

CITY OF BATHURST
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017

CITY OF BATHURST
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YEAR ENDED DECEMBER 31, 2017

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INDEPENDANT AUDITOR'S REPORT

To His Worship the Mayor and Members of City Council of the City of Bathurst,

We have audited the accompanying consolidated financial statements of the City of Bathurst, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Public Sector accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of City of Bathurst as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Public Sector accounting principles.

EPR - Bathurst / Péninsule

**EPR - BATHURST / PÉNINSULE
CHARTERED PROFESSIONAL ACCOUNTANTS**

Bathurst, New Brunswick
July 27, 2018

**CITY OF BATHURST
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017**

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	Unaudited Budget (Note 20)	2017 Actual	2016 Actual
REVENUES			
Property tax warrant	\$ 18,373,494	\$ 18,373,489	\$ 18,275,976
Services provided to other governments	860,475	1,121,679	1,364,276
Sale of services, fines and other fees	1,479,848	2,460,526	1,615,609
Unconditional grants	3,639,211	3,724,130	3,307,714
Other government transfers	5,189,675	5,189,675	888,102
Water and sewer user fees	5,362,469	5,235,077	5,359,083
Interest	75,000	78,761	80,806
Gain on disposal of capital assets	-	-	23,173
	34,980,172	36,183,337	30,914,739
EXPENDITURES			
General government services	4,430,989	4,901,896	4,357,859
Protective services	7,664,757	8,060,082	7,399,751
Transportation services	6,654,436	6,542,668	6,228,120
Environmental health services	366,827	333,935	377,185
Environmental development services	1,012,118	788,324	812,043
Recreational and cultural services	3,902,431	4,405,304	4,142,989
Water and sewer	6,935,518	6,602,706	7,205,383
	30,967,076	31,634,915	30,523,330
Annual surplus (Note 17)	4,013,096	4,548,422	391,409
Accumulated surplus, beginning of year	-	62,524,809	62,133,400
Accumulated surplus, end of year	\$ -	\$ 67,073,231	\$ 62,524,809

The accompanying notes are an integral part of these consolidated financial statements.



CITY OF BATHURST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

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	2017	2016
FINANCIAL ASSETS		
Receivables		
General (Note 4)	\$ 5,193,485	\$ 2,255,196
Federal government and its agencies (Note 5)	749,436	467,597
Loans receivable	761,208	872,402
	6,704,129	3,595,195
LIABILITIES		
Bank indebtedness (Note 3)	6,979,319	5,397,269
Account payable and accrued liabilities	4,930,492	2,501,206
Deferred revenue (Note 6)	1,014,046	1,114,520
Long-term debt (Note 7)	28,066,733	28,675,006
Accrued sick leave (Note 8)	340,953	329,480
Post employment benefits payable (Note 9)	3,167,675	2,957,311
	44,499,218	40,974,792
NET DEBT	(37,795,089)	(37,379,597)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 15)	135,255,944	125,141,106
Accumulated amortization	31,526,562	26,661,786
	103,729,382	98,479,320
Inventory	454,068	691,797
Prepaid expenses	684,870	733,289
	104,868,320	99,904,406
ACCUMULATED SURPLUS	\$ 67,073,231	\$ 62,524,809

Contingencies (Note 10)
 Commitments (Note 11)

APPROVED BY:

Mayor:

Treasurer:

The accompanying notes are an integral part of these consolidated financial statements.

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CITY OF BATHURST
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
YEAR ENDED DECEMBER 31, 2017

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	2017	2016
Annual surplus	\$ 4,548,422	\$ 391,409
Acquisition of tangible capital assets	(10,114,838)	(5,815,014)
Proceed on disposal of tangible capital assets	-	42,425
Amortization of tangible capital assets	4,864,776	4,988,748
Gain on sale of tangible assets	-	(23,173)
	(701,640)	(415,605)
Acquisition of inventories	(454,068)	(691,797)
Acquisition of prepaid assets	(684,870)	(733,289)
Consumption of inventories	691,797	692,027
Use of prepaid assets	733,289	683,338
	286,148	(49,721)
(Increase) / Decrease in Net Debt	(415,492)	(465,326)
Net Debt, beginning of the year	(37,379,597)	(36,914,271)
Net Debt, end of the year	\$ (37,795,089)	\$ (37,379,597)

The accompanying notes are an integral part of these consolidated financial statements.

