

CITY OF BATHURST
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018

CITY OF BATHURST
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YEAR ENDED DECEMBER 31, 2018

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INDEPENDANT AUDITOR'S REPORT

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

Opinion

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, 2018 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City of Bathurst as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Public Sector accounting principles.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the City of Bathurst in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 entity or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Municipality'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 exist related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

EPR - Bathurst / Péninsule

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

Bathurst, New Brunswick
June 27, 2019

CITY OF BATHURST
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

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	Unaudited Budget (Note 20)	2018 Actual	2017 Actual
REVENUES			
Property tax warrant	\$ 18,389,530	\$ 18,389,532	\$ 18,373,489
Services provided to other governments	915,410	1,096,432	1,121,679
Sale of services, fines and other fees	2,016,832	1,967,964	2,640,738
Unconditional grants	3,499,495	3,571,972	3,724,130
Other government transfers	1,187,252	1,187,252	5,189,675
Water and sewer user fees	5,327,751	5,234,750	5,280,250
Interest	75,000	88,565	78,761
Gain on disposal of capital assets	-	43,158	-
	31,411,270	31,579,625	36,408,722
EXPENDITURES			
General government services	4,548,282	4,368,489	4,927,826
Protective services	7,634,685	7,864,734	8,106,738
Transportation services	6,766,649	7,080,343	6,559,536
Environmental health services	346,023	351,088	334,256
Environmental development services	976,628	772,643	828,657
Recreational and cultural services	4,205,928	4,868,738	4,455,405
Water and sewer	6,924,435	7,218,170	6,647,878
	31,402,630	32,524,205	31,860,296
Annual surplus (Note 17)	8,640	(944,580)	4,548,426
Accumulated surplus, beginning of year	-	67,073,236	62,524,810
Accumulated surplus, end of year	\$ -	\$ 66,128,656	\$ 67,073,236

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



CITY OF BATHURST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

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	2018	2017
FINANCIAL ASSETS		
Receivables		
General (Note 4)	\$ 1,927,022	\$ 5,193,485
Federal government and its agencies (Note 5)	384,686	749,436
Loans receivable	698,346	761,208
	3,010,054	6,704,129
LIABILITIES		
Bank indebtedness (Note 3)	2,702,371	6,979,319
Account payable and accrued liabilities	2,543,754	4,930,487
Deferred revenue (Note 6)	949,477	1,014,046
Long-term debt (Note 7)	28,889,824	28,066,733
Accrued sick leave (Note 8)	341,122	340,953
Post employment benefits payable (Note 9)	3,211,126	3,167,675
	38,637,674	44,499,213
NET DEBT	(35,627,620)	(37,795,084)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 15)	137,099,937	135,255,944
Accumulated amortization	36,448,034	31,526,562
	100,651,903	103,729,382
Inventory	492,137	454,068
Prepaid expenses	612,236	684,870
	101,756,276	104,868,320
ACCUMULATED SURPLUS	\$ 66,128,656	\$ 67,073,236

Contingencies (Note 10)
Commitments (Note 11)

APPROVED BY:

Mayor: _____

Treasurer: _____

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



CITY OF BATHURST
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
YEAR ENDED DECEMBER 31, 2018

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	2018	2017
Annual surplus	\$ (944,580)	\$ 4,548,426
Acquisition of tangible capital assets	(1,843,993)	(10,114,838)
Proceed on disposal of tangible capital assets	43,158	-
Amortization of tangible capital assets	4,921,472	4,864,776
Gain on sale of tangible assets	(43,158)	-
	2,132,899	(701,636)
Acquisition of inventories	(492,137)	(454,068)
Acquisition of prepaid assets	(612,236)	(684,870)
Consumption of inventories	454,068	691,797
Use of prepaid assets	684,870	733,289
	34,565	286,148
(Increase) / Decrease in Net Debt	2,167,464	(415,488)
Net Debt, beginning of the year	(37,795,084)	(37,379,596)
Net Debt, end of the year	\$ (35,627,620)	\$ (37,795,084)

