

# **VILLAGE OF PERTH-ANDOVER**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

VILLAGE OF PERTH-ANDOVER  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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Independent Auditor's Report

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## **Independent Auditor's Report**

To Her Worship the Mayor and Members of Council, of  
Village of Perth-Andover

### *Opinion*

We have audited the consolidated financial statements of Village of Perth-Andover, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2019, and the results of its consolidated operations, changes in its consolidated net financial assets, and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

## **Independent Auditor's Report, continued**

- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
- ♦ 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.

The previous year figures, presented for comparative purposes, were audited by another CPA firm.

*Leah McEnin + Associates*

**Chartered Professional Accountants**

**Perth-Andover, New Brunswick**  
**August 10, 2020**

VILLAGE OF PERTH-ANDOVER  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019

	2019	2018
<b>Financial Assets</b>		
Cash (Note 3)	\$ 654,073	\$ 360,740
Accounts receivable (Note 4)	967,574	854,663
Marketable securities	5,955,296	5,778,346
	<u>7,576,943</u>	<u>6,993,749</u>
<b>Liabilities</b>		
Accounts payable (Note 5)	931,006	899,794
Deferred revenue	71,208	250,760
	<u>1,002,214</u>	<u>1,150,554</u>
<b>Net financial assets</b>	<u>6,574,729</u>	<u>5,843,195</u>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 13)	14,508,272	14,612,305
Prepaid expenses	19,481	64,489
Inventory	180,756	168,780
	<u>14,708,509</u>	<u>14,845,574</u>
<b>Accumulated Surplus</b>	<u>\$ 21,283,238</u>	<u>\$ 20,688,769</u>

Approved on behalf of the Village of Perth-Andover

\_\_\_\_\_, Mayor

\_\_\_\_\_, Clerk

The accompanying notes are an integral part of the financial statements

VILLAGE OF PERTH-ANDOVER

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Surplus</b>	\$ (390,754)	\$ 594,469	\$ 813,713
Acquisition of tangible capital assets	(884,789)	(884,789)	(1,126,107)
Amortization of tangible capital assets	972,394	972,394	936,043
Net disposal of tangible capital assets	16,428	16,428	18,079
	104,033	104,033	(171,985)
Change in prepaid asset	45,008	45,008	12,325
Change in inventory	(11,976)	(11,976)	3,382
(Decrease) increase in net financial assets	(253,689)	731,534	657,435
Net financial assets at beginning of year	-	5,843,195	5,185,760
<b>Net financial assets at end of year</b>	<b>\$ -</b>	<b>\$ 6,574,729</b>	<b>\$ 5,843,195</b>

The accompanying notes are an integral part of the financial statements

VILLAGE OF PERTH-ANDOVER

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget (Note 15)	2019 Actual	2018 Actual
<b>Revenue</b>			
Warrant of assessment	\$ 1,452,821	\$ 1,452,821	\$ 1,456,870
Unconditional grants	265,555	272,309	220,950
Services to other governments	239,156	221,632	210,028
Conditional transfers	-	-	17,227
Sales of services - Recreation and cultural	218,671	288,729	290,685
Sales of services - Water and sewer	624,919	619,997	608,521
Sales of services - Light commission	3,440,627	3,595,540	3,398,121
Other revenues from own source	42,100	194,250	234,857
Conditional grants	-	179,182	410,570
Flood recovery	-	-	230,361
Investment income	-	314,928	53,382
Fire lottery	-	506,441	526,803
	<b>6,283,849</b>	<b>7,645,829</b>	<b>7,658,375</b>
<b>Expenditures</b>			
General government services	341,636	332,890	349,350
Protective services	749,029	722,254	714,098
Transportation services	584,279	507,814	454,739
Environmental health services	115,612	113,116	132,302
Environmental development services	141,033	233,156	153,574
Recreation and cultural services	823,725	863,705	776,459
Water and sewer	635,527	648,607	631,433
Light commission	3,283,762	3,293,062	3,320,221
Fire lottery	-	336,756	312,486
	<b>6,674,603</b>	<b>7,051,360</b>	<b>6,844,662</b>
<b>Surplus</b>	<b>(390,754)</b>	<b>594,469</b>	<b>813,713</b>
<b>Accumulated surplus at beginning of year</b>	<b>-</b>	<b>20,688,769</b>	<b>19,875,056</b>
<b>Accumulated surplus at end of year</b>	<b>\$ (390,754)</b>	<b>\$ 21,283,238</b>	<b>\$ 20,688,769</b>