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CITY OF BATHURST
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2017

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	2017	2016
OPERATING ACTIVITIES		
Annual surplus	\$ 4,548,422	\$ 391,409
Gain on disposal of tangible capital assets	-	(23,173)
Amortization of tangible capital assets	4,864,776	4,988,747
Receivable - General	(2,938,288)	(332,250)
Receivable - Federal Government and its agencies	(281,835)	(174,215)
Loans receivable	111,193	116,780
Payables and accruals	2,429,280	946,537
Deferred revenues	(100,473)	(160,951)
Accrued sick leave	11,473	(5,340)
Post employment benefits payable	210,364	167,378
Change in inventory and prepaid expenses	286,149	(49,720)
	9,141,061	5,865,202
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(10,114,838)	(5,815,014)
Proceeds on sale of tangible capital assets	-	42,425
	(10,114,838)	(5,772,589)
FINANCING ACTIVITIES		
Increase in long-term debt	2,858,000	2,723,000
Repayment of long term debt	(3,466,273)	(3,834,856)
	(608,273)	(1,111,856)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,582,050)	(1,019,243)
CASH AND CASH EQUIVALENTS, beginning of year	(5,397,269)	(4,378,026)
CASH AND CASH EQUIVALENTS, end of year	\$ (6,979,319)	\$ (5,397,269)

Cash and cash equivalents consist of bank indebtedness.

The accompanying notes are an integral part of these consolidated financial statements.



CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PURPOSE OF THE ORGANIZATION

The Municipality was incorporated as a city by the Province of New Brunswick *Municipalities Act* on January 1, 1966 and was approved for status as a Municipality effective June 2, 1965 by an amendment of New Brunswick Regulation 85-6 under the *Municipalities Act*. As a municipality, the Municipality is exempt from income tax under section 149(1)(c) of the *Canadian Income Tax Act*. The Municipality has the following vision statement, "The Municipality, is to work in partnership, to serve their customers in an effective, efficient, professional and financially responsible manner. The Municipality will also facilitate orderly and responsible development while working with their customers to maintain and enhance the high quality of life in our community".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSA financial statements is on the financial position of the Municipality and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the Municipality.

Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net debt and cash flow of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality.

Interdepartmental and organizational transactions and balances are eliminated.

Budget

The budget figures contained in these financial statements were approved by the Council on December 19, 2016 and the Minister of Environmental and Local Government on January 22, 2017.

Revenue Recognition

a) Unrestricted revenue are recorded on an accrual basis and are recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

b) Other revenue is recorded when it is earned.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results may differ from those estimates.

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

The Municipality's financial instruments consist of cash, accounts receivable, due from the Federal Government, payables and accruals and long-term debt. Unless otherwise noted, it is the management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Municipality is subject to credit risk through accounts receivable. The Municipality minimizes credit risk through ongoing credit management.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Tangible capital assets

Effective January 1, 2011, the Municipality adopted the provisions of PSA section 3150 Tangible Capital Assets. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

<u>Asset type</u>	<u>Years</u>
Land improvements	8-30 years
Buildings	15-70 years
Vehicles	10-15 years
Machinery and equipment	7-25 years
Heavy equipment	15-25 years
Computer hardware, software and communication equipment	5-10 years
Furnitures and fixtures	15-25 years
Road surface	10-80 years
Lighting and traffic lights	15-60 years
Water and wastewater networks	40-60 years

Assets under construction are not amortized until the asset is available for productive use.

Segmented information

The Municipality is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments as follows:

General government services

This department is responsible for the overall governance and financial administration of the Municipality. This includes council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.

Protective services

This department is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transportation services

This department is responsible for common services, roads and streets maintenance, street lighting, traffic services, parking and other transportation related functions.

Environmental health services

This department is responsible for the provision of waste collection and disposal.

Environmental development services

This department is responsible for planning and zoning, community development, tourism and other municipal development and promotion services.

Recreation and cultural services

This department is responsible for the maintenance and operation of recreational and cultural facilities, including the swimming pool, arena, parks and playgrounds and other recreational and cultural facilities.

Water and wastewater systems

This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

Inventory of supplies

Inventory is valued at the lower of cost and net replacement cost with cost being determined on the first-in, first-out basis.

Post employment benefits

The Municipality recognizes its obligations under post employment benefit plans and the related costs, net of plan assets. The Municipality has a sick leave benefit as documented in Note 8 and a long-term service award and pension plan as documented in Note 9.

3. CASH

	2017	2016
Cash - restricted	\$ 640,829	\$ 394,477
Cash - unrestricted	(7,620,148)	(5,791,746)
	\$ (6,979,319)	\$ (5,397,269)

4. RECEIVABLE - GENERAL

	2017	2016
General Operating fund	\$ 3,952,361	\$ 956,449
Utility Services fund	1,241,124	1,298,747
	\$ 5,193,485	\$ 2,255,196

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	2017	2016
Canada Revenue Agency (HST refund)	\$ 749,436	\$ 467,597

6. DEFERRED REVENUE

	2017	2016
Miscellaneous - Hazard Material	\$ 44,973	\$ 17,664
Gift certificates	375	375
Local improvement - Long term	761,208	872,402
Local improvement - Prepaid	207,490	224,079
	\$ 1,014,046	\$ 1,114,520

