

Edmundston
Consolidated Financial Statements
December 31, 2018

Independent Auditor's Report	2 - 4
Consolidated Financial Statements	
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Financial Position	6 - 7
Consolidated Statement of Changes in Net Debt	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 34
Consolidated Schedules	35 - 41

Independent Auditor's Report

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To His Honor the Mayor and Members of City Council of
Edmundston

Opinion

We have audited the consolidated financial statements (hereafter the "financial statements") of Edmundston (hereafter "the Municipality"), which comprise the statement of consolidated financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus, the statement of changes in net debt and the statement of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies, and the consolidated schedules.

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

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 (hereafter the "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 (hereafter the "financial statements") in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial information prepared for tax purposes

We draw attention to the fact that the municipality includes in its financial statements certain financial information that is not required by the Canadian public sector accounting standards. This information, prepared in accordance with the Province of New Brunswick's municipal financial reporting guide presented on pages 30 and 34, focuses on determining the surplus (deficit) for the year. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the consolidated financial statements (hereafter the "financial statements")

Management is responsible for the preparation and fair presentation of the consolidated financial statements (hereafter the "financial statements") in accordance with Canadian public sector accounting standards, 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 (hereafter the "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 governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements (hereafter the "financial statements")

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements (hereafter the "financial statements") as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 (hereafter the "financial statements"), whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 (hereafter the "financial statements") or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements (hereafter the "financial statements"), including the disclosures, and whether the consolidated financial statements (hereafter the "financial statements") represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements (hereafter the "financial statements"). We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Raymond Chabot Grant Thornton LLP
Chartered Professional Accountants

Edmundston
May 21, 2019

Edmundston**Consolidated Statement of Operations and Accumulated Surplus**

Year ended December 31, 2018

	2018		2017
	Budget (Unaudited) (Note 27) \$	Actual \$	Actual \$
Revenues			
Property tax warrant	22,575,015	22,575,015	22,494,058
Services provided to other governments (Page 35)	1,079,565	1,107,630	1,120,749
Sale of services, fines and other revenues (Page 35)	2,599,386	3,240,003	2,628,700
Unconditional grant	5,145,871	5,261,928	4,580,792
Adjustment for payment in lieu of taxes	430	430	12,024
Other government transfers	49,500	8,371,280	13,262,106
Other revenues from own sources (Page 35)	703,430	1,535,870	2,655,155
Contractors and other organizations contributions		44,000	571,323
User fees - Water and sewer services	5,897,127	5,962,333	5,881,453
Sales electrical utility - Distribution	30,514,574	32,247,884	30,866,619
Sales electrical utility - Generation	3,058,269	1,995,159	2,550,722
Interest	100,000	276,172	166,031
	<u>71,723,167</u>	<u>82,617,704</u>	<u>86,789,732</u>
Expenses (Pages 36 - 41)			
General government services	3,896,283	3,042,721	3,064,597
Protective services	9,907,526	8,440,244	8,356,295
Transportation services	9,158,301	8,758,809	8,893,227
Environmental health services	825,563	783,045	824,903
Development services	1,604,216	1,468,291	1,348,804
Recreational and cultural services	7,885,193	8,266,870	7,192,897
Water and sewer collection and disposal	6,763,026	6,215,037	5,505,039
Electrical utility - Distribution	30,994,984	31,943,777	30,103,893
Electrical utility - Generation	2,357,368	2,218,769	2,154,753
Loss on disposal of tangible capital assets		13,486	149,525
	<u>73,392,450</u>	<u>71,151,049</u>	<u>67,593,933</u>
Annual surplus (deficit) (Note 24)	<u>(1,669,283)</u>	<u>11,466,655</u>	<u>19,195,799</u>
Accumulated surplus, beginning of year		<u>98,149,763</u>	<u>78,953,964</u>
Accumulated surplus, end of year		<u>109,616,418</u>	<u>98,149,763</u>

The accompanying notes and consolidated schedules are an integral part of the consolidated financial statements.