The accompanying notes are an integral part of the financial statements

VILLAGE OF PERTH-ANDOVER  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
<b>Cash flows from</b>		
<b>Operating activities</b>		
Surplus	\$ 594,469	\$ 813,713
Items not affecting cash		
Amortization of tangible capital assets	972,394	936,043
(Gain) loss on sale of tangible capital assets	(30)	18,082
Expense engineering study from 2014	12,928	-
	<b>1,579,761</b>	<b>1,767,838</b>
Change in non-cash operating working capital		
Accounts receivable	(112,911)	38,428
Accounts payable	31,212	(275,450)
Deferred revenue	(179,552)	(277,769)
Inventory	(11,976)	3,379
Prepaid expenses	45,008	12,325
	<b>1,351,542</b>	<b>1,268,751</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(884,789)	(1,126,107)
Proceeds on disposal of tangible capital assets	3,530	-
	<b>(881,259)</b>	<b>(1,126,107)</b>
<b>Investing activities</b>		
(Increase) decrease in Investments	(176,950)	(1,741,100)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>293,333</b>	<b>(1,598,456)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>360,740</b>	<b>1,959,196</b>
<b>Cash and cash equivalents, end of year (Note 3)</b>	<b>\$ 654,073</b>	<b>\$ 360,740</b>

The accompanying notes are an integral part of the financial statements



VILLAGE OF PERTH-ANDOVER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**1. Description of entity**

The Village of Perth-Andover is incorporated and operates under the provisions of the Province of New Brunswick Municipalities Act.

The Village provides municipal services such as police, fire, public works, engineering, parks and recreation, community development and general government operations.

**2. Basis of Presentation and Significant Accounting Policies**

The consolidated financial statements of the Municipality are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

The focus of Public Sector Accounting (PSA) financial statements is on the financial position of the Municipality and the charges thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Municipality.

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

**(a) Reporting entity**

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

There are no other organizations or entities included in these consolidated financial statements.

Inter-departmental and organizational transactions and balances are eliminated.

**(b) Budget**

The budget figures contained in these financial statements were approved by Council on December 27, 2018 and were approved by the Minister of Local Government on January 22, 2019. The budget figures are unaudited.

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VILLAGE OF PERTH-ANDOVER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**2. Basis of Presentation and Significant Accounting Policies, continued**

**(c) Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**(d) Revenue recognition**

Taxation Revenue represents the annual levy administered and collected by the Province of New Brunswick on behalf of all New Brunswick Municipalities for municipal services. They are recorded as warrant of assessment as the funds are received by the Village.

Government Transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met by the Village, and a reasonable estimate of the amount to be received can be made.

Fee and charge revenue for building permits, water and sewer, electricity and transportation are recorded on the accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

Other revenue is recorded when it is earned, and collection is reasonably assured.

**(e) Expenditure recognition**

Expenses are recorded on the accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the statement of financial position date.

**(f) Liability for contaminated sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Village is directly responsible; or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

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VILLAGE OF PERTH-ANDOVER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**2. Basis of Presentation and Significant Accounting Policies, continued**

**(g) Segmented information**

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

- General government services  
This department is responsible for the overall governance and financial administration of the Municipality. This includes council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.
- Protective services  
This department is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.
- Transportation services  
This department is responsible for common services, road and street maintenance, street lighting and other transportation related functions.
- Environmental health services  
This department is responsible for the provision of waste collection and disposal.
- Environmental development services  
This department is responsible for planning and zoning, community development, tourism and other municipal development and promotion services.
- Recreation and cultural services  
This department is responsible for the maintenance and operation of recreational and cultural facilities, including the swimming pool, arena, parks and playgrounds and other recreational and cultural facilities.
- Water supply  
This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks and lagoons.
- Light Commission  
This department is responsible for the provision of electric power services including the maintenance and operation of power lines and substations.
- Fire Lottery  
The Village operates a lottery to raise funds to assist in the purchasing of necessary equipment and supplies for the use of the fire department in providing protection services.

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VILLAGE OF PERTH-ANDOVER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**2. Basis of Presentation and Significant Accounting Policies, continued**

**(h) Reserves**

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are recorded as an adjustment within accumulated surplus. "Schedule of Reserve Fund Balances" to the consolidated financial statements is included to show the reserve fund balances as supplementary information.

