

RURAL COMMUNITY OF HANWELL
Consolidated Financial Statements
December 31, 2019



INDEPENDENT AUDITORS' REPORT

TO HER WORSHIP THE MAYOR AND MEMBERS OF THE COUNCIL

Opinion

We have audited the accompanying consolidated financial statements of RURAL COMMUNITY OF HANWELL (the Rural Community), which comprise the consolidated statement of financial position as at December 31, 2019 and 2018, and the consolidated statements of changes in net debt, operations and accumulated surplus, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Rural Community as at December 31, 2019 and 2018, and its results of operations and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audits 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 Rural Community 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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian 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 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 intends 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


CHARTERED PROFESSIONAL ACCOUNTANTS

Fredericton, New Brunswick
February 20, 2020

RURAL COMMUNITY OF HANWELL
Consolidated Statement of Financial Position

December 31	2019	2018
FINANCIAL ASSETS		
Cash (Note 3)	\$ 797,114	\$1,108,771
Receivables		
Federal government and its agencies (Note 4)	62,817	262,556
Province of New Brunswick (Note 5)	24,223	23,483
Pension asset (Note 6)	<u>15,000</u>	<u>11,000</u>
	<u>899,154</u>	<u>1,405,810</u>
LIABILITIES		
Accounts payable and accruals (Note 7)	31,000	22,191
Deferred revenue (Note 8)	302,753	380,628
Accrued sick leave obligation (Note 9)	24,100	13,200
Temporary financing (Note 11)	-	908,131
Long-term debt (Note 10)	<u>2,260,000</u>	<u>1,100,000</u>
	<u>2,617,853</u>	<u>2,424,150</u>
NET DEBT	<u>(1,718,699)</u>	<u>(1,018,340)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 15)	5,250,061	3,678,469
Prepaid expenses	<u>24,270</u>	<u>8,182</u>
	<u>5,274,331</u>	<u>3,686,651</u>
ACCUMULATED SURPLUS	\$3,555,632	\$2,668,311

APPROVED BY

_____ Mayor

_____ Clerk

DKA **DAYE KELLY**
& Associates
Chartered Professional Accountants

RURAL COMMUNITY OF HANWELL

Consolidated Statement of Operations

For the Years Ended December 31	2019	2019	2018
	Budget (Note 19)	Actual	Actual
REVENUE			
Property tax warrant	\$1,997,950	\$1,997,950	\$1,811,695
Revenue from own sources	75,500	74,246	83,299
Services provided to other governments	-	76,553	18,486
Community funding and equalization	42,636	42,636	42,689
Gas tax contributions	-	721,711	314,590
Gain on disposal of tangible capital assets	-	-	817
	<u>2,116,086</u>	<u>2,913,096</u>	<u>2,271,576</u>
EXPENDITURES			
General government services	682,284	658,666	501,660
Protective services	493,690	525,272	388,645
Transportation services	48,800	42,672	43,960
Environmental health services	340,298	348,168	327,103
Environmental development services	150,049	149,049	147,330
Recreation and cultural services	392,006	301,948	228,563
	<u>2,107,127</u>	<u>2,025,775</u>	<u>1,637,261</u>
ANNUAL SURPLUS	<u>\$ 8,959</u>	887,321	634,315
ACCUMULATED SURPLUS - BEGINNING OF YEAR		<u>2,668,311</u>	<u>2,033,996</u>
ACCUMULATED SURPLUS - END OF YEAR		\$3,555,632	<u>\$2,668,311</u>

RURAL COMMUNITY OF HANWELL**Consolidated Statement of Cash Flow**

For the Years Ended December 31**2019****2018**

OPERATING TRANSACTIONS

Operating annual surplus	\$ 887,321	\$ 634,315
Amortization of tangible capital assets	165,914	64,168
Changes in receivables - General	-	48,954
Changes in receivables - Federal Government and its agencies	199,739	109,175
Changes in receivables - Province of New Brunswick	(740)	129,735
Changes in payables and accruals	8,809	(29,518)
Changes in deferred revenue	(77,875)	(221,124)
Accrued sick leave	10,900	1,400
Post employment benefits payable	(4,000)	(6,400)
Change in prepaid expenses	(16,088)	(6,012)
	<u>1,173,980</u>	<u>724,693</u>

