

**Municipality of the Town of Riverview, New Brunswick  
Report to the Town Council  
December 31, 2018**





**Stevenson & Partners**  
*CHARTERED PROFESSIONAL ACCOUNTANTS*

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March 21, 2019

To the Members of the Town Council of the Municipality of the Town of Riverview, New Brunswick:

Our audit of the consolidated financial statements of the Municipality of the Town of Riverview, New Brunswick for the year ended December 31, 2018 is now complete and we are reporting on those consolidated financial statements without qualification.

The report to the Town Council has been prepared in accordance with the assurance recommendation set forth by the Chartered Professional Accountants Canada (CPA Canada) entitled "Communications with Those Charged with Governance" (CAS 260). These standards recommend that we communicate with the Council on certain matters regarding significant accounting policies, our responsibility as auditors, and other matters which may be of interest to the Council.

We express our appreciation for the cooperation and assistance received from the management and staff of the Municipality of the Town of Riverview, New Brunswick during the course of our audit.

Should the members of the Council have any questions on any matter related to the consolidated financial statements or on the audit thereof, we would be pleased to respond to their questions.

Yours very truly,

**CHARTERED PROFESSIONAL ACCOUNTANTS**

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## **Introduction**

This report summarizes those matters that we believe should be brought to the attention of the Council. We emphasize that the audit and this report would not identify all matters that may be important to the Council due to the inherent limitations of an audit.

This report has been prepared solely for the purpose of assisting the Council in the discharge of its duties and to not be used for any other purpose.

## **Audit Scope and Responsibility**

### **Auditors' report**

We have completed our audit of the consolidated financial statements for the year ended December 31, 2018. Subject to completion of discussions with and approval of the consolidated financial statements by the Council, we anticipate being in a position to release the Auditors' Report appended to the consolidated financial statements. Our Auditors' report will be dated when Town Council approves the consolidated financial statements.

Our audit report will be issued without reservation and will indicate that the consolidated financial statements present fairly in all material respects, the statements of financial position, operations and accumulated surplus, changes in net debt and cash flows of the Municipality of the Town of Riverview, New Brunswick in accordance with Canadian public sector accounting standards.

Our audit of the consolidated financial statements was performed in accordance with Canadian auditing standards, and was performed to obtain reasonable, rather than absolute assurance whether the consolidated financial statements are free of material misstatement. Our audit included assessing the risk that the consolidated financial statements may contain material misstatements, examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and their application, and assessing the significant estimates made by management.

### **Independence**

As external auditors of the Municipality of the Town of Riverview, New Brunswick, we are required to be independent in accordance with the Canadian professional requirements. These standards require that we disclose to the Council all relationships that, in our professional judgment, may reasonably be thought to bear on independence. We confirm that we are objective with respect to the Municipality of the Town of Riverview, New Brunswick within the meaning of Rules of Professional Conduct of the Chartered Professional Accountants New Brunswick as of December 31, 2018.

We confirm that we are not presently aware of any relationship or non-audit services that would impair our independence for purposes of expressing an opinion of the consolidated financial statements.



## **Responsibility of Management**

### **Preparation of consolidated financial statements**

The preparation of the consolidated financial statements in accordance with Canadian generally accepted accounting principles, including the accompanying notes, is the responsibility of management.

Management is responsible for selecting the significant accounting policies used in the preparation of the consolidated financial statements, and for applying judgment in preparing accounting estimates contained in the consolidated financial statements, as well as for preparing or obtaining documentation supporting amounts and disclosures in the consolidated financial statements. In addition, management is responsible for assessing the impact of any misstatements detected during the preparation and audit of the consolidated financial statements, individually and in aggregate, on the fair presentation of amounts and disclosures contained in the consolidated financial statements and determining if such adjustments should be recorded.

### **Management's representations**

The transactions and estimates reflected in the accounts and in the consolidated financial statements are within the direct control of management. Accordingly, the fairness of the representations made through the consolidated financial statements is an implicit and integral part of management's responsibility.

Throughout the course of our audit, we obtain representations from management in the form of answers to our audit enquiries. We also will obtain a formal representation letter from management at the conclusion of the audit.

## **Significant Matter to be Reported**

Chartered Professional Accountants Canada has specified matters that should be brought to the attention of the Council. The following summarized the matters that need to be communicated.

