

VILLAGE OF GAGETOWN
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

March 17, 2021

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, 2020, 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, 2020 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 16, 17 and 18 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 municipality 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.

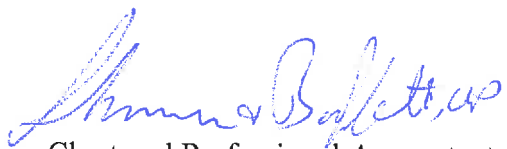
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Auditor's Responsibilities for the Audit of the Financial Statements

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, 2020

	<u>2020</u>	<u>2019</u>
<u>Financial assets:</u>		
Cash (note 3)	\$ 405,448	\$ 275,124
Accounts receivable:		
Other	17,712	25,489
Federal Government and its agencies	66,894	66,202
Provincial Government	<u>38,911</u>	<u>35,350</u>
	<u>528,965</u>	<u>402,165</u>
<u>Liabilities:</u>		
Accounts payable and accrued liabilities	169,023	148,574
Deferred revenue (note 7)	51,660	2,665
Long term debt (note 4)	<u>830,000</u>	<u>914,000</u>
	<u>1,050,683</u>	<u>1,065,239</u>
Net debt	<u>(521,718)</u>	<u>(663,074)</u>
<u>Non-financial assets:</u>		
Tangible capital assets (note 5)	6,991,381	6,982,517
Accumulated amortization (note 5)	<u>(3,524,953)</u>	<u>(3,294,953)</u>
	3,466,428	3,687,564
Prepaid expenses	<u>-</u>	<u>26,623</u>
	<u>3,466,428</u>	<u>3,714,187</u>
Accumulated surplus	<u>\$ 2,944,710</u>	<u>\$ 3,051,113</u>

APPROVED BY:

 Mayor

 Clerk or Treasurer

VILLAGE OF GAGETOWN

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2020

	(Unaudited)		
	2020	2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue:			
Property tax warrant	\$ 909,482	\$ 909,482	\$ 859,563
Services provided to other governments (page 20)	46,520	46,520	23,020
Sale of services, fines and other fees (page 20)	12,200	10,588	10,917
Community funding and equalization	2,438	2,438	2,466
Other government transfers (page 20)	-	26,101	179,926
Sewerage user fees	65,325	62,725	52,325
Other (page 20)	1,000	7,186	12,306
Interest	<u>350</u>	<u>776</u>	<u>781</u>
	<u>1,037,315</u>	<u>1,065,816</u>	<u>1,141,304</u>
Expenditures:			
General government services (page 21)	153,474	236,267	196,425
Protective services (page 22)	320,015	312,112	336,438
Transportation services (page 23)	448,445	358,585	353,394
Environmental health (page 24)	60,500	64,519	58,377
Public health & welfare (page 24)	6,070	3,156	3,762
Environmental development (page 24)	50,532	28,581	28,316
Recreation and cultural services (page 24)	88,697	96,143	90,494
Sewerage services (page 25)	<u>76,592</u>	<u>72,856</u>	<u>48,979</u>
	<u>1,204,325</u>	<u>1,172,219</u>	<u>1,116,185</u>
Annual surplus (deficit) (note 16)	\$ <u>(167,010)</u>	(106,403)	25,119
Accumulated surplus, beginning of year		<u>3,051,113</u>	<u>3,025,994</u>
Accumulated surplus, end of year		\$ <u>2,944,710</u>	\$ <u>3,051,113</u>

VILLAGE OF GAGETOWN

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Annual surplus (deficit)	\$ <u>(106,403)</u>	\$ <u>25,119</u>
Acquisition of tangible capital assets	(8,864)	(136,963)
Amortization of tangible capital assets	230,000	229,272
Decrease (increase) in prepaid expenses	<u>26,623</u>	<u>(957)</u>
	<u>247,759</u>	<u>91,352</u>
Change in net debt	141,356	116,471
Net debt, beginning of year	<u>(663,074)</u>	<u>(779,545)</u>
Net debt, end of year	<u><u>\$ (521,718)</u></u>	<u><u>\$ (663,074)</u></u>

