

Village of Doaktown
Consolidated Financial Statements
December 31, 2021

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NICHOLSON & BEAUMONT
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To Her Worship the Mayor and Members of Council
Village of Doaktown

Opinion

We have audited the accompanying consolidated financial statements of the Village of Doaktown ("the Village"), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of operations, cash flows and changes in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Doaktown as at December 31, 2021, the results of its operations, for the year then ended in accordance with Canadian public sector accounting standards.

Basis of 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 Village 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 these 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 Village'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 Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Independent member of Porter Hétu International, professional services group.

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CHARTERED PROFESSIONAL ACCOUNTANTS

Auditor's Responsibilities for the Audit of the consolidated Financial Statements (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 Village'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 Village'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 Village 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.

Fredericton, NB
July, 31, 2022

Nicholson & Beaumont
Chartered Professional Accountants

Village of Doaktown

Consolidated Statement of Operations

Year Ended December 31,

	(Unaudited)		
	2021	2021	2020
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Property tax warrant	\$ 893,182	\$ 906,421	\$ 886,959
Services other governments	39,587	38,601	36,801
Other own source	52,947	59,083	60,785
Unconditional transfers from other governments	206,057	206,057	219,992
Conditional transfers from Federal or Province	27,200	9,430	34,078
Seniors Wellness Response fund	-	-	48,165
Covid Safe Restart funding	-	-	69,183
Government of Canada funding	-	209,407	-
Water and sewer	414,680	406,439	400,462
Interest	-	348	1,067
Other	<u>4,691</u>	<u>57,058</u>	<u>64,895</u>
	<u>1,638,344</u>	<u>1,892,844</u>	<u>1,822,387</u>
Expenditure			
General government services	267,597	247,462	245,511
Protective services	295,263	346,968	358,071
Transportation services	287,550	326,084	324,479
Environmental health services	82,855	94,104	97,666
Federal provincial work program	-	11,697	14,742
Environmental development services	50,410	57,523	36,553
Recreation and cultural services	165,001	331,389	345,822
Seniors wellness response fund	-	13,172	29,672
Covid safe restart funding	-	453	6,561
Water and sewer	<u>215,244</u>	<u>538,030</u>	<u>552,353</u>
	<u>1,363,920</u>	<u>1,966,882</u>	<u>2,011,430</u>
Annual surplus (deficit)	274,424	(74,038)	(189,043)
Accumulated surplus, beginning of year	-	<u>9,395,740</u>	<u>9,584,783</u>
Accumulated surplus, end of year	<u>\$ 274,424</u>	<u>\$ 9,321,702</u>	<u>\$ 9,395,740</u>

See accompanying notes to the consolidated financial statements.

Village of Doaktown
Consolidated Statement of Financial Position
As at December 31,

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash – unrestricted	\$ 149,422	\$ 82,463
Receivables		
General	29,243	105,175
Federal Government and its agencies (Note 3)	25,210	25,330
Government of Canada	209,407	-
Investments (Note 4)	<u>90,236</u>	<u>21,553</u>
	\$ <u>503,518</u>	\$ <u>234,521</u>
Liabilities		
Bank loan	\$ 389,442	\$ 304,727
Payables and accruals	128,286	101,649
Long term debt (Note 6)	<u>1,885,000</u>	<u>2,006,000</u>
	<u>2,402,728</u>	<u>2,412,376</u>
Net debt	<u>(1,899,210)</u>	<u>(2,177,855)</u>
Non-Financial Assets		
Tangible capital assets (Note 5)	26,461,363	26,273,462
Accumulated amortization (Note 5)	<u>(15,279,596)</u>	<u>(14,748,674)</u>
	11,181,767	11,524,788
Prepaid expenses	<u>39,145</u>	<u>48,807</u>
	<u>11,220,912</u>	<u>11,573,595</u>
Accumulated surplus	\$ <u>9,321,702</u>	\$ <u>9,395,740</u>

Commitments – Note 7

APPROVED BY



Mayor



Clerk or Treasurer

See accompanying notes to the consolidated financial statements.

Village of Doaktown Consolidated Statement of Change in Net Debt

Year ended December 31,	2021	2020
Annual deficit	\$ (74,038)	\$ (189,043)
Acquisition of tangible capital assets	(187,901)	(106,276)
Amortization of tangible capital assets	<u>530,922</u>	<u>549,947</u>
	<u>268,983</u>	<u>254,628</u>
Acquisition of prepaid assets	(39,145)	(48,807)
Use of prepaid assets	<u>48,807</u>	<u>31,662</u>
	<u>9,661</u>	<u>(17,145)</u>
Decrease in net debt	278,645	237,483
Net debt, beginning of year	(2,177,855)	(2,415,338)
Net debt, end of year	\$ (1,899,210)	\$ (2,177,855)

See accompanying notes to the consolidated financial statements.

