

RURAL COMMUNITY OF HANWELL
Consolidated Financial Statements
December 31, 2022

RURAL COMMUNITY OF HANWELL
Consolidated Financial Statements
December 31, 2022

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INDEPENDENT AUDITORS' REPORT

**TO HIS 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, 2022, and the consolidated statements of changes in net debt, operations and accumulated surplus, 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 consolidated financial statements present fairly, in all material respects, the financial position of the Rural Community as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 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.

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 public sector accounting standards, 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 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 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 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.

Daye Kelly & Associates
CHARTERED PROFESSIONAL ACCOUNTANTS

Fredericton, New Brunswick
February 28, 2023

RURAL COMMUNITY OF HANWELL
Consolidated Statement of Financial Position

December 31	2022	2021
FINANCIAL ASSETS		
Cash (Note 3)	\$1,915,391	\$1,993,407
Receivables		
General	609	9,411
Federal government and its agencies (Note 4)	100,797	32,566
Province of New Brunswick and its agencies (Note 5)	2,750	13,026
Pension asset (Note 6)	30,600	27,900
	<u>2,050,147</u>	<u>2,076,310</u>
LIABILITIES		
Payables and accruals	29,054	30,297
Deferred revenue (Note 7)	1,145,712	1,195,721
Accrued sick leave obligation (Note 8)	55,600	38,300
Long-term debt (Note 9)	2,026,000	2,106,000
	<u>3,256,366</u>	<u>3,370,318</u>
NET DEBT	<u>(1,206,219)</u>	<u>(1,294,008)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	6,900,304	6,046,689
Accumulated amortization	(925,623)	(675,161)
	<u>5,974,681</u>	<u>5,371,528</u>
Prepaid expenses	31,628	30,715
	<u>6,006,309</u>	<u>5,402,243</u>
ACCUMULATED SURPLUS	\$4,800,090	\$4,108,235

APPROVED BY



Mayor



Jerri L. Parker
Clerk

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

For the Year Ended December 31	2022	2021
Annual Surplus	\$ 691,855	\$ 120,168
Acquisition of tangible capital assets (Note 13)	(865,901)	(280,841)
Amortization of tangible capital assets (Note 13)	<u>262,748</u>	<u>214,726</u>
	88,702	54,053
Use (acquisition) of prepaid assets	<u>(913)</u>	<u>(7,799)</u>
Increase (decrease) in net assets	87,789	46,254
Net Debt - beginning of year	<u>(1,294,008)</u>	<u>(1,340,262)</u>
Net Debt - end of year	<u>\$(1,206,219)</u>	<u>\$(1,294,008)</u>

RURAL COMMUNITY OF HANWELL

Consolidated Statement of Operations

For the Year Ended December 31	2022	2022	2021
	Budget (Note 17)	Actual	Actual
REVENUE			
Property tax warrant	\$2,332,994	\$2,332,994	\$2,206,810
Revenue from own sources	108,300	151,211	130,529
Services provided to other governments	76,402	76,402	76,571
Community funding and equalization	43,376	43,376	43,376
Gas tax contributions	-	401,505	25,237
Other government transfers	-	290,164	298,984
Tourism levy	-	-	8,049
	<u>2,561,072</u>	<u>3,295,652</u>	<u>2,789,556</u>
EXPENDITURES			
General government services	720,970	809,219	1,021,063
Protective services	617,677	688,545	595,549
Transportation services	66,500	46,813	113,838
Environmental health services	378,410	360,039	357,040
Environmental development services	205,705	171,803	168,031
Recreation and cultural services	<u>472,273</u>	<u>527,378</u>	<u>413,867</u>
	<u>2,461,535</u>	<u>2,603,797</u>	<u>2,669,388</u>
ANNUAL SURPLUS	<u>\$ 99,537</u>	691,855	120,168
ACCUMULATED SURPLUS - BEGINNING OF YEAR		<u>4,108,235</u>	<u>3,988,067</u>
ACCUMULATED SURPLUS - END OF YEAR		\$4,800,090	<u>\$4,108,235</u>

