MUNICIPALITY OF SALISBURY

FINANCIAL STATEMENTS

Year ended December 31, 2023

MUNICIPALITY OF SALISBURY

TABLE OF CONTENTS
Year ended December 31, 2023

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of operations and accumulated surplus	4
Statement of change in net debt	5
Statement of financial position	6
Statement of cash flow	7
Notes to financial statements	8
Schedules - Other information	26

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, 2023, 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, 2023, 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.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

EY
A member firm of Ernst & Young Global Limited

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.

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.

EY
A member firm of Ernst & Young Global Limited

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
July 8, 2024

Chartered Professional Accountants

A member firm of Ernst & Young Global Limited

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year ended December 31,

	Schedule	2023 Budget (note 4)	**2023 Actual**	2022 Actual
REVENUE				
Warrant of assessment		$ 4,951,070	**$ 5,018,773**	$ 2,084,724
Services to other governments	A	8,540	**11,394**	174,674
Sale of services	B	439,060	**369,728**	374,278
Other revenue from own sources	C	76,195	**113,001**	58,489
Community funding and equalization grant		114,831	**114,831**	94,643
Conditional grants	D	-	**376,216**	33,651
Unconditional grants		-	**159,417**	30,550
		5,589,696	**6,163,360**	2,851,009
EXPENSES				
General government services	E	946,076	**979,039**	486,988
Protective services	F	1,951,482	**1,878,061**	643,560
Transportation services	G	959,033	**904,685**	898,963
Environmental health services	H	577,461	**565,222**	141,385
Public health services	I	5,000	**4,125**	4,500
Environmental development services	J	381,247	**384,450**	101,776
Recreation and wellness services	K	361,485	**492,607**	293,915
Sewerage	L	146,000	**361,599**	243,521
Fiscal services	M	23,442	**26,522**	26,284
		5,351,226	**5,596,310**	2,840,892
ANNUAL SURPLUS (note 5)		$ 238,470	**567,050**	10,117
ACCUMULATED SURPLUS, BEGINNING OF YEAR		N/A	**11,692,203**	11,682,086
ACCUMULATED SURPLUS, END OF YEAR		N/A	**$ 12,259,253**	$ 11,692,203

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

STATEMENT OF CHANGE IN NET DEBT
Year ended December 31,

	2023	2022
ANNUAL SURPLUS	**$ 567,050**	$ 10,117
RELATING TO TANGIBLE CAPITAL ASSETS		
Acquisition of tangible capital assets	**(1,230,273)**	(400,175)
Amortization of tangible capital assets	**487,992**	485,495
Loss on disposal of tangible capital assets	**127,946**	-
	(614,335)	85,320
NET CHANGE IN NET FINANCIAL ASSETS (DEBT)	**(47,285)**	95,437
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	**31,009**	(64,428)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	**$ (16,276)**	$ 31,009

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

MUNICIPALITY OF SALISBURY

STATEMENT OF FINANCIAL POSITION
As at December 31,

	2023	2022
FINANCIAL ASSETS		
Cash (note 6)	$ **1,246,583**	$ 837,397
Accounts receivable (note 7)	**533,639**	329,127
Investments (note 8)	**442,736**	437,154
	$ **2,222,958**	$ 1,603,678
LIABILITIES		
Accounts payable and accrued charges (note 9)	$ **291,583**	$ 216,190
Deposits	**14,600**	15,200
Deferred revenue	**442,696**	423,579
Short-term debt (note 10)	**747,655**	-
Long-term debt (note 11)	**740,000**	882,000
Accrued benefit liability (note 13)	**2,700**	35,700
	2,239,234	1,572,669
NET FINANCIAL ASSETS (DEBT)	**(16,276)**	31,009
NON-FINANCIAL ASSETS		
Tangible capital assets (note 14)	**12,275,529**	11,661,194
ACCUMULATED SURPLUS	$ **12,259,253**	$ 11,692,203

COMMITMENTS (note 17)

