

The Municipality of the Town of Riverview
December 31, 2023
Report to Town Council

Included in our audit package is a report to Town Council. This report details of various aspects of the audit process, as well as the results of the audit.

Within this report there are a few points of interest to disclose:

- No errors were found in our audit testing.
- The Town was within the requirements of the Local Government Act with regards to all the various financial ratios.

Financial Statements

Our audit of the financial statements was performed in accordance with Canadian Auditing Standards. Our report is outlined on pages 2 to 3 of the financial statements, and is considered an “Unqualified” or clean audit opinion.

Page 4 outlines the Statement of Operations and accumulated surplus of the Town.

The Overall Annual Surplus under Public Sector Accounting Standards is \$960,950 above budget at \$12,507,542, which is also \$6,223,522 above the prior year. While this seems like a large increase from last year there, is an explanation for it. Under municipal budgeting, management determines a balanced budget, which estimates the municipalities expected cash flows for the year. When adjusting to PSAB, items are adjusted that would not necessarily be revenue for budgeting purposes such as Provincial and Federal funding for capital construction and contributions of assets from developers. The large shift in the current year from last year can be seen in a few areas:

Revenue

Property tax warrant – increased over last year due to the assessment base increase. This was budgeted and expected.

Other Contributions – Infrastructure funding increased this year by \$5,500,000 over last year and the recognition for the recreation complex of \$500,000.

Other revenue from own sources – Significant increase in interest on reserve funds due to the increase in interest rates and a sale of land this year, which was not budgeted.

Expenses

General government, protective services, transportation services, recreation and cultural services, water supply were all slightly over budgeted amounts with Environmental health and development services and interest expenses and miscellaneous being slightly below budget. All amounts differed by smaller margins.

Page 5 outlines your statement of financial position.

This details your Financial Assets, totaling \$38,540,132, less your liabilities of \$42,678,184 giving you a net debt of \$4,138,052 compared to net debt of \$7,583,371 in the prior year, a decrease of \$3,445,319. The reduction of net debt has resulted in a good portion of capital funding being from operations and from infrastructure funding, and new funding from debenture issues in the year of \$1,760,000 was below the debt payments of \$2,384,000 made in the year.

Non-financial statements have increased this year from \$173,177,044 to \$182,239,267 resulting from acquisition of tangible capital assets, less increases in accumulated amortization which writes off the assets over their estimated useful life and some increases in inventories of materials and supplies.

The overall annual surplus has increased from \$165,593,673 to \$178,101,215, which is the surplus for the year.

Page 7 outlines the statement of cash flows.

The statement of cash flows shows the overall change in cash flows in the year. This statement is a good way of seeing where your cash came from and where it was spent, in the year. For the Town, you generated cash flow from operations of \$19,026,606. This is calculated by taking your annual surplus, which is your excess of revenue over expenses in the year and accounting for other non- cash items that did not require outflows of cash, such as amortization of tangible capital assets and other operating items included on the statement of financial position that resulted in increases or reductions in cash.

There was an outflow of cash from Capital transactions of \$14,968,278, which mainly was your acquisition of tangible capital assets.

There was an outflow of investing transactions relating to the net of maturity and purchases of investments in your reserve funds.

There was an outflow from financing transactions of \$624,000, which results from the issue of new debt of \$1,760,000 less principal repayments on debt of \$2,384,000.

Overall, you had a decrease in cash position of \$1,985,639 in the year bringing your cash on hand at the end of the year to \$11,019,693. It is also noted that the decrease in cash position is all from the fact \$5,419,967 was moved from cash in reserves to investments in reserves (GICs), which was a total shift of \$5,419,967.

Pages 8 to 27 are the Notes to the financial statements and details of schedules relating to the statement of operations. These notes include various policies, and note disclosures related to the statements described above, and give various detail on items such as pension asset, long-term debt, tangible capital assets and segment disclosure.

Page 28 to 31 to Schedules of regulatory requirements.

Of these notes I would draw attention to page 28 of the financial statements. This schedule details the reconciliation of the current PSAB standards to the former Municipal accounting standards for New Brunswick. The former standards, which focused on cash flows for the year, are still used for Budgeting purposes and for the determination of the Town's tax rate. The columns of most interest in this Schedule are the first titled General Operating Fund and the third titled Water & Sewer Operating Fund. These funds detail the overall surplus for operations for the year of each fund, taking into account purchases of capital assets and transfers to reserve funds. This year your general operating fund had a surplus of \$113,127 and water & sewer had a surplus of \$10,537.

On page 29 of the statements, it outlines the details of the balances of the reserve funds for the current year compared to the prior year along with revenue and expenditures for the year. In the current year there has been transfers of \$100,000 to the water & sewer capital reserve fund from the water & sewer operating fund to assist with future capital expenditures, and \$2,300,000 transferred from the general fund to general capital reserve fund for future capital expenditure. Interest income has increased from \$274,521 to \$856,327 resulting from the increase in interest rates on the previous GICs of 1.55% to the current at 5.05% to 5.15%.

In summary, overall the audit went well in the current year. We had complete cooperation from the staff and all information requested was received on a timely basis.