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

For the Year Ended December 31	2022	2021
OPERATING TRANSACTIONS		
Operating annual surplus	\$ 691,855	\$ 120,168
Amortization of tangible capital assets	262,748	214,726
Changes in receivables - General	8,802	(9,407)
Changes in receivables - Federal Government and its agencies	(68,231)	(572)
Changes in receivables - Province of New Brunswick and its agencies	10,276	6,492
Changes in payables and accruals	(1,243)	(1,249)
Changes in deferred revenue	(50,009)	635,810
Accrued sick leave	17,300	5,400
Post employment benefits payable (receivable)	(2,700)	(9,600)
Change in prepaid expenses	(913)	(7,799)
	<u>867,885</u>	<u>953,969</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(865,901)</u>	<u>(280,841)</u>
FINANCING TRANSACTIONS		
Payment of long-term debt	<u>(80,000)</u>	<u>(78,000)</u>
INCREASE (DECREASE) IN CASH	(78,016)	595,128
CASH - BEGINNING OF YEAR	<u>1,993,407</u>	<u>1,398,279</u>
CASH - END OF YEAR	<u>\$1,915,391</u>	<u>\$1,993,407</u>
REPRESENTED BY:		
General Operating Fund	\$ 63,100	\$ 52,638
Restricted:		
General Capital Fund	1,080,112	1,207,181
General Capital Reserve	655,514	618,825
General Operating Reserve	<u>116,665</u>	<u>114,763</u>
	<u>\$1,915,391</u>	<u>\$1,993,407</u>

Notes to Consolidated Financial Statements

December 31, 2022

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 6, 2021 and the Minister of Environment and Local Government on December 9, 2021.

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, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Measurement Uncertainty**

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, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these 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, 2022

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 8 and a pension plan as documented in Note 6.

3. CASH

	2022	2021
Restricted cash	\$1,852,291	\$1,940,769
Unrestricted cash	<u>63,100</u>	<u>52,638</u>
	<u>\$1,915,391</u>	<u>\$1,993,407</u>

Restricted cash are bank accounts held for specific purposes and includes Gas Tax Funds, General Capital (Community Centre & Recreation Capital), General Capital Reserve Funds (Note 16), and General Operating Reserve Funds (Note 16).

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

December 31, 2022

4. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	<u>2022</u>	<u>2021</u>
Canada Revenue Agency (HST refund)	\$ 100,797	\$ 32,566

5. DUE FROM PROVINCIAL GOVERNMENT AND ITS AGENCIES

	<u>2022</u>	<u>2021</u>
Regional Service Commission (Building permits)	\$ 2,750	\$ 13,026

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, 2020 and resulted in an overall NB MEPP accrued benefit obligation of \$135,126,100 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, 2021:

- the expected inflation rate of 2.10% per annum
- the discount rate used to determine the accrued benefit obligation is 5.70% per annum
- the expected rate of return on assets is 5.70% per annum
- retirement age varies by age and employment category
- estimated average remaining service life (EARS) is 14.0 years

The actuarial valuation prepared as at December 31, 2020 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 \$833,500, a change of \$191,700 from the December 31, 2019 deficit of \$641,800. Based on the assumptions as at December 31, 2020, 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.

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

December 31, 2022

6. PENSION ASSET (continued)

As at December 31, 2020, the NB MEPP provides benefits for 277 retirees. Total benefit payments to retirees and terminating employees during 2022 are estimated to be approximately \$4,957,200 (actual 2021, \$6,360,300) 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 2022 are estimated to be approximately \$7,421,400 (actual 2021 \$7,235,200 in totality for the NB MEPP).

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

- The average age of the 4 active employees covered by the NB MEPP is 50.9 (as at December 31, 2020)
- Benefit Payments were \$17,100 in 2021 and were estimated to be \$0 in 2022
- Combined Contributions were \$28,800 in 2021 and were estimated to be \$29,600 in 2022

In addition to determining the position of the NB MEPP as it relates to the Hanwell Rural Community as at December 31, 2020, and December 31, 2021, NB MEPP's actuary performed an extrapolation of the December 31, 2021 accounting valuation to determine the estimated position as at December 31, 2022. The extrapolation assumes assumptions used as at December 31, 2022 remain unchanged from December 31, 2021. The extrapolation also assumes assets return 5.70% 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>	
	2022	2021
Accrued benefit liability / (asset)		
Accrued benefit liability / (asset) at beginning of period	\$ (27,900)	\$ (18,300)
Pension expense for the year	12,100	3,700
Less: Employer contributions	<u>(14,800)</u>	<u>(13,300)</u>
Accrued benefit liability / (asset) at end of period	<u>\$ (30,600)</u>	<u>\$ (27,900)</u>