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

APPROVED BY

..... Mayor

..... Clerk

MUNICIPALITY OF SALISBURY

STATEMENT OF CASH FLOW
Year ended December 31,

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	**$ 567,050**	$ 10,117
Items not affecting cash:		
Loss on disposal of tangible capital assets	**127,946**	-
Amortization of tangible capital assets	**487,992**	485,495
Pension adjustment	**(33,000)**	(2,300)
	1,149,988	493,312
Net change in non-cash items:		
Accounts receivable	**(204,512)**	133,330
Accounts payable and accrued charges	**75,393**	(7,074)
Deposits	**(600)**	3,600
Deferred revenue	**19,117**	324,273
	1,039,386	947,441
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	**(1,230,273)**	(400,175)
INVESTING ACTIVITIES		
Acquisition of investments	**(442,736)**	(437,154)
Maturity of investments	**437,154**	429,879
	(5,582)	(7,275)
FINANCING ACTIVITIES		
Issuance of temporary financing	**747,655**	-
Repayment of long-term debt	**(142,000)**	(138,000)
	605,655	(138,000)
NET CHANGE IN CASH	**409,186**	401,991
CASH, BEGINNING OF YEAR	**837,397**	435,406
CASH, END OF YEAR	**$ 1,246,583**	$ 837,397

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).

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

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 the Minister of Local Government on December 13, 2022.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 on purchase or during the construction of the related asset.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. CHANGE IN ACCOUNTING METHODS

The Municipality of Salisbury has adopted the new accounting standards established by the Public Sector Accounting Council and entered into force on January 1, 2023, namely: PS 3450 (Financial Instruments), PS 1201 (Financial Statement Presentation) and PS 2601 (Foreign Currency Translation). PS 3450 covers recognition and derecognition, classification, measurement and reporting of financial instruments; PS 1201 covers general principles of reporting in financial statements; PS 2601 covers recognition and presentation of transactions denominated in foreign currencies. The adoption of these standards did not result in any notable change to the financial statements of the Municipality of Salisbury.

Obligations related to asset retirement

The following modifications to the implementation of standard PS 3280 have been published and are applicable by the Muncipality for the financial year beginning January 1, 2023:

An obligation related to the decommissioning of a fixed asset is recognized in the period in which a legal obligation related to the decommissioning of a tangible capital asset arises and when it is possible to make a reasonable estimate of this amount. The obligation related to the decommissioning of an asset is initially measured based on the best estimate of the amount necessary to decommission the tangible asset at the reporting date. A corresponding amount is added to the carrying amount of the related tangible capital asset, which is depreciated over its remaining life. Changes in liabilities attributable to the passage of time are recognized as interest expense in the statement of operations with a corresponding increase in liabilities.

3. CHANGE IN ACCOUNTING METHODS (continued)

The estimated future costs to be incurred to retire the asset are reviewed annually and adjusted to reflect the best estimate of the liability at that date. The adjustments could result from changes in the assumptions used to estimate the undiscounted cash flows required to settle the obligation, including changes in the estimated probabilities, settlement amounts and timing, as well as changes in legal terms of the obligation or in the discount rate. These changes are recognized as an increase or decrease in the carrying amount of the asset retirement obligation, with a corresponding adjustment to the carrying amount of the asset in question. If the tangible capital asset in question is no longer in productive use, any change in the estimate of the liability for asset retirement obligations is recognized as an expense in the period when it occurs.

A liability for an asset retirement obligation remains recognized until it is settled or otherwise extinguished.

The implementation of this standard had no impact on the Municipality of Salisbury's financial statements for the year ended December 31, 2023.