VILLAGE OF GAGETOWN

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Operating transactions:		
Annual surplus (deficit)	\$ (106,403)	\$ 25,119
Non-cash item:		
Amortization	230,000	229,272
Change in deferred revenue	48,995	(28,998)
Change in prepaid expenses	26,623	(957)
Change in accounts receivable	3,524	34,261
Change in accounts payable	<u>20,449</u>	<u>(133,542)</u>
	<u>223,188</u>	<u>125,155</u>
Capital transactions:		
Acquisition of tangible capital assets	<u>(8,864)</u>	<u>(136,963)</u>
Financing transactions:		
Long term debt repayment	(84,000)	(48,000)
Increase (decrease) in bank debt	-	(555,258)
Proceeds of long term debt issues	<u>-</u>	<u>579,000</u>
	<u>(84,000)</u>	<u>(24,258)</u>
Net increase (decrease) in cash	130,324	(36,066)
Cash, beginning of year	<u>275,124</u>	<u>311,190</u>
Cash, end of year (note 3)	<u>\$ 405,448</u>	<u>\$ 275,124</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 29, 2020 and the Minister of Local Government on January 30, 2020.

(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, 2020

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 storm sewers	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, 2020

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>2020</u>	<u>2019</u>
Internally restricted cash - reserves	\$ 111,515	\$ 62,240
Internally restricted cash - Gas Tax Funds	51,660	2,665
Unrestricted cash	<u>242,273</u>	<u>210,219</u>
	<u>\$ 405,448</u>	<u>\$ 275,124</u>

4. Long-term debt:

	<u>2020</u>	<u>2019</u>
NB Municipal Finance Corp.		
- 1.50% to 4.55%, due 2020 OIC#07-0030	\$ -	\$ 12,000
- 1.45% to 3.75%, due 2021 OIC#04-0075	18,000	35,000
- 1.65% to 3.20% due 2032 OIC#15-0087	269,000	288,000
- 5.2% to 5.75% due 2033 OIC#s 17-0087 & 18-0022	<u>543,000</u>	<u>579,000</u>
	<u>\$ 830,000</u>	<u>\$ 914,000</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, 2020

5. Tangible capital assets:

	Land	Improvements	Buildings	Vehicles and Equipment	Roads and Streets	Infrastructure			2019 Total
						Treatment Facilities	Sewer Collection	2020 Total	
Cost:									
Balance, beginning of year	\$ 210,461	\$ 333,716	\$ 360,014	\$ 1,150,877	\$ 3,276,521	\$ 726,401	\$ 924,527	\$ 6,982,517	\$ 6,845,554
Additions	-	8,864	-	-	-	-	-	8,864	136,963
Balance, end of year	<u>210,461</u>	<u>333,716</u>	<u>368,878</u>	<u>1,150,877</u>	<u>3,276,521</u>	<u>726,401</u>	<u>924,527</u>	<u>6,991,381</u>	<u>6,982,517</u>
Accumulated amortization:									
Balance, beginning of year	-	181,740	110,421	611,682	1,109,162	667,100	614,848	3,294,953	3,065,681
Amortization	-	16,686	7,815	99,927	86,379	5,365	13,828	230,000	229,272
Balance, end of year	<u>-</u>	<u>198,426</u>	<u>118,236</u>	<u>711,609</u>	<u>1,195,541</u>	<u>672,465</u>	<u>628,676</u>	<u>3,524,953</u>	<u>3,294,953</u>
Net book value of tangible capital assets	<u>\$ 210,461</u>	<u>\$ 135,290</u>	<u>\$ 250,642</u>	<u>\$ 439,268</u>	<u>\$ 2,080,980</u>	<u>\$ 53,936</u>	<u>\$ 295,851</u>	<u>\$ 3,466,428</u>	<u>\$ 3,687,564</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2018 and resulted in an overall NB MEPP accrued benefit obligation of \$125,249,500 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, 2019:

- the expected inflation rate is 2.10%
- the discount rate used to determine the accrued benefit obligation is 5.75%
- the expected rate of return on assets is 5.75%
- 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, 2018 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 \$7,538,000, a change of \$7,581,100 from the December 31, 2017 surplus of \$43,100. Based on the assumptions as at December 31, 2018, the actuary expects the level of employer and employee contributions to be sufficient to fund the current service cost and going concern special payments, as required by the Pension Benefits Act.

