

DISTRICT OF TOBIQUE VALLEY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

DISTRICT OF TOBIQUE VALLEY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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Independent Auditor's Report

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Independent Auditor's Report

To His Worship the Mayor and Members of Council, of
District of Tobique Valley

Opinion

We have audited the consolidated financial statements of District of Tobique Valley, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2023, and the results of its consolidated operations, its changes in its consolidated net debt, 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 District in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. Notes 13-18 on pages 21-29 are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

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 District'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 District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District'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:

Independent Auditor's Report, continued

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

Leah McCain & Associates

Chartered Professional Accountants

**Perth-Andover, New Brunswick
June 26, 2024**

DISTRICT OF TOBIQUE VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

2023

Financial Assets

Cash and cash equivalents (Note 3)	\$ 889,558
Accounts receivable (Note 4)	102,345
	<u>991,903</u>

Liabilities

Accounts payable and accruals (Note 5)	434,991
Deferred revenue (Note 6)	86,878
Pension obligation (Note 8)	88,800
Long-term debt (Note 7)	1,329,000
	<u>1,939,669</u>

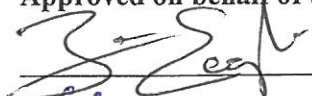
Net debt (947,766)

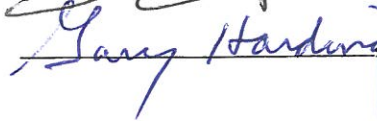
Non-financial Assets

Tangible capital assets (Note 13)	4,699,365
Prepaid expenses and supplies inventory	36,662
	<u>4,736,027</u>

Accumulated Surplus \$ 3,788,261

Approved on behalf of the Council

 , Mayor

 Councilor

The accompanying notes are an integral part of the financial statements

DISTRICT OF TOBIQUE VALLEY
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Budget (unaudited)	2023 Actual
Surplus (deficit)	\$ (289,221)	\$ 312,170
Amortization of tangible capital assets	250,371	250,371
Acquisition of tangible capital assets	(276,750)	(276,750)
Net disposal of tangible capital assets	1,300	1,300
	(25,079)	(25,079)
Change in prepaid asset and supplies inventory	377	377
Decrease in net financial assets	(313,923)	287,468
Net financial assets at beginning of year	-	(1,235,234)
Net financial assets at end of year	\$ -	\$ (947,766)

The accompanying notes are an integral part of the financial statements

DISTRICT OF TOBIQUE VALLEY

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Budget	2023 Actual
Revenue		
Warrant of assessment	\$ 2,070,886	\$ 2,070,885
Unconditional grant	430,782	430,782
Services provided to other governments	31,251	41,139
Water and sewer user fees	386,645	384,347
Sales of service	46,940	60,183
Other government transfers	51,194	213,526
Other revenue from own source	22,900	292,920
Gain on disposal of tangible capital assets	-	(100)
	3,040,598	3,493,682
Expenditures		
General government services	402,372	394,775
Protective services	824,947	799,290
Transportation services	442,343	387,473
Environmental health services	303,589	298,993
Environmental development services	195,254	184,346
Recreational and cultural services	750,326	752,002
Water and sewer	410,988	364,633
	3,329,819	3,181,512
Surplus (deficit)	(289,221)	312,170
Accumulated surplus at beginning of year		3,476,091
Accumulated surplus at end of year	\$ -	\$ 3,788,261

The accompanying notes are an integral part of the financial statements

DISTRICT OF TOBIQUE VALLEY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023
Cash flows from	
Operating activities	
Surplus	\$ 312,170
Items not affecting cash	
Amortization of tangible capital assets	250,371
(Gain) loss on proceeds of tangible capital assets	100
	562,641
Change in non-cash operating working capital	
Accounts receivable	(41,294)
Accounts payable and accruals	149,550
Post employment benefits	(13,100)
Prepaid expenses and supplies inventory	377
Deferred revenue	(10,476)
	647,698
Capital activities	
Proceeds on disposal of tangible capital assets	1,200
Acquisition of tangible capital assets	(276,750)
	(275,550)
Financing activities	
Long-term debt repayment	(114,920)
Increase (decrease) in cash and cash equivalents	257,228
Cash and cash equivalents, beginning of year	632,330
Cash and cash equivalents, end of year	\$ 889,558

The accompanying notes are an integral part of the financial statements

DISTRICT OF TOBIQUE VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. Description of entity

The District of Tobique Valley was incorporated and operates under the provisions of the Province of New Brunswick Local Government Act. As a municipality, the District is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act.

