

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 - 25



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, 2019 and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, 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, 2019, 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.

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.

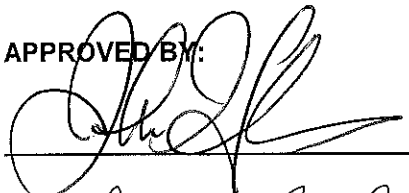
Riverview, NB
July 13, 2020


Stevenson + Partners
Chartered Professional Accountants

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash in bank (Note 3)	\$ 1,586,204	\$ 357,689
Receivables (Note 4)	<u>1,201,718</u>	<u>1,700,004</u>
	<u>2,787,922</u>	<u>2,057,693</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 2,048,950	\$ 1,717,589
Long-term debt (Note 6)	<u>12,367,000</u>	<u>13,195,000</u>
	<u>14,415,950</u>	<u>14,912,589</u>
Net debt	<u>(11,628,028)</u>	<u>(12,854,896)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	55,336,671	53,446,864
Inventories of materials and supplies	296,716	288,953
Prepaid expenses and deposits	<u>21,208</u>	<u>78,435</u>
	<u>55,654,595</u>	<u>53,814,252</u>
Accumulated surplus	<u>\$ 44,026,567</u>	<u>\$ 40,959,356</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, 2019

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
Revenue (Schedule 2)			
Property tax warrant	\$ 9,900,318	\$ 9,900,318	\$ 9,671,962
Unconditional transfers from the Provincial Government	65,757	65,757	66,007
Other contributions and government transfers	3,085,937	3,095,059	1,233,453
Sales of services	678,700	706,799	677,457
Other revenue from own sources	176,502	165,275	379,172
Water and sewer revenue	<u>1,550,279</u>	<u>1,525,655</u>	<u>1,583,957</u>
Total revenue	<u>15,457,493</u>	<u>15,458,863</u>	<u>13,612,008</u>
Expenses (Schedule 3)			
General government services	1,544,086	1,635,373	1,519,344
Protective services	2,633,984	2,466,997	2,523,918
Transportation services	1,939,134	2,073,485	2,358,896
Environmental health and development services	1,377,046	1,303,430	1,311,729
Recreation and cultural services	1,016,482	1,015,074	964,963
Water supply	767,441	647,818	757,418
Sewer collection and disposal	458,016	356,433	465,680
Amortization of tangible capital assets (Note 9)	2,553,105	2,553,105	2,506,088
Interest expense and miscellaneous	<u>350,603</u>	<u>339,937</u>	<u>367,083</u>
Total expenses	<u>12,639,897</u>	<u>12,391,652</u>	<u>12,775,119</u>
Annual surplus	\$ <u>2,817,596</u>	3,067,211	836,889
Accumulated surplus at beginning of year		<u>40,959,356</u>	<u>40,122,467</u>
Accumulated surplus at end of year		\$ <u>44,026,567</u>	\$ <u>40,959,356</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, 2019

	2019 Budget	2019	2018
Annual surplus	\$ <u>2,817,596</u>	\$ <u>3,067,211</u>	\$ <u>836,889</u>
Acquisition of tangible capital assets	(1,677,000)	(4,552,615)	(2,505,495)
Amortization of tangible capital assets	2,506,088	2,553,105	2,506,088
Loss on sale of tangible capital assets	-	88	45,891
Proceeds on sale of tangible capital assets	-	14,811	168,720
Transfer of assets under construction	<u>-</u>	<u>94,805</u>	<u>45,598</u>
	<u>829,088</u>	<u>(1,889,806)</u>	<u>260,802</u>
Change in inventories of materials and supplies	-	(7,763)	7,150
Change in prepaid expenses and deposits	<u>-</u>	<u>57,226</u>	<u>(62,770)</u>
	<u>-</u>	<u>49,463</u>	<u>(55,620)</u>
Change in net debt	3,646,684	1,226,868	1,042,071
Net debt at beginning of year	<u>(12,854,896)</u>	<u>(12,854,896)</u>	<u>(13,896,967)</u>
Net debt at end of year	\$ <u>(9,208,212)</u>	\$ <u>(11,628,028)</u>	\$ <u>(12,854,896)</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, 2019

