MUNICIPALITY OF SALISBURY

FINANCIAL STATEMENTS

Year ended December 31, 2022

MUNICIPALITY OF SALISBURY

TABLE OF CONTENTS
Year ended December 31, 2022

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of operations and accumulated surplus	3
Statement of change in net debt	4
Statement of financial position	5
Statement of cash flow	6
Notes to financial statements	7
Schedules - Other information	24

INDEPENDENT AUDITOR'S REPORT

To His Worship the Mayor and Members of Council of the
Municipality of Salisbury

Opinion

We have audited the financial statements of the MUNICIPALITY OF SALISBURY (the Municipality), which comprise the statement of financial position as at December 31, 2022, and the statement of operations and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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.

EY
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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Ernst & Young LLP

Dieppe, Canada
June 20, 2023

Chartered Professional Accountants

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STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended December 31,

	Schedule	2022 Budget (note 3)	**2022 Actual**	2021 Actual
REVENUE				
Warrant of assessment		$ 2,082,922	**$ 2,084,724**	$ 1,935,480
Services to other governments	A	172,436	**174,674**	154,134
Sale of services	B	488,893	**379,479**	407,525
Other revenue from own sources	C	6,500	**83,838**	198,600
Community funding and equalization grant		94,643	**94,643**	200,487
Conditional grants	D	-	**33,651**	328,384
		2,845,394	**2,851,009**	3,224,610
EXPENSES				
General government services	E	546,888	**486,988**	346,365
Protective services	F	696,288	**653,105**	693,350
Transportation services	G	725,130	**909,198**	999,960
Environmental health services	H	141,314	**141,385**	116,055
Public health services	I	5,000	**4,500**	4,500
Environmental development services	J	86,027	**101,776**	114,142
Recreation and wellness services	K	305,200	**293,915**	266,845
Sewerage	L	152,505	**250,025**	340,385
		2,658,352	**2,840,892**	2,881,602
ANNUAL SURPLUS (note 4)		$ 187,042	**10,117**	343,008
ACCUMULATED SURPLUS, BEGINNING OF YEAR		N/A	**11,682,086**	11,339,078
ACCUMULATED SURPLUS, END OF YEAR		N/A	**$ 11,692,203**	$ 11,682,086

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGE IN NET DEBT

Year ended December 31,	2022	2021
ANNUAL SURPLUS	**$ 10,117**	$ 343,008
RELATING TO TANGIBLE CAPITAL ASSETS		
Acquisition of tangible capital assets	**(400,175)**	(567,760)
Amortization of tangible capital assets	**485,495**	476,796
	85,320	(90,964)
RELATING TO OTHER NON-FINANCIAL ASSETS		
Use of prepaid expenses	**-**	102,379
	-	102,379
NET CHANGE IN NET FINANCIAL ASSETS	**95,437**	354,423
NET DEBT, BEGINNING OF YEAR	**(64,428)**	(418,851)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	**$ 31,009**	$ (64,428)

The accompanying notes are an integral part of the financial statements.

MUNICIPALITY OF SALISBURY

STATEMENT OF FINANCIAL POSITION
As at December 31,

	2022	2021
FINANCIAL ASSETS		
Cash (note 5)	$ **837,397**	$ 435,406
Accounts receivable (note 6)	**329,127**	462,457
Investments (note 7)	**437,154**	429,879
	$ **1,603,678**	$ 1,327,742
LIABILITIES		
Accounts payable and accrued charges (note 8)	$ **216,190**	$ 223,264
Deposits	**15,200**	11,600
Deferred revenue	**423,579**	99,306
Long-term debt (note 9)	**882,000**	1,020,000
Accrued benefit liability (note 11)	**35,700**	38,000
	1,572,669	1,392,170
NET FINANCIAL ASSETS (DEBT)	**31,009**	(64,428)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 12)	**11,661,194**	11,746,514
ACCUMULATED SURPLUS	$ **11,692,203**	$ 11,682,086

COMMITMENTS (note 15)

The accompanying notes are an integral part of the financial statements.