7. DEFERRED REVENUE

	Gas Tax Fund	Other deposits received	Total
2021 - Balance beginning of year	\$1,195,521	\$ 200	\$1,195,721
Funds received during the year	351,571	5,000	356,571
Funds used during the year	<u>(401,505)</u>	<u>(5,075)</u>	<u>(406,580)</u>
2022 - Balance end of year	<u>\$1,145,587</u>	<u>\$ 125</u>	<u>\$1,145,712</u>

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

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

December 31, 2022

8. 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.

	<u>2022</u>	<u>2021</u>
Accrued employee benefit obligation:		
Opening balance	\$ 38,300	\$ 32,900
Current period service cost	17,400	11,400
Benefit payments	<u>(100)</u>	<u>(6,000)</u>
	<u>\$ 55,600</u>	<u>\$ 38,300</u>

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.

9. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Certificate of indebtedness - Province of New Brunswick 2.10% to 3.70% - due 2038 - OIC #17-0053	\$ 934,000	\$ 977,000
Certificate of indebtedness - Province of New Brunswick 1.95% to 2.95% - due 2039 - OIC #18-0012	<u>1,092,000</u>	<u>1,129,000</u>
	<u>\$2,026,000</u>	<u>\$2,106,000</u>

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

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

2023	\$ 83,000
2024	87,000
2025	88,000
2026	90,000
2027	93,000
Later	<u>1,585,000</u>
	<u>\$ 2,026,000</u>

10. 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.

Notes to Consolidated Financial Statements

December 31, 2022

10. SHORT-TERM BORROWINGS COMPLIANCE (continued)

Interfund borrowing

All interfund accounts at December 31, 2022 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.

The Rural Community did not have any new capital borrowings in the current or previous year.

11. 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.

12. 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 Year Ended December 31	2022	2021
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13. TANGIBLE CAPITAL ASSETS

	Land	Buildings	Machinery and Equipment	Parks and Playgrounds	Motor Vehicles	Total	Total
COST							
Balance - beginning of year	\$ 174,138	\$4,839,363	\$ 235,627	\$ 507,370	\$ 290,194	\$6,046,689	\$5,776,178
Add: Net additions during the year	-	38,619	7,839	819,443	-	865,901	280,841
Less: Disposals during the year	-	-	(12,286)	-	-	(12,286)	(10,330)
BALANCE - END OF YEAR	<u>174,138</u>	<u>4,877,982</u>	<u>231,180</u>	<u>1,326,813</u>	<u>290,194</u>	<u>6,900,304</u>	<u>6,046,689</u>
ACCUMULATED AMORTIZATION							
Balance - beginning of year	-	394,877	80,501	120,823	78,963	675,161	470,765
Add: Amortization during the year	-	122,565	21,671	65,703	52,809	262,748	214,726
Less: Accumulated amortization on disposals	-	-	(12,286)	-	-	(12,286)	(10,330)
BALANCE - END OF YEAR	<u>-</u>	<u>517,442</u>	<u>89,886</u>	<u>186,526</u>	<u>131,772</u>	<u>925,623</u>	<u>675,161</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 174,138</u>	<u>\$4,360,540</u>	<u>\$ 141,294</u>	<u>\$1,140,287</u>	<u>\$ 158,422</u>	<u>\$5,974,681</u>	<u>\$5,371,528</u>

RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Year Ended December 31

2022 2021

14. SEGMENT DISCLOSURE

REVENUES

Property tax warrant
Sale of service, fines, and other fees
Community funding and equalization
Other government transfers

General	Protective Services	Transportation Services	Environmental Health	Environmental Development	Recreation and Culture	Consolidated
\$ 683,322	\$ 585,422	\$ 63,027	\$ 358,649	\$ 194,963	\$ 447,611	\$2,332,994
109,365	-	-	-	-	41,846	151,211
12,705	10,884	1,172	6,668	3,625	8,322	43,376
262,189	76,402	-	-	-	429,480	768,071
<u>1,067,581</u>	<u>672,708</u>	<u>64,199</u>	<u>365,317</u>	<u>198,588</u>	<u>927,259</u>	<u>3,295,652</u>

