

The Municipality of the Town of Riverview
December 31, 2024
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.

I would also like to point out there were no new accounting standards required to be adopted in the current year.

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 \$2,534,125 above budget at \$20,472,876, which is also \$7,965,334 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 \$2,086,985 over last year this, Canada Community building fund revenue increased by 2,317,139, and contributed assets from developers increased by \$1,401,100 which includes roads and streets built by developers taken over by the town on completion. It should be noted that these items relate to capital projects in which are amortized over their estimated useful lives and therefore there is a mismatch of revenue and expenses related to them. This is because under public sector standards the income from this type of funding is to be recognized right away without consideration for the useful asset of the asset that it was used to fund.

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, recreation and cultural services, water supply and sewerage collection were all slightly over budgeted amounts with General government, protective services, transportation all being below budget. All amounts differed by smaller margins.

Page 5 outlines your **statement of financial position**.

This details your Financial Assets, totaling \$43,513,558, less your liabilities of \$42,605,262 giving you a net assets of \$908,296 compared to net debt of \$4,138,052 in the prior year, a decrease of \$5,046,348. The reduction of net debt has resulted in all of capital funding being from operations and from infrastructure funding, and there was no funding from new debenture issues in the year. Also, debt payments were \$2,380,000 for the year, which decreased net debt. This leaves more room for and borrowing that will be needed for future projects, such as the recreation complex.

Non-financial statements have increased this year from \$182,239,267 to \$197,665,795 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 \$178,101,215 to \$198,574,091, 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 \$23,832,545. 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 \$22,552,188, which mainly was your acquisition of tangible capital assets.

There was an inflow of investing transactions relating to the net of maturity and purchases of investments in your reserve funds and the amounts being left in Cash as of the end of the fiscal year.

There was an outflow from financing transactions of \$2,380,000, which results from the principal repayments on debt of \$2,380,000.

Overall, you had a increase in cash position of \$17,724,390 in the year bringing your cash on hand at the end of the year to \$28,744,083.

Pages 8 to 28 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 29 to 32 to Schedules of regulatory requirements.

Of these notes I would draw attention to page 29 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 \$52,743 and water & sewer had a surplus of \$33,333.

On page 30 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 \$221,945 from the general operating fund to the general operating reserve fund, \$70,000 from the general operating fund to the general parkland fund and \$800,000 to the water & sewer capital reserve fund from the water & sewer operating fund to assist with future capital expenditures. Interest income has increased from \$270,801 to \$1,127,128 resulting from the increase in interest rates on the previous GICs.

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.