

CITY OF BATHURST
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022

CITY OF BATHURST
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YEAR ENDED DECEMBER 31, 2022

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INDEPENDANT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements City of Bathurst / Ville de Bathurst ("the Municipality"), which comprise the consolidated statement of financial position as at Saturday, December 31, 2022, 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 and other informations.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at Saturday, December 31, 2022, and the results of its consolidated operations and its consolidated 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 Municipality 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 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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with the 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 exists 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 exists, 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 Municipality 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, Nouveau-Brunswick
April 17, 2023

CITY OF BATHURST
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022

	Unaudited Budget (Note 19)	2022 Actual	2021 Actual
REVENUES			
Property tax warrant	\$ 20,650,413	\$ 20,650,415	\$ 19,330,957
Services provided to other governments	1,108,175	1,290,983	1,141,087
Sale of services, fines and other fees	1,160,966	1,941,994	1,354,419
Unconditional grants	3,618,747	3,723,206	3,682,337
Other government transfers	8,016	1,376,452	1,715,646
Water and sewer user fees	6,945,476	6,712,831	6,531,333
Interest	70,000	164,152	115,317
Gain on disposal of capital assets	-	10,450	51,403
	33,561,793	35,870,483	33,922,499
EXPENDITURES			
General government services	5,343,870	6,151,003	4,276,441
Protective services	9,209,422	9,497,328	8,742,909
Transportation services	7,418,006	7,435,850	6,846,240
Environmental health services	382,250	400,290	397,810
Environmental development services	1,214,878	1,062,165	1,114,047
Recreational and cultural services	4,265,727	4,835,357	4,495,870
Water and sewer	7,420,245	6,801,300	7,254,904
	35,254,398	36,183,293	33,128,221
Annual Surplus (Deficit) (Note 16)	\$ (1,692,605)	(312,810)	794,278
Accumulated surplus, beginning of year		69,122,070	68,327,792
Accumulated surplus, end of year		\$ 68,809,260	\$ 69,122,070

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



**CITY OF BATHURST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

	2022	2021
FINANCIAL ASSETS		
Cash	\$ 2,008,100	\$ 3,737,164
Receivables		
General (Note 4)	3,021,056	2,055,507
Federal government and its agencies (Note 5)	630,119	234,863
Loans receivable	507,886	541,019
	6,167,161	6,568,553
LIABILITIES		
Account payable and accrued liabilities	3,287,054	2,182,856
Deferred revenue (Note 6)	755,164	804,937
Long-term debt (Note 7)	25,134,050	27,120,430
Accrued sick leave (Note 8)	417,045	332,077
Post employment benefits payable (Note 9)	3,218,940	3,317,950
	32,812,253	33,758,250
NET DEBT	(26,645,092)	(27,189,697)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 14)	151,217,306	147,125,364
Accumulated amortization	56,559,200	51,547,894
	94,658,106	95,577,470
Inventory	477,665	383,962
Prepaid expenses	318,581	350,335
	95,454,352	96,311,767
ACCUMULATED SURPLUS	\$ 68,809,260	\$ 69,122,070

Contingencies (Note 10)

APPROVED BY:

Mayor: *Kim Chankula*

Treasurer: *Suzanne Hawson*

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, 2022**

	2022	2021
Annual surplus	\$ (312,810)	\$ 794,278
Acquisition of tangible capital assets	(4,091,942)	(2,545,912)
Proceed on disposal of tangible capital assets	10,450	51,403
Amortization of tangible capital assets	5,011,306	5,171,364
Gain on sale of tangible assets	(10,450)	(51,403)
	606,554	3,419,730
Acquisition of inventories	(477,665)	(383,962)
Acquisition of prepaid assets	(318,581)	(350,335)
Consumption of inventories	383,962	428,684
Use of prepaid assets	350,335	515,916
	(61,949)	210,303
Decrease in Net Debt	544,605	3,630,033
Net Debt, beginning of the year	(27,189,697)	(30,819,730)
Net Debt, end of the year	\$ (26,645,092)	\$ (27,189,697)