APPROVED BY

SALISBURY Incorporated 2013 New Brunswick

....., Mayor

....., Clerk

STATEMENT OF CASH FLOW

Year ended December 31,	2022	2021
OPERATING ACTIVITIES		
Annual surplus	**$ 10,117**	$ 343,008
Items not affecting cash:		
Amortization of tangible capital assets	**485,495**	476,796
Pension expense	**(2,300)**	(7,600)
	493,312	812,204
Net change in non-cash items:		
Accounts receivable	**133,330**	23,099
Prepaid expenses	**-**	102,379
Accounts payable and accrued charges	**(7,074)**	36,368
Deposits	**3,600**	2,000
Deferred revenue	**324,273**	34,994
	947,441	1,011,044
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	**(400,175)**	(567,760)
INVESTING ACTIVITIES		
Acquisition of investments	**(7,275)**	(29,780)
FINANCING ACTIVITIES		
Repayment of long-term debt	**(138,000)**	(137,000)
NET CHANGE IN CASH	**401,991**	276,504
CASH, BEGINNING OF YEAR	**435,406**	158,902
CASH, END OF YEAR	**$ 837,397**	$ 435,406

The accompanying notes are an integral part of the financial statements.

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Municipality of Salisbury (the Municipality) was incorporated as a village in 1966 under the *Municipalities Act* (New Brunswick). As a municipality, it is exempt from income tax under the *Income Tax Act* (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by management in accordance with Canadian public sector accounting standards (PSAS) as set out in the *Public Sector Accounting Handbook* (Handbook) of the Chartered Professional Accountants of Canada (CPA Canada), which constitute generally accepted accounting principles for local governments. The Municipality also complies with the Municipal Financial Reporting Manual (MFRM) of the Province of New Brunswick (PNB). The MFRM requires some additional disclosures and prescribes a different basis for the preparation of the Municipality's budget.

Government reporting entity

The financial statements reflect the assets, liabilities, revenues, expenditures and changes in net debt and accumulated surplus of the reporting entity. The reporting entity comprises all funds of the Municipality's operations. Interfund balances and transactions have been eliminated.

Budget

The budget figures contained in the financial statements were approved by Council on November 15, 2021 and by the Minister of Local Government on November 23, 2021.

Use of estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant sources of estimates for the Municipality are the amortization of tangible capital assets and the calculation of the accrued benefit liability.

Revenue recognition

Unrestricted revenues are recorded on an accrual basis and are recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Other revenues are recorded when earned.

Capital contributions received from a third party, such as a contribution from another government to assist with the construction or purchase of a capital asset owned by the Municipality, are recognized as revenue.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense recognition

Expenses are recorded using the accrual basis of accounting, as they are incurred and measurable based on receipt of goods or services and/or obligation to pay.

Cash

Cash includes cash on hand and balances with banks.

Employee sick leave benefits

The Municipality provides sick leave benefits that can accumulate up to a maximum but do not vest. An accrued liability is recorded based on the Municipality's best estimate of the obligation for these employee future benefits. This liability is included in the accrued charges.

Pension plan

The Municipality participates in the New Brunswick Municipal Employees Pension Plan, a multiple-employer defined benefit plan. The Municipality applies defined benefit plan accounting to this plan.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the normal course of operations.

Tangible capital assets

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of receipt. Assets under construction are not amortized until the asset is available for use. Amortization is calculated using the straight-line method over the following estimated useful lives:

Land improvements	15 to 30 years
Buildings	10 to 60 years
Machinery and equipment	5 to 30 years
Vehicles	7 to 20 years
Engineering structures	10 to 80 years
Sewerage infrastructure	10 to 80 years

Assets under construction are not amortized until the asset is available for productive use.

Capital assets contributed by developers are recorded at fair value at the date of receipt and are recorded as revenue in the year the are transfered by the developers to the Municipality.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the tangible capital asset no longer contributes to the Municipality's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. Impairment is assessed by comparing the carrying amount to the estimate of the value of the asset's remaining service potential to the Municipality. Any impairment results in a write-down of the asset and a charge to income during the year. An impairment loss is not reversed if the value of the long-term asset subsequently increases.

Financial instruments

All financial instruments are initially recorded at fair value and subsequently at amortized cost.