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

New Brunswick Regulation 2022-50 under the Local Governance Act filed on August 30, 2022, stated "For the purpose of the elections held under An Act Respecting Local Governance Reform, former "Village of Plaster Rock", is renamed "District of Tobique Valley" and will continue with certain unincorporated areas contiguous to the District of Tobique Valley and are annexed to the District of Tobique Valley". The effective date of the annexation is January 1, 2023.

2. Basis of Presentation and Significant Accounting Policies

The consolidated financial statements of the District of Tobique Valley 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 the Chartered Professional Accountants of Canada.

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 changes 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) Cash

Cash and cash equivalents include 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 changes in value.

(b) Budget

The budget figures contained in these financial statements were approved by Council on January 6, 2023 and were approved by the Minister of Local Government on January 9, 2023. The budget figures are unaudited.

DISTRICT OF TOBIQUE VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. Basis of Presentation and Significant Accounting Policies, continued

(c) Reporting entity

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

(d) Use of estimates

The preparation of the consolidated financial statements in conformity with public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue 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, the pension asset/obligation, and the accrued sick leave obligation. Actual results may differ from those estimates.

(e) Revenue recognition

Taxation revenue represents 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 District.

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

Fee and charge revenue for building permits, water and sewer, 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.

(f) 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.

DISTRICT OF TOBIQUE VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. Basis of Presentation and Significant Accounting Policies, continued

(g) Expenditure recognition

Expenditures 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.

(h) Financial instruments

Financial instruments are financial assets or liabilities of the District where the District 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 District's financial instruments consist of cash, accounts receivable, and accounts payable. Unless otherwise noted, it is council's opinion that the District is not exposed to any significant interest or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

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

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all 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 the estimated useful life as follows:

Land improvements	10-25 years
Buildings	40 years
Equipment	5-20 years
Infrastructure	10-60 years
Motor vehicles	10 years

Amortization is not recognized in the year assets are acquired.

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.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(j) Reserve funds

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. "Statement of Reserve Funds Balances" to the consolidated financial statements is included to show the reserve fund balances as supplementary information.

DISTRICT OF TOBIQUE VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. Basis of Presentation and Significant Accounting Policies, continued

(k) 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, 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, parks and playgrounds, 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 swimming pool, arena, and other recreational and cultural facilities.
- Water and sewer
This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis. Taxation, unconditional grant, fees and user charges are allocated to those segments that are funded by these amounts based on percent of budgeted expense.

DISTRICT OF TOBIQUE VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 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, and prepaid expenses and supplies inventory.

(m) Government transfers

Government transfers are transfers 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.

(n) 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.

(o) Net debt or net financial assets

The consolidated financial statements are presented so as to highlight net financial assets (debts) as the measurement of financial position. The net financial assets (debts) of the District is determined by its financial assets less its liabilities. Net financial assets (debts) is comprised of two components, non-financial assets and accumulated surplus.

(p) Employee future benefits

The Municipality and its employees contribute to the New Brunswick Municipal Employees Pension Plan, a jointly trusted pension plan which provides for service pensions based on length of service and best average earnings (a defined benefit plan). The accrued benefit obligations are determined using the most recent actuarial valuation report prepared for funding purposes.

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

DISTRICT OF TOBIQUE VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. Basis of Presentation and Significant Accounting Policies, continued

(q) 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 Municipality 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.