### **Significant accounting principles and policies**

There are significant accounting principles and policies disclosed in the notes to the consolidated financial statements. Within the context of the audit, management has represented to us that there have not been any material changes in these principles and policies during the current year. We have not become aware of any changes in accounting principles and policies during our audit.

### **Management's judgment and accounting estimates**

The preparation of consolidated financial statements requires that management make estimates. These estimates affect the reported amount of assets and liabilities as well as the reported revenues and expenses in these consolidated financial statements.

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#### **Materiality**

In auditing the consolidated financial statements of an entity materiality has to be determined. The purpose for this is to objectively have reasonable assurance of detecting misstatements that would be material to the consolidated financial statements as a whole. As required by audit standards, materiality was determined during the conduct of the audit. We did not find any misstatements during our audit that individually or in aggregate would materially affect the consolidated financial statements nor was there any need to amend our original materiality.

#### **Misstatements and significant audit adjustments**

Misstatements represent audit findings for which we do not agree with the amount, classification, presentation or disclosure of items in the consolidated financial statements.

A misstatement may arise from different areas. These areas may be from an error, fraud or other irregularities. An error would be classified as an unintentional misstatement in consolidated financial statements, including an omission of amount or disclosure.

Fraud and other irregularities refer to an intentional misstatement in consolidated financial statements, including an omission of amount or disclosure, or to a misstatement arising from theft of assets of the entity.

During the course of our audit there were no misstatements identified other than trivial amounts.

#### **Internal Controls**

The responsibility for the design and operation of an effective system of internal controls, which provides reasonable assurance that the accounting systems provide accurate, reliable and timely financial information, as well as safeguarding assets, is the responsibility of management in the day to day operations.

For purposes of the audit, AC Stevenson & Partners CPA LLP. obtains a sufficient understanding of the accounting systems and the system of internal control. Upon completion of the review of the system of internal controls, we did not detect any significant weaknesses.

#### **Illegal acts**

We did not detect any illegal or possible illegal acts through our discussions with management and testing of the municipality's financial records. However, please be aware that improper conduct is usually carefully and often elaborately concealed and therefore, the probability of detecting such actions is not high. Management is also asked in the formal letter of representation to disclose if they are aware of any illegal or possible illegal acts.



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### Related party transactions

We did not detect any related party transactions that were not in the normal course of operations of Municipality of the Town of Riverview, New Brunswick or related party transactions that would require significant judgment by management concerning measurement or disclosure of such transactions.

### Requirements of the Province of New Brunswick Municipal Governance Act and Municipal Capital Borrowing Act

Under the rules of the Province of New Brunswick Municipal Governance Act and the Municipal Capital Borrowing Act, there are several guidelines and ratios which are required to be adhered to in the operation of the Town. The following are the guidelines and ratios of these Acts which were reviewed as a part of our audit:

- Debt Service Ratio to Budget
- Borrowing to Finance Operations
- Total Debt to Assessed Values
- Current Year Debt to Assessed Values
- Short-Term Debt within Capital Funds

As of December 31, 2018, the short-term debt within the General Capital Fund was not within the requirements of the Municipalities Act. The act states that the Town can not have temporary advances in excess of OIC's within a Capital fund. In the current year the temporary advances net of receivables were in excess of OIC's outstanding in the General Capital Fund. This was the result of the allocation of the debt related to the Operations Centre between the General Fund and the Utility Fund. This allocation was pre-approved by the Department of Environment and Local Government, but has had unintended consequences in connection with the guideline for short-term debt within capital funds. The unintended consequence is that the General Capital Fund bank account is in a negative cash position while the Utility Fund bank account is in an excess cash position by the same amount. There is no overall net impact on cash/short-term debt position.

This has been discussed with management and they are working on a plan to rectify this anomaly.

Through our audit procedures it was found the Town was in compliance with all of the ratios noted above.

### Consultation with other accountants

To our knowledge, management discussed no accounting or auditing matters with other accountants.

### Cooperation during the audit

We report that we have received complete cooperation from the management and employees of the Municipality of the Town of Riverview, New Brunswick. To our knowledge, we were provided access to all necessary accounting records and documentation. Issues identified as a result of the audit work were discussed with management and the issues have been resolved to our satisfaction. There were no limitations placed on the scope of the auditors.

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**Other matters**

We are not aware of any other matters that require the attention of the Council before they approve the consolidated financial statements.