

Present: Mayor Campbell  
Councillor Ward-Russell  
Councillor Jonah  
Councillor Coates  
Councillor Elderkin (virtual)

Absent: Councillor Land

Staff Present: Sean Wallace – CAO  
Kim Beers – Director, Legislative Services/Clerk  
Jillian Hutchinson - Treasurer

Guests: Sarah Hicks, Ascend (virtual)  
Ross Lindsay (E6)

### CALL TO ORDER

*Mayor Campbell* called the meeting to order at 5:00 pm.

### ADOPTION OF AGENDA

*Mayor Campbell* requested an addition to the agenda - Closed Session - Local Governance Act 68 (1) (c) information that could cause financial loss or gain to a person or the local government or could jeopardize negotiations leading to an agreement or contract.

**IT WAS MOVED** by *Councillor Coates* and **SECONDED** by *Councillor Jonah* **THAT** the amended agenda be adopted.

**MOTION CARRIED** (unanimously)

### CONFLICT OF INTEREST DECLARATIONS

None declared.

### 2023 DRAFT FINANCIAL STATEMENTS – PRESENTATION BY ASCEND

The auditor, Ms. Sarah Hicks explained that the first few pages of the document are the independent auditor's report, which provides their opinion on the Village of Fundy Albert's financial statements. The audit assesses whether the statements comply with Canadian Public Sector Accounting Standards (PSAS) and whether they are free from material misstatements, meaning they can reasonably be relied upon for decision-making.

The auditors issued a qualified opinion due to one new PSAS requirement for Tangible Capital Asset Retirement Obligations (TCARO) that was not included in the 2023 statements. This requirement would involve assessing potential future liabilities related to things such as old

landfills, buildings containing hazardous materials, or sewage lagoon decommissioning, typically through an engineering or professional assessment.

During the audit, the auditors also reviewed internal controls. Two areas for improvement were identified:

- **Personnel files:** Some employment contracts were missing or lacked required signatures. Administration has been advised to ensure contracts are properly maintained going forward.
- **Accounting processes:** The municipality previously had multiple trial balances due to amalgamation, making financial consolidation difficult. Significant progress has been made, reducing them from 22 trial balances to 13, which will improve the accuracy and timeliness of financial information for management and Council.

Regarding the financial results, the Statement of Operations shows a surplus of approximately \$945,000 for the year. However, this statement follows public sector accounting rules and differs from the municipal funding budget because it includes amortization of capital assets and excludes items such as prior-year surplus, debt principal payments, and reserve transfers. The surplus was primarily driven by higher-than-expected government transfers and contributions, particularly funding received for capital projects, which are recorded as revenue under accounting standards.

**Councillor Elderkin** asked for clarification on the \$1.1 million in government transfers and contributions shown in the financial statements, noting that the source of the funding was not clearly explained in the notes. Ms. Hicks reviewed the breakdown and explained that the amount is composed of several grants and funding sources across different municipal funds.

The \$1.1 million includes:

- \$82,000 in the General Operating Fund, consisting of small grants (e.g., Heritage Canada, Canada Summer Jobs, Provincial SEED Program) and \$60,000 received from former LSD surplus funds following amalgamation.
- \$437,000 in General Capital funding, including grants from the Federation of Canadian Municipalities, the Province for asset management planning, ACOA funding for the Riverside-Albert playground, and DTI funding for the Alma culvert and storm repair project.
- \$22,500 in Utility Operating funding (a budgeted amount).
- \$647,000 in Utility Capital funding from the Regional Development Corporation for water system projects, including Alma water exploration and the Riverside-Albert water system.

It was noted that some of this information appears in the notes to the financial statements, but the totals do not fully reconcile in one place. Ms. Hicks indicated the notes could be updated to clearly include the \$60,000 surplus and the \$22,500 utility funding so the totals align.

The water system funding for Riverside-Albert and Alma is recorded under the utility side of the financial statements and contributes to the utility surplus reported later in the document.

Ms. Hicks reviewed the Statement of Financial Position (balance sheet), explaining that it shows the municipality's financial assets, liabilities, and overall net debt position. Key items include cash, receivables, payables, deferred revenue, and long-term debt. Two demand loans taken in 2023 for the Alma water exploration and Riverside-Albert water upgrade projects were later refinanced through the Municipal Finance Corporation in 2025. Deferred revenue largely relates to the Canada Community-Building Fund (formerly Gas Tax Fund).

Overall, the municipality's liabilities exceed financial assets by about \$2.9 million, representing its net debt position. However, compared to the previous year (on an amalgamated basis), the municipality reduced its net debt by approximately \$215,000, indicating an improvement.

The Statement of Cash Flows shows how the \$945,000 accounting surplus translated into actual cash changes. Much of the surplus is non-cash due to \$900,000 in amortization. During the year, the municipality purchased about \$1.6-\$1.7 million in capital assets, but overall cash increased by about \$1 million, ending the year with approximately \$2.66 million in cash. Some of the operating surplus also resulted from unbudgeted interest income earned on the municipality's cash balance.