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



**CITY OF BATHURST
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2022**

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	2022	2021
OPERATING ACTIVITIES		
Annual surplus	\$ (312,810)	\$ 794,278
Gain on disposal of tangible capital assets	(10,450)	(51,403)
Amortization of tangible capital assets	5,011,305	5,171,364
Receivable - General	(965,549)	21,684
Receivable - Federal Government and its agencies	(395,256)	89,264
Loans receivable	33,132	59,756
Payables and accruals	1,104,198	328,455
Deferred revenues	(49,774)	(49,113)
Accrued sick leave	84,968	(58,826)
Post employment benefits payable	(99,009)	210,842
Change in inventory and prepaid expenses	(61,949)	210,303
Change in reserve funds	272,837	(593,305)
	4,611,643	6,133,299
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(4,091,939)	(2,545,913)
Proceeds on sale of tangible capital assets	10,450	51,403
	(4,081,489)	(2,494,510)
FINANCING ACTIVITIES		
Increase in long-term debt	2,021,000	3,032,000
Repayment of long term debt	(4,007,380)	(5,088,946)
	(1,986,380)	(2,056,946)
NET VARIATION IN CASH AND CASH EQUIVALENTS	(1,456,226)	1,581,843
CASH AND CASH EQUIVALENTS, beginning of year	1,886,570	304,727
CASH AND CASH EQUIVALENTS, end of year	\$ 430,344	\$ 1,886,570

Cash and cash equivalents consist of cash.

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, "In partnership, we, as Council and employees, will direct our energies to the positive well-being and needs of our community. We will provide quality services in a respectful, co-ordinated, effective and financially responsible manner".

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 November 16, 2020 and the Minister of Environmental and Local Government on December 3, 2020.

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.

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.

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	2022	2021
Cash - restricted	\$ 1,577,756	\$ 1,850,594
Cash - unrestricted	430,344	1,886,570
	\$ 2,008,100	\$ 3,737,164

4. RECEIVABLE - GENERAL

	2022	2021
General Operating fund	\$ 1,603,596	\$ 694,513
Utility Services fund	1,417,460	1,360,994
	\$ 3,021,056	\$ 2,055,507

5. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	2022	2021
Canada Revenue Agency (HST refund)	\$ 630,119	\$ 234,863

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. DEFERRED REVENUE

	2022	2021
Miscellaneous - Hazard Material	\$ 119,559	\$ 107,361
Local improvement - Long term	507,887	541,018
Local improvement - Prepaid	127,718	156,558
	\$ 755,164	\$ 804,937

7. LONG-TERM DEBT

	2022	2021
New Brunswick Municipal Financing Corporation		
Debtures:		
Serial of 1.35% to 3.10%, maturing in 2022	\$ -	\$ 173,000
Serial of 1.23% to 3.70%, maturing in 2023	133,000	261,000
Serial of 1.20% to 2.50%, maturing in 2029	1,064,000	1,415,000
Serial of 1.45% to 2.90%, maturing in 2026	720,000	906,000
Serial of 1.20% to 2.70%, maturing in 2027	973,000	1,208,000
Serial of 2.55% to 3.40%, maturing in 2028	1,458,000	1,873,000
Serial of 2.05% to 2.85%, maturing in 2029	1,125,000	1,281,000
Serial of 1.95% to 2.45%, maturing in 2029	467,000	537,000
Serial of 0.90% to 2.05%, maturing in 2030	1,183,000	1,381,000
Serial of 0.50% to 1.80%, maturing in 2030	1,198,000	1,409,000
Serial of 0.30% to 2.30%, maturing in 2031	549,000	609,000
Serial of 0.855% to 2.037%, maturing in 2031	692,000	810,000
Serial of 3.005% to 4.083%, maturing in 2032	680,000	-
Serial of 4.700% to 4.266%, maturing in 2032	166,000	-
Serial of 1.35% to 3.80%, maturing in 2032	688,000	812,000
Serial of 1.25% to 4.40%, maturing in 2033	2,770,000	2,979,000
Serial of 1.20% to 3.70%, maturing in 2034	951,000	1,048,000
Serial of 1.45% to 2.90%, maturing in 2026	323,000	399,000
Serial of 1.20% to 2.70%, maturing in 2027	394,000	468,000
Serial of 2.55% to 3.40%, maturing in 2028	816,000	938,000
Serial of 2.05% to 3.35%, maturing in 2039	937,000	1,052,000
Serial of 1.95% to 2.95%, maturing in 2039	4,325,000	4,820,000
Serial of 0.90% to 2.05%, maturing in 2030	453,000	532,000
Serial of 0.50% to 1.10%, maturing in 2025	12,000	16,000
Serial of 0.30% to 2.30%, maturing in 2031	455,000	505,000
Serial of 0.855% to 2.037%, maturing in 2031	983,000	1,108,000
Serial of 3.005% to 4.083%, maturing in 2032	710,000	-
Serial of 4.700% to 4.266%, maturing in 2032	465,000	-
	24,690,000	26,540,000
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.	444,050	580,430
	\$ 25,134,050	\$ 27,120,430

