

TOWN OF HARTLAND

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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DECEMBER 31, 2022

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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
Town of Hartland

Opinion

We have audited the consolidated financial statements of Town of Hartland, which comprise the consolidated statement of financial position as at December 31, 2022, 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 Town as at December 31, 2022, 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 Town 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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 Town'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 Town'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 Town 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.

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

Lexicon McCall + Associates

Chartered Professional Accountants

**Hartland, New Brunswick
June 13, 2023**

TOWN OF HARTLAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 1,117,874	\$ 2,204,450
Accounts receivable (Note 4)	946,353	85,884
Investments	-	10,872
	<u>2,064,227</u>	<u>2,301,206</u>
Liabilities		
Accounts payable and accruals (Note 5)	779,399	331,043
Deferred revenue (Note 6)	1,115,872	1,810,917
Accrued sick leave and other benefits (Note 8)	97,197	97,245
Long-term debt (Note 7)	825,000	1,003,000
	<u>2,817,468</u>	<u>3,242,205</u>
Net debt	<u>(753,241)</u>	<u>(940,999)</u>
Non-financial Assets		
Tangible capital assets (Note 17)	5,887,104	4,772,524
Prepaid expenses and inventory	43,355	68,332
	<u>5,930,459</u>	<u>4,840,856</u>
Accumulated Surplus	<u>\$ 5,177,218</u>	<u>\$ 3,899,857</u>

Approved on behalf of the Council

 Nancy D. Yndart, Mayor
 Stewart J. Inguand, Councilor

The accompanying notes are an integral part of the financial statements

TOWN OF HARTLAND

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Surplus (deficit)	\$ (262,596)	\$ 1,277,360	\$ (175,818)
Amortization of tangible capital assets	-	440,593	374,527
Acquisition of tangible capital assets	-	(1,555,173)	(85,594)
Net disposal of tangible capital assets	-	-	52,529
	-	(1,114,580)	341,462
Change in prepaid asset and supplies inventory	24,978	24,978	(68,333)
(Decrease) increase in net financial assets	(237,618)	187,758	97,311
Net debt at beginning of year			
As previously stated	-	(940,999)	(683,716)
Adjustment of prior year (Note 12)	-	-	(354,594)
As restated	-	(940,999)	(1,038,310)
Net debt at end of year	\$ -	\$ (753,241)	\$ (940,999)

The accompanying notes are an integral part of the financial statements

TOWN OF HARTLAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget (Note 19)	2022 Actual	2021 Actual
Revenue			
Warrant of assessment	\$ 1,343,244	\$ 1,343,244	\$ 1,304,504
Unconditional grant	31,573	31,573	47,034
Water and sewer user fees	331,004	395,701	342,768
Sales of service, fines and other fees	64,000	77,361	69,589
Other government transfers	-	356,951	125,301
Other revenue from own source	27,500	129,648	137,305
Services provided to other governments	344,939	345,302	293,402
Other	750	1,400	10,894
Interest income	3,250	4,321	849
Complex revenue	-	1,478,779	-
	2,146,260	4,164,280	2,331,646
Expenditures			
General government services	288,097	294,561	268,172
Protective services	660,224	589,773	624,574
Transportation services	373,426	820,653	495,728
Environmental health services	119,275	71,417	58,200
Environmental development services	110,919	173,876	137,824
Recreational and cultural services	301,885	367,730	413,331
Water and sewer	555,030	568,910	509,635
	2,408,856	2,886,920	2,507,464
Surplus (deficit)	(262,596)	1,277,360	(175,818)
Accumulated surplus at beginning of year			
As previously stated	-	3,899,858	4,430,270
Prior period adjustment (Note 12)	-	-	(354,594)
As restated	-	3,899,858	4,075,676
Accumulated surplus at end of year	\$ -	\$ 5,177,218	\$ 3,899,858