CAPITAL TRANSACTIONS

Acquisition of tangible capital assets	(1,737,506)	(2,097,751)
Proceeds on disposal of tangible capital assets	-	4,000
	<u>(1,737,506)</u>	<u>(2,093,751)</u>

FINANCING ACTIVITIES

Proceeds from long-term debt	1,200,000	1,100,000
Payment of long-term debt	(40,000)	-
Payment of temporary financing	(908,131)	(259,317)
	<u>251,869</u>	<u>840,683</u>

DECREASE IN CASH**(311,657) (528,375)****CASH - BEGINNING OF YEAR****1,108,771 1,637,146****CASH - END OF YEAR****\$ 797,114 \$1,108,771**

REPRESENTED BY:

General Operating Fund	\$ 80,088	\$ 15,795
Restricted:		
General Capital Fund (Gas Tax Fund)	228,408	274,839
General Capital Reserve	380,181	722,797
General Operating Reserve	<u>108,437</u>	<u>95,340</u>
	<u>\$ 797,114</u>	<u>\$1,108,771</u>

Notes to Consolidated Financial Statements

December 31, 2019

1. PURPOSE OF THE ORGANIZATION

The Rural Community was incorporated as a rural community by the Province of New Brunswick Local Governance Act on May 23, 2014. As a Rural Community, it is exempt from income tax under section 146(1)(c) of the Canadian Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Rural Community 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 CPA Canada.

The focus of PSA 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 entities included in the consolidated financial statements are as follows: General Government Services, Protective Services, Transportation Services, Environmental Health Services, Environmental Development Services, Recreational and Cultural Services, and Fiscal Services.

Significant aspects of the accounting policies adopted by the Rural Community are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net assets 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 are eliminated.

Budget

The budget figures contained in these consolidated financial statements were approved by Council on January 16, 2019 and the Minister of Environment and Local Government on January 17, 2019.

Revenue recognition

(a) 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.

(b) Other revenue is recorded when it is earned.

Notes to Consolidated Financial Statements

December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Use of estimates**

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles for local governments 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 expenditures 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.

Financial Instruments

The Rural Community's financial instruments consist of cash, accounts receivable, accounts payable and accruals, deferred revenue, and long-term debt. Unless otherwise noted, it is management's opinion that the Rural Community is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of the instruments approximate their carrying value, unless otherwise noted.

Cash and cash equivalents

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

Tangible capital assets

The Rural Community has adopted the provisions of PSA section 3150 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	Years
Land improvements	10-50 years
Buildings	10-60 years
Machinery and equipment	5-50 years
Vehicles	3-15 years
Computer equipment	3-5 years
Furniture & fixtures	3-5 years
Pavement and parking lots	5-15 years
Signs	10-15 years
Assets under construction	N/A

Notes to Consolidated Financial Statements

December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmented information

The Rural Community is a diversified entity 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. 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, civic relations, and compliance with legislation.

Protective services

This department is responsible for the provision of fire protection, emergency measures, and other protective measures.

Transportation services

This department is responsible for street lighting, traffic services, parking and other transportation related functions.

Environmental health services

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

Environmental development services

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

Recreation and cultural services

This department is responsible for the maintenance and operation of recreational and cultural facilities, including the parks and playgrounds and other recreational and cultural facilities.

Post Employment Benefits

The Rural Community has a sick leave benefit as documented in Note 9 and a pension plan as documented in Note 6.

3. CASH

	2019	2018
Restricted cash	\$ 717,026	\$1,092,976
Unrestricted cash	<u>80,088</u>	<u>15,795</u>
	<u>\$ 797,114</u>	<u>\$1,108,771</u>

Notes to Consolidated Financial Statements

December 31, 2019

4. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	<u>2019</u>	<u>2018</u>
Canada Revenue Agency (HST)	\$ 62,817	\$ 262,556

5. DUE FROM PROVINCIAL GOVERNMENT AND ITS AGENCIES

	<u>2019</u>	<u>2018</u>
Regional Service Commission 11	\$ 16,223	\$ 4,548
Department of Environment and Local Government	<u>8,000</u>	<u>18,935</u>
	<u>\$ 24,223</u>	<u>\$ 23,483</u>

6. PENSION ASSET

The Rural Community and its employees participate in the New Brunswick Municipal Employees Pension Plan (NB MEPP). The NB MEPP is a multiple-employer defined benefit pension plan administered by a board elected by the members under the provisions of the Municipalities Act of New Brunswick. The NB MEPP provides pensions based on length of service and best average earnings.

