

**THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**



INDEX

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Changes in Net Debt	5
Consolidated Statement of Cash Flows	6
Summary of Significant Accounting Policies and Other Explanatory Information	7 - 16
Schedule 1 - Schedule of Segment Disclosures	17
Schedule 2 - Consolidated Schedule of Revenues	18
Schedule 3 - Consolidated Schedule of Expenses	19 - 21
Schedules of Regulatory Reporting Requirements	22 - 24





Stevenson & Partners
CHARTERED PROFESSIONAL ACCOUNTANTS

AC Stevenson & Partners CPA LLP
548 Pinewood Road
Riverview, N.B., Canada
E1B 5J9
506 387 4044 Tel
506 387 7270 Fax
sp@partnersnb.com

INDEPENDENT AUDITORS' REPORT

To His Worship the Mayor and Members of Town Council of the The Municipality of the Town of Sackville:

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the The Municipality of the Town of Sackville, which comprise the consolidated statement of financial position as at December 31, 2018 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, the consolidated financial statements present fairly, in all material respects, the financial position of The Municipality of the Town of Sackville as at December 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of 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 Municipality 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 Matter

The Department of Local Government of New Brunswick has requested some additional disclosures based on the Municipal Financial Reporting Manual dated December 16, 2011. The Municipality of the Town of Sackville has added schedules of regulatory reporting requirements on pages 22 to 24 to comply with these requirements.

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

Members of Council and Management are responsible for the preparation and fair presentation of the financial statements in accordance with Public Sector Accounting Standards, 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 Municipality'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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' 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 Municipality'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 municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 Municipality 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Riverview, NB
May 14, 2019

Stevenson & Partners
Chartered Professional Accountants

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash in bank (Note 9)	\$ 357,689	\$ -
Receivables (Note 3)	<u>1,700,004</u>	<u>3,359,379</u>
	<u>2,057,693</u>	<u>3,359,379</u>
LIABILITIES		
Bank indebtedness (Note 9)	\$ -	\$ 1,049,689
Accounts payable and accrued liabilities (Note 4)	1,717,589	2,456,657
Long-term debt (Note 5)	<u>13,195,000</u>	<u>13,750,000</u>
	<u>14,912,589</u>	<u>17,256,346</u>
Net debt	<u>(12,854,896)</u>	<u>(13,896,967)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	53,446,864	53,707,666
Inventories of materials and supplies	288,953	296,103
Prepaid expenses and deposits	<u>78,435</u>	<u>15,665</u>
	<u>53,814,252</u>	<u>54,019,434</u>
Accumulated surplus	<u>\$ 40,959,356</u>	<u>\$ 40,122,467</u>

APPROVED BY:


 _____ Mayor


 _____ Clerk

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these financial statements.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenue (Schedule 2)			
Property tax warrant	\$ 9,671,962	\$ 9,671,962	\$ 9,753,225
Unconditional transfers from the Provincial Government	66,007	66,007	65,294
Other contributions and government transfers	1,233,529	1,233,453	4,579,447
Sales of services	678,250	677,457	738,740
Other revenue from own sources	162,049	379,172	396,150
Water and sewer revenue	<u>1,485,625</u>	<u>1,583,957</u>	<u>1,423,453</u>
Total revenue	<u>13,297,422</u>	<u>13,612,008</u>	<u>16,956,309</u>
Expenses (Schedule 3)			
General government services	1,505,646	1,519,344	1,723,165
Protective services	2,579,462	2,523,918	2,395,610
Transportation services	1,878,612	2,358,896	1,887,737
Environmental health and development services	1,381,589	1,311,729	1,320,663
Recreation and cultural services	1,008,590	964,963	933,207
Water supply	792,326	757,418	735,245
Sewer collection and disposal	483,902	465,680	452,445
Amortization of tangible capital assets (Note 8)	2,506,088	2,506,088	2,344,952
Interest expense and miscellaneous	<u>371,405</u>	<u>367,083</u>	<u>377,138</u>
Total expenses	<u>12,507,620</u>	<u>12,775,119</u>	<u>12,170,162</u>
Annual surplus	<u>\$ 789,802</u>	836,889	4,786,147
Accumulated surplus at beginning of year		<u>40,122,467</u>	<u>35,336,320</u>
Accumulated surplus at end of year		<u>\$ 40,959,356</u>	<u>\$ 40,122,467</u>

