

RURAL COMMUNITY OF HANWELL
Consolidated Financial Statements
December 31, 2020

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December 31, 2020

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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, 2020 and 2019, 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, 2020 and 2019, 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 23, 2021

RURAL COMMUNITY OF HANWELL
Consolidated Statement of Financial Position

December 31	2020	2019
FINANCIAL ASSETS		
Cash (Note 3)	\$1,398,278	\$ 797,114
Receivables		
Federal government and its agencies (Note 4)	31,994	62,817
Province of New Brunswick and its agencies (Note 5)	19,518	24,223
Pension asset (Note 6)	<u>18,300</u>	<u>15,000</u>
	<u>1,468,090</u>	<u>899,154</u>
LIABILITIES		
Accounts payable and accruals (Note 7)	31,541	30,999
Deferred revenue (Note 8)	559,911	302,753
Accrued sick leave obligation (Note 9)	32,900	24,100
Long-term debt (Note 10)	<u>2,184,000</u>	<u>2,260,000</u>
	<u>2,808,352</u>	<u>2,617,852</u>
NET DEBT	<u>(1,340,262)</u>	<u>(1,718,698)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 16)	5,305,413	5,250,061
Prepaid expenses	<u>22,916</u>	<u>24,270</u>
	<u>5,328,329</u>	<u>5,274,331</u>
ACCUMULATED SURPLUS	<u>\$3,988,067</u>	<u>\$3,555,633</u>
COMMITMENT (Note 12)		

APPROVED BY

Susan Cassidy Mayor

Jerri L. Parker Clerk

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

RURAL COMMUNITY OF HANWELL**Consolidated Statement of Changes in Net Debt**

For the Years Ended December 31	2020	2019
Annual Surplus	\$ 432,434	\$ 887,321
Acquisition of tangible capital assets (Note 16)	(237,992)	(1,737,506)
Amortization of tangible capital assets	<u>182,640</u>	<u>165,914</u>
	377,082	(684,271)
Disposition (acquisition) of prepaid assets	<u>1,354</u>	<u>(16,087)</u>
Increase (decrease) in net assets	378,436	(700,358)
Net Debt - beginning of year	<u>(1,718,698)</u>	<u>(1,018,340)</u>
Net Debt - end of year	<u>\$(1,340,262)</u>	<u>\$(1,718,698)</u>

RURAL COMMUNITY OF HANWELL

Consolidated Statement of Operations

For the Years Ended December 31	2020	2020	2019
	Budget (Note 20)	Actual	Actual
REVENUE			
Property tax warrant	\$2,162,682	\$2,162,682	\$1,997,950
Revenue from own sources	96,500	236,565	74,246
Services provided to other governments	-	80,896	76,553
Community funding and equalization	43,376	43,376	42,636
Gas tax contributions	-	70,644	721,711
	<u>2,302,558</u>	<u>2,594,163</u>	<u>2,913,096</u>
EXPENDITURES			
General government services	672,221	677,561	658,666
Protective services	513,500	535,718	525,272
Transportation services	58,500	44,795	42,672
Environmental health services	353,200	369,142	348,168
Environmental development services	177,339	159,075	149,049
Recreation and cultural services	351,950	375,438	301,948
	<u>2,126,710</u>	<u>2,161,729</u>	<u>2,025,775</u>
ANNUAL SURPLUS	<u>\$ 175,848</u>	432,434	887,321
ACCUMULATED SURPLUS - BEGINNING OF YEAR		<u>3,555,633</u>	<u>2,668,312</u>
ACCUMULATED SURPLUS - END OF YEAR		\$3,988,067	\$3,555,633