The accompanying notes are an integral part of the financial statements

TOWN OF HARTLAND
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Cash flows from		
Operating activities		
Surplus (deficit)	\$ 1,277,360	\$ (175,818)
Items not affecting cash		
Amortization of tangible capital assets	440,593	374,527
(Gain) loss on proceeds of tangible capital assets	(11,000)	(22,271)
	<u>1,706,953</u>	<u>176,438</u>
Change in non-cash operating working capital		
Accounts receivable	(860,469)	(39,598)
Accounts payable and accruals	448,357	148,615
Post employment benefits	(48)	34,326
Prepaid expenses and inventory	24,977	(68,331)
Deferred revenue	(695,045)	1,770,742
Deferred revenue adjustment	-	(354,594)
	<u>624,725</u>	<u>1,667,598</u>
Capital activities		
Proceeds on disposal of tangible capital assets	11,000	74,800
Acquisition of tangible capital assets	(1,555,173)	(85,594)
	<u>(1,544,173)</u>	<u>(10,794)</u>
Financing activities		
Bank loan	-	(360,000)
Proceeds from long-term debt	-	360,000
Long-term debt repayment	(178,000)	(142,000)
	<u>(178,000)</u>	<u>(142,000)</u>
Investing activities		
Investments	10,872	(49)
Increase in cash and cash equivalents	(1,086,576)	1,514,755
Cash and cash equivalents, beginning of year	2,204,450	689,695
Cash and cash equivalents, end of year	\$ 1,117,874	\$ 2,204,450

The accompanying notes are an integral part of the financial statements

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. Description of entity

The Town of Hartland (the "Town") was incorporated as a Town by the Province of New Brunswick Municipalities Act on October 2, 1918 and was approved for status as a Municipality effective October 2, 1918. As a municipality, the Town is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act.

The Town 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 Town of Hartland 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) 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.

Inter-departmental and organizational transactions and balances are eliminated.

Members of the Hartland Fire Department participate in various fund raising activities to help purchase equipment. The Town does not have any control of the fundraising activities or the funds raised, and does not have access to the financial information. These figures, therefore, are not included in the consolidated financial statements of the Town.

(b) Cash

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. Basis of Presentation and Significant Accounting Policies, continued

(c) Budget

The budget figures contained in these financial statements were approved by Council on November 9, 2021 and were approved by the Minister of Local Government on November 19, 2021. The budget figures are unaudited.

(d) 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 Town.

Government transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met by the Town, 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.

Donations are recognized as revenue in the year received.

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

(e) 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, and the accrued sick leave and other benefits obligation. Actual results may differ from those estimates.

(f) 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.

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 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 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, parks and playgrounds 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.

(h) 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.

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. Basis of Presentation and Significant Accounting Policies, continued

(i) Financial instruments

Financial instruments are financial assets or liabilities of the Town where the Town 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 Town's financial instruments consist of cash, accounts receivable, and accounts payable. Unless otherwise noted, it is council's opinion that the Town 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 Town is subject to credit risk through accounts receivable. The Town minimizes credit risk through ongoing credit management.

(j) Tangible capital assets

Effective January 1, 2011, the Town 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 and betterment of the asset. The cost of the tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

Buildings	25 years
Vehicles	8 years
Small equipment	7-15 years
Machinery and equipment	10-30 years
Infrastructure	10-60 years

Amortization commences in the month of purchase.

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.

(k) 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.

(l) 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.

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. Basis of Presentation and Significant Accounting Policies, continued

(m) 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.

(n) 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.

(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 Town is determined by its financial assets less its liabilities. Net financial assets (debts) is comprised of two components, non-financial assets and accumulated surplus.

3. Cash and cash equivalents

	2022	2021
Externally restricted		
Gas Tax	\$ 128,631	\$ 354,594
Internally restricted		
Complex	702,970	1,435,286
Reserve Fund (note 21)	91,623	116,602
Bridge Committee	-	20,971
Dr. Walter Chestnut Library	-	65
	<u>794,593</u>	<u>1,572,924</u>
Unrestricted		
Cash	194,650	276,932
	<u>\$ 1,117,874</u>	<u>\$ 2,204,450</u>

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

4. Accounts receivable

	2022	2021
Trade receivables	\$ 69,167	\$ 12,942
Federal government and its agencies - HST rebate - Complex	207,303	-
Federal government and its agencies - HST rebate	51,420	36,305
Federal government and its agencies - payroll deductions overpayment	-	36,637
Complex receivable	618,463	-
	\$ 946,353	\$ 85,884