Actuarial valuations for funding purposes are performed either annually or triennially depending on the financial position of the NB MEPP (currently annually). In turn, the actuarial valuations for accounting purposes are based on these figures (with adjustments). The most recent actuarial valuation was prepared as at December 31, 2017 and resulted in an overall NB MEPP accrued benefit obligation of \$122,959,100 based on the accounting basis.

The actuarial valuation for accounting purposes was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates. The following summarizes the major assumptions in the valuation as at December 31, 2018:

- the expected inflation rate of 2.25% per annum
- the discount rate used to determine the accrued benefit obligation is 5.50% per annum
- the expected rate of return on assets is 5.50% per annum
- retirement age varies by age and employment category
- estimated average remaining service life (EARSLS) is 13.0 years

The actuarial valuation prepared as at December 31, 2017 indicated that the market value of net assets available for the accumulated plan benefits were greater than the present value of these benefits. The pension plan has been granted a solvency deficiency exemption by the Province of New Brunswick. On a going concern valuation basis, the actuarial valuation indicated a plan surplus of \$43,100, a change of \$297,900 from the December 31, 2016 deficit of \$254,800. Based on the assumptions as at December 31, 2017, the actuary expects the level of employer and employee contributions to be sufficient to fund the current service cost and going concern special payments, as required by the Pension Benefits Act.

Notes to Consolidated Financial Statements

December 31, 2019

6. PENSION ASSET (continued)

As at December 31, 2017, the NB MEPP provides benefits for 236 retirees. Total benefit payments to retirees and terminating employees during 2019 are estimated to be approximately \$3,932,100 (actual 2018, \$5,502,500) in totality for the NB MEPP.

Employees make contributions using rates that vary by earnings level and employment category, with an overall average contribution rate of approximately 7.99%. Each municipality contributes an amount that equals their employees contribution amounts. Pension Fund Assets are invested in Short Term Securities, Bonds, Canadian Equities and Foreign Equities. Combined employees and municipalities contributions for 2019 are estimated to be approximately \$6,713,200 (actual 2018 \$6,532,500 in totality for the NB MEPP).

The following summarizes the NB MEPP data as it relates to the community of Hanwell.

- The average age of the 2 active employees covered by the NB MEPP is 49.5 (as at December 31, 2017)
- Benefit Payments were \$4,700 in 2018 and were estimated to be \$0 in 2019
- Combined Contributions were \$20,600 in 2018 and were estimated to be \$21,200 in 2019

In addition to determining the position of the NB MEPP as it relates to the Hanwell Rural Community as at December 31, 2017 and December 31, 2018, NB MEPP's actuary performed an extrapolation of the December 31, 2018 accounting valuation to determine the estimated position as at December 31, 2019. The extrapolation assumes assumptions used as at December 31, 2019 remain unchanged from December 31, 2018. The extrapolation also assumes assets return 5.50% net of all fees and expenses. If experience is different than assumed, amounts will be adjusted to reflect actual experience. Results of the extrapolation are as follows:

	<u>2019</u>	<u>2018</u>
Accrued benefit liability / (asset)		
Accrued benefit liability / (asset) at beginning of period	\$ (11,000)	\$ (4,600)
Pension expense for the year	6,600	3,900
Less: Employer contributions	<u>(10,600)</u>	<u>(10,300)</u>
Accrued benefit liability / (asset) at end of period	<u>\$ (15,000)</u>	<u>\$ (11,000)</u>

7. ACCOUNTS PAYABLE AND ACCRUALS

	<u>2019</u>	<u>2018</u>
Accounts payables and accruals	\$ 30,598	\$ 22,191
Payroll liabilities	<u>402</u>	<u>-</u>
	<u>\$ 31,000</u>	<u>\$ 22,191</u>

RURAL COMMUNITY OF HANWELL**Notes to Consolidated Financial Statements**

December 31, 2019

8. DEFERRED REVENUE

	Gas Tax Fund	Community Centre	Total
2018 - Balance beginning of year	\$ 380,628	\$ -	\$ 380,628
Funds received during the year	641,702	10,735	652,437
Funds used during the year	(721,712)	(8,600)	(730,312)
2019 - Balance end of year	\$ 300,618	\$ 2,135	\$ 302,753

The balance at the end of the year represents the excess of funds received during the year over the expenses incurred during the year.