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

For the Years Ended December 31	2020	2019
OPERATING TRANSACTIONS		
Operating annual surplus	\$ 432,434	\$ 887,321
Amortization of tangible capital assets	182,640	165,914
Changes in receivables - Federal Government and its agencies	30,823	199,738
Changes in receivables - Province of New Brunswick and its agencies	4,705	(739)
Changes in payables and accruals	542	8,809
Changes in deferred revenue	257,158	(77,875)
Accrued sick leave	8,800	10,900
Post employment benefits payable	(3,300)	(4,000)
Change in prepaid expenses	1,354	(16,088)
	<u>915,156</u>	<u>1,173,980</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(237,992)</u>	<u>(1,737,506)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	1,200,000
Payment of long-term debt	(76,000)	(40,000)
Payment of temporary financing	-	(908,131)
	<u>(76,000)</u>	<u>251,869</u>
INCREASE (DECREASE) IN CASH	601,164	(311,657)
CASH - BEGINNING OF YEAR	<u>797,114</u>	<u>1,108,771</u>
CASH - END OF YEAR	\$1,398,278	\$ 797,114
REPRESENTED BY:		
General Operating Fund	\$ 64,087	\$ 80,088
Restricted:		
General Capital Fund (Gas Tax Fund)	568,103	228,408
General Capital Reserve	651,325	380,181
General Operating Reserve	<u>114,763</u>	<u>108,437</u>
	\$1,398,278	\$ 797,114

December 31, 2020

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 December 19, 2019 and the Minister of Environment and Local Government on January 7, 2020.

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.

December 31, 2020

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 (parks and trails)	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

Notes to Consolidated Financial Statements

December 31, 2020

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

	2020	2019
Restricted cash	\$1,334,191	\$ 717,026
Unrestricted cash	<u>64,087</u>	<u>80,088</u>
	<u>\$1,398,278</u>	<u>\$ 797,114</u>

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

December 31, 2020

4. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	<u>2020</u>	<u>2019</u>
Canada Revenue Agency (HST)	<u>\$ 31,994</u>	<u>\$ 62,817</u>

5. DUE FROM PROVINCIAL GOVERNMENT AND ITS AGENCIES

	<u>2020</u>	<u>2019</u>
Regional Service Commission 11	\$ 10,252	\$ 16,223
Department of Environment and Local Government	4,266	8,000
Department of Tourism, Heritage, and Culture	<u>5,000</u>	<u>-</u>
	<u>\$ 19,518</u>	<u>\$ 24,223</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, 2018 and resulted in an overall NB MEPP accrued benefit obligation of \$125,249,500 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, 2019:

- the expected inflation rate of 2.1% per annum
- the discount rate used to determine the accrued benefit obligation is 5.75% per annum
- the expected rate of return on assets is 5.75% per annum
- retirement age varies by age and employment category
- estimated average remaining service life (EARSL) is 14.0 years

The actuarial valuation prepared as at December 31, 2018 indicated that the market value of net assets available for the accumulated plan benefits were less 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 deficit of \$7,538,000, a change of \$7,581,100 from the December 31, 2017 surplus of \$43,100. Based on the assumptions as at December 31, 2018, 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, 2020

6. PENSION ASSET (continued)

As at December 31, 2018, the NB MEPP provides benefits for 258 retirees. Total benefit payments to retirees and terminating employees during 2020 are estimated to be approximately \$4,313,800 (actual 2019, \$5,759,400) 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 8.00%. Each participating body 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 participating bodies' contributions for 2020 are estimated to be approximately \$6,940,000 (actual 2019 \$6,775,300 in totality for the NB MEPP).

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

- The average age of the 3 active employees covered by the NB MEPP is 48.8 (as at December 31, 2018)
- Benefit Payments were \$47,200 in 2019 and were estimated to be \$0 in 2020
- Combined Contributions were \$20,800 in 2019 and were estimated to be \$21,400 in 2020

In addition to determining the position of the NB MEPP as it relates to the Rural Community of Hanwell as at December 31, 2018, and December 31, 2019, NB MEPP's actuary performed an extrapolation of the December 31, 2019 accounting valuation to determine the estimated position as at December 31, 2020. The extrapolation assumes assumptions used as at December 31, 2020 remain unchanged from December 31, 2019. The extrapolation also assumes assets return 5.75% 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:

	<i>Estimated</i>	
	2020	2019
Accrued benefit liability / (asset)		
Accrued benefit liability / (asset) at beginning of period	\$ (15,000)	\$ (11,000)
Pension expense for the year	7,000	6,600
Less: Employer contributions	<u>(10,300)</u>	<u>(10,600)</u>
Accrued benefit liability / (asset) at end of period	<u>\$ (18,300)</u>	<u>\$ (15,000)</u>

7. ACCOUNTS PAYABLE AND ACCRUALS

	2020	2019
Accounts payables and accruals	\$ 31,475	\$ 30,597
Payroll liabilities	<u>66</u>	<u>402</u>
	<u>\$ 31,541</u>	<u>\$ 30,999</u>

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

December 31, 2020

8. DEFERRED REVENUE

	Gas Tax Fund	Community Centre	Total
2019 - Balance beginning of year	\$ 300,618	\$ 2,135	\$ 302,753
Funds received during the year	323,877	14,712	338,589
Funds used during the year	<u>(70,644)</u>	<u>(10,787)</u>	<u>(81,431)</u>
2020 - Balance end of year	\$ 553,851	\$ 6,060	\$ 559,911

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.

	2020	2019
Accrued employee benefit obligation:		
Opening balance	\$ 24,100	\$ 13,200
Current period service cost	11,700	12,100
Benefit payments	<u>(2,900)</u>	<u>(1,200)</u>
	\$ 32,900	\$ 24,100

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

	2020	2019
Certificate of indebtedness - Province of New Brunswick 2.10% to 3.70% - due 2038 - OIC #17-0053	\$1,019,000	\$1,060,000
Certificate of indebtedness - Province of New Brunswick 1.95% to 2.95% - due 2039 - OIC #18-0012	1,165,000	1,200,000
	<u>\$2,184,000</u>	<u>\$2,260,000</u>

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

Notes to Consolidated Financial Statements

December 31, 2020

10. LONG-TERM DEBT (continued)

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

2021	\$ 78,000
2022	80,000
2023	83,000
2024	87,000
2025	88,000
Later	<u>1,768,000</u>
	<u>\$ 2,184,000</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, 2020 represent current year transactions and are in compliance with the policy established by the Department of Local Government.

Interim borrowing for capital

The Rural Community does not have any interim borrowing for capital.

12. COMMITMENT

As part of a Memorandum of Understanding dated August 20, 2020 with the Department of Education and Anglophone West School District, the Rural Community has committed to contributing \$325,000 for site amenities that will benefit the Community as part of the construction of a new Elementary School next to the Community Centre. Specifically: \$75,000 for a walking track around the sports fields, \$50,000 for a paved multi-purpose sports surface, and \$200,000 for the development of a playground. This contribution is expected to be made in 2021.

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 in compliance with these requirements.

December 31, 2020

14. COVID-19 PANDEMIC

In March 2020, a worldwide pandemic was declared by the World Health Organization. This pandemic has resulted in a widespread health crisis that has affected the economies and financial markets around the world resulting in an economic downturn. The Rural Community is continually monitoring the potential impact on its operations and, to the date of the authorization of these financial statements, has not been significantly impacted. However, COVID-19 may affect the ability to continue at its current level of operations. The full extent of the impact on the Rural Community's future financial results is uncertain, given the length and severity of these developments and cannot be reliably estimated.

15. 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	2020	2019
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16. TANGIBLE CAPITAL ASSETS

COST

Balance - beginning of year
Add: Net additions during the year
Less: Disposals during the year

BALANCE - END OF YEAR

ACCUMULATED AMORTIZATION

Balance - beginning of year
Add: Amortization during the year
Less: Accumulated amortization on disposals