5. Accounts payable and accruals

	2022	2021
Trade payables	\$ 179,119	\$ 273,366
Complex payables	541,495	-
Source deductions payable	994	-
Minister of finance	57,791	57,677
	\$ 779,399	\$ 331,043

6. Deferred revenue

	December 31, 2021	Funding received, 2022 opening adjustment	Funding utilized, 2022	December 31, 2022
Federal government				
Gas Tax Funding	\$ 354,595	\$ 428,065	\$ (654,029)	\$ 128,631
Other				
Complex	1,435,286	1,030,734	(1,478,779)	987,241
Dr. Walter Chestnut Library	65	-	(65)	-
Bridge Committee	20,971	-	(20,971)	-
	1,456,322	1,030,734	(1,499,815)	987,241
	\$ 1,810,917	\$ 1,458,799	\$ (2,153,844)	\$ 1,115,872

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

7. Long-term debt

	2022	2021
NB Municipal Finance Corporation Debenture BJ17, interest at 1.25% to 4.4% per annum, matures in 2023, authorized under OIC #12-0064. Principal repayment required in 2023 is \$28,000.	\$ 28,000	\$ 55,000
NB Municipal Finance Corporation Debenture BN15, interest at 1.05% to 3.9% per annum, matures in 2025, authorized under OIC #13-0038. Principal repayment required in 2023 is \$18,000.	56,000	74,000
NB Municipal Finance Corporation Debenture BT14, interest at 2.1% to 3.7% per annum, matures in 2028, authorized under OIC #17-0095. Principal repayment required in 2023 is \$28,000.	183,000	210,000
NB Municipal Finance Corporation Debenture BZ16, interest at 0.3% to 2.95% per annum, matures in 2031, authorized under OIC #20-0028. Principal repayment required in 2023 is \$35,000.	326,000	360,000
NB Municipal Finance Corporation Debenture BW24, interest at 1.95% to 2.95% per annum, matures in 2029, authorized under OIC #17-0011. Principal repayment required in 2023 is \$13,000.	96,000	108,000
NB Municipal Finance Corporation Debenture BP16, interest at 1.2% to 3.8% per annum, matures in 2026, authorized under OIC #06-0018. Principal repayment required in 2023 is \$20,000.	83,000	102,000
NB Municipal Finance Corporation Debenture BW25, interest at 1.95% to 2.95% per annum, matures in 2029, authorized under OIC #17-0011. Principal repayment required in 2023 is \$7,000.	53,000	60,000
Loan was repaid during the year.	-	9,000
Loan was repaid during the year.	-	25,000
	\$ 825,000	\$ 1,003,000

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

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

7. Long-term debt, continued

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

2023	\$	149,000
2024		123,000
2025		125,000
2026		110,000
2027 and thereafter		318,000
		<hr/>
		\$ 825,000

8. Accrued sick leave obligation

The Municipality provides every full-time employee a sick leave entitlement that accumulates at a rate of 1.5 days for each calendar month. All employees can accumulate up to a maximum of 120 sick leave days. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave up to a maximum of 90 days. The estimated obligation at the end of the year has been accrued. The sick leave is a non-vesting benefit and is unfunded. Benefits are paid out of general revenue as they come due.

9. Short-term borrowings compliance

Interim borrowing for capital

The Town has arranged a revolving operating facility bearing interest at prime - .75 for the General Fund. The facility is used to provide interim financing for capital expenditures.

The Town has ministerial authority for short-term borrowings as follows:
General Capital Fund, #22-0015 \$7,597,700 and #22-0026 \$842,000.

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 2022, 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.

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

10. 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:

	2022	2021
2022 Surplus	\$ 22,813	\$ -
2021 Surplus	33,323	33,323
2020 Surplus	-	140,857
	<u>\$ 56,136</u>	<u>\$ 174,180</u>

11. 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.

12. Adjustment of prior year balance

The accumulated surplus at December 31, 2021 incorrectly included \$354,594 related to gas tax funding in excess of expenses. This excess should have been reported as deferred revenue, a liability, at December 31, 2021 as an offset to the gas tax bank balance at that date. In prior years, the Gas Tax funds were recognized as revenue and expenses as it was received and used, resulting in the cash balance of \$354,594. During the 2022 year, the opening deferred revenue balance was recorded with a corresponding adjustment to the change in net debt balance. Further, in prior years, Gas Tax funds on hand at year end were presented on the statement of reserves, this has been corrected in 2022.