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



CITY OF BATHURST
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2018

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	2018	2017
OPERATING ACTIVITIES		
Annual surplus	\$ (944,580)	\$ 4,548,426
Gain on disposal of tangible capital assets	(43,158)	-
Amortization of tangible capital assets	4,921,472	4,864,776
Receivable - General	3,266,463	(2,938,288)
Receivable - Federal Government and its agencies	364,750	(281,835)
Loans receivable	62,862	111,193
Payables and accruals	(2,386,732)	2,429,280
Deferred revenues	(64,569)	(100,473)
Accrued sick leave	169	11,473
Post employment benefits payable	43,450	210,364
Change in inventory and prepaid expenses	34,565	286,149
	5,254,692	9,141,065
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,843,993)	(10,114,838)
Proceeds on sale of tangible capital assets	43,158	-
	(1,800,835)	(10,114,838)
FINANCING ACTIVITIES		
Increase in long-term debt	4,340,000	2,858,000
Repayment of long term debt	(3,516,909)	(3,466,277)
	823,091	(608,277)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	4,276,948	(1,582,050)
CASH AND CASH EQUIVALENTS, beginning of year	(6,979,319)	(5,397,269)
CASH AND CASH EQUIVALENTS, end of year	\$ (2,702,371)	\$ (6,979,319)

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 January 22, 2018 and the Minister of Environmental and Local Government on January 24, 2018.

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

	2018	2017
Cash - restricted	\$ 836,157	\$ 640,829
Cash - unrestricted	(3,538,528)	(7,620,148)
	\$ (2,702,371)	\$ (6,979,319)

4. RECEIVABLE - GENERAL

	2018	2017
General Operating fund	\$ 724,749	\$ 3,952,361
Utility Services fund	1,202,273	1,241,124
	\$ 1,927,022	\$ 5,193,485

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	2018	2017
Canada Revenue Agency (HST refund)	\$ 384,686	\$ 749,436

6. DEFERRED REVENUE

	2018	2017
Miscellaneous - Hazard Material	\$ 54,752	\$ 44,973
Gift certificates	375	375
Local improvement - Long term	698,346	761,208
Local improvement - Prepaid	196,004	207,490
	\$ 949,477	\$ 1,014,046

7. LONG-TERM DEBT

	2018	2017
New Brunswick Municipal Financing Corporation		
Debentures:		
Serial of 3.30% to 4.85%, maturing in 2018	\$ -	\$ 53,000
Serial of 2.10% to 4.95%, maturing in 2018	-	145,000
Serial of 1.00% to 4.50%, maturing in 2019	621,000	848,000
Serial of 1.50% to 3.85%, maturing in 2020	269,000	397,000
Serial of 1.35% to 3.45%, maturing in 2021	1,131,000	1,402,000
Serial of 1.35% to 3.10%, maturing in 2022	663,000	819,000
Serial of 1.23% to 3.70%, maturing in 2023	623,000	829,000
Serial of 1.20% to 2.50%, maturing in 2029	2,482,000	2,866,000
Serial of 1.45% to 2.90%, maturing in 2026	1,508,000	1,702,000
Serial of 1.20% to 2.70%, maturing in 2027	1,887,000	2,108,000
Serial of 2.55% to 3.40%, maturing in 2028	3,054,000	-
Serial of 2.10% to 4.95%, maturing in 2018	-	109,000
Serial of 1.00% to 4.50%, maturing in 2019	5,025,000	5,408,000
Serial of 1.50% to 3.85%, maturing in 2020	555,000	662,000
Serial of 1.35% to 3.45%, maturing in 2021	1,396,000	1,625,000
Serial of 1.35% to 3.80%, maturing in 2022	1,163,000	1,274,000
Serial of 1.25% to 4.40%, maturing in 2033	3,569,000	3,771,000
Serial of 1.20% to 3.70%, maturing in 2034	1,358,000	1,479,000
Serial of 1.45% to 2.90%, maturing in 2026	661,000	746,000
Serial of 1.20% to 2.70%, maturing in 2027	681,000	750,000
Serial of 2.55% to 3.40%, maturing in 2028	1,286,000	-
	27,932,000	26,993,000
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.	957,824	1,073,733
	\$ 28,889,824	\$ 28,066,733

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:

2019	\$ 8,571,000	(\$5,005,000 to be refinanced in 2019)
2020	\$ 3,228,000	(\$329,000 to be refinanced in 2019)
2021	\$ 3,653,000	(\$936,000 to be refinanced in 2020)
2022	\$ 2,190,000	
2023	\$ 1,948,000	

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.

