Municipal corrections contributions	133,243	133,243	134,204
Public health and welfare services			
Cape Breton Island Housing Authority	40,877	36,083	38,623
Recreation, cultural and education services			
Cape Breton-Victoria Regional Centre for Education	2,391,724	2,391,724	2,326,347
Libraries	70,500	67,885	68,382
Transmission of revenues to Village of Baddeck	260,800	253,505	259,978
Gas tax revenue - Village of Baddeck	<u>215,434</u>	<u>63,648</u>	<u>130,359</u>
	<u>3,337,475</u>	<u>3,170,985</u>	<u>3,180,968</u>
	<u>\$ 3,681,475</u>	<u>\$ 3,439,418</u>	<u>\$ 3,424,156</u>
Water utility			
Water projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,686</u>
Transfers to (from) own reserves			
Transfer to (from) capital reserve	\$ (14,000)	\$ -	\$ 214,000
Transfer to (from) operating reserve	<u>-</u>	<u>1,305,598</u>	<u>16,456</u>
	<u>\$ (14,000)</u>	<u>\$ 1,305,598</u>	<u>\$ 230,456</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

Reserve funds section

Non-consolidated capital reserve balance sheet

(Unaudited – see advisory to readers)

March 31 2021 2020

Assets

Cash	\$ 2,113,257	\$ 2,100,974
Due from operating fund	<u>1,421,248</u>	<u>1,013,441</u>
	<u>\$ 3,534,505</u>	<u>\$ 3,114,415</u>

Reserve

Capital reserve	<u>\$ 3,534,505</u>	<u>\$ 3,114,415</u>
-----------------	---------------------	---------------------

On behalf of the Municipality of the County of Victoria

_____ Warden _____ CAO

Reserve funds section

Non-consolidated statement of capital reserve

(Unaudited – see advisory to readers)

Year ended March 31 2021 2020

Balance, beginning of year	\$ 3,114,415	\$ 2,072,560
Transfer from operations	-	214,000
Interest	12,332	3,146
Gas tax funds revenues (expenses), net	360,670	738,700
Transfer of proceeds on sale of tangible capital assets	47,088	-
Recognize tax sale surplus	<u>-</u>	<u>86,009</u>
Balance, end of year	<u>\$ 3,534,505</u>	<u>\$ 3,114,415</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

Reserve funds section

Non-consolidated operating reserve balance sheet

(Unaudited – see advisory to readers)

March 31 2021 2020

Assets (liabilities)

Cash	\$ 9,655,039	\$ 2,635,197
Due from (to) operating fund	<u>(4,808,821)</u>	<u>885,580</u>
	<u>\$ 4,846,218</u>	<u>\$ 3,520,777</u>

Reserve

Operating reserve	<u>\$ 4,846,218</u>	<u>\$ 3,520,777</u>
-------------------	----------------------------	----------------------------

On behalf of the Municipality of the County of Victoria

_____ Warden _____ CAO

Reserve Funds Section

Non-consolidated statement of operating reserve

(Unaudited – see advisory to readers)

Year ended March 31 2021 2020

Balance, beginning of year	\$ 3,520,777	\$ 3,501,284
Interest earned	19,843	3,037
Transfer from operations	<u>1,305,598</u>	<u>16,456</u>
Balance, end of year	<u>\$ 4,846,218</u>	<u>\$ 3,520,777</u>

See accompanying notes to the non-consolidated financial statements.

Municipality of the County of Victoria

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)

March 31, 2021

1. Summary of significant accounting policies

Operating funds

i) **Properties acquired at tax sale.**

Properties acquired at tax sale are stated at cost.

ii) **Valuation allowances**

Uncollected taxes and interest

The Municipality provides a valuation allowance for uncollected taxes equal to, at minimum, the combined following, which it feels represents a reasonable estimate of potential losses:

- 80% of specific accounts deemed uncollectible;
- 15% of balances outstanding for greater than three years

iii) **Other receivables**

The Municipality provides a valuation allowance for all other receivables which are outstanding for more than one year.

iv) **Revenue and expenses**

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

Principal and interest payments relating to long term debt are recorded as an expense when due for payment.

Property and equipment acquired with operating funds are recorded as an expense when incurred.

Capital funds

i) **General purpose assets**

Capitalized debt expense

The Municipality capitalizes interest incurred on funds borrowed for construction in progress activity.