13. Subsequent event

As a result of Local Governance Reform (LGR), as of January 1, 2023, rural districts have been established to ensure that residents living outside local governments continue to receive important services. The financial impact of this reform has not yet been estimated.

14. Contingent liabilities

In the normal course of operations, the Town becomes involved in various claims and legal proceedings. While the final outcome with respect to claims, if any, and legal proceedings, if any, pending at December 31, 2022 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 Town maintains insurance coverage in amounts considered appropriate.

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

15. Central Carleton Community Complex

On April 28, 2022, it was announced that the Government of Canada and the Government of New Brunswick would be investing funds towards the construction of the Central Carleton Community Complex, located in the Town. The new Complex will feature a year round accessible facility, and include an indoor walking track, multipurpose room, canteen, community room, storage, kitchen and dressing rooms. Site excavation began in the fall of 2022 and the Complex is estimated to be completed and open by March 2024.

The Complex will be funded as follows

Government of Canada investment	\$ 3,600,000
Government of New Brunswick investment	5,074,939
Town of Hartland, Debenture	998,000
Town of Hartland, Debenture	842,000
Private sector donations	1,645,061
	<hr/>
	\$ 12,160,000

The Town received ministerial approval for the debenture of \$998,000 for a term not to exceed twenty years and interim financing of \$6,599,700 for a term not to exceed three years (approval #22-0015 on March 8, 2021) and the debenture of \$842,000 for a term not to exceed twenty years (approval #22-0026 dated March 14, 2022). On January 12, 2023, it was announced that the Province of New Brunswick would contribute an additional \$2,075,239 for this project to cover increased construction costs (2022 \$5,074,939; 2021 \$2,999,700).

The Town has received private sector donations of \$1,572,505 as of December 31, 2022 (2021 - \$1,435,286).

16. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period. There are no changes to the surplus(deficit) amount nor the accumulated surplus amount. The December 31, 2021 comparative amounts were reported on by another firm of Chartered Professional Accountants.

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

17. Schedule of Tangible Capital Assets

	Infrastructure							2021 Total		
	Land	Buildings and leasehold improvements	Vehicles	Machinery and equipment	Roads and streets	Treatment facilities	Water and sewer		Small equipment	Assets under construction
COST										
Balance, beginning of year	\$ 455,200	\$ 1,238,305	\$ 50,394	\$ 3,057,445	\$ 3,075,624	\$ 1,571,486	\$ 3,280,006	\$ 78,870	\$ -	\$ 12,774,265
Add:										
Net additions during the year	-	-	-	76,394	-	-	-	-	1,478,779	85,594
Less:										
Disposals during the year	-	-	-	-	-	-	-	-	-	(52,529)
BALANCE, END OF YEAR	455,200	1,238,305	50,394	3,133,839	3,075,624	1,571,486	3,280,006	78,870	1,478,779	12,807,330
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	615,814	37,800	1,742,118	2,701,242	990,804	1,873,537	73,491	-	7,660,279
Add:										
Amortization during the year	-	49,532	6,299	173,525	102,081	39,287	67,655	2,214	-	374,527
Less:										
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	665,346	44,099	1,915,643	2,803,323	1,030,091	1,941,192	75,705	-	8,034,806
NET BOOK VALUE OF TANGIBLE CAPITAL	\$ 455,200	\$ 572,959	\$ 6,295	\$ 1,218,196	\$ 272,301	\$ 541,395	\$ 1,338,814	\$ 3,165	\$ 1,478,779	\$ 4,772,524
Consists of:										
General Fund Assets	\$ 411,500	\$ 572,959	\$ 3,148	\$ 1,218,196	\$ 272,301	\$ -	\$ -	\$ 3,165	\$ 1,478,779	\$ 2,735,376
Water and Sewer Fund Assets	43,700	-	3,147	-	-	541,395	1,338,814	-	-	2,037,148
	\$ 455,200	\$ 572,959	\$ 6,295	\$ 1,218,196	\$ 272,301	\$ 541,395	\$ 1,338,814	\$ 3,165	\$ 1,478,779	\$ 4,772,524