3. Cash and cash equivalents

	2023
Externally restricted	
Gas Tax	\$ 81,599
Internally restricted	
Cemetery Fund	5,869
Reserve Fund (note 17)	84,248
Fire Dept	23,936
	114,053
Unrestricted	
Cash	693,906
	\$ 889,558

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. Accounts receivable

	2023
Trade receivables	\$ 19,359
Province of New Brunswick - Dept of Environment and Local Government	21,176
Federal government and its agencies - HST rebate	61,810
	<u>\$ 102,345</u>

5. Accounts payable and accruals

	2023
Trade payables	\$ 134,363
Source deductions payable	13,429
Sick liability	45,103
Vacation accrual	19,141
Minister of finance	207,830
Wage accrual	15,125
	<u>\$ 434,991</u>

6. Deferred revenue

	December 31, 2022	Funding received, 2023	Revenue recognized, 2023	December 31, 2023
Federal government				
Gas Tax Funding	\$ 90,370	\$ 79,499	\$ (88,960)	\$ 80,909
Other				
Cemetery fund	6,984	2,700	(3,815)	5,869
Donation	-	100	-	100
	<u>6,984</u>	<u>2,800</u>	<u>(3,815)</u>	<u>5,969</u>
	<u>\$ 97,354</u>	<u>\$ 82,299</u>	<u>\$ (92,775)</u>	<u>\$ 86,878</u>

DISTRICT OF TOBIQUE VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

7. Long-term debt

2023

NB Municipal Finance Corporation Debenture BR37, interest at 1.65% to 3.3% per annum, matures in 2037, authorized under OIC #06-0012, 16-0017, and 16-0030. Principal repayment required in 2024 is \$59,000.	\$ 552,000
NB Municipal Finance Corporation Debenture CE28, interest at 4.511% to 5.245% per annum, matures in 2038, authorized under OIC #07-0053. Principal repayment required in 2024 is \$31,000.	649,000
NB Municipal Finance Corporation Debenture BZ35, interest at 0.3% to 2.95% per annum, matures in 2026, authorized under OIC #20-0038. Principal repayment required in 2024 is \$9,000.	27,000
NB Municipal Finance Corporation Debenture BV37, interest at 2.0% to 3.35% per annum, matures in 2029, authorized under OIC #18-0069. Principal repayment required in 2024 is \$16,000.	101,000
	<u>\$ 1,329,000</u>

Principal portion of long-term debt due within the next five years:

2024	\$ 115,000
2025	117,000
2026	121,000
2027	151,000
2028 and thereafter	825,000
	<u>\$ 1,329,000</u>

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

8. Pension obligation

The Municipality 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 employee and employer representatives under the provisions of the Local Governance 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 accounting valuation was prepared as at December 31, 2021 and resulted in an overall NB MEPP accrued benefit obligation of \$140,299,800 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, 2022:

- the expected inflation rate is 2.10% per annum
- the discount rate used to determine the accrued benefit obligation is 6.15% per annum
- the expected rate of return on assets is 6.15% per annum
- retirement age varies by age and employment category;
- estimated average remaining service life (EARSLS) is 14.0 years.

The actuarial valuation prepared as at December 31, 2021 indicated that the market value of net assets available for the accumulated plan benefits were greater than the present value of these benefits. The pension plan has been granted a solvency deficiency exemption by the Province of New Brunswick. On a going concern valuation basis, the actuarial valuation indicated a plan surplus of \$1,294,100, a change of \$2,127,600 from the December 31, 2020 deficit of \$833,500. Based on the assumptions as at December 31, 2021, 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.

As at December 31, 2021, the NB MEPP provides benefits for 310 retirees. Total benefit payments to retirees and terminating employees during 2023 are estimated to be approximately \$5,210,400 (actual 2022, \$6,836,300) 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 7.95%. 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 2023 are estimated to be approximately \$7,978,000 (actual 2022 \$7,988,500 in totality for the NB MEPP).