Village of Doaktown

Consolidated Statement of Cash Flows

December 31,	2021	2020
Increase in cash and cash equivalents		
Operating		
Annual deficit	\$ (74,038)	\$ (189,043)
Amortization of tangible capital assets	<u>530,922</u>	<u>549,947</u>
	<u>456,884</u>	<u>360,904</u>
Change in non-cash items		
Receivable – General	75,932	(93,482)
Receivable – Federal Government and its agencies	120	36,046
Receivable – Government of Canada	(209,407)	-
Payables and accruals	<u>26,638</u>	<u>(181,948)</u>
	<u>(106,718)</u>	<u>(239,384)</u>
	<u>350,166</u>	<u>121,520</u>
Capital		
Acquisition of tangible capital assets	(187,901)	(106,276)
Change in inventory/prepaid expenses	<u>9,662</u>	<u>(17,145)</u>
	<u>(178,239)</u>	<u>(123,421)</u>
Financing		
Bank loan repayment	84,715	85,408
Long-term debt repayment - net	(121,000)	(117,000)
	<u>(36,285)</u>	<u>(31,592)</u>
Investing		
Investments	<u>(68,683)</u>	<u>63,416</u>
Net increase in cash and cash equivalents	66,959	29,923
Cash and cash equivalents		
Beginning of year	<u>82,463</u>	<u>52,540</u>
End of year	\$ <u>149,422</u>	\$ <u>82,463</u>
Made up of:		
Unrestricted cash and cash equivalents	\$ <u>149,422</u>	\$ <u>82,463</u>

See accompanying notes to the consolidated financial statements.

Village of Doaktown

Notes to the Consolidated Financial Statements

December 31, 2021

1. Purpose of the organization

The Municipality was incorporated as a village by the Province of New Brunswick Municipalities Act on November 9, 1996 and was approved for status as a Municipality Effective November 9, 1991 by an amendment of New Brunswick Regulation 85-6 under the Municipalities Act. As a municipality, the Municipality is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act. The Municipality has the following vision statement, "The Municipality, is to work in partnership, to serve our customers in an effective, efficient, professional and financially responsible manner. The Municipality will also facilitate orderly and responsible development while working with our customers to maintain and enhance the high quality of life in our community."

2. Summary of significant accounting policies

The consolidated financial statements of the Village of Doaktown are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada.

The Village has adopted PSAB as of January 1, 2011.

The focus of PSAB financial statements is on the financial position of the Village and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the Village.

Significant aspects of the accounting policies adopted by the Village are as follow:

Reporting entity

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

Interdepartmental and organizational transactions and balances are eliminated.

Budget

The budget figures contained in these consolidated financial statements were approved by Council on November 30, 2020.

Revenue recognition

- (a) Unrestricted revenue is recorded on an accrual basis and is recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.
- (b) Other revenue is recorded when it is earned.

Village of Doaktown

Notes to the Consolidated Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and 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. Actual results may differ from those estimates.

Financial instruments

The Village's financial instruments consist of cash, short term investments, accounts receivable, due from the Province of New Brunswick, bank loan, payables and accruals and long-term debt. Unless otherwise noted, it is management'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 value, unless otherwise noted.

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Tangible capital assets

Effective January 1, 2011, the Village adopted the provisions of PSAB section 3150 Tangible Capital Assets. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

Asset type	Years
Buildings	40 years
Vehicles	3-5 years
Machinery and equipment	5-15 years
Heavy equipment	10-15 years
Computer hardware, software and communication equipment	3-5 years
Furniture and fixture	3-5 years
Roads	8-20 years
Water and wastewater networks	15-100 years

Assets under construction are not amortized until the asset is available for productive use. Funding related to the purchase of capital assets is recorded as revenue when received.

Village of Doaktown

Notes to the Consolidated Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

Segmented information

The Village is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purpose, the Village'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 liabilities. 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, roads and streets 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.

Federal provincial work program

This department is responsible for the hiring of federal and provincial funded employees.

Water and Wastewater Systems

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.