Edmundston

Consolidated Statement of Financial Position

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
FINANCIAL ASSETS		
Cash (Note 4)	11,961,325	8,313,955
Term deposits	120,211	126,786
Accounts receivables		
General	6,175,227	6,376,990
Federal government and its agencies (Note 5)	306,405	4,627,397
Province of New Brunswick (Note 6)	<u>1,125,926</u>	<u>3,325,985</u>
	<u>19,689,094</u>	<u>22,771,113</u>
LIABILITIES		
Bank loans (Note 17)	6,579,248	11,462,416
Trade payables and other operating liabilities (Note 7)	8,493,336	8,721,119
Holdbacks payable	514,463	3,090,523
Deferred revenues (Note 8)	5,817	1,120,682
Debentures (Note 9)	67,419,000	67,878,000
Long-term debt (Note 10)	729,816	6,363,454
Obligations under capital leases (Note 11)	81,841	120,059
Accrued sick leave (Note 12)	<u>3,525,000</u>	<u>3,525,000</u>
	<u>87,348,621</u>	<u>102,281,253</u>
NET DEBT	<u>(67,659,427)</u>	<u>(79,510,140)</u>

Edmundston
Consolidated Statement of Financial Position
 As at December 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 21)	320,682,342	315,947,146
Accumulated amortization (Note 21)	<u>(149,397,435)</u>	<u>(140,418,950)</u>
	<u>171,284,907</u>	<u>175,528,196</u>
<hr/>		
Assets under capital leases (Note 22)	202,765	202,765
Accumulated amortization (Note 22)	<u>(46,737)</u>	<u>(29,401)</u>
	<u>156,028</u>	<u>173,364</u>
<hr/>		
Inventory of supplies	1,899,538	1,805,428
Prepaid expenses	133,639	60,898
Post employment benefits surplus (Note 13)	<u>3,801,733</u>	<u>92,017</u>
	<u>5,834,910</u>	<u>1,958,343</u>
	<u>177,275,845</u>	<u>177,659,903</u>
ACCUMULATED SURPLUS	<u>109,616,418</u>	<u>98,149,763</u>

The accompanying notes and consolidated schedules are an integral part of the consolidated financial statements.

For the council

 Mayor



 Treasurer

Edmundston
Consolidated Statement of Changes in Net Debt
Year ended December 31, 2018

	2018		2017
	Budget (Unaudited)	Actual	Actual
	\$	\$	\$
Annual surplus (deficit)	(1,669,283)	11,466,655	19,195,799
Assets under construction, beginning of year		2,030,355	8,914,161
Assets under construction, end of year		(1,249,084)	(2,030,355)
Acquisition of tangible capital assets	(6,505,000)	(7,713,547)	(33,992,876)
Proceeds on disposal of tangible capital assets		77,810	177,999
Amortization of tangible capital assets	11,084,269	11,084,269	10,959,705
Loss on disposal of tangible capital assets		13,486	149,525
Amortization of assets under capital leases	17,336	17,336	19,263
	4,596,605	4,260,625	(15,802,578)
Acquisition of inventory of supplies		(1,899,538)	(1,805,428)
Consumption of inventory of supplies		1,805,428	1,763,853
Acquisition of prepaid expenses		(133,639)	(60,898)
Use of prepaid expenses		60,898	54,108
Post employment benefits surplus, end of year		(3,801,733)	(92,017)
Post employment benefits surplus, beginning of year		92,017	
		(3,876,567)	(140,382)
Decrease in net debt	2,927,322	11,850,713	3,252,839
Net debt, beginning of year	(79,510,140)	(79,510,140)	(82,762,979)
Net debt, end of year	(76,582,818)	(67,659,427)	(79,510,140)

The accompanying notes and consolidated schedules are an integral part of the consolidated financial statements.