Segment information

The Municipality is a diversified municipal government that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations are broken into segments. The segments are 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 and other transportation related functions.

Environmental health services
This department is responsible for garbage collection and disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Public health services
This department is responsible for providing public health services in the community.

Environmental development services
This department is responsible for community planning, administration and tree services.

Recreation and wellness services
This department is responsible for community liaison and for the maintenance and operation of recreational and wellness facilities including parks and playgrounds, historic sites and the library.

Sewerage
This department is responsible for the provision of sewer services, including the maintenance and operation of the underground networks and lagoons.

3. RECONCILIATION OF BUDGET

The budgets for the General and Utility Operating Funds are prepared on the basis required by the MFRM of the PNB. The following is a reconciliation of these budgets with the budget prepared in accordance with PSAS that is presented on the statement of operations and accumulated surplus.

	General Operating budget	Utility Operating budget	Amortization of tangible capital assets	Interfund transfers	Other	Total per PSAS
Revenue						
Warrant of assessment	$ 2,082,922	$ -	$ -	$ -	$ -	$ 2,082,922
Services to other governments	172,436	-	-	-	-	172,436
Sale of services	-	488,893	-	-	-	488,893
Other revenue from own sources	6,500	-	-	-	-	6,500
Community funding and equalization grant	94,643	-	-	-	-	94,643
Transfer from Utility Operating Fund	230,000	-	-	(230,000)	-	-
Previous year's surplus	4,346	-	-	-	(4,346)	-
	2,590,847	488,893	-	(230,000)	(4,346)	2,845,394
Expenses						
General government services	546,888	-	-	-	-	546,888
Protective services	685,788	-	-	-	10,500	696,288
Transportation services	715,533	-	-	-	9,597	725,130
Environmental health services	141,314	-	-	-	-	141,314
Public health services	5,000	-	-	-	-	5,000
Environmental development services	86,027	-	-	-	-	86,027
Recreation and wellness services	305,200	-	-	-	-	305,200
Sewerage	-	376,000	-	(230,000)	6,505	152,505
Fiscal services						
Long-term debt repayments	85,000	53,000	-	(138,000)	-	-
Interest on long-term debt	20,097	6,505	-	-	(26,602)	-
Transfer to the Utility Capital Reserve Fund	-	30,000	-	(30,000)	-	-
Previous year's deficit	-	23,388	-	-	(23,388)	-
	2,590,847	488,893	-	(398,000)	(23,388)	2,658,352
Annual surplus	$ -	$ -	$ -	$ 168,000	$ 19,042	$ 187,042

The other reconciling items above represent the reclassifications of the various elements of fiscal services as well as the elimination of the previous years' surpluses and deficits. The amortization of tangible capital assets was not budgeted in 2022.

4. RECONCILIATION OF ANNUAL SURPLUS

	General Capital Fund	General Operating Fund	Utility Capital Fund	Utility Operating Fund	General Capital Reserve Fund	General Operating Reserve Fund	Utility Capital Reserve Fund	Total
Annual surplus (deficit)	$ (338,394)	$ 207,276	$ (133,225)	$ 262,703	$ 2,190	$ -	$ 9,567	$ 10,117
Adjustments to annual surplus (deficit) for PNB requirements								
Tangible capital assets - amortization and dispositions	352,270	-	133,225	-	-	-	-	485,495
Pension plan	-	(2,300)	-	-	-	-	-	(2,300)
Previous years' surpluses and deficits	-	4,346	-	(23,388)	-	-	-	(19,042)
Interfund transfers								
Capital expenditures	319,810	(319,810)	-	-	-	-	-	-
Long-term debt repayment	85,000	(85,000)	53,000	(53,000)	-	-	-	-
Reserve funds	-	(90,000)	66,488	-	70,000	20,000	(66,488)	-
Other transfers	-	230,000	-	(230,000)	-	-	-	-
Net adjustments to annual surplus (deficit)	757,080	(262,764)	252,713	(306,388)	70,000	20,000	(66,488)	464,153
Annual surplus (deficit) in accordance with PNB requirements	$ 418,686	$ (55,488)	$ 119,488	$ (43,685)	$ 72,190	$ 20,000	$ (56,921)	$ 474,270