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

7. LONG-TERM DEBT (CONTINUED)

2022 2021

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

2023	\$ 4,000,040
2024	\$ 3,748,935
2025	\$ 3,298,074
2026	\$ 3,008,000
2027	\$ 2,770,000

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

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.

The following summarizes the major assumptions in the valuation:

- annual salary increase is 1.60% to 3.00%;
- the discount rate used to determine the accrued benefit obligation is 3.00%;
- retirement age is 50-55; 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 \$116,444 on December 31, 2022 (2021 - \$119,199) in long term service awards paid out during the year.

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

9. POST EMPLOYMENT BENEFITS PAYABLE

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 current year, the Municipality contributed \$1,081,623 (2021 - \$1,048,295) 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, 2022 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 \$2,272,000 at December 31, 2022.

The City has guaranteed debt of the Bathurst Aquatic Centre Commission at December 31, 2022.

11. SHORT-TERM BORROWINGS COMPLIANCE

Interim borrowing for capital

The Municipality has arrange 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	\$ 75,175	Guarantee
O.I.C. No. 18-0047	65,000	
O.I.C. No. 19-0083	250,000	
O.I.C. No. 20-0003	85,000	
O.I.C. No. 21-0002	670,000	
O.I.C. No. 21-0049	25,000	
O.I.C. No. 21-0062	80,000	
O.I.C. No. 22-0006	525,000	
O.I.C. No. 22-0058	1,401,600	Interim financing
O.I.C. No. 22-0058	518,000	

3,694,775

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

11. SHORT-TERM BORROWINGS COMPLIANCE (CONTINUED)

Utility Capital:

O.I.C. No. 15-0053	193,000	
O.I.C. No. 15-0053	386,000	Interim financing
O.I.C. No. 19-0012	60,000	
O.I.C. No. 21-0002	285,000	
O.I.C. No. 21-0009	25,000	
O.I.C. No. 22-0006	1,040,000	
O.I.C. No. 22-0006	5,291,000	Interim financing
O.I.C. No. 22-0020	40,000	
O.I.C. No. 22-0064	48,000	
O.I.C. No. 22-0064	151,610	Interim financing

7,519,610

\$ 11,214,385

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 2022, 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.

12. 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:

	2022	2021
2018 Deficit	\$ (97,984)	\$ (195,768)
2019 Deficit	(360,888)	(541,332)
2020 Deficit	(285,123)	(380,164)
2021 Surplus	17,864	17,864
2022 Surplus	90,847	-
	\$ (274,396)	\$ (1,099,400)

13. 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

14. SCHEDULE OF TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Buildings and leasehold improvements	Vehicles	Machinery and equipment	Infrastructure		Total 2022	Total 2021
						Roads and streets	Water and sewer		
Cost:									
Balance, beginning of year	\$ 3,208,031	\$ 6,401,041	\$ 43,164,853	\$ 7,611,255	\$ 5,501,694	\$ 31,263,139	\$ 49,975,351	\$ 147,125,364	\$ 144,579,452
Add: Additions	-	-	311,772	71,346	608,636	202,404	3,184,965	4,379,123	2,915,654
Less: Disposals	-	-	-	(287,181)	-	-	-	(287,181)	(369,742)
Balance, end of year	3,208,031	6,401,041	43,476,625	7,395,420	6,110,330	31,465,543	53,160,316	151,217,306	147,125,364
Accumulated Amortization:									
Balance, beginning of year	-	2,507,507	22,113,440	4,400,008	1,698,732	13,115,971	7,712,236	51,547,894	46,376,530
Add: Additions	-	322,521	1,776,802	461,920	299,424	1,414,808	735,831	5,011,306	5,171,364
Balance, end of year	-	2,830,028	23,890,242	4,861,928	1,998,156	14,530,779	8,448,067	56,559,200	51,547,894
Net book value of tangible capital assets	\$ 3,208,031	\$ 3,571,013	\$ 19,586,383	\$ 2,533,492	\$ 4,112,174	\$ 16,934,764	\$ 44,712,249	\$ 94,658,106	\$ 95,577,470
Consists of:									
General Fund	\$ 3,208,031	\$ 3,571,013	\$ 19,586,383	\$ 2,533,492	\$ 4,112,174	\$ 16,934,764	\$ -	\$ 49,945,857	\$ 53,314,355
Water and Sewer	-	-	-	-	-	-	44,712,249	44,712,249	42,263,115
	\$ 3,208,031	\$ 3,571,013	\$ 19,586,383	\$ 2,533,492	\$ 4,112,174	\$ 16,934,764	\$ 44,712,249	\$ 94,658,106	\$ 95,577,470