The following summarizes the NB MEPP data as it relates to the District of Tobique Valley:

- The average age of the 7 active employees covered by the NB MEPP is 53.1 (as at Dec. 31, 2021)
 - Benefit payments were \$63,600 in 2022 and were estimated to be \$57,300 in 2023
 - Combined contributions were \$48,000 in 2022 and were estimated to be \$49,400 in 2023
-

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

In addition to determining the position of the NB MEPP as it relates to the District of Tobique Valley as at December 31, 2021 and December 31, 2022, the NB MEPP's actuary performed an extrapolation of the December 31, 2022 accounting valuation to determine the estimated position as at December 31, 2023. The extrapolation assumes assumptions used as at December 31, 2023 remain unchanged from December 31, 2022. The extrapolation also assumes assets return 6.15% 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:

	1-Jan-2022 to 31-Dec-2022	Estimated 1-Jan-2023 to 31-Dec-2023
Accrued benefit liability (asset)		
Accrued benefit liability (asset) at beginning of period	\$ 101,900	\$ 88,800
Pension expense for the year	10,900	41,700
Less employer contributions	(24,000)	(24,700)
Accrued benefit liability (asset) at end of period	\$ 88,800	\$ 105,800

In summary, the Accrued Benefit Liability as it relates to the District of Tobique Valley is estimated to be \$105,800 as at December 31, 2023. This compares to \$101,900 as at January 1, 2022 and \$88,800 as at December 31, 2022. This amount is included in the Post Employment Benefits Payable on the consolidated statement of financial position.

The financial position as it relates to the Accrued Benefit Liability is shown as follows and illustrates the unamortized amounts being recognized in Pension Expense over time:

	31-Dec-2022	Estimated 31-Dec-2023
Reconciliation of Funded Status at End of Period		
Accrued benefit obligation	\$ 1,213,300	\$ 1,274,900
Plan assets	(1,001,300)	(1,054,700)
Unamortized experience (losses)/gains	(123,200)	(114,400)
Accrued benefit liability/(asset) at end of period	\$ 88,800	\$ 105,800

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

The following illustrates the reconciliation of Accrued Benefit Obligation from the beginning of period to the end of period:

	1-Jan-2022 to 31-Dec-2022	Estimated 1-Jan-2023 to 31-Dec-2023
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation at beginning of period	\$ 1,207,100	\$ 1,213,300
Current service cost	31,500	44,700
Benefit payments	(63,600)	(57,300)
Interest for period	67,900	74,200
Experience loss/(gain) during period	(29,600)	-
Accrued benefit obligation at end of period	<u>\$ 1,213,300</u>	<u>\$ 1,274,900</u>

The following illustrates the reconciliation of Plan Assets from the beginning of period to the end of period:

	1-Jan-2022 to 31-Dec-2022	Estimated 1-Jan-2023 to 31-Dec-2023
Reconciliation of Plan Assets		
Plan assets at beginning of period	\$ 1,120,900	\$ 1,001,300
Employer contributions	24,000	24,700
Employee contributions	24,000	24,700
Benefit payments	(63,600)	(57,300)
Return on Plan Assets during period	(104,000)	61,300
Plan Assets at end of period	<u>\$ 1,001,300</u>	<u>\$ 1,054,700</u>

Total expenses related to pension include the following components:

	1-Jan-2022 to 31-Dec-2022	Estimated 1-Jan-2023 to 31-Dec-2023
Pension Expense		
Employer current service cost	\$ 7,500	\$ 20,000
Interest on accrued benefit obligation	67,900	74,200
Expected return on assets	(63,400)	(61,300)
Experience loss/(gain)	(1,100)	8,800
Pension Expense	<u>\$ 10,900</u>	<u>\$ 41,700</u>

The Pension Expense is included in the statement of operations.

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

9. Accrued sick leave obligation

The Municipality provides every employee a sick leave entitlement that accumulates at a rate of 1 day for each calendar month. Full time employees can accumulate a maximum of 66 days, while part time employees can accumulate up to 33 days. An employee can take a leave with pay for an amount of time equal 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.

