

SUNBURY-YORK SOUTH RURAL COMMUNITY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

SUNBURY-YORK SOUTH RURAL COMMUNITY

CONSOLIDATED FINANCIAL STATEMENTS

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Shannon & Buffett, LLP

Chartered Professional Accountants

GARRY L. ARMSTRONG, CPA, CA RON W. SAUNTRY, CPA, CA

July 23, 2024

INDEPENDENT AUDITOR'S REPORT

To the Mayor and the Members of the Council

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sunbury-York South Rural Community (the "Rural Community"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Rural Community as at December 31, 2023, and its financial performance 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 Consolidated Financial Statements* section of our report. We are independent of the Rural Community in accordance with the ethical requirements that are relevant to our audit of the consolidated 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. Notes 15, 16 and 17 on pages 13, 14 and 15 respectively are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Rural Community'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 Rural Community or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rural Community'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 Rural Community'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 consolidated 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 Rural Community to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Shannon & Buffett LLP

Chartered Professional Accountants

SUNBURY-YORK SOUTH RURAL COMMUNITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

	<u>2023</u>
Financial assets:	
Cash (note 3)	\$ 304,296
Receivables:	
- Federal government and its agencies (note 4)	15,554
- Province of New Brunswick (note 5)	18,599
- Other	<u>15,491</u>
	<u>353,940</u>
Liabilities:	
Payables and accruals (note 6)	<u>233,648</u>
Net financial assets	<u>120,292</u>
Non-financial assets:	
Tangible capital assets (note 7)	20,148
Prepaid expenses	<u>4,452</u>
	<u>24,600</u>
Accumulated surplus (page 4)	\$ <u><u>144,892</u></u>

Approved by:

_____ Mayor

_____ Clerk or Treasurer

SUNBURY-YORK SOUTH RURAL COMMUNITY

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2023

	(Unaudited) 2023 <u>Budget</u>	2023 <u>Actual</u>
Revenue:		
Property tax warrant	\$ 2,271,297	\$ 2,271,297
Unconditional grant	36,101	36,101
Other government transfers	97,724	126,895
Other	<u>49,262</u>	<u>69,103</u>
	<u>2,454,384</u>	<u>2,503,396</u>
Expenses:		
General government services	490,618	551,000
Protective services	760,099	728,920
Transportation services	47,814	17,249
Environmental health services	763,900	727,179
Environmental development services	220,134	219,135
Recreation and cultural services	<u>171,819</u>	<u>115,021</u>
	<u>2,454,384</u>	<u>2,358,504</u>
Annual surplus (note 15)	<u>\$ -</u>	<u>\$ 144,892</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>
Annual surplus	\$ <u>144.892</u>
Acquisition of tangible capital assets	(20,148)
(Increase) in prepaid expenses	<u>(4,452)</u>
	<u>(24,600)</u>
Increase in net financial assets, being balance, end of year	\$ <u><u>120.292</u></u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>
Operating transactions:	
Annual surplus	\$ 144.892
Change in prepaid expenses	(4.452)
Other (note 9)	<u>184.004</u>
	<u>324.444</u>
Capital transactions:	
Acquisition of tangible capital assets	<u>(20.148)</u>
Cash position, end of year	<u>\$ 304.296</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Reporting entity:

The Rural Community has been established under the Province of New Brunswick Local Governance Act, effective January 1, 2023 and is exempt from income tax under Section 149(1)(c) of the Canada Income Tax Act.

2. Significant accounting policies:

(a) Basis of accounting -

The consolidated financial statements of the Rural Community are the representations of management prepared in accordance with Canadian accounting standards for local governments, as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada.

The focus of PSAB financial statements is on the financial position of the Rural Community and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the Rural Community.

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

Interdepartmental and organizational transactions and balances have been eliminated.

(b) Budget -

The operating budget figures contained in these consolidated financial statements were approved by the Transition Facilitator on December 16, 2022 and the Minister of Environment and Local Government on December 20, 2022.

(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.

(d) Use of estimates -

The preparation of the consolidated financial statements in conformity with Canadian accounting standards for the Public Sector 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.

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. Significant accounting policies (continued):

(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.

(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>Useful Life</u>
Machinery and equipment	5-10 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 Rural Community is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Rural Community's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Rural Community services are provided by departments as follows:

General government services

This department is responsible for the overall governance and financial administration of the Rural Community. 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 emergency measures, animal control and other protective measures.

Transportation services

This department is responsible for street lighting and other transportation related functions.

Environmental health services

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

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. Significant accounting policies (continued):

(g) Segmented information (continued) -

Environmental development services

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

Recreation and cultural services

This department is responsible for recreational and cultural facilities/support.

3. Cash:

	<u>2023</u>
Internally restricted cash - Reserves	\$ 75,000
Unrestricted cash	<u>229,296</u>
	<u>\$ 304,296</u>

4. Receivables – Federal government and its agencies:

	<u>2023</u>
Canada Revenue Agency (HST)	<u>\$ 15,554</u>

5. Receivables – Province of New Brunswick:

	<u>2023</u>
Department of Environment and Local Government	<u>\$ 18,599</u>

6. Payables and accruals:

	<u>2023</u>
Payroll deductions payable	\$ 41,773
Other amounts	<u>191,875</u>
	<u>\$ 233,648</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

7. Tangible capital assets:

	<u>2023</u>
	<u>Total</u>
Cost:	
Additions, machinery and equipment	\$ <u>20,148</u>
Balance, end of year	<u>20,148</u>
Net Book Value of Tangible Capital Assets	\$ <u><u>20,148</u></u>
Consists of:	
General Fund Assets	\$ <u><u>20,148</u></u>

8. Short-term borrowings compliance:

(i) Operating borrowing -

As prescribed in the Province of New Brunswick Local Governance Act, borrowing to finance General Fund operations is limited to 4% of the Municipality's operating budget. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2023, the Rural Community has complied with these restrictions.

(ii) Inter-fund borrowing -

The Municipal Financial Reporting Manual requires that short-term inter-fund borrowings be repaid in the next year unless the borrowing is for a capital project. In 2023, the Rural Community has complied with these requirements.

9. Other (Statement of Cash Flows):

	<u>2023</u>
(Increase) in amounts receivable	\$ (49,644)
Increase in accounts payable and accrued liabilities	<u>233,648</u>
	\$ <u><u>184,004</u></u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

10. Financial instruments:

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

The Rural Community is subject to credit risk through receivables. The Rural Community minimizes credit risk through on-going credit management.

11. Commitments:

The Rural Community leases office space, recreation services, solid waste collection and office equipment under operating leases which expire at various dates between 2024 and 2027. Future minimum payments (excluding HST) are approximately as follows:

2024	-	\$ 438,000
2025	-	419,000
2026	-	419,000
2027	-	<u>111,500</u>
		<u>\$ 1,387,500</u>

12. In-kind contribution:

\$7,593 of office equipment was transferred in-kind to the Rural Community from Province of New Brunswick (Department of Environment and Local Government).

13. Gas tax funding (CCBF):

An allocation of \$257,285 in Gas tax funding (CCBF) became available to the Rural Community in 2023 for claims applicable to qualifying project costs. None of this funding was advanced to the Rural Community in 2023 and no claims were filed.

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

14. Schedule of Segment Disclosure:

	<u>General</u>	<u>Protective</u>	<u>Transportation</u>	<u>Environmental Health</u>	<u>Environmental Development</u>	<u>Recreation and Cultural</u>	<u>2023 Consolidated</u>
Revenue:							
Property tax warrant	\$ 454,020	\$ 703,399	\$ 44,247	\$ 706,916	\$ 203,713	\$ 159,002	\$ 2,271,297
Unconditional grant	7,216	11,180	703	11,237	3,238	2,527	36,101
Other government transfers	126,895	-	-	-	-	-	126,895
Other	<u>6</u>	<u>69,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,103</u>
	<u>588,137</u>	<u>783,676</u>	<u>44,950</u>	<u>718,153</u>	<u>206,951</u>	<u>161,529</u>	<u>2,503,396</u>
Expenses:							
Wages and employee benefits	252,336	-	-	-	-	-	252,336
Goods and services	293,564	728,920	17,249	727,179	219,135	115,021	2,101,068
Other	<u>5,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,100</u>
	<u>551,000</u>	<u>728,920</u>	<u>17,249</u>	<u>727,179</u>	<u>219,135</u>	<u>115,021</u>	<u>2,358,504</u>
Surplus (deficit) for the year	<u>\$ 37,137</u>	<u>\$ 54,756</u>	<u>\$ 27,701</u>	<u>\$ (9,026)</u>	<u>\$ (12,184)</u>	<u>\$ 46,508</u>	<u>\$ 144,892</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

15. Reconciliation of Annual Surplus:

2023 Annual surplus	\$ 126,856	\$ 18,036	\$ -	\$ 144,892
Adjustments to annual surplus (deficit) for funding requirements:				
Transfers:				
- General Operating Fund to General Capital Fund	(2,112)	2,112	-	-
- General Operating Fund to General Capital Reserve	(75,000)	-	75,000	-
Total adjustments to 2023 annual surplus (deficit)	(77,112)	2,112	75,000	-
2023 Annual Fund surplus	\$ 49,744	\$ 20,148	\$ 75,000	\$ 144,892

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

16. Statement of reserves:

	<u>General Capital Reserve</u>	<u>2023 Total</u>
<u>Assets</u>		
Cash	\$ <u>75,000</u>	\$ <u>75,000</u>
Accumulated surplus	\$ <u>75,000</u>	\$ <u>75,000</u>
<u>Revenue</u>		
Transfers from General Operating Fund	\$ <u>75,000</u>	\$ <u>75,000</u>
Annual surplus	\$ <u>75,000</u>	\$ <u>75,000</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

**17. Operating Budget to PSAB Budget:
(Unaudited)**

	<u>General Operating Budget</u>	<u>Transfers</u>	<u>Total</u>
Revenue:			
Property tax warrant	\$ 2,271,297	\$ -	\$ 2,271,297
Unconditional grant	36,101	-	36,101
Other government transfers	97,724	-	97,724
Other	<u>49,262</u>	<u>-</u>	<u>49,262</u>
	<u>2,454,384</u>	<u>-</u>	<u>2,454,384</u>
Expenditures:			
General government services	490,418	200	490,618
Protective services	760,099	-	760,099
Transportation services	47,814	-	47,814
Environmental health services	763,900	-	763,900
Environmental developmental services	220,134	-	220,134
Recreation and cultural services	171,819	-	171,819
Fiscal services:			
- Interest	<u>200</u>	<u>(200)</u>	<u>-</u>
	<u>2,454,384</u>	<u>-</u>	<u>2,454,384</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

18. Revenue and Expense Support:

	(Unaudited) 2023 <u>Budget</u>	2023 <u>Actual</u>
Revenue:		
Other government transfers:		
Province of New Brunswick:		
- Dept of Environment and Local Govt	\$ <u>97,724</u>	\$ <u>126,895</u>
Other:		
Licenses and permits:		
- Construction	\$ 49,262	\$ 69,097
Other	<u>-</u>	<u>6</u>
	<u>\$ 49,262</u>	<u>\$ 69,103</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

18. Revenue and Expense Support (continued):

	(Unaudited) 2023 <u>Budget</u>	2023 <u>Actual</u>
Expenditures:		
General government services:		
Legislative:		
- Mayor	\$ 19.750	\$ 19.500
- Councillors	57.350	49.800
- Other	<u>8.000</u>	<u>-</u>
	<u>85.100</u>	<u>69.300</u>
Administrative:		
- Personnel	107.790	169.034
- Clerk/Other	21.257	18.860
- Office and building	87.080	97.321
- Solicitor	2.000	-
- Other	<u>500</u>	<u>11.867</u>
	<u>218.627</u>	<u>297.082</u>
Financial Management:		
- External audit	14.000	10.000
- Other	<u>1.100</u>	<u>3.248</u>
	<u>15.100</u>	<u>13.248</u>
Other:		
- Liability insurance	12.000	12.608
- Cost of assessment	141.329	141.329
- Regional collaborative services	6.957	6.956
- Municipal association membership	7.805	1.159
- Grants to organizations	-	5.100
- Training and development	1.500	3.301
- Interest and bank charges	200	917
- Other	<u>2.000</u>	<u>-</u>
	<u>171.791</u>	<u>171.370</u>
	<u>\$ 490.618</u>	<u>\$ 551.000</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

18. Revenue and Expense Support (continued):

	(Unaudited) 2023 <u>Budget</u>	2023 <u>Actual</u>
Expenditures (continued):		
Protective services:		
Fire:		
- Fire protection agreements	\$ <u>608,275</u>	\$ <u>594,424</u>
Emergency Measures	<u>20,000</u>	<u>2,671</u>
Other:		
- Building inspector	111,625	111,625
- Animal control	19,996	19,996
- Regional public safety	<u>203</u>	<u>204</u>
	<u>131,824</u>	<u>131,825</u>
	<u>\$ 760,099</u>	<u>\$ 728,920</u>
Transportation services:		
Common services:		
- Public transit	\$ <u>6,574</u>	\$ <u>6,572</u>
Street lighting	<u>11,240</u>	<u>10,677</u>
Traffic services:		
- Street signs	<u>30,000</u>	<u>-</u>
	<u>\$ 47,814</u>	<u>\$ 17,249</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

18. Revenue and Expense Support (continued):

	(Unaudited) 2023 <u>Budget</u>	2023 <u>Actual</u>
Expenditures (continued):		
Environmental health services:		
Solid waste collection and disposal	\$ 643.900	\$ 643.900
Recycling	<u>120.000</u>	<u>83.279</u>
	<u>\$ 763.900</u>	<u>\$ 727.179</u>
Environmental development services:		
Local planning	\$ 131.666	\$ 131.667
Community development	2.960	2.960
Economic development	41.503	41.504
Tourism	43.005	43.004
Decorative lighting	500	-
Beautification and rehabilitation of lands	<u>500</u>	<u>-</u>
	<u>\$ 220.134</u>	<u>\$ 219.135</u>
Recreation and cultural services:		
Recreational facilities	\$ 116.819	\$ 115.021
Grants to other organizations	<u>55.000</u>	<u>-</u>
	<u>\$ 171.819</u>	<u>\$ 115.021</u>