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## **Financial Statements**

### **The City of Saint John Trust Funds**

December 31, 2018

# Independent Auditor's Report

To His Worship the Mayor and Members of Common Council of  
The City of Saint John

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of The City of Saint John Trust Funds ("City"), which comprise the statement of financial position as at December 31, 2018 the statements of changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2018, and the results of its operations, its accumulated surplus, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Saint John, NB

XXXX, 2019

**The City of Saint John  
Reserve and Trust Funds  
As at December 31, 2018**

**STATEMENT OF FINANCIAL POSITION**

	Trust Funds						Total 2018	Total 2017
	Tucker Fund	Stockford Memorial Fund	O'Connell Fund	L.R. Ross Fund	A. Carle Smith Fund	Bi- Centennial Fund		
\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>								
Cash	263,557	71,517	93,132	13,946	40,190	—	482,342	473,833
Term deposits, at cost	—	—	—	—	—	1,770	1,770	1,757
Accrued Receivable	—	—	—	—	—	—	—	1,318
	<b>263,557</b>	<b>71,517</b>	<b>93,132</b>	<b>13,946</b>	<b>40,190</b>	<b>1,770</b>	<b>484,112</b>	<b>476,908</b>
<b>LIABILITIES</b>								
Accounts payable	—	—	(343)	—	—	—	(343)	(218)
<b>NET ASSETS</b>	<b>263,557</b>	<b>71,517</b>	<b>92,789</b>	<b>13,946</b>	<b>40,190</b>	<b>1,770</b>	<b>483,769</b>	<b>476,690</b>

*The accompanying notes are an integral part of these financial statements*

Signed on Behalf of the Council

Mayor: \_\_\_\_\_ Chair of Finance Committee \_\_\_\_\_

The City of Saint John  
Reserve and Trust Funds  
For the year ended December 31, 2018

STATEMENT OF OPERATIONS CHANGES IN NET ASSETS

	Trust Funds						Total 2018	Total 2017
	Tucker Fund	Stockford Memorial Fund	O'Connell Fund	L.R. Ross Fund	A. Carle Smith Fund	Bi- Centennial Fund	\$	\$
Increase in net assets								
Investment income	4,786	1,298	1,716	253	729	13	8,795	5,536
	4,786	1,298	1,716	253	729	13	8,795	5,536
Decrease in net assets								
Contributions to other entities	—	—	1,716	—	—	—	1,716	6,039
	—	—	1,716	—	—	—	1,716	6,039
Increase (decrease) in net assets during the year	4,786	1,298	—	253	729	13	7,079	(503)
Net Assets, beginning of year	258,771	70,219	92,789	13,693	39,461	1,757	476,690	477,193
Net Assets, end of year	263,557	71,517	92,789	13,946	40,190	1,770	483,769	476,690

The accompanying notes are an integral part of these financial statements

## STATEMENT OF CASH FLOW

	2018	2017
	\$	\$
<b>Operating activities</b>		
Excess of investment income over expenditure	8,795	5,536
Changes in non-cash working capital:		
Term Deposits	(13)	(14)
Accrued Receivable	1,318	(1,318)
Accounts Payable	125	61
<b>Investment activities</b>		
Contributions to other entities	(1,716)	(6,039)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,509</b>	<b>(1,774)</b>
Cash, beginning of year	473,833	475,607
<b>Cash, end of year</b>	<b>482,342</b>	<b>473,833</b>

*The accompanying notes are an integral part of these financial statements*

## **The City of Saint John - Reserve and Trust Funds**

Notes to the financial statements

For the year ended December 31, 2018

### **1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City are the representations of the City's Management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Chartered Professional Accountants of Canada Public Sector Accounting Board.

#### **Revenue**

Investment income is recognized on an accrual basis as earned.

#### **Expenses**

Expenses are recorded on an accrual basis.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities.

#### **Financial Instruments**

The Trust Fund's financial instruments consist of cash, term deposits, and accounts payable. Financial instruments are recorded at fair value when acquired. Financial assets with actively traded markets are reported at fair value, with any unrealized gains or losses reported in excess (deficiency) of revenue over expenditure. Financial instruments are tested for impairment at each reporting date.

The Reserve and Trust Funds are exposed to interest rate risk in that the value of the marketable securities can be adversely affected by a change in interest rates.

### **2. TRUST FUNDS**

#### **Tucker Fund**

By an Act of the Legislature enacted on April 20, 1927, securities with a par value of \$10,000 were vested with the City of Saint John. This Act provided that the income and a portion of the principal from this Trust, with the approval of Common Council, should be used for the maintenance and improvement of Tucker Park.

## **The City of Saint John - Reserve and Trust Funds**

Notes to the financial statements

For the year ended December 31, 2018

### **2. TRUST FUNDS (continued)**

#### **Stockford Memorial Fund**

This fund was established on December 28, 1939 as a result of a bequest of \$3,000 from Fannie M. Stockford of Boston, Massachusetts. This amount was to be invested and the annual income was to be used towards the upkeep and maintenance of King Square.

#### **O'Connell Fund**

This fund was established on March 22, 1939 with a contribution of \$2,000 from J.D. O'Connell. The contribution was to be invested and the income distributed among the orphanages of the City on the prorata basis of the children cared for by each, to be given by way of a Christmas gift to each child. In October 2004, this agreement was amended to allow the Trustees to disburse the income arising from the trust investments yearly to the Empty Stocking Fund.

#### **L.R. Ross Fund**

This fund was established in 1921 through the gift of \$1,250 and the "Ross Memorial Cup". The Cup was to be competed for annually by amateur single scullers, aged twenty-one years or under who are residents of the Maritime Provinces. The income from this Trust was to be used to provide a duplicate cup for the winner of each race held. Changes to the Trust in 1986 now allow for the funds to be used to promote the sport of rowing within the City of Saint John and its suburban communities, provided that an amount of \$4,000 remains in the fund to enable the "Ross Memorial Cup" to be duplicated when necessary.

#### **A. Carle Smith Fund**

Established in September 1976, funds were received from the estate of A. Carle Smith. These funds are to be used for the maintenance of a wildlife sanctuary in the South Bay area.

#### **Bi-Centennial Funds**

These funds are to be used for ceremonies marking the 200<sup>th</sup> anniversary of Canada in the year 2067.