9. ACCRUED SICK LEAVE OBLIGATION

The Rural Community provides sick leave that accumulates at 1.5 days per month for full-time employees. This leave accumulates but does not vest.

	2019	2018
Accrued employee benefit obligation:		
Opening balance	\$ 13,200	\$ 14,600
Current period service cost	12,100	11,300
Benefit payments	(1,200)	(12,700)
	\$ 24,100	\$ 13,200

As in accordance with PSA 3255.15-20 accumulating non-vesting sick leave that is paid only upon illness-related absences is accounted for using accrual accounting and is a funded benefit and does not require an actuarial valuation.

10. LONG-TERM DEBT

	2019	2018
Certificate of indebtedness - Province of New Brunswick 2.10% to 3.70% - due 2038 - OIC #17-0053	\$1,060,000	\$1,100,000
Certificate of indebtedness - Province of New Brunswick 1.95% to 2.95% - due 2039 - OIC #18-0012	1,200,000	-
	\$2,260,000	\$1,100,000

Approval of the Municipal Capital Borrowing Board has been obtained for the long-term debt.

Notes to Consolidated Financial Statements

December 31, 2019

10. LONG-TERM DEBT (continued)

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

2020	\$ 76,000
2021	78,000
2022	80,000
2023	83,000
2024	87,000
Later	<u>1,856,000</u>
	<u>\$ 2,260,000</u>

11. SHORT-TERM BORROWINGS COMPLIANCE**Operating borrowing**

The Local Governance Act prescribes a limit to bank indebtedness of 4% of the current year's budget for the General Operating Fund. The Rural Community is within this limit.

Interfund borrowing

All interfund accounts at December 31, 2019 represent current year transactions and are in compliance with the policy established by the Department of Local Government.

Capital borrowing

The Rural Community obtained temporary financing at prime plus 0.00% for the construction of the community centre by way of an overdraft allowance in the amount of \$1,200,000 on its current account in 2018. This temporary financing was approved by the province (Ministerial Order #18-0012).

12. PRIOR PERIOD ADJUSTMENT

As a result of a review of the 2018 consolidated financial statements for content and form by the Department of Environment and Local Government during 2019, it was found that there were three areas that required restatements in the prior period of these financial statements.

An accrued Pension Asset (Note 6) was not booked for accounting purposes as it was not a material balance. The effect of this adjustment was \$11,000 on the prior period's annual surplus figure.

Gas Tax Revenue was recognized as it was received, rather than matching it to the project's expenses in the year the expenses were incurred and the balance recorded as Deferred Revenue (Note 8). The effect of this adjustment was (\$380,628) on the prior period's annual surplus figure.

Proceeds on disposal of tangible capital assets were incorrectly recorded in prior years. The error has been corrected in the current year. The effect of this adjustment was \$3,519 on the prior period's annual surplus figure.

RURAL COMMUNITY OF HANWELL**Notes to Consolidated Financial Statements**

December 31, 2019

13. RESERVE FUNDS

All transfers of funds into and disbursed from Reserve Funds require a resolution of Council and the amount held in the Operating Reserve Funds shall not exceed 5% of the total expenditures that were budgeted for the previous fiscal year. The Rural Community is not in compliance with these requirements.

14. COMPARATIVE FIGURES

Prior year figures have been reclassified where applicable to conform to current presentation.

RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Years Ended December 31	2019	2018
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15. TANGIBLE CAPITAL ASSETS

	Land	Parks and Playgrounds	Buildings	Machinery and Equipment	Leaseholds	Motor Vehicles	Total	Total
COST								
Balance - beginning of year	\$ 174,138	\$ 355,114	\$ 3,160,969	\$ 90,330	\$ 10,990	\$ 26,154	\$ 3,817,695	\$ 1,725,248
Add: Net additions during the year	-	21,925	1,626,370	89,211	-	-	1,737,506	2,097,751
Less: Disposals during the year	-	-	-	(6,025)	(10,990)	-	(17,015)	(5,304)
BALANCE - END OF YEAR	<u>174,138</u>	<u>377,039</u>	<u>4,787,339</u>	<u>173,516</u>	<u>-</u>	<u>26,154</u>	<u>5,538,186</u>	<u>3,817,695</u>
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	45,781	31,715	35,047	10,990	15,693	139,226	77,180
Add: Amortization during the year	-	21,048	120,086	19,549	-	5,231	165,914	64,168
Less: Accumulated amortization on disposals	-	-	-	(6,025)	(10,990)	-	(17,015)	(2,122)
BALANCE - END OF YEAR	<u>-</u>	<u>66,829</u>	<u>151,801</u>	<u>48,571</u>	<u>-</u>	<u>20,924</u>	<u>288,125</u>	<u>139,226</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 174,138</u>	<u>\$ 310,210</u>	<u>\$ 4,635,538</u>	<u>\$ 124,945</u>	<u>\$ -</u>	<u>5,230</u>	<u>\$ 5,250,061</u>	<u>\$ 3,678,469</u>

RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Years Ended December 31	2019	2018
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16. SEGMENT DISCLOSURE

REVENUES

Property tax warrant	\$ 646,933	\$ 468,110	\$ 46,272	\$ 322,666	\$ 142,274	\$ 371,695	\$ 1,997,950	\$ 1,811,695
Sale of service, fines and other fees	65,646	-	-	-	-	8,600	74,246	83,299
Community funding and equalization	14,793	9,989	-	6,886	3,036	7,932	42,636	42,689
Other government transfers	-	76,553	-	-	-	721,711	798,264	977,252
	<u>727,372</u>	<u>554,652</u>	<u>46,272</u>	<u>329,552</u>	<u>145,310</u>	<u>1,109,938</u>	<u>2,913,096</u>	<u>2,914,935</u>

EXPENSES

Salaries and benefits	207,848	-	-	-	-	25,645	233,493	252,257
Goods and services	312,451	494,712	42,672	348,168	149,049	193,184	1,540,236	1,275,878
Amortization	52,235	30,560	-	-	-	83,119	165,914	64,168
Interest	86,132	-	-	-	-	-	86,132	44,958
	<u>658,666</u>	<u>525,272</u>	<u>42,672</u>	<u>348,168</u>	<u>149,049</u>	<u>301,948</u>	<u>2,025,775</u>	<u>1,637,261</u>

SURPLUS (DEFICIT) FOR THE YEAR	\$ 68,706	\$ 29,380	\$ 3,600	\$ (18,616)	\$ (3,739)	\$ 807,990	\$ 887,321	\$ 1,277,674
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RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Years Ended December 31	2019	2018
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17. RECONCILIATION OF ANNUAL SURPLUS

	General Operating Fund	General Capital Fund	Gen. Operating Reserve Fund	Gen. Capital Reserve Fund	
Consolidated annual surplus	\$ 321,765	\$ 559,775	\$ 1,397	\$ 4,384	\$ 887,321 \$ 634,315
Adjustments to annual surplus (deficit) for funding requirements:					
Second previous year's surplus	51,041	-	-	-	51,041 32,271
Transfer from General Operating Fund to General Operating Reserve Fund	(11,700)	-	11,700	-	- -
Transfer from General Operating Fund to General Capital Fund	(140,699)	140,699	-	-	- -
Transfer from General Operating Fund to General Capital Reserve Fund	(153,000)	-	-	153,000	- -
Transfer from General Capital Reserve Fund to General Capital Fund	-	500,000	-	(500,000)	- -
Long-term debt principal payment	(40,000)	40,000	-	-	- -
Amortization expense	-	165,914	-	-	165,914 64,168
Change in amount recorded under PSA for defined benefit liability	(4,000)	-	-	-	(4,000) -
Total adjustments to annual surplus (deficit)	(298,358)	846,613	11,700	(347,000)	212,955 96,439