7. LONG-TERM DEBT

	2017	2016
New Brunswick Municipal Financing Corporation		
Debentures:		
Serial of 4.75% to 4.85%, maturing in 2017	\$ -	\$ 180,000
Serial of 3.30% to 4.85%, maturing in 2018	53,000	104,000
Serial of 2.10% to 4.95%, maturing in 2018	145,000	284,000
Serial of 1.00% to 4.50%, maturing in 2019	848,000	521,000
Serial of 1.50% to 3.85%, maturing in 2020	397,000	1,066,000
Serial of 1.35% to 3.45%, maturing in 2021	1,402,000	1,667,000
Serial of 1.35% to 3.10%, maturing in 2022	819,000	1,007,000
Serial of 1.23% to 3.70%, maturing in 2023	829,000	1,031,000
Serial of 1.20% to 2.50%, maturing in 2029	2,866,000	3,243,000
Serial of 1.45% to 2.90%, maturing in 2026	1,702,000	1,893,000
Serial of 1.20% to 2.70%, maturing in 2027	2,108,000	-
Serial of 4.75% to 4.85%, maturing in 2017	-	91,000
Serial of 2.10% to 4.95%, maturing in 2018	109,000	213,000
Serial of 1.00% to 4.50%, maturing in 2019	5,408,000	5,780,000
Serial of 1.50% to 3.85%, maturing in 2020	662,000	766,000
Serial of 1.35% to 3.45%, maturing in 2021	1,625,000	1,848,000
Serial of 1.35% to 3.80%, maturing in 2022	1,274,000	1,400,000
Serial of 1.25% to 4.40%, maturing in 2033	3,771,000	3,969,000
Serial of 1.20% to 3.70%, maturing in 2034	1,479,000	1,597,000
Serial of 1.45% to 2.90%, maturing in 2026	746,000	830,000
Serial of 1.20% to 2.70%, maturing in 2027	750,000	-
	26,993,000	27,490,000
Province of New Brunswick:		
Term Loan from CMHC, for a term of 15 years, repayable by annual installments of \$160,468 including interest at the rate of 4.15%, maturing in May 2025.	1,073,733	1,185,006
	\$ 28,066,733	\$ 28,675,006

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LONG-TERM DEBT (CONTINUED)

Principal payments required during the next five years are as follows:

2018	\$ 3,516,905	
2019	\$ 8,194,719	(\$5,005,000 to be refinanced in 2019)
2020	\$ 2,843,729	(\$329,000 to be refinanced in 2020)
2021	\$ 3,261,946	(\$936,000 to be refinanced in 2021)
2022	\$ 1,789,381	

Approval of the Municipal Capital Borrowing Board has been obtained for the long-term debt.

2009 Issue of \$2,730,000:

On November 6, 2019, \$384,000 is to be refinanced for a term not exceeding ten years.

2009 Issue of \$8,085,000:

On November 6, 2019, \$4,621,000 is to be refinanced for a term not exceeding ten years.

2010 Issue of \$1,359,000:

On November 19, 2020, \$329,000 is to be refinanced for a term not exceeding ten years.

2011 Issue of \$3,367,000:

On December 5, 2021, \$269,000 is to be refinanced for a term not exceeding five years.

2011 Issue of \$4,988,000:

On December 5, 2021, \$667,000 is to be refinanced for a term not exceeding ten years.

8. ACCRUED SICK LEAVE

The Municipality provides sick leave that accumulates at 12 hours per month for full-time non-administrative employees; and at 12 hours per month for full-time administrative employees. All employees can accumulate a maximum of 1,920 to 2,016 sick leave hours. An employee can take a leave with pay for an amount equal to the accumulated sick leave.

An actuarial valuation was performed on the 142 employees plan in accordance with PSA 3255. The actuarial method used the Projected Unit Credit pro-rated on service to expected usage. The valuation was based on a number of assumptions about future events, such as interest rates, wage and salary increases and employee turnover and retirement. The assumptions used reflect the Municipality's best estimates.

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. ACCRUED SICK LEAVE (CONTINUED)

The following summarizes the major assumptions in the valuation:

annual salary increase is 1.20% to 2.75%;
the discount rate used to determine the accrued benefit obligation is 3.20%;
retirement age is 58; and
estimated net excess utilization of rate of sick leave varies with age.

The sick leave is an unfunded benefit. As such, there are no applicable assets. Benefits are paid out of general revenues as they come due.

The unfunded liability was paid in full on December 31, 2014.

9. POST EMPLOYMENT BENEFITS PAYABLE

a) Long term service pay

Management employees of the Municipality become eligible for this pay after five years of full-time consecutive service. Qualifying employees are entitled to one half week of regular pay for each five years of continuous employment. Unionized employees of the Municipality become eligible for this pay after 8 years of full-time consecutive service. Qualifying employees are entitled to \$280 of regular pay for each 8 years of continuous employment. The accrued benefit becomes payable in the year an employee ceases working for the Municipality, either by retirement or leaving in good standing. There was \$356,165 on December 31, 2017 (2016 - \$141,351) in long term service awards paid out during the year.

Defined contribution pension plan

The Municipality sponsors a defined contribution pension plan for substantially all of its employees. The pension plan for employees is a money purchases plan. Employees contribute from 8% to 9% of salary and the Municipality matches that contribution. On retirement, the combination of employees and employer contributions, plus earned interest, is used to provide the employee with a pension. Employees may make voluntary contributions to the Municipality Pension plan. These contributions are in excess of the initial 9% of regular salary and are not matched by the Municipality. The Canada Pension Plan is separate from the Municipality's pension plan. Employees and the Municipality shall contribute equal shares to the Canada Pension Plan as required by law. During the year, the Municipality contributed \$901,435 (2016 - \$849,042) to the pension plan.

10. CONTINGENCIES

In the normal course of operations, the Municipality becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at December 31, 2017 cannot be predicted with certainty, it is the opinion of management and council that resolution of these matters will not have a material adverse effect as the Municipality maintains insurance coverage in amounts considered appropriate.

The City has guaranteed debt of the Chaleur Regional Service Commission totalling \$1,556,191 at December 31, 2017.

The City has guaranteed debt of the Bathurst Aquatic Centre Commission at December 31, 2017.

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. COMMITMENTS

The City has entered into lease commitments for various vehicles and equipment requiring future lease payments for the next three years:

	General Fund	Utility Fund
2018	\$ 86,252	\$ 10,465
2019	72,931	7,190
2020	41,678	7,190
	\$ 200,861	\$ 24,845

12. SHORT-TERM BORROWINGS COMPLIANCE

Interim borrowing for capital

The Municipality has arranged a revolving operating facility bearing interest at 1.99% for both funds. The facility is used to provide interim financing for capital expenditures.

The Municipality has ministerial authority for the short-term borrowings as follows:

General Capital:

O.I.C. No. 11-0049	\$ 300,000	Guarantee
O.I.C. No. 16-0008	2,076,000	
O.I.C. No. 16-0049	1,034,000	
O.I.C. No. 17-0019	1,805,000	
O.I.C. No. 17-0034	180,000	
	5,395,000	

Utility Capital:

O.I.C. No. 16-0049	70,000	
O.I.C. No. 16-0008	950,000	
O.I.C. No. 15-0053	579,000	Interim financing
O.I.C. No. 16-0078	4,678,000	Interim financing
O.I.C. No. 17-0019	350,000	
O.I.C. No. 17-0034	750,000	
O.I.C. No. 17-0037	2,511,000	Interim financing
	9,888,000	
	\$ 15,283,000	

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. SHORT-TERM BORROWINGS COMPLIANCE (CONTINUED)

Operating borrowing

As prescribed in the *Municipalities Act*, borrowing to finance General Fund operations is limited to 4% of the Municipality's operating budget. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2017, the Municipality has complied with these restrictions.

Inter-fund borrowing

The Municipal Financial Reporting Manual requires that short-term inter-fund borrowings be repaid in the next year unless the borrowing is for a capital project. The amounts payable between funds are in compliance with the requirements.

13. WATER AND SEWER FUND SURPLUS (DEFICIT)

The *Municipalities Act* requires that the Water and Sewer Fund surplus/deficit amounts be absorbed into one or more of three operating budgets commencing with the second next ensuing year; the balance of the surplus (deficit) at the end of the year consists of:

	2017	2016
2013 Deficit	\$ -	\$ (68,008)
2015 Deficit	(144,096)	(150,511)
2016 Deficit	(44,635)	(44,635)
2017 Deficit	196,255	-
	\$ 7,524	\$ (263,154)

14. WATER COST TRANSFER

The Municipality's water cost transfer for fire protection is within the maximum allowable by Regulation 81-195 under the *Municipalities Act* based upon the applicable percentage of water system expenditures for the population.

**CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

15. SCHEDULE OF TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Buildings and leasehold improvements	Vehicles	Machinery and equipment	Infrastructure			Total 2017	Total 2016
						Roads and streets	Treatment facilities	Water and sewer		
Cost:										
Balance, beginning of year	\$ 3,074,180	\$ 5,686,646	\$ 41,276,607	\$ 6,000,934	\$ 2,876,873	\$ 26,895,024	\$ -	\$ 39,330,842	\$ 125,141,106	\$ 119,326,092
Add:										
Additions	-	503,060	103,673	220,311	231,174	1,196,576	-	7,860,044	10,114,838	5,815,014
Balance, end of year	3,074,180	6,189,706	41,380,280	6,221,245	3,108,047	28,091,600	-	47,190,886	135,255,944	125,141,106
Accumulated Amortization:										
Balance, beginning of year	-	1,038,233	12,593,713	1,753,361	737,276	6,465,114	-	4,074,089	26,661,786	21,653,787
Add:										
Additions	-	264,863	1,924,835	545,962	160,193	1,273,693	-	695,230	4,864,776	5,027,251
Less:										
Disposals	-	-	-	-	-	-	-	-	-	19,252
Balance, end of year	-	1,303,096	14,518,548	2,299,323	897,469	7,738,807	-	4,769,319	31,526,562	26,661,786
Net book value of tangible capital assets	\$ 3,074,180	\$ 4,886,610	\$ 26,861,732	\$ 3,921,922	\$ 2,210,578	\$ 20,352,793	\$ -	\$ 42,421,567	\$ 103,729,382	\$ 98,479,320
Consists of:										
General Fund	\$ 3,074,180	\$ 4,886,610	\$ 26,861,732	\$ 3,921,922	\$ 2,210,578	\$ 20,352,793	\$ -	\$ -	\$ 61,307,815	\$ 63,518,132
Water and Sewer	-	-	-	-	-	-	-	42,421,567	42,421,567	34,961,188
	\$ 3,074,180	\$ 4,886,610	\$ 26,861,732	\$ 3,921,922	\$ 2,210,578	\$ 20,352,793	\$ -	\$ 42,421,567	\$ 103,729,382	\$ 98,479,320

**CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

16. SCHEDULE OF SEGMENT DISCLOSURE

	General	Protective	Transportation	Health	Environmental Development	Recreation & cultural	Water & sewer	2017 Consolidated	2016 Consolidated
REVENUES									
Property tax warrant	\$ 3,597,962	\$ 5,916,052	\$ 4,802,277	\$ 245,106	\$ 578,626	\$ 3,233,466	\$ -	\$ 18,373,489	\$ 18,275,976
Services provided to other governments	-	927,163	194,516	-	-	-	-	1,121,679	1,364,276
Sale of service, fines and other fees	-	698,839	-	2,080	304,861	1,454,746	-	2,460,526	1,615,609
Unconditional grant	797,559	1,171,785	951,181	48,548	114,608	640,449	-	3,724,130	3,307,714
Other government transfers	-	-	-	-	-	5,189,675	-	5,189,675	888,102
Water and sewer user fees	-	-	-	-	-	-	5,235,077	5,235,077	5,359,083
Interest	-	-	-	-	-	-	78,761	78,761	80,806
Gain on disposal of assets	-	-	-	-	-	-	-	-	23,173
	4,395,521	8,713,839	5,947,974	295,734	998,095	10,518,336	5,313,838	36,183,337	30,914,739
EXPENDITURES									
Salaries and benefits	2,117,554	6,504,619	2,434,725	152,636	409,630	1,883,023	1,716,587	15,218,774	14,789,880
Goods and services	627,386	1,187,019	2,119,094	181,299	175,643	1,856,621	2,194,938	8,342,000	7,912,924
Amortization	14,447	101,494	1,988,849	-	203,051	665,660	1,868,932	4,842,433	4,988,747
Interest	325,984	-	-	-	-	-	657,870	983,854	1,073,279
Other	1,816,525	-266,950	-	-	-	-	164,379	2,247,854	1,758,500
	4,901,896	8,060,082	6,542,668	333,935	788,324	4,405,304	6,602,706	31,634,915	30,523,330
Surplus (deficit) for the year	\$ (506,375)	\$ 653,757	\$ (594,694)	\$ (38,201)	\$ 209,771	\$ 6,113,032	\$ (1,288,868)	\$ 4,548,422	\$ 391,409

**CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

17. RECONCILIATION OF ANNUAL SURPLUS

	General Fund		Water & Sewer Fund		General Reserve Fund		Water & Sewer Reserve Fund		Total
	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	
2017 annual surplus (deficit)	\$ 3,557,537	\$ (2,911,720)	\$ 568,728	\$ 3,320,740	\$ 2,129	\$ 4,454	\$ 75	\$ 6,479	\$ 4,548,422
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's deficit	19,775	-	(74,422)	-	-	-	-	-	(54,647)
Transfer between funds:									
From the general reserve operating fund to the general capital fund	-	-	-	-	-	-	-	-	-
From the general operating fund to the general reserve fund	(100,000)	-	-	-	100,000	-	-	-	-
From the water and sewer operating fund to the water and sewer capital reserve fund	-	-	(46,500)	-	-	-	-	46,500	-
Long-term debt principal repayment	(1,935,000)	1,935,000	(1,531,290)	1,531,290	-	-	-	-	-
Capital lease payments	(41,885)	-	-	-	-	-	-	-	(41,885)
Proceeds from disposal of tangible	-	2,973,501	-	1,868,932	-	-	-	-	4,842,433
Amortization expense	(1,279,739)	-	1,279,739	-	-	-	-	-	-
Water cost									

Total adjustments to 2017 annual surplus (deficit)	(3,336,849)	4,908,501	(372,473)	3,400,222	100,000	-	-	46,500	4,745,901
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2017 annual fund surplus (deficit)	220,688	\$ 1,996,781	\$ 196,255	\$ 6,720,962	\$ 102,129	\$ 4,454	\$ 75	\$ 52,979	\$ 9,294,323
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**CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

