

**TOWN OF ST. STEPHEN**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

# TOWN OF ST. STEPHEN

DECEMBER 31, 2022

## CONTENTS

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statement of Operations	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Net Debt	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 31

## INDEPENDENT AUDITORS' REPORT

To His Worship The Mayor and Members of Council  
Town of St. Stephen, New Brunswick

### *Opinion*

We have audited the consolidated financial statements of the Town of St. Stephen, which comprise the statement of financial position as at December 31, 2022, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2022, and the results of its 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### *Auditors' 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 auditors' 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.

*Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)*

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

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

We communicated 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.

  
CHARTERED PROFESSIONAL ACCOUNTANTS

Saint John, NB  
November 1, 2023



# TOWN OF ST. STEPHEN

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u> Under (Over)	<u>2022</u> Budget (Note 21)	<u>2022</u> Actual	<u>2021</u> Actual
<b>REVENUE</b>				
Property tax warrant	\$ -	\$ 5,817,834	\$ 5,817,834	\$ 5,523,832
Services provided to other governments (Note 22)	(447)	396,756	397,203	236,402
Sale of services (Note 22)	(22,103)	406,050	428,153	337,504
Other revenue from own sources (Note 22)	(402,087)	176,071	578,158	428,384
Unconditional grant	(50,537)	1,724,484	1,775,021	1,499,198
Unconditional transfers from other governments	-	-	-	389,705
Conditional transfers	(322,878)	300	323,178	2,317,745
Other transfers	-	69	69	-
Water and sewer user fees	(118,021)	2,373,000	2,491,021	2,222,954
Interest	(119,290)	88,100	207,390	119,865
Other	<u>(24,905)</u>	<u>-</u>	<u>24,905</u>	<u>45,174</u>
	<u>(1,060,268)</u>	<u>10,982,664</u>	<u>12,042,932</u>	<u>13,120,763</u>
<b>EXPENDITURE (Note 22)</b>				
General government services	(45,917)	1,034,132	1,080,049	904,563
Protective services	54,597	2,446,862	2,392,265	2,213,986
Transportation services	57,651	2,370,809	2,313,158	2,041,136
Environmental health services	(8,062)	281,700	289,762	285,949
Environmental development services	(102,342)	470,237	572,579	449,934
Recreation and cultural services	136,215	3,010,617	2,874,402	2,752,967
Water and sewer services	<u>(430,855)</u>	<u>2,695,268</u>	<u>3,126,123</u>	<u>2,433,945</u>
	<u>(338,713)</u>	<u>12,309,625</u>	<u>12,648,338</u>	<u>11,082,480</u>
<b>ANNUAL SURPLUS (DEFICIT) FOR THE YEAR (Note 19)</b>	<u>\$ (721,555)</u>	(1,326,961)	(605,406)	2,038,283
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>		<u>-</u>	<u>49,439,983</u>	<u>47,401,700</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>		<u>\$ (1,326,961)</u>	<u>\$ 48,834,577</u>	<u>\$ 49,439,983</u>

# TOWN OF ST. STEPHEN

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

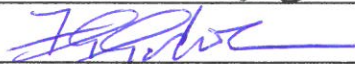
	<u>2022</u>	<u>2021</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	\$ 3,559,814	\$ 3,705,304
Accounts receivable		
General	1,910,897	1,632,154
Private Developers	-	550,000
Insurance	221,604	-
Federal Government and its agencies (Note 5)	626,578	882,756
Province of New Brunswick (Note 6)	<u>55,957</u>	<u>251,704</u>
	<u>\$ 6,374,850</u>	<u>\$ 7,021,918</u>
<b>LIABILITIES</b>		
Short term financing (Note 13)	\$ 1,341,651	\$ 631,560
Accounts payable and accrued liabilities	2,636,964	3,053,786
Deferred revenue (Note 7)	199,522	124,850
Long term debt (Note 8)	6,524,000	7,266,000
Accrued sick leave (Note 9)	304,000	304,000
Post employment benefits payable (Note 10)	<u>171,585</u>	<u>267,285</u>
	<u>11,177,722</u>	<u>11,647,481</u>
<b>NET DEBT</b>	<u>(4,802,872)</u>	<u>(4,625,563)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 17)	86,431,262	85,058,728
Accumulated amortization (Note 17)	<u>(33,132,432)</u>	<u>(31,387,169)</u>
	53,298,830	53,671,559
Inventory	215,646	133,316
Prepaid expenses	55,911	184,908
Deferred expenses	<u>67,062</u>	<u>75,763</u>
	<u>53,637,449</u>	<u>54,065,546</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 48,834,577</u>	<u>\$ 49,439,983</u>

**CONTINGENT LIABILITY** (Note 11)

**COMMITMENTS** (Note 12)

**APPROVED BY:**

  
 \_\_\_\_\_ Mayor

  
 \_\_\_\_\_ Acting Treasurer

# TOWN OF ST. STEPHEN

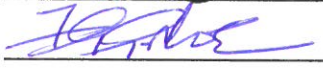
## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

AS AT DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Annual surplus (deficit)	\$ (605,406)	\$ 2,038,283
Acquisition of tangible capital assets	(2,124,000)	(2,503,193)
Amortization of tangible capital assets	2,086,976	2,074,423
Loss on disposal of tangible capital assets	<u>409,753</u>	<u>43,095</u>
	(232,677)	1,652,608
Acquisition of inventories	(215,646)	(133,316)
Acquisition of prepaid expenses	(55,911)	(184,908)
Acquisition of deferred expenses	(67,062)	(75,763)
Consumption of inventories	133,316	234,992
Use of prepaid expenses	184,908	166,782
Use of deferred expenses	<u>75,763</u>	<u>72,289</u>
Decrease in net debt	(177,309)	1,732,684
Net debt - beginning of year	<u>(4,625,563)</u>	<u>(6,358,247)</u>
Net debt - end of year	<u>\$ (4,802,872)</u>	<u>\$ (4,625,563)</u>

**APPROVED BY:**

  
 \_\_\_\_\_ Mayor

  
 \_\_\_\_\_ Acting Treasurer

# TOWN OF ST. STEPHEN

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
<b>OPERATING TRANSACTIONS</b>		
Annual surplus (deficit)	\$ (605,406)	\$ 2,038,283
Loss on disposal of tangible capital assets	409,753	43,095
Amortization of tangible capital assets	2,086,976	2,074,423
Receivable - General	(278,743)	(221,082)
Receivable - Private Developers	550,000	(122,170)
Receivable - Insurance	(221,604)	-
Receivable - Federal Government and its agencies	256,178	(270,670)
Receivable - Province of New Brunswick	195,747	361,771
Accounts payable and accrued liabilities	(416,822)	(122,464)
Deferred revenue	74,672	15,641
Accrued sick leave	-	66,100
Post employment benefits receivable	(95,700)	(291,015)
Change in inventory/prepaid expenses/deferred expenses	<u>55,368</u>	<u>80,076</u>
	<u>2,010,419</u>	<u>3,651,988</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	<u>(2,124,000)</u>	<u>(2,503,193)</u>
	<u>(2,124,000)</u>	<u>(2,503,193)</u>
<b>FINANCING TRANSACTION</b>		
Long term debt	<u>(742,000)</u>	<u>807,000</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(855,581)</u>	<u>1,955,795</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>3,073,744</u>	<u>1,117,949</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,218,163</u>	<u>\$ 3,073,744</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 3,559,814	\$ 3,705,304
Short term financing	<u>(1,341,651)</u>	<u>(631,560)</u>
	<u>\$ 2,218,163</u>	<u>\$ 3,073,744</u>



# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 1. PURPOSE OF THE ORGANIZATION

The Town of St. Stephen (the "Town") was incorporated by the Province of New Brunswick on May 17, 1871. As a municipality, the Town is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act. The Town has the following vision statement, "the Town of St. Stephen will strive to increase its population and prosperity through proactively pursuing boundary expansion, economic development and diversification, and revitalization of its downtown and infrastructure all while capitalizing on its location and quality of life."

