

Non-consolidated financial statements

(Unaudited – see advisory to readers)

Municipality of the County of Victoria

March 31, 2022

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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 2022 2021

Assets

Cash	<u>\$ 3,271,400</u>	<u>\$ 685,020</u>
Receivables		
Taxes (note 3)	735,796	865,951
Other (note 4)	1,627,194	1,074,091
Due from operating reserve	<u>1,252,374</u>	<u>4,808,821</u>
	<u>3,615,364</u>	<u>6,748,863</u>
Tangible assets		
Properties acquired at tax sale	<u>71,964</u>	<u>71,964</u>
Deferred charges		
Prepays	<u>855</u>	<u>855</u>
	<u>\$ 6,959,583</u>	<u>\$ 7,506,702</u>

Liabilities and operating equity

Payables		
Due to capital reserve	\$ 1,678,813	\$ 1,421,248
Trade accounts and other liabilities	<u>1,984,592</u>	<u>1,986,535</u>
	<u>3,663,405</u>	<u>3,407,783</u>
Other liabilities		
MFC operating loan	2,404,000	3,606,000
Prepayment of taxes	433,822	351,620
Tax sale surplus	<u>458,356</u>	<u>141,299</u>
	<u>3,296,178</u>	<u>4,098,919</u>
Operating surplus	<u>-</u>	<u>-</u>
	<u>\$ 6,959,583</u>	<u>\$ 7,506,702</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

2022

2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues (Schedule A)			
Taxes (page 7)	\$ 9,656,609	\$ 9,918,460	\$ 9,508,674
Grants in lieu of taxes (page 8)	1,989,214	2,028,107	1,959,497
Services provided to other governments (page 8)	41,650	53,454	54,405
Other revenue from own sources (page 8)	787,400	1,109,024	838,366
Transfers from other governments (page 9)	760,169	630,443	264,808
Collections for other governments (page 9)	-	-	235,939
Other revenue	-	96,943	273,206
	<u>13,235,042</u>	<u>13,836,431</u>	<u>13,134,895</u>
Expenses (Schedule B)			
General government services (page 10)	3,379,646	2,790,920	2,515,418
Protective services (page 11)	2,941,886	2,874,131	2,844,202
Transportation services (page 11)	474,281	452,313	401,975
Environmental health services (page 11)	2,900,158	2,364,478	2,252,145
Economic development services (page 12)	126,000	110,278	114,387
Recreation and cultural services (page 12)	539,138	288,330	261,752
Fiscal services (page 13)	3,050,625	3,081,756	3,439,418
Miscellaneous (page 13)	-	267,778	-
Transfer to own reserves (page 13)	(176,692)	1,606,447	1,305,598
	<u>13,235,042</u>	<u>13,836,431</u>	<u>13,134,895</u>
Annual surplus	<u>\$ -</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 **2022** 2021

Operating fund surplus, beginning of year	\$ -	\$ -
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 2022 2021

Assets

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

Equity

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

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

2022

2021

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

2022 2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Taxes			
Assessable property			
Residential	\$ 6,957,992	\$ 6,948,099	\$ 6,815,041
Commercial			
Based on taxable assessment	1,290,980	1,266,699	1,213,194
Resource			
Based on taxable assessment	1,111,937	1,110,843	1,103,338
Forest property tax	<u>13,700</u>	<u>13,836</u>	<u>13,735</u>
	<u>9,374,609</u>	<u>9,339,477</u>	<u>9,145,308</u>
Business property			
Based on revenue – Aliant Inc.	<u>62,000</u>	<u>56,744</u>	<u>57,458</u>
Other			
Deed transfer tax	<u>220,000</u>	<u>522,239</u>	<u>305,908</u>
	<u>\$ 9,656,609</u>	<u>\$ 9,918,460</u>	<u>\$ 9,508,674</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

2022

2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Grants in lieu of taxes			
Federal government	\$ 259,657	\$ 252,527	\$ 249,813
Provincial government			
Crown timber lands	148,141	148,191	148,148
Provincial property	113,027	159,401	125,190
Farm acreage	13,974	13,974	13,687
Provincial government agencies			
Nova Scotia Liquor Commission	15,227	14,826	15,227
Nova Scotia Power Inc.	<u>1,439,188</u>	<u>1,439,188</u>	<u>1,407,432</u>
	<u>\$ 1,989,214</u>	<u>\$ 2,028,107</u>	<u>\$ 1,959,497</u>
Services provided to other governments			
Solid waste collection and policing services			
- Inverness County	\$ 32,650	\$ 29,516	\$ 32,650
Commission on taxes – Village of Baddeck	<u>9,000</u>	<u>23,938</u>	<u>21,755</u>
	<u>\$ 41,650</u>	<u>\$ 53,454</u>	<u>\$ 54,405</u>
Other revenue from own sources			
Licenses and permits	\$ 2,000	\$ 2,059	\$ 1,595
Rentals	1,000	1,101	1,421
Interest on investments	45,000	14,937	27,806
Interest on taxes	110,000	114,950	119,604
Recycling and landfill tipping fees	619,400	950,048	672,310
Miscellaneous	<u>10,000</u>	<u>25,929</u>	<u>15,630</u>
	<u>\$ 787,400</u>	<u>\$ 1,109,024</u>	<u>\$ 838,366</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