	2019	2018
Operating transactions		
Annual surplus	\$ 3,067,211	\$ 836,889
Amortization of tangible capital assets	2,553,105	2,506,088
Loss on sale of tangible capital assets	88	45,891
Change in receivables	498,286	1,659,376
Change in accounts payable and accrued liabilities	331,361	(739,069)
Change in inventories of materials and supplies	(7,763)	7,150
Change in prepaid expenses and deposits	<u>57,226</u>	<u>(62,770)</u>
Cash provided by operating transactions	<u>6,499,514</u>	<u>4,253,555</u>
Capital transactions		
Acquisition of tangible capital assets	(4,552,615)	(2,505,495)
Change in assets under construction	94,805	45,598
Proceeds on sale of tangible capital assets	<u>14,811</u>	<u>168,720</u>
Cash applied to capital transactions	<u>(4,442,999)</u>	<u>(2,291,177)</u>
Financing transactions		
Proceeds from long-term debt issue	554,000	797,000
Long-term debt repayment	<u>(1,382,000)</u>	<u>(1,352,000)</u>
Cash applied to financing transactions	<u>(828,000)</u>	<u>(555,000)</u>
Increase in cash and cash equivalents	1,228,515	1,407,378
Cash and cash equivalents at beginning of year	<u>357,689</u>	<u>(1,049,689)</u>
Cash and cash equivalents at end of year	\$ <u>1,586,204</u>	\$ <u>357,689</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, 2019

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, 2019

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) Budget

The budget figures contained in these consolidated financial statements were approved by council on December 10, 2018, and the Minister of Local Government approved the Operating budgets on January 3, 2019.

(c) 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. Estimates are used when accounting for certain items such as allowance for doubtful accounts and the useful life of tangible capital assets.

(d) Financial instruments

The Town's financial instruments consist of cash in bank, receivable, accounts payable and accrued liabilities and long-term debt. 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.

(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.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2019

2. Summary of significant accounting policies (continued)

(f) 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.

(g) Employee future benefits

Employees may carry forward unused sick leave throughout their employment. This sick leave vests to the employees as detailed in Note 7, and as such the Town is required to compensate employees for unused amounts upon leaving employment with the Town.

(h) 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.

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.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2019

2. Summary of significant accounting policies (continued)

(i) 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.

(j) 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:

Recreation and cultural 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.

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.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2019

2. Summary of significant accounting policies (continued)

(j) Segmented information (continued)

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.

(k) 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.

(l) 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.

(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.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2019

3. Cash in bank

	2019	2018
Cash - restricted	\$ 1,089,867	\$ 1,176,665
Cash (bank indebtedness) - unrestricted	<u>496,337</u>	<u>(818,976)</u>
	<u>\$ 1,586,204</u>	<u>\$ 357,689</u>

Restricted cash

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

	2019	2018
General Operating Reserve	\$ 101,082	\$ 99,379
General Capital Reserve	608,239	822,385
General Parkland Reserve	1,300	93
Utility Capital Reserve	<u>379,246</u>	<u>254,808</u>
	<u>\$ 1,089,867</u>	<u>\$ 1,176,665</u>

4. Receivables

	2019	2018
Trade receivables - General operating	\$ 461,879	\$ 984,535
Water and sewer receivables - Utility operating	136,657	144,792
Water and sewer accruals - Utility operating	380,905	367,283
Water and sewer non-connected accounts - Utility operating	142,820	129,449
HST receivable	211,547	183,007
Allowance for doubtful accounts	<u>(132,090)</u>	<u>(109,062)</u>
	<u>\$ 1,201,718</u>	<u>\$ 1,700,004</u>

5. Accounts payable and accrued liabilities

	2019	2018
Accounts payable	\$ 1,456,722	\$ 1,433,234
Contractors' holdbacks	553,406	243,341
Interest on long-term debt	<u>38,822</u>	<u>41,014</u>
	<u>\$ 2,048,950</u>	<u>\$ 1,717,589</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2019