On January 1, 2023 the Local Service Districts of St. Stephen, Dufferin, Dennis Weston and portions of Local Service Districts of Western Charlotte and Saint David will be amalgamated with the Town as a result of the municipal reform.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The focus of Public Sector Accounting Standards ("PSAS") financial statements is on the financial position of the Town and the changes thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Town.

Significant aspects of the accounting policies adopted by the Town are as follows:

#### 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 Town and which are owned or controlled by the Town.

Interdepartmental and organizational transactions and balances are eliminated.

The St. Croix Public Library has been consolidated into these financial statements.

#### Budget

The budget figures contained in these consolidated financial statements were approved by Council on November 10, 2021 and the Director of Community Finances on November 25, 2021 for the General Operating Fund.

The Water and Sewer Operating Fund budget was approved by Council on November 10, 2021 and the Director of Community of Finances on November 25, 2021.

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equity instruments with actively traded markets are reported at fair value, with any unrealized gains and losses reported in annual surplus. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed over the life of the instrument.

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with banks.

#### Revenue Recognition

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 expenditures are incurred.

Other revenue is recorded when it is earned.

#### Expenditure Recognition

Expenditures are recorded on an accrual basis.

#### Measurement Uncertainty

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards 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 expenditures 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.

Examples of significant estimates include:

- allowance for doubtful accounts;
- providing for amortization of tangible capital assets;
- the estimated useful lives of tangible capital assets;
- the recoverability of tangible capital assets; and
- sick leave and post employment benefits liability.

#### Inventory

Inventory consists of sand, salt, civic center canteen merchandise and various other items and is valued at the lower of cost and net realizable value using a first in first out ("FIFO") inventory method.

#### Capital Reserves

The use of the Capital Reserve Funds is restricted to capital expenditures. The intention is to use these funds for future expenditures and reduce future borrowing requirements.

#### Operating Reserves

The use of these funds is restricted to payment of operating expenditures.

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 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, less any residual value when applicable, is amortized on a straight-line basis over the estimated useful lives as follows:

<u>Asset Type</u>	<u>Estimated Useful Life</u>
Land improvements	10-25 years
Buildings and leasehold improvements	25-40 years
Light vehicles	5 years
Machinery and equipment	5-25 years
Road and streets	15-60 years
Water and sewer	30-60 years
Treatment facilities	15-100 years
Marine structures	30 years

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

The Town regularly reviews its capital assets to eliminate obsolete items.

#### Segmented Information

The Town is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Town's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments as follows:

##### General Government Services

This department is responsible for the overall governance and financial administration of the Town. 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.



# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Segmented Information (cont'd)

##### 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 the swimming pool, civic center, parks and playgrounds and other recreational and cultural facilities.

##### Water and Sewer 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.

The Town has documented a schedule of segmented disclosure in Note 18.

#### Sick Leave and Post Employment Benefits

The Town recognizes its obligations under sick leave and post employment benefit plans and the related costs, net of plan assets. The Town has a sick leave benefit (Note 9), a retirement allowance and pension plan (Note 10). The Town has restricted \$585,629 to assist in the funding of these benefits as at December 31, 2022 (2021 - \$574,529).

### 3. FINANCIAL INSTRUMENTS

The Town is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Town's risk exposure and concentration as of December 31, 2022:

#### Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Town is exposed to credit risk from its accounts receivable. The Town's credit risk is mitigated by the fact that its accounts receivable consist primarily of funds due from the Federal Government and the Province of New Brunswick. The other accounts receivable consists of many customers, therefore there is not a large concentration of risk.

#### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, accounts payable and accrued liabilities and other obligations.

#### Currency Risk

Currency risk is the risk to the Town's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Town is not exposed to foreign currency risk as it does not hold foreign currencies.



# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 3. FINANCIAL INSTRUMENTS (cont'd)

#### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities. The Town is exposed to interest rate risk as its interim borrowing has a variable interest rate.

### 4. CASH

	<u>2022</u>	<u>2021</u>
Cash - unrestricted	\$ 1,772,458	\$ 1,298,698
Cash - restricted - reserves (Note 20)	1,201,727	1,832,077
Cash - restricted - retirement allowance (Notes 2, 3 and 10)	228,395	224,066
Cash - restricted - accrued sick leave (Notes 2, 3 and 9)	<u>357,234</u>	<u>350,463</u>
	<u>\$ 3,559,814</u>	<u>\$ 3,705,304</u>

### 5. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	<u>2022</u>	<u>2021</u>
Canada Revenue Agency (HST refund)	\$ 531,271	\$ 484,794
Small Communities Fund	5,688	13,644
Integrated Bilateral Agreement	87,706	359,635
Atlantic Canada Opportunities Agency	<u>1,913</u>	<u>24,683</u>
	<u>\$ 626,578</u>	<u>\$ 882,756</u>

### 6. DUE FROM PROVINCE OF NEW BRUNSWICK

	<u>2022</u>	<u>2021</u>
Regional Development Corporation	\$ 934	\$ 18,765
STEP Hybrid Partner Support	-	17,000
Small Communities Fund	5,688	13,644
Integrated Bilateral Agreement	<u>49,335</u>	<u>202,295</u>
	<u>\$ 55,957</u>	<u>\$ 251,704</u>

### 7. DEFERRED REVENUE

Deferred revenue consists of flat rate water fees collected in advance, and civic centre passes, gift cards, and venue bookings.

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 8. LONG TERM DEBT

	Balance January 1, <u>2022</u>	Issued during <u>year</u>	Redeemed during <u>year</u>	Balance December 31, <u>2022</u>
New Brunswick Municipal Financing Corporation				
Debtentures:				
BQ - 26 1.20% - 1.85% series, due 2022	\$ 35,000	\$ -	\$ 35,000	\$ -
BR - 24 1.65% - 2.90% series, due 2027	126,000	-	20,000	106,000
BV - 22 2.05% - 3.35% series, due 2039	757,000	-	72,000	685,000
CA - 26 0.855% - 2.762% series, due 2036	608,000	-	36,000	572,000
BH - 30 1.35% - 3.80%, series, due 2032	170,000	-	36,000	134,000
BK - 16 1.15% - 3.45% series, due 2024	116,000	-	38,000	78,000
BP - 24 1.20% - 3.80% series, due 2036	3,024,000	-	163,000	2,861,000
CA - 27 0.855% - 2.762% series, due 2036	839,000	-	50,000	789,000
BV- 23 2.05% - 2.85% series, due 2029	1,018,000	-	117,000	901,000
BI - 27 1.35% - 3.25% series, due 2023	23,000	-	11,000	12,000
BK - 17 1.15% - 3.45% series, due 2024	417,000	-	135,000	282,000
BM - 26 0.95% -2.80% series, due 2025	96,000	-	23,000	73,000
BO - 29 1.45% - 2.90% series, due 2026	21,000	-	4,000	17,000
BQ - 27 1.20% - 2.70% series, due 2027	<u>16,000</u>	<u>-</u>	<u>2,000</u>	<u>14,000</u>
	<u>\$ 7,266,000</u>	<u>\$ -</u>	<u>\$ 742,000</u>	<u>\$ 6,524,000</u>

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

Principal payments required during the next five years are as follows:

2023	\$ 698,000
2024	698,000
2025	529,000
2026	520,000
2027	527,000

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 9. ACCRUED SICK LEAVE

The Town provides sick leave that accumulates at 1.5 days per month for all full-time employees. All employees can accumulate a maximum of 210 sick leave days. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave. Upon retirement, due to age or disability, or upon death, the plan provides to the unionized employees who are members of the New Brunswick Municipal Employee Pension Plan, a payout of any accumulated sick days at the then current rate of pay.