Property and equipment

Property, equipment, furnishings and projects in progress are recorded at cost. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as deductions from the cost of the related assets. The Municipality does not record amortization on its property and equipment in the non-consolidated financial statements.

Municipality of the County of Victoria

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)

March 31, 2021

2. Inter-fund balances

The Municipality accounts contained certain inter-fund balances at March 31, 2021, which under public sector accounting standards adopted for Nova Scotia municipalities were required to be repaid or a portion thereof included in current operations. Any additional unauthorized transfers are required under those principles to be repaid or included in the estimates in the following year.

3. Taxes receivable	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,409,310	\$ 1,550,784
Levy	9,508,674	9,163,496
Collections for other governments	235,939	238,217
Interest	<u>119,604</u>	<u>146,364</u>
	11,273,527	11,098,861
Collections	<u>9,991,605</u>	<u>9,591,024</u>
	1,281,922	1,507,837
Write offs, adjustments and exemptions	<u>97,699</u>	<u>98,527</u>
	1,184,223	1,409,310
Valuation allowance (note 5)	<u>318,272</u>	<u>305,000</u>
	<u>\$ 865,951</u>	<u>\$ 1,104,310</u>

4. Other receivables	<u>2021</u>	<u>2020</u>
Staff computer plan	\$ -	\$ 155
HST receivable	23,648	121,219
Water utilities	663,777	670,268
Victoria County Trails Federation	-	1,588
Water supply lending program	26,150	28,025
Tax receivable instalment program	164,403	-
Sundry receivables	<u>196,113</u>	<u>318,333</u>
	<u>\$ 1,074,091</u>	<u>\$ 1,139,588</u>

Municipality of the County of Victoria

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)

March 31, 2021

5. Asset valuation allowances	<u>2021</u>	<u>2020</u>
For uncollected taxes		
Balance, beginning	\$ 305,000	\$ 300,742
Increase in allowance	<u>13,272</u>	<u>4,258</u>
Balance, ending	<u>\$ 318,272</u>	<u>\$ 305,000</u>

6. Contributions to boards and commissions

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	\$ 36,083	\$ 38,623
Cape Breton Regional Library	\$ 46,998	\$ 46,998
Eastern District Planning Commission	\$ 158,699	\$ 158,392
Cape Breton-Victoria Regional Centre for Education	\$ 2,391,724	\$ 2,326,347

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.

Municipality of the County of Victoria

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)

March 31, 2021

7. Transactions between the Municipality of the County of Victoria and the Victoria County Water Utility

- (a) In general, and where identifiable, costs incurred by the Municipality of the County of Victoria on behalf of the water utility are charged to the Utility.
- (b) Salary and wage related costs are allocated in proportion to time spent performing functions on behalf of the water utility.
- (c) The water utility provides public fire protection to the Municipality. The charge for this service, included in operating expenses, amounted to \$295,793 (2020 - \$275,829) and the charge is governed by the Utility and Review Board.
- (d) The water utilities are exempt from municipal taxation by council by-law.

8. Commitments and contingencies

	<u>Amount</u>	<u>Balance</u>
i) The Municipality has the following loan guarantees in place:		
Village of Baddeck	\$ 1,100,000	\$ 151,479

Municipality of the County of Victoria

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)

March 31, 2021

9. Defined benefit pension plan

The Municipality of the County of Victoria sponsors a contributory defined benefit pension plan for a retired Municipal CAO. The plan provides pension benefits for services which are determined using a final average salary formula in which the benefit is calculated as a specified percentage of the member's average salary over the last five years of membership in the plan.

Actuarial valuations for accounting purposes are performed triennially using the going concern method. The most recent actuarial valuation was prepared at March 31, 2020 and at that time the pension plan had an accrual benefit obligation of \$50,007. The next actuarial valuation will be completed in the fall of 2023.

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 Municipalities' best estimates.

The following summarizes the major assumptions in the valuation:

- the expected inflation rate is 2.0 percent;
- the discount rate used to determine the accrued benefit obligation is 4.75 percent;
- the expected rate of return is 5 percent; and
- Retirement age is 65.

Pension fund assets are valued at market values. A result of the 2020 valuation is as follows:

Market value of the pension plan asset	\$ 230,566
Accrued benefit obligation	<u>(280,573)</u>
Pension plan deficit	<u>\$ (50,007)</u>

Under Nova Scotia Pension Plan regulations, the Municipality has 12 years to fund the deficit arising from the valuation.