6. Long-term debt

New Brunswick Municipal Finance Corporation

Interest rate and due dates	Debenture #	2019	2018
0.95% to 5% due 2019	BA-18	\$ -	\$ 86,000
0.95% to 5% due 2019	BA-19	-	32,000
1.5% to 4.55% due 2020	BC-12	67,000	133,000
1.5% to 4.55% due 2020	BC-13	229,000	252,000
1.65% to 4.25% due 2021	BE-16	581,000	680,000
1.35% to 3.1% due 2022	BH-25	119,000	157,000
2% due 2032	FCM 10346 1-2012	6,401,000	6,828,000
1.55% to 4.15% due 2034	BK-11	1,852,000	1,994,000
1.15% to 3.45% due 2024	BK-12	195,000	281,000
0.95% to 2.8% due 2025	BM-16	797,000	940,000
0.95% to 2.8% due 2025	BM-17	76,000	102,000
1.45% to 2.9% due 2026	BO-20	182,000	210,000
1.45% to 2.9% due 2026	BO-21	291,000	344,000
1.2% to 2.7% due 2027	BQ-17	309,000	359,000
2.1% to 3.45% due 2028	BT-15	714,000	797,000
2.00% to 2.85% due 2029	BV-14	260,000	-
2.00% to 2.85% due 2029	BV-15	294,000	-
		<u>\$ 12,367,000</u>	<u>\$ 13,195,000</u>

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

2020	1,480,000
2021	1,545,000
2022	1,061,000
2023	1,020,000
2024	1,017,000

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, 2019

7. 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:

	2019	2018
General Operating Fund	\$ 427,197	\$ 451,438
Utility Operating Fund	<u>98,313</u>	<u>92,956</u>
	<u>\$ 525,510</u>	<u>\$ 544,394</u>

The amounts above have been included in accounts payable and accrued liabilities in Note 5.

8. 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, 2019

9. 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	\$ 1,375,301	\$ 3,734,254	\$ 22,189,768	295,180	\$ 6,980,249	\$ 23,243,234	\$ 9,001,989	\$ 22,805,836	\$ 89,625,811
Add:									
Additions during the year	-	162,399	43,054	2,583,823	188,502	1,172,688	64,618	337,531	4,552,615
Less:									
Disposals during the year	(2,423)	-	-	(94,805)	(159,029)	(2,859)	-	(19,443)	(278,559)
Balance, end of year	<u>1,372,878</u>	<u>3,896,653</u>	<u>22,232,822</u>	<u>2,784,198</u>	<u>7,009,722</u>	<u>24,413,063</u>	<u>9,066,607</u>	<u>23,123,924</u>	<u>93,899,867</u>
Accumulated amortization									
Balance, beginning of year	-	1,702,712	7,121,168	-	3,424,577	9,629,149	4,052,464	10,248,877	36,178,947
Add:									
Amortization during the year	-	173,668	782,031	-	372,597	664,544	217,129	343,136	2,553,105
Less:									
Accumulated amortization on disposals	-	-	-	-	(146,554)	(2,859)	-	(19,443)	(168,856)
Balance, end of year	<u>-</u>	<u>1,876,380</u>	<u>7,903,199</u>	<u>-</u>	<u>3,650,620</u>	<u>10,290,834</u>	<u>4,269,593</u>	<u>10,572,570</u>	<u>38,563,196</u>
Net Book Value of Tangible Capital Assets December 31, 2019	<u>\$ 1,372,878</u>	<u>\$ 2,020,273</u>	<u>\$ 14,329,623</u>	<u>\$ 2,784,198</u>	<u>\$ 3,359,102</u>	<u>\$ 14,122,229</u>	<u>\$ 4,797,014</u>	<u>\$ 12,551,354</u>	<u>\$ 55,336,671</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>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2019

10. 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, 2019 - 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 \$1,711,000 and \$657,000 for the General Capital and Utility Capital Funds respectively.

		General Capital	Utility Capital	Total
OIC# 17-0015	March 13, 2017	\$ 1,035,000	\$ -	\$ 1,035,000
OIC# 18-0002	January 8, 2018	538,000	175,000	713,000
OIC# 19-0008	February 11, 2019	<u>138,000</u>	<u>482,000</u>	<u>620,000</u>
		<u>\$ 1,711,000</u>	<u>\$ 657,000</u>	<u>\$ 2,368,000</u>

As of December 31, 2019 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>\$ 368,743</u>

In 2019 the Town has complied with these restrictions.

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.