An actuarial valuation was performed on the 34 unionized and 13 active and 1 eligible retired non-unionized employees plan in accordance with PS 3255 as at December 31, 2020 (valuations are completed every three years). The actuarial method used was the Projected Unit Credit pro-rated on service to expected usage (non-unionized) and Projected Unit Credit pro-rated on service to retirement (unionized). The valuation was based on a number of assumptions about future events, such as interest rates, wage and salary increases and employee turnover and retirement. The assumptions used reflect the Town's best estimates.

The following summarizes the major assumptions in the valuation:

- annual salary increase is 3% (2017 - 3%);
- the discount rate used to determine the accrued benefit obligations is 1.99% (2017 - 3.07%)
- retirement age is 60 or one year after the valuation date if employee is already over 60 years old;
- estimated net excess utilization of rate of sick leave for non-unionized employees is 1.40 days (2017 - 2.17 days) per employee per year; and
- estimated net excess utilization of rate of sick leave for unionized employees is assumed to be zero.

The liability was estimated to be \$304,000 on December 31, 2022 (2021 - \$304,000). The Town has restricted \$357,234 (2021 - \$350,463) in cash to fund this future liability (Note 4).

### 10. POST EMPLOYMENT BENEFITS PAYABLE

The post employment benefits payable consists of the following:

	<b>Estimated 2022</b>	<b>Estimated 2021</b>
Retirement allowance and other obligation	\$ (96,015)	\$ (96,015)
Pension obligation - NBMEPP	<u>267,600</u>	<u>363,300</u>
	<u>\$ 171,585</u>	<u>\$ 267,285</u>

#### Retirement Allowance and Other

Retirement allowance benefit is for the Town management employees after attaining at least 10 years of continuous service. The benefit is equal to ten days' pay for each full year of continuous service. The number of days should not exceed 260 days, and is paid at the employee's regular rate of total compensation at retirement. A severance gift is also provided for the Town employees paid upon retirement. The gift is \$1,000 for management employees, \$500 for unionized employees and \$50 to \$1,000 for volunteer firefighters depending on years of service at severance. Finally, management employees have 50% of their health and life insurance premiums paid by the Town upon retirement up to age 65 to a maximum coverage period of 5 years.



# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 10. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

An actuarial valuation was performed on the plan for 34 unionized employees, 13 non-unionized employees, 1 eligible retired management employee, and 25 volunteer firefighters in accordance with PS 3250 as at December 31, 2020 (valuations are completed every three years). The actuarial method used was the Projected Unit Credit method.

The actuarial valuation for accounting purposes was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates. The following summarizes the major assumptions in the valuation as at December 31, 2020:

- the discount rate used to determine the accrued benefit obligation is 1.99% (2017 - 3.07%);
- salary increase rate of 3% per annum;
- life insurance premiums increase by 3% per year; and
- health insurance premiums increase by 5% per annum.

The Town has restricted \$228,395 (2021 - \$224,066) in cash to fund this future liability (Note 4).

#### Pension Obligation

The Town and its employees participate in the New Brunswick Municipal Employees Pension Plan ("NBMEPP"). The NBMEPP is a multiple-employer defined benefit pension plan administered by a board elected by the members under the provisions of the Municipalities Act of New Brunswick. The NBMEPP 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 NBMEPP (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, 2020 and resulted in an overall NBMEPP accrued benefit obligation of \$135,126,100 based on the accounting basis.

The actuarial valuation for accounting purposes was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates. The following summarizes the major assumptions in the valuation as at December 31, 2021:

- the expected inflation rate is 2.10% (prior 2.10%);
- the discount rate used to determine the accrued benefit obligation is 5.70% (prior 5.55%);
- the expected rate of return on assets is 5.70% (prior 5.55%);
- retirement age varies by age and employment category; and
- estimated average remaining service life (EARSL) is 14.0 years (prior 13.0 years).

The actuarial valuation prepared as at December 31, 2020 indicated that the market value of the net assets available for the accumulated plan benefits were less than the present value of these benefits. The pension plan has been granted a solvency deficiency exemption by the Province of New Brunswick. On a going concern valuation basis, the actuarial valuation indicated a plan deficit of \$833,500, a change of \$191,700 from the December 31, 2019 deficit of \$641,800. Based on the assumptions as at December 31, 2020, the actuary expects the level of employer and employee contributions to be sufficient to fund the current service cost and going concern special payments, as required by the Pensions Benefits Act.



# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 10. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

As at December 31, 2020, the NBMEPP provides benefits for 294 retirees. Total benefits payments to retirees and terminating employees during 2022 are estimated to be approximately \$4,957,200 (actual 2021, \$6,360,300) in totality for the NBMEPP.

Employees make contributions using rates that vary by earnings level and employment category, with an overall average contribution rate of approximately 8.00%. Each municipality contributes an amount that equals their employees contributions amounts. Pension fund assets are invested in short term securities, bonds, Canadian equities and foreign equities. Combined employees and participating bodies' contributions for 2022 are estimated to be approximately \$7,421,400 (actual 2021 \$7,235,200 in totality for the NBMEPP).

The following summarizes the NBMEPP data as it relates to the Town of St. Stephen:

- The average age of the 45 active employees covered by the NBMEPP is 47.8 (as at December 31, 2020);
- Benefit payments were \$364,000 in 2021 and were estimated to be \$330,800 in 2022; and
- Combined contributions were \$396,400 in 2021 and were estimated to be \$408,200 in 2022.

In addition to determining the position of the NBMEPP as it relates to the Town of St. Stephen as at December 31, 2020 and December 31, 2021, NBMEPP's actuary performed an extrapolation of the December 31, 2021 accounting valuation to determine the estimated position as at December 31, 2022. The extrapolation assumes assumptions used as at December 31, 2022 remain unchanged from December 31, 2021. The extrapolation also assumes assets return 5.70% net of all fees and expenses. If experience is different than assumed, amounts will be adjusted to reflect actual experience. Results of the extrapolation are as follows:

	<b>Estimated</b>	
	<b><u>Dec 31, 2022</u></b>	<b><u>Dec 31, 2021</u></b>
<b>Accrued Benefit Liability</b>		
Accrued benefit liability at beginning of period	\$ 335,900	\$ 445,400
Pension expense for the year	135,800	88,700
Employer contributions	<u>(204,100)</u>	<u>(198,200)</u>
Accrued benefit liability at end of period	<u>\$ 267,600</u>	<u>\$ 335,900</u>

In summary, the accrued benefit liability as it related to the Town of St. Stephen is estimated to be \$267,600 as at December 31, 2022. The December 31, 2021 liability was estimated in the prior year to be \$363,300. The actual liability was calculated to be \$335,900. The difference of \$27,400 has been recorded in the current year. This amount is included in the post employment benefits payable on the consolidated statement of financial position.