FUND SURPLUS (DEFICIT) FOR THE YEAR	\$ 23,407	\$ 1,406,388	\$ 13,097	\$ (342,616)	\$ 1,100,276 \$ 730,754
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RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Years Ended December 31

2019

2018

18. STATEMENT OF RESERVES

	General Operating Reserve	General Capital Reserve	Total	Total
ASSETS				
Cash	\$ 108,437	\$ 380,181	\$ 488,618	\$ 818,136
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 95,340	\$ 722,797	\$ 818,137	\$ 585,767
SURPLUS (DEFICIT) - FOR THE YEAR	<u>13,097</u>	<u>(342,616)</u>	<u>(329,519)</u>	<u>232,370</u>
ACCUMULATED SURPLUS - END OF YEAR	\$ 108,437	\$ 380,181	\$ 488,618	\$ 818,137
REVENUE				
Transfer from General Operating Funds	\$ 11,700	\$ 153,000	\$ 164,700	\$ 226,100
Interest	<u>1,397</u>	<u>4,384</u>	<u>5,781</u>	<u>6,270</u>
	<u>13,097</u>	<u>157,384</u>	<u>170,481</u>	<u>232,370</u>
EXPENDITURES				
Transfer to General Capital Fund	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
SURPLUS (DEFICIT) - FOR THE YEAR	\$ 13,097	\$ (342,616)	\$ (329,519)	\$ 232,370

Name of Investment

Interest Rate

Treasury Account 0123 1124-312

2%

Treasury Account 0123 1996-639

2%

Moved by Councillor Holly Hyslop, seconded by Councillor Darren MacKenzie that \$500,000 be transferred from the General Capital Reserve Fund to the General Capital Fund. *Special meeting of Council, March 13, 2019.*

Moved by Deputy Mayor Dave Morrison, seconded by Councillor Holly Hyslop that \$11,700 be transferred from the General Operating Fund to the General Operating Reserve Fund. *Regular meeting of Council, December 18, 2019.*

Moved by Councillor Darren MacKenzie, seconded by Councillor Holly Hyslop that \$153,000 be transferred from the General Operating Fund to the General Capital Reserve Fund. *Regular meeting of Council, December 18, 2019.*

I hereby certify that the above are true and exact copies of resolutions adopted by council.

Municipal Seal

Terri Parker, Clerk

Date

RURAL COMMUNITY OF HANWELL**Notes to Consolidated Financial Statements****December 31, 2019****19. OPERATING BUDGET TO PSA BUDGET**

	Operating Budget General	Transfers	Total
REVENUE			
Property tax warrant	\$1,997,950	\$ -	\$1,997,950
Revenue from own sources	75,500	-	75,500
Services provided to other governments	-	-	-
Community funding and equalization	42,636	-	42,636
Other government transfers	-	-	-
Surplus of second previous year	51,041	(51,041)	-
	<u>2,167,127</u>	<u>(51,041)</u>	<u>2,116,086</u>
EXPENDITURES			
General government services	570,084	112,200	682,284
Protective services	493,690	-	493,690
Transportation services	48,800	-	48,800
Environmental health services	340,298	-	340,298
Environmental development services	150,049	-	150,049
Recreational and cultural services	392,006	-	392,006
Fiscal services			
Long-term debt repayments	40,000	(40,000)	-
Interest	112,200	(112,200)	-
Transfer from Gen. Operating Fund to Gen. Capital Fund	20,000	(20,000)	-
	<u>2,167,127</u>	<u>(60,000)</u>	<u>2,107,127</u>
SURPLUS	\$ -	\$ 8,959	\$ 8,959

RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Years Ended December 31	2019	2019	2018
	Budget	Actual	Actual
20. PSA REVENUE AND EXPENSE SUPPORT			
REVENUE			
Services to other governments			
Fire protection	\$ -	\$ 76,553	\$ 18,486
Other own source			
Community events and rentals	30,000	8,600	-
Building permits	45,000	42,902	49,041
Other	500	22,744	34,258
	<u>\$ 75,500</u>	<u>\$ 74,246</u>	<u>\$ 83,299</u>
General Government Services			
Legislative			
Mayor	\$ 17,600	\$ 17,398	\$ 14,052
Councillors	55,600	62,207	55,401
Professional development	3,000	2,675	2,120
Other legislative expenses	500	54	1,099
	<u>76,700</u>	<u>82,334</u>	<u>72,672</u>
Administrative			
Salaries and wages	192,078	207,848	175,258
Pension adjustment	-	(4,000)	-
Office building	114,585	54,769	41,842
Legal services	15,000	521	3,182
Other	10,600	25,073	18,049
	<u>332,263</u>	<u>284,211</u>	<u>238,331</u>
Financial management			
External audit	15,000	14,929	13,360
Donations and grants	1,500	1,498	3,100
Cost of assessment	100,021	100,021	98,543
	<u>116,521</u>	<u>116,448</u>	<u>115,003</u>
Other general government services			
Interest and bank charges	112,200	86,132	44,958
Civic relations	9,500	6,819	10,046
Public liability insurance	29,700	25,207	7,135
Memberships	5,400	5,280	5,059
Amortization	-	52,235	8,456
	<u>156,800</u>	<u>175,673</u>	<u>75,654</u>
	<u>\$ 682,284</u>	<u>\$ 658,666</u>	<u>\$ 501,660</u>

RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Years Ended December 31	2019	2019	2018
	Budget	Actual	Actual
20. PSA REVENUE AND EXPENSE SUPPORT (continued)			
<i>Protective Services</i>			
Fire			
Protection	\$ 475,490	\$ 491,214	\$ 355,078
Amortization	-	30,560	30,165
	<u>475,490</u>	<u>521,774</u>	<u>385,243</u>
Emergency measures			
EMO expenses	<u>18,200</u>	<u>3,498</u>	<u>3,402</u>
	<u>\$ 493,690</u>	<u>\$ 525,272</u>	<u>\$ 388,645</u>
<i>Transportation Services</i>			
Street lighting	\$ 43,800	\$ 42,568	\$ 42,151
Roads and streets	5,000	104	-
Signs	-	-	1,809
	<u>\$ 48,800</u>	<u>\$ 42,672</u>	<u>\$ 43,960</u>
<i>Environmental Health Services</i>			
Solid waste collection	\$ 157,000	\$ 155,411	\$ 149,574
Tipping fees	108,000	117,202	106,527
Recycling	<u>75,298</u>	<u>75,555</u>	<u>71,002</u>
	<u>\$ 340,298</u>	<u>\$ 348,168</u>	<u>\$ 327,103</u>
<i>Environmental Development Services</i>			
Planning (Other local government)	\$ 149,049	\$ 149,049	\$ 144,310
Research studies	<u>1,000</u>	<u>-</u>	<u>3,020</u>
	<u>\$ 150,049</u>	<u>\$ 149,049</u>	<u>\$ 147,330</u>
<i>Recreation and Cultural Services</i>			
Sports and recreation fees (Other local government)	\$ 154,671	\$ 154,671	\$ 152,386
Community Centre	130,300	1,772	-
Salaries and wages	30,000	25,645	13,945
Parks and playgrounds	40,535	19,671	21,895
Civic relations	36,500	17,070	14,790
Amortization	-	83,119	25,547
	<u>\$ 392,006</u>	<u>\$ 301,948</u>	<u>\$ 228,563</u>

RURAL COMMUNITY OF HANWELL

General Operating Fund

Comparison of Revenue and Expenditures to Budget and Previous Year

For the Years Ended December 31	2019	2019	2018
	Budget	Actual	Actual
REVENUE			
Property tax warrant	\$1,997,950	\$1,997,950	\$1,811,695
Other revenue from own sources	75,500	64,487	69,888
Services provided to other governments	-	76,553	18,486
Community funding and equalization	42,636	42,636	42,689
Surplus of second previous year	51,041	51,041	32,271
	<u>2,167,127</u>	<u>2,232,667</u>	<u>1,975,029</u>
EXPENDITURES			
General government services	570,084	524,299	448,246
Protective services	493,690	494,712	358,480
Transportation services	48,800	42,672	43,960
Environmental health services	340,298	348,168	327,103
Environmental development services	150,049	149,049	147,330
Recreation and cultural services	392,006	218,829	203,016
Fiscal services	172,200	431,531	446,743
	<u>2,167,127</u>	<u>2,209,260</u>	<u>1,974,878</u>
SURPLUS FOR THE YEAR	\$ -	\$ 23,407	\$ 151