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these financial statements.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Budget	2018	2017
Annual surplus	\$ <u>789,802</u>	\$ <u>836,889</u>	\$ <u>4,786,147</u>
Acquisition of tangible capital assets	(1,480,000)	(2,505,495)	(8,309,944)
Amortization of tangible capital assets	2,506,088	2,506,088	2,344,952
Loss on sale of tangible capital assets	-	45,891	30,065
Proceeds on sale of tangible capital assets	-	168,720	29,000
Transfer of assets under construction	<u>-</u>	<u>45,598</u>	<u>1,341,121</u>
	<u>1,026,088</u>	<u>260,802</u>	<u>(4,564,806)</u>
Change in inventories of materials and supplies	-	7,150	(28,744)
Change in prepaid expenses and deposits	<u>-</u>	<u>(62,770)</u>	<u>5,055</u>
	<u>-</u>	<u>(55,620)</u>	<u>(23,689)</u>
Change in net debt	1,815,890	1,042,071	197,652
Net debt at beginning of year	<u>(13,896,967)</u>	<u>(13,896,967)</u>	<u>(14,094,619)</u>
Net debt at end of year	\$ <u>(12,081,077)</u>	\$ <u>(12,854,896)</u>	\$ <u>(13,896,967)</u>

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these financial statements.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
Operating transactions		
Annual surplus	\$ 836,889	\$ 4,786,147
Amortization of tangible capital assets	2,506,088	2,344,952
Loss on sale of tangible capital assets	45,891	30,065
Change in receivables	1,659,376	(2,336,182)
Change in accounts payable and accrued liabilities	(739,069)	567,886
Change in inventories of materials and supplies	7,150	(28,744)
Change in prepaid expenses and deposits	<u>(62,770)</u>	<u>5,055</u>
Cash provided by operating transactions	<u>4,253,555</u>	<u>5,369,179</u>
Capital transactions		
Acquisition of tangible capital assets	(2,505,495)	(8,309,944)
Change in assets under construction	45,598	1,341,121
Proceeds on sale of tangible capital assets	<u>168,720</u>	<u>29,000</u>
Cash applied to capital transactions	<u>(2,291,177)</u>	<u>(6,939,823)</u>
Financing transactions		
Proceeds from long-term debt issue	797,000	409,000
Long-term debt repayment	<u>(1,352,000)</u>	<u>(1,436,000)</u>
Cash provided applied to financing transactions	<u>(555,000)</u>	<u>(1,027,000)</u>
Increase (decrease) in cash and cash equivalents	1,407,378	(2,597,644)
Cash and cash equivalents at beginning of year	<u>(1,049,689)</u>	<u>1,547,955</u>
Cash and cash equivalents at end of year	\$ <u>357,689</u>	\$ <u>(1,049,689)</u>

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these financial statements.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

DECEMBER 31, 2018

Purpose of organization

The Municipality of the Town of Sackville, New Brunswick (the "Town") is incorporated and operates under the provisions of the Province of New Brunswick Municipalities Act. As a municipality the Town is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act as a Public Service Body.

The Town provides municipal services such as police, fire, public works, engineering, parks and recreation, community development and other general government operations.

1. Adoption of new and revised standards and interpretations

At the date of authorization of these financial statements, the accounting standards board of Canada has issued the following new and revised standards, amendments and interpretations which are not yet effective during the period covered by these financial statements.

Public Sector (PS) 3400 Revenue is a new section that establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. PS 3400 is effective for reporting periods beginning on or after April 1, 2022.

PS 3280 Asset Retirement Obligations establishes standards on how to account for and report a liability for asset retirement obligations. This section assists in determine what qualifies as, and how to account for, an Asset Retirement Obligation. PS 3280 is effective for reporting periods beginning on or after April 1, 2021.

PS 3450 Financial Instruments establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments (such as receivables, payables and equity instruments) and derivative financial instruments (such as financial options, futures and forwards, interest rate swaps and currency swaps). PS 3450 is effective for reporting periods beginning on or after April 1, 2021.

The municipality is currently assessing the potential impact on its financial statements of the above standards. The municipality expects the adoption of PS 3400 and 3450 may have an impact on its financial statements, but it is not expected to be material. The municipality expects there to be no material impact on the financial statement for the other standards to be adopted.

There are no other Public Sector standards that are not yet effective that would be expected to have a material impact on the municipality's future financial statements.

2. Summary of significant accounting policies

The consolidated financial statements of the Municipality of the Town of Sackville, New Brunswick 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 Chartered Professional Accountants of Canada.

The focus of Public Sector Accounting consolidated financial statements is on the financial position of the Town and the changes thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Town.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2018

2. Summary of significant accounting policies (continued)

The significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity

These consolidated financial statements reflect the 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 Town and which are owned or controlled by the Town.

Interdepartmental and organizational transactions and balances are eliminated.

(b) Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, provided the transfers are authorized, all eligibility criteria have been met and reasonable estimates of the amounts can be made. Transfers received for which expenses are not yet incurred are included in deferred government transfers.

(c) Deferred revenue

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired. In addition, all funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenues until used for the purpose specified.

(d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net debt for the year.