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 10. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

The financial position as it relates to the accrued benefit liability is shown as follows and illustrates the unamortized amounts being recognized in pension expense over time:

	<b>Estimated Jan 1, 2022 to Dec 31, 2022</b>	<b>Jan 1, 2021 to Dec 31, 2021</b>
<b>Reconciliation of Funded Status at End of Period</b>		
Accrued benefit obligation	\$ 8,591,700	\$ 8,132,900
Plan assets	<u>(8,346,700)</u>	<u>(7,821,300)</u>
Plan deficit	245,000	311,600
Unamortized experience gains	<u>(22,600)</u>	<u>(24,300)</u>
Accrued benefit liability at end of period	<u>\$ 267,600</u>	<u>\$ 335,900</u>

The following illustrates the reconciliation of accrued benefit obligation from the beginning of period to the end of period:

	<b>Estimated Jan 1, 2022 to Dec 31, 2022</b>	<b>Jan 1, 2021 to Dec 31, 2021</b>
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued benefit obligation at beginning of period	\$ 8,132,900	\$ 7,732,600
Current service cost	326,200	299,300
Benefit payments	(330,800)	(364,000)
Interest for period	463,400	427,400
Experience loss during period	<u>-</u>	<u>37,600</u>
Accrued benefit obligation at end of period	<u>\$ 8,591,700</u>	<u>\$ 8,132,900</u>

The following illustrates the reconciliation of plan assets from the beginning of period to the end of period:

	<b>Estimated Jan 1, 2022 to Dec 31, 2022</b>	<b>Jan 1, 2021 to Dec 31, 2021</b>
<b>Reconciliation of Plan Assets</b>		
Plan assets at beginning of period	\$ 7,821,300	\$ 7,559,100
Employer contributions	204,100	198,200
Employee contributions	204,100	198,200
Benefit payments	(330,800)	(364,000)
Return on plan assets during period	<u>448,000</u>	<u>229,800</u>
Plan assets at end of period	<u>\$ 8,346,700</u>	<u>\$ 7,821,300</u>

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 10. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

Total expense related to pensions include the following components:

	<b>Estimated Jan 1, 2022 to Dec 31, 2022</b>	<b>Jan 1, 2021 to Dec 31, 2021</b>
<b>Pension Expense</b>		
Employer current service cost	\$ 122,100	\$ 101,100
Interest on accrued benefit obligation	463,400	427,400
Expected return on assets	<u>(448,000)</u>	<u>(420,400)</u>
	<u>137,500</u>	<u>108,100</u>
 Amortization of unrecognized balances		
Experience gain	<u>(1,700)</u>	<u>(19,400)</u>
 Pension expense	<u>\$ 135,800</u>	<u>\$ 88,700</u>

The pension expense is included in the statement of operations.

### 11. CONTINGENT LIABILITY

In the normal course of operations, the Town becomes involved in various claims and legal proceedings. The Town maintains insurance coverage in amounts considered appropriate to cover applicable claims.

### 12. COMMITMENTS

#### Developers Incentive - Retirement Community Apartment Complex

In 2010, the Town committed \$185,160 to a local developer to aid in the cost of construction of a thirty-five unit senior housing complex. The commitment is for waived building permit fees, a lump sum payment of \$27,500 in the year following the completion of the project, and \$353 per unit for twelve years. In 2011, the project was completed and the Town has paid \$163,405 to date.

#### Developers Incentive - Manufacturing Company

In 2014, the Town committed \$200,000 under its "Major Industry and Economic Incentive Policy No 57-A" to a local manufacturing company to aid with developmental capital and operating expenses. The commitment is conditionally payable in annual contributions of \$10,000 over a twenty year period. The Town has paid \$30,000 to date.

#### Developers Incentive - Retail and Hotel Development

In 2018, the Town committed \$495,899 under its "Major Industry and Economic Incentive Policy No 57-A" to a developer, to aid with developmental capital and operating expenses of lands for commercial uses including retail operations and a hotel. The commitment is conditionally payable in annual contributions over a five to ten year period commencing one year from substantial completion. The development was complete in 2019 excluding the hotel. The Town has paid \$148,770 to date.



# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 13. SHORT TERM BORROWING

#### Interim Borrowing Capital Funds

The Town has arranged a revolving operating facility bearing interest at prime less 0.50% for the General Fund and Water and Sewerage Fund. The facility is used to provide interim financing for capital expenditures.

The Town has remaining outstanding authority for short-term borrowings as follows:

General Capital Fund, OIC # 20-0020	234,000
General Capital Fund, OIC # 21-0011	2,586,000
Water and Sewerage Capital Fund, OIC # 20-0020	381,000
Water and Sewerage Capital Fund, OIC # 21-0011	<u>590,000</u>
	<u>\$ 3,791,000</u>

#### Operating Borrowing

As prescribed in the Local Governance Act, borrowing to finance General Operating Fund operations is limited to 4% of the Municipality's budget. Borrowing to finance Water and Sewer Fund operations is limited to 50% of the operating budget for the year. In 2022, the Town has complied with these restrictions.

#### Inter-fund Borrowing

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

### 14. WATER AND SEWER FUND SURPLUS (DEFICIT)

The Local Governance Act requires Water and Sewer Fund surplus (deficit) amounts to be absorbed into one or more of four Operating Budgets commencing with the second next ensuing year; the balance of the surplus (deficit) at the end of the year consists of:

	<u>2022</u>	<u>2021</u>
2022 Surplus	\$ 221,489	\$ -
2021 Surplus	247,606	247,606
2020 Deficit	(57,369)	(76,492)
2019 Deficit	(69,049)	(103,574)
2018 Deficit	<u>-</u>	<u>(22,490)</u>
	<u>\$ 342,677</u>	<u>\$ 45,050</u>



# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 15. GENERAL FUND SURPLUS

The Municipalities Act requires the General Fund surplus amounts to be absorbed into the Operating Budgets of the second ensuing year; the balance of the surplus at the end of the year consists of:

	<u>2022</u>	<u>2021</u>
2022 Surplus	\$ 560,067	\$ -
2021 Surplus	778,334	778,334
2020 Surplus	<u>-</u>	<u>390,805</u>
	<u>\$ 1,338,401</u>	<u>\$ 1,169,139</u>

### 16. CHARLES F. TODD TRUST

The Charles F. Todd Trust consists of annual payments to the Town from the Estate of Charles F. Todd. By virtue of a court order dated June 7, 2004, the annual payment from the Trust is to be disbursed as follows: \$200 to the Poppy Fund of the Milltown Branch No. 48 of the Royal Canadian Legion; Fifty percent of the remaining funds to the Volunteer Centre of Charlotte County Inc; the remaining balance awarded in two scholarships to students of St. Stephen High School.

As of December 31, 2022, there was \$27,994 (2021 - \$21,564) remaining in the trust.