Village of Doaktown
Notes to the Consolidated Financial Statements
December 31, 2021

	<u>2021</u>	<u>2020</u>
3. Due from Federal government and its agencies		
Canada Revenue Agency (HST refund)	\$ <u>25,210</u>	\$ <u>25,330</u>

4. Investments

The reserve funds are invested in guaranteed investment certificates earning interest at 0.32% - 0.57% (2020 – 0.49% – 0.53%) maturing at various dates over the next 12 months.

Village of Doaktown

Notes to the Consolidated Financial Statements

December 31, 2021

5. Tangible Capital Assets	Land	Building and Leasehold Improvements	Vehicles	Machinery and Equipment	Road and Streets	Water and Sewer	2021 Total	2020 Total
Cost								
Balance, beginning of year	\$ 382,991	\$ 6,444,213	\$ 925,568	\$ 427,987	\$ 7,351,880	\$ 10,740,823	\$ 26,273,462	\$ 26,167,186
Add:								
Net additions during the year	-	-	-	7,644	-	180,257	187,901	106,276
Deduct:								
Disposal during the year	-	-	-	-	-	-	-	-
Balance, end of year	<u>382,991</u>	<u>6,444,213</u>	<u>925,568</u>	<u>435,631</u>	<u>7,351,880</u>	<u>10,921,080</u>	<u>26,461,363</u>	<u>26,273,462</u>
Accumulated Amortization								
Balance, beginning of year	-	773,027	556,954	377,993	6,997,029	6,043,671	14,748,674	14,198,727
Add:								
Amortization during the year	-	161,105	51,993	13,708	47,883	256,233	530,922	549,947
Deduct:								
Accumulated amortization on disposal	-	-	-	-	-	-	-	-
Balance, end of year	<u>-</u>	<u>934,132</u>	<u>608,947</u>	<u>391,701</u>	<u>7,044,912</u>	<u>6,299,904</u>	<u>15,279,596</u>	<u>14,748,674</u>
Net book value of Tangible Capital Assets	<u>\$ 382,991</u>	<u>\$ 5,510,081</u>	<u>\$ 316,621</u>	<u>\$ 43,930</u>	<u>\$ 306,968</u>	<u>\$ 4,621,176</u>	<u>\$ 11,181,767</u>	<u>\$ 11,524,788</u>
Consists of:								
General Fund Assets	\$ 372,699	\$ 5,510,081	\$ 316,621	\$ 43,930	\$ 306,968	\$ -	\$ 6,550,299	\$ 6,817,344
Water and Sewer Fund Assets	<u>10,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,621,176</u>	<u>4,631,468</u>	<u>4,707,444</u>
	<u>\$ 382,991</u>	<u>\$ 5,510,081</u>	<u>\$ 316,621</u>	<u>\$ 43,930</u>	<u>\$ 306,968</u>	<u>\$ 4,621,176</u>	<u>\$ 11,181,767</u>	<u>\$ 11,524,788</u>

Village of Doaktown

Notes to the Consolidated Financial Statements

December 31, 2021

6. Long term debt	<u>2021</u>	<u>2020</u>
Debenture – 1.65% - 3.8%, due 2022	\$ 154,000	\$ 160,000
Debenture – 2.1% - 5.55% series due 2023	47,000	68,000
Debenture – 2.1% - 3.7%, due 2023	21,000	31,000
Debenture – 1.35% - 3.8%, due 2032	948,000	980,000
Debenture – 1.15% - 4.15%, due 2034	346,000	367,000
Debenture – 1.95% - 2.95% series due 2034	<u>369,000</u>	<u>400,000</u>
	\$ <u>1,885,000</u>	\$ <u>2,006,000</u>

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

Principal payments required during next five years are as follows:

2022	\$ 273,000
2023	\$ 123,000
2024	\$ 91,000
2025	\$ 84,000
2026	\$ 86,000

7. Commitments

The Village has entered into an agreement for snow removal services at a cost of \$95,000 plus HST for the 2021/2022 season (6 months commencing Nov 1, 2021).

The Village has entered into an agreement for solid waste collection at a cost of \$62,148 plus HST for the 2022 season.

In 2014 the Village has agreed to a funding commitment respecting the Water and Sewer Capital Reserve Fund at a rate of \$1,000 per year for ten years at the request of the Department of Environment and Local Government.

Village of Doaktown

Notes to the Consolidated Financial Statements

December 31, 2021

8. Liability for unused sick leave benefit

At December 31, 2021 the municipality had no significant liability outstanding for unused sick leave benefits which would be paid in cash if employees or the Village were to terminate their employment.

