

The Municipality of the Town of Riverview
December 31, 2025
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 \$406,380 above budget at \$26,267,412, which is also \$5,794,536 above the prior year. While this seems like a large increase from last year. 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 \$9,353,512 over last year this (page 24), Canada Community building fund revenue decreased by \$530,212 (page 24), and contributed assets from developers increased by \$710,790 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 – Decrease in interest on reserve funds due to the drops in interest rates and reduction of reserves and a sale of land the prior year, which was not budgeted.

Expenses

Protective services, transportation, Environmental health and development services, recreation and cultural services, water supply, sewerage collection and disposal were all slightly over budgeted amounts with General government services, and interest expense and miscellaneous both being below budget.

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

This details your Financial Assets, totaling \$39,249,429, less your liabilities of \$47,448,716 giving you a net debt of \$8,199,287 compared to net assets of \$908,296 in the prior year, a increase of \$9,107,583. The increase of net debt has resulted mainly from the use of reserves for capital projects this year for a total of \$11,000,000. Also, debt payments were \$2,305,000 for the year were similar to the new debt of \$2,500,000 so this slightly increased net debt.

Non-financial statements have increased this year from \$197,665,795 to \$232,323,759 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 \$198,574,091 to \$233,040,790, 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 \$38,273,642. 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 \$42,755,825, which mainly was your acquisition of tangible capital assets.

There was no cash flow from investing transactions in the year.

There was an inflow from financing transactions of \$195,000, which results from the principal repayments on debt of \$2,305,000 less the proceeds from long-term debt issue of \$2,500,000.

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 \$222,996 and water & sewer had a surplus of \$115,181.

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 \$11,000,000 from the general capital reserve fund to the general operating fund and \$325,000 to the water & sewer capital reserve fund from the water & sewer operating fund to assist with future capital expenditures. Interest income has decreased from \$1,127,128 to \$627,400 resulting from the decreases in interest rates in savings accounts, and transfers out of the reserves in the year.

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.