The activity of the Charles F. Todd Trust has been excluded from these financial statements.

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

17. SCHEDULE OF TANGIBLE CAPITAL ASSETS

	Land		Buildings and Leasehold Improvements	Vehicles	Machinery and Equipment	Infrastructure				Assets Under Construction	2022 Total	2021 Total	
	Land	Improvements				Roads and Streets	Treatment Facilities	Water and Sewer	Marine Structures				
<b>COST</b>													
Balance - beginning of year	\$ 1,934,306	\$ 1,679,188	\$ 25,604,600	\$ 696,440	\$ 5,299,306	\$ 19,610,381	\$ 5,927,123	\$ 22,300,899	\$ 1,536,854	\$ 469,631	\$ 85,058,728	\$ 82,807,529	
Add: net additions during the year	-	4,812	48,788	69,082	1,644,824	91,147	575,970	39,063	14,446	(364,132)	2,124,000	2,503,193	
Less: disposals during the year	(62)	-	(10,000)	-	-	-	(741,404)	-	-	-	(751,466)	(251,994)	
Balance - end of year	<u>1,934,244</u>	<u>1,684,000</u>	<u>25,643,388</u>	<u>765,522</u>	<u>6,944,130</u>	<u>19,701,528</u>	<u>5,761,689</u>	<u>22,339,962</u>	<u>1,551,300</u>	<u>105,499</u>	<u>86,431,262</u>	<u>85,058,728</u>	
<b>ACCUMULATED AMORTIZATION</b>													
Balance - beginning of year	-	556,931	6,523,041	665,067	4,186,990	9,923,043	2,184,032	6,894,088	453,977	-	31,387,169	29,521,647	
Add: amortization during the year	-	72,807	597,972	20,491	290,622	590,785	97,972	377,294	39,033	-	2,086,976	2,074,423	
Less: accumulated amortization on disposals	-	-	(10,000)	-	-	-	(331,713)	-	-	-	(341,713)	(208,901)	
Balance - end of year	<u>-</u>	<u>629,738</u>	<u>7,111,013</u>	<u>685,558</u>	<u>4,477,612</u>	<u>10,513,828</u>	<u>1,950,291</u>	<u>7,271,382</u>	<u>493,010</u>	<u>-</u>	<u>33,132,432</u>	<u>31,387,169</u>	
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 1,934,244</u>	<u>\$ 1,054,262</u>	<u>\$ 18,532,375</u>	<u>\$ 79,964</u>	<u>\$ 2,466,518</u>	<u>\$ 9,187,700</u>	<u>\$ 3,811,398</u>	<u>\$ 15,068,580</u>	<u>\$ 1,058,290</u>	<u>\$ 105,499</u>	<u>\$ 53,298,830</u>	<u>\$ 53,671,559</u>	
Consists of:													
General Fund Assets	\$ 1,862,792	\$ 1,054,262	\$ 18,473,778	\$ 69,561	\$ 2,315,331	\$ 9,187,700	\$ -	\$ -	\$ 1,058,290	\$ 105,499	\$ 34,127,213	\$ 33,775,042	
Water & Sewer Fund Assets	71,452	-	58,597	10,403	136,476	-	3,811,398	15,068,580	-	-	19,156,906	19,872,812	
St. Croix Public Library Assets	-	-	-	-	14,711	-	-	-	-	-	14,711	23,705	
	<u>\$ 1,934,244</u>	<u>\$ 1,054,262</u>	<u>\$ 18,532,375</u>	<u>\$ 79,964</u>	<u>\$ 2,466,518</u>	<u>\$ 9,187,700</u>	<u>\$ 3,811,398</u>	<u>\$ 15,068,580</u>	<u>\$ 1,058,290</u>	<u>\$ 105,499</u>	<u>\$ 53,298,830</u>	<u>\$ 53,671,559</u>	

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 18. 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>2022 Consolidated</u>	<u>2021 Consolidated</u>
<b>REVENUE</b>									
Property tax warrant	\$ 659,884	\$ 1,461,614	\$ 1,413,281	\$ 177,037	\$ 349,831	\$ 1,756,187	\$ -	\$ 5,817,834	\$ 5,523,832
Services provided to other governments	-	158,013	72,948	-	-	166,242	-	397,203	236,402
Sale of services	-	6,813	-	-	-	421,340	-	428,153	337,504
Other revenue from own sources	386,205	191,953	-	-	-	-	-	578,158	428,384
Unconditional grant	201,330	445,938	431,192	54,014	106,734	535,813	-	1,775,021	1,499,198
Unconditional transfers from other governments	-	-	-	-	-	-	-	-	389,705
Conditional transfers	323,178	-	-	-	-	-	-	323,178	2,317,745
Other transfers	69	-	-	-	-	-	-	69	-
Water and sewer user fees	-	-	-	-	-	-	2,491,021	2,491,021	2,222,954
Interest	74,665	-	-	-	-	-	132,725	207,390	119,865
Other	-	-	-	-	-	24,905	-	24,905	45,174
	<u>1,645,331</u>	<u>2,264,331</u>	<u>1,917,421</u>	<u>231,051</u>	<u>456,565</u>	<u>2,904,487</u>	<u>2,623,746</u>	<u>12,042,932</u>	<u>13,120,763</u>
<b>EXPENDITURE</b>									
Salaries and benefits	548,856	754,619	733,078	-	(6,380)	860,909	861,524	3,752,606	3,246,119
Goods and services	493,480	1,513,057	765,945	289,762	561,733	1,226,684	1,254,179	6,104,840	5,435,940
Interest	5,980	14,891	43,636	-	6	120,208	94,798	279,519	265,634
Other	(4,175)	-	9,107	-	2,907	(2,500)	9,305	14,644	17,272
Loss on disposal of capital assets	-	-	-	-	62	-	409,691	409,753	43,092
Amortization	35,908	109,698	761,392	-	14,251	669,101	496,626	2,086,976	2,074,423
	<u>1,080,049</u>	<u>2,392,265</u>	<u>2,313,158</u>	<u>289,762</u>	<u>572,579</u>	<u>2,874,402</u>	<u>3,126,123</u>	<u>12,648,338</u>	<u>11,082,480</u>
Surplus (deficit) for the year	<u>\$ 565,282</u>	<u>\$ (127,934)</u>	<u>\$ (395,737)</u>	<u>\$ (58,711)</u>	<u>\$ (116,014)</u>	<u>\$ 30,085</u>	<u>\$ (502,377)</u>	<u>\$ (605,406)</u>	<u>\$ 2,038,283</u>

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 19. RECONCILIATION OF ANNUAL SURPLUS