BALANCE - END OF YEAR

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS

	Land	Buildings	Machinery and Equipment	Parks and Playgrounds	Motor Vehicles	Total	Total
\$	174,138	\$4,787,340	\$ 173,516	\$ 377,039	\$ 26,154	\$5,538,186	\$3,817,695
-	-	47,080	55,620	77,544	57,748	237,992	1,737,506
-	-	-	-	-	-	-	(17,015)
	<u>174,138</u>	<u>4,834,420</u>	<u>229,136</u>	<u>454,583</u>	<u>83,902</u>	<u>5,776,178</u>	<u>5,538,186</u>
-	-	151,800	48,572	66,829	20,924	288,125	139,226
-	-	121,475	18,840	25,545	16,780	182,640	165,914
-	-	-	-	-	-	-	(17,015)
	<u>-</u>	<u>273,275</u>	<u>67,412</u>	<u>92,374</u>	<u>37,704</u>	<u>470,765</u>	<u>288,125</u>
\$	174,138	\$4,561,145	\$ 161,724	\$ 362,209	\$ 46,198	\$5,305,413	\$5,250,061

RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Years Ended December 31	2020	2019
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17. SEGMENT DISCLOSURE

REVENUES

Property tax warrant	\$ 683,591	\$ 522,186	\$ 59,489	\$ 359,174	\$ 180,339	\$ 357,903	\$ 2,162,682	\$ 1,997,950
Sale of service, fines and other fees	225,778	-	-	-	-	10,787	236,565	74,246
Community funding and equalization	14,904	10,473	-	7,204	3,617	7,178	43,376	42,636
Other government transfers	-	80,896	-	-	-	70,644	151,540	798,264
	<u>924,273</u>	<u>613,555</u>	<u>59,489</u>	<u>366,378</u>	<u>183,956</u>	<u>446,512</u>	<u>2,594,163</u>	<u>2,913,096</u>

EXPENSES

Salaries and benefits	216,473	-	-	-	-	40,193	256,666	309,098
Goods and services	343,506	503,036	44,795	369,142	159,075	235,184	1,654,738	2,231,462
Amortization	49,897	32,682	-	-	-	100,061	182,640	(514,785)
Interest	67,685	-	-	-	-	-	67,685	-
	<u>677,561</u>	<u>535,718</u>	<u>44,795</u>	<u>369,142</u>	<u>159,075</u>	<u>375,438</u>	<u>2,161,729</u>	<u>2,025,775</u>

SURPLUS (DEFICIT) FOR THE YEAR

	\$ 246,712	\$ 77,837	\$ 14,694	\$ (2,764)	\$ 24,881	\$ 71,074	\$ 432,434	\$ 887,321
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RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Years Ended December 31

2020 2019

18. RECONCILIATION OF ANNUAL SURPLUS

Consolidated annual surplus	\$ 542,272	\$ (111,308)	\$ 326	\$ 1,144	\$ 432,434	\$ 887,321
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Adjustments to annual surplus (deficit) for funding requirements:

Second previous year's surplus	152	-	-	-	152	51,041
Transfer from General Operating Fund to General Operating Reserve Fund	(6,000)	-	6,000	-	-	-
Transfer from General Operating Fund to General Capital Fund	(166,661)	166,661	-	-	-	-
Transfer from General Operating Fund to General Capital Reserve Fund	(270,000)	-	-	270,000	-	-
Long-term debt principal payment	(76,000)	76,000	-	-	-	-
Amortization expense	-	182,640	-	-	182,640	165,914
Change in amount recorded under PSA for defined benefit liability	(3,300)	-	-	-	(3,300)	(4,000)
Total adjustments to annual surplus (deficit)	(521,809)	425,301	6,000	270,000	179,492	212,955

FUND SURPLUS FOR THE YEAR	\$ 20,463	\$ 313,993	\$ 6,326	\$ 271,144	\$ 611,926	\$ 1,100,276
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RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Years Ended December 31