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

18. Schedule of Segment Disclosure

	General Government services	Protective services	Transportation services	Environmental health services	Environmental development services	Recreation and cultural services	Water and sewer	2022 Consolidated	2021 Consolidated
Revenues									
Warrant of assessment	\$ 221,870	\$ 497,049	\$ 198,984	\$ 102,344	\$ 82,567	\$ 240,430	-	\$ 1,343,244	\$ 1,304,504
Unconditional grant	5,215	11,683	4,677	2,406	1,941	5,651	-	31,573	47,034
Services provided to other governments	-	321,089	24,213	-	-	-	-	345,302	293,402
Water and sewer user fees	-	-	-	-	-	-	395,701	395,701	402,768
Sale of services, fines and other fees	-	-	-	-	-	77,361	-	77,361	69,589
Other government transfers	57,516	-	299,435	-	-	-	-	356,951	125,301
Other revenue from own source	129,302	-	-	-	346	-	-	129,648	137,305
Complex revenue	-	-	-	-	-	1,478,779	-	1,478,779	-
Interest	4,310	-	-	-	-	-	11	4,321	849
Other	-	-	-	-	-	-	1,400	1,400	10,894
	\$ 418,213	\$ 829,821	\$ 527,309	\$ 104,750	\$ 84,854	\$ 1,802,221	\$ 397,112	\$ 4,164,280	\$ 2,391,646
Expenses									
Salaries and benefits	\$ 121,868	\$ 104,550	\$ 154,388	\$ -	\$ 83,101	\$ 174,771	\$ 262,113	\$ 900,791	\$ 1,039,534
Goods and services	143,597	344,276	524,741	71,417	76,082	171,279	191,943	1,523,335	1,120,242
Amortization	11,657	140,947	141,524	-	14,693	21,680	110,092	440,593	374,527
Interest	17,439	-	-	-	-	-	4,762	22,201	33,161
	\$ 294,561	\$ 589,773	\$ 820,653	\$ 71,417	\$ 173,876	\$ 367,730	\$ 568,910	\$ 2,886,920	\$ 2,567,464
Annual surplus (deficiency)	\$ 123,652	\$ 240,048	\$ (293,344)	\$ 33,333	\$ (89,022)	\$ 1,434,491	\$ (171,798)	\$ 1,277,360	\$ (175,818)

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

19. Reconciliation of Operating Budget to PSAB Budget

	General Operating Budget	Water and Sewer Operating Budget	Amortization	Transfers	2022	2021
Revenue						
Warrant of assessment	\$ 1,343,244	\$ -	\$ -	\$ -	\$ 1,343,244	\$ 1,304,504
Unconditional grant	31,573	-	-	-	31,573	47,034
Services provided to other governments	344,939	-	-	-	344,939	292,716
Water and sewer user fees	-	391,004	-	(60,000)	331,004	375,116
Sales of services, fines and other fees	64,000	-	-	-	64,000	109,000
Other government transfers	25,000	-	-	(25,000)	-	-
Other revenue from own sources	27,500	-	-	-	27,500	169,000
Interest	2,500	750	-	-	3,250	3,250
Other	-	750	-	-	750	-
Surplus of second previous year	-	140,857	-	(140,857)	-	-
	1,838,756	533,361	-	(225,857)	2,146,260	2,300,620
Expenditures						
General government services	258,575	-	11,657	17,865	288,097	388,220
Protective services	579,277	-	140,947	(60,000)	660,224	757,705
Transportation services	231,902	-	141,524	-	373,426	467,430
Environmental health services	119,275	-	-	-	119,275	76,000
Environmental development services	96,226	-	14,693	-	110,919	109,345
Recreation and cultural services	280,205	-	21,680	-	301,885	359,600
Water and sewer	-	440,176	110,092	4,762	555,030	340,303
Fiscal services	150,865	93,185	-	(244,050)	-	-
Deficit of second previous year	122,431	-	-	(122,431)	-	-
	1,838,756	533,361	440,593	(403,854)	2,408,856	2,498,603
Surplus (deficit)	\$ -	\$ -	\$ (440,593)	\$ 177,997	\$ (262,596)	\$ (197,983)