	General Operating Fund	General Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Water and Sewer Operating Fund	Water and Sewer Capital Fund	Water and Sewer Oper/Capital Reserve Fund	St. Croix Public Library	Total
2022 annual surplus (deficit)	\$ 696,908	\$ (1,263,695)	\$ 8,354	\$ 15,350	\$ 225,760	\$ (234,865)	\$ 2,769	\$ (55,987)	\$ (605,406)
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's surplus (deficit)	390,805	-	-	-	(76,137)	-	-	-	314,668
Transfers between funds									
Transfer from general operating fund to general capital reserve fund	(74,070)	-	-	74,070	-	-	-	-	-
Transfers from general capital reserve fund to general capital fund	-	719,900	-	(719,900)	-	-	-	-	-
Transfers to general operating fund from general operating reserve fund	68,011	-	(68,011)	-	-	-	-	-	-
Transfer from water and sewer operating fund to water and sewer capital reserve fund	-	-	-	-	(130,000)	-	130,000	-	-
Transfers from water and sewer capital reserve fund to water and sewer capital fund	-	-	-	-	-	12,982	(12,982)	-	-
Transfer from water and sewer operating reserve fund to water and sewer operating fund	-	-	-	-	60,000	-	(60,000)	-	-
Long term debt principal repayment	(400,000)	400,000	-	-	(342,000)	342,000	-	-	-
Revenue adjustment	(38,647)	-	-	-	-	-	-	29,653	(8,994)
Post employment benefits recovery	(82,940)	-	-	-	(12,760)	-	-	-	(95,700)
Accumulated amortization on disposal of capital assets	-	(10,000)	-	-	-	(331,713)	-	-	(341,713)
Amortization expense	-	1,590,350	-	-	496,626	-	-	-	2,086,976
Total adjustments to 2022 annual surplus (deficit)	<u>(136,841)</u>	<u>2,700,250</u>	<u>(68,011)</u>	<u>(645,830)</u>	<u>(4,271)</u>	<u>23,269</u>	<u>57,018</u>	<u>29,653</u>	<u>1,955,237</u>
2022 annual surplus (deficit)	<u>\$ 560,067</u>	<u>\$ 1,436,555</u>	<u>\$ (59,657)</u>	<u>\$ (630,480)</u>	<u>\$ 221,489</u>	<u>\$ (211,596)</u>	<u>\$ 59,787</u>	<u>\$ (26,334)</u>	<u>\$ 1,349,831</u>



# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 20. STATEMENT OF RESERVES

	General Operating Reserve	General Capital Reserve	Water and Sewer Operating Reserve	Water and Sewer Capital Reserve	2022 Total	2021 Total
<b>ASSETS</b>						
Cash	\$ 390,615	\$ 465,562	\$ 4,103	\$ 341,447	\$ 1,201,727	\$ 1,832,077
<b>TOTAL ASSETS</b>	<u>\$ 390,615</u>	<u>\$ 465,562</u>	<u>\$ 4,103</u>	<u>\$ 341,447</u>	<u>\$ 1,201,727</u>	<u>\$ 1,832,077</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 390,615</u>	<u>\$ 465,562</u>	<u>\$ 4,103</u>	<u>\$ 341,447</u>	<u>\$ 1,201,727</u>	<u>\$ 1,832,077</u>
<b>REVENUE</b>						
Transfer from Water and Sewer Operating Fund	\$ -	\$ -	\$ -	\$ 130,000	\$ 130,000	\$ 50,000
Transfers from General Operating Fund	-	74,070	-	-	74,070	493,234
Interest	<u>8,354</u>	<u>15,350</u>	<u>236</u>	<u>2,533</u>	<u>26,473</u>	<u>6,054</u>
	<u>8,354</u>	<u>89,420</u>	<u>236</u>	<u>132,533</u>	<u>230,543</u>	<u>549,288</u>
<b>EXPENDITURE</b>						
Transfer to Water and Sewer Operating Fund	-	-	60,000	-	60,000	-
Transfer to Water and Sewer Capital Fund	-	-	-	12,982	12,982	-
Transfer to General Operating Fund	68,011	-	-	-	68,011	251,110
Transfer to General Capital Fund	<u>-</u>	<u>719,900</u>	<u>-</u>	<u>-</u>	<u>719,900</u>	<u>60,067</u>
	<u>68,011</u>	<u>719,900</u>	<u>60,000</u>	<u>12,982</u>	<u>860,893</u>	<u>311,177</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ (59,657)</u>	<u>\$ (630,480)</u>	<u>\$ (59,764)</u>	<u>\$ 119,551</u>	<u>\$ (630,350)</u>	<u>\$ 238,111</u>

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 20. STATEMENT OF RESERVES (cont'd)

#### **Council Resolutions regarding transfers to and from reserves:**

Moved by Councillor Parker and Seconded by Councillor Harding that the amount of \$60,000 (sixty thousand dollars) be transferred from the Water and Sewerage Operating Reserve Fund to the Water and Sewerage Operating Fund.

Moved by Councillor Chisholm and Seconded by Councillor Parker that the amount of \$15,255 (fifteen thousand two hundred and fifty-five dollars) be transferred from the General Operating Reserve Fund to the General Operating Fund.

Moved by Councillor Hyslop and Seconded by Councillor Harding that the amount of \$67,003.73 (sixty seven thousand and three dollars and seventy-three cents) be transferred from the General Capital Reserve Fund to the General Capital Fund for an all-season dump body.

Moved by Councillor Harding and Seconded by Councillor Thiessen that the amount of \$630,000 (six hundred and thirty thousand dollars) be transferred from the General Capital Reserve Fund to the General Capital Fund for an aerial fire truck.

Moved by Councillor Hyslop and Seconded by Deputy Mayor Wheaton that the amount of \$74,070 (seventy four thousand and seventy dollars) be transferred from the General Operating Fund to the General Capital Reserve Fund.

Moved by Councillor Hyslop and Seconded by Councillor Parker that the amount of \$14,741.96 (fourteen thousand seven hundred and forty-one dollars and ninety-six cents) be transferred from the General Capital Reserve Fund to the General Capital Fund for the King street plaza project.

Moved by Councillor Thiessen and Seconded by Councillor Chisholm that the amount of \$50,525 (fifty thousand five hundred and twenty-five dollars) be transferred from the General Operating Reserve Fund to the General Operating Fund.

Moved by Councillor Parker and Seconded by Councillor Hyslop that the amount of \$130,000 (one hundred and thirty thousand dollars) be transferred from the Water and Sewerage Operating Fund to the Water and Sewerage Capital Reserve Fund.

Moved by Deputy Mayor Wheaton and Seconded by Councillor Thiessen that the amount of \$2,231.42 (two thousand two hundred and thirty-one dollars and forty-two cents) be transferred from the General Operating Reserve Fund to the General Operating Fund.

Moved by Councillor Hyslop and Seconded by Councillor Chisholm that the amount of \$8,154.02 (eight thousand one hundred and fifty four dollars and two cents) be transferred from the General Capital Reserve Fund to the General Capital Fund for a new roof project on the Town building at 199 Union street.

Moved by Councillor Parker and Seconded by Councillor Thiessen that the amount of \$12,982.20 (twelve thousand nine hundred and eighty-two dollars and twenty cents) be transferred from the Water and Sewerage Capital Reserve Fund to the Water and Sewerage Capital Fund.

**TOWN OF ST. STEPHEN**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**20. STATEMENT OF RESERVES (cont'd)**

I hereby certify that the above are true copies of resolutions adopted at the regular meetings of Council on February 23, 2022, March 30, 2022, May 25, 2022, September 28, 2022, and November 23, 2022.