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

6. Accrued pension benefit liability (continued):

	Estimated January 2, 2020 to December 31, 2020	January 2, 2019 to January 1, 2020
Accrued benefit liability:		
Accrued benefit liability (asset), beginning of year	\$ (9,600)	\$ (8,200)
Pension expense for the year	4,400	6,900
Employer contributions	(8,500)	(8,300)
Adjustment related to prior year estimated amounts	<u>-</u>	<u>-</u>
Accrued benefit liability (asset), end of year	<u>\$ (13,700)</u>	<u>\$ (9,600)</u>

To summarize, the accrued benefit asset as it relates to the Village of Gagetown is estimated to be \$13,700 as at December 31, 2020. This amount has not been recorded on the Consolidated Statement of Financial Position.

7. Deferred revenue:

	<u>2020</u>	<u>2019</u>
Gas Tax Funds	\$ <u>51,660</u>	\$ <u>2,665</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020.

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>2020</u>	<u>2019</u>
2020 Surplus	\$ 76	\$ -
2019 Surplus	40,904	40,904
2018 Deficit	<u>-</u>	<u>(9,076)</u>
	<u>\$ 40,980</u>	<u>\$ 31,828</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

11. Interfund balances:

The Department of Local Government requires that short-term inter-fund borrowings be repaid by end of the next year unless the borrowing is for a capital project. An amount due from the Sewer Operating Fund to the General Operating Fund in the prior year was not repaid during 2020. As a result, the interfund balances as at December 31, 2020 are not in compliance with this policy.

12. 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 2020 balances that may ultimately be affected.

13. Contingency:

In the normal course of business a claim was made against the Village which has not yet been fully resolved. The eventual damages, if any, as well as any further costs of legal representation are fully covered by the Village's liability insurance and management does not anticipate any further liability.

14. Comparative figures:

Certain 2020 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2019.

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

15. 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>2020 Total</u>	<u>2019 Total</u>
Revenue:										
Property tax warrant	\$ 151,721	\$ 231,471	\$ 341,325	\$ 60,846	\$ 50,821	\$ 67,666	\$ 5,632	\$ -	\$ 909,482	\$ 859,563
Services provided to other governments	-	46,520	-	-	-	-	-	-	46,520	23,020
Sale of services, fines and other fees	4,200	-	-	-	6,388	-	-	-	10,588	10,917
Community funding and equalization	407	620	915	163	136	181	16	-	2,438	2,466
Transfers from other governments	26,101	-	-	-	-	-	-	-	26,101	179,926
Water and sewer user fees	-	-	-	-	-	-	-	62,725	62,725	52,325
Other	7,186	-	-	-	-	-	-	-	7,186	12,306
Interest	525	-	-	-	-	-	-	251	776	781
	<u>190,140</u>	<u>278,611</u>	<u>342,240</u>	<u>61,009</u>	<u>57,345</u>	<u>67,847</u>	<u>5,648</u>	<u>62,976</u>	<u>1,065,816</u>	<u>1,141,304</u>
Expenses:										
Wages and benefits	89,489	16,745	-	-	-	50,916	-	12,224	169,374	152,489
Goods and services	141,327	205,657	241,554	64,519	28,581	23,811	2,686	41,439	749,574	693,203
Amortization	2,615	77,247	109,059	-	-	21,416	470	19,193	230,000	229,272
Interest - long term debt	2,836	12,463	7,972	-	-	-	-	-	23,271	18,856
Other	-	-	-	-	-	-	-	-	-	13,998
Interest - short term debt	-	-	-	-	-	-	-	-	-	8,367
	<u>236,267</u>	<u>312,112</u>	<u>358,585</u>	<u>64,519</u>	<u>28,581</u>	<u>96,143</u>	<u>3,156</u>	<u>72,856</u>	<u>1,172,219</u>	<u>1,116,185</u>
Surplus (deficit)	<u>\$ (46,127)</u>	<u>\$ (33,501)</u>	<u>\$ (16,345)</u>	<u>\$ (3,510)</u>	<u>\$ 28,764</u>	<u>\$ (28,296)</u>	<u>\$ 2,492</u>	<u>\$ (9,880)</u>	<u>\$ (106,403)</u>	<u>\$ 25,119</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