10. Short-term borrowings compliance

Operating borrowing

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

Inter-fund borrowing

The Municipal Financial Reporting Manual requires that short term inter-fund borrowings be repaid in the year unless the borrowing is for a capital project. The amounts payable between funds are in compliance with the requirements.

11. Water and Sewer Fund Surplus/Deficit

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

	2023	2022
2023 Surplus	\$ 77,340	\$ -
2022 Surplus	31,798	31,798
2021 Surplus	-	2,647
	<u>\$ 109,138</u>	<u>\$ 34,445</u>

12. 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.

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

13. Schedule of Tangible Capital Assets

	Land	Land Improvements	Buildings	Equipment	Infrastructure	Motor Vehicles	Assets under construction	2023 Total
COST								
Balance, beginning of year	\$ 42,494	\$ 177,906	\$ 5,180,357	\$ 1,705,901	\$ 1,376,011	\$ 78,168	\$ 181,543	\$ 8,742,380
Add:								
Net additions during the year	535	125,975	14,801	19,026	155,004	-	-	315,341
Less:								
Disposals during the year	(1,300)	-	-	-	-	-	(38,591)	(39,891)
BALANCE, END OF YEAR	41,729	303,881	5,195,158	1,724,927	1,531,015	78,168	142,952	9,017,830
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	148,706	2,073,475	1,166,786	620,791	58,336	-	\$ 4,068,094
Add:								
Amortization during the year	-	1,460	129,387	65,184	46,684	7,656	-	250,371
Less:								
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	150,166	2,202,862	1,231,970	667,475	65,992	-	4,318,465
NET BOOK VALUE OF TANGIBLE CAPITAL	\$ 41,729	\$ 153,715	\$ 2,992,296	\$ 492,957	\$ 863,540	\$ 12,176	\$ 142,952	\$ 4,699,365
Consists of:								
General Fund Assets	\$ 41,729	\$ 153,715	\$ 2,933,996	\$ 308,388	\$ 788,591	\$ 12,176	\$ -	4,238,595
Water and Sewer Fund Assets	-	-	58,300	184,569	74,949	-	142,952	460,770
BALANCE, END OF YEAR	\$ 41,729	\$ 153,715	\$ 2,992,296	\$ 492,957	\$ 863,540	\$ 12,176	\$ 142,952	\$ 4,699,365

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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	2023 Consolidated
Revenues								
Warrant of assessment	\$ 297,753	\$ 585,246	\$ 287,853	\$ 224,654	\$ 138,530	\$ 536,849	-	\$ 2,070,885
Unconditional grant	61,938	121,742	59,879	46,732	28,817	111,674	-	430,782
Services provided to other governments	-	14,121	27,018	-	-	-	-	41,139
Water and sewer user fees	-	-	-	-	-	-	384,347	384,347
Sale of services	-	-	-	-	-	60,183	-	60,183
Other government transfers	51,194	-	80,055	-	-	8,906	73,371	213,526
Other revenue from own source	26,356	-	-	-	61,997	176,819	27,748	292,920
Gain (loss) on disposal of tangible capital as	-	-	-	-	(100)	-	-	(100)
	\$ 437,241	\$ 721,109	\$ 454,805	\$ 271,386	\$ 229,244	\$ 894,431	\$ 485,466	\$ 3,493,682
Expenses								
Salaries and benefits	\$ 240,187	\$ 31,148	\$ 102,977	\$ -	\$ 14,328	\$ 261,785	\$ 169,997	\$ 820,422
Goods and services	154,588	734,073	231,146	298,993	161,968	320,607	150,483	2,051,858
Amortization	-	34,069	53,350	-	8,050	113,849	41,053	250,371
Interest	-	-	-	-	-	55,761	3,100	58,861
	\$ 394,775	\$ 799,290	\$ 387,473	\$ 298,993	\$ 184,346	\$ 752,002	\$ 364,633	\$ 3,181,512
Annual surplus (deficiency)	\$ 42,466	\$ (78,181)	\$ 67,332	\$ (27,607)	\$ 44,898	\$ 142,429	\$ 120,833	\$ 312,170