\_\_\_\_\_  
Clerk,  
Town of St. Stephen

Nov 3, 2023  
Date



TOWN OF ST. STEPHEN

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

21. OPERATING BUDGET TO PSAS BUDGET

	Operating Budget General	Operating Budget Water and Sewer	Amortization and Long Term Accruals	Controlled Entities	Transfers	Total
<b>REVENUE</b>						
Property tax warrant	\$ 5,817,834	\$ -	\$ -	\$ -	\$ -	\$ 5,817,834
Services provided to other governments	396,656	-	-	-	100	396,756
Sales of services	406,250	-	-	-	(200)	406,050
Other revenue from own sources	174,771	126,200	-	-	(124,900)	176,071
Unconditional grant	1,724,484	-	-	-	-	1,724,484
Conditional transfers	300	-	-	-	-	300
Other transfers	996,944	60,000	-	-	(1,056,875)	69
Water and sewer user fees	-	2,373,000	-	-	-	2,373,000
Interest	7,600	80,500	-	-	-	88,100
Other	-	-	-	38,647	(38,647)	-
Surplus of second previous year	390,805	-	-	-	(390,805)	-
	<u>9,915,644</u>	<u>2,639,700</u>	<u>-</u>	<u>38,647</u>	<u>(1,611,327)</u>	<u>10,982,664</u>
<b>EXPENDITURE</b>						
General government services	1,226,859	-	35,908	-	(228,635)	1,034,132
Protective services	2,433,572	-	109,698	-	(96,408)	2,446,862
Transportation services	2,340,626	-	761,392	-	(731,209)	2,370,809
Environmental health services	281,700	-	-	-	-	281,700
Environmental development services	462,360	-	14,251	-	(6,374)	470,237
Recreation and cultural services	2,213,853	-	669,101	38,647	89,016	3,010,617
Fiscal services						
Short term interest and bank charges	72,000	30,000	-	-	(102,000)	-
Interest on long term debt	147,604	61,214	-	-	(208,818)	-
Principal payments on long term debt	400,000	342,000	-	-	(742,000)	-
Provision for doubtful accounts	-	1,000	-	-	(1,000)	-
Transfer from General Operating Fund to General Capital Reserve Fund	74,070	-	-	-	(74,070)	-
Transfer from General Operating Fund to General Capital Fund	255,000	-	-	-	(255,000)	-
Transfer from General Operating Fund to General Operating Reserve Fund	-	60,000	-	-	(60,000)	-
Transfer from Water and Sewer Operating Fund to Water and Sewer Capital Reserve Fund	-	10,161	-	-	(10,161)	-
Water and Sewer	-	2,119,188	496,626	-	79,454	2,695,268
Deficit of second previous year	-	76,137	-	-	(76,137)	-
Other	8,000	-	-	-	(8,000)	-
	<u>9,915,644</u>	<u>2,639,700</u>	<u>2,086,976</u>	<u>38,647</u>	<u>(2,431,342)</u>	<u>12,309,625</u>
Surplus (deficit)	\$ -	\$ -	\$ (2,086,976)	\$ -	\$ 820,015	\$ (1,326,961)



# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 22. REVENUE AND EXPENDITURE SUPPORT

	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
	Under (Over)	Budget	Actual	Actual
<b>REVENUE</b>				
Services provided to other governments				
Fire protection	\$ 1	\$ 158,014	\$ 158,013	\$ 163,514
Roads and streets	(548)	72,400	72,948	72,888
Recreation	<u>100</u>	<u>166,342</u>	<u>166,242</u>	<u>-</u>
	<u>\$ (447)</u>	<u>\$ 396,756</u>	<u>\$ 397,203</u>	<u>\$ 236,402</u>
Sale of services				
Fire	\$ (1,013)	\$ 5,800	\$ 6,813	\$ 31,887
Roads and streets	100	100	-	-
Recreation - Civic Centre	(14,787)	393,350	408,137	302,685
Recreation - outside	<u>(6,403)</u>	<u>6,800</u>	<u>13,203</u>	<u>2,932</u>
	<u>\$ (22,103)</u>	<u>\$ 406,050</u>	<u>\$ 428,153</u>	<u>\$ 337,504</u>
Other revenue from own sources				
Animal licenses	\$ 95	\$ 400	\$ 305	\$ 455
Construction permits	(13,573)	15,100	28,673	21,979
Other permits and licenses	30	650	620	933
Fines	500	500	-	50
Building rentals	(4,010)	157,325	161,335	155,301
Hydrant and sprinkler system rental	80	1,100	1,020	1,020
Miscellaneous	<u>(385,209)</u>	<u>996</u>	<u>386,205</u>	<u>248,646</u>
	<u>\$ (402,087)</u>	<u>\$ 176,071</u>	<u>\$ 578,158</u>	<u>\$ 428,384</u>
<b>EXPENDITURE (RECOVERY)</b>				
General government services				
Legislative				
Mayor	\$ (1,019)	\$ 20,356	\$ 21,375	\$ 18,497
Councillors	(3,259)	58,540	61,799	54,479
Other	<u>191</u>	<u>8,000</u>	<u>7,809</u>	<u>7,105</u>
	<u>(4,087)</u>	<u>86,896</u>	<u>90,983</u>	<u>80,081</u>
Administrative				
Chief Administrative Officer's office	(17,659)	185,847	203,506	179,834
Treasurer's office	(2,293)	266,961	269,254	184,927
Office building	(1,125)	8,600	9,725	7,300
Solicitor	(5,724)	20,000	25,724	26,953
Other	<u>(39,743)</u>	<u>169,900</u>	<u>209,643</u>	<u>173,665</u>
	<u>(66,544)</u>	<u>651,308</u>	<u>717,852</u>	<u>572,679</u>
Financial management				
Audit	<u>376</u>	<u>15,018</u>	<u>14,642</u>	<u>14,582</u>

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 22. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
	Under (Over)	Budget	Actual	Actual
General government services (cont'd)				
Other				
Common services - training and development	342	3,000	2,658	2,121
Common services - conventions	1,924	3,500	1,576	-
Common services - liability insurance	10,450	96,803	86,353	79,191
Common services - grants	(2,577)	50,000	52,577	57,999
Common services - regional and collaborative services	-	19,148	19,148	15,796
Sick leave and post employment benefits	-	(14,887)	(14,887)	(29,989)
Cost of assessment	-	71,434	71,434	67,824
Interest on temporary borrowing	2,020	8,000	5,980	14,270
Other services (recovery)	12,175	8,000	(4,175)	(5,903)
Amortization	4	35,912	35,908	35,912
	<u>24,338</u>	<u>280,910</u>	<u>256,572</u>	<u>237,221</u>
	<u>\$ (45,917)</u>	<u>\$ 1,034,132</u>	<u>\$ 1,080,049</u>	<u>\$ 904,563</u>
Protective services				
Fire				
Fire fighting force	\$ (7,854)	\$ 699,106	\$ 706,960	\$ 667,184
Fire administration	4,448	10,200	5,752	3,982
Fire alarm system	6,802	19,850	13,048	16,422
Fire training	11,476	20,000	8,524	6,119
Fire station and buildings	(4,833)	46,000	50,833	29,331
Fire fighting equipment	14,086	73,416	59,330	53,812
Fire regional dispatch	6,817	31,000	24,183	-
	<u>30,942</u>	<u>899,572</u>	<u>868,630</u>	<u>776,850</u>
Police				
Administration and crime control	2	1,223,658	1,223,656	1,199,171
Station and building	(2,946)	38,600	41,546	37,341
	<u>(2,944)</u>	<u>1,262,258</u>	<u>1,265,202</u>	<u>1,236,512</u>