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 \$21,252 on December 31, 2018 (2017 - \$356,165) 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 \$915,935 (2017 - \$901,435) 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, 2018 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 \$1,989,743 at December 31, 2018.

The City has guaranteed debt of the Bathurst Aquatic Centre Commission at December 31, 2018.

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 four years:

	General Fund	Utility Fund
2019	\$ 76,561	\$ 7,190
2020	45,308	7,190
2021	3,450	-
2022	863	-
	\$ 126,182	\$ 14,380

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. 16-0049	879,000	
O.I.C. No. 17-0019	214,800	
O.I.C. No. 18-0047	1,118,000	
O.I.C. No. 18-0065	900,000	

3,411,800

Utility Capital:

O.I.C. No. 14-0062	2,700,000	Interim financing
O.I.C. No. 15-0005	1,579,000	Interim financing
O.I.C. No. 15-0053	579,000	Interim financing
O.I.C. No. 16-0078	4,039,000	Interim financing
O.I.C. No. 17-0019	300,000	
O.I.C. No. 17-0037	2,511,000	Interim financing
O.I.C. No. 18-0047	690,000	

12,398,000

\$ 15,809,800

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 2018, 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:

	2018	2017
2015 Deficit	\$ (72,048)	\$ (144,096)
2016 Deficit	(22,318)	(44,635)
2017 Surplus	196,255	196,255
2018 Deficit	(391,938)	-
	\$ (290,049)	\$ 7,524

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	Roads and streets	Infrastructure		Total 2018	Total 2017
							Treatment facilities	Water and sewer		
Cost:										
Balance, beginning of year	\$ 3,074,180	\$ 6,189,705	\$ 41,380,280	\$ 6,221,245	\$ 3,108,047	\$ 28,091,601	\$ -	\$ 47,190,886	\$ 135,255,944	\$ 125,141,106
Add:										
Additions	-	146,763	45,571	77,913	536,661	53,982	-	2,806,652	3,667,542	10,114,838
Less:										
Disposals	21,587	22,594	231,023	561,691	259,796	871,058	-	3,183,344	1,823,549	-
Balance, end of year	3,052,593	6,313,874	41,656,874	6,860,849	3,384,912	29,016,641	-	46,814,194	137,099,937	135,255,944
Accumulated Amortization:										
Balance, beginning of year	-	1,303,095	14,518,548	2,299,323	897,469	7,738,807	-	4,769,320	31,526,562	26,661,786
Add:										
Additions	-	298,387	1,893,358	548,190	183,387	1,289,442	-	708,708	4,921,472	4,864,776
Balance, end of year	-	1,601,482	16,411,906	2,847,513	1,080,856	9,028,249	-	5,478,028	36,448,034	31,526,562
Net book value of tangible capital assets	\$ 3,052,593	\$ 4,712,392	\$ 25,244,968	\$ 4,013,336	\$ 2,304,056	\$ 19,988,392	\$ -	\$ 41,336,166	\$ 100,651,903	\$ 103,729,382
Consists of:										
General Fund	\$ 3,052,593	\$ 4,712,392	\$ 25,244,968	\$ 4,013,336	\$ 2,304,056	\$ 19,988,392	\$ -	\$ -	\$ 59,315,737	\$ 61,307,815
Water and Sewer	-	-	-	-	-	-	-	41,336,166	41,336,166	42,421,567
	\$ 3,052,593	\$ 4,712,392	\$ 25,244,968	\$ 4,013,336	\$ 2,304,056	\$ 19,988,392	\$ -	\$ 41,336,166	\$ 100,651,903	\$ 103,729,382

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. SCHEDULE OF SEGMENT DISCLOSURE

