

VILLAGE OF GAGETOWN
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

VILLAGE OF GAGETOWN

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Shannon & Buffett, LLP

Chartered Professional Accountants

Garry L. Armstrong, CPA, CA Claude C. Leger, CPA, CA
Ron W. Sauntry, CPA, CA

June 11, 2020

Independent Auditors' Report

To the Mayor and Members of the Council:

Opinion

We have audited the accompanying consolidated financial statements of the Village of Gagetown (the Village) which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Village of Gagetown as at December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for the Public Sector.

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 Village 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 information

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The schedules contained in notes 14, 15 and 16 respectively are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information, except for the portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures only to the extent necessary to form an opinion on the consolidated financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for the Public Sector, 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 financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

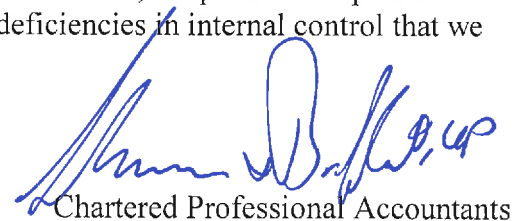
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Village'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 Village'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 Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Chartered Professional Accountants


VILLAGE OF GAGETOWN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
<u>Financial assets:</u>		
Cash (note 3)	\$ 275,124	\$ 311,190
Accounts receivable:		
Other	25,489	27,496
Federal Government and its agencies	66,202	71,138
Provincial Government	<u>35,350</u>	<u>62,668</u>
	<u>402,165</u>	<u>472,492</u>
<u>Liabilities:</u>		
Short term bank debt	-	555,258
Accounts payable and accrued liabilities	148,574	282,116
Deferred revenue (note 7)	2,665	31,663
Long term debt (note 4)	<u>914,000</u>	<u>383,000</u>
	<u>1,065,239</u>	<u>1,252,037</u>
Net debt	<u>(663,074)</u>	<u>(779,545)</u>
<u>Non-financial assets:</u>		
Tangible capital assets (note 5)	6,982,517	6,845,554
Accumulated amortization (note 5)	<u>(3,294,953)</u>	<u>(3,065,681)</u>
	3,687,564	3,779,873
Prepaid expenses	<u>26,623</u>	<u>25,666</u>
	<u>3,714,187</u>	<u>3,805,539</u>
Accumulated surplus	<u>\$ 3,051,113</u>	<u>\$ 3,025,994</u>

APPROVED BY:

 Mayor

 Clerk or Treasurer

VILLAGE OF GAGETOWN

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2019

	(Unaudited) 2019 <u>Budget</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
Revenue:			
Property tax warrant	\$ 859,563	\$ 859,563	\$ 884,734
Services provided to other governments (page 19)	23,019	23,020	32,668
Sale of services, fines and other fees (page 19)	12,200	10,917	10,495
Community funding and equalization	2,466	2,466	2,744
Other government transfers (page 19)	-	179,926	194,943
Sewerage user fees	65,325	52,325	59,475
Other (page 19)	1,000	12,306	44,294
Interest	<u>350</u>	<u>781</u>	<u>721</u>
	<u>963,923</u>	<u>1,141,304</u>	<u>1,230,074</u>
Expenditures:			
General government services (page 20)	176,936	196,425	172,918
Protective services (page 21)	306,155	336,438	314,326
Transportation services (page 22)	411,450	353,394	339,988
Environmental health (page 23)	60,490	58,377	55,772
Public health & welfare (page 23)	6,070	3,762	4,495
Environmental development (page 23)	38,744	28,316	28,367
Recreation and cultural services (page 23)	84,593	90,494	86,545
Sewerage services (page 24)	<u>104,033</u>	<u>48,979</u>	<u>83,429</u>
	<u>1,188,471</u>	<u>1,116,185</u>	<u>1,085,840</u>
Annual surplus (deficit) (note 14)	\$ <u>(224,548)</u>	25,119	144,234
Accumulated surplus, beginning of year		<u>3,025,994</u>	<u>2,881,760</u>
Accumulated surplus, end of year		\$ <u>3,051,113</u>	\$ <u>3,025,994</u>