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 22. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2022</u> Under (Over)	<u>2022</u> Budget	<u>2022</u> Actual	<u>2021</u> Actual
Protective services (cont'd)				
Other				
Bylaw officer and building inspector	3,226	100,000	96,774	93,941
Animal and pest control	285	18,410	18,125	17,893
Crosswalk guards	1,738	28,332	26,594	26,261
Sick leave and post employment benefits	-	(12,760)	(12,760)	(29,989)
Provision for doubtful accounts	(5,111)	-	5,111	-
Interest on temporary borrowing	26,461	41,000	14,539	-
Interest on long term debt	-	352	352	412
Amortization	<u>-</u>	<u>109,698</u>	<u>109,698</u>	<u>92,106</u>
	<u>26,599</u>	<u>285,032</u>	<u>258,433</u>	<u>200,624</u>
	<u>\$ 54,597</u>	<u>\$ 2,446,862</u>	<u>\$ 2,392,265</u>	<u>\$ 2,213,986</u>
Transportation services				
Common				
Administration	\$ 37,042	\$ 800,185	\$ 763,143	\$ 635,947
General equipment	(26,615)	287,836	314,451	234,256
Work shop	<u>21,084</u>	<u>123,000</u>	<u>101,916</u>	<u>96,026</u>
	31,511	1,211,021	1,179,510	966,229
Roadway surfaces	20,359	77,000	56,641	55,523
Storm sewers	(334)	10,000	10,334	33,986
Snow and ice removal	(3,237)	91,000	94,237	48,536
Street lighting	4,759	140,500	135,741	136,626
Street signs	2,072	4,000	1,928	3,577
Traffic signals	1,292	6,000	4,708	6,168
Airport	1,046	33,982	32,936	29,780
Sick leave and post employment benefits	-	(17,013)	(17,013)	(44,983)
Interest on temporary borrowing	8,969	15,000	6,031	14,413
Interest on long term debt	321	37,927	37,606	29,655
Provision for doubtful accounts	<u>(9,107)</u>	<u>-</u>	<u>9,107</u>	<u>-</u>
	<u>57,651</u>	<u>1,609,417</u>	<u>1,551,766</u>	<u>1,279,510</u>



# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 22. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2022</u> Under (Over)	<u>2022</u> Budget	<u>2022</u> Actual	<u>2021</u> Actual
Transportation services (cont'd)				
Loss on disposal of capital assets	-	-	-	25,686
Amortization	<u>-</u>	<u>761,392</u>	<u>761,392</u>	<u>735,940</u>
	<u>\$ 57,651</u>	<u>\$ 2,370,809</u>	<u>\$ 2,313,158</u>	<u>\$ 2,041,136</u>
Environmental health services				
Landfill costs	\$ 98	\$ 1,300	\$ 1,202	\$ 1,250
Regional landfill and waste pickup	<u>(8,160)</u>	<u>280,400</u>	<u>288,560</u>	<u>284,699</u>
	<u>\$ (8,062)</u>	<u>\$ 281,700</u>	<u>\$ 289,762</u>	<u>\$ 285,949</u>
Environmental development services				
Community development	\$ (42,452)	\$ 408,560	\$ 451,012	\$ 377,329
Tourist promotion	(12,956)	30,700	43,656	15,074
Beautification and land rehabilitation	(43,965)	23,100	67,065	46,026
Sick leave and post employment benefits	-	(6,380)	(6,380)	(4,998)
Interest on long term debt	-	6	6	6
Provision for doubtful accounts	(2,907)	-	2,907	2,033
Loss on disposal of capital assets	(62)	-	62	-
Amortization	<u>-</u>	<u>14,251</u>	<u>14,251</u>	<u>14,464</u>
	<u>\$ (102,342)</u>	<u>\$ 470,237</u>	<u>\$ 572,579</u>	<u>\$ 449,934</u>
Recreation and cultural services				
Outside Recreation				
Administration	\$ 9,060	\$ 15,500	\$ 6,440	\$ 6,469
Swimming pool	13,979	89,056	75,077	70,621
Parks and playgrounds	<u>60,657</u>	<u>297,900</u>	<u>237,243</u>	<u>247,826</u>
	<u>83,696</u>	<u>402,456</u>	<u>318,760</u>	<u>324,916</u>
Recreational Facilities				
Arena	1,844	6,500	4,656	4,562
Civic Center	<u>45,722</u>	<u>1,665,151</u>	<u>1,619,429</u>	<u>1,641,182</u>
	<u>47,566</u>	<u>1,671,651</u>	<u>1,624,085</u>	<u>1,645,744</u>

# TOWN OF ST. STEPHEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 22. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2022</u> Under (Over)	<u>2022</u> Budget	<u>2022</u> Actual	<u>2021</u> Actual
Recreation and cultural services (cont'd)				
Libraries	5,342	106,692	101,350	64,264
Recreation cost sharing	-	75,299	75,299	-
Sick leave and post employment benefits	-	(31,900)	(31,900)	(84,968)
Interest on temporary borrowing	(2,889)	8,000	10,889	-
Interest on long term debt	-	109,318	109,318	113,435
Provision (recovery) for doubtful accounts	2,500	-	(2,500)	1,877
Amortization	<u>-</u>	<u>669,101</u>	<u>669,101</u>	<u>687,699</u>
	<u>\$ 136,215</u>	<u>\$ 3,010,617</u>	<u>\$ 2,874,402</u>	<u>\$ 2,752,967</u>
Water and sewer services				
Water system				
Administration	\$ (33,467)	\$ 164,751	\$ 198,218	\$ 154,874
Transmission and distribution	272,246	878,328	606,082	717,411
Power and pumping	8,308	281,503	273,195	282,473
Billing and collection	(770)	3,500	4,270	2,587
Interest on temporary borrowing	(2,014)	15,000	17,014	20,695
Interest on long term debt	294	38,457	38,163	30,480
Sick leave and post employment benefits	-	(8,507)	(8,507)	(19,992)
Amortization	<u>-</u>	<u>280,010</u>	<u>280,010</u>	<u>280,253</u>
	<u>244,597</u>	<u>1,653,042</u>	<u>1,408,445</u>	<u>1,468,781</u>
Sewer system				
Administration	(33,497)	164,751	198,248	156,612
Collection system	(270)	43,600	43,870	43,488
Lift stations	(35,491)	129,000	164,491	106,634
Treatment and disposal	(185,564)	450,255	635,819	358,852
Billing and collection	(770)	3,500	4,270	2,587
Interest on temporary borrowing	(2,015)	15,000	17,015	20,695
Interest on long term debt	151	22,757	22,606	21,572
Sick leave and post employment benefits	-	(4,253)	(4,253)	(9,996)
Amortization	<u>-</u>	<u>216,616</u>	<u>216,616</u>	<u>228,049</u>
	<u>(257,456)</u>	<u>1,041,226</u>	<u>1,298,682</u>	<u>928,493</u>
Provision for doubtful accounts	(8,305)	1,000	9,305	19,265
Loss on disposal of capital assets	<u>(409,691)</u>	<u>-</u>	<u>409,691</u>	<u>17,406</u>
	<u>(417,996)</u>	<u>1,000</u>	<u>418,996</u>	<u>36,671</u>
	<u>\$ (430,855)</u>	<u>\$ 2,695,268</u>	<u>\$ 3,126,123</u>	<u>\$ 2,433,945</u>