4. 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	$ 4,951,070	$ -	$ -	$ -	$ -	$ 4,951,070
Services to other governments	8,540	-	-	-	-	8,540
Sale of services	14,000	425,060	-	-	-	439,060
Other revenue from own sources	37,500	38,695	-	-	-	76,195
Community funding and equalization grant	114,831	-	-	-	-	114,831
Transfer from Utility Operating Fund	230,000	-	-	(230,000)	-	-
Previous year's surplus	67,703	1,599	-	-	(69,302)	-
	5,423,644	465,354	-	(230,000)	(69,302)	5,589,696
Expenses						
General government services	939,676	-	-	-	6,400	946,076
Protective services	1,951,482	-	-	-	-	1,951,482
Transportation services	952,633	-	-	-	6,400	959,033
Environmental health services	577,461	-	-	-	-	577,461
Public health services	5,000	-	-	-	-	5,000
Environmental development services	381,247	-	-	-	-	381,247
Recreation and wellness services	358,285	-	-	-	3,200	361,485
Sewerage	-	376,000	-	(230,000)	-	146,000
Fiscal services						
Long-term debt repayments	88,000	54,000	-	(142,000)	-	-
Interest on long-term debt	18,088	5,354	-	-	-	23,442
Transfer to the Reserve Fund	35,000	-	-	(35,000)	-	-
Transfer to the Capital Fund	85,000	30,000	-	(115,000)	-	-
Previous year's deficit	15,772	-	-	-	(15,772)	-
Pension adjustment	16,000	-	-	-	(16,000)	-
	5,423,644	465,354	-	(522,000)	(15,772)	5,351,226
Annual surplus	$ -	$ -	$ -	$ 292,000	$ (53,530)	$ 238,470

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 2023.

5. 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)	$ (186,574)	$ 741,624	$ (132,030)	$ 140,159	$ 2,366	$ -	$ 1,505	$ 567,050
Adjustments to annual surplus (deficit) for PNB requirements								
Tangible capital assets - amortization and dispositions	483,909	-	132,030	-	-	-	-	615,939
Pension plan	-	(33,000)	-	-	-	-	-	(33,000)
Previous years' surpluses and deficits	-	(15,772)	-	1,599	-	-	-	(14,173)
Interfund transfers								
Capital expenditures	254,921	(254,921)	-	-	-	-	-	-
Long-term debt repayment	88,000	(88,000)	54,000	(54,000)	-	-	-	-
Reserve funds	-	(325,000)	-	-	270,000	55,000	-	-
Other transfers	-	232,747	-	(232,747)	-	-	-	-
Net adjustments to annual surplus (deficit)	826,830	(483,946)	186,030	(285,148)	270,000	55,000	-	568,766
Annual surplus (deficit) in accordance with PNB requirements	$ 640,256	$ 257,678	$ 54,000	$ (144,989)	$ 272,366	$ 55,000	$ 1,505	$ 1,135,816

6. CASH

	2023	2022
Cash - unrestricted	$ **1,246,563**	$ 837,377
Cash - designated as reserves (note 15)	**20**	20
	$ **1,246,583**	$ 837,397

7. ACCOUNTS RECEIVABLE

	2023	2022
Trade	$ **203,704**	$ 225,350
Contributions receivable	**125,031**	18,437
Sales tax receivable	**200,992**	79,717
Accrued interest receivable	**3,912**	5,623
	$ **533,639**	$ 329,127

8. INVESTMENTS

	2023	2022
Term deposits - designated as reserves (note 15)	$ **442,736**	$ 437,154

The term deposits bear interest at rates ranging from 2.75% to 4.00% and have maturities ranging from August 2024 to September 2024.

9. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	2023	2022
Trade payables and accrued charges	$ **289,206**	$ 213,354
Accrued interest payable	**2,377**	2,836
	$ **291,583**	$ 216,190

10. SHORT-TERM DEBT

The Municipality has an authorized bank demand loan of $800,000, repayable within three business days of receipt of long-term debenture proceeds or 24 months from the date of original advance, bearing interest paid monthly at the prime rate. Approval of the Municipal Capital Borrowing board has been obtained for this demand loan.

The Municipality also has an authorized line of credit of $50,000, bearing interest at the prime rate and renewable annually.

11. LONG-TERM DEBT

	2023	2022
General		
Debentures, New Brunswick Municipal Finance Corporation		
0.95% to 2.80%, due in 2025, OIC #14-0046	**$ 28,000**	$ 42,000
1.45% to 2.90%, due in 2026, OIC #15-0060	**48,000**	63,000
2.10% to 3.70%, due in 2038, OIC #16-0079 and 17-0080	**217,000**	234,000
2.05% to 2.85%, due in 2029, OIC #17-0101	**276,000**	318,000
	569,000	657,000
Sewerage		
Debenture, New Brunswick Municipal Finance Corporation		
1.45% to 2.90%, due in 2026, OIC #03-0070	**171,000**	225,000
	$ 740,000	$ 882,000

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

2024 - $147,000
2025 - $149,000
2026 - $137,000
2027 - $ 66,000
2028 - $ 68,000
Thereafter - $173,000

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

12. 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.