16. Reconciliation of annual surplus:

	<u>General Operating Fund</u>	<u>General Capital Fund</u>	<u>General Capital Reserve</u>	<u>General Operating Reserve</u>	<u>Sewerage Operating Fund</u>	<u>Sewerage Capital Fund</u>	<u>Sewerage Capital Reserve</u>	<u>Total</u>
2020 annual surplus (deficit)	\$ 114,170	\$ (210,807)	\$ 111	\$ 3	\$ 9,152	\$ (19,193)	\$ 161	\$ (106,403)
Adjustments to 2020 annual surplus (deficit) for funding requirements:								
Second previous year's surplus (deficit)	60,588	-	-	-	(9,076)	-	-	51,512
Transfers between funds:								
General Operating to General Operating Reserve	(49,000)	-	-	49,000	-	-	-	-
General Operating to General Capital	(8,864)	8,864	-	-	-	-	-	-
Amortization	-	210,807	-	-	-	19,193	-	230,000
Long term debt principal repayment	(84,000)	84,000	-	-	-	-	-	-
Total adjustments	<u>(81,276)</u>	<u>303,671</u>	<u>-</u>	<u>49,000</u>	<u>(9,076)</u>	<u>19,193</u>	<u>-</u>	<u>281,512</u>
2020 annual fund surplus (deficit)	<u>\$ 32,894</u>	<u>\$ 92,864</u>	<u>\$ 111</u>	<u>\$ 49,003</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$ 161</u>	<u>\$ 175,109</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

17. Statement of reserves:

	<u>General Capital Reserve</u>	<u>General Operating Reserve</u>	<u>Sewer Capital Reserve</u>	<u>Total 2020</u>	<u>Total 2019</u>
Assets:					
Cash	\$ <u>25,414</u>	\$ <u>49,143</u>	\$ <u>36,958</u>	\$ <u>111,515</u>	\$ <u>62,240</u>
Accumulated surplus	\$ <u>25,414</u>	\$ <u>49,143</u>	\$ <u>36,958</u>	\$ <u>111,515</u>	\$ <u>62,240</u>
Revenue:					
Transfer from operating funds	\$ -	\$ 49,000	\$ -	\$ 49,000	\$ -
Interest	<u>111</u>	<u>3</u>	<u>161</u>	<u>275</u>	<u>310</u>
Annual surplus	\$ <u>111</u>	\$ <u>49,003</u>	\$ <u>161</u>	\$ <u>49,275</u>	\$ <u>310</u>

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

17. Statement of reserves (continued):

Council resolutions regarding transfers to and from reserves:

At the regular meeting of council December 21, 2020:

- Whereas, Council wishes to move funds from the General Operating Fund to the Operating Reserve Fund and
- Whereas, Section 101 of the Local Governance Act permits the establishment, management and contributions to an Operating Reserve Fund and Regulation 97-145 stipulates the fund not hold more than 5% of the total budgeted expenditures from the service in the previous year
- Be it therefore resolved that: The Council of the Village of Gagetown hereby moves to transfer \$49,000.00 from the General Operating Fund to the Operating Reserve Fund.

Moved by: Deputy Mayor Pleadwell
Seconded by: Councillor McNamee

With all in favour the motion was passed in December 21, 2020.

I certify that above are true and exact copies of resolutions adopted at the meetings indicated.