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

15. SCHEDULE OF SEGMENT DISCLOSURE

	General	Protective	Transportation	Health	Environmental Development	Recreation & cultural	Water & sewer	2022 Consolidated	2021 Consolidated
REVENUES									
Property tax warrant	\$ 5,366,317	\$ 6,248,467	\$ 4,892,183	\$ 263,358	\$ 698,819	\$ 3,181,271	\$ -	\$ 20,650,415	\$ 19,330,957
Services provided to other governments	-	1,079,881	181,128	-	-	29,974	-	1,290,983	1,111,089
Sale of service, fines and other fees	-	191,385	-	-	793,352	957,257	-	1,941,994	1,354,418
Unconditional grant	873,808	1,164,895	912,044	49,098	130,280	593,081	-	3,723,206	3,682,337
Other government transfers	-	-	-	-	-	1,376,452	-	1,376,452	1,715,646
Water and sewer user fees	-	-	-	-	-	-	6,712,831	6,712,831	6,531,332
Interest	-	-	-	-	-	-	164,152	164,152	115,317
Gain on disposal of assets	8,727	-	-	-	-	-	1,723	10,450	51,403
	6,248,852	8,684,628	5,985,355	312,456	1,622,451	6,138,035	6,878,706	35,870,483	33,892,499
EXPENDITURES									
Salaries and benefits	2,421,564	8,143,831	2,531,216	188,675	291,719	2,177,609	2,113,919	17,868,533	16,596,123
Goods and services	3,454,269	1,179,096	2,935,833	211,615	622,135	2,015,176	2,180,620	12,598,744	10,583,910
Amortization	5,889	174,401	1,968,801	-	148,311	642,572	2,071,332	5,011,306	5,171,364
Interest	269,281	-	-	-	-	-	435,429	704,710	776,824
	6,151,003	9,497,328	7,435,850	400,290	1,062,165	4,835,357	6,801,300	36,183,293	33,128,221
Surplus (deficit) for the year	\$ 97,849	\$ (812,700)	\$ (1,450,495)	\$ (87,834)	\$ 560,286	\$ 1,302,678	\$ 77,406	\$ (312,810)	\$ 764,278

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

16. 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	
2022 annual surplus (deficit)	\$ 1,182,430	\$ (2,915,916)	\$ 2,118,089	\$ (759,597)	\$ 19,783	\$ 29,556	\$ 97	\$ 12,748	\$ (312,810)
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's surplus (deficit)	1,270,925	-	(372,869)	-	-	-	-	-	898,056
Grants revenues	(49,537)	-	-	-	-	-	-	-	(49,537)
Transfer between funds:									
From the general reserve operating fund to the general capital fund	250,000	-	-	-	(250,000)	-	-	-	-
From the water and sewage general operating fund to the general operating fund	401,494	-	(401,494)	-	-	-	-	-	-
water and sewer capital reserve fund	-	-	(46,500)	-	-	-	-	46,500	-
Long-term debt principal repayment	(2,301,000)	2,301,000	(1,706,379)	1,706,379	-	-	-	-	-
Proceeds from disposal of tangible capital assets	8,726	-	1,723	-	-	-	-	-	10,449
Provision for sick leave accrual	84,968	-	-	-	-	-	-	-	84,968
Amortization expense	-	2,939,974	-	2,071,322	-	-	-	-	5,011,306
Amount of funding for vested employee	(500,000)	-	500,000	-	-	-	-	-	-
Water cost	(8,726)	-	(1,723)	-	-	-	-	-	(10,449)
Gain on disposal of assets	-	-	-	-	-	-	-	-	-
Total adjustments to 2022 annual surplus (deficit)	(843,150)	5,240,974	(2,027,242)	3,777,711	(250,000)	-	-	46,500	5,944,793
2022 annual fund surplus (deficit)	\$ 339,280	\$ 2,325,058	\$ 90,847	\$ 3,018,114	\$ (230,217)	\$ 29,556	\$ 97	\$ 59,248	\$ 5,631,983