2020

2019

19. STATEMENT OF RESERVES

	General Operating Reserve	General Capital Reserve	Total	Total
ASSETS				
Cash	\$ 114,763	\$ 651,325	\$ 766,088	\$ 488,618
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 108,437	\$ 380,181	\$ 488,618	\$ 818,136
SURPLUS (DEFICIT) - FOR THE YEAR	<u>6,326</u>	<u>271,144</u>	<u>277,470</u>	<u>(329,518)</u>
ACCUMULATED SURPLUS - END OF YEAR	\$ 114,763	\$ 651,325	\$ 766,088	\$ 488,618
REVENUE				
Transfer from General Operating Funds	\$ 6,000	\$ 270,000	\$ 276,000	\$ 164,700
Interest	<u>326</u>	<u>1,144</u>	<u>1,470</u>	<u>5,782</u>
	<u>6,326</u>	<u>271,144</u>	<u>277,470</u>	<u>170,482</u>
EXPENDITURES				
Transfer to General Capital Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
SURPLUS (DEFICIT) - FOR THE YEAR	\$ 6,326	\$ 271,144	\$ 277,470	\$ (329,518)

Name of Investment

Interest Rate

Treasury Account 0123 1124-312
Treasury Account 0123 1996-639

0.5%
0.5%

Moved by Councillor Susan Jonah, seconded by Councillor Darren MacKenzie that \$6,000 be transferred from the General Operating Fund to the General Operating Reserve Fund. *Special meeting of Council, December 21, 2020.*

Moved by Deputy Mayor Dave Morrison, seconded by Councillor Darren MacKenzie that \$270,000 be transferred from the General Operating Fund to the General Capital Reserve Fund. *Special meeting of Council, December 21, 2020.*

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

Municipal Seal

Terri Parker, Clerk

February 23, 2021
Date

RURAL COMMUNITY OF HANWELL**Notes to Consolidated Financial Statements****December 31, 2020****20. OPERATING BUDGET TO PSA BUDGET**

	Operating Budget General	Transfers	Total
REVENUE			
Property tax warrant	\$2,162,682	\$ -	\$2,162,682
Revenue from own sources	96,500	-	96,500
Services provided to other governments	-	-	-
Community funding and equalization	43,376	-	43,376
Other government transfers	-	-	-
Surplus of second previous year	152	(152)	-
	<u>2,302,710</u>	<u>(152)</u>	<u>2,302,558</u>
EXPENDITURES			
General government services	605,019	67,202	672,221
Protective services	513,500	-	513,500
Transportation services	58,500	-	58,500
Environmental health services	353,200	-	353,200
Environmental development services	177,339	-	177,339
Recreational and cultural services	351,950	-	351,950
Fiscal services			
Long-term debt repayments	76,000	(76,000)	-
Interest	67,202	(67,202)	-
Transfer from Gen. Operating Fund to Gen. Capital Fund	100,000	(100,000)	-
	<u>2,302,710</u>	<u>(176,000)</u>	<u>2,126,710</u>
SURPLUS	\$ -	\$ 175,848	\$ 175,848

RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Years Ended December 31	2020	2020	2019
	Budget	Actual	Actual
21. PSA REVENUE AND EXPENSE SUPPORT			
REVENUE			
Services to other governments			
Fire protection	\$ -	\$ 80,896	\$ 76,553
Other own source			
Community events and rentals	30,000	10,787	8,600
Building permits	65,000	195,558	42,902
Other	1,500	30,220	22,744
	<u>\$ 96,500</u>	<u>\$ 236,565</u>	<u>\$ 74,246</u>
General Government Services			
Legislative			
Mayor	\$ 18,450	\$ 18,072	\$ 17,398
Councillors	65,022	57,396	62,207
Professional development	6,000	100	2,675
Other legislative expenses	3,100	1,650	54
	<u>92,572</u>	<u>77,218</u>	<u>82,334</u>
Administrative			
Salaries and wages	217,519	216,473	207,848
Pension adjustment	-	(3,300)	(4,000)
Office building	106,200	72,402	54,769
Legal services	5,000	5,744	521
Other	20,409	7,434	25,073
	<u>349,128</u>	<u>298,753</u>	<u>284,211</u>
Financial management			
External audit	20,000	21,186	14,929
Donations and grants	2,000	16,443	1,498
Cost of assessment	103,111	103,111	100,021
	<u>125,111</u>	<u>140,740</u>	<u>116,448</u>
Other general government services			
Interest and bank charges	67,202	67,685	86,132
Civic relations	11,550	14,070	6,819
Public liability insurance	18,750	21,295	25,207
Memberships	5,000	4,995	5,280
Regional & Collaborative services	2,908	2,908	-
Amortization	-	49,897	52,235
	<u>105,410</u>	<u>160,850</u>	<u>175,673</u>
	<u>\$ 672,221</u>	<u>\$ 677,561</u>	<u>\$ 658,666</u>

RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Years Ended December 31	2020	2020	2019
	Budget	Actual	Actual
21. PSA REVENUE AND EXPENSE SUPPORT (continued)			
<i>Protective Services</i>			
Fire			
Protection	\$ 502,000	\$ 499,341	\$ 491,214
Amortization	-	32,682	30,560
	<u>502,000</u>	<u>532,023</u>	<u>521,774</u>
Emergency measures			
EMO expenses	<u>11,500</u>	<u>3,695</u>	<u>3,498</u>
	<u>\$ 513,500</u>	<u>\$ 535,718</u>	<u>\$ 525,272</u>
<i>Transportation Services</i>			
Street lighting	\$ 45,000	\$ 43,759	\$ 42,568
Roads and streets	7,500	-	104
Signs	<u>6,000</u>	<u>1,036</u>	<u>-</u>
	<u>\$ 58,500</u>	<u>\$ 44,795</u>	<u>\$ 42,672</u>
<i>Environmental Health Services</i>			
Solid waste collection	\$ 160,600	\$ 160,188	\$ 155,411
Tipping fees	114,800	131,151	117,202
Recycling	<u>77,800</u>	<u>77,803</u>	<u>75,555</u>
	<u>\$ 353,200</u>	<u>\$ 369,142</u>	<u>\$ 348,168</u>
<i>Environmental Development Services</i>			
Planning (Other local government)	\$ 158,339	\$ 158,340	\$ 149,049
Other community development	<u>19,000</u>	<u>735</u>	<u>-</u>
	<u>\$ 177,339</u>	<u>\$ 159,075</u>	<u>\$ 149,049</u>
<i>Recreation and Cultural Services</i>			
Sports and recreation fees (Other local government)	\$ 159,450	\$ 159,450	\$ 154,671
Community Centre	36,000	30,623	1,772
Salaries and wages	69,000	40,193	25,645
Parks and playgrounds	69,500	40,577	19,671
Civic relations	18,000	4,534	17,070
Amortization	<u>-</u>	<u>100,061</u>	<u>83,119</u>
	<u>\$ 351,950</u>	<u>\$ 375,438</u>	<u>\$ 301,948</u>

RURAL COMMUNITY OF HANWELL

General Operating Fund

Comparison of Revenue and Expenditures to Budget and Previous Year

For the Years Ended December 31	2020	2020	2019
	Budget	Actual	Actual
REVENUE			
Property tax warrant	\$2,162,682	\$2,162,682	\$1,997,950
Other revenue from own sources	96,500	234,407	64,487
Services provided to other governments	-	80,896	76,553
Community funding and equalization	43,376	43,376	42,636
Surplus of second previous year	152	152	51,041
	<u>2,302,710</u>	<u>2,521,513</u>	<u>2,232,667</u>
EXPENDITURES			
General government services	605,019	563,279	524,299
Protective services	513,500	503,036	494,712
Transportation services	58,500	44,795	42,672
Environmental health services	353,200	369,142	348,168
Environmental development services	177,339	159,075	149,049
Recreation and cultural services	351,950	275,377	218,829
Fiscal services	243,202	586,346	431,531
	<u>2,302,710</u>	<u>2,501,050</u>	<u>2,209,260</u>
SURPLUS FOR THE YEAR	\$ -	\$ 20,463	\$ 23,407