5. CASH

	2022	2021
Cash - unrestricted	$ **837,377**	$ 435,386
Cash - designated as reserves (note 13)	**20**	20
	$ **837,397**	$ 435,406

6. ACCOUNTS RECEIVABLE

	2022	2021
Trade	$ **225,350**	$ 339,391
Contributions receivable	**18,437**	34,705
Sales tax receivable	**79,717**	87,221
Accrued interest receivable	**5,623**	1,140
	$ **329,127**	$ 462,457

7. INVESTMENTS

	2022	2021
Term deposits - designated as reserves (note 13)	$ **437,154**	$ 429,879

The term deposits bear interest at rates ranging from 0.65% to 4.25% and have maturities ranging from January 2023 to December 2023.

8. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	2022	2021
Trade payables and accrued charges	$ **213,354**	$ 220,031
Accrued interest payable	**2,836**	3,233
	$ **216,190**	$ 223,264

9. LONG-TERM DEBT

	2022	2021
General		
Debentures, New Brunswick Municipal Finance Corporation		
0.95% to 2.80%, due in 2025, OIC #14-0046	$ **42,000**	$ 55,000
1.45% to 2.90%, due in 2026, OIC #15-0060	**63,000**	78,000
2.10% to 3.70%, due in 2038, OIC #16-0079 and 17-0080	**234,000**	250,000
2.05% to 2.85%, due in 2029, OIC #17-0101	**318,000**	359,000
	657,000	742,000
Sewerage		
Debenture, New Brunswick Municipal Finance Corporation		
1.45% to 2.90%, due in 2026, OIC #03-0070	**225,000**	278,000
	$ **882,000**	$ 1,020,000

Long-term debt principal repayments for the next five years and thereafter are as follows:

2023 - $142,000
2024 - $147,000
2025 - $149,000
2026 - $137,000
2027 - $ 66,000
Thereafter - $241,000

Approval of the Municipal Capital Borrowing Board has been obtained for the debentures.

10. BORROWINGS COMPLIANCE

Operating borrowing

As prescribed by the *Local Governance Act*, 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. During the year, the Municipality did not borrow to finance General or Utility Fund operations.

Interfund borrowing

The MFRM requires that interfund balances be repaid in the next year unless the borrowing is for a capital project. All interfund balances are in compliance with this requirement.

11. ACCRUED BENEFIT LIABILITY

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 members under the provisions of the *Local Governance Act*. The NB MEPP provides pensions based on length of service and best average earnings.

Actuarial valuations for funding purposes are performed either annually or triennially depending on the financial position of the NB MEPP (currently annually). In turn, the actuarial valuations for accounting purposes are based on these figures (with adjustments). The most recent actuarial valuation was prepared as at December 31, 2021.

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 the Municipality's best estimates. The following summarizes the major assumptions:

	2022	2021
Rate of salary increases	**3.00%**	3.00%
Long-term inflation rate	**2.10%**	2.10%
Discount rate for the obligation	**5.70%**	5.55%
Expected rate of return on plan assets	**5.70%**	5.55%
Estimated average remaining service life (EARSL)	**14 years**	14 years

The EARSL is the amortization period for the actuarial gains and losses.

The NB MEPP actuarial valuation for funding purposes prepared as at December 31, 2021 indicated that the present value of the accumulated plan benefits exceeded the market value of the net assets available for these benefits. On a going concern valuation basis, the actuarial valuation indicated a plan surplus of $1,294,100; on a solvency basis, it indicated a plan deficit of $63,792,600. The pension plan has been granted a solvency deficiency exemption by the PNB. Based on the assumptions as at December 31, 2021, the actuary expected the level of employer and employee contributions to be sufficient to fund the deficit in less than 15 years, as allowed by the *Pension Benefits Act* (New Brunswick).

Employees make contributions equal to 7.41% (2021 - 7.41%) of their earnings under the year's maximum pensionable earnings of $64,900 (2021 - $61,600) and 9.88% (2021 - 9.88%) of their earnings in excess of the year's maximum pensionable earnings. The Municipality contributes an amount that equals its employees' contribution amounts.

Plan assets are invested in short-term securities, bonds, Canadian equities and foreign equities.