VILLAGE OF GAGETOWN

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Annual surplus (deficit)	\$ <u>25,119</u>	\$ <u>144,234</u>
Acquisition of tangible capital assets	(136,963)	(786,315)
Amortization of tangible capital assets	229,272	169,490
Decrease (increase) in prepaid expenses	<u>(957)</u>	<u>(1,017)</u>
	<u>91,352</u>	<u>(617,842)</u>
Change in net debt	116,471	(473,608)
Net debt, beginning of year	<u>(779,545)</u>	<u>(305,937)</u>
Net debt, end of year	\$ <u><u>(663,074)</u></u>	\$ <u><u>(779,545)</u></u>

VILLAGE OF GAGETOWN

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Operating transactions:		
Annual surplus	\$ 25,119	\$ 144,234
Non-cash item:		
Amortization	229,272	169,490
Change in deferred revenue	(28,998)	(163,143)
Change in prepaid expenses	(957)	(1,017)
Change in accounts receivable	34,261	395,565
Change in accounts payable	<u>(133,542)</u>	<u>(215,961)</u>
	<u>125,155</u>	<u>329,168</u>
Capital transactions:		
Acquisition of tangible capital assets	<u>(136,963)</u>	<u>(786,315)</u>
Financing transactions:		
Long term debt repayment	(48,000)	(53,000)
Increase (decrease) in bank debt	(555,258)	526,689
Proceeds of long term debt issues	<u>579,000</u>	<u>-</u>
	<u>(24,258)</u>	<u>473,689</u>
Net increase (decrease) in cash	(36,066)	16,542
Cash, beginning of year	<u>311,190</u>	<u>294,648</u>
Cash, end of year (note 3)	<u>\$ 275,124</u>	<u>\$ 311,190</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Reporting entity:

The municipality was incorporated as a Village by the Province of New Brunswick under the Municipalities Act. As a municipality, the Village is exempt from income tax under the Canadian Income Tax Act.

2. Significant accounting policies:

(a) Basis of accounting -

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

The consolidated financial statements reflect assets, liabilities, revenues, expenditures and changes in net debt and cash flows of the reporting entity. The reporting entity comprises all organizations and enterprises accountable for the administration of their affairs and resources to the Village and which are owned or controlled by the Village.

Interdepartmental and organizational transactions and balances have been eliminated.

(b) Budget -

The budget figures contained in these financial statements were approved by Council on January 7, 2019 and the Minister of Local Government on January 18, 2019.

(c) Revenue recognition -

Unrestricted revenue is recorded on an accrual basis and is recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Other revenue is recorded when it is earned and collection is reasonably assured.

(d) Use of estimates -

The preparation of the consolidated financial statements in conformity with Canadian accounting standards for Public Sectors requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results may differ from those estimates.

(e) 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.

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. Significant accounting policies (continued):

(f) Tangible capital assets -

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

<u>Asset type</u>	<u>Years</u>
Land improvements	15-30 years
Buildings	25-40 years
Roads, streets, sidewalks and stormsewers	15-40 years
Vehicles	5-15 years
Machinery and equipment	5-40 years
Sewerage infrastructure	25-75 years

Assets under construction are not amortized until the asset is available for productive use.

Amortization commences with the year after acquisition.

There is no amortization in the year of disposal.

(g) Segmented information -

The Village is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Village's operations and activities are organized and reported by function. Municipal services are provided by departments as follows:

General government services

This department is responsible for the overall governance and financial administration of the Village. This includes council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.

Protective services

This department is responsible for the provision of policing services, fire protection, emergency measures, animal control, and other protective measures.

Transportation services

This department is responsible for common services, roads and streets maintenance, street lighting, traffic services, parking and other transportation related functions.

Environmental health services

This department is responsible for the provision of waste collection and disposal.

Public health

This department relates to the revenues and expenses related to the community health clinic.

Environmental development services

This department is responsible for planning and zoning, community development, tourism and other municipal development and promotion services.

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. Significant accounting policies (continued):

(g) Segmented information (continued) -

Recreation and cultural services

This department is responsible for maintenance and operation of recreational and cultural facilities, including the rink, parks and playgrounds and other recreational and cultural facilities.

Sewerage operations

This department is responsible for the maintenance and operation of the sewerage services which includes the maintenance and operation of collection, treatment plants, reservoirs, lagoons and related systems.

