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# CENTRAL YORK RURAL COMMUNITY

## CONSOLIDATED FINANCIAL STATEMENTS

## DECEMBER 31, 2023

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Shannon & Buffett, LLP
Chartered Professional Accountants

# CENTRAL YORK RURAL COMMUNITY

## CONSOLIDATED FINANCIAL STATEMENTS

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# Shannon & Buffett, LLP

## Chartered Professional Accountants

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


(Date)

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and the Members of the Council

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Report on the Audit of the Consolidated Financial Statements

***Opinion***

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Rural Community as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for the Public Sector.

***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Rural Community in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Other Information***

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. Notes 13, 14 and 15 on pages 13, 14 and 15 respectively are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for the Public Sector, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Rural Community's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Rural Community or to cease operations, or has no realistic alternative but to do so.

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



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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rural Community's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Rural Community's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Rural Community to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Chartered Professional Accountants

## CENTRAL YORK RURAL COMMUNITY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## DECEMBER 31, 2023

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| | 2023 |
|---|---|
| **Financial assets:** | |
| Cash (note 3) | $ 387.200 |
| Receivables: | |
| - Federal government and its agencies (note 4) | 12.448 |
| - Other | 5.400 |
| | 405.048 |
| **Liabilities:** | |
| Payables and accruals | 140.295 |
| **Net financial assets** | 264.753 |
| **Non-financial assets:** | |
| Tangible capital assets (note 5) | 40.443 |
| Prepaid expenses | 10.000 |
| | 50.443 |
| **Accumulated surplus (page 4)** | $ 315.196 |

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Approved by:

_____ Mayor

_____ Clerk or Treasurer

## CENTRAL YORK RURAL COMMUNITY

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

## FOR THE YEAR ENDED DECEMBER 31, 2023

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| | (Unaudited) 2023 Budget | 2023 Actual |
|---|---|---|
| **Revenue:** | | |
| Property tax warrant | $ 1.525.583 | $ 1.525.583 |
| Unconditional grant | 26.121 | 26.121 |
| Other government transfers | 279.452 | 320.650 |
| Other | 41.327 | 83.507 |
| | 1.872.483 | 1.955.861 |
| **Expenses:** | | |
| General government services | 455.422 | 408.915 |
| Protective services | 36.882 | 29.069 |
| Transportation services | 6.273 | 6.048 |
| Environmental health services | 651.268 | 619.975 |
| Public Health services | - | 7.675 |
| Environmental development services | 282.643 | 280.645 |
| Recreation and cultural services | 439.995 | 288.338 |
| | 1.872.483 | 1.640.665 |
| **Annual surplus (note 13)** | $ - | $ 315.196 |

## CENTRAL YORK RURAL COMMUNITY

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

## FOR THE YEAR ENDED DECEMBER 31, 2023

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| | 2023 |
|---|---|
| Annual surplus | $ 315,196 |
| Acquisition of tangible capital assets | (40,443) |
| (Increase) in prepaid expenses | (10,000) |
| | (50,443) |
| **Increase in net financial assets, being balance, end of year** | $ 264,753 |

## CENTRAL YORK RURAL COMMUNITY

## CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED DECEMBER 31, 2023

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| | 2023 |
|---|---|
| **Operating transactions:** | |
| Annual surplus | $ 315,196 |
| Change in prepaid expenses | (10,000) |
| Other (note 7) | 122,447 |
| | 427,643 |
| **Capital transactions:** | |
| Acquisition of tangible capital assets | (40,443) |
| Cash position, end of year | $ 387,200 |

# CENTRAL YORK RURAL COMMUNITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## DECEMBER 31, 2023

**1. Reporting entity:**

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

**2. Significant accounting policies:**

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**(a) Basis of accounting -**

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

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

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

Interdepartmental and organizational transactions and balances have been eliminated.

**(b) Budget -**

The operating budget figures contained in these consolidated financial statements were approved by the Transition Committee on December 7, 2022 and the Minister of Environment and Local Government on December 14, 2022.

**(c) Revenue recognition -**

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

Other revenue is recorded when it is earned.

## 2. Significant accounting policies (continued):

### (d) Use of estimates -

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

### (e) Cash and cash equivalents -

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Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

### (f) Tangible capital assets -

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

| Asset type | Useful Life |
|---|---|
| Machinery and equipment | 5-10 years |

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

Amortization commences with the year after acquisition.

There is no amortization in the year of disposal.