**(i) Employee future benefits**

The Village provides continuation of unused sick banks which do not vest to be used during the employees' period of employment.

**(j) Government transfers**

Government transfers are transfer of monetary or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

**(k) Tangible capital assets**

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

Buildings	15-80 years
Motor vehicles	5-10 years
Computer equipment	5-10 years
Equipment	5-80 years
Land improvements	5-80 years
Distribution and lighting systems	10-40 years
Infrastructure	10-80 years
Water and sewer systems	25-60 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

Amortization is not recognized in the year assets are acquired.

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VILLAGE OF PERTH-ANDOVER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**2. Basis of Presentation and Significant Accounting Policies, continued**

**(l) Asset classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventory of supplies.

**(m) Supplies inventory**

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

**(n) Use of estimates**

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates reported in these financial statements include amortization of tangible capital assets and accrued sick leave obligation. Actual results may differ from those estimates.

**(o) Financial instruments**

Financial instruments are financial assets or liabilities of the Village where the Village has the right to receive cash or another financial asset from another party or has the obligation to pay cash or other financial assets to another party or equity instruments of another entity.

The Village's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is council's opinion that the Village is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Village is subject to credit risk through accounts receivable. The Village minimizes credit risk through ongoing credit management.

**(p) Investments**

Investments are comprised of guaranteed investment certificates and are recorded at fair market value.

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VILLAGE OF PERTH-ANDOVER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**2. Basis of Presentation and Significant Accounting Policies, continued**

**(q) Deferred revenue**

Funding is recorded as deferred revenue if it has been restricted by the government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

**(r) Net debt or net financial assets**

The consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt or net financial asset is determined by the difference between liabilities and financial assets. Net debt or net financial assets, is comprised of two components, non-financial assets and accumulated surplus.

**3. Cash**

	2019	2018
Unrestricted	\$ 609,186	\$ 181,474
Cash - restricted (Gas Tax Funds)	44,887	179,266
	<u>\$ 654,073</u>	<u>\$ 360,740</u>

**4. Accounts receivable**

	2019	2018
Light commission	\$ 656,864	\$ 570,902
Water and sewer	65,200	62,967
Province of New Brunswick	111,497	66,735
Sales tax	51,811	39,785
Other accounts receivable	82,202	114,274
	<u>\$ 967,574</u>	<u>\$ 854,663</u>

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VILLAGE OF PERTH-ANDOVER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**5. Accounts payable**

	2019	2018
Light commission	\$ 465,389	\$ 497,974
Water and sewer	50,962	18,558
Payroll deductions	32,478	23,999
Sick liability	182,774	172,647
Accrued payroll	42,667	15,219
Other accounts payable and accruals	140,966	171,397
Minister of Finance	15,770	-
	<u>\$ 931,006</u>	<u>\$ 899,794</u>

**6. Operating borrowing**

As prescribed in the Municipalities Act of New Brunswick, borrowing to finance General Fund operations is limited to 4% of the Municipality's budget. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2019, the Municipality has complied with these restrictions.

**7. Inter-fund borrowing**

The Municipal Financial Reporting Manual requires that short term inter-fund borrowing be repaid in the year unless the borrowing is for a capital project.

**8. Water cost transfer**

The Municipality's water cost transfer is within the maximum allowable by regulation based on the applicable percentage of system expenditures for the population.

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VILLAGE OF PERTH-ANDOVER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

**9. Water and Sewer Fund Surplus/Deficit**

The Municipalities Act requires Water and Sewer Fund surplus/deficit amounts to be absorbed into one or more of four Operating Budgets commencing with the second next ensuing year. The balance of the surplus/deficit at the end of the year consists of:

	2019	2018
2019 surplus	\$ 54,025	\$ -
2018 surplus	90,286	90,286
2017 surplus	-	83,072
	<u>\$ 144,311</u>	<u>\$ 173,358</u>

**10. Sick leave benefits**

The Village provides every employee who works full time hours a sick leave entitlement that accumulates at a rate of 1.25 days for each calendar month. Management employees can accumulate a maximum of 180 days, while other employees can accumulate up to 90 days. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave. The estimated obligation at the end of the year has been accrued. The sick leave is a non-vesting benefit and is unfunded.