Robert White
CAO, Village of Gagetown

Date

VILLAGE OF GAGETOWN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

18. 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	\$ 909,482	\$ -	\$ -	\$ -	\$ -	\$ 909,482
Unconditional grant	2,438	-	-	-	-	2,438
Services to other governments	46,520	-	-	-	-	46,520
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	60,588	-	-	(60,588)	-	-
	<u>1,031,428</u>	<u>66,475</u>	<u>-</u>	<u>(60,588)</u>	<u>-</u>	<u>1,037,315</u>
Expenditures:						
General government services	150,609	-	2,615	250	-	153,474
Protective services	230,155	-	77,247	12,613	-	320,015
Transportation services	331,396	-	109,059	7,990	-	448,445
Environmental health	60,500	-	-	-	-	60,500
Public health and welfare	5,600	-	470	-	-	6,070
Environmental development	50,532	-	-	-	-	50,532
Recreation and cultural services	67,281	-	21,416	-	-	88,697
Water and sewerage	-	57,399	19,193	-	-	76,592
Second prior year deficit	-	9,076	-	(9,076)	-	-
Fiscal services:						
Long-term debt repayments	84,000	-	-	(84,000)	-	-
Interest on long-term debt	23,439	-	-	(23,439)	-	-
Bank charges	250	-	-	(250)	-	-
Capital asset additions	30,502	-	-	(30,502)	-	-
	<u>1,034,264</u>	<u>66,475</u>	<u>230,000</u>	<u>(126,414)</u>	<u>-</u>	<u>1,204,325</u>
Surplus (deficit)	<u>\$ (2,836)</u>	<u>\$ -</u>	<u>\$ (230,000)</u>	<u>\$ 65,826</u>	<u>\$ -</u>	<u>\$ (167,010)</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Sale of services, fines and other fees:			
Animal licences	\$ 200	\$ -	\$ 30
Building permits	7,800	6,388	6,687
Building rent	<u>4,200</u>	<u>4,200</u>	<u>4,200</u>
	<u>\$ 12,200</u>	<u>\$ 10,588</u>	<u>\$ 10,917</u>
Services to other governments:			
Province of New Brunswick:			
Fire protection	<u>\$ 46,520</u>	<u>\$ 46,520</u>	<u>\$ 23,020</u>
Other government transfers:			
Province of New Brunswick/Government of Canada:			
Gas Tax Funding	\$ -	\$ -	\$ 129,995
Environmental Trust Fund -			
Climate Change Adaptation	-	25,641	-
Emergency Measures -			
Storm/Flood damage recoveries	-	-	45,921
Other grants	<u>-</u>	<u>460</u>	<u>4,010</u>
	<u>\$ -</u>	<u>\$ 26,101</u>	<u>\$ 179,926</u>
Other revenue:			
First Aid instruction	\$ -	\$ 325	\$ 9,550
Miscellaneous	-	6,861	2,756
Miscellaneous - utility	<u>1,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,000</u>	<u>\$ 7,186</u>	<u>\$ 12,306</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 (Unaudited) <u>Budget</u>	2020 <u>Actual</u>	2019 <u>Actual</u>
General government services:			
Legislative:			
Mayor	\$ 5,307	\$ 5,200	\$ 4,495
Councillors	17,374	14,000	15,447
Other legislative costs	<u>1,000</u>	<u>391</u>	<u>360</u>
	<u>23,681</u>	<u>19,591</u>	<u>20,302</u>
Administrative:			
Personnel benefits and related costs	-	16,207	30,532
Secretary treasurer	71,000	73,282	62,320
Sewer worker wages and related costs	-	16,870	11,374
Sewer cost recovery	(50,000)	(12,000)	(12,300)
Office building	6,856	14,520	7,205
Solicitor	2,000	5,144	-
Other	25,698	21,507	16,639
Civic relations	6,300	1,592	5,493
Public liability insurance	26,623	26,623	25,666
Cost of assessment	12,141	12,141	11,619
Grants to organizations	<u>-</u>	<u>1,250</u>	<u>5,325</u>
	<u>100,618</u>	<u>177,136</u>	<u>163,873</u>
Financial management:			
External audit	<u>7,000</u>	<u>6,466</u>	<u>6,257</u>
Other:			
Training and civic relations	-	843	2