11. ACCRUED BENEFIT LIABILITY (continued)

The following presents the change in the accrued benefit liability for the Municipality:

	2022	2021
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	**$ 1,073,900**	$ 1,015,300
Adjustment to opening balance	**(22,700)**	22,800
Current benefit cost	**22,600**	27,900
Benefits paid	**(49,100)**	(49,100)
Interest expense	**59,200**	57,000
Accrued benefit obligation, end of year	**1,083,900**	1,073,900
Plan assets		
Plan assets, beginning of year	**1,039,600**	983,400
Adjustment to opening balance	**(70,700)**	15,700
Employer contributions	**17,000**	17,300
Employee contributions	**17,000**	17,300
Benefits paid	**(49,100)**	(49,100)
Expected return on plan assets	**54,800**	55,000
Plan assets, end of year	**1,008,600**	1,039,600
Plan deficit	**75,300**	34,300
Unamortized actuarial gains (losses)	**(39,600)**	3,700
Accrued benefit liability	**$ 35,700**	$ 38,000

11. ACCRUED BENEFIT LIABILITY (continued)

The total expense related to the pension plan for the Municipality includes the following components:

	2022	2021
Employer current benefit cost	$ **5,600**	$ 10,600
Adjustments to opening balances	**1,600**	(2,600)
Interest expense	**59,200**	57,000
Expected return on plan assets	**(54,800)**	(55,000)
Amortization of actuarial gains (losses)	**3,100**	(300)
Pension expense	$ **14,700**	$ 9,700

12. TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Engineering structures	Sewerage infrastructure	2022 Total	2021 Total
Cost									
Balance, beginning of year	$ 292,910	$ 589,548	$ 686,565	$ 391,617	$ 1,084,692	$ 10,595,987	$ 5,645,877	$ 19,287,196	$ 18,719,436
Acquisitions	290,869	14,288	-	53,907	-	24,111	17,000	400,175	567,760
Dispositions	-	-	-	(4,610)	-	-	-	(4,610)	-
Balance, end of year	583,779	603,836	686,565	440,914	1,084,692	10,620,098	5,662,877	19,682,761	19,287,196
Accumulated amortization									
Balance, beginning of year	-	(155,970)	(396,416)	(204,761)	(611,765)	(3,547,388)	(2,624,382)	(7,540,682)	(7,063,886)
Amortization	-	(28,025)	(19,240)	(31,544)	(34,738)	(245,483)	(126,465)	(485,495)	(476,796)
Dispositions	-	-	-	4,610	-	-	-	4,610	-
Balance, end of year	-	(183,995)	(415,656)	(231,695)	(646,503)	(3,792,871)	(2,750,847)	(8,021,567)	(7,540,682)
Net book value of tangible capital assets	$ 583,779	$ 419,841	$ 270,909	$ 209,219	$ 438,189	$ 6,827,227	$ 2,912,030	$ 11,661,194	$ 11,746,514
Consists of:									
General	$ 583,779	$ 419,841	$ 270,909	$ 205,682	$ 420,085	$ 6,827,227	$ -	$ 8,727,523	$ 8,696,618
Sewerage	-	-	-	3,537	18,104	-	2,912,030	2,933,671	3,049,896
	$ 583,779	$ 419,841	$ 270,909	$ 209,219	$ 438,189	$ 6,827,227	$ 2,912,030	$ 11,661,194	$ 11,746,514
2021 net book value	$ 292,910	$ 433,578	$ 290,149	$ 186,856	$ 472,927	$ 7,048,599	$ 3,021,495	N/A	$ 11,746,514

12. TANGIBLE CAPITAL ASSETS (continued)

Fully amortized assets with a total cost of $1,806,875 (2021 - $1,566,393) are included in land improvements, buildings, machinery and equipment, vehicles, engineering structures and sewerage infrastructure because they are still in use.