RURAL COMMUNITY OF HANWELL

General Operating Fund - Revenue and Expenditures Support

For the Years Ended December 31	2019	2019	2018
	Budget	Actual	Actual
OTHER REVENUE FROM OWN SOURCES			
Building permits	\$ 45,000	\$ 42,902	\$ 49,041
Community events and rentals	30,000	8,600	-
Bank interest	500	6,734	3,201
Miscellaneous	-	6,251	17,646
	<u>\$ 75,500</u>	<u>\$ 64,487</u>	<u>\$ 69,888</u>
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	\$ 17,600	\$ 17,398	\$ 14,052
Councillors	55,600	62,207	55,401
Professional development	3,000	2,675	2,120
Other legislative expenses	500	54	1,099
	<u>76,700</u>	<u>82,334</u>	<u>72,672</u>
Administrative			
Salaries and wages	192,078	207,848	175,258
Office building	114,585	54,769	41,842
Legal services	15,000	521	3,182
Other	10,600	25,073	18,049
	<u>332,263</u>	<u>288,211</u>	<u>238,331</u>
Financial management			
External audit	15,000	14,929	13,360
Donations and grants	1,500	1,498	3,100
Cost of assessment	100,021	100,021	98,543
	<u>116,521</u>	<u>116,448</u>	<u>115,003</u>
Other general government services			
Public liability insurance	29,700	25,207	7,135
Civic relations	9,500	6,819	10,046
Memberships	5,400	5,280	5,059
	<u>44,600</u>	<u>37,306</u>	<u>22,240</u>
	<u>\$ 570,084</u>	<u>\$ 524,299</u>	<u>\$ 448,246</u>
PROTECTIVE SERVICES			
Fire			
Protection	\$ 475,490	\$ 491,214	\$ 355,078
Emergency measures			
EMO expenses	18,200	3,498	3,402
	<u>\$ 493,690</u>	<u>\$ 494,712</u>	<u>\$ 358,480</u>

RURAL COMMUNITY OF HANWELL**General Operating Fund - Revenue and Expenditures Support**

For the Years Ended December 31	2019	2019	2018
	Budget	Actual	Actual
TRANSPORTATION SERVICES			
Street lighting	\$ 43,800	\$ 42,568	\$ 42,151
Roads and streets	5,000	104	-
Signs	-	-	1,809
	<u>\$ 48,800</u>	<u>\$ 42,672</u>	<u>\$ 43,960</u>
ENVIRONMENTAL HEALTH SERVICES			
Solid waste collection	\$ 157,000	\$ 155,411	\$ 149,574
Tipping fees	108,000	117,202	106,527
Recycling	75,298	75,555	71,002
	<u>\$ 340,298</u>	<u>\$ 348,168</u>	<u>\$ 327,103</u>
ENVIRONMENTAL DEVELOPMENT SERVICES			
Planning (Other local government)	\$ 149,049	\$ 149,049	\$ 144,310
Research studies	1,000	-	3,020
	<u>\$ 150,049</u>	<u>\$ 149,049</u>	<u>\$ 147,330</u>
RECREATION AND CULTURAL SERVICES			
Sports and recreation fees (Other local government)	\$ 154,671	\$ 154,671	\$ 152,386
Community Centre	130,300	1,772	-
Salaries and wages	30,000	25,645	13,945
Parks and playgrounds	40,535	19,671	21,895
Civic relations	36,500	17,070	14,790
	<u>\$ 392,006</u>	<u>\$ 218,829</u>	<u>\$ 203,016</u>
FISCAL SERVICES			
Debt charges			
Interest on long-term debt	\$ 112,000	\$ 85,870	\$ 44,752
Principal	40,000	40,000	-
Bank service charges	200	262	206
	<u>152,200</u>	<u>126,132</u>	<u>44,958</u>
Transfer to own funds			
Capital expenditures	20,000	140,699	175,685
General Capital Reserve Fund	-	153,000	217,000
General Operating Reserve Fund	-	11,700	9,100
	<u>20,000</u>	<u>305,399</u>	<u>401,785</u>
	<u>\$ 172,200</u>	<u>\$ 431,531</u>	<u>\$ 446,743</u>