9. Short term borrowings - capital funds

The municipality has outstanding authority for the short term borrowing as follows:

Water and General Capital Fund		
#20-0046	\$	141,000
#20-0046	\$	1,983,000

10. Operating borrowing compliance

As prescribed in the Municipalities Act, borrowing to finance General Revenue 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 2021 the Village has complied with these restrictions.

Village of Doaktown

Notes to the Consolidated Financial Statements

December 31, 2021

11. Schedule of Segment Disclosure

	<u>General</u>	<u>Protective</u>	<u>Transportation</u>	<u>Environmental Health</u>	<u>Environmental Development</u>	<u>Recreation and Culture</u>	<u>Water and Sewer</u>	<u>2021 Consolidated</u>	<u>2020 Consolidated</u>
Revenues									
Property tax warrant	\$ 21,421	\$ 295,000	\$ 250,000	\$ 85,000	\$ 55,000	\$ 200,000	\$ -	\$ 906,421	\$ 886,959
Services provided to other governments	-	38,601	-	-	-	-	-	38,601	36,801
Sales of service, fines and other fees	8,817	-	-	-	-	50,266	-	59,083	60,785
Unconditional grant	206,057	-	-	-	-	-	-	206,057	219,992
Other government transfer	9,430	-	-	-	-	-	-	9,430	34,078
Water and sewer user fees	-	-	-	-	-	-	406,439	406,439	400,462
Covid safe restart	-	-	-	-	-	-	-	-	69,183
Government of Canada	-	-	-	-	-	-	209,407	209,407	-
Interest	348	-	-	-	-	-	-	348	1,067
Other	-	-	<u>57,058</u>	-	-	-	-	<u>57,058</u>	<u>113,060</u>
	<u>221,073</u>	<u>333,601</u>	<u>307,058</u>	<u>85,000</u>	<u>55,000</u>	<u>250,266</u>	<u>615,846</u>	<u>1,892,844</u>	<u>1,822,387</u>
Expenses									
Salaries and benefits	102,291	-	33,518	-	-	-	-	135,809	119,592
Goods and services	88,974	279,733	229,496	89,505	57,523	176,533	213,467	1,135,231	1,143,385
Amortization,	4,424	56,120	59,291	-	-	154,856	256,233	530,924	549,947
Covid safe restart	453	-	-	-	-	-	-	453	6,561
Interest	11,680	11,116	1,889	-	-	-	68,330	93,015	93,699
Other	<u>53,679</u>	-	-	<u>4,599</u>	-	<u>13,172</u>	-	<u>71,450</u>	<u>98,246</u>
	<u>261,501</u>	<u>346,969</u>	<u>324,194</u>	<u>94,104</u>	<u>57,523</u>	<u>344,561</u>	<u>538,030</u>	<u>1,966,882</u>	<u>2,011,430</u>
Surplus (deficit) for the year	\$ <u>(15,428)</u>	\$ <u>(13,368)</u>	\$ <u>(17,136)</u>	\$ <u>(9,104)</u>	\$ <u>(2,523)</u>	\$ <u>(94,295)</u>	\$ <u>77,816</u>	\$ <u>(74,038)</u>	\$ <u>(189,043)</u>

Village of Doaktown

Notes to the Consolidated Financial Statements

December 31, 2021

12. Reconciliation of annual surplus

	General Operating Fund	General Capital Fund	Water Operating Fund	Water Capital Fund	Reserve Fund	Total
2021 annual fund surplus (deficit)	\$ <u>(19,795)</u>	\$ <u>116,702</u>	\$ <u>(3,215)</u>	\$ <u>293,373</u>	\$ <u>47,719</u>	\$ <u>434,784</u>
Adjustments to annual surplus (deficit) for funding requirements						
Second previous year's surplus	(17,791)	-	39,891	-	-	22,100
Transfer elimination	(43,371)	-	(4,000)	-	47,371	-
Long term debt principal repayment	52,000	(52,000)	-	-	-	-
Long term debt principal repayment	-	-	69,000	(69,000)	-	-
Amortization	-	(274,689)	-	(256,233)	-	(530,922)
Total adjustments to 2021 annual surplus (deficit)	(9,162)	(326,689)	104,891	(325,233)	47,371	(508,822)
2021 annual fund surplus (deficit)	\$ <u>(28,957)</u>	\$ <u>(209,987)</u>	\$ <u>101,676</u>	\$ <u>(31,860)</u>	\$ <u>95,090</u>	\$ <u>(74,038)</u>