2022

2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transfers from other governments			
Provincial government			
Active living program	\$ 15,000	\$ 15,000	\$ 15,000
Active communities	-	-	11,576
Physical activity initiatives	-	-	900
Miscellaneous	59,000	302,596	83,313
Special events	-	-	1,400
Fuel tax rebate	17,521	17,521	-
Federal government			
Environment and climate change initiative	-	-	22,059
Department of Municipal Affairs			
HST offset grant	25,000	26,988	31,001
Gas tax revenue	613,648	251,108	63,648
Department of Justice			
Fines	30,000	17,230	35,911
	<u>\$ 760,169</u>	<u>\$ 630,443</u>	<u>\$ 264,808</u>
Collections for other governments			
Village of Baddeck	\$ -	\$ -	\$ 235,939

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

2022

2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Council stipend	\$ 222,372	\$ 203,841	\$ 244,634
Other legislative services	<u>27,865</u>	<u>22,581</u>	<u>10,637</u>
	<u>250,237</u>	<u>226,422</u>	<u>255,271</u>
Administrative			
Administrative	897,686	1,040,170	963,685
Financial management	179,429	218,319	200,854
Taxation			
Administration	159,821	137,406	193,036
Reduced taxes	112,000	108,434	97,699
Tax sales and other	122,000	83,050	86,341
Common services	<u>254,973</u>	<u>213,939</u>	<u>200,007</u>
	<u>1,725,909</u>	<u>1,801,318</u>	<u>1,741,622</u>
Other general government services			
Memberships and training	30,500	30,130	22,920
Election expenses	-	-	34,797
Information technology	115,000	58,267	59,872
Grants to organizations	478,000	470,157	326,746
Other	610,000	199,496	74,190
Hospital funding	20,000	5,131	-
Broadband funding	<u>150,000</u>	<u>-</u>	<u>-</u>
	<u>1,403,500</u>	<u>763,181</u>	<u>518,525</u>
	<u>\$ 3,379,646</u>	<u>\$ 2,790,920</u>	<u>\$ 2,515,418</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

2022

2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
Fire protection			
Insurance for volunteers	\$ 18,958	\$ 23,428	\$ 15,390
Public fire protection	328,631	328,519	341,983
Fire fighting force	<u>619,007</u>	<u>565,527</u>	<u>625,287</u>
	<u>966,596</u>	<u>917,474</u>	<u>982,660</u>
Other protection			
Dog control	46,901	39,883	39,235
Protective inspection	<u>198,090</u>	<u>188,238</u>	<u>180,273</u>
	<u>244,991</u>	<u>228,121</u>	<u>219,508</u>
Law enforcement			
Police protection - RCMP	1,711,299	1,711,299	1,630,984
Prosecutorial services	<u>19,000</u>	<u>17,237</u>	<u>11,050</u>
	<u>1,730,299</u>	<u>1,728,536</u>	<u>1,642,034</u>
	<u>\$ 2,941,886</u>	<u>\$ 2,874,131</u>	<u>\$ 2,844,202</u>
Transportation services			
Road transport			
Transit	\$ 60,000	\$ 115	\$ 1,798
Road contribution	139,181	137,407	136,452
Street lighting	244,800	268,514	233,701
Sidewalks and other	<u>30,300</u>	<u>46,277</u>	<u>30,024</u>
	<u>\$ 474,281</u>	<u>\$ 452,313</u>	<u>\$ 401,975</u>
Environmental health services			
Waste collection and disposal			
Administration	\$ 200,085	\$ 158,080	\$ 201,815
Waste collection operations	774,256	872,288	817,284
Landfills, transfer stations	<u>1,925,817</u>	<u>1,334,110</u>	<u>1,233,046</u>
	<u>\$ 2,900,158</u>	<u>\$ 2,364,478</u>	<u>\$ 2,252,145</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

2022

2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Economic development services			
Community economic development	\$ 126,000	\$ 110,278	\$ 114,387
Recreation and cultural services			
Recreation			
Administration	\$ 74,261	\$ 69,335	\$ 66,439
Recreation programs	50,000	32,991	32,265
Active living program	102,321	86,918	92,452
Tourism	308,000	94,012	42,962
Cultural			
Heritage	4,556	5,074	27,634
	<u>\$ 539,138</u>	<u>\$ 288,330</u>	<u>\$ 261,752</u>
Fiscal services			
Debt charge			
Interest on short term borrowings	\$ 15,000	\$ 6,364	\$ 13,993
Debenture interest	30,000	30,393	26,444
Capital out of revenue	-	-	227,996
	<u>\$ 45,000</u>	<u>\$ 36,757</u>	<u>\$ 268,433</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