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

15. Reconciliation of Operating Budget to PSAB Budget

	General Operating Budget	Water and Sewer Operating Budget	Amortization	Transfers	2023
Revenue					
Warrant of assessment	\$ 2,070,886	\$ -	\$ -	\$ -	2,070,886
Unconditional grant	430,782	-	-	-	430,782
Services provided to other governments	31,251	-	-	-	31,251
Water and sewer user fees	-	391,145	-	(4,500)	386,645
Sales of services	46,940	-	-	-	46,940
Other government transfers	-	-	-	51,194	51,194
Other revenue from own sources	14,600	8,300	-	-	22,900
Surplus of second previous year	204,054	2,647	-	(206,701)	-
	<u>2,798,513</u>	<u>402,092</u>	<u>-</u>	<u>(160,007)</u>	<u>3,040,598</u>
Expenditures					
General government services	398,372	-	-	4,000	402,372
Protective services	790,878	-	34,069	-	824,947
Transportation services	388,993	-	53,350	-	442,343
Environmental health services	303,589	-	-	-	303,589
Environmental development services	187,204	-	8,050	-	195,254
Recreation and cultural services	569,151	-	113,849	67,326	750,326
Water and sewer	-	356,834	41,053	13,101	410,988
Deficit of second previous year	-	-	-	-	-
Fiscal services	160,326	45,258	-	(205,584)	-
	<u>2,798,513</u>	<u>402,092</u>	<u>250,371</u>	<u>(121,157)</u>	<u>3,329,819</u>
Surplus (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (250,371)</u>	<u>\$ (38,850)</u>	<u>\$ (289,221)</u>

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

16. Reconciliation of Annual Surplus

2023 annual surplus (deficit) per PSAB

Adjustments to annual surplus (deficit) for funding requirements

Amortization of tangible capital assets
 Long-term debt principal repayment
 Proceeds from long-term debt
 Repayment of short-term financing
 Second previous year's surplus (deficit)
 Capital expenditures paid out of operating
 Transfer to General Capital Reserve Fund
 Tangible capital asset additions
 Net disposal of tangible capital assets
 Pension adjustment

	General Operating Fund	Water and Sewer Operating Fund	General Capital Fund	Water Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Total
\$	196,134	\$ 104,769	\$ (21,526)	\$ 32,318	475	-	\$ 312,170
	-	-	209,318	41,053	-	-	250,371
(90,920)	(24,000)	90,920	24,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
204,054	2,647	-	-	-	-	-	206,701
(14,009)	(1,578)	14,009	1,578	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,300	-	(1,300)	-	-	-	-	-
(8,602)	(4,498)	-	-	-	-	-	(13,100)
91,823	(27,429)	312,947	66,631	-	-	-	443,972
\$ 287,957	\$ 77,340	\$ 291,421	\$ 98,949	\$ 475	\$ -	\$ -	\$ 756,142

Total adjustments to 2023 annual surplus (deficit)

2023 annual fund surplus (deficit)

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

17. Statement of Reserve Funds Balances

	General Operating Reserve	General Capital Reserve	2023
Accumulated surplus, beginning of year	\$79,173	\$4,600	\$83,773
Revenues/Expenditures			
Investment Income	475	-	475
Transfers from operating funds	-	-	-
Annual surplus	475	-	475
Accumulated surplus, end of year	<u>\$79,648</u>	<u>\$4,600</u>	<u>\$84,248</u>

Reserve funds are made up of guaranteed investment certificates with maturity dates in 2024 and interest rates of 4.75%