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

20. Reconciliation of Annual Surplus

	General Operating Fund	Water and Sewer Operating Fund	General Capital Fund	Water Capital Fund	General Capital Reserve Fund	Water & Sewer Capital Reserve Fund	Total
2022 annual surplus (deficit) per PSAB	\$ 289,858	\$ (61,717)	\$ 1,159,278	\$ (110,092)	22	11	\$ 1,277,360
Adjustments to annual surplus (deficit) for funding requirements							
Second previous year's surplus (deficit)	(122,431)	140,857	-	-	-	-	18,426
Transfers between funds:							
Transfer from general operating fund to general capital fund	(65,394)	-	65,394	-	-	-	0
Transfer from general operating fund from General Capital Reserve Fund	-	-	-	-	-	-	-
Transfer from general capital reserve fund to general operating fund	25,000	-	-	-	(25,000)	-	-
Transfer from general capital reserve fund to general operating fund	(118,000)	-	118,000	-	-	-	-
Long-term debt principal repayment	-	(60,000)	-	60,000	-	-	-
Long-term debt principal repayment	(3,720)	3,672	-	-	-	-	(48)
Provision for sick leave accrual	-	-	330,501	110,092	-	-	440,593
Amortization of tangible capital assets	-	-	-	-	-	-	-
Net disposal of tangible capital assets	-	-	-	-	-	-	-
Total adjustments to 2022 annual surplus (deficit)	(284,545)	84,529	513,895	170,092	(25,000)	-	458,972
2022 annual fund surplus (deficit)	\$ 5,313	\$ 22,813	\$ 1,673,173	\$ 60,000	\$ (24,978)	\$ 11	\$ 1,736,332

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

21. Statement of Reserves

	General Operating Reserve	General Capital Reserve	Water & Sewer Capital Reserve	2022	Original 2021	Adjustment (Note 12)	Adjusted 2021
Assets							
Cash	\$ -	\$ 29,747	\$ 61,876	\$ 91,623	\$ 471,196	(354,594)	\$ 116,602
Investments	-	-	-	-	10,872		10,872
Receivable from General and Water & Sewer Operating Fund	-	10,883	70,000	80,883	70,000		70,000
	-	\$ 40,630	\$ 131,876	\$ 172,506	\$ 552,068	(354,594)	\$ 197,474
Liabilities							
Payable to General Operating Fund	-	-	\$ 35,000	\$ 35,000	\$ 35,000	-	\$ 35,000
Accumulated surplus (deficit)	-	\$ 40,630	\$ 96,876	\$ 137,506	\$ 517,068	(354,594)	\$ 162,474
Revenue							
Transfers from general and water & sewer operating funds	-	-	-	-	\$ 185,794	(135,794)	\$ 50,000
Interest income	-	22	11	33	28	-	28
Transfers from Federal Government	-	-	-	-	-	-	-
	-	22	11	33	185,822	(135,794)	50,028
Expenditures	-	25,000	-	25,000	82,500	(82,500)	-
Annual surplus (deficit)	-	\$ (24,978)	\$ 11	\$ (24,967)	\$ 103,322	(53,294)	\$ 50,028

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

21. Statement of Reserves Continued

Council resolutions regarding transfers to and from reserves:

Moved by Councillor Walton, seconded by Councillor Patterson for \$25,000 be transferred from the General Capital Reserve Fund to the General Operating Fund. Motion carried.

I hereby certify that the above is a true and exact copy of resolution adopted at a regular meeting of Council on December 6, 2022.



Rob Webber
CAO
Town of Hartland

June 14, 2023
Date

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

22. Statement of Detailed Revenue and Expenditures

	2022 Budget (Unaudited)	2022	2021
Revenue			
Services to other governments			
Fire protection	\$ 321,089	\$ 321,089	\$ 269,116
Transportation	\$ 22,000	\$ 22,140	\$ 22,213
Lane marking	1,850	2,073	2,073
	<u>344,939</u>	<u>345,302</u>	<u>293,402</u>
Sales of service			
Recreational programs	64,000	77,361	69,589
Other government transfers			
Gas tax funding	-	299,435	53,294
Government grants	-	57,516	70,644
Conditional transfers - other	-	-	1,363
	<u>-</u>	<u>356,951</u>	<u>125,301</u>
Other revenue from own source			
Rentals	18,000	27,250	34,022
Licenses, permits and fines	4,000	31,200	2,175
Tourism	-	346	28,983
Gifts and miscellaneous	5,500	59,852	49,854
Gain on disposal of capital assets	-	11,000	22,271
	<u>27,500</u>	<u>129,648</u>	<u>137,305</u>
Complex revenue			
Donations	-	1,203,727	-
RDC funding	-	250,715	-
Interest	-	24,337	-
	<u>-</u>	<u>1,478,779</u>	<u>-</u>