13. 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, 2022.

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:

	2023	2022
Rate of salary increases	**3.00%**	3.00%
Long-term inflation rate	**2.10%**	2.10%
Discount rate for the obligation	**6.15%**	5.70%
Expected rate of return on plan assets	**6.15%**	5.70%
Estimated average remaining service life (EARSL)	**14 years**	14 years

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

13. ACCRUED BENEFIT LIABILITY (continued)

The NB MEPP actuarial valuation for funding purposes prepared as at December 31, 2022 indicated that the present value of the accumulated plan benefits is less than the market value of the net assets available for these benefits. On a going concern valuation basis, the actuarial valuation indicated a plan deficit of $12,228,600; on a solvency basis, it indicated a plan deficit of $39,062,800. The pension plan has been granted a solvency deficiency exemption by the PNB. Based on the assumptions as at December 31, 2022, 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% (2022 - 7.41%) of their earnings under the year's maximum pensionable earnings of $66,600 (2022 - $64,900) and 9.88% (2022 - 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.

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

	2023	2022
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	$ **1,083,900**	$ 1,073,900
Adjustment to opening balance	**(283,100)**	(22,700)
Current benefit cost	**20,400**	22,600
Benefits paid	**(49,100)**	(49,100)
Interest expense	**48,400**	59,200
Accrued benefit obligation, end of year	**820,500**	1,083,900
Plan assets		
Plan assets, beginning of year	**1,008,600**	1,039,600
Adjustment to opening balance	**(283,500)**	(70,700)
Employer contributions	**24,000**	17,000
Employee contributions	**24,000**	17,000
Benefits paid	**(49,100)**	(49,100)
Expected return on plan assets	**44,600**	54,800
Plan assets, end of year	**768,600**	1,008,600

13. ACCRUED BENEFIT LIABILITY (continued)

	2023	2022
Plan deficit	**51,900**	75,300
Unamortized actuarial gains (losses)	**(49,200)**	(39,600)
Accrued benefit liability	**$ 2,700**	$ 35,700

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

	2023	2022
Employer current benefit cost	**$ (3,600)**	$ 5,600
Adjustments to opening balances	**(13,000)**	1,600
Interest expense	**48,400**	59,200
Expected return on plan assets	**(44,600)**	(54,800)
Amortization of actuarial gains (losses)	**3,800**	3,100
Pension expense	**$ (9,000)**	$ 14,700

14. TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Engineering structures	Sewerage infrastructure	2023 Total	2022 Total
Cost									
Balance, beginning 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
Acquisitions	23,650	210,260	221,326	39,498	735,539	-	-	1,230,273	400,175
Dispositions	-	-	(159,454)	(7,711)	-	-	-	(167,165)	(4,610)
Balance, end of year	607,429	814,096	748,437	472,701	1,820,231	10,620,098	5,662,877	20,745,869	19,682,761
Accumulated amortization									
Balance, beginning of year	-	(183,995)	(415,656)	(231,695)	(646,503)	(3,792,871)	(2,750,847)	(8,021,567)	(7,540,682)
Amortization	-	(33,208)	(13,860)	(29,342)	(53,126)	(231,886)	(126,570)	(487,992)	(485,495)
Dispositions	-	-	31,508	7,711	-	-	-	39,219	4,610
Balance, end of year	-	(217,203)	(398,008)	(253,326)	(699,629)	(4,024,757)	(2,877,417)	(8,470,340)	(8,021,567)
Net book value of tangible capital assets	$ 607,429	$ 596,893	$ 350,429	$ 219,375	$ 1,120,602	$ 6,595,341	$ 2,785,460	$ 12,275,529	$ 11,661,194
Consists of:									
General	$ 607,429	$ 596,893	$ 350,429	$ 218,629	$ 1,105,167	$ 6,595,341	$ -	$ 9,473,888	$ 8,727,523
Sewerage	-	-	-	747	15,434	-	2,785,460	2,801,641	2,933,671
	$ 607,429	$ 596,893	$ 350,429	$ 219,376	$ 1,120,601	$ 6,595,341	$ 2,785,460	$ 12,275,529	$ 11,661,194
2022 net book value	$ 583,779	$ 419,841	$ 270,909	$ 209,219	$ 438,189	$ 6,827,227	$ 2,912,030	N/A	$ 11,661,194

14. TANGIBLE CAPITAL ASSETS (continued)

Fully amortized assets with a total cost of $1,955,157 (2022 - $1,806,875) are included in land improvements, buildings, machinery and equipment, vehicles, engineering structures and sewerage infrastructure because they are still in use.