3. Cash:

	<u>2019</u>	<u>2018</u>
Internally restricted cash - reserves	\$ 62,240	\$ 61,930
Internally restricted cash - Gas Tax Funds	2,665	31,663
Unrestricted cash	<u>210,219</u>	<u>217,597</u>
	<u>\$ 275,124</u>	<u>\$ 311,190</u>

4. Long-term debt:

	<u>2019</u>	<u>2018</u>
NB Municipal Finance Corp.		
- 1.50% to 4.55%, due 2020 OIC#07-0030	\$ 12,000	\$ 24,000
- 1.45% to 3.75%, due 2021 OIC#04-0075	35,000	52,000
- 1.65% to 3.20% due 2032 OIC#15-0087	288,000	307,000
- 5.2% to 5.75% due 2033 OIC#s 17-0087 & 18-0022	<u>579,000</u>	<u>-</u>
	<u>\$ 914,000</u>	<u>\$ 383,000</u>

Approval of the Municipal Capital Borrowing Board has been obtained for all debenture debt reported on the consolidated statement of financial position.

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

5. Tangible capital assets:

Cost:	<u>Land</u>	<u>Improvements</u>	<u>Land</u>	<u>Buildings</u>	<u>Vehicles and</u> <u>Equipment</u>	<u>Roads and</u> <u>Streets</u>	<u>Infrastructure</u>			<u>2018</u> <u>Total</u>
							<u>Treatment</u> <u>Facilities</u>	<u>Sewer</u> <u>Collection</u>	<u>2019</u> <u>Total</u>	
Balance, beginning of year	\$ 210,461	\$ 333,716	\$ 360,014	\$ 1,143,952	\$ 3,146,483	\$ 726,401	\$ 924,527	\$ 6,845,554	\$ 6,059,239	\$ 6,059,239
Additions	-	-	-	6,925	130,038	-	-	136,963	786,315	786,315
Balance, end of year	<u>210,461</u>	<u>333,716</u>	<u>360,014</u>	<u>1,150,877</u>	<u>3,276,521</u>	<u>726,401</u>	<u>924,527</u>	<u>6,982,517</u>	<u>6,845,554</u>	<u>6,845,554</u>
Accumulated amortization:										
Balance, beginning of year	-	165,054	103,049	513,139	1,021,685	661,734	601,020	3,065,681	2,896,191	2,896,191
Amortization	-	16,686	7,372	98,543	87,477	3,895	15,299	229,272	169,490	169,490
Balance, end of year	-	181,740	110,421	611,682	1,109,162	665,629	616,319	3,294,953	3,065,681	3,065,681
Net book value of tangible capital assets	<u>\$ 210,461</u>	<u>\$ 151,976</u>	<u>\$ 249,593</u>	<u>\$ 539,195</u>	<u>\$ 2,167,359</u>	<u>\$ 60,772</u>	<u>\$ 308,208</u>	<u>\$ 3,687,564</u>	<u>\$ 3,779,873</u>	<u>\$ 3,779,873</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

6. Accrued pension benefit liability:

The Village and its employees participate in the New Brunswick Municipal Employees Pension Plan (NB MEPP). The NB MEPP is a multiple-employer defined benefit pension plan administered by a board elected by the members under the provisions of the Municipalities Act of New Brunswick. The NB MEPP provides pensions based on length of service and best average earnings.

Actuarial valuations for funding purposes are performed either annually or triennially depending on the financial position of the NB MEPP. In turn, the actuarial valuations for accounting purposes are based on these figures (with adjustments). The most recent actuarial valuation was prepared as at December 31, 2016 and resulted in an overall NB MEPP accrued benefit obligation of \$115,347,700 on the accounting basis.

The actuarial valuation for accounting purposes 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 management's best estimates. The following summarizes the major assumptions in the valuation as at December 31, 2017:

- the expected inflation rate is 2.25%
- the discount rate used to determine the accrued benefit obligation is 5.5%
- the expected rate of return on assets is 5.5%
- retirement age varies by age and employment category
- estimated average remaining service life (EARSL) is 14.0 years

The actuarial valuation prepared as at December 31, 2016 indicated that the market value of the net assets available for the accumulated plan benefits were less than the present value of these benefits. The pension plan has been granted a solvency deficiency exemption by the Province of New Brunswick. On a going concern valuation basis, the actuarial valuation indicated a plan deficit of \$254,800, a change of \$1,005,400 from the December 31, 2015 deficit of \$1,260,200. Based on the assumptions as at December 31, 2016, the actuary expected the level of employer and employee contributions to be sufficient to fund the deficit in less than fifteen years, as allowed by the Pension Benefits Act.