(continues)

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

22. Statement of Detailed Revenue and Expenditures

	2022 Budget (Unaudited)	2022	2021
Expenses			
General government services			
Legislative			
Mayor's remuneration and expenses	10,000	7,500	7,500
Councilor's' remuneration and expenses	46,500	31,580	38,818
Other legislative costs	-	-	-
Administrative			
Office salaries and benefits	109,534	86,073	86,770
Office building	24,392	35,641	34,166
Solicitor	10,000	6,171	663
Other	13,771	62,561	58,386
Financial management			
External audit	15,000	16,734	10,273
Other general government services			
Public liability insurance	11,000	1,100	878
Training and development	1,000	219	100
Amortization	11,657	11,657	11,630
Interest	17,865	17,947	2,228
Assessment costs	17,378	17,378	16,760
	<u>288,097</u>	<u>294,561</u>	<u>268,172</u>
Protective services			
Police			
R.C.M.P.	231,163	231,164	228,208
Fire			
Administration	35,860	5,590	21,560
Firefighting force	82,500	71,995	53,711
Training and development	54,000	1,270	3,653
Equipment and supplies	32,745	63,008	115,271
Station and building	42,509	47,633	46,502
Fire alarm system	37,500	25,766	30,791
Emergency measures			
		-	-
Other			
Animal and pest control	3,000	2,400	2,400
Interest	-	-	15,278
Amortization	140,947	140,947	107,200
	<u>660,224</u>	<u>589,773</u>	<u>624,574</u>

(continues)

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

22. Statement of Detailed Revenue and Expenditures

	2022 Budget (Unaudited)	2022	2021
Expenses (continued)			
Transportation services			
Common services			
Administration	38,510	157,700	122,264
General equipment	22,500	68,050	82,361
Workshops and other building	29,500	29,463	31,416
Roadway transport			
Summer maintenance	38,510	41,193	49,800
Culverts and drainage ditches		236	2,513
Sidewalks		386	3,108
Snow and ice removal	65,382	48,643	47,017
Traffic lane marking	5,000	-	-
Street signs	-	64	-
Street lighting	32,500	33,959	30,399
Other			
Amortization	141,524	141,524	117,210
Gas tax expenditures	-	299,435	-
Interest	-	-	9,640
	373,426	820,653	495,728
Environmental health services			
Solid waste collection and disposal	80,475	71,417	58,200
Recycling	38,800	-	-
Amortization	-	-	-
	119,275	71,417	58,200
Environmental development services			
Community planning and development	14,838	28,138	31,815
Industrial parks and commissions	-	6,109	6,962
Tourism	74,888	112,530	79,072
Tourism promotion	-	9,207	1,330
Beautification and land rehabilitation	6,500	3,199	3,945
Amortization	14,693	14,693	14,700
	110,919	173,876	137,824

(continues)

TOWN OF HARTLAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

22. Statement of Detailed Revenue and Expenditures

	2022 Budget (Unaudited)	2022	2021
Expenses (continued)			
Recreation and cultural services			
Administration	43,942	90,426	95,465
Swimming pool	42,942	56,561	52,971
Arena	99,442	143,398	206,931
Parks and playgrounds	47,483	2,323	5,575
Training and development	-	2,701	-
Library	46,396	50,641	30,789
Amortization	21,680	21,680	21,600
Interest	-	-	-
	<u>301,885</u>	<u>367,730</u>	<u>413,331</u>
Water and sewer supply			
Administration	106,106	99,573	111,838
All other wages, excluding admin	199,570	172,708	103,870
Interest in long term debt	4,762	4,762	6,015
Amortization	110,092	110,092	102,187
All other water and sewer expenses	134,500	181,775	185,725
	<u>\$ 555,030</u>	<u>\$ 568,910</u>	<u>\$ 509,635</u>