Edmundston

Consolidated Statement of Cash Flows

Year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	11,466,655	19,195,799
Non-cash items		
Amortization of tangible capital assets	11,084,269	10,959,705
Amortization of assets under capital leases	17,336	19,263
Loss on disposal of tangible capital assets	13,486	149,525
Debt forgiveness on forgivable loan	(5,420,000)	(1,400,000)
Net change in working capital items (Note 3)	<u>(1,072,461)</u>	<u>(12,124,187)</u>
Cash flows from operating activities (a)	<u>16,089,285</u>	<u>16,800,105</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets and assets under capital leases	(6,932,276)	(27,109,070)
Proceeds from the disposal of tangible capital assets	<u>77,810</u>	<u>177,999</u>
Cash flows from capital activities	<u>(6,854,466)</u>	<u>(26,931,071)</u>
INVESTING ACTIVITIES		
Investments and cash flows from investing activities	<u>6,575</u>	<u>55,482</u>
FINANCING ACTIVITIES		
Net change in bank loans	(4,883,168)	6,770,816
Debentures	6,708,000	3,197,000
Repayment of debentures	(7,167,000)	(7,515,000)
Long-term debt		7,000,000
Repayment of long-term debt	(213,638)	(58,887)
Repayment of obligations under capital leases	<u>(38,218)</u>	<u>(36,166)</u>
Cash flows from financing activities	<u>(5,594,024)</u>	<u>9,357,763</u>
Increase (decrease) in cash and cash equivalents	3,647,370	(717,721)
Cash, beginning of year	<u>8,313,955</u>	<u>9,031,676</u>
Cash, end of year	<u>11,961,325</u>	<u>8,313,955</u>

(a) Interest received during the year amounts to \$276,172 (\$166,031 for the year ended December 31, 2017).
Interest paid during the year amounts to \$2,321,722 (\$2,367,411 for the year ended December 31, 2017).

The accompanying notes and consolidated schedules are an integral part of the consolidated financial statements.

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2018

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Municipality, formally known as City of Edmundston, was incorporated as a city by the Province of New Brunswick *Municipalities Act* in 1905 and then merged with the city of Saint-Basile, the Village of Saint-Jacques and the Village of Verret under the article 2 on May 25, 1998 to become Edmundston. As a municipality, Edmundston is exempt from income tax under section 149(1)(c) of the *Canadian Income Tax Act*. The Municipality has the following vision statement: "An open, energetic, creative city".

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality are the responsibility of management and are prepared in accordance with the Canadian public sector accounting standard in the *CPA Canada Public Sector Accounting Handbook*.

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

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in net debt and cash flows of the reporting entity. The city of Edmundston 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. It includes the management of a golf and recreational activities.

All interfund assets, liabilities, revenues and expenses have been eliminated.

The entities included in the consolidated financial statements are as follows :

Centre des Arts La Petite Église d'Edmundston Inc.

Gestion Edmundston Golf Management Inc.

Moitié-Moitié Centre Jean-Daigle Inc.

Budget

The budget figures contained in these financial statements were approved by the City Council on December 19, 2017 and the Minister of Local Government on January 26, 2018.

Government transfers

Government transfers are recognized in the consolidated financial statement as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received for which expenses are not yet incurred are included in deferred revenue.

Revenue recognition

Unrestricted revenues 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.

Other revenue is recorded when it is earned.

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2018

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred revenues

Deferred revenues includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired. In addition, all funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenues until used for the purpose specified.

Use of estimates

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount 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 reported period. These estimates are reviewed periodically, and as adjustment become necessary, they are reported in earnings in the period in which they become known. Actual results may differ from those estimates.

The main estimates include the provision for doubtful accounts with respect to accounts receivable, the useful lives of long lived assets, the provision for post employment benefits and the amount of certain accrued liabilities.

Cash and cash equivalents

The Municipality's policy is to present in cash and cash equivalents bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net debt for the year.