\$2,206,810
138,578
43,376
400,792
2,789,556

EXPENSES

Salaries and benefits
Goods and services
Amortization
Interest

260,514	-	-	-	-	62,270	325,336
427,021	623,621	46,813	360,039	171,803	324,251	2,062,884
56,967	64,924	-	-	-	140,857	214,728
64,717	-	-	-	-	-	66,440
<u>809,219</u>	<u>688,545</u>	<u>46,813</u>	<u>360,039</u>	<u>171,803</u>	<u>527,378</u>	<u>2,669,388</u>

322,784
1,953,548
262,748
64,717
2,603,797

SURPLUS (DEFICIT) FOR THE YEAR

\$ 258,362	\$ (15,837)	\$ 17,386	\$ 5,278	\$ 26,785	\$ 399,881	\$ 120,168
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RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Year Ended December 31

2022 2021

15. RECONCILIATION OF ANNUAL SURPLUS

	General Operating Fund	General Capital Fund	Gen, Operating Reserve Fund	Gen. Capital Reserve Fund	
Consolidated annual surplus (deficit)	\$ 252,210	\$ 428,921	\$ 1,902	\$ 8,822	\$ 691,855 \$ 120,168
Adjustments to annual surplus (deficit) for funding requirements:					
Second previous year's surplus	20,463	-	-	-	20,463 23,407
Transfer from General Operating Fund to General Capital Fund	(140,601)	140,601	-	-	- -
Transfer from General Operating Fund to General Capital Reserve Fund	(50,000)	-	-	50,000	- -
Transfer from General Capital Reserve Fund to General Capital Fund	-	22,133	-	(22,133)	- -
Long-term debt principal payment	(80,000)	80,000	-	-	- -
Amortization expense	-	262,748	-	-	262,748 214,726
Change in amount recorded under PSA for defined benefit liability	(2,700)	-	-	-	(2,700) (9,600)
Total adjustments to annual surplus (deficit)	(252,838)	505,482	-	27,867	280,511 228,533
FUND SURPLUS (DEFICIT) FOR THE YEAR	\$ (628)	\$ 934,403	\$ 1,902	\$ 36,689	\$ 972,366 \$ 348,701

RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Year Ended December 31

2022

2021

16. STATEMENT OF RESERVES

	General Operating Reserve	General Capital Reserve	Total	Total
ASSETS				
Cash	\$ 116,665	\$ 655,514	\$ 772,179	\$ 733,588
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 114,763	\$ 618,825	\$ 733,588	\$ 766,088
SURPLUS (DEFICIT) - FOR THE YEAR	<u>1,902</u>	<u>36,689</u>	<u>38,591</u>	<u>(32,500)</u>
ACCUMULATED SURPLUS - END OF YEAR	\$ 116,665	\$ 655,514	\$ 772,179	\$ 733,588
REVENUE				
Transfer from General Operating Funds	\$ -	\$ 50,000	\$ 50,000	\$ 105,000
Interest	<u>1,902</u>	<u>8,822</u>	<u>10,724</u>	<u>-</u>
	<u>1,902</u>	<u>58,822</u>	<u>60,724</u>	<u>105,000</u>
EXPENDITURES				
Transfer to General Capital Fund	<u>-</u>	<u>22,133</u>	<u>22,133</u>	<u>137,500</u>
SURPLUS (DEFICIT) - FOR THE YEAR	\$ 1,902	\$ 36,689	\$ 38,591	\$ (32,500)

Name of Investment	Interest Rate	
Treasury Account 0123 1124-312	1.5%	116,665
Treasury Account 0123 1996-639	1.5%	655,514

Moved by Deputy Mayor Susan Jonah, seconded by Councillor Darren MacKenzie that \$22,133 be transferred from the General Capital Reserve Fund to the General Capital Fund toward the purchase of a solar array.

#23-12-2022 - Regular meeting of Council, December 21, 2022.