**11. Contingent Liabilities**

In the normal course of operations, the Village becomes involved in various claims and legal proceedings. As the final outcome with respect to claims and legal proceedings pending at December 31, 2019 cannot be predicted with certainty, it is the opinion of management and council that resolution of these matters, if any will not have a material adverse effect as the Village maintains insurance coverage in amounts considered appropriate.

**12. Subsequent Event**

The recent outbreak of the COVID-19 virus has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include travel bans, self-imposed quarantine periods, social and physical distancing, have caused disruptions to businesses locally, nationally and globally. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of this world economic event is unknown and therefore, the impact on this Municipality, if any, is not determinable.



VILLAGE OF PERTH-ANDOVER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

13. Schedule of Tangible Capital Assets

	Land	Land Improvements	Buildings	Computer Equipment	Infrastructure	Motor Vehicles	Equipment	2019 Total	2018 Total
<b>COST</b>									
Balance, beginning of year	\$ 831,174	\$ 2,090,384	\$ 5,699,772	\$ 261,806	\$ 14,742,212	\$ 431,309	\$ 5,228,981	\$ 29,285,638	\$ 28,189,057
Add:									
Net additions during the year	-	-	8,245	67,500	496,469	-	312,575	884,789	1,126,107
Less:									
Disposals during the year	-	-	-	-	(13,420)	-	(24,580)	(38,000)	(29,526)
Asset Management Plan Recommendations:									
Reallocations to more appropriate categories	-	-	-	271	347,129	-	(347,400)	-	-
Small equipment pool removal and adjustments	-	(9,101)	(13,790)	-	72	-	(47,766)	(70,585)	-
<b>BALANCE, END OF YEAR</b>	<b>831,174</b>	<b>2,081,283</b>	<b>5,694,227</b>	<b>329,577</b>	<b>15,572,462</b>	<b>431,309</b>	<b>5,121,810</b>	<b>30,061,842</b>	<b>29,285,638</b>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	-	1,026,158	2,717,095	172,356	8,245,671	261,762	2,250,291	14,673,333	13,748,733
Add:									
Amortization during the year	-	78,988	151,503	23,989	473,540	49,118	195,256	972,394	936,043
Less:									
Accumulated amortization on disposals	-	-	-	-	(9,920)	-	(24,580)	(34,500)	(11,443)
Asset Management Plan Recommendations:									
Reallocations to more appropriate categories	-	-	-	(5,954)	5,954	-	-	-	-
Small equipment pool removal	-	(9,101)	(862)	-	72	-	(47,766)	(57,657)	-
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>1,096,045</b>	<b>2,867,736</b>	<b>190,391</b>	<b>8,715,317</b>	<b>310,880</b>	<b>2,373,201</b>	<b>15,553,570</b>	<b>14,673,333</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL</b>	<b>\$ 831,174</b>	<b>\$ 985,238</b>	<b>\$ 2,826,491</b>	<b>\$ 139,186</b>	<b>\$ 6,857,145</b>	<b>\$ 120,429</b>	<b>\$ 2,748,609</b>	<b>\$ 14,508,272</b>	<b>\$ 14,612,305</b>
Consists of:									
General Capital Fund	\$ 746,584	\$ 263,221	\$ 2,563,025	\$ -	\$ 1,767,748	\$ 95,755	\$ 1,387,486	\$ 6,823,819	\$ 6,871,680
Water and Sewer Capital Fund	77,790	722,017	263,466	125,054	3,153,086	24,674	1,361,123	5,727,210	5,873,379
Light Commission Capital Fund	6,800	-	-	14,132	1,936,311	-	-	1,957,243	1,867,246
<b>BALANCE, END OF YEAR</b>	<b>\$ 831,174</b>	<b>\$ 985,238</b>	<b>\$ 2,826,491</b>	<b>\$ 139,186</b>	<b>\$ 6,857,145</b>	<b>\$ 120,429</b>	<b>\$ 2,748,609</b>	<b>\$ 14,508,272</b>	<b>\$ 14,612,305</b>