11. Contingency

In the normal course of the Town's activities, the Town is subject to a number of claims and litigations. The Town intends to defend and negotiate such claims and litigations. The eventual outcome of these claims and litigations are not determinable at year end.

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SCHEDULE OF SEGMENT DISCLOSURES
DECEMBER 31, 2019

Schedule 1

	General Government	Protective	Transportation	Environmental Health & Development	Recreational and Cultural	Water & Sewer	Total 2019	Total 2018
Revenue								
Property tax warrant	\$ 3,259,754	\$ 2,725,458	\$ 1,852,276	\$ 1,368,111	\$ 694,719	\$ -	\$ 9,900,318	\$ 9,671,962
Unconditional transfers from the Provincial Government	21,651	18,102	12,303	9,087	4,614	-	65,757	66,007
Other contributions and government transfers	-	98,228	2,871,749	-	-	125,082	3,095,059	1,233,453
Sales of services	-	340,500	12,355	-	353,944	-	706,799	677,457
Other revenue from own sources	105,724	16,986	-	-	-	42,565	165,275	379,172
Water and sewer revenue	-	-	-	-	-	1,525,655	1,525,655	1,583,957
Total revenue	<u>3,387,129</u>	<u>3,199,274</u>	<u>4,748,683</u>	<u>1,377,198</u>	<u>1,053,277</u>	<u>1,693,302</u>	<u>15,458,863</u>	<u>13,612,008</u>
Expenses								
Salaries and benefits	771,933	298,866	976,867	525,232	483,136	571,994	3,628,028	3,632,365
Goods and services	863,440	2,168,131	1,102,641	778,200	525,913	503,172	5,941,497	6,347,212
Amortization, disposals and transfers	550,609	128,406	854,485	-	418,686	600,919	2,553,105	2,506,088
Interest	<u>104</u>	<u>220,059</u>	<u>9,607</u>	<u>152</u>	<u>16,654</u>	<u>22,446</u>	<u>269,022</u>	<u>289,454</u>
	<u>2,186,086</u>	<u>2,815,462</u>	<u>2,943,600</u>	<u>1,303,584</u>	<u>1,444,389</u>	<u>1,698,531</u>	<u>12,391,652</u>	<u>12,775,119</u>
Surplus (deficit)	\$ <u>1,201,043</u>	\$ <u>383,812</u>	\$ <u>1,805,083</u>	\$ <u>73,614</u>	\$ <u>(391,112)</u>	\$ <u>(5,229)</u>	\$ <u>3,067,211</u>	\$ <u>836,889</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED SCHEDULE OF REVENUES
DECEMBER 31, 2019

Schedule 2

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
Other contributions and government transfers			
Department of transportation and infrastructure	\$ 80,609	\$ 80,609	\$ 387,172
Gas tax program	781,441	781,441	409,866
Grants from outside sources	2,045,270	2,045,270	242,118
Fire-local service district	98,226	98,228	114,373
Roads and streets	75,391	85,150	75,391
Lane marking	5,000	4,361	4,533
	\$ 3,085,937	\$ 3,095,059	\$ 1,233,453
Sales of services			
Swimming pools	\$ 3,300	\$ 1,313	\$ 1,107
Skating rinks and arenas	284,500	284,112	278,259
Other recreational programs	41,400	68,519	47,121
RCMP building lease	340,500	340,500	340,500
Other - culverts, curb cutting	9,000	12,355	10,470
	\$ 678,700	\$ 706,799	\$ 677,457
Other revenue from own sources			
Licences and permits			
Building	\$ 70,000	\$ 47,653	\$ 182,319
Animal	7,500	7,695	8,615
Fines			
Municipal By-Law	13,000	16,986	20,245
Other			
Miscellaneous	21,000	27,504	157,541
Loss on disposal of assets	-	(87)	(45,891)
Return on investments			
Interest on cash in bank	1,000	2,450	-
Interest on past due accounts	42,000	41,072	44,436
Interest on reserve funds	22,002	22,002	11,907
	\$ 176,502	\$ 165,275	\$ 379,172
Water and sewer revenue			
Water user charges - residential	\$ 495,341	\$ 558,652	\$ 546,819
- other	340,894	266,656	297,956
Sewer user charges - residential	395,726	444,932	390,926
- other	263,818	190,831	204,691
Sprinkler and hydrants	30,000	30,672	30,672
Water and sewer other revenue	24,500	33,912	112,893
	\$ 1,550,279	\$ 1,525,655	\$ 1,583,957

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED SCHEDULE OF EXPENSES
DECEMBER 31, 2019

Schedule 3

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
General government services			
Legislative			
Mayor	\$ 33,414	\$ 30,502	\$ 28,839
Councillors	<u>135,423</u>	<u>123,343</u>	<u>115,273</u>
	<u>168,837</u>	<u>153,845</u>	<u>144,112</u>
Administrative			
Manager	338,257	308,033	328,293
Office building	153,331	151,725	153,607
Solicitor	60,000	31,730	62,380
Other	<u>223,288</u>	<u>229,833</u>	<u>176,750</u>
	<u>774,876</u>	<u>721,321</u>	<u>721,030</u>
Financial and Human Resources			
Administrative	210,423	219,386	171,322
Accounting and human resources	<u>47,831</u>	<u>110,753</u>	<u>76,678</u>
	<u>258,254</u>	<u>330,139</u>	<u>248,000</u>
Other General Government Services			
Other general government services	162,119	224,904	227,724
Public liability insurance premiums	<u>180,000</u>	<u>205,164</u>	<u>178,478</u>
	<u>342,119</u>	<u>430,068</u>	<u>406,202</u>
	<u>\$ 1,544,086</u>	<u>\$ 1,635,373</u>	<u>\$ 1,519,344</u>
Protective services			
Police			
Station and building	\$ 153,177	\$ 145,906	\$ 151,515
RCMP	1,580,747	1,437,208	1,495,412
Other	<u>131,840</u>	<u>118,773</u>	<u>137,857</u>
	<u>1,865,764</u>	<u>1,701,887</u>	<u>1,784,784</u>
Fire			
Administration and volunteers	201,172	188,308	189,532
Training and development	21,000	18,952	21,868
Station and building	180,773	178,262	181,521
Firefighting equipment	69,000	80,275	62,635
Other	<u>32,335</u>	<u>29,165</u>	<u>28,827</u>
	<u>504,280</u>	<u>494,962</u>	<u>484,383</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED SCHEDULE OF EXPENSES (CONTINUED)
DECEMBER 31, 2019

Schedule 3

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
Protective services (continued)			
Other			
Bylaw enforcement	233,540	245,229	228,494
Animal and pest control	<u>30,400</u>	<u>24,919</u>	<u>26,257</u>
	<u>263,940</u>	<u>270,148</u>	<u>254,751</u>
	<u>\$ 2,633,984</u>	<u>\$ 2,466,997</u>	<u>\$ 2,523,918</u>
Transportation services			
Common Services			
Administration	\$ 1,036,185	\$ 1,013,516	\$ 1,008,698
General equipment	84,700	102,824	85,103
Workshops, yard and other buildings	<u>130,049</u>	<u>161,690</u>	<u>153,728</u>
	<u>1,250,934</u>	<u>1,278,030</u>	<u>1,247,529</u>
Road transport			
Roads and streets			
Summer maintenance	259,500	269,047	264,883
Department of transportation and infrastructure streets	-	94,834	434,679
Snow and ice removal	<u>237,700</u>	<u>241,426</u>	<u>239,960</u>
	<u>497,200</u>	<u>605,307</u>	<u>939,522</u>
Street lighting	<u>161,000</u>	<u>160,606</u>	<u>144,046</u>
Traffic services			
Street signs	7,500	1,886	6,989
Traffic lane marking	12,000	17,256	11,434
Traffic signals	<u>10,500</u>	<u>10,400</u>	<u>9,376</u>
	<u>30,000</u>	<u>29,542</u>	<u>27,799</u>
	<u>\$ 1,939,134</u>	<u>\$ 2,073,485</u>	<u>\$ 2,358,896</u>
Environmental health and development services			
Environmental health services			
Garbage and waste collection	\$ 223,227	\$ 214,053	\$ 244,225
Landfill costs	<u>107,954</u>	<u>107,954</u>	<u>114,783</u>
	<u>331,181</u>	<u>322,007</u>	<u>359,008</u>
Environmental development services			
Wages and benefits	528,094	517,452	512,565
Community development agency	410,952	367,535	340,420
Economic development and tourism	<u>106,819</u>	<u>96,436</u>	<u>99,736</u>
	<u>1,045,865</u>	<u>981,423</u>	<u>952,721</u>
	<u>\$ 1,377,046</u>	<u>\$ 1,303,430</u>	<u>\$ 1,311,729</u>