Moved by Deputy Mayor Susan Jonah, seconded by Councillor Tim Fox that \$50,000 be transferred from the General Operating Fund to the General Capital Reserve Fund.

#24-12-2022 - Regular meeting of Council, December 21, 2022.

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

Municipal Seal

Terri Parker, Clerk

February 28, 2023
Date

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

December 31, 2022

17. OPERATING BUDGET TO PSA BUDGET

	Operating Budget General	Transfers	Total
REVENUE			
Property tax warrant	\$2,332,994	\$ -	\$2,332,994
Revenue from own sources	108,300	-	108,300
Services provided to other governments	76,402	-	76,402
Community funding and equalization	43,376	-	43,376
Other government transfers	-	-	-
Surplus of second previous year	<u>20,463</u>	<u>(20,463)</u>	<u>-</u>
	<u>2,581,535</u>	<u>(20,463)</u>	<u>2,561,072</u>
EXPENDITURES			
General government services	656,380	64,590	720,970
Protective services	617,677	-	617,677
Transportation services	66,500	-	66,500
Environmental health services	378,410	-	378,410
Environmental development services	205,705	-	205,705
Recreational and cultural services	472,273	-	472,273
Fiscal services			
Long-term debt repayments	80,000	(80,000)	-
Interest	64,590	(64,590)	-
Transfer from Gen. Operating Fund to Gen. Capital Fund	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>
	<u>2,581,535</u>	<u>(120,000)</u>	<u>2,461,535</u>
SURPLUS	\$ -	\$ 99,537	\$ 99,537

RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Year Ended December 31

	2022	2022	2021
	Budget	Actual	Actual
18. PSA REVENUE AND EXPENSE SUPPORT			
REVENUE			
Services to other governments			
Fire protection	\$ 76,402	\$ 76,402	\$ 76,571
Other own source			
Community events and rentals	33,000	41,846	22,475
Building permits	65,000	84,436	68,779
Community contributions	-	-	8,000
Interest	-	17,167	-
Other	10,300	7,762	31,275
	<u>\$ 108,300</u>	<u>\$ 151,211</u>	<u>\$ 130,529</u>
General Government Services			
Legislative			
Mayor	\$ 19,900	\$ 19,811	\$ 18,661
Councillors	75,650	71,430	65,678
Professional development	6,000	5,077	4,045
Other legislative expenses	2,000	1,983	1,929
	<u>103,550</u>	<u>98,301</u>	<u>90,313</u>
Administrative			
Salaries and wages	125,400	130,598	126,557
Pension adjustment	-	(2,700)	(9,600)
Office building	109,380	71,115	77,989
Other	3,000	4,260	36,387
Solicitor	5,000	38,858	5,167
	<u>242,780</u>	<u>242,131</u>	<u>236,500</u>
Financial management and common services			
Salaries and wages	43,900	45,215	43,851
External audit	17,500	15,643	19,606
Civic relations	15,150	29,901	12,005
Regional and collaborative services	2,667	2,667	2,718
Cost of assessment	118,113	118,113	106,085
	<u>197,330</u>	<u>211,539</u>	<u>184,265</u>
Other general government services			
Interest and bank charges	64,590	64,717	66,440
Public liability insurance	28,000	33,418	26,218
Grants to organizations	5,000	4,589	2,592
Hanwell school grant	-	-	325,000
Regional aquatic centre feasibility study grant	-	-	22,850
Other expenses	79,720	97,557	12,817
Amortization	-	56,967	54,068
	<u>177,310</u>	<u>257,248</u>	<u>509,985</u>
	<u>\$ 720,970</u>	<u>\$ 809,219</u>	<u>\$ 1,021,063</u>