Finally, the Reconciliation of the Annual Surplus converts the accounting surplus into the funding surplus used for municipal budgeting. After adjustments for items such as amortization, debt payments, and capital funding, the general operating fund shows a \$276,000 funding surplus.

However, much of this is explained by:

- \$70,000 in prior-year surpluses carried forward from former municipalities,
- \$70,000-\$77,000 in unbudgeted interest income, and
- \$49,000 related to funds placed in GICs rather than reserves.

When these are normalized, the true operating surplus is about \$87,000, which the auditor noted reflects strong budget management by staff during a complex post-amalgamation transition.

The water and sewer operating fund also ended the year with a surplus of about \$40,000 after accounting for debt payments and reserve transfers.

**Councillor Elderkin** asked for clarification on what "equipment not in use" is. Ms. Hicks explained that municipal capital assets are amortized starting from the date they become available for use. Assets under construction are not amortized until they are operational. As an example, the Riverside-Albert playground was mostly completed in 2023 but was not available for use until spring 2024, so no amortization was recorded for 2023.

**Councillor Elderkin** asked what the next steps after this meeting are. Ms. Hicks noted that the 2023 audit was complex due to the amalgamation of several former municipalities and LSD areas into one set of financial records. Because of the high-risk nature of the engagement, the file will undergo an additional quality review by another partner to ensure compliance with accounting standards. The final audited statements are expected to be completed within a couple of weeks.

**Councillor Ward-Russell** asked for clarification regarding the transfers. Ms. Hicks explained that

some Council resolutions referenced purchasing GICs rather than explicitly stating that funds were being transferred into a reserve fund first, which is the requirement under provincial guidance. The resolution wording should indicate that money moves from the general operating fund into a reserve, and then it can be invested in a GIC if desired. Because the resolutions did not clearly state this, the funds were treated as part of the surplus rather than a reserve transfer. Council could choose to correct this by transferring the funds to reserves in a future budget year.

**Councillor Ward-Russell** requested additional information regarding audit procedures, Ms. Hicks explained that they typically test 20 random items from categories such as payroll, revenue, and expenses, plus any transactions above the materiality threshold. For this audit, materiality was about \$209,000, and additional testing was performed due to the higher-risk nature of the engagement (multiple trial balances and adjustments from amalgamation). No issues were found in the sampled transactions.

The auditor also confirmed that part of the audit process includes reviewing Council minutes and resolutions to ensure financial actions match the recorded decisions and that proper approval processes are followed.

**Councillor Elderkin** asked for more information related to the water and sewer financial results, Ms. Hicks explained that the water and sewer financial results are reported as a single combined entity for the Municipality of Fundy Albert in the financial statements. They are not broken down by the former municipalities (Hillsborough, Riverside-Albert, or Alma) because the official municipal budget and financial reporting to the province are done at the overall municipal level. While the municipality may internally track reserves or funds by the former communities for management purposes, the audited financial statements present the municipality as one entity.

**Councillor Jonah** asked what the difference is between GIC and reserves, Ms. Hicks explained that a reserve fund and where the money is physically held are two separate things. A reserve means Council has formally set aside money for a specific purpose (such as capital or operating reserves). How that money is stored, whether in a GIC, a separate bank account, or another interest-earning option, is a management decision about handling the municipality's cash. The key requirement is that Council must first pass a resolution transferring funds into a reserve. After that, the municipality can decide how to invest or hold those funds.

Mr. Wallace asked the auditor to explain how public sector accounting standards work, Ms. Hicks explained most funds received are recorded as revenue when they are received, which increases the municipality's surplus. This surplus does not represent cash on hand, but rather an accounting figure that reflects revenues and expenses for the year. For capital projects, funding received is recorded as revenue in the capital fund, while the related asset is amortized over its useful life, gradually reducing the surplus over time. If funding is received for a specific purpose but has not yet been spent, it may be recorded as

deferred revenue (such as Community Building Fund/gas tax funding) until the municipality meets the conditions and spends the funds on the intended project.

**Mayor Campbell** thanked Ms. Hicks for presenting and Ms. Hicks exited the meeting.

**CLOSED SESSION**

**IT WAS MOVED** by **Councillor Ward-Russell** and **SECONDED** by **Councillor Coates** that Council have an in-camera session at 5:49 pm.

**MOTION CARRIED** (unanimously).

Local Governance Act, SNB 2017, 68(1) (c) information that could cause financial loss or gain to a person or the local government or could jeopardize negotiations leading to an agreement or contract

**IT WAS MOVED** by **Councillor Jonah** and **SECONDED** by **Councillor Coates** to return to the regular session at 6:13 pm.

**MOTION CARRIED** (unanimously).

**ADJOURNMENT**

**IT WAS MOVED** by **Councillor Ward-Russell** **THAT** the meeting be adjourned at 6:13 pm.

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Mayor

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Clerk