13. RESERVE FUNDS

	General Capital Reserve Fund	General Operating Reserve Fund	Utility Capital Reserve Fund	2022 Total	2021 Total
Assets					
Cash	$ -	$ -	$ 20	$ 20	$ 20
Accrued interest receivable	952	-	4,671	5,623	1,140
Investments	113,707	-	323,447	437,154	429,879
Due from General Operating Fund	255,939	35,000	-	290,939	200,940
Due from Utility Operating Fund	-	-	326,059	326,059	392,547
	$ 370,598	$ 35,000	$ 654,197	$ 1,059,795	$ 1,024,526
Liabilities					
Accumulated surplus					
Balance, beginning of year	$ 298,408	$ 15,000	$ 711,118	$ 1,024,526	$ 846,571
Return on investments - interest	2,190	-	9,567	11,757	2,955
Transfer from General and Utility Operating Funds	70,000	20,000	-	90,000	175,000
Transfer to Utility Capital Fund	-	-	(66,488)	(66,488)	-
	$ 370,598	$ 35,000	$ 654,197	$ 1,059,795	$ 1,024,526

13. RESERVE FUNDS (continued)

The General Capital Reserve Fund was established for the payment of general capital expenditures. The General Operating Reserve Fund was established for the payment of general operating expenditures. The Utility Capital Reserve Fund was established for the payment of capital expenditures incurred in the provision of sewerage services. All transfers to and from these reserve funds must be made by a resolution of Council.

Transfers to/from reserve funds

The transfers to the reserves during the year were authorized by Council through resolutions dated December 12, 2022.

Investments

The investments designated as reserves include the following:

		2022
Savings account, 0.65%	$	**81,590**
Term deposit, 4.25%, maturing December 23, 2023		**43,050**
Term deposit, 1.35%, maturing March 26, 2023		**37,552**
Term deposit, 3.25%, maturing July 8, 2023		**35,773**
Term deposit, 2.40%, maturing September 14, 2023		**32,919**
Term deposit, 1.70%, maturing July 4, 2023		**23,248**
Term deposit, 2.40%, maturing August 30, 2023		**57,542**
Term deposit, 3.75%, maturing January 4, 2023		**27,184**
Term deposit, 3.50%, maturing March 1, 2023		**98,296**
	$	**437,154**

14. PREVIOUS YEARS' SURPLUS/DEFICIT

The *Local Governance Act* requires that the surplus or deficit in the General Operating Fund for a given fiscal year be included in the budget of the second ensuing year and that the surplus or deficit in the Utility Operating Fund be absorbed into one or more of four operating budgets commencing with the second ensuing year. For the Utility Operating Fund, the Municipality has decided to absorb the surplus/deficit into the third subsequent year's budget (note 3). The balance of the Utility Operating Fund's surplus (deficit) at the end of the year consists of:

	2022	2021
2019	**$ -**	$ (23,388)
2020	**1,599**	1,599
2021	**2,202**	2,202
2022	**(43,685)**	-
	$ (39,884)	$ (19,587)

15. COMMITMENTS

The Municipality has contract commitments until 2024 for garbage collection and winter maintenance. The balance of the commitments under these contracts is $307,340. Minimum payments payable over the next two years are as follows:

2023 - $163,280
2024 - $144,060

16. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality's main credit risk relates to its trade accounts receivable, cash and term deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its fixed interest rate financial instruments. The term deposits and the long-term debt subject the Municipality to a fair value risk.

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of its accounts payable and accrued charges and long-term debt.

17. AMALGAMATION

As part of the PNB's local governance reform announced in 2021, the Municipality amalgamated with portions of three neighbouring Local Service Districts (Coverdale, Salisbury and Moncton). This amalgamation took place on January 1, 2023 and is operating under the appellation "Town of Salisbury".