RURAL COMMUNITY OF HANWELL

General Operating Fund - Revenue and Expenditures Support

For the Years Ended December 31	2020	2020	2019
	Budget	Actual	Actual
OTHER REVENUE FROM OWN SOURCES			
Building permits	\$ 65,000	\$ 195,558	\$ 42,902
Community events and rentals	30,000	10,787	8,600
Bank interest	1,500	1,041	6,734
Miscellaneous	-	27,021	6,251
	<u>\$ 96,500</u>	<u>\$ 234,407</u>	<u>\$ 64,487</u>
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	\$ 18,450	\$ 18,072	\$ 17,398
Councillors	65,022	57,396	62,207
Professional development	6,000	100	2,675
Other legislative expenses	3,100	1,650	54
	<u>92,572</u>	<u>77,218</u>	<u>82,334</u>
Administrative			
Salaries and wages	217,519	216,473	207,848
Office building	106,200	72,402	54,769
Legal services	5,000	5,744	521
Other	20,409	7,434	25,073
	<u>349,128</u>	<u>302,053</u>	<u>288,211</u>
Financial management			
External audit	20,000	21,186	14,929
Donations and grants	2,000	16,443	1,498
Cost of assessment	103,111	103,111	100,021
	<u>125,111</u>	<u>140,740</u>	<u>116,448</u>
Other general government services			
Public liability insurance	18,750	21,295	25,207
Civic relations	11,550	14,070	6,819
Memberships	5,000	4,995	5,280
Regional & Collaborative services	2,908	2,908	-
	<u>38,208</u>	<u>43,268</u>	<u>37,306</u>
	<u>\$ 605,019</u>	<u>\$ 563,279</u>	<u>\$ 524,299</u>
PROTECTIVE SERVICES			
Fire			
Protection	\$ 502,000	\$ 499,341	\$ 491,214
Emergency measures			
EMO expenses	11,500	3,695	3,498
	<u>\$ 513,500</u>	<u>\$ 503,036</u>	<u>\$ 494,712</u>

RURAL COMMUNITY OF HANWELL

General Operating Fund - Revenue and Expenditures Support

For the Years Ended December 31	2020	2020	2019
	Budget	Actual	Actual
TRANSPORTATION SERVICES			
Street lighting	\$ 45,000	\$ 43,759	\$ 42,568
Roads and streets	7,500	-	104
Signs	6,000	1,036	-
	<u>\$ 58,500</u>	<u>\$ 44,795</u>	<u>\$ 42,672</u>
ENVIRONMENTAL HEALTH SERVICES			
Solid waste collection	\$ 160,600	\$ 160,188	\$ 155,411
Tipping fees	114,800	131,151	117,202
Recycling	77,800	77,803	75,555
	<u>\$ 353,200</u>	<u>\$ 369,142</u>	<u>\$ 348,168</u>
ENVIRONMENTAL DEVELOPMENT SERVICES			
Planning (Other local government)	\$ 158,339	\$ 158,340	\$ 149,049
Other community development	19,000	735	-
	<u>\$ 177,339</u>	<u>\$ 159,075</u>	<u>\$ 149,049</u>
RECREATION AND CULTURAL SERVICES			
Sports and recreation fees (Other local government)	\$ 159,450	\$ 159,450	\$ 154,671
Community Centre	36,000	30,623	1,772
Salaries and wages	69,000	40,193	25,645
Parks and playgrounds	69,500	40,577	19,671
Civic relations	18,000	4,534	17,070
	<u>\$ 351,950</u>	<u>\$ 275,377</u>	<u>\$ 218,829</u>
FISCAL SERVICES			
Debt charges			
Interest on long-term debt	\$ 67,202	\$ 67,202	\$ 85,870
Principal	76,000	76,000	40,000
Bank service charges	-	483	262
	<u>143,202</u>	<u>143,685</u>	<u>126,132</u>
Transfer to own funds			
Capital expenditures	100,000	166,661	140,699
General Capital Reserve Fund	-	270,000	153,000
General Operating Reserve Fund	-	6,000	11,700
	<u>100,000</u>	<u>442,661</u>	<u>305,399</u>
	<u>\$ 243,202</u>	<u>\$ 586,346</u>	<u>\$ 431,531</u>