15. RESERVE FUNDS

	General Capital Reserve Fund	General Operating Reserve Fund	Utility Capital Reserve Fund	2023 Total	2022 Total
Assets					
Cash	$ -	$ -	$ 20	$ 20	$ 20
Accrued interest receivable	1,665	-	2,247	3,912	5,623
Investments	115,360	-	327,376	442,736	437,154
Due from General Operating Fund	525,939	90,000	-	615,939	290,939
Due from Utility Operating Fund	-	-	326,059	326,059	326,059
	$ 642,964	$ 90,000	$ 655,702	$ 1,388,666	$ 1,059,795
Liabilities					
Accumulated surplus					
Balance, beginning of year	$ 370,598	$ 35,000	$ 654,197	$ 1,059,795	$ 1,024,526
Return on investments - interest	2,366	-	1,505	3,871	11,757
Transfer from General and Utility Operating Funds	270,000	55,000	-	325,000	90,000
Transfer to Utility Capital Fund	-	-	-	-	(66,488)
	$ 642,964	$ 90,000	$ 655,702	$ 1,388,666	$ 1,059,795

15. 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 29, 2023.

Investments

The investments designated as reserves include the following:

		2023
Savings account	$	**82,105**
Term deposit, 5.25%, maturing December 23, 2024		**44,880**
Term deposit, 4.80%, maturing March 26, 2024		**37,974**
Term deposit, 4.45%, maturing July 8, 2024		**36,935**
Term deposit, 2.75%, maturing September 13, 2024		**33,469**
Term deposit, 4.00%, maturing September 4, 2024		**23,446**
Term deposit, 2.75%, maturing August 29, 2024		**58,447**
Term deposit, 4.15%, maturing January 4, 2024		**27,184**
Term deposit, 5.05%, maturing March 1, 2024		**98,296**
	$	**442,736**

16. 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 4). The balance of the Utility Operating Fund's surplus (deficit) at the end of the year consists of:

	2023	2022
2020	**$ -**	$ 1,599
2021	**2,202**	2,202
2022	**(43,685)**	(43,685)
2023	**(144,989)**	-
	$ (186,472)	$ (39,884)

17. COMMITMENTS

The Municipality has contract commitments until 2027 for garbage collection and winter maintenance. The balance of the commitments under these contracts is $484,602. Minimum payments payable over the next four years are as follows:

2024 - $132,905
2025 - $130,258
2026 - $130,258
2027 - $ 91,181

18. 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, short-term borrowings 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, short-term borrowings and long-term debt.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation used in the current year.

20. SEGMENT INFORMATION AND EXPENSES BY OBJECT

	General government	Protective	Transportation	Environmental health	Public health	Environmental development	Recreation and wellness	Sewerage	2023 Total	2022 Total
Revenue										
Warrant of assessment	$ 824,343	$ 2,087,251	$ 824,247	$ 565,015	$ 4,892	$ 373,030	$ 339,995	$ -	$ 5,018,773	$ 2,084,724
Services to other governments	-	4,469	6,925	-	-	-	-	-	11,394	174,674
Sale of services	-	-	-	-	-	-	-	369,728	369,728	379,479
Other revenue from own sources	-	825	52,395	-	-	-	215,177	4,021	272,418	83,838
Community funding and equalization grant	18,861	47,757	18,859	12,928	112	8,535	7,779	-	114,831	94,643
Conditional grants	57,596	85,530	-	-	-	-	233,090	-	376,216	33,651
	900,800	2,225,832	902,426	577,943	5,004	381,565	796,041	373,749	6,163,360	2,851,009
Expenses										
Salaries and benefits	431,521	-	202,413	-	-	57,451	152,669	-	844,054	543,619
Goods and services	527,526	1,807,712	467,210	565,222	4,125	326,999	286,960	207,931	4,193,685	1,789,651
Amortization	342	70,349	235,062	-	-	-	50,209	132,030	487,992	485,495
Interest on debt	-	12,529	8,730	-	-	-	-	5,263	26,522	26,284
Other	19,650	-	-	-	-	-	2,769	21,638	44,057	(4,157)
	979,039	1,890,590	913,415	565,222	4,125	384,450	492,607	366,862	5,596,310	2,840,892
Annual surplus (deficit)	$ (78,239)	$ 335,242	$ (10,989)	$ 12,721	$ 879	$ (2,885)	$ 303,434	$ 6,887	$ 567,050	$ 10,117