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. STATEMENTS OF RESERVES

	General reserve fund		Water and sewer reserve fund		2022 Total	2021 Total
	Operating	Capital	Operating	Capital		
ASSETS & LIABILITIES						
Cash	\$ 736,666	\$ 187,890	\$ 4,684	\$ 648,516	\$ 1,577,756	\$ 1,850,594
Due from (To) General and Utility Operating fund	-	20,882	-	-	20,882	(110,640)
Accumulated surplus	\$ 736,666	\$ 208,772	\$ 4,684	\$ 648,516	\$ 1,598,638	\$ 1,739,954
REVENUES						
Transfers from water and general operating funds	\$ -	\$ 25,680	\$ -	\$ 46,500	\$ 72,180	\$ 46,500
Interest	19,783	3,876	97	12,748	36,504	6,123
Other revenues	-	-	-	-	-	9,360
	19,783	29,556	97	59,248	108,684	61,983
EXPENDITURES						
Transfer to operating fund	250,000	-	-	-	250,000	120,000
	250,000	-	-	-	250,000	120,000
Annual surplus	\$ (230,217)	\$ 29,556	\$ 97	\$ 59,248	\$ (141,316)	(58,017)
Detail of cash	Principal Amount				Interest Rate	
Current account	\$ 736,666				Variable	
Current account	\$ 187,890				Variable	
Current account	\$ 4,684				Variable	
Current account	\$ 648,516				Variable	

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

17. STATEMENTS OF RESERVES (CONTINUED)

Council resolutions regarding transfers to and from reserves:

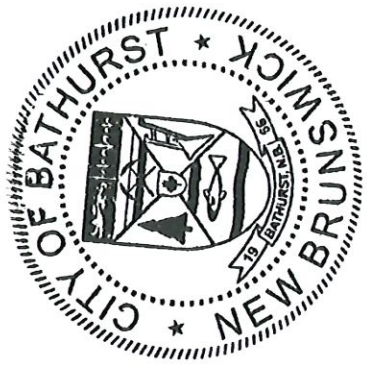
- Moved by Councillor S. Brunet, seconded by Councillor J.-F. Leblanc that \$17,000 be transferred from the Utility operating fund to the Utility capital reserve fund.
- Moved by Councillor J.-F. Leblanc, seconded by Councillor R. Hondas that \$6,000 be transferred from the Utility operating fund to the Utility capital reserve fund.
- Moved by Councillor P. Anderson, seconded by Councillor M. Willett that \$10,000 be transferred from the Utility operating fund to the Utility capital reserve fund.
- Moved by Councillor M. Willett, seconded by Councillor P. Anderson that \$13,500 be transferred from the Utility operating fund to the Utility capital reserve fund.
- Moved by Councillor R. Hondas, seconded by Councillor J.-F. Leblanc that \$250,000 be transferred from the General operating reserve fund to the General operating fund.
- Moved by Councillor P. Anderson, seconded by Councillor R. Hondas that \$1,200 be transferred from the General operating fund to the General capital reserve fund.
- Moved by Councillor S. Brunet, seconded by Councillor D. Knowles that \$4,800 be transferred from the General operating fund to the General capital reserve fund.
- Moved by Councillor P. Anderson, seconded by Councillor S. Legacy that an amount as prescribed by Subdivision By-Law be put in Parkland reserve on sale of land.

I hereby certify that the above are true and exact copies of resolutions adopted at meetings of Council held on April 19, November 21 and December 19, 2022.