### (g) Segmented information -

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

General government services

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

**2. Significant accounting policies (continued):**

**(g) Segmented information (continued) -**

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

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

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

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

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

**3. Cash:**

| | 2023 |
|---|---|
| Internally restricted cash - Reserves | $ 180,000 |
| Unrestricted cash | 207,200 |
| | $ 387,200 |

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**4. Receivables – Federal government and its agencies:**

| | 2023 |
|---|---|
| Canada Revenue Agency (HST) | $ 12,448 |

## 5. Tangible capital assets:

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| | 2023 Total |
|---|---|
| Cost: | |
| Additions, machinery and equipment | $ 40,443 |
| Balance, end of year | 40,443 |
| Net Book Value of Tangible Capital Assets | $ 40,443 |
| Consists of: | |
| General Fund Assets | $ 40,443 |

## 6. Short-term borrowings compliance:

### (i) Operating borrowing -

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

### (ii) Inter-fund borrowing -

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

## 7. Other (Statement of Cash Flows):

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| | 2023 |
|---|---|
| (Increase) in amounts receivable | $ (17,848) |
| Increase in accounts payable and accrued liabilities | 140,295 |
| | $ 122,447 |

## 8. Financial instruments:

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

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

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## 9. Commitments:

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

| | | |
|---|---|---|
| 2024 | - | $ 615.800 |
| 2025 | - | 405.800 |
| 2026 | - | 208.400 |
| 2027 | - | 206.800 |
| | | $ 1,436,800 |

## 10. In-kind contribution:

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$10,875 of office equipment was transferred in-kind to the Rural Community from Province of New Brunswick (Department of Environment and Local Government).

## 11. Gas tax funding (CCBF):

An allocation of $257,661 in Gas tax funding (CCBF) became available to the Rural Community in 2023 for claims applicable to qualifying project costs. None of this funding was advanced to the Rural Community in 2023 and no claims were filed.

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## 12. Schedule of Segment Disclosure:

| | General | Protective | Transportation | Environmental Health | Environmental Development | Recreation and Cultural | Public Health | 2023 Consolidated |
|---|---|---|---|---|---|---|---|---|
| **Revenue:** | | | | | | | | |
| Property tax warrant | $ 371.049 | $ 30.049 | $ 5.111 | $ 530.613 | $ 230.280 | $ 358.481 | $ - | $ 1.525.583 |
| Unconditional grant | 6.353 | 515 | 88 | 9.084 | 3.943 | 6.138 | - | 26.121 |
| Other government transfers | 320.650 | - | - | - | - | - | - | 320.650 |
| Other | 83.507 | - | - | - | - | - | - | 83.507 |
| | 781.559 | 30.564 | 5.199 | 539.697 | 234.223 | 364.619 | - | 1.955.861 |
| **Expenses:** | | | | | | | | |
| Wages and employee benefits | 187.204 | - | - | - | - | - | - | 187.204 |
| Goods and services | 218.226 | 29.069 | 6.048 | 619.975 | 280.645 | 288.338 | 7.675 | 1.449.976 |
| Other | 3.485 | - | - | - | - | - | - | 3.485 |
| | 408.915 | 29.069 | 6.048 | 619.975 | 280.645 | 288.338 | 7.675 | 1.640.665 |
| Surplus (deficit) for the year | $ 372,644 | $ 1,495 | $ (849) | $ (80,278) | $ (46,422) | $ 76,281 | $ (7,675) | $ 315,196 |

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# CENTRAL YORK RURAL COMMUNITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## DECEMBER 31, 2023

13. **Reconciliation of Annual Surplus:**

| | General Operating Fund | General Capital Fund | General Capital Reserve | General Operating Reserve | Total |
|---|---|---|---|---|---|
| 2023 Annual surplus | $ 284,556 | $ 30,640 | $ - | $ - | $ 315,196 |
| Adjustments to annual surplus (deficit) for funding requirements: | | | | | |
| Transfers: | | | | | |
| General Operating Fund to General Capital Fund | (9,803) | 9,803 | - | - | - |
| General Operating Fund to General Capital Reserve | (130,000) | - | 130,000 | - | - |
| General Operating Fund to General Operating Reserve | (50,000) | - | - | 50,000 | - |
| Total adjustments to 2023 annual surplus (deficit) | (189,803) | 9,803 | 130,000 | 50,000 | - |
| 2023 Annual Fund surplus | $ 94,753 | $ 40,443 | $ 130,000 | $ 50,000 | $ 315,196 |

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14. **Statement of reserves:**

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| | General Capital Reserve | General Operating Reserve | 2023 Total |
|---|---|---|---|
| **Assets** | | | |
| Cash | $ 130,000 | $ 50,000 | $ 180,000 |
| Accumulated surplus | $ 130,000 | $ 50,000 | $ 180,000 |
| **Revenue** | | | |
| Transfers from General Operating Fund | $ 130,000 | $ 50,000 | $ 180,000 |
| Annual surplus | $ 130,000 | $ 50,000 | $ 180,000 |

As prescribed in the Province of New Brunswick Local Governance Act, the amounts held in the General Operating Reserve are limited to 5% of the Rural Community's General expenditures in the previous year's operating budget (i.e.). As this was the first year of existence for the Rural Community, the 2023 budget numbers were applied to this calculation.