VILLAGE OF PERTH-ANDOVER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

**14. Schedule of Segment Disclosure**

	General Government services	Protective services	Transportation services	Environmental health services	Environmental development services	Recreation and cultural services	Water and Sewer	Light Commission	Fire Lottery	2019 Consolidated	2018 Consolidated
<b>Revenues</b>											
Warrant of assessment	\$ 224,432	\$ 409,124	\$ 213,700	\$ 77,054	\$ 86,505	\$ 442,006	\$ -	\$ -	\$ -	\$ 1,452,821	\$ 1,456,870
Unconditional grant	42,066	76,684	40,055	14,443	16,214	82,847	-	-	-	272,309	220,950
Services provided to other governments	-	157,316	-	-	-	64,316	-	-	-	221,632	210,028
Conditional transfers	-	-	-	-	-	-	-	-	-	-	17,227
Sale of services	-	-	-	-	-	288,729	650,886	3,598,699	-	4,538,314	4,297,327
Other revenue from own sources	125,478	-	-	-	-	-	11,941	22,783	-	160,202	234,857
Conditional grants	141,590	-	-	-	-	-	35,353	2,240	-	179,182	410,570
Flood recovery	-	-	-	-	-	-	-	-	-	-	230,361
Investment income (net)	184,868	-	-	-	-	-	37,824	92,236	-	314,928	53,382
Fire lottery	-	-	-	-	-	-	-	-	506,441	506,441	526,803
	\$ 718,434	\$ 643,124	\$ 253,755	\$ 91,497	\$ 102,719	\$ 877,898	\$ 736,004	\$ 3,715,958	\$ 506,441	\$ 7,645,830	\$ 7,658,375
<b>Expenses</b>											
Salaries and benefits	\$ 190,811	\$ -	\$ -	\$ 11,300	\$ 8,366	\$ 322,218	\$ 183,438	\$ 126,195	\$ -	\$ 842,329	\$ 781,644
Goods and services	137,181	550,075	239,170	101,816	213,549	375,549	236,530	3,046,042	336,756	5,236,668	5,116,304
Amortization	4,898	172,179	268,644	-	11,241	165,938	228,639	120,855	-	972,394	928,633
Loss (gain) on disposal of assets	-	-	-	-	-	-	-	(30)	-	(30)	18,081
	\$ 332,890	\$ 722,254	\$ 507,814	\$ 113,116	\$ 233,156	\$ 863,705	\$ 648,607	\$ 3,293,062	\$ 336,756	\$ 7,051,360	\$ 6,844,662
<b>Surplus (deficit) for the year</b>	\$ 385,543	\$ (79,130)	\$ (254,059)	\$ (21,619)	\$ (130,437)	\$ 14,193	\$ 87,397	\$ 422,896	\$ 169,685	\$ 594,469	\$ 813,713

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**15. Reconciliation of Operating Budget to PSAB Budget**

Revenue	General Operating Budget	Water and Sewer Operating Budget	Light Commission Operating Budget	Amortization	Transfers	Total
Warrant of assessment	\$ 1,452,821	\$ -	\$ -	\$ -	\$ -	1,452,821
Unconditional grant	265,555	-	-	-	-	265,555
Services provided to other governments	239,156	-	-	-	-	239,156
Conditional transfers	-	-	-	-	-	-
Sales of services						
Recreation and cultural services	224,071	-	-	-	(5,400)	218,671
Water and sewer	-	624,919	-	-	-	624,919
Light commission	-	-	3,440,627	-	-	3,440,627
Other revenue from own sources	22,000	54,400	13,700	-	(48,000)	42,100
Transfers from other funds	102,881	-	-	-	(102,881)	-
Surplus of second previous year	176,395	83,072	78,084	-	(337,551)	-
	2,482,879	762,391	3,532,411	-	(493,832)	6,283,849
<b>Expenditures</b>						
General government services	336,738	-	-	4,898	-	341,636
Protective services	613,850	-	-	172,179	(37,000)	749,029
Transportation services	320,635	-	-	268,644	(5,000)	584,279
Environmental health services	115,612	-	-	-	-	115,612
Environmental development services	129,792	-	-	11,241	-	141,033
Recreation and cultural services	663,187	-	-	165,938	(5,400)	823,725
Light commission	-	-	3,246,641	120,855	(83,734)	3,283,762
Water and sewer	-	432,035	-	228,639	(25,147)	635,527
Fiscal services	303,065	330,356	285,770	-	(919,191)	-
	2,482,879	762,391	3,532,411	972,394	(1,075,472)	6,674,603
<b>Surplus (deficit)</b>	\$ -	\$ -	\$ -	\$ (972,394)	\$ 581,640	\$ (390,754)

VILLAGE OF PERTH-ANDOVER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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16. Reconciliation of Annual Surplus