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

	2023 Budget (note 4)	**2023 Actual**	2022 Actual
A - SERVICES TO OTHER GOVERNMENTS			
Province of New Brunswick			
Fire	$ 4,540	**$ 4,469**	$ 169,436
Lanemarking	4,000	**6,925**	5,238
	$ 8,540	**$ 11,394**	$ 174,674
B - SALE OF SERVICES			
Sewerage	$ 425,060	**$ 369,298**	$ 373,788
Other	14,000	**430**	490
	$ 439,060	**$ 369,728**	$ 374,278

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

	2023 Budget (note 4)	**2023 Actual**	2022 Actual
C - OTHER REVENUE FROM OWN SOURCES			
Building and other permits	$ 35,000	**$ 50,030**	$ 20,480
Animal	2,500	**825**	-
Interest	38,695	**6,386**	17,268
Fundraising	-	**15,965**	6,211
Registration fees	-	**20,047**	10,318
Miscellaneous	-	**19,748**	4,212
	$ 76,195	**$ 113,001**	$ 58,489
D - CONDITIONAL GRANTS			
Operating			
Province of New Brunswick			
Employment	$ -	**$ 12,697**	$ 5,716
Government of Canada			
Employment	-	**16,184**	14,059
	-	**28,881**	19,775
Capital			
Province of New Brunswick			
Canada Community-Building Fund	-	**172,304**	-
Not-for-profit organizations and other			
General	-	**50,000**	-
Protection	-	**85,530**	-
Recreation and wellness	-	**39,501**	13,876
	-	**347,335**	13,876
	$ -	**$ 376,216**	$ 33,651

SCHEDULE E - OTHER INFORMATION
Year ended December 31,

	2023 Budget (note 4)	**2023 Actual**	2022 Actual
E - GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	$ 41,500	$ **29,104**	$ 6,830
Councillors	100,365	**100,005**	46,826
Software	12,600	**13,582**	7,048
	154,465	**142,691**	60,704
Administrative			
Clerk	297,400	**302,412**	287,006
Office building	108,215	**79,984**	6,884
Solicitor	25,000	**13,472**	1,264
Other	23,000	**12,226**	-
	453,615	**408,094**	295,154
Financial management			
External audit	30,000	**13,377**	28,158
Asset management	36,000	**45,198**	7,148
	66,000	**58,575**	35,306
Common services			
Civic relations	16,000	**18,559**	7,241
Cost of assessment	137,450	**137,450**	38,699
Training and development	3,000	**9,396**	-
Regional and collaborative services	8,046	**8,046**	-
	164,496	**173,451**	45,940
Other general government services			
Public liability insurance	41,500	**27,569**	22,730
Grants	35,000	**19,650**	8,936
Other general services	21,000	**9,463**	17,303
Memberships	10,000	**10,530**	-
Loss on disposition of tangible capital assets	-	**125,178**	-
Interest and bank charges	-	**3,496**	573
Amortization of tangible capital assets	-	**342**	342
	107,500	**196,228**	49,884
	$ 946,076	$ **979,039**	$ 486,988