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

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| | General Operating Budget | Transfers | Total |
|---|---|---|---|
| **Revenue:** | | | |
| Property tax warrant | $ 1.525.583 | $ - | $ 1.525.583 |
| Unconditional grant | 26.121 | - | 26.121 |
| Other government transfers | 279.525 | (73) | 279.452 |
| Other | 41.327 | - | 41.327 |
| | 1.872.556 | (73) | 1.872.483 |
| **Expenditures:** | | | |
| General government services | 455.422 | - | 455.422 |
| Protective services | 36.882 | - | 36.882 |
| Transportation services | 6.273 | - | 6.273 |
| Environmental health services | 651.268 | - | 651.268 |
| Environmental developmental services | 282.643 | - | 282.643 |
| Recreation and cultural services | 439.995 | - | 439.995 |
| Second previous year's deficit | 73 | (73) | - |
| | 1.872.556 | (73) | 1.872.483 |
| | $ - | $ - | $ - |

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16. **Revenue and Expense Support:**

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| | (Unaudited) 2023 Budget | 2023 Actual |
|---|---|---|
| **Revenue:** | | |
| **Other government transfers:** | | |
| Province of New Brunswick: | | |
| - Dept of Environment and Local Govt | $ 279,451 | $ 320,649 |
| - PILT | 1 | 1 |
| | $ 279,452 | $ 320,650 |
| **Other:** | | |
| Licenses and permits: | | |
| - Construction | $ 41,327 | $ 83,507 |

16. **Revenue and Expense Support (continued):**

| | (Unaudited) 2023 Budget | 2023 Actual |
|---|---|---|
| **Expenditures:** | | |
| **General government services:** | | |
| Legislative: | | |
| - Mayor | $ 30.500 | $ 21.054 |
| - Councillors | 59.600 | 61.936 |
| - Other | 5.600 | 81 |
| | 95.700 | 83.071 |
| Administrative: | | |
| - CAO/Manager | 102.500 | 108.631 |
| - Clerk/Other | 1.000 | - |
| - Human resources | 10.000 | 2.654 |
| - Office and building | 62.400 | 44.146 |
| - Solicitor | 5.000 | - |
| - Other | 25.000 | 14.861 |
| | 205.900 | 170.292 |
| Financial Management: | | |
| - External audit | 10.000 | 6.500 |
| - Other | 2.500 | 803 |
| | 12.500 | 7.303 |
| Other: | | |
| - Liability insurance | 1.200 | 13.189 |
| - Cost of assessment | 118.001 | 118.001 |
| - Regional collaborative services | 6.401 | 6.400 |
| - Municipal association membership | 6.720 | 4.245 |
| - Grants to organizations | 5.000 | 3.485 |
| - Other | 4.000 | 2.929 |
| | 141.322 | 148.249 |
| | $ 455.422 | $ 408.915 |

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16. **Revenue and Expense Support (continued):**

| | (Unaudited) 2023 Budget | 2023 Actual |
|---|---|---|
| **Expenditures (continued):** | | |
| **Protective services:** | | |
| Emergency Measures | $ 20,000 | $ 12,186 |
| Other: | | |
| - Animal control | 16,695 | 16,695 |
| - Regional public safety | 187 | 188 |
| | 16,882 | 16,883 |
| | $ 36,882 | $ 29,069 |
| **Transportation services:** | | |
| Common services: | | |
| - Contribution to RSC | $ 6,048 | $ 6,048 |
| Street lighting | 225 | - |
| | $ 6,273 | $ 6,048 |

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16. **Revenue and Expense Support (continued):**

| | (Unaudited) 2023 Budget | 2023 Actual |
|---|---|---|
| **Expenditures (continued):** | | |
| **Environmental health services:** | | |
| Solid waste collection and disposal | $ 585,298 | $ 545,922 |
| Recycling | 65,970 | 74,053 |
| | $ 651,268 | $ 619,975 |
| **Public Health services:** | | |
| Other | $ - | $ 7,675 |
| **Environmental development services:** | | |
| Local planning | $ 206,271 | $ 206,272 |
| Community development | 2,723 | 2,725 |
| Economic development | 35,188 | 35,188 |
| Tourism | 36,461 | 36,460 |
| Decorative lighting | 2,000 | - |
| | $ 282,643 | $ 280,645 |
| **Recreation and cultural services:** | | |
| Administration | $ 73,564 | $ 30,931 |
| Contributions | 105,436 | 106,000 |
| Recreational facilities | 260,995 | 151,407 |
| | $ 439,995 | $ 288,338 |

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17. **Subsequent events:**

Effective January 1, 2024, the Rural Community has acquired various assets and is responsible for the operating activities for two fire departments within the Rural Community.

The Rural Community purchased a property (land and building) (Cost approximately $349,000) in May 2024.