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

6. Accrued pension benefit liability (continued):

	Estimated January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Accrued benefit liability:		
Accrued benefit liability (asset), beginning of year	\$ (8,200)	\$ 2,500
Pension expense for the year	6,200	(2,000)
Employer contributions	(9,000)	(8,700)
Adjustment related to prior year estimated amounts	<u>-</u>	<u>-</u>
Accrued benefit liability (asset), end of year	\$ <u>(11,000)</u>	\$ <u>(8,200)</u>

To summarize, the accrued benefit asset as it relates to the Village of Gagetown is estimated to be \$11,000 as at December 31, 2019. This amount has not been recorded on the Consolidated Statement of Financial Position.

7. Deferred revenue:

	<u>2019</u>	<u>2018</u>
Gas Tax Funds	\$ <u>2,665</u>	\$ <u>31,663</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. Financial instruments:

The Village's financial instruments consist of cash, receivables, payables and accruals. Unless otherwise noted, it is management's opinion that the Village is not exposed to significant interest, currency or any other risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Village is subject to credit risk through its accounts receivable. The Village manages credit risk through on-going credit management.

The Village is subject to interest rate risk with regard to its reserve fund savings and the long-term debt which is subject to re-financing.

The Village is subject to liquidity risk, which is the risk of not having enough liquid assets to meet its obligations. The Village mitigates this risk through on-going budgeting and maintaining alternate sources of financing.

9. Employee sick leave benefits:

Employees are not entitled to a cash payment for unused sick leave benefits upon leaving employment. Therefore, there is no unrecorded liability in respect of vested benefits at December 31, 2019.

10. Sewer fund surplus/deficit:

The Municipalities Act requires sewer fund surplus/deficit amounts to be absorbed into one or more of four operating budgets commencing with the second next ensuing year; the balance of the surplus/deficit at the end of the year consists of the following:

	<u>2019</u>	<u>2018</u>
2019 Surplus	\$ 40,904	\$ -
2018 Deficit	(9,076)	(9,076)
2017 Surplus	<u>-</u>	<u>18,364</u>
	<u>\$ 31,828</u>	<u>\$ 9,288</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

11. Subsequent event/contingency:

A worldwide pandemic that began affecting the province of New Brunswick in early 2020, has caused multiple jurisdictions around the world (including the Province of New Brunswick) to declare a state of emergency and impose various restrictions and measures. Potential impacts include disruptions and/or restrictions on employees' ability to work, closing and restructuring business activities within the Municipality, financial hardship of Village residents who use Municipal services, and changes to the daily operating environment. These impacts may continue for some time and may result in increased operating costs to abide by imposed Provincial restrictions and decreases in revenue and/or delays in earning revenue and collecting amounts receivable. The future effects of this pandemic are unknown and may be material, no attempt has been made to adjust reported 2019 balances that may ultimately be affected.

12. Comparative figures:

Certain 2019 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2018.