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
CONSOLIDATED SCHEDULE OF EXPENSES (CONTINUED)
DECEMBER 31, 2019

Schedule 3

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
Recreation and cultural services			
Wages and benefits	\$ 502,325	\$ 483,136	\$ 451,554
Community centres and halls	6,000	6,000	6,000
Swimming pools	30,700	29,055	29,867
Rinks and arenas	286,900	314,590	298,583
Parks and playgrounds	148,297	143,117	145,005
Library	42,260	39,176	33,954
	\$ 1,016,482	\$ 1,015,074	\$ 964,963
Water supply			
Administration	\$ 117,057	\$ 83,884	\$ 131,125
Power and pumping	595,481	535,715	576,303
Other	54,903	28,219	49,990
	\$ 767,441	\$ 647,818	\$ 757,418
Sewer collection and disposal			
Administration	\$ 117,057	\$ 84,272	\$ 131,121
Sewer lift stations	282,685	231,089	280,928
Other	58,274	41,072	53,631
	\$ 458,016	\$ 356,433	\$ 465,680
Interest and miscellaneous			
Interest on bank overdraft	\$ 25,000	\$ 12,210	\$ 20,808
Interest on long-term debt	325,603	327,727	346,275
	\$ 350,603	\$ 339,937	\$ 367,083

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2019

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
2019 annual fund surplus (deficit) per consolidated financial statements	\$ 4,349,721	\$ (1,296,044)	\$ 471,216	\$ (600,884)	\$ 18,764	\$ 124,438	\$ 3,067,211
<i>Adjustments to annual surplus (deficit) for funding requirements</i>							
Second previous year surplus	51,291	-	9,330	-	-	-	60,621
Transfer from operating to capital	(4,240,031)	4,240,031	(807,437)	807,437	-	-	-
Transfer from operating to reserve	225,000	-	-	-	(225,000)	-	-
Amortization expense	-	1,952,186	-	600,919	-	-	2,553,105
Disposal of tangible capital assets	13,696	-	-	-	-	-	13,696
Water cost transfer	(336,000)	-	336,000	-	-	-	-
Total adjustments to 2019 annual surplus (deficit)	(4,286,044)	6,192,217	(462,107)	1,408,356	(225,000)	-	2,627,422
2019 annual surplus (deficit)	\$ 63,677	\$ 4,896,173	\$ 9,109	\$ 807,472	\$ (206,236)	\$ 124,438	\$ 5,694,633

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2019

2. Statement of reserves

	<u>General Operating</u>	<u>General Capital</u>	<u>General Parkland</u>	<u>Gas Tax Funds</u>	<u>Water & Sewer Capital</u>	<u>Total 2019</u>	<u>Total 2018</u>
<i>Assets</i>							
Cash	\$ 101,082	\$ 608,239	\$ 1,300	\$ -	\$ 379,246	\$ 1,089,867	\$ 1,176,665
<i>Surplus</i>							
Accumulated Surplus, beginning of year	99,379	817,385	93	-	254,808	1,171,665	858,758
Annual surplus	1,703	(209,146)	1,207	-	124,438	(81,798)	317,907
Accumulated Surplus, end of year	\$ 101,082	\$ 608,239	\$ 1,300	\$ -	\$ 379,246	\$ 1,089,867	\$ 1,176,665
<i>Revenue</i>							
Interest	1,703	15,854	7	-	4,438	22,002	11,907
Transfers from operating funds	-	-	1,200	-	120,000	121,200	306,000
<i>Expenses</i>							
Transfer to operating funds	-	225,000	-	-	-	225,000	-
Annual surplus	\$ 1,703	\$ (209,146)	\$ 1,207	\$ -	\$ 124,438	\$ (81,798)	\$ 317,907
<u>Name of Investment</u>	<u>Principal Amount</u>	<u>Interest Rate</u>		<u>Date of Maturity</u>			
Savings account (General Operating)	\$ 101,082	1.70% to \$499,999, 1.95% \$500,000 to \$999,999 and 2.10% over \$1,000,000		No maturity			
Savings account (General Capital)	\$ 608,239	1.70% to \$749,999, 1.95% \$750,000 to \$1,499,999 and 2.10% over \$1,500,000		No maturity			
Savings account (General Parkland)	\$ 1,300	1.70% to \$749,999, 1.95% \$750,000 to \$1,499,999 and 2.10% over \$1,500,000		No maturity			
Savings account (Gas Tax Funds)	\$ -	1.70% to \$749,999, 1.95% \$750,000 to \$1,499,999 and 2.10% over \$1,500,000		No maturity			
Savings account (Water & Sewer Capital)	\$ 379,246	1.70% to \$499,999, 1.95% \$500,000 to \$999,999 and 2.10% over \$1,000,000		No maturity			