2019 annual surplus (deficit) per PSAB	General Operating Fund	Water and Sewer Operating Fund	Light Commission Operating Fund	Operating Reserve Funds	General Capital Fund	Water and Sewer Capital Fund	Light Commission Capital Fund	Total
\$	134,274	\$ 233,567	\$ 330,661	\$ -	\$ (47,857)	\$ (146,171)	\$ 89,995	\$ 594,469
<b>Adjustments to annual surplus (deficit) for funding requirements</b>								
Amortization of tangible capital assets	-	-	-	-	622,900	228,639	120,855	972,394
Tangible capital asset additions	-	-	-	-	(575,043)	(95,396)	(214,350)	(884,789)
Proceeds from disposal of tangible capital assets	-	-	-	-	-	-	3,500	3,500
Engineering study from 2014	-	-	-	-	-	12,928	-	12,928
Second previous year's surplus	176,395	83,072	78,084	-	-	-	-	337,551
Transfer from Operating Fund to the General Operating Reserve Fund	(434,890)	(287,824)	(217,236)	939,950	-	-	-	-
Interfund transfers	60,881	22,853	(83,734)	-	-	-	-	-
Net fire lottery annual surplus	117,616	-	-	-	-	-	-	117,616
Sick leave accrual	6,992	2,357	778	-	-	-	-	10,127
Total adjustments to 2019 annual surplus (deficit)	(73,006)	(179,542)	(222,108)	939,950	47,857	146,171	(89,995)	569,327
<b>2019 annual fund surplus (deficit)</b>	\$ 61,268	\$ 54,025	\$ 108,553	\$ 939,950	\$ -	\$ -	\$ -	\$ 1,163,796

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**17. Statement of Reserve Funds Balances**

	General Reserve	Water and Sewer Reserve	Light Commission Reserve	2019	2018
Accumulate surplus, beginning of year	\$3,295,237	\$636,962	\$1,604,500	\$5,536,699	\$4,804,657
Revenues/ Expenditures					
Investment Income	99,270	12,972	35,631	147,873	116,369
Transfers from operating funds	250,000	250,000	-	500,000	928,660
Increase in unrealized gains on investments	85,620	24,852	56,605	167,077	(62,987)
Transfers to capital funds	-	-	125,000	125,000	(250,000)
Annual surplus	434,890	287,824	217,236	939,950	732,042
	\$3,730,127	\$924,786	\$1,821,736	\$6,476,649	\$5,536,699

Reserve funds are made up of marketable securities of \$5,955,296 and interfund loans payable of \$521,353 totaling \$6,476,649.

The marketable securities consist of fixed income securities with maturity dates ranging from January 2020 to December 2048 and interest rates ranging from 1.98% to 7.05%.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

**18. Statement of Detailed Revenue and Expenditures**

	2019 Budget (Unaudited)	2019	2018
<b>Revenue</b>			
<b>Services to other governments</b>	\$	\$	\$
<b>Services to municipalities</b>			
Fire	9,508	9,508	9,430
Recreation	64,315	64,316	61,615
<b>Province of New Brunswick</b>			
Fire	165,333	147,808	138,983
	<u>239,156</u>	<u>221,632</u>	<u>210,028</u>
<b>Sales of service</b>			
<b>Recreation and cultural services</b>			
Civic centre	129,071	165,229	166,725
Recreation commission	89,600	123,500	118,487
Other rentals	-	-	5,473
	<u>218,671</u>	<u>288,729</u>	<u>290,685</u>
<b>Water and sewer</b>			
Water	415,515	412,515	402,956
Sewer	209,404	207,482	203,165
Connection and services	-	-	2,400
	<u>624,919</u>	<u>619,997</u>	<u>608,521</u>
<b>Light commission</b>			
Power sales and rentals	3,440,627	3,595,540	3,398,121
<b>Other revenue from own source</b>			
<b>Licenses and permits</b>			
Animal	-	-	25
Construction	1,000	500	10,910
<b>Rentals</b>			
Trailer Park	16,500	16,850	17,303
<b>Miscellaneous</b>			
Line extensions, electrical waiver and connection fees	3,200	3,159	14,891
Other	2,500	105,704	152,772
Services provided to other utilities	4,000	10,726	13,065
Other revenues from water and sewer sources	2,400	30,889	450
<b>Return on investments</b>			
Interest on bank accounts	7,000	16,243	6,806
Interest and service charges	5,500	10,178	18,635
	<u>42,100</u>	<u>194,250</u>	<u>234,857</u>