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

18. Statement of Detailed Revenue and Expenditures

	2023 Budget (Unaudited)	2023
Revenue		
Services to other governments		
Fire protection	\$ 14,122	\$ 14,121
Roads and streets	17,129	27,018
	<u>31,251</u>	<u>41,139</u>
Sales of service		
Recreational programs	46,940	60,183
Other government transfers		
Gas tax funding	-	162,332
RDC funding , lagoon project	-	-
2021 LSD surplus	51,194	51,194
PNB - grants	-	-
PILT	-	-
	<u>51,194</u>	<u>213,526</u>
Other revenue from own source		
Licenses and permits		
Construction	7,500	26,170
Rentals		
Arena	-	4,923
Park	3,600	19,042
Other	3,500	29,765
Swimming pool	-	5,210
Other		
SEED and wage reimbursement	-	12,929
Water and sewer	8,300	27,748
Project funding	-	141,997
Program grants	-	25,136
	<u>22,900</u>	<u>292,920</u>

(continues)

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

18. Statement of Detailed Revenue and Expenditures

	2023 Budget (Unaudited)	2023
Expenses		
General government services		
Legislative		
Mayor's remuneration and expenses	12,000	12,000
Councilor's' remuneration and expenses	47,500	37,922
Other legislative costs	10,237	18,752
Administrative		
Administrative	223,282	186,609
Office building	20,637	49,893
Solicitor	4,000	-
Bad debt	-	186
Bank charges	4,000	4,176
Administration fee	-	5,249
Financial management		
External audit	12,000	10,883
Other general government services		
Regional & collaborative services (RSC)	-	-
Public liability insurance	22,894	27,383
Grants to organizations	1,000	850
Training and development	4,000	50
Assessment costs	40,822	40,822
	402,372	394,775
Protective services		
Police - R.C.M.P.	612,240	612,240
Fire		
Administration	7,800	4,837
Fire department - personnel	33,110	31,148
Training	12,000	9,109
Building maintenance	56,115	37,404
Equipment	41,308	52,302
Fire alarm system	2,600	2,594
RSC public safety	1,499	1,089
Contractual agreement	8,089	8,089
Emergency measures	8,972	76
Other		
Animal and pest control	7,145	6,333
Amortization	34,069	34,069
	824,947	799,290
		(continues)

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

18. Statement of Detailed Revenue and Expenditures

	2023 Budget (Unaudited)	2023
Expenses (continued)		
Transportation services		
Common services		
Workshops and other building	130,646	102,873
RSC	940	896
Training	600	529
Roadway transport		
Culverts and drainage ditches	6,000	9,111
Roadways and sidewalks	113,404	82,736
Snow and ice removal	89,150	89,667
 Street lighting	 32,300	 32,260
 Traffic services		
Street signs	2,500	1,854
Crosswalks	13,453	14,197
 Amortization	 53,350	 53,350
	<hr/> 442,343	<hr/> 387,473
 Environmental health services		
Solid waste collection and disposal	303,589	298,993
Recycling	-	-
	<hr/> 303,589	<hr/> 298,993
 Environmental development services		
RSC community planning and development	86,597	79,784
Industrial park	1,500	-
Tourism	91,107	82,547
Beautification and land rehabilitation	8,000	2,598
Bathroom renovations	-	-
Trail clean up	-	-
Garden project	-	11,367
Amortization	8,050	8,050
	<hr/> 195,254	<hr/> 184,346

(continues)

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

18. Statement of Detailed Revenue and Expenditures

	2023 Budget (Unaudited)	2023
Expenses (continued)		
Recreation and cultural services		
Administration	74,696	57,822
Swimming pools	70,260	47,686
Rinks and arenas	404,039	447,436
Parks and playgrounds	22,620	22,177
Training and development	2,000	112
Library	6,500	6,500
RSC	691	659
Interest on long-term debt	55,671	55,761
Amortization	113,849	113,849
	<u>750,326</u>	<u>752,002</u>
Water and sewer supply		
Administration		7,170
Transmission and distribution	47,000	32,631
Power and pumping	178,519	163,358
Sewer collection and disposal	119,315	117,321
Interest on lagoon project	8,125	-
Interest in long term debt	3,101	3,100
Amortization	41,053	41,053
	<u>\$ 397,113</u>	<u>\$ 364,633</u>