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2019

2. Statement of reserves (continued)

Council Resolutions regarding transfers to and from reserves:

Resolution #19-219

Moved by: Deputy Mayor Ron Aiken
Seconded by: Councillor Andrew Black

BE IT RESOLVED that Council authorize the transfer, for the Budget year 2019, of \$225,000 from the General Capital Reserve Fund to the General Operating Fund to cover 2019 capital expenses to be charged through capital out of revenue.

Resolution #19-220

Moved by: Deputy Mayor Ron Aiken
Seconded by: Councillor Michael Tower

BE IT RESOLVED that Council authorize the transfer, for the Budget year 2019, of \$120,000 from the Utility Operating Budget to the Utility Capital Reserve Fund.

I hereby certify that the above are true and exact copies of resolutions adopted at a meeting of Council on December 9, 2019.

Donna Beal
Donna Beal
Clerk
Town of Sackville

July 17, 2020
Date

Municipal Seal

THE MUNICIPALITY OF THE TOWN OF SACKVILLE
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2019

3. Reconciliation of Operating Budget to Public Sector Accounting for year ended December 31, 2019

	Operating	Amortization	Other	Transfers	Total
Revenue					
Warrant of assessment	\$ 9,900,318	\$ -	\$ -	\$ -	\$ 9,900,318
Unconditional transfers from Provincial Government	65,757	-	-	-	65,757
Other contributions and government transfers	178,617	-	2,907,320	-	3,085,937
Sales of services	678,700	-	-	-	678,700
Other revenue from own sources	154,500	-	22,002	-	176,502
Water and sewer revenue	1,886,279	-	-	(336,000)	1,550,279
	<u>12,864,171</u>	<u>-</u>	<u>2,929,322</u>	<u>(336,000)</u>	<u>15,457,493</u>
Expenses					
General government services	1,544,086	-	-	-	1,544,086
Protective services	2,969,984	-	-	(336,000)	2,633,984
Transportation services	1,939,134	-	-	-	1,939,134
Environment health and development	1,377,046	-	-	-	1,377,046
Recreation and cultural services	1,016,482	-	-	-	1,016,482
Water supply	767,441	-	-	-	767,441
Sewer collection and disposal	458,016	-	-	-	458,016
Amortization of tangible capital assets	-	2,553,105	-	-	2,553,105
Interest expense and miscellaneous	350,603	-	-	-	350,603
	<u>10,422,792</u>	<u>2,553,105</u>	<u>-</u>	<u>(336,000)</u>	<u>12,639,897</u>
Fiscal services					
Transfer from operating fund to capital fund	2,382,000	-	-	(2,382,000)	-
Transfer from operating fund to reserve fund	120,000	-	-	(120,000)	-
Second previous years' surplus	(60,621)	-	-	60,621	-
	<u>2,441,379</u>	<u>-</u>	<u>-</u>	<u>(2,441,379)</u>	<u>-</u>
	<u>12,864,171</u>	<u>2,553,105</u>	<u>-</u>	<u>(2,777,379)</u>	<u>12,639,897</u>
Annual surplus (deficit)	\$ -	\$ (2,553,105)	\$ 2,929,322	\$ 2,441,379	\$ 2,817,596