SCHEDULE F - OTHER INFORMATION
Year ended December 31,

	2023 Budget (note 4)	**2023 Actual**	2022 Actual
F - PROTECTIVE SERVICES			
Police			
RCMP	$ 1,365,545	**$ 1,365,545**	$ 442,164
Other	24,723	**-**	-
	1,390,268	**1,365,545**	442,164
Fire			
Firefighting force	290,928	**289,856**	47,755
Fire alarm system	43,500	**12,069**	7,758
Station and building	20,000	**8,414**	12,961
Firefighting equipment	160,000	**103,224**	74,194
Training	12,500	**7,676**	1,566
Amortization of tangible capital assets	-	**70,349**	48,728
	526,928	**491,588**	192,962
Emergency measures			
Training and disaster control	7,000	**3,813**	4,620
Other			
Animal and pest control	17,286	**17,115**	3,814
Other	10,000	**-**	-
	27,286	**17,115**	3,814
	$ 1,951,482	**$ 1,878,061**	$ 643,560

SCHEDULE G - OTHER INFORMATION
Year ended December 31,

	2023 Budget (note 4)	**2023 Actual**	2022 Actual
G - TRANSPORTATION SERVICES			
Common services			
Personnel	$ 211,400	**$ 202,413**	$ 130,199
General equipment and building	90,000	**114,411**	92,478
Amortization of tangible capital assets	-	**15,167**	20,019
	301,400	**331,991**	242,696
Roads and streets			
Sidewalks	40,000	**13,421**	-
Culverts and drainage ditches	60,000	**44,951**	84,304
Storm sewers	15,000	**-**	-
Street cleaning and flushing	7,000	**11,211**	3,989
Snow and ice removal	114,133	**93,643**	99,408
Other	175,000	**79,982**	55,755
Amortization of tangible capital assets	-	**218,733**	232,327
	411,133	**461,941**	475,783
Street lighting	60,000	**66,638**	57,637
Traffic services			
Street signs and traffic lanemarking	8,000	**25,373**	13,556
Railway crossing signals	3,500	**4,111**	3,179
Crosswalks	10,000	**13,469**	11,737
Other	165,000	**-**	93,213
Amortization of tangible capital assets	-	**1,162**	1,162
	186,500	**44,115**	122,847
	$ 959,033	**$ 904,685**	$ 898,963

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

	2023 Budget (note 4)	**2023 Actual**	2022 Actual
H - ENVIRONMENTAL HEALTH SERVICES			
Solid waste collection	$ 381,585	**$ 383,835**	$ 89,274
Solid waste disposal site	178,136	**178,136**	52,111
Other	17,740	**3,251**	-
	$ 577,461	**$ 565,222**	$ 141,385
I - PUBLIC HEALTH SERVICES			
Public health	$ 5,000	**$ 4,125**	$ 4,500
J - ENVIRONMENTAL DEVELOPMENT SERVICES			
Community planning	$ 254,247	**$ 255,217**	$ 64,816
Administration	25,000	**57,451**	-
Tree removal and planting	12,500	**10,241**	15,278
Research and planning	30,000	**24,727**	21,682
Other	59,500	**36,814**	-
	$ 381,247	**$ 384,450**	$ 101,776

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

	2023 Budget (note 4)	**2023 Actual**	2022 Actual
K - RECREATION AND WELLNESS SERVICES			
Personnel	$ 113,000	**$ 152,669**	$ 85,079
Parks, playgrounds	130,500	**208,777**	85,464
Administrative and building	74,464	**58,282**	39,195
Training	3,000	**505**	398
Library	22,000	**19,396**	14,059
Grants - recreational organizations	18,521	**-**	20,028
Amortization of tangible capital assets	-	**50,209**	49,692
Loss on disposition of tangible capital assets	-	**2,769**	-
	$ 361,485	**$ 492,607**	$ 293,915
L - SEWERAGE			
Sewerage collection and disposal	$ 121,000	**$ 174,644**	$ 103,837
Administration and general	25,000	**32,692**	38,986
Bad debt expense (recovered)	-	**21,638**	(33,121)
Interest and bank charges	-	**595**	594
Amortization of tangible capital assets	-	**132,030**	133,225
	$ 146,000	**$ 361,599**	$ 243,521
M - FISCAL SERVICES			
General			
Interest on temporary borrowing	$ -	**$ 3,540**	$ -
Interest on long term debt	18,088	**17,719**	19,780
Water and sewer			
Interest on long term debt	5,354	**5,263**	6,504
	$ 23,442	**$ 26,522**	$ 26,284