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:

Land	Not amortized
Land improvements	5 - 25 years
Buildings	20 - 60 years
Vehicles and equipment	5 - 25 years
Roads, streets, sidewalks and culverts	10 - 50 years
Water and sewer pipes	30 - 100 years

Assets under construction

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

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2018

2. Summary of significant accounting policies (continued)

(d) Non-financial assets

Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value and as revenue at the date of receipt. Fair value is determined by the Town's engineering staff using current expected construction costs of similar assets.

Inventories of materials and supplies

Inventories of materials and supplies consist mainly of parts and road maintenance materials and are valued at the lower of cost and net realizable value.

(e) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Employee future benefits

Employees may carry forward unused sick leave throughout their employment. This sick leave vests to the employees as detailed in Note 6, and as such the Town is required to compensate employees for unused amounts upon leaving employment with the Town.

(g) Budget

The budget figures contained in these consolidated financial statements were approved by council on December 11, 2017 for Utility operating fund, and January 8, 2018 for General operating fund, and the Minister of Local Government approved the Operating budgets on January 23, 2018.

(h) Reserve funds

Under the Province of New Brunswick Local Governance Act, Council may establish discretionary reserves for each type of its operating and capital funds. In addition, the Community Planning Act requires that a statutory Land Reserve be established and maintained for the purpose of acquiring and developing land held for public purposes.

Certain amounts, as approved by Town Council, are set aside in reserve funds for future operating and capital purposes. Transfers to and from reserve funds are recorded as an adjustment to accumulated surplus of that fund. Note 2 included in the Schedules of Regulatory Requirements is included to show the reserve fund balances as supplementary information.

(i) Segmented information

The Town of Sackville is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Town'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. Municipal services are provided by departments as follows:

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2018

2. Summary of significant accounting policies (continued)

(i) Segmented information (continued)

Recreation and cultural services

General government services

This department is responsible for the overall governance and financial administration of the Municipality. 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 and development services

This department is responsible for the provision of waste collection and disposal, planning and zoning, community development, tourism and other municipal development and promotion services.

The department is responsible for the maintenance and operation of recreational and cultural facilities, including swimming pools, arena, parks and playgrounds and other recreational and cultural facilities.

Water and wastewater system

This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks.

(j) Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts 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 annual surplus in the period in which they become known. Actual results may differ from those estimates.

(k) Financial instruments

The Town's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, long-term debt and accrued sick leave obligation. Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Town is subject to credit risk through accounts receivable. The Town maintains a provision for credit losses, and minimizes credit risk through on-going credit management.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2018

2. Summary of significant accounting policies (continued)

(l) Revenue recognition

Warrant revenue represents annual property tax levy administered and collected by the Province of New Brunswick on behalf of all New Brunswick Municipalities for municipal services.

Government Transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria have been met by the Town, and a reasonable estimate of the amount to be received can be made.

Sale of services and other charge revenue including sales of services, licences and permits, fines, other, and water and wastewater are recorded on an accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

Other revenues are recorded when it is earned, and collection is reasonably assured.

(m) Expense recognition

Expenses are recognized in the period that the goods and services were acquired and a liability was incurred. Expenses are recorded on an accrual basis.

3. Receivables

	2018	2017
Trade receivables - General operating	\$ 984,535	\$ 1,992,381
Water and sewer receivables - Utility operating	144,792	167,683
Water and sewer accruals - Utility operating	367,283	360,768
Water and sewer non-connected accounts - Utility operating	129,449	115,873
HST receivable	183,007	821,150
Allowance for doubtful accounts	<u>(109,062)</u>	<u>(98,476)</u>
	<u>\$ 1,700,004</u>	<u>\$ 3,359,379</u>

4. Accounts payable and accrued liabilities

	2018	2017
Accounts payable	\$ 1,433,234	\$ 1,384,543
Contractors' holdbacks	243,341	1,026,021
Interest on long-term debt	<u>41,014</u>	<u>46,093</u>
	<u>\$ 1,717,589</u>	<u>\$ 2,456,657</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2018

5. Long-term debt

New Brunswick Municipal Finance Corporation

Interest rate and due dates	Debenture #	2018	2017
<i>General capital</i>			
3.3% to 4.85% due 2018	AY-19	\$ -	\$ 34,000
0.95% to 5% due 2019	BA-18	86,000	171,000
1.5% to 4.55% due 2020	BC-12	133,000	196,000
2% due 2032	FCM 10346 1-2012	6,828,000	7,247,000
1.55% to 4.15% due 2034	BK-11	1,994,000	2,133,000
0.95% to 2.8% due 2025	BM-16	940,000	1,081,000
1.45% to 2.9% due 2026	BO-20	210,000	237,000
		<u>10,191,000</u>	<u>11,099,000</u>

New Brunswick Municipal Finance Corporation

Interest rate and due dates	Debenture #	2018	2017
<i>Utility capital</i>			
3.3% to 4.85% due 2018	AY-20	-	45,000
0.95% to 5% due 2019	BA-19	32,000	63,000
1.5% to 4.55% due 2020	BC-13	252,000	275,000
1.65% to 4.25% due 2021	BE-16	680,000	775,000
1.35% to 3.1% due 2022	BH-25	157,000	194,000
1.15% to 3.45% due 2024	BK-12	281,000	365,000
0.95% to 2.8% due 2025	BM-17	102,000	128,000
1.45% to 2.9% due 2026	BO-21	344,000	397,000
1.2% to 2.7% due 2027	BQ-17	359,000	409,000
2.1% to 3.45% due 2028	BT-15	797,000	-
		<u>3,004,000</u>	<u>2,651,000</u>
		<u>\$ 13,195,000</u>	<u>\$ 13,750,000</u>

Principal repayments required during the next five years are as follows:

2019	1,382,000
2020	1,419,000
2021	1,483,000
2022	998,000
2023	955,000

Approval of the Municipal Capital Borrowing Board has been obtained for the debenture debt reported and all the long-term debt has been approved by Order-in-Council of the Provincial Legislature. The repayment shown above for 2020 includes an amount of \$205,000 to be refinanced on June 2, 2020 for a period not to exceed 10 years. The repayment shown above for 2021 includes an amount of \$374,000 to be refinanced on May 27, 2021 for a period not to exceed 10 years.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2018

6. Accrued sick leave obligation

The town and its employees operate under a collective bargaining agreement with CUPE Local 1188 effective January 1, 2016 to December 31, 2021.

Under the terms of the contract with the employees, the Town is required to pay each employee a percentage of their accumulated sick leave up to a maximum of 120 days, on termination of employment. The amount of this sick leave, which has vested to the employees is as follows:

	2018	2017
General Operating Fund	\$ 451,438	\$ 406,896
Utility Operating Fund	<u>92,956</u>	<u>91,239</u>
	<u>\$ 544,394</u>	<u>\$ 498,135</u>

7. Employee Pension Plan:

Under the the terms of the contract with the employees, the Town is part of a defined contribution pension plan. Employees contributions are matched by the Town and fully funded in the year the obligations are incurred. The pension plan is administered and maintained by Great-West Life. The Town has no other obligations in the future under this plan.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2018

8. Schedule of Tangible Capital Assets

	Land	Land Improvements	Buildings	Assets Under Construction	Vehicles and Equipment	Roads Streets Sidewalks Culverts	Water and Sewer Buildings	Water and Sewer Pipes	Total
Cost									
Balance, beginning of year	\$ 1,081,275	\$ 3,640,582	\$ 22,146,205	105,370	\$ 6,394,837	\$ 22,780,707	\$ 8,994,226	\$ 22,671,646	\$ 87,814,848
Add:									
Additions during the year	364,639	93,672	129,207	235,408	884,969	544,682	7,763	245,155	2,505,495
Less:									
Disposals during the year	(70,613)	-	(85,644)	(45,598)	(299,557)	(82,155)	-	(110,965)	(694,532)
Balance, end of year	<u>1,375,301</u>	<u>3,734,254</u>	<u>22,189,768</u>	<u>295,180</u>	<u>6,980,249</u>	<u>23,243,234</u>	<u>9,001,989</u>	<u>22,805,836</u>	<u>89,625,811</u>
Accumulated amortization									
Balance, beginning of year	-	1,532,189	6,336,895	-	3,332,213	9,078,562	3,814,464	10,012,859	34,107,182
Add:									
Amortization during the year	-	170,523	784,273	-	336,000	630,309	238,000	346,983	2,506,088
Less:									
Accumulated amortization on disposals	-	-	-	-	(243,636)	(79,722)	-	(110,965)	(434,323)
Balance, end of year	<u>-</u>	<u>1,702,712</u>	<u>7,121,168</u>	<u>-</u>	<u>3,424,577</u>	<u>9,629,149</u>	<u>4,052,464</u>	<u>10,248,877</u>	<u>36,178,947</u>
Net Book Value of Tangible Capital Assets December 31, 2018	<u>\$ 1,375,301</u>	<u>\$ 2,031,542</u>	<u>\$ 15,068,600</u>	<u>\$ 295,180</u>	<u>\$ 3,555,672</u>	<u>\$ 13,614,085</u>	<u>\$ 4,949,525</u>	<u>\$ 12,556,959</u>	<u>\$ 53,446,864</u>
Net Book Value of Tangible Capital Assets December 31, 2017	<u>\$ 1,081,275</u>	<u>\$ 2,108,393</u>	<u>\$ 15,809,310</u>	<u>\$ 105,370</u>	<u>\$ 3,062,624</u>	<u>\$ 13,702,145</u>	<u>\$ 5,179,762</u>	<u>\$ 12,658,787</u>	<u>\$ 53,707,666</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2018

9. Short-term borrowings compliance

Interim borrowing for capital

Bank overdrafts are amounts due to the bank with interest payable on a monthly basis at prime (at December 31, 2018 - 3.95%) These amounts are secured by resolutions signed by the Municipal Capital Borrowing Board, Province of New Brunswick. Under the resolutions, the Town has orders in council (OIC) amounts available of \$8,121,000 and \$1,749,000 for the General Capital and Utility Capital Funds respectively.

		General Capital	Utility Capital	Total
OIC# 14-0006	February 10, 2014	\$ -	\$ -	\$ -
OIC# 16-0010	February 8, 2016	434,000	-	434,000
OIC# 16-0072	October 25, 2016	3,600,000	1,250,000	4,850,000
OIC# 17-0015	March 13, 2017	3,549,000	107,000	3,656,000
OIC# 18-0002	January 8, 2018	<u>538,000</u>	<u>392,000</u>	<u>930,000</u>
		<u>\$ 8,121,000</u>	<u>\$ 1,749,000</u>	<u>\$ 9,870,000</u>

As of December 31, 2018 the Town's temporary advances net of amounts receivable in the general and utility capital funds were within its limits in accordance with the Province of New Brunswick Local Governance Act.

Operating borrowing

As prescribed in the Province of New Brunswick Local Governance Act, the borrowing to finance its General Fund operations is limited to 4% of the Town's operating budget. Borrowing to finance Utility Fund operations is limited to 50% of the Town's operating budget.

The outstanding amounts of overdrafts in operating funds were as follows:

General Operating	Utility Operating
<u>\$ -</u>	<u>\$ 405,817</u>

In 2018 the Town has complied with these restrictions.

Restricted cash and receivable balances

Included in cash and receivable amounts in the consolidated financial statements are funds restricted by the Town for specific use. Restricted cash and receivables is as follows:

	2018	2017
General Operating Reserve	\$ 99,379	\$ 98,044
General Capital Reserve	822,385	618,823
General Parkland Reserve	93	92
Utility Capital Reserve	<u>254,808</u>	<u>141,799</u>
	<u>\$ 1,176,665</u>	<u>\$ 858,758</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2018

9. Short-term borrowings compliance (continued)

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. The amounts payable between funds are in compliance with the requirements.

10. Contingency

As at December 31, 2018 there was a legal action against the Town of Sackville. This legal action is in connection with a former employee of the Town. The claimant is seeking damages for salary in lieu of notice. This claim is ongoing, however, it is the opinion of the Town's legal counsel that the likelihood of the claim being successful is relatively low.

11. Comparative amounts

Certain of the comparative figures have been reclassified to conform with the current year presentation. Surplus or accumulated surplus has not been changed as a result of the reclassification.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SCHEDULE OF SEGMENT DISCLOSURES
DECEMBER 31, 2018

Schedule 1

	General Government	Protective	Transportation	Environmental Health & Development	Recreational and Cultural	Water & Sewer	Total 2018	Total 2017
Revenue								
Property tax warrant	\$ 3,531,328	\$ 2,191,186	\$ 1,834,317	\$ 1,416,893	\$ 698,238	\$ -	\$ 9,671,962	\$ 9,753,225
Unconditional transfers from the Provincial Government	24,010	14,954	12,518	9,760	4,765	-	66,007	65,294
Other contributions and government transfers	-	114,373	1,119,080	-	-	-	1,233,453	4,579,447
Sales of services	-	340,500	10,470	-	326,487	-	677,457	738,740
Other revenue from own sources	312,482	20,245	-	-	-	46,445	379,172	396,150
Water and sewer revenue	-	-	-	-	-	1,583,957	1,583,957	1,423,453
Total revenue	<u>3,867,820</u>	<u>2,681,258</u>	<u>2,976,385</u>	<u>1,426,653</u>	<u>1,029,490</u>	<u>1,630,402</u>	<u>13,612,008</u>	<u>16,956,309</u>
Expenses								
Salaries and benefits	668,608	309,997	981,048	519,514	451,554	701,644	3,632,365	3,634,783
Goods and services	850,732	2,213,922	1,377,849	792,216	513,409	599,084	6,347,212	5,885,939
Amortization, disposals and transfers	785,700	116,888	813,981	-	170,523	618,996	2,506,088	2,344,952
Interest	15,783	227,035	9,682	251	18,485	18,218	289,454	304,488
	<u>2,320,823</u>	<u>2,867,842</u>	<u>3,182,560</u>	<u>1,311,981</u>	<u>1,153,971</u>	<u>1,937,942</u>	<u>12,775,119</u>	<u>12,170,162</u>
Surplus (deficit)	<u>\$ 1,546,997</u>	<u>\$ (186,584)</u>	<u>\$ (206,175)</u>	<u>\$ 114,672</u>	<u>\$ (124,481)</u>	<u>\$ (307,540)</u>	<u>\$ 836,889</u>	<u>\$ 4,786,147</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED SCHEDULE OF REVENUES
DECEMBER 31, 2018

Schedule 2

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Other contributions and government transfers			
Department of transportation and infrastructure	\$ 387,172	\$ 387,172	\$ -
Gas tax program	409,866	409,866	428,041
Grants from outside sources	242,118	242,118	3,972,552
Fire-local service district	114,373	114,373	99,085
Roads and streets	75,000	75,391	75,391
Lane marking	5,000	4,533	4,378
	<u>\$ 1,233,529</u>	<u>\$ 1,233,453</u>	<u>\$ 4,579,447</u>
Sales of services			
Swimming pools	\$ 4,500	\$ 1,107	\$ 1,893
Skating rinks and arenas	283,500	278,259	308,356
Other recreational programs	39,750	47,121	77,491
RCMP building lease	340,500	340,500	340,500
Other - culverts, curb cutting	10,000	10,470	10,500
	<u>\$ 678,250</u>	<u>\$ 677,457</u>	<u>\$ 738,740</u>
Other revenue from own sources			
Licences and permits			
Building	\$ 60,000	\$ 182,319	\$ 97,584
Animal	6,000	8,615	6,290
Fines			
Municipal By-Law	12,000	20,245	18,550
Other			
Miscellaneous	22,062	157,541	227,410
Gain (loss) on disposal of assets	-	(45,891)	(30,065)
Return on investments			
Interest on past due accounts	50,000	44,436	65,651
Interest on reserve funds	11,987	11,907	10,730
	<u>\$ 162,049</u>	<u>\$ 379,172</u>	<u>\$ 396,150</u>
Water and sewer revenue			
Water user charges - residential	\$ 484,143	\$ 546,819	\$ 522,299
- other	333,430	297,956	294,971
Sewer user charges - residential	368,132	390,926	357,302
- other	245,420	204,691	191,199
Sprinkler and hydrants	30,000	30,672	29,688
Water and sewer other revenue	24,500	112,893	27,994
	<u>\$ 1,485,625</u>	<u>\$ 1,583,957</u>	<u>\$ 1,423,453</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED SCHEDULE OF EXPENSES
DECEMBER 31, 2018

Schedule 3

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
General government services			
Legislative			
Mayor	\$ 34,311	\$ 28,839	\$ 26,197
Councillors	<u>132,686</u>	<u>115,273</u>	<u>124,416</u>
	<u>166,997</u>	<u>144,112</u>	<u>150,613</u>
Administrative			
Manager	330,975	328,293	328,502
Office building	145,750	153,607	160,155
Solicitor	65,000	62,380	86,488
Other	<u>198,880</u>	<u>176,750</u>	<u>172,681</u>
	<u>740,605</u>	<u>721,030</u>	<u>747,826</u>
Financial and Human Resources			
Administrative	175,700	171,322	173,109
Accounting and human resources	<u>86,564</u>	<u>76,678</u>	<u>86,629</u>
	<u>262,264</u>	<u>248,000</u>	<u>259,738</u>
Other General Government Services			
Other general government services	158,280	227,724	379,382
Public liability insurance premiums	177,500	178,478	183,543
Payment in lieu of taxes	-	-	2,063
	<u>335,780</u>	<u>406,202</u>	<u>564,988</u>
	\$ 1,505,646	\$ 1,519,344	\$ 1,723,165
Protective services			
Police			
Station and building	\$ 143,392	\$ 151,515	\$ 153,476
RCMP	1,536,036	1,495,412	1,358,028
Other	<u>131,397</u>	<u>137,857</u>	<u>129,081</u>
	<u>1,810,825</u>	<u>1,784,784</u>	<u>1,640,585</u>
Fire			
Administration and volunteers	197,890	189,532	198,192
Training and development	17,000	21,868	14,190
Station and building	169,666	181,521	183,331
Firefighting equipment	70,500	62,635	83,161
Other	<u>52,136</u>	<u>28,827</u>	<u>30,080</u>
	<u>507,192</u>	<u>484,383</u>	<u>508,954</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED SCHEDULE OF EXPENSES (CONTINUED)
DECEMBER 31, 2018

Schedule 3

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Protective services (continued)			
Other			
Bylaw enforcement	231,045	228,494	221,665
Animal and pest control	<u>30,400</u>	<u>26,257</u>	<u>24,406</u>
	<u>261,445</u>	<u>254,751</u>	<u>246,071</u>
	<u>\$ 2,579,462</u>	<u>\$ 2,523,918</u>	<u>\$ 2,395,610</u>
Transportation services			
Common Services			
Administration	\$ 1,011,220	\$ 1,008,698	\$ 1,041,014
General equipment	84,700	85,103	82,710
Workshops, yard and other buildings	<u>128,192</u>	<u>153,728</u>	<u>130,741</u>
	<u>1,224,112</u>	<u>1,247,529</u>	<u>1,254,465</u>
Road transport			
Roads and streets			
Summer maintenance	232,800	264,883	248,988
Department of transportation and infrastructure streets	-	434,679	-
Snow and ice removal	<u>228,700</u>	<u>239,960</u>	<u>202,763</u>
	<u>461,500</u>	<u>939,522</u>	<u>451,751</u>
Street lighting	<u>160,000</u>	<u>144,046</u>	<u>157,337</u>
Traffic services			
Street signs	7,500	6,989	2,140
Traffic lane marking	15,000	11,434	13,436
Traffic signals	<u>10,500</u>	<u>9,376</u>	<u>8,608</u>
	<u>33,000</u>	<u>27,799</u>	<u>24,184</u>
	<u>\$ 1,878,612</u>	<u>\$ 2,358,896</u>	<u>\$ 1,887,737</u>
Environmental health and development services			
Environmental health services			
Garbage and waste collection	\$ 246,846	\$ 244,225	\$ 238,360
Landfill costs	<u>114,783</u>	<u>114,783</u>	<u>114,142</u>
	<u>361,629</u>	<u>359,008</u>	<u>352,502</u>
Environmental development services			
Wages and benefits	522,296	512,565	493,533
Community development agency	387,830	340,420	372,320
Economic development and tourism	<u>109,834</u>	<u>99,736</u>	<u>102,308</u>
	<u>1,019,960</u>	<u>952,721</u>	<u>968,161</u>
	<u>\$ 1,381,589</u>	<u>\$ 1,311,729</u>	<u>\$ 1,320,663</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED SCHEDULE OF EXPENSES (CONTINUED)
DECEMBER 31, 2018

Schedule 3

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Recreation and cultural services			
Wages and benefits	\$ 488,511	\$ 451,554	\$ 455,145
Community centres and halls	6,200	6,000	7,000
Swimming pools	33,000	29,867	42,016
Rinks and arenas	287,900	298,583	276,097
Parks and playgrounds	154,970	145,005	124,470
Library	38,009	33,954	28,479
	<u>\$ 1,008,590</u>	<u>\$ 964,963</u>	<u>\$ 933,207</u>
Water supply			
Administration	\$ 138,157	\$ 131,125	\$ 150,366
Power and pumping	600,037	576,303	541,005
Other	54,132	49,990	43,874
	<u>\$ 792,326</u>	<u>\$ 757,418</u>	<u>\$ 735,245</u>
Sewer collection and disposal			
Administration	\$ 138,157	\$ 131,121	\$ 150,367
Sewer lift stations	288,242	280,928	258,363
Other	57,503	53,631	43,715
	<u>\$ 483,902</u>	<u>\$ 465,680</u>	<u>\$ 452,445</u>
Interest and miscellaneous			
Interest on bank overdraft	\$ 35,000	\$ 20,808	\$ 14,166
Interest on long-term debt	336,405	346,275	362,972
	<u>\$ 371,405</u>	<u>\$ 367,083</u>	<u>\$ 377,138</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2018



Stevenson & Partners
 CHARTERED PROFESSIONAL ACCOUNTANTS

The Department of Local Government of New Brunswick has requested some disclosures in addition to Canadian Public Sector Accounting Standards for monitoring purposes. The Town has provided these disclosure requirements in the following pages

1. Reconciliation of Annual Surplus in Consolidated Financial Statements to Provincial Municipal Reporting Standards

	General Operating Fund	General Capital Fund	Water & Sewer Operating Fund	Water & Sewer Capital Fund	General Reserve Fund	Water & Sewer Reserve Fund	Total
2018 annual fund surplus per consolidated financial statements	\$ 3,074,835	\$ (1,932,985)	\$ 301,900	\$ (623,768)	\$ 14,899	\$ 2,008	\$ 836,889
<i>Adjustments to annual surplus (deficit) for funding requirements</i>							
Second previous year surplus	64,316	-	21,083	-	-	-	85,399
Transfer from operating to capital	(2,633,339)	2,633,339	(538,693)	538,693	-	-	-
Transfer from operating to reserve	(190,000)	-	(111,000)	-	190,000	111,000	-
Amortization expense	-	1,887,092	-	618,996	-	-	2,506,088
Disposal of tangible capital assets	83,076	45,891	-	-	-	-	128,967
Water cost transfer	(336,000)	-	336,000	-	-	-	-
Total adjustments to 2018 annual surplus (deficit)	(3,011,947)	4,566,322	(292,610)	1,157,689	190,000	111,000	2,720,454
2018 annual surplus (deficit)	\$ 62,888	\$ 2,633,337	\$ 9,290	\$ 533,921	\$ 204,899	\$ 113,008	\$ 3,557,343

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2018

2. Statement of reserves

	General Operating	General Capital	General Parkland	Gas Tax Funds	Water & Sewer Capital	Total 2018	Total 2017
<i>Assets</i>							
Cash	\$ 99,379	\$ 822,385	\$ 93	\$ -	\$ 254,808	\$ 1,176,665	\$ 858,758
<i>Surplus</i>							
Accumulated Surplus, beginning of year	98,044	618,823	92	-	141,799	858,758	1,263,894
Annual surplus	1,335	203,562	1	-	113,009	317,907	(405,136)
Accumulated Surplus, end of year	\$ 99,379	\$ 822,385	\$ 93	\$ -	\$ 254,808	\$ 1,176,665	\$ 858,758
<i>Revenue</i>							
Interest	1,335	8,562	1	-	2,009	11,907	10,730
Money in lieu of parkland	-	-	-	-	-	-	-
Transfers from operating funds	-	195,000	-	-	111,000	306,000	40,000
	1,335	203,562	1	-	113,009	317,907	50,730
<i>Expenses</i>							
Transfer to operating funds	-	-	-	-	-	-	455,866
Annual surplus	\$ 1,335	\$ 203,562	\$ 1	\$ -	\$ 113,009	\$ 317,907	\$ (405,136)

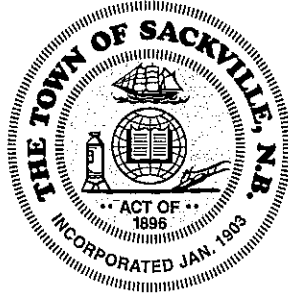
THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2018



Stevenson & Partners
 CHARTERED PROFESSIONAL ACCOUNTANTS

3. Reconciliation of Operating Budget to Public Sector Accounting for year ended December 31, 2018

	Operating	Amortization	Other	Transfers	Total
Revenue					
Warrant of assessment	\$ 9,671,962	\$ -	\$ -	\$ -	\$ 9,671,962
Unconditional transfers from Provincial Government	66,007	-	-	-	66,007
Other contributions and government transfers	194,373	-	1,039,156	-	1,233,529
Sales of services	678,250	-	-	-	678,250
Other revenue from own sources	150,062	-	11,987	-	162,049
Water and sewer revenue	1,821,625	-	-	(336,000)	1,485,625
	<u>12,582,279</u>	<u>-</u>	<u>1,051,143</u>	<u>(336,000)</u>	<u>13,297,422</u>
Expenses					
General government services	1,505,646	-	-	-	1,505,646
Protective services	2,915,462	-	-	(336,000)	2,579,462
Transportation services	1,878,612	-	-	-	1,878,612
Environment health and development	1,381,589	-	-	-	1,381,589
Recreation and cultural services	1,008,590	-	-	-	1,008,590
Water supply	792,326	-	-	-	792,326
Sewer collection and disposal	483,902	-	-	-	483,902
Amortization of tangible capital assets	-	2,506,088	-	-	2,506,088
Interest expense and miscellaneous	371,405	-	-	-	371,405
	<u>10,337,532</u>	<u>2,506,088</u>	<u>-</u>	<u>(336,000)</u>	<u>12,507,620</u>
Fiscal services					
Transfer from operating fund to capital fund	2,302,000	-	-	(2,302,000)	-
Transfer from operating fund to reserve fund	80,000	-	-	(80,000)	-
Transfer from reserve fund to operating fund	(51,854)	-	-	51,854	-
Second previous years' surplus	(85,399)	-	-	85,399	-
	<u>2,244,747</u>	<u>-</u>	<u>-</u>	<u>(2,244,747)</u>	<u>-</u>
	<u>12,582,279</u>	<u>2,506,088</u>	<u>-</u>	<u>(2,580,747)</u>	<u>12,507,620</u>
Annual surplus (deficit)	<u>\$ -</u>	<u>\$ (2,506,088)</u>	<u>\$ 1,051,143</u>	<u>\$ 2,244,747</u>	<u>\$ 789,802</u>



MOTIONS


**COUNCIL MEETING OF
MONDAY, DECEMBER 10, 2018 AT 7:00 P.M.
COUNCIL CHAMBERS, TOWN HALL**

#18-219 MOVED BY COUNCILLOR MICHAEL TOWER AND SECONDED BY COUNCILLOR ANDREW BLACK THAT COUNCIL AUTHORIZE THE TRANSFER, FOR THE BUDGET YEAR 2018, OF \$190,000.00 FROM THE GENERAL OPERATING BUDGET TO THE GENERAL CAPITAL RESERVE FUND. MOTION CARRIED.

#18-220 MOVED BY COUNCILLOR MICHAEL TOWER AND SECONDED BY COUNCILLOR BILL EVANS THAT COUNCIL AUTHORIZE THE TRANSFER, FOR THE BUDGET YEAR 2018, OF \$111,000 FROM THE UTILITY OPERATING BUDGET TO THE UTILITY CAPITAL RESERVE FUND. MOTION CARRIED.

I certify that the above is a true and exact copy of the Motion passed by the Council of the Municipality of the Town of Sackville on the 10th day of December 2018.

Dated this 5th day of March 2019.



Donna Beal, Clerk