	General	Protective	Transportation	Health	Environmental Development	Recreation & cultural	Water & sewer	2018 Consolidated	2017 Consolidated
REVENUES									
Property tax warrant	\$ 3,174,522	\$ 5,715,188	\$ 5,145,182	\$ 255,130	\$ 561,468	\$ 3,538,042	\$ -	\$ 18,389,532	\$ 18,373,489
Services provided to other governments	-	882,319	214,113	-	-	-	-	1,096,432	1,121,679
Sale of service, fines and other fees	-	253,850	5,691	2,783	334,819	1,370,821	-	1,967,964	2,640,738
Unconditional grant	849,206	1,024,621	919,729	45,606	100,366	632,444	-	3,571,972	3,724,130
Other government transfers	1,925	-	-	-	-	1,185,327	-	1,187,252	5,189,675
Water and sewer user fees	-	-	-	-	-	-	5,234,750	5,234,750	5,280,250
Interest	-	-	-	-	-	-	88,565	88,565	78,761
Gain on disposal of assets	43,158	-	-	-	-	-	-	43,158	-
	4,068,811	7,875,978	6,284,715	303,519	996,653	6,726,634	5,323,315	31,579,625	36,408,722
EXPENDITURES									
Salaries and benefits	2,219,286	6,642,462	2,463,018	159,160	356,047	2,160,085	1,712,817	15,712,875	15,218,774
Goods and services	386,796	846,632	2,622,371	191,928	265,624	1,960,226	2,970,439	9,244,016	8,567,381
Amortization	14,447	102,578	1,994,954	-	150,972	748,427	1,910,094	4,921,472	4,842,433
Interest	301,563	-	-	-	-	-	624,820	926,383	983,854
Other	1,446,397	273,062	-	-	-	-	-	1,719,459	2,247,854
	4,368,489	7,864,734	7,080,343	351,088	772,643	4,868,738	7,218,170	32,524,205	31,860,296
Surplus (deficit) for the year	\$ (299,678)	\$ 11,244	\$ (795,628)	\$ (47,569)	\$ 224,010	\$ 1,857,896	\$ (1,894,855)	\$ (944,580)	\$ 4,548,426

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	
2018 annual surplus (deficit)	\$ 2,776,327	\$ (3,011,378)	\$ 1,098	\$ (724,767)	\$ 4,004	\$ 2,838	\$ 76	\$ 7,223	\$ (944,579)
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's deficit	8,371	-	(94,366)	-	-	-	-	-	(85,995)
Transfer between funds:									
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	(1,985,000)	1,985,000	(1,531,909)	1,531,909	-	-	-	-	-
Capital lease payments	(35,759)	-	-	-	-	-	-	-	(35,759)
capital assets	43,158	-	-	-	-	-	-	-	43,158
Amortization expense	-	3,011,378	-	1,910,094	-	-	-	-	4,921,472
Water cost	(1,279,739)	-	1,279,739	-	-	-	-	-	-
Gain on disposal of assets	(43,158)	-	-	-	-	-	-	-	(43,158)
Total adjustments to 2018 annual surplus (deficit)	(3,392,127)	4,996,378	(393,036)	3,442,003	100,000	-	-	46,500	4,799,718
2018 annual fund surplus (deficit)	\$ (615,800)	\$ 1,985,000	\$ (391,938)	\$ 2,717,236	\$ 104,004	\$ 2,838	\$ 76	\$ 53,723	\$ 3,855,139

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. STATEMENTS OF RESERVES

	General reserve fund		Water and sewer reserve fund		2018	2017
	Operating	Capital	Operating	Capital	Total	Total
ASSETS						
Cash	\$ 218,627	\$ 123,919	\$ 4,613	\$ 488,998	\$ 836,157	\$ 640,829
Due from General and Utility Operating fund	100,000	(34,687)	-	26,573	91,886	146,500
	\$ 318,627	\$ 89,232	\$ 4,613	\$ 515,571	\$ 928,043	\$ 787,329
Accumulated surplus						
	\$ 318,627	\$ 89,232	\$ 4,613	\$ 515,571	\$ 928,043	\$ 787,329
REVENUES						
Transfers from water and general operating funds	\$ 100,000	\$ -	\$ -	\$ 46,500	\$ 146,500	\$ 146,500
Interest	4,004	2,838	76	7,223	14,141	11,336
Sale of land	-	-	-	-	-	1,801
	104,004	2,838	76	53,723	160,641	159,637
EXPENDITURES						
Equipment purchases	-	-	-	19,927	19,927	-
	-	-	-	19,927	19,927	-
Annual surplus						
	\$ 104,004	\$ 2,838	\$ 76	\$ 33,796	\$ 140,714	\$ 159,637

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

Moved by Councillor L. Stever, seconded by Councillor P. Anderson that \$10,000 be transferred from the Utility operating fund to the Utility capital reserve fund.