18. STATEMENTS OF RESERVES

	General reserve fund		Water and sewer reserve fund		2017	2016
	Operating	Capital	Operating	Capital	Total	Total
ASSETS						
Cash	\$ 114,711	\$ 153,563	\$ 4,338	\$ 368,217	\$ 640,829	\$ 394,277
Due from General and Utility Operating fund	100,000	-	-	46,500	146,500	233,415
	\$ 214,711	\$ 153,563	\$ 4,338	\$ 414,717	\$ 787,329	\$ 627,692
Accumulated surplus	\$ 214,711	\$ 153,563	\$ 4,338	\$ 414,717	\$ 787,329	\$ 627,692
REVENUES						
Transfers from water and general operating funds	\$ 100,000	\$ -	\$ -	\$ 46,500	\$ 146,500	\$ 155,658
Interest	2,129	2,654	75	6,478	11,336	8,969
Sale of land	-	1,801	-	-	1,801	-
	102,129	4,455	75	52,978	159,637	164,627
EXPENDITURES						
Transfer to capital fund	-	-	-	-	-	55,695
	-	-	-	-	-	55,695
Annual surplus	\$ 102,129	\$ 4,455	\$ 75	\$ 52,978	\$ 159,637	\$ 108,932

**CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

18. STATEMENTS OF RESERVES (CONTINUED)

Council resolutions regarding transfers to and from reserves:

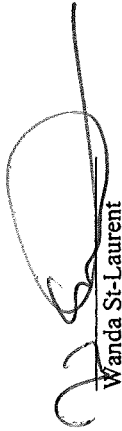
Moved by Councillor R. Hondas, seconded by Councillor P. Anderson that \$6,000 be transferred from the Utility operating fund to the Utility capital reserve fund.

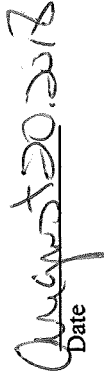
Moved by Councillor S. Daigle, seconded by Councillor K. Lantaigne that \$10,000 be transferred from the Utility operating fund to the Utility capital reserve fund.

Moved by Councillor B. Cormier, seconded by Councillor S. Daigle that \$17,000 be transferred from the Utility operating fund to the Utility capital reserve fund.

Moved by Councillor P. Anderson, seconded by Councillor R. Hondas that \$13,500 be transferred from the Utility operating fund to the Utility capital reserve fund.

I hereby certify that the above are true and exact copies of resolutions adopted at various meeting of Council during the year.


Wanda St-Laurent
City Clerk,
City of Bathurst


Date

Municipal Seal

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. RECONCILIATION OF FUNDING DEFICIT UPON ADOPTION OF PSA

	Defined benefit pension liability	Vested Post employment benefit	Other liabilities not previously recorded
Liability at December 31, 2011 as calculated on adoption of PSA	\$ -	\$ 1,141,553	\$ -
Amount funded in prior years	-	(1,141,553)	-
	\$ -	\$ -	\$ -

**CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

20. OPERATING BUDGET TO PSA BUDGET

	Operating budget General	Water & sewer	Amortization TCA	Controlled Entities	Other (explain)	Transfers	Total
REVENUES							
Property tax warrant	\$ 18,373,494	\$ -	\$ -	-	\$ -	-	\$ 18,373,494
Services provided to other governments	860,475	-	-	-	-	-	860,475
Sales of services, fines and other fees	1,479,848	-	-	-	-	-	1,479,848
Unconditional grant	3,639,211	-	-	-	-	-	3,639,211
Other government transfers	-	-	-	-	5,189,675	-	5,189,675
Water and sewer user fees	-	6,642,215	-	-	(1,279,746)	-	5,362,469
Interest	-	75,000	-	-	-	-	75,000
Surplus / deficit of second previous year	19,775	-	-	-	(19,775)	-	-
	24,372,803	6,717,215	-	-	3,890,154	-	34,980,172
EXPENDITURES							
General government services	3,993,173	-	14,447	-	171,800	(100,000)	4,079,420
Protective services	8,198,819	-	101,494	-	(635,555)	-	7,664,758
Transportation services	5,390,257	-	1,988,849	-	(724,670)	-	6,654,436
Environmental health services	366,827	-	-	-	-	-	366,827
Environmental development services	900,387	-	203,051	-	(91,320)	-	1,012,118
Recreational and cultural services	3,236,771	-	665,660	-	-	-	3,902,431
Fiscal services:							
Long-term debt repayments	1,935,000	1,531,290	-	-	(3,466,290)	-	-
Interest	351,569	674,205	-	-	-	-	1,025,774
Transfer from the water and sewer operating fund to the water and sewer capital reserve fund	-	46,500	-	-	-	(46,500)	-
Water and sewer	-	4,465,220	1,868,932	-	(72,840)	-	6,261,312
	24,372,803	6,717,215	4,842,433	-	(4,818,875)	(146,500)	30,967,076
Surplus (deficit)	\$ -	\$ -	\$ (4,842,433)	\$ -	\$ 8,709,029	\$ 146,500	\$ 4,013,096