~~Wanda St-Laurent~~ Amy-Lynn Parker
City Clerk,
City of Bathurst


Date

Municipal Seal



CITY OF BATHURST
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. 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

19. OPERATING BUDGET TO PSA BUDGET

	Operating budget	Amortization	Controlled	Other	Transfers	Total
	General	TCA	Entities	(explain)		
	Water & sewer					
REVENUES						
Property tax warrant	\$ 20,650,413	\$ -	\$ -	\$ -	\$ -	\$ 20,650,413
Services provided to other governments	1,108,175	-	-	-	-	1,108,175
Sales of services, fines and other fees	1,160,966	-	-	-	-	1,160,966
Unconditional grant	3,618,747	-	-	-	-	3,618,747
Other government transfers	8,016	-	-	-	-	8,016
Water and sewer user fees	7,445,476	-	-	(500,000)	-	6,945,476
Interest	-	70,000	-	-	-	70,000
Surplus / deficit of second previous year	1,270,925	(372,869)	-	(898,056)	-	-
	27,817,242	7,142,607	-	(1,398,056)	-	33,561,793
EXPENDITURES						
General government services	5,049,745	5,889	-	-	-	5,055,634
Protective services	9,652,513	174,401	-	(500,000)	-	9,326,914
Transportation services	5,449,205	1,968,801	-	-	-	7,418,006
Environmental health services	382,250	-	-	-	-	382,250
Environmental development services	1,066,567	148,311	-	-	-	1,214,878
Recreational and cultural services	3,648,155	642,572	-	-	-	4,290,727
Fiscal services:						
Long-term debt repayments	2,305,571	-	-	(4,018,224)	-	-
Interest	263,236	-	-	-	-	263,236
Transfer from the water and sewer operating fund to the water and sewer capital fund	-	34,540	-	-	(34,540)	-
Transfer from the water and sewer operating fund to the water and sewer capital reserve fund	-	46,500	-	-	(46,500)	-
Water and sewer	-	4,921,670	-	-	-	4,921,670
	27,817,242	7,142,607	-	(4,518,224)	(81,040)	33,561,793

Surplus (deficit) \$ - \$ - \$ (5,011,306) \$ 3,120,168 \$ 81,040 \$ (1,810,098)

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. REVENUE AND EXPENDITURES SUPPORT

	Budget (Unaudited)	2022 Actual	2021 Actual
REVENUES			
SERVICES PROVIDED TO OTHER GOVERNMENTS			
Dispatch	\$ 920,321	\$ 928,457	\$ 896,307
Highway maintenance	168,860	162,133	161,067
Line Marking	18,994	18,994	18,994
Park improvements	-	29,974	22,482
Other	-	151,425	42,237
	\$ 1,108,175	\$ 1,290,983	\$ 1,141,087
SALES OF SERVICES, FINES AND OTHER FEES			
Police	\$ 42,000	\$ 54,457	\$ 15,928
Fire	500	9,965	1,416
Parking Commission	65,400	55,716	49,030
Parking	5,440	71,247	71,437
Civic Center	600,734	846,096	682,073
Recreational and Cultural Programs	12,452	111,161	16,199
Licenses and Permits	100,200	111,162	105,714
Other rentals	32,500	46,051	-
Tourism	301,740	636,139	412,622
	\$ 1,160,966	\$ 1,941,994	\$ 1,354,419
OTHER REVENUE FROM OWN SOURCES			
	\$ -	\$ -	\$ -
WATER AND SEWER USER FEES			
User charges	\$ 6,819,858	\$ 6,522,071	\$ 6,365,998
Connection and service charges	23,500	39,053	39,861
Local improvement frontage fees	97,118	123,596	120,095
Other	5,000	28,111	5,379
	\$ 6,945,476	\$ 6,712,831	\$ 6,531,333