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

Moved by Councillor S. Daigle, seconded by Councillor K. Chamberlain that \$13,500 be transferred from the Utility operating fund to the Utility capital reserve fund.

Moved by Councillor K. Chamberlain, seconded by Councillor S. Daigle that \$19,107 plus taxes be paid from the Utility capital reserve fund for the purchase of a new pump.

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		Amortization	Controlled	Other	Transfers	Total
	General	Water & sewer	TCA	Entities	(explain)		
REVENUES							
Property tax warrant	\$ 18,389,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,389,530
Services provided to other governments	915,410	-	-	-	-	-	915,410
Sales of services, fines and other fees	2,016,832	-	-	-	-	-	2,016,832
Unconditional grant	3,499,495	-	-	-	-	-	3,499,495
Other government transfers	1,925	-	-	-	1,185,327	-	1,187,252
Water and sewer user fees	-	6,607,497	-	-	(1,279,746)	-	5,327,751
Interest	-	75,000	-	-	-	-	75,000
Surplus / deficit of second previous year	8,371	-	-	-	(8,371)	-	-
	24,831,563	6,682,497	-	-	(102,790)	-	31,411,270
EXPENDITURES							
General government services	4,300,016	-	14,447	-	-	(100,000)	4,214,463
Protective services	8,456,490	-	102,578	-	(924,383)	-	7,634,685
Transportation services	5,127,058	-	1,994,954	-	(355,363)	-	6,766,649
Environmental health services	346,023	-	-	-	-	-	346,023
Environmental development services	825,656	-	150,972	-	-	-	976,628
Recreational and cultural services	3,457,501	-	748,427	-	-	-	4,205,928
Fiscal services:							
Long-term debt repayments	1,985,000	1,527,290	-	-	(3,512,290)	-	-
Interest	333,819	651,781	-	-	-	-	985,600
Transfer from the water and sewer operating fund to the water and sewer capital reserve fund	-	46,500	-	-	-	(46,500)	-
Water and sewer	-	4,456,926	1,910,094	-	(94,366)	-	6,272,654
	24,831,563	6,682,497	4,921,472	-	(4,886,402)	(146,500)	31,402,630
Surplus (deficit)	\$ -	\$ -	\$ (4,921,472)	\$ -	\$ 4,783,612	\$ 146,500	\$ 8,640

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT

	Budget (Unaudited)	2018 Actual	2017 Actual
REVENUES			
SERVICES PROVIDED TO OTHER GOVERNMENTS			
Park	\$ 747,410	\$ 882,319	\$ 927,163
Highway maintenance	168,000	214,113	194,516
	\$ 915,410	\$ 1,096,432	\$ 1,121,679

SALES OF SERVICES, FINES AND OTHER FEES

Parking Commission	\$ 173,400	\$ 112,271	\$ 127,722
Civic Center	1,126,000	1,214,213	1,033,098
Recreational and Cultural Programs	100,000	99,880	61,638
Youghall Beach	1,500	1,364	1,374
Daly Point	12,000	34,766	32,380
Solid Waste Collection	1,760	2,783	2,402
Transportation	12,400	5,691	16,868
Licenses and Permits	9,050	8,092	8,601
Building Inspection	137,334	115,122	583,646
Alarm systems	48,350	18,366	51,457
Other rentals	292,800	240,638	249,458
Miscellaneous	8,000	20,597	376,358
Debt recovery	94,238	94,181	95,736
	\$ 2,016,832	\$ 1,967,964	\$ 2,640,738

OTHER GOVERNEMENT TRANSFERS

Federal PILT	\$ 1,925	\$ 1,925	\$ -
Fine Sharing	-	-	-
Gas Tax	1,185,327	1,185,327	5,189,675
	\$ 1,187,252	\$ 1,187,252	\$ 5,189,675