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

13. Schedule of segment disclosure:

	<u>General</u>	<u>Protective</u>	<u>Transportation</u>	<u>Environmental Health</u>	<u>Environmental Development</u>	<u>Recreation and Culture</u>	<u>Health and Welfare</u>	<u>Sewerage</u>	<u>2019 Total</u>	<u>2018 Total</u>
Revenue:										
Property tax warrant	\$ 195,830	\$ 225,033	\$ 273,533	\$ 59,466	\$ 38,088	\$ 62,108	\$ 5,505	\$ -	\$ 859,563	\$ 884,734
Services provided to other governments	-	23,020	-	-	-	-	-	-	23,020	32,668
Sale of services, fines and other fees	4,200	30	-	-	6,687	-	-	-	10,917	10,495
Community funding and equalization	561	646	785	171	109	178	16	-	2,466	2,744
Transfers from other governments	45,921	4,010	129,995	-	-	-	-	-	179,926	194,943
Water and sewer user fees	-	-	-	-	-	-	-	52,325	52,325	59,475
Other	12,306	-	-	-	-	-	-	-	12,306	44,294
Interest	606	-	-	-	-	-	-	175	781	721
	<u>259,424</u>	<u>252,739</u>	<u>404,313</u>	<u>59,637</u>	<u>44,884</u>	<u>62,286</u>	<u>5,521</u>	<u>52,500</u>	<u>1,141,304</u>	<u>1,230,074</u>
Expenses:										
Wages and benefits	91,785	10,146	-	-	-	32,158	-	12,250	146,339	152,489
Goods and services	102,468	238,509	227,934	58,377	28,316	36,920	3,292	17,535	713,351	723,632
Amortization	2,172	77,248	108,772	-	-	21,416	470	19,194	229,272	169,490
Interest - long term debt	-	10,535	8,321	-	-	-	-	-	18,856	11,282
Other	-	-	-	-	-	-	-	-	-	13,998
Interest - short term debt	-	-	8,367	-	-	-	-	-	8,367	14,949
	<u>196,425</u>	<u>336,438</u>	<u>353,394</u>	<u>58,377</u>	<u>28,316</u>	<u>90,494</u>	<u>3,762</u>	<u>48,979</u>	<u>1,116,185</u>	<u>1,085,840</u>
Surplus (deficit)	<u>\$ 62,999</u>	<u>\$ (83,699)</u>	<u>\$ 50,919</u>	<u>\$ 1,260</u>	<u>\$ 16,568</u>	<u>\$ (28,208)</u>	<u>\$ 1,759</u>	<u>\$ 3,521</u>	<u>\$ 25,119</u>	<u>\$ 144,234</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

14. Reconciliation of annual surplus:

	General Operating Fund	General Capital Fund	General Capital Reserve	General Operating Reserve	Sewerage Operating Fund	Sewerage Capital Fund	Sewerage Capital Reserve	Total
2019 annual surplus (deficit)	\$ 231,542	\$ (210,078)	\$ 125	\$ -	\$ 22,540	\$ (19,194)	\$ 184	\$ 25,119
Adjustments to 2019 annual surplus (deficit) for funding requirements:								
Second previous year's surplus (deficit)	52,574	-	-	-	18,364	-	-	70,938
Transfers between funds:								
General Operating to General Capital	(136,962)	136,962	-	-	-	-	-	-
Amortization	-	210,078	-	-	-	19,194	-	229,272
Long term debt principal repayment	(48,000)	48,000	-	-	-	-	-	-
Proceeds of debenture issue	579,000	(579,000)	-	-	-	-	-	-
Interim capital borrowing	(555,258)	555,258	-	-	-	-	-	-
Total adjustments	<u>(108,646)</u>	<u>371,298</u>	<u>-</u>	<u>-</u>	<u>18,364</u>	<u>19,194</u>	<u>-</u>	<u>300,210</u>
2019 annual fund surplus (deficit)	<u>\$ 122,896</u>	<u>\$ 161,220</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 40,904</u>	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ 325,329</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

15. Statement of reserves:

	<u>General Capital Reserve</u>	<u>General Operating Reserve</u>	<u>Sewer Capital Reserve</u>	<u>Total 2019</u>	<u>Total 2018</u>
Assets:					
Cash	\$ <u>25,303</u>	\$ <u>139</u>	\$ <u>36,797</u>	\$ <u>62,239</u>	\$ <u>61,930</u>
Accumulated surplus	\$ <u>25,303</u>	\$ <u>139</u>	\$ <u>36,797</u>	\$ <u>62,239</u>	\$ <u>61,930</u>
Revenue:					
Interest	<u>125</u>	<u>-</u>	<u>184</u>	<u>309</u>	<u>318</u>
Annual surplus	\$ <u>125</u>	\$ <u>-</u>	\$ <u>184</u>	\$ <u>309</u>	\$ <u>318</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

16. Operating budget to public sector accounting budget:

	<u>General Operating Budget</u>	<u>Sewerage Operating Budget</u>	<u>Amortization Tangible Capital Assets</u>	<u>Transfers</u>	<u>Other</u>	<u>Total</u>
Revenue:						
Property tax warrant	\$ 859,563	-	-	-	-	\$ 859,563
Unconditional grant	2,466	-	-	-	-	2,466
Services to other governments	23,019	-	-	-	-	23,019
Sales of services, fines and other	12,200	-	-	-	-	12,200
Sewerage service fees	-	65,325	-	-	-	65,325
Interest	200	150	-	-	-	350
Other	-	1,000	-	-	-	1,000
Second prior year surplus	<u>52,574</u>	<u>18,364</u>	<u>-</u>	<u>(70,938)</u>	<u>-</u>	<u>-</u>
	<u>950,022</u>	<u>84,839</u>	<u>-</u>	<u>(70,938)</u>	<u>-</u>	<u>963,923</u>
Expenditures:						
General government services	174,514	-	2,172	250	-	176,936
Protective services	217,291	-	77,248	11,616	-	306,155
Transportation services	271,666	-	108,772	31,012	-	411,450
Environmental health	60,490	-	-	-	-	60,490
Public health and welfare	5,600	-	470	-	-	6,070
Environmental development	38,744	-	-	-	-	38,744
Recreation and cultural services	63,177	-	21,416	-	-	84,593
Water and sewerage	-	84,839	19,194	-	-	104,033
Fiscal services:						
Debtenture issue costs	5,870	-	-	(5,870)	-	-
Long-term debt repayments	48,000	-	-	(48,000)	-	-
Interest on short-term debt	16,800	-	-	(16,800)	-	-
Interest on long-term debt	19,958	-	-	(19,958)	-	-
Bank charges	250	-	-	(250)	-	-
Capital asset additions	<u>27,662</u>	<u>-</u>	<u>-</u>	<u>(27,662)</u>	<u>-</u>	<u>-</u>
	<u>950,022</u>	<u>84,839</u>	<u>229,272</u>	<u>(75,662)</u>	<u>-</u>	<u>1,188,471</u>
Surplus (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (229,272)</u>	<u>\$ 4,724</u>	<u>\$ -</u>	<u>\$ (224,548)</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Sale of services, fines and other fees:			
Animal licences	\$ 200	\$ 30	\$ -
Building permits	7,800	6,687	6,295
Building rent	<u>4,200</u>	<u>4,200</u>	<u>4,200</u>
	<u>\$ 12,200</u>	<u>\$ 10,917</u>	<u>\$ 10,495</u>
Services to other governments:			
Province of New Brunswick:			
Fire protection	<u>\$ 23,019</u>	<u>\$ 23,020</u>	<u>\$ 32,668</u>
Other government transfers:			
Province of New Brunswick/Government of Canada:			
Gas Tax Funding	\$ -	\$ 129,995	\$ 212,567
Infrastructure grants			
(adjustment for prior year over-accrual)	-	-	(19,260)
Other grants	<u>-</u>	<u>49,931</u>	<u>1,636</u>
	<u>\$ -</u>	<u>\$ 179,926</u>	<u>\$ 194,943</u>
Other revenue:			
First Aid instruction	\$ -	\$ 9,550	\$ 4,820
Miscellaneous	-	2,756	2,874
Miscellaneous - utility	1,000	-	-
Insurance proceeds and restitution	<u>-</u>	<u>-</u>	<u>36,600</u>
	<u>\$ 1,000</u>	<u>\$ 12,306</u>	<u>\$ 44,294</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 (Unaudited) <u>Budget</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
General government services:			
Legislative:			
Mayor	\$ 5,200	\$ 4,495	\$ 4,803
Councillors	17,000	15,447	16,851
Other legislative costs	<u>1,000</u>	<u>360</u>	<u>482</u>
	<u>23,200</u>	<u>20,302</u>	<u>22,136</u>
Administrative:			
Personnel	-	29,465	26,952
Secretary treasurer	46,281	62,320	17,302
Office building	5,808	7,205	5,163
Solicitor	1,000	-	4,611
Other	35,214	16,780	44,243
Civic relations	5,550	5,493	4,154
Public liability insurance	23,666	25,666	23,666
Cost of assessment	11,619	11,619	11,812
Grants to organizations	<u>-</u>	<u>5,325</u>	<u>-</u>