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VILLAGE OF PERTH-ANDOVER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

**18. Statement of Detailed Revenue and Expenditures**

	2019 Budget (Unaudited)	2019	2018
<b>Expenses</b>			
<b>General government services</b>			
<b>Legislative</b>			
Mayor	9,288	9,702	8,036
Councilors	33,107	34,496	28,642
Mayor and council travel expenses	13,440	10,583	6,597
<b>Administrative</b>			
Administration salaries and other	177,400	183,149	195,631
Office building	22,570	23,497	23,352
Solicitor	7,500	379	-
<b>Financial management</b>			
Audit	12,500	7,736	9,125
<b>Other general government services</b>			
Conventions	4,000	2,868	11,275
Public liability insurance	3,019	3,097	3,019
Grants to organizations	25,000	21,592	26,351
Training and development	6,000	7,980	9,446
Assessment costs	22,914	22,914	22,978
Amortization	4,898	4,898	4,898
<b>Loss (gain) on disposal of tangible capital assets</b>	-	-	-
	341,636	332,890	349,350
<b>Protective services</b>			
<b>Police</b>			
R.C.M.P.	337,063	337,063	336,976
<b>Fire</b>			
Administration	3,000	30	173
Firefighting force	82,768	78,027	73,023
Fire alarm system	26,000	20,918	9,503
Station and building	36,043	32,586	41,073
Fighting equipment	82,476	72,758	78,200
<b>Emergency measures</b>			
EMO	3,000	5,564	1,280
<b>Other</b>			
Animal and pest control	6,500	3,130	5,319
Amortization	172,179	172,179	168,551
	749,029	722,254	714,098

*(continues)*

VILLAGE OF PERTH-ANDOVER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

**18. Statement of Detailed Revenue and Expenditures**

	2019 Budget (Unaudited)	2019	2018
<b>Expenses (continued)</b>			
<b>Transportation services</b>			
<b>Roadway transport</b>			
Roadway surfaces	166,500	91,650	50,574
Storm sewers	1,500	-	-
Street cleaning	12,000	12,124	14,861
Snow and ice removal	134,135	134,027	109,570
<b>Traffic services</b>			
Street signs	1,500	1,369	2,693
<b>Other</b>			
Amortization	268,644	268,644	277,041
	584,279	507,814	454,739
<b>Environmental health services</b>			
Solid waste collection and disposal	98,812	93,643	99,770
Recycling	16,800	19,473	32,532
	115,612	113,116	132,302
<b>Environmental development services</b>			
Community development	40,375	141,634	71,118
Tourism promotion	41,157	34,110	39,120
Beautification and land rehabilitation	48,260	46,171	36,255
Amortization	11,241	11,241	7,081
	141,033	233,156	153,574
<b>Recreation and cultural services</b>			
Administration	157,519	163,544	124,704
Civic centre	293,782	314,353	372,402
Recreation commission, pool and marina	172,307	186,355	91,546
Library	32,179	31,620	30,734
Historic sites	2,000	1,894	1,588
Amortization	165,938	165,938	155,485
	823,725	863,705	776,459

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VILLAGE OF PERTH-ANDOVER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

**18. Statement of Detailed Revenue and Expenditures**

	2019 Budget (Unaudited)	2019	2018
<b>Expenses (continued)</b>			
<b>Water and sewer</b>			
Administration	92,615	74,452	103,967
Transmission and distribution	175,159	176,255	152,727
Power and pumping	35,000	33,504	33,624
Discounts	-	4,625	4,548
Sewerage and collection and disposal	104,114	131,132	98,027
Amortization	228,639	228,639	223,959
Loss (gain) on disposal of tangible capital assets	-	-	14,581
	635,527	648,607	631,433
<b>Light commission</b>			
Administration	234,905	223,233	277,340
Postage and office	55,100	54,995	51,139
Energy services	16,200	12,654	-
Power purchases	2,666,300	2,730,041	2,695,384
Transmission and distribution	190,402	151,314	193,828
Amortization	120,855	120,855	99,030
Loss on disposal of tangible capital assets	-	(30)	3,500
	3,283,762	3,293,062	3,320,221
<b>Fire Lottery</b>			
Lottery payouts	-	254,108	264,982
Interest	-	450	271
Repairs and maintenance	-	14,740	7,448
Supplies	-	67,458	39,785
	\$ -	\$ 336,756	\$ 312,486