18. SEGMENT INFORMATION AND EXPENSES BY OBJECT

	General government	Protective	Transportation	Environmental health	Public health	Environmental development	Recreation and wellness	Sewerage	2022 Total	2021 Total
Revenue										
Warrant of assessment	$ 409,314	$ 555,609	$ 605,179	$ 135,289	$ 4,786	$ 82,359	$ 292,188	$ -	$ 2,084,724	$ 1,935,480
Services to other governments	-	169,436	5,238	-	-	-	-	-	174,674	154,134
Sale of services	-	-	-	-	-	-	-	379,479	379,479	407,525
Other revenue from own sources	34,015	1,030	22,670	-	-	-	16,529	9,594	83,838	198,600
Community funding and equalization grant	18,582	25,224	27,474	6,142	217	3,739	13,265	-	94,643	200,487
Conditional grants	3,155	-	8,784	-	-	-	21,712	-	33,651	328,384
	465,066	751,299	669,345	141,431	5,003	86,098	343,694	389,073	2,851,009	3,224,610
Expenses										
Salaries and benefits	272,586	-	185,954	-	-	-	85,079	-	543,619	411,857
Goods and services	205,124	594,832	459,501	141,385	4,500	101,776	139,116	143,417	1,789,651	1,930,037
Amortization	342	48,728	253,508	-	-	-	49,692	133,225	485,495	476,796
Interest on debt	-	9,545	10,235	-	-	-	-	6,504	26,284	29,271
Other	8,936	-	-	-	-	-	20,028	(33,121)	(4,157)	33,641
	486,988	653,105	909,198	141,385	4,500	101,776	293,915	250,025	2,840,892	2,881,602
Annual surplus (deficit)	$ (21,922)	$ 98,194	$ (239,853)	$ 46	$ 503	$ (15,678)	$ 49,779	$ 139,048	$ 10,117	$ 343,008

SCHEDULES A AND B - OTHER INFORMATION
Year ended December 31,

	2022 Budget (note 3)	**2022 Actual**	2021 Actual
A - SERVICES TO OTHER GOVERNMENTS			
Province of New Brunswick			
Fire	$ 169,436	**$ 169,436**	$ 149,228
Lanemarking	3,000	**5,238**	4,906
	$ 172,436	**$ 174,674**	$ 154,134
B - SALE OF SERVICES			
Sewerage	$ 398,775	**$ 373,788**	$ 349,274
Interest on sale of services	89,118	**5,201**	57,741
Other	1,000	**490**	510
	$ 488,893	**$ 379,479**	$ 407,525

SCHEDULES C AND D - OTHER INFORMATION
Year ended December 31,

	2022 Budget (note 3)	**2022 Actual**	2021 Actual
C - OTHER REVENUE FROM OWN SOURCES			
Building and other permits	$ 4,000	**$ 20,480**	$ 13,990
Return on investments - interest	-	**12,067**	2,955
Fundraising	-	**6,211**	250
Registration fees	-	**10,318**	12,031
Miscellaneous	2,500	**34,762**	169,374
	$ 6,500	**$ 83,838**	$ 198,600
D - CONDITIONAL GRANTS			
Operating			
Province of New Brunswick			
Employment	$ -	**$ 5,716**	$ -
Government of Canada			
Employment	-	**14,059**	20,648
	-	**19,775**	20,648
Capital			
Province of New Brunswick			
Canada Community-Building Fund	-	**-**	123,419
Government of Canada			
Transportation	-	**-**	184,317
Not-for-profit organizations and other			
Recreation and wellness	-	**13,876**	-
	-	**13,876**	307,736
	$ -	**$ 33,651**	$ 328,384

SCHEDULE E - OTHER INFORMATION
Year ended December 31,

	2022 Budget (note 3)	**2022 Actual**	2021 Actual
E - GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	$ 13,000	$ **6,830**	$ 9,672
Councillors	37,500	**46,826**	33,071
	50,500	**53,656**	42,743
Administrative			
Clerk	244,400	**294,054**	185,348
Office building	55,000	**14,032**	30,127
Solicitor	15,000	**1,264**	2,347
	314,400	**309,350**	217,822
Financial management			
External audit	23,000	**28,158**	21,119
Common services			
Civic relations	16,000	**7,241**	3,332
Cost of assessment	38,699	**38,699**	35,704
Regional and collaborative services	1,789	**-**	-
	56,488	**45,940**	39,036
Other general government services			
Public liability insurance	30,000	**22,730**	20,149
Grants	38,000	**8,936**	3,950
Other general services	34,500	**17,303**	-
Interest and bank charges	-	**573**	1,204
Amortization of tangible capital assets	-	**342**	342
	102,500	**49,884**	25,645
	$ 546,888	$ **486,988**	$ 346,365