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT

	Budget (Unaudited)	2017 Actual	2016 Actual
REVENUES			
SERVICES PROVIDED TO OTHER GOVERNMENTS			
Park	\$ 692,475	\$ 927,163	\$ 1,167,422
Highway maintenance	168,000	194,516	196,854
	\$ 860,475	\$ 1,121,679	\$ 1,364,276

SALES OF SERVICES, FINES AND OTHER FEES

Parking Commission	\$ 98,900	\$ 101,792	\$ 92,725
Civic Center	865,300	1,009,384	823,579
Recreational and Cultural Programs	56,800	61,638	64,843
Youghall Beach	-	1,374	5,118
Daly Point	1,500	5,992	5,023
Solid Waste Collection	1,760	2,080	2,440
Licenses and Permits	8,000	8,601	8,895
Building Inspection	105,500	583,646	125,342
Alarm systems	4,850	4,800	4,850
Other rentals	235,000	209,125	222,980
Miscellaneous	8,000	376,358	71,955
Debt recovery	94,238	95,736	187,859
	\$ 1,479,848	\$ 2,460,526	\$ 1,615,609

OTHER GOVERNEMENT TRANSFERS

Federal PILT	\$ -	\$ -	\$ 9,943
Fine Sharing	-	-	14,119
Gas Tax	5,189,675	5,189,675	864,040
	\$ 5,189,675	\$ 5,189,675	\$ 888,102

WATER AND SEWER USER FEES

User charges	\$ 5,154,469	\$ 5,041,685	\$ 5,128,409
Connection and service charges	28,000	25,662	45,884
Local improvement frontage fees	180,000	167,730	184,790
	\$ 5,362,469	\$ 5,235,077	\$ 5,359,083

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2017 Actual	2016 Actual
EXPENDITURES			
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	\$ 49,491	\$ 40,472	\$ 64,123
Councilors	133,769	128,405	131,764
Other	88,300	88,300	88,300
Amortization	14,447	14,447	4,351
	286,007	271,624	288,538
Administrative			
Manager	464,928	549,987	300,568
Clerk	252,356	238,551	277,530
Human Relations	676,772	682,414	615,490
Office Building	83,500	83,500	83,500
Solicitor	50,000	37,642	39,842
Economic Development	58,800	12,456	65,133
	1,586,356	1,604,550	1,382,063
Financial Management			
Administration	104,128	102,743	100,910
Inventory	152,576	149,322	146,563
Accounting	208,784	200,023	214,497
External Audit	17,500	13,558	18,139
Purchasing	151,239	150,799	145,019
Other	329,559	294,514	278,151
	963,786	910,959	903,279
Other General Government Services			
Civic Relations	15,000	7,971	9,878
Public Liability Insurance	160,000	131,573	142,234
Commercial Tax Rebate	155,000	133,629	81,037
Property Tax Rebate	25,000	21,143	29,727
Grants to Organization	30,000	27,890	27,658
Home Incentive Rebates	9,200	-	13,325
Miscellaneous	320,000	279,748	413,769
Disaster expense	-	-	24,981
Cost of assessment	202,740	202,740	199,749
	916,940	804,694	942,358

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2017 Actual	2016 Actual
Fiscal Services - Debt Charges			
Short-term Interest	28,000	40,578	27,205
Debenture Interest	351,569	325,984	366,887
Debenture Discounts	16,974	16,974	19,610
Bank Service Charges	42,000	57,909	47,598
Other Debt	24,357	8,013	15,144
Bad debts	9,000	1,410	24,468
	471,900	450,868	500,912
Transfer to Other Funds for Local Improvement Assessment	65,000	64,992	64,992
Sick Leave and Retirement Benefits	141,000	794,209	275,717
	\$ 4,430,989	\$ 4,901,896	\$ 4,357,859

PROTECTIVE SERVICES

Police			
Administration	\$ 572,352	\$ 621,494	\$ 641,215
Investigations	402,288	873,556	389,373
Uniform Division	1,974,927	1,953,994	1,985,481
Detention and Custody of Prisoners	28,600	33,563	39,822
School Crossing Guards	11,000	10,427	10,691
Identification	114,393	107,510	138,534
Court Traffic	251,481	140,387	122,319
Crime Prevention	107,685	102,935	58,922
Communication and Central Records	1,103,424	1,034,474	986,578
Narcotic Control Act	227,778	199,464	206,771
Training	45,500	57,729	8,307
Automotive Equipment	160,162	163,586	196,472
Amortization	70,777	70,777	65,792
	5,070,367	5,369,896	4,850,277
Fire			
Administration	286,843	280,480	266,407
Fire Fighting Force	1,396,504	1,371,849	1,309,291
Station and Building	96,207	96,207	92,666
Fighting Equipment	100,000	153,779	139,191
Fire Sub-Station	489,000	489,000	489,000
Training	21,000	1,205	982
Amortization	30,716	30,716	29,184
	2,420,270	2,423,236	2,326,721