RURAL COMMUNITY OF HANWELL

Notes to Consolidated Financial Statements

For the Year Ended December 31	2022	2022	2021
	Budget	Actual	Actual
18. PSA REVENUE AND EXPENSE SUPPORT (continued)			
<i>Protective Services</i>			
Fire			
Protection	\$ 600,927	\$ 600,927	\$ 521,320
Fire force	5,100	19,150	3,962
Amortization	-	64,924	64,924
	<u>606,027</u>	<u>685,001</u>	<u>590,206</u>
Emergency measures			
Disaster control	5,000	-	-
Training and development	3,000	-	1,799
Sentinal emergency alert system	3,650	3,544	3,544
	<u>11,650</u>	<u>3,544</u>	<u>5,343</u>
	\$ 617,677	\$ 688,545	\$ 595,549
<i>Transportation Services</i>			
Street lighting	\$ 50,000	\$ 46,254	\$ 44,565
Signs	6,500	104	10,697
Other transportation	10,000	455	58,576
	<u>\$ 66,500</u>	<u>\$ 46,813</u>	<u>\$ 113,838</u>
<i>Environmental Health Services</i>			
Solid waste collection	\$ 164,000	\$ 164,009	\$ 156,791
Solid waste disposal	135,110	117,505	121,036
Recycling	79,300	78,525	79,213
	<u>\$ 378,410</u>	<u>\$ 360,039</u>	<u>\$ 357,040</u>
<i>Environmental Development Services</i>			
Planning (Other local government)	\$ 168,705	\$ 168,704	\$ 164,744
Research and planning studies	10,000	626	-
Economic development	15,000	-	-
Business Park	2,000	231	1,673
Other community development	10,000	2,242	1,614
	<u>\$ 205,705</u>	<u>\$ 171,803</u>	<u>\$ 168,031</u>
<i>Recreation and Cultural Services</i>			
Sports and recreation fees	\$ 182,648	\$ 177,998	\$ 164,049
Community Centre	23,300	31,635	27,039
Salaries and wages	116,500	62,270	72,068
Parks and playgrounds	115,600	42,550	48,047
Other recreation	34,225	17,286	6,927
Contribution to other government	-	54,782	-
Amortization	-	140,857	95,737
	<u>\$ 472,273</u>	<u>\$ 527,378</u>	<u>\$ 413,867</u>

RURAL COMMUNITY OF HANWELL**General Operating Fund****Comparison of Revenue and Expenditures to Budget and Previous Year**

For the Year Ended December 31	2022	2022	2021
	Budget	Actual	Actual
REVENUE			
Property tax warrant	\$2,332,994	\$2,332,994	\$2,206,810
Revenue from own sources	108,300	140,487	122,529
Services provided to other governments	76,402	76,402	76,571
Community funding and equalization	43,376	43,376	43,376
Special assessment	-	-	15,865
Other government transfers	-	-	283,119
Tourism levy	-	-	8,049
Surplus of second previous year	<u>20,463</u>	<u>20,463</u>	<u>23,407</u>
	<u>2,581,535</u>	<u>2,613,722</u>	<u>2,779,726</u>
EXPENDITURES			
General government services	656,380	690,235	910,155
Protective services	617,677	623,621	530,625
Transportation services	66,500	46,813	113,838
Environmental health services	378,410	360,039	357,040
Environmental development services	205,705	171,803	168,031
Recreation and cultural services	472,273	386,521	318,130
Fiscal services	<u>184,590</u>	<u>335,318</u>	<u>359,544</u>
	<u>2,581,535</u>	<u>2,614,350</u>	<u>2,757,363</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ (628)	\$ 22,363

RURAL COMMUNITY OF HANWELL

General Operating Fund - Revenue and Expenditures Support

For the Year Ended December 31	2022	2022	2021
	Budget	Actual	Actual
REVENUE FROM OWN SOURCES			
Building permits	\$ 65,000	\$ 84,436	\$ 68,779
Interest	-	6,443	-
Community events and rentals	33,000	41,846	22,475
Other	<u>10,300</u>	<u>7,762</u>	<u>31,275</u>
	\$ 108,300	\$ 140,487	\$ 122,529
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	\$ 19,900	\$ 19,811	\$ 18,661
Councillors	75,650	71,430	65,678
Professional development	6,000	5,077	4,045
Other legislative expenses	<u>2,000</u>	<u>1,983</u>	<u>1,929</u>
	<u>103,550</u>	<u>98,301</u>	<u>90,313</u>
Administrative			
Salaries and wages	125,400	130,598	126,557
Office building	109,380	71,115	77,989
Other	3,000	4,260	36,387
Solicitor	<u>5,000</u>	<u>38,858</u>	<u>5,167</u>
	<u>242,780</u>	<u>244,831</u>	<u>246,100</u>
Financial management and common services			
Salaries and wages	43,900	45,215	43,851
External audit	17,500	15,643	19,606
Civic relations	15,150	29,901	12,005
Regional and collaborative services	2,667	2,667	2,718
Cost of assessment	<u>118,113</u>	<u>118,113</u>	<u>106,085</u>
	<u>197,330</u>	<u>211,539</u>	<u>184,265</u>
Other general administrative services			
Public liability insurance	28,000	33,418	26,218
Grants to organizations	5,000	4,589	2,592
Hanwell school grant	-	-	325,000
Regional aquatic centre feasibility study grant	-	-	22,850
Other expenses	<u>79,720</u>	<u>97,557</u>	<u>12,817</u>
	<u>112,720</u>	<u>135,564</u>	<u>389,477</u>
	\$ 656,380	\$ 690,235	\$ 910,155