WATER AND SEWER USER FEES

User charges	\$ 5,094,469	\$ 5,048,491	\$ 5,041,685
Connection and service charges	53,282	59,003	70,835
Local improvement frontage fees	180,000	127,256	167,730
	\$ 5,327,751	\$ 5,234,750	\$ 5,280,250

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2018 Actual	2017 Actual
EXPENDITURES			
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	\$ 42,121	\$ 44,639	\$ 40,472
Councilors	129,405	120,279	128,663
Other	-	88,300	88,300
Amortization	14,447	14,447	14,447
	185,973	267,665	271,882
Administrative			
Manager	711,444	476,268	567,475
Clerk	244,390	173,794	243,102
Human Relations	684,459	618,476	686,047
Office Building	-	83,500	83,500
Solicitor	50,000	60,866	37,642
Economic Development	49,950	13,423	12,456
	1,740,243	1,426,327	1,630,222
Financial Management			
Administration	195,450	133,187	102,743
Inventory	154,004	116,037	149,322
Accounting	216,076	218,311	200,023
External Audit	17,500	29,201	13,558
Purchasing	170,446	137,534	150,799
Other	351,953	348,566	294,514
	1,105,429	982,836	910,959
Other General Government Services			
Civic Relations	9,000	4,566	7,971
Public Liability Insurance	150,000	132,147	131,573
Commercial Tax Rebate	76,835	85,828	133,629
Property Tax Rebate	27,905	13,424	21,143
Grants to Organization	30,000	34,782	27,890
Home Incentive Rebates	9,200	-	-
Miscellaneous	282,000	279,443	279,748
Cost of assessment	200,990	200,990	202,740
	785,930	751,180	804,694

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2018 Actual	2017 Actual
Fiscal Services - Debt Charges			
Short-term Interest	28,000	35,319	40,578
Debenture Interest	333,819	301,563	325,984
Debenture Discounts	17,243	17,243	16,974
Bank Service Charges	42,000	69,402	57,909
Other Debt	24,357	7,814	8,013
Bad debts	9,000	27,527	1,410
	454,419	458,868	450,868
Transfer to Other Funds for Local Improvement Assessment	65,000	64,992	64,992
Sick Leave and Retirement Benefits	211,288	416,621	794,209
	\$ 4,548,282	\$ 4,368,489	\$ 4,927,826

PROTECTIVE SERVICES

Police			
Administration	\$ 663,026	\$ 655,586	\$ 641,801
Investigations	408,249	388,288	874,701
Uniform Division	1,942,690	1,935,764	1,958,285
Detention and Custody of Prisoners	42,400	44,079	41,074
School Crossing Guards	11,000	8,555	10,427
Identification	119,917	108,198	109,510
Court Traffic	259,490	253,531	140,387
Crime Prevention	111,234	90,892	102,935
Communication and Central Records	1,104,435	1,064,807	1,034,474
Narcotic Control Act	232,766	189,723	199,464
Training	44,000	57,025	57,729
Automotive Equipment	141,583	142,192	168,504
Amortization	69,173	69,173	70,777
	5,149,963	5,007,813	5,410,068
Fire			
Administration	296,232	295,734	281,630
Fire Fighting Force	2,051,885	1,496,488	1,377,183
Station and Building	-	97,211	96,207
Fighting Equipment	-	164,709	153,779
Fire Sub-Station	-	489,000	489,000
Training	21,000	7,313	1,205
Amortization	33,405	33,405	30,716
	2,402,522	2,583,860	2,429,720

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2018 Actual	2017 Actual
Other			
Building Inspection	-	190,915	184,804
Animal and Pest Control	82,200	82,146	82,146
	82,200	273,061	266,950
	\$ 7,634,685	\$ 7,864,734	\$ 8,106,738

TRANSPORTATION SERVICES

Common Services			
Administration and Maintenance Management	\$ 661,244	\$ 594,996	\$ 670,207
General Equipment Maintenance	1,045,843	1,067,098	907,957
Public Building	724,521	572,962	511,066
Engineering	180,023	133,421	158,794
Amortization	699,787	699,787	711,842
	3,311,418	3,068,264	2,959,866
Road Transport			
Roadway Surfaces	423,758	531,336	538,355
Sidewalks	13,223	31,797	8,091
Culverts and Drainage Ditches	98,962	68,158	164,037
Storm Sewers	127,461	95,609	101,820
Street Cleaning	70,561	43,862	42,366
Snow and Ice Removal	851,157	1,347,599	906,765
Amortization	1,262,577	1,262,577	1,244,590
	2,847,699	3,380,938	3,006,024
Street Lighting			
Street lighting	311,898	309,278	302,473
Amortization	13,785	13,785	11,611
	325,683	323,063	314,084
Traffic Services			
Street Signs	28,683	16,337	21,976
Traffic Signals and Signs	149,811	153,030	134,958
Railway Crossing Signals	-	17,307	21,072
Amortization	18,805	18,805	20,807
	197,299	205,479	198,813

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2018 Actual	2017 Actual
Off Street Parking	84,550	102,599	80,749
	\$ 6,766,649	\$ 7,080,343	\$ 6,559,536

ENVIRONMENTAL HEALTH SERVICES

Garbage and Waste Collection	\$ 183,458	\$ 159,108	\$ 151,107
Dumps and Landfill	159,200	191,980	182,423
Garbage and Waste Collection - User Fees	3,365	-	726
	\$ 346,023	\$ 351,088	\$ 334,256

ENVIRONMENTAL DEVELOPMENT SERVICES

Planning Advisory Committee	\$ -	\$ 1,859	\$ 3,025
Administration	396,191	185,600	165,738
Chaleur Regional Service Commission	156,457	156,457	78,862
Economic Development (rentals)	255,858	266,286	253,853
Promotion of Tourism	17,150	3,937	116,793
Decorative Lights	-	7,532	7,335
Amortization	150,972	150,972	203,051
	\$ 976,628	\$ 772,643	\$ 828,657

RECREATIONAL AND CULTURAL SERVICES

Recreational			
Administration	\$ 172,724	\$ 220,157	\$ 165,303
Swimming Pool	255,000	250,000	255,000
Civic Centre	2,142,201	2,711,039	2,469,013
Pavilion Gym	77,300	81,922	63,583
Summer Programs	230,490	216,698	252,300
Winter Programs	19,590	38,538	19,273
Park Maintenance	450,442	469,058	459,883
Daley Point	60,720	87,753	60,131
Amortization	748,427	748,427	665,660
	4,156,894	4,823,592	4,410,146
Cultural			
Library	49,034	45,146	45,259
	\$ 4,205,928	\$ 4,868,738	\$ 4,455,405

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2018 Actual	2017 Actual
ENVIRONMENTAL HEALTH SERVICES			
Water Supply			
Administration and General	\$ 455,187	\$ 525,125	\$ 353,638
Purification Maintenance and Treatment	945,711	348,782	307,726
Source of Supply	-	40,480	38,925
Transmission and Distribution	972,418	632,831	602,770
Power and Pumping	48,324	916,370	873,148
Billing and Collecting	137,825	106,549	120,469
Electronic Data Processing	157,500	157,500	157,500
Amortization	989,516	989,516	983,332
	3,706,481	3,717,153	3,437,508
Sewage Collection and Disposal			
Administration	-	269,038	99,300
Equipment Maintenance	235,812	257,266	175,704
Sewage Collection Systems	228,102	133,662	102,443
Sewage Lift Stations	260,774	426,632	423,159
Wastewater Treatment Plant	837,171	616,040	618,944
Sludge Disposal	-	84,528	82,970
Amortization	920,578	920,578	885,601
	2,482,437	2,707,744	2,388,121
FISCAL SERVICES			
Water System			
Short-term Interest	11,500	39,433	20,158
Debenture Interest	443,843	419,220	440,186
Other	10,000	13,028	9,924
Sick Leave and Retirement Benefits	11,738	23,136	43,485
	477,081	494,817	513,753
Sewage Collection			
Short-term Interest	11,500	39,433	20,158
Debenture Interest	207,938	205,600	217,684
Other	27,260	30,287	27,169
Sick Leave and Retirement Benefits	11,738	23,136	43,485
	258,436	298,456	308,496
	\$ 6,924,435	\$ 7,218,170	\$ 6,647,878