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

20. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2022 Actual	2021 Actual
EXPENDITURES			
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	\$ 67,305	\$ 69,753	\$ 60,811
Councilors	193,460	224,772	185,506
Amortization	5,889	5,889	16,095
	266,654	300,414	262,412
Administrative			
Manager	199,066	182,992	139,994
Clerk	223,184	247,012	163,402
Human Relations	552,335	818,074	410,551
Office Building	171,800	171,800	171,800
Solicitor	170,015	211,658	157,260
Legal Services	203,581	185,602	134,454
	1,519,981	1,817,138	1,177,461
Financial Management			
Administration	293,656	366,547	267,976
Accounting	212,759	212,298	207,938
External Audit	20,000	20,544	20,545
Purchasing	134,594	168,586	131,757
	661,009	767,975	628,216
Other Services			
Civic Relations	5,000	100	5,635
Training and Development	22,000	42,544	81,525
Cost of assessment	225,700	225,700	211,279
Commercial Tax Rebate	59,805	59,805	57,476
Other - IT	674,216	772,648	591,173
Public Liability Insurance	199,600	324,854	166,965
Grants to Organization	157,000	108,870	97,786
Miscellaneous	64,992	64,992	64,992
	1,408,313	1,599,513	1,276,831
Fiscal Services - Debt Charges			
Short-term Interest	24,000	-	18,386
Debenture Interest	263,236	269,281	306,372
Debenture Discounts	35,117	23,280	30,118
Bank Service Charges	50,000	72,336	79,111
Other Debt	15,000	14,840	29,377
Bad debts	15,000	27,375	3,231
	402,353	407,112	466,595

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

20. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2022 Actual	2021 Actual
Purchase of capital assets	855,560	964,762	211,084
Sick Leave and Retirement Benefits	230,000	294,089	253,842
	\$ 5,343,870	\$ 6,151,003	\$ 4,276,441

PROTECTIVE SERVICES

Police

Administration	\$ 705,249	\$ 769,912	\$ 678,208
Crime Prevention	125,799	131,594	59,236
Investigations	440,553	451,532	323,752
Identification	128,904	127,732	123,639
Narcotic Control Act	370,771	353,672	297,055
Uniform Division	2,259,022	2,174,586	2,271,868
Court Traffic	152,094	170,019	213,912
Training	80,000	177,081	52,258
Automotive Equipment	287,069	352,100	200,167
Detention and Custody of Prisoners	51,000	46,575	44,006
Amortization	140,744	140,744	174,975
	4,741,205	4,895,547	4,439,076

Fire

Administration	314,377	244,914	248,354
Fire Fighting Force	1,785,080	1,805,723	1,825,151
Training	6,000	718	77
Station and Building	103,992	106,160	102,846
Fighting Equipment	146,662	220,362	149,237
Fire Sub-Station	489,000	489,000	489,000
Other : Hazmat	30,000	14,352	11,944
Amortization	33,657	33,657	37,980
	2,908,768	2,914,886	2,864,589

Emergency Measures

Dispatch	1,374,779	1,400,405	1,172,509
Disaster Expense	6,500	-	-
	1,381,279	1,400,405	1,172,509

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

20. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2022 Actual	2021 Actual
Other			
By-law enforcement	80,136	74,043	63,206
Building Inspection	91,534	84,736	79,534
Animal and Pest Control	6,500	127,711	123,995
	178,170	286,490	266,735
	\$ 9,209,422	\$ 9,497,328	\$ 8,742,909
TRANSPORTATION SERVICES			
Common Services			
Administration and Maintenance Management	\$ 727,027	\$ 767,923	\$ 698,581
Training and Development	33,000	28,832	2,071
Engineering	169,082	238,375	135,663
General Equipment Maintenance	936,274	1,055,212	891,899
Public Building	575,634	575,254	622,041
Inventory	123,697	207,536	133,273
Amortization	548,536	548,536	595,682
	3,113,250	3,421,668	3,079,210
Road Transport			
Roadway Surfaces	702,743	686,338	715,890
Sidewalks	196,243	188,389	18,893
Culverts and Drainage Ditches	60,000	28,224	61,414
Storm Sewers	73,653	93,487	185,466
Street Cleaning	15,598	21,506	23,848
Snow and Ice Removal	1,220,151	978,833	839,444
Amortization	1,384,848	1,384,848	1,315,200
	3,653,236	3,381,625	3,160,155
Street Lighting			
Street lighting	320,291	353,432	307,917
Amortization	15,254	15,254	15,268
	335,545	368,686	323,185
Traffic Services			
Street Signs	30,790	28,987	40,007
Traffic Lane Marking	78,500	85,882	79,304
Traffic Signals and Signs	73,252	69,876	81,552
Railway Crossing Signals	20,000	20,314	16,954
Off Street Parking	93,270	38,649	47,778
Amortization	20,163	20,163	18,095
	222,705	225,222	235,912
	\$ 7,418,006	\$ 7,435,850	\$ 6,846,240