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

For the Year Ended December 31	2022	2022	2021
	Budget	Actual	Actual
PROTECTIVE SERVICES			
Fire			
Protection	\$ 600,927	\$ 600,927	\$ 521,320
Fire force	<u>5,100</u>	<u>19,150</u>	<u>3,962</u>
	<u>606,027</u>	<u>620,077</u>	<u>525,282</u>
Emergency measures			
Disaster control	5,000	-	-
Training and development	3,000	-	1,799
Sentinal emergency alert system	<u>3,650</u>	<u>3,544</u>	<u>3,544</u>
	<u>11,650</u>	<u>3,544</u>	<u>5,343</u>
	<u>\$ 617,677</u>	<u>\$ 623,621</u>	<u>\$ 530,625</u>
TRANSPORTATION SERVICES			
Street lighting	\$ 50,000	\$ 46,254	\$ 44,565
Signs	6,500	104	10,697
Other transportation	<u>10,000</u>	<u>455</u>	<u>58,576</u>
	<u>\$ 66,500</u>	<u>\$ 46,813</u>	<u>\$ 113,838</u>
ENVIRONMENTAL HEALTH SERVICES			
Solid waste collection	\$ 164,000	\$ 164,009	\$ 156,791
Solid waste disposal	135,110	117,505	121,036
Recycling	<u>79,300</u>	<u>78,525</u>	<u>79,213</u>
	<u>\$ 378,410</u>	<u>\$ 360,039</u>	<u>\$ 357,040</u>
ENVIRONMENTAL DEVELOPMENT SERVICES			
Planning (Other local government)	\$ 168,705	\$ 168,704	\$ 164,744
Research and planning studies	10,000	626	-
Economic development	15,000	-	-
Beautification and other	2,000	231	1,673
Other community development	<u>10,000</u>	<u>2,242</u>	<u>1,614</u>
	<u>\$ 205,705</u>	<u>\$ 171,803</u>	<u>\$ 168,031</u>
RECREATION AND CULTURAL SERVICES			
Sports and recreation fees	\$ 182,648	\$ 177,998	\$ 164,049
Community Centre	23,300	31,635	27,039
Salaries and wages	116,500	62,270	72,068
Parks and playgrounds	115,600	42,550	48,047
Other recreation	34,225	17,286	6,927
Contribution to other government	<u>-</u>	<u>54,782</u>	<u>-</u>
	<u>\$ 472,273</u>	<u>\$ 386,521</u>	<u>\$ 318,130</u>

Supplementary Schedule B (continued)

RURAL COMMUNITY OF HANWELL

General Operating Fund - Revenue and Expenditures Support

For the Year Ended December 31	2022	2022	2021
	Budget	Actual	Actual
FISCAL SERVICES			
Debt charges			
Interest on long-term debt	\$ 63,590	\$ 63,590	\$ 65,461
Principal	80,000	80,000	78,000
Bank service charges	1,000	1,127	979
	<u>144,590</u>	<u>144,717</u>	<u>144,440</u>
Transfer to own funds			
Capital expenditures	40,000	140,601	110,104
General Capital Reserve Fund	-	50,000	105,000
	<u>40,000</u>	<u>190,601</u>	<u>215,104</u>
	<u>\$ 184,590</u>	<u>\$ 335,318</u>	<u>\$ 359,544</u>