2022

2021

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Fiscal services (continued)			
Conditional transfers to other governments and agencies			
Assessment cost recovery	222,425	222,425	224,897
Protective services			
Municipal corrections contributions	132,686	132,686	133,243
Public health and welfare services			
Cape Breton Island Housing Authority	54,367	28,410	36,083
Recreation, cultural and education services			
Cape Breton-Victoria Regional Centre for Education	2,451,199	2,451,200	2,391,724
Libraries	70,500	67,726	67,885
Transmission of revenues to Village of Baddeck	10,800	12,143	253,505
Gas tax revenue - Village of Baddeck	<u>63,648</u>	<u>130,409</u>	<u>63,648</u>
	<u>3,005,625</u>	<u>3,044,999</u>	<u>3,170,985</u>
	<u>\$ 3,050,625</u>	<u>\$ 3,081,756</u>	<u>\$ 3,439,418</u>
Miscellaneous			
Emergency storm repairs	<u>\$ -</u>	<u>\$ 267,778</u>	<u>\$ -</u>
Transfers to (from) own reserves			
Transfer to (from) operating reserve	<u>\$ (176,692)</u>	<u>\$ 1,606,447</u>	<u>\$ 1,305,598</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 2022 2021

Assets

Cash	\$ 2,486,956	\$ 2,113,257
Due from operating fund	<u>1,678,813</u>	<u>1,421,248</u>
	<u>\$ 4,165,769</u>	<u>\$ 3,534,505</u>

Reserve

Capital reserve	<u>\$ 4,165,769</u>	<u>\$ 3,534,505</u>
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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 2022 2021

Balance, beginning of year	\$ 3,534,505	\$ 3,114,415
Interest	12,980	12,332
Gas tax funds revenues (expenses), net	618,284	360,670
Transfer of proceeds on sale of tangible capital assets	<u>-</u>	<u>47,088</u>
Balance, end of year	<u>\$ 4,165,769</u>	<u>\$ 3,534,505</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 2022 2021

Assets (liabilities)

Cash	\$ 7,751,524	\$ 9,655,039
Due from (to) operating fund	<u>(1,252,374)</u>	<u>(4,808,821)</u>
	<u>\$ 6,499,150</u>	<u>\$ 4,846,218</u>

Reserve

Operating reserve	<u>\$ 6,499,150</u>	<u>\$ 4,846,218</u>
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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 2022 2021

Balance, beginning of year	\$ 4,846,218	\$ 3,520,777
Interest earned	46,485	19,843
Transfer from operations	<u>1,606,447</u>	<u>1,305,598</u>
Balance, end of year	<u>\$ 6,499,150</u>	<u>\$ 4,846,218</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, 2022

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, 2022

2. Inter-fund balances

The Municipality accounts contained certain inter-fund balances at March 31, 2022, 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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,184,223	\$ 1,409,310
Levy	9,918,460	9,508,674
Collections for other governments	-	235,939
Interest	<u>114,950</u>	<u>119,604</u>
	11,217,633	11,273,527
Collections	<u>10,032,282</u>	<u>9,991,605</u>
	1,185,351	1,281,922
Write offs, adjustments and exemptions	<u>108,434</u>	<u>97,699</u>
	1,076,917	1,184,223
Valuation allowance (note 5)	<u>341,121</u>	<u>318,272</u>
	<u>\$ 735,796</u>	<u>\$ 865,951</u>

4. Other receivables	<u>2022</u>	<u>2021</u>
HST receivable	128,872	23,648
Water utilities	1,156,755	663,777
Water supply lending program	25,239	26,150
Tax receivable instalment program	75,340	164,403
Sundry receivables	<u>240,988</u>	<u>196,113</u>
	<u>\$ 1,627,194</u>	<u>\$ 1,074,091</u>

Municipality of the County of Victoria

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)

March 31, 2022

5. Asset valuation allowances	<u>2022</u>	<u>2021</u>
For uncollected taxes		
Balance, beginning	\$ 318,272	\$ 305,000
Increase in allowance	<u>22,849</u>	<u>13,272</u>
Balance, ending	<u>\$ 341,121</u>	<u>\$ 318,272</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>2022</u>	<u>2021</u>
Cape Breton Island Housing Authority	\$ 28,410	\$ 36,083
Cape Breton Regional Library	\$ 48,000	\$ 46,998
Eastern District Planning Commission	\$ 161,585	\$ 158,699
Cape Breton-Victoria Regional Centre for Education	\$ 2,451,200	\$ 2,391,724

The Municipality has no further financial obligations in connection with the operating results of the above-mentioned entities for the year ended March 31, 2022.

Municipality of the County of Victoria

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)

March 31, 2022

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 \$275,829 (2021 - \$295,793) 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	\$ 100,986

Municipality of the County of Victoria

Notes to the non-consolidated financial statements

(Unaudited – see advisory to readers)
March 31, 2022

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.