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2022 Actual	2021 Actual
ENVIRONMENTAL HEALTH SERVICES			
Garbage and Waste Collection	\$ 181,050	\$ 200,774	\$ 190,550
Dumps and Landfill	180,000	178,993	173,293
Garbage and Waste Collection - User Fees	21,200	20,523	33,967
	\$ 382,250	\$ 400,290	\$ 397,810
ENVIRONMENTAL DEVELOPMENT SERVICES			
Planning Advisory Committee	\$ 3,000	\$ 1,760	\$ 1,389
Administration	248,177	252,783	269,880
Chaleur Regional Service Commission	171,857	189,749	206,983
Economic Development (Rentals)	185,288	95,630	89,667
Development grant	250,900	215,639	147,593
Tourism	200,196	132,977	213,545
Beautification and Rehabilitation of lands	-	16,705	26,516
Decorative Lights	7,149	8,611	7,541
Amortization	148,311	148,311	150,933
	\$ 1,214,878	\$ 1,062,165	\$ 1,114,047
RECREATIONAL AND CULTURAL SERVICES			
Recreational			
Administration	\$ 281,714	\$ 272,428	\$ 255,381
Swimming Pool	300,000	350,000	350,000
Youghall beach	75,075	80,981	90,257
Civic Centre	2,052,225	2,530,722	2,212,651
Park Maintenance	460,731	586,207	485,094
Daley Point	110,110	50,643	55,402
Park Maintenance	176,700	125,240	134,225
Pavilion Gym	5,880	8,029	4,854
Summer Programs	29,979	48,360	29,492
Winter Programs	32,021	41,472	21,172
Amortization	642,572	642,572	806,119
	4,167,007	4,736,654	4,444,647
Cultural			
Library	86,120	87,495	41,449
Old Post office	12,600	11,208	9,774
	98,720	98,703	51,223
	\$ 4,265,727	\$ 4,835,357	\$ 4,495,870

CITY OF BATHURST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. REVENUE AND EXPENDITURES SUPPORT (CONTINUED)

	Budget (Unaudited)	2022 Actual	2021 Actual
ENVIRONMENTAL HEALTH SERVICES			
Water Supply			
Administration and General	\$ 615,731	\$ 210,839	\$ 536,670
Purification Maintenance and Treatment	348,377	415,873	373,522
Source of Supply	39,419	45,173	43,554
Transmission and Distribution	557,604	670,146	446,246
Power and Pumping	874,969	1,018,637	961,782
Billing and Collecting	155,596	123,677	131,466
Amortization	1,056,066	1,056,066	1,074,648
	3,647,762	3,540,411	3,567,888
Sewage Collection and Disposal			
Administration	421,491	170,572	343,140
Equipment Maintenance	228,432	163,890	151,228
Sewage Collection Systems	280,660	28,620	202,591
Sewage Lift Stations	483,466	486,731	496,885
Wastewater Treatment Plant	782,064	816,819	767,125
Amortization	1,015,265	1,015,265	966,370
	3,211,378	2,681,897	2,927,339
FISCAL SERVICES			
Water System			
Short-term Interest	16,800	4,801	14,563
Debenture Interest	215,625	225,444	250,383
Other	3,992	3,792	3,892
Sick Leave and Retirement Benefits	16,250	33,602	40,926
Bad debts	15,000	26,091	88,645
	267,667	293,730	398,409
Sewage Collection			
Short-term Interest	16,800	4,801	15,237
Debenture Interest	211,619	209,985	220,069
Other	3,992	3,791	3,893
Sick Leave and Retirement Benefits	14,260	16,440	3,317
Debenture discount	31,767	24,154	30,107
Bad debts	15,000	26,091	88,645
	293,438	285,262	361,268
	\$ 7,420,245	\$ 6,801,300	\$ 7,254,904

21. LOCAL GOVERNANCE REFORM

As a result of Local Governance Reform in the Province of New Brunswick, the City will be growing in area, population and service delivery effective January 1, 2023. The amounts being transferred have not been determined yet, so nothing has been recorded in these financial statements.