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2017 Actual	2016 Actual
Other			
Building Inspection	92,620	184,804	140,945
Animal and Pest Control	81,500	82,146	81,808
	174,120	266,950	222,753
	\$ 7,664,757	\$ 8,060,082	\$ 7,399,751

TRANSPORTATION SERVICES

Common Services			
Administration and Maintenance Management	\$ 747,050	\$ 670,192	\$ 661,198
General Equipment Maintenance	920,945	903,250	882,077
Public Building	530,133	507,532	558,617
Engineering	186,922	158,794	227,754
Amortization	711,842	711,842	591,231
	3,096,892	2,951,610	2,920,877
Road Transport			
Roadway Surfaces	467,730	538,355	460,407
Sidewalks	14,990	8,091	21,484
Culverts and Drainage Ditches	79,155	164,037	60,319
Storm Sewers	102,570	101,196	86,558
Street Cleaning	70,963	42,366	53,708
Snow and Ice Removal	989,084	906,765	850,712
Amortization	1,244,590	1,244,590	1,216,400
	2,969,082	3,005,400	2,749,588
Street Lighting			
Street lighting	319,230	302,455	311,996
Amortization	11,611	11,611	11,611
	330,841	314,066	323,607
Traffic Services			
Street Signs	26,426	21,976	18,076
Traffic Signals and Signs	102,238	126,988	91,953
Railway Crossing Signals	20,000	21,072	26,668
Amortization	20,807	20,807	20,807
	169,471	190,843	157,504

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2017 Actual	2016 Actual
Off Street Parking	88,150	80,749	76,544
	\$ 6,654,436	\$ 6,542,668	\$ 6,228,120
ENVIRONMENTAL HEALTH SERVICES			
Garbage and Waste Collection	\$ 193,652	\$ 150,786	\$ 167,549
Dumps and Landfill	159,200	182,423	202,704
Garbage and Waste Collection - User Fees	13,975	726	6,932
	\$ 366,827	\$ 333,935	\$ 377,185
ENVIRONMENTAL DEVELOPMENT SERVICES			
Planning Advisory Committee	\$ 20,460	\$ 3,025	\$ 1,760
Administration	258,802	165,995	115,711
Chaleur Regional Service Commission	78,862	78,862	31,634
Economic Development (rentals)	332,444	238,207	302,769
Promotion of Tourism	117,199	91,849	173,160
Decorative Lights	1,300	7,335	7,558
Amortization	203,051	203,051	179,451
	\$ 1,012,118	\$ 788,324	\$ 812,043
RECREATIONAL AND CULTURAL SERVICES			
Recreational			
Administration	\$ 162,549	\$ 165,303	\$ 161,476
Swimming Pool	255,000	255,000	255,000
Civic Centre	1,987,467	2,463,242	1,880,769
Pavilion Gym	76,300	63,583	53,150
Summer Programs	179,226	235,314	195,430
Winter Programs	19,590	19,273	18,982
Park Maintenance	442,790	458,927	469,345
Daley Point	63,700	33,743	56,738
Amortization	665,660	665,660	998,063
	3,852,282	4,360,045	4,088,953
Cultural			
Library	50,149	45,259	54,036
	\$ 3,902,431	\$ 4,405,304	\$ 4,142,989

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2017 Actual	2016 Actual
ENVIRONMENTAL HEALTH SERVICES			
Water Supply			
Administration and General	\$ 354,722	\$ 353,638	\$ 353,478
Purification Maintenance and Treatment	299,317	307,726	300,613
Source of Supply	38,925	38,925	39,995
Transmission and Distribution	814,588	558,161	781,120
Power and Pumping	800,866	873,148	946,067
Billing and Collecting	132,424	120,469	121,434
Electronic Data Processing	157,500	157,500	157,500
Amortization	983,332	983,332	1,018,601
	3,581,674	3,392,899	3,718,808
Sewage Collection and Disposal			
Administration	99,300	99,300	99,300
Equipment Maintenance	200,285	175,704	171,035
Sewage Collection Systems	253,650	102,430	258,197
Sewage Lift Stations	436,462	422,609	502,243
Wastewater Treatment Plant	656,296	618,944	720,487
Sludge Disposal	72,000	82,970	90,369
Amortization	885,601	885,601	853,258
	2,603,594	2,387,558	2,694,889
FISCAL SERVICES			
Water System Debt Charges			
Short-term Interest	11,500	20,158	11,958
Debenture Interest	453,137	440,186	485,710
Other	10,000	9,924	8,046
Sick Leave and Retirement Benefits	7,900	43,485	13,836
	482,537	513,753	519,550
Sewage Collection Debt Charges			
Short-term Interest	11,500	20,158	11,958
Debenture Interest	221,068	217,684	220,682
Other	27,245	27,169	25,660
Sick Leave and Retirement Benefits	7,900	43,485	13,836
	267,713	308,496	272,136
	\$ 6,935,518	\$ 6,602,706	\$ 7,205,383