	<u>129,138</u>	<u>163,873</u>	<u>137,903</u>
Financial management:			
External audit	<u>6,500</u>	<u>6,257</u>	<u>6,518</u>
Other:			
Training and civic relations	-	2	-
Bank charges	250	1,523	1,018
Other fees and taxes	-	2,296	2,207
Non-recoverable HST	<u>15,676</u>	<u>-</u>	<u>494</u>
	<u>15,926</u>	<u>3,821</u>	<u>3,719</u>
Amortization	<u>2,172</u>	<u>2,172</u>	<u>2,642</u>
	<u>\$ 176,936</u>	<u>\$ 196,425</u>	<u>\$ 172,918</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 (Unaudited) <u>Budget</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
Protective services:			
Police - RCMP	\$ <u>99,466</u>	\$ <u>99,466</u>	\$ <u>99,130</u>
Fire:			
Administration	20,000	10,146	20,921
Fire alarm system	10,052	570	1,646
Station and building	21,825	10,431	22,630
Firefighting equipment maintenance	54,848	94,028	70,062
Training	5,000	20,536	12,670
Other	6,000	6,745	3,716
Interest - long term debt	11,616	10,535	2,321
Interest - short term debt	<u>-</u>	<u>-</u>	<u>9,062</u>
	<u>129,341</u>	<u>152,991</u>	<u>143,028</u>
Emergency measures	<u>-</u>	<u>6,502</u>	<u>41,028</u>
Other:			
Animal and pest control	<u>100</u>	<u>231</u>	<u>245</u>
Amortization	<u>77,248</u>	<u>77,248</u>	<u>30,895</u>
	<u>\$ 306,155</u>	<u>\$ 336,438</u>	<u>\$ 314,326</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Transportation services:			
Common services:			
Administration	\$ <u>50,866</u>	\$ <u>45,880</u>	\$ <u>47,415</u>
Roads and streets:			
Summer maintenance	58,800	35,532	29,007
Snow and ice removal	100,000	82,508	99,965
Culverts and drainage ditches	22,500	9,193	6,402
Other	<u>-</u>	<u>9,238</u>	<u>11,263</u>
	<u>181,300</u>	<u>136,471</u>	<u>146,637</u>
Street lighting	<u>38,000</u>	<u>36,160</u>	<u>35,630</u>
Traffic:			
Street signs	<u>1,500</u>	<u>3,929</u>	<u>585</u>
Interest - long-term debt	8,342	8,321	8,961
Interest - short term debt	16,800	8,367	5,887
Debenture issue costs	5,870	5,494	-
Amortization	<u>108,772</u>	<u>108,772</u>	<u>94,873</u>
	<u>\$ 411,450</u>	<u>\$ 353,394</u>	<u>\$ 339,988</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Environmental health:			
Garbage collection	\$ 60,490	\$ 57,735	\$ 55,581
Other garbage disposal and recycling	<u>-</u>	<u>642</u>	<u>191</u>
	<u>\$ 60,490</u>	<u>\$ 58,377</u>	<u>\$ 55,772</u>
Public health and welfare:			
Medical clinic	\$ 5,600	\$ 3,292	\$ 4,025
Amortization	<u>470</u>	<u>470</u>	<u>470</u>
	<u>\$ 6,070</u>	<u>\$ 3,762</u>	<u>\$ 4,495</u>
Environmental development:			
Community planning	\$ 20,420	\$ 18,278	\$ 21,494
Tourism promotion	2,408	2,224	1,960
Administration and other	<u>15,916</u>	<u>7,814</u>	<u>4,913</u>
	<u>\$ 38,744</u>	<u>\$ 28,316</u>	<u>\$ 28,367</u>
Recreation and culture:			
Administration	\$ 63,177	\$ 61,695	\$ 57,501
Rinks and arenas	-	1,168	-
Other recreation facilities	-	6,215	7,628
Amortization	<u>21,416</u>	<u>21,416</u>	<u>21,416</u>
	<u>\$ 84,593</u>	<u>\$ 90,494</u>	<u>\$ 86,545</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Sewer collection and disposal:			
Administration	\$ 50,059	\$ 11,902	\$ 44,552
Bad debts (recovery)	975	-	4,300
Sewer collection system	33,125	17,535	14,873
Billing discounts	680	260	300
Other	-	88	210
Amortization	<u>19,194</u>	<u>19,194</u>	<u>19,194</u>
	<u>\$ 104,033</u>	<u>\$ 48,979</u>	<u>\$ 83,429</u>