SCHEDULE F - OTHER INFORMATION
Year ended December 31,

	2022 Budget (note 3)	**2022 Actual**	2021 Actual
F - PROTECTIVE SERVICES			
Police			
RCMP	$ 442,165	$ **442,164**	$ 432,596
	442,165	**442,164**	432,596
Fire			
Firefighting force	67,900	**47,755**	49,211
Fire alarm system	43,500	**7,758**	21,441
Station and building	20,000	**12,961**	25,376
Firefighting equipment	88,723	**74,194**	98,726
Training	12,500	**1,566**	520
Interest on long-term debt	10,500	**9,545**	11,385
Amortization of tangible capital assets	-	**48,728**	46,856
	243,123	**202,507**	253,515
Emergency measures			
Training and disaster control	7,000	**4,620**	3,348
Other			
Animal and pest control	4,000	**3,814**	3,891
	$ 696,288	$ **653,105**	$ 693,350

SCHEDULE G - OTHER INFORMATION
Year ended December 31,

	2022 Budget (note 3)	**2022 Actual**	2021 Actual
G - TRANSPORTATION SERVICES			
Common services			
Personnel	$ 131,400	**$ 130,199**	$ 146,667
General equipment and building	80,000	**92,478**	91,054
Amortization of tangible capital assets	-	**20,019**	20,009
	211,400	**242,696**	257,730
Roads and streets			
Sidewalks	25,000	**-**	41,473
Culverts and drainage ditches	42,500	**84,304**	64,893
Storm sewers	15,000	**-**	27,616
Street cleaning and flushing	7,000	**3,989**	5,475
Snow and ice removal	104,133	**99,408**	91,680
Other	15,000	**55,755**	20,635
Interest on long-term debt	9,597	**10,235**	10,270
Amortization of tangible capital assets	-	**232,327**	231,367
	218,230	**486,018**	493,409
Street lighting	60,000	**57,637**	62,386
Traffic services			
Street signs and traffic lanemarking	12,000	**13,556**	11,003
Railway crossing signals	3,500	**3,179**	3,491
Crosswalks	10,000	**11,737**	14,100
Other transportation	210,000	**93,213**	156,679
Amortization of tangible capital assets	-	**1,162**	1,162
	235,500	**122,847**	186,435
	$ 725,130	**$ 909,198**	$ 999,960

SCHEDULES H, I AND J - OTHER INFORMATION
Year ended December 31,

	2022 Budget (note 3)	**2022 Actual**	2021 Actual
H - ENVIRONMENTAL HEALTH SERVICES			
Solid waste collection	$ 89,274	$ **89,274**	$ 64,149
Solid waste disposal site	52,040	**52,111**	51,906
	$ 141,314	$ **141,385**	$ 116,055
I - PUBLIC HEALTH SERVICES			
Public health	$ 5,000	$ **4,500**	$ 4,500
J - ENVIRONMENTAL DEVELOPMENT SERVICES			
Community planning	$ 63,027	$ **64,816**	$ 61,717
Administration	500	**-**	346
Tree removal and planting	12,500	**15,278**	5,047
Research and planning	10,000	**21,682**	47,032
	$ 86,027	$ **101,776**	$ 114,142

SCHEDULES K AND L - OTHER INFORMATION
Year ended December 31,

	2022 Budget (note 3)	**2022 Actual**	2021 Actual
K - RECREATION AND WELLNESS SERVICES			
Personnel	$ 153,200	$ **85,079**	$ 78,603
Parks, playgrounds and sports	110,000	**85,464**	72,388
Building	-	**39,195**	37,180
Training	-	**398**	448
Library	22,000	**14,059**	12,134
Grants - recreational organizations	20,000	**20,028**	22,150
Amortization of tangible capital assets	-	**49,692**	43,942
	$ 305,200	$ **293,915**	$ 266,845
L - SEWERAGE			
Sewerage collection and disposal	$ 126,000	$ **103,837**	$ 161,451
Administration and general	20,000	**38,986**	30,063
Bad debt expense (recovered)	-	**(33,121)**	7,541
Interest and bank charges	-	**594**	596
Interest on long-term debt	6,505	**6,504**	7,616
Amortization of tangible capital assets	-	**133,225**	133,118
	$ 152,505	$ **250,025**	$ 340,385