Climate Change Adaptation Study	-	25,641	-
Bank charges	250	1,139	1,523
Interest - long term debt	2,836	2,836	-
Other fees and taxes	-	-	2,296
Non-recoverable HST	<u>16,474</u>	<u>-</u>	<u>-</u>
	<u>19,560</u>	<u>30,459</u>	<u>3,821</u>
Amortization	<u>2,615</u>	<u>2,615</u>	<u>2,172</u>
	<u>\$ 153,474</u>	<u>\$ 236,267</u>	<u>\$ 196,425</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 (Unaudited) <u>Budget</u>	2020 <u>Actual</u>	2019 <u>Actual</u>
Protective services:			
Police - RCMP	\$ <u>101,044</u>	\$ <u>101,044</u>	\$ <u>99,466</u>
Fire:			
Administration	19,800	16,745	10,146
Fire alarm system	11,786	10,670	570
Station and building	35,025	7,390	10,431
Firefighting equipment maintenance	51,400	79,972	94,028
Training	5,000	3,434	20,536
Other	6,000	3,055	6,745
Interest - long term debt	<u>12,613</u>	<u>12,463</u>	<u>10,535</u>
	<u>141,624</u>	<u>133,729</u>	<u>152,991</u>
Emergency measures	<u>-</u>	<u>92</u>	<u>6,502</u>
Other:			
Animal and pest control	<u>100</u>	<u>-</u>	<u>231</u>
Amortization	<u>77,247</u>	<u>77,247</u>	<u>77,248</u>
	<u>\$ 320,015</u>	<u>\$ 312,112</u>	<u>\$ 336,438</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Transportation services:			
Common services:			
Administration	\$ <u>56,058</u>	\$ <u>69,982</u>	\$ <u>53,913</u>
Roads and streets:			
Summer maintenance	67,300	27,438	20,918
Winter maintenance	95,856	82,808	82,508
Culverts and drainage ditches	50,382	396	9,193
Other	<u>22,300</u>	<u>19,851</u>	<u>15,819</u>
	<u>235,838</u>	<u>130,493</u>	<u>128,438</u>
Street lighting	<u>38,000</u>	<u>39,589</u>	<u>36,160</u>
Traffic:			
Street signs	<u>1,500</u>	<u>1,490</u>	<u>3,929</u>
Interest - long-term debt	7,990	7,972	8,321
Interest - short term debt	-	-	8,367
Debenture issue costs	-	-	5,494
Amortization	<u>109,059</u>	<u>109,059</u>	<u>108,772</u>
	<u>\$ 448,445</u>	<u>\$ 358,585</u>	<u>\$ 353,394</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Environmental health:			
Garbage collection	\$ 60,500	\$ 60,808	\$ 57,735
Other garbage disposal and recycling	<u>-</u>	<u>3,711</u>	<u>642</u>
	<u>\$ 60,500</u>	<u>\$ 64,519</u>	<u>\$ 58,377</u>
Public health and welfare:			
Medical clinic	\$ 5,600	\$ 2,686	\$ 3,292
Amortization	<u>470</u>	<u>470</u>	<u>470</u>
	<u>\$ 6,070</u>	<u>\$ 3,156</u>	<u>\$ 3,762</u>
Environmental development:			
Community planning	\$ 18,032	\$ 18,784	\$ 18,278
Tourism promotion	2,500	821	2,224
Administration and other	<u>30,000</u>	<u>8,976</u>	<u>7,814</u>
	<u>\$ 50,532</u>	<u>\$ 28,581</u>	<u>\$ 28,316</u>
Recreation and culture:			
Administration	\$ 42,080	\$ 58,234	\$ 38,404
Rinks and arenas	-	-	1,168
Recreation Council - transfers	18,000	5,432	16,256
Other recreation facilities	4,000	8,696	8,905
Property tax	3,201	2,365	4,345
Amortization	<u>21,416</u>	<u>21,416</u>	<u>21,416</u>
	<u>\$ 88,697</u>	<u>\$ 96,143</u>	<u>\$ 90,494</u>

VILLAGE OF GAGETOWN

SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2020</u>	<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Sewer collection and disposal:			
Administration	\$ 30,000	\$ 11,864	\$ 11,902
Bad debts (recovery)	975	-	-
Sewer collection system	20,000	26,583	17,535
Sewer treatment and disposal	-	14,345	-
Billing discounts	6,424	449	260
Other	-	422	88
Amortization	<u>19,193</u>	<u>19,193</u>	<u>19,194</u>
	<u>\$ 76,592</u>	<u>\$ 72,856</u>	<u>\$ 48,979</u>