Inventory of supplies

Inventory of supplies consist mainly of parts and materials for roads, water and sewer systems and electrical utility system maintenance and is valued at the lower of cost or replacement cost. Cost is determined using the weighted average cost method.

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2018

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Municipality receives contributions of capital assets, their cost is equal to their fair value at the contribution date.

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>Periods</u>
Land improvements	5-25 years
Buildings	20-60 years
Vehicles	7-25 years
Machinery and equipment	3-15 years
Water and wastewater facilities	20-60 years
Electrical facilities	20-60 years
Roads, sidewalks, storm sewers, water and sewer main	15-50 years

Asset under construction

All assets under construction are not amortized until the asset is substantially complete and put into use.

Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded in the consolidated statement of financial position at their fair value at the date of receipt and also recorded as revenue.

Write-down

When conditions indicate that a tangible capital asset no longer contributes to the Municipality's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net carrying amount, the cost of the tangible capital asset is reduced to reflect the decline in value. Any write-down of tangible capital assets is accounted for as expenses in the statement of operations and any write-downs are not subsequently reversed.

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 12 and a long-term service award and pension plan as documented in note 13.

Segment disclosures

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:

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2018

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 regulations 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

The department is responsible for the provision of waste collections and disposal.

Development services

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

Recreational and cultural services

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

Water and Wastewater systems

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

Electric systems

This department is responsible for the supply of electricity, including the maintenance of power lines and electrical installations.

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2018

3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The net change in working capital items is detailed as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Accounts receivable	6,722,814	(4,325,758)
Trade payables and other operating liabilities	(227,783)	(1,579,180)
Holdbacks payable	(2,576,060)	2,285,880
Deferred revenues	(1,114,865)	(4,884,984)
Accrued sick leave		(358,000)
Inventory of supplies	(94,110)	(41,575)
Prepaid expenses	(72,741)	(6,790)
Post employment benefits payable	(3,709,716)	(3,213,780)
	<u>(1,072,461)</u>	<u>(12,124,187)</u>

4 - CASH

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash - restricted	4,484,589	4,204,092
Cash - unrestricted	7,476,736	4,109,863
	<u>11,961,325</u>	<u>8,313,955</u>

5 - RECEIVABLES FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	<u>2018</u>	<u>2017</u>
	\$	\$
Canada Revenue Agency (HST refund)	140,353	1,019,887
Atlantic Canada Opportunities Agency		1,484,141
Gas Tax Fund		826,564
Clean Water and Wastewater Fund	166,052	1,296,805
	<u>306,405</u>	<u>4,627,397</u>

6 - RECEIVABLES FROM PROVINCE OF NEW BRUNSWICK

	<u>2018</u>	<u>2017</u>
	\$	\$
Transportation and Infrastructure Department	1,042,900	1,042,900
Clean Water and Wastewater Fund	83,026	648,402
Regional Development Corporation		1,634,683
	<u>1,125,926</u>	<u>3,325,985</u>

Edmundston
Notes to Consolidated Financial Statements
As at December 31, 2018

7 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2018</u>	<u>2017</u>
	\$	\$
Accounts payable and accrued liabilities	6,685,835	7,203,005
Salaries payable	802,596	637,249
Accrued interest	229,247	244,334
Government remittances	206,727	163,845
Clients deposits	424,039	364,197
Contractors' deposits	144,892	108,489
	<u>8,493,336</u>	<u>8,721,119</u>

8 - DEFERRED REVENUES

	<u>2018</u>	<u>2017</u>
	\$	\$
Deferred grants		1,088,529
Other deferred revenues	5,817	32,153
	<u>5,817</u>	<u>1,120,682</u>

Edmundston
Notes to Consolidated Financial Statements
As at December 31, 2018

9 - DEBENTURES

	<u>2018</u>	<u>2017</u>
	\$	\$
GENERAL CAPITAL FUND		
<u>New Brunswick Municipal Financing Corporation</u>		
BA3 .95% - 5%, due in 2019, OIC #06-0042, #07-0022 and #08-002	399,000	792,000
BB7 1% - 4.5%, due in 2019, OIC #08-0022	57,000	111,000
BD7 1.5% - 3.85%, due in 2020, OIC #09-0032 and #09-0133	2,499,000	2,949,000
BE3 1.65% - 4.25%, due in 2021, OIC #08-0043, #09-0032, #09-0133, #10-0022, #10-0066, #10-0071 and #11-00001	6,352,000	7,050,000
BG4 1.65% - 3.8%, due in 2027, OIC #10-0022, #10-0071, #11-0004, #11-0051, #11-0072, #11-0110 and #12-0005	3,881,000	4,362,000
BH7 1.35% - 3.8%, due in 2032, OIC #11-0004, #11-0051 and #11-0110	260,000	295,000
BI3 1.35% - 4%, due in 2033, OIC #11-0051, #11-0072, #12-0024 and #12-0044	2,327,000	2,661,000
BK1 1.15% - 4.15%, due in 2034, OIC #11-0004, #11-0110, #12-0024, #12-0083, #13-0027, #13-0047, #13-0054 and #13-0060	2,094,000	2,403,000
BM3 0.95% - 2.80%, due in 2025, OIC #05-0015, #13-0027, #14-0001 and #14-0026	1,939,000	2,222,000
BO5 1.45% - 2.9%, due in 2026, OIC #15-0023	634,000	727,000
BP4 1.2% - 2.95%, due in 2026, OIC #16-0009	1,044,000	1,213,000
BQ4 1.2% - 2.7%, due in 2027, OIC #15-0023, #16-0009	1,721,000	1,900,000
BU5 2.55% - 3.7%, due in 2038, OIC #15-0083, #16-0009, #17-0010, #17-0085	5,825,000	
	<u>29,032,000</u>	<u>26,685,000</u>

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2018

9 - DEBENTURES (Continued)

	<u>2018</u>	<u>2017</u>
	\$	\$
WATER AND SEWER CAPITAL FUND		
<u>New Brunswick Municipal Financing Corporation</u>		
BA4 .95% - 5%, due in 2019, OIC #07-0022, #07-0071 and #08-0019	304,000	445,000
BB8 1% - 4.5%, due in 2019, OIC #08-0019 and #09-0009	48,000	95,000
BD8 1.5% - 3.85%, due in 2020, OIC #98-0035, #09-0032 and #09-0133	112,000	166,000
BE4 1.65% - 4.25%, due in 2021, OIC #09-0032, #09-0133, #10-0022 and #10-0071	846,000	1,108,000
BG5 1.65% - 2.45%, due in 2017, OIC #98-0064		
BH8 1.35% - 2.15%, due in 2017, OIC #01-0081		
BI4 1.35% - 3.25%, due in 2023, OIC #11-0051 and #11-0086	264,000	313,000
BJ7 1.25% - 2.5%, due in 2018, OIC #01-0075 and #01-0081		41,000
BK2 1.15% - 3.45%, due in 2024, OIC #11-0051, #12-0024 and #13-0027	823,000	949,000
BL7 1.2% - 2.15%, due in 2019, OIC #02-0029 and #03-0089	27,000	53,000
BM4 0.95% - 2.8%, due in 2025, OIC #13-0027 and #14-0026	202,000	233,000
BP6 1.2% - 2.95%, due in 2026, OIC #05-0034, #13-0027, #14-0026 and #15-0023	987,000	1,158,000
BQ5 1.2% - 1.85%, due in 2022, OIC #14-0026	48,000	59,000
BU6 2.55% - 3.4%, due in 2028, OIC #14-0026, #16-0009	581,000	
	<u>4,242,000</u>	<u>4,620,000</u>

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2018

9 - DEBENTURES (Continued)

	<u>2018</u>	<u>2017</u>
	\$	\$
ELECTRICAL UTILITY CAPITAL FUND		
<u>New Brunswick Municipal Financing Corporation</u>		
BA5 .95% - 5%, due in 2019, OIC #05-0034, #06-0042, #07-002 and #08-0019	161,000	319,000
BB9 1% - 4.5%, due in 2019, OIC #06-0042 and #08-0019	144,000	282,000
BD9 1.5% - 3.85%, due in 2020, OIC #09-0032 and #09-0076	5,702,000	6,127,000
BE5 1.85% - 4.25%, due in 2021, OIC #09-0032, #09-0076, #09-0137 and #10-0022	6,557,000	6,926,000
BG6 1.65% - 3.8%, due in 2027, OIC #09-0076	909,000	960,000
BH9 1.35% - 3.8%, due in 2032, OIC #10-0022, #11-0051 and #12-0006	1,888,000	2,035,000
BI5 1.35% - 3.25%, due in 2023, OIC #11-0001 and #12-0024	32,000	54,000
BK3 1.15% - 3.45%, due in 2024, OIC #11-0051, #12-0024 and #12-0040	1,265,000	1,458,000
BM5 0.95% - 3.25%, due in 2030, OIC #05-0004, #12-0040 and #13-0027	2,218,000	2,412,000
BP6 1.2% - 3.55%, due in 2031, OIC #05-0004, #05-0034 and # 16-0070	13,832,000	14,762,000
BQ6 1.2% - 3.3%, due in 2032, OIC #13-0027	1,135,000	1,238,000
BT5 2.1% - 3%, due in 2023, OIC #14-0026	302,000	
	<u>34,145,000</u>	<u>36,573,000</u>
	<u>67,419,000</u>	<u>67,878,000</u>

Approval of the Municipal Capital Borrowing Board has been obtained for the debentures.

The estimated instalments on debentures for the next five years are as follows:

	<u>General Capital Fund</u>	<u>Water and Sewer Capital Fund</u>	<u>Electrical Utility Capital Fund</u>	<u>Total</u>
2019	\$ 3,910,000	\$ 1,170,000	\$ 2,831,000	\$ 7,911,000
2020	\$ 5,044,000	\$ 813,000	\$ 7,401,999	\$13,258,999
2021	\$ 7,150,000	\$ 766,014	\$ 7,547,000	\$15,463,014
2022	\$ 2,239,000	\$ 394,000	\$ 1,788,000	\$ 4,421,000
2023	\$ 1,867,000	\$ 392,009	\$ 1,759,000	\$ 4,018,009

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2018

10 - LONG-TERM DEBT

	<u>2018</u>	<u>2017</u>
	\$	\$
GENERAL CAPITAL FUND		
Forgivable loan subject to minimum annual debt forgiveness of \$373,333 until 2032	<u>180,000</u>	<u>5,600,000</u>
	<u>180,000</u>	<u>5,600,000</u>
ELECTRICAL UTILITY CAPITAL FUND		
Note payable, 3.85%, payable in monthly instalments of \$4,731, principal and interests, maturing in May 2029	<u>223,607</u>	<u>419,893</u>
	<u>223,607</u>	<u>419,893</u>
GESTION EDMUNDSTON GOLF MANAGEMENT INC.		
Note payable, 4.25% (3.5% as at December 31, 2017), secured by the city of Edmundston, payable in monthly instalments of \$2,493, principal and interests, renegotiable in May 2020, maturing in November 2031	<u>326,209</u>	<u>343,561</u>
	<u>326,209</u>	<u>343,561</u>
	<u>729,816</u>	<u>6,363,454</u>

The estimated instalments on long-term debt for the next five years are as follows:

2019	\$ 67,857
2020	\$ 358,321
2021	\$ 52,941
2022	\$ 55,016
2023	\$ 15,681

11 - OBLIGATIONS UNDER CAPITAL LEASES

	<u>2018</u>	<u>2017</u>
	\$	\$
GESTION EDMUNDSTON GOLF MANAGEMENT INC.		
Obligation under capital lease for equipments with a net carrying amount of \$32,896, 6.2%, payable in monthly instalments of \$1,637 from May to October annually, principal and interests, maturing in November 2020	18,137	26,618
Obligation under capital lease for equipments with a net carrying amount of \$123,132, 4.57%, payable in monthly instalments of \$5,629 from May to October annually, principal and interests, maturing in May 2021	<u>63,704</u>	<u>93,441</u>
	<u>81,841</u>	<u>120,059</u>

Edmundston
Notes to Consolidated Financial Statements
 As at December 31, 2018

11 - OBLIGATIONS UNDER CAPITAL LEASES (Continued)

The minimum lease payments under the capital leases for the next years and the balance of the obligations are as follows:

2019	\$ 43,597
2020	\$ 43,597
2021	\$ 256
Total minimum payments	<u>\$ 87,450</u>
Interest expenses included in minimum lease payments	<u>\$ 5,609</u>
	<u>\$ 81,841</u>

12 - ACCRUED SICK LEAVE

The Municipality provides sick leave that accumulates at 1 day per month for management staff and employees of Local 60 and at 2 days per month for directors. These employees can accumulate a maximum of 260 days of sick leave. The Municipality also provides sick leave that accumulates at 12 hours per month for the firefighters of Local 60. As of August 2017, firefighters of local 60 accumulate 10 hours per month. These firefighters can accumulate a maximum of 2,080 hours. The Municipality provide sick leave that accumulates at 12 hours per month for the policeman of Local 558 to a maximum of 2,080 hours. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave.

An actuarial valuation was performed on the 189 employees plan in accordance with PSA 3255. The actuarial method used was 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 reflects the Municipality's best estimates.

The following summarizes the major assumptions in the valuation:

- discount rate of engagement at 5%;
- annual salary increase of 3.5%;
- mortality age was determined according to the table "CPM 2014 Mortality Table", projected by year of birth using scale B, adjusted according to the size;
- leaving age was determined by the rate associated with age;
- retirement age was determined by the rates related to age and service, and
- number of days of sick leave used per year:
 - Management Staff: 6.5
 - Local 60 (blue and white collar): 8.3
 - Local 60 (firefighters) : 7.6
 - Local 558 (policemen) : 7.0

The unfunded liability was \$3,525,000 as at December 31, 2018 (\$3,525,000 as at December 31, 2017). As at December 31, 2017, an amount of \$4,285,315 was accounted for in the operating budgets since the year ended December 31, 2012.

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2018

13 - POST EMPLOYMENT BENEFITS PAYABLE

Defined benefit pension plan

The Municipality sponsors a contributory defined benefit pension plan for substantially all of its employees. The average age of the 194 active employees covered by the plan is 47.3 years. At present, the plan provides benefits for 122 retirees with an average age of 69.2 years.

Normal retirement

The normal retirement date is the first day of the month coincident with or next following the sixty-fifth (65th) birthday.

Early retirement

The participant may retire on the first day of any month in the period of ten (10) years before the normal retirement date.

The amounts of contributions payable to fund benefits for the service rendered by the participants are determined as follows for employees other than the appointed officers:

- Employee contributions: 9% of salary.
- Employer contributions: 4.53% of employee earning.

In addition, the annual amortization payment in the amount of \$815,699 and expenses not related to investments in the amount of \$150,000 are paid by the employer.

The amounts of contributions payable to fund benefits for the service rendered by the officers appointed are determined as follows:

- Employer contribution: 20.49% of salary.

Total benefits payments to retirees during the year was approximately \$3,588,001 (\$3,158,585 in 2017). Pension fund assets are invested in Canadian Equity Funds, Fixed Income Funds and Global Equity Funds and short term investments.

Actuarial evaluations for accounting purposes are performed annually using the Projected Benefit Method. The most recent actuarial evaluation was prepared on December 31, 2017 and at that time, the pension plan had an accrued benefit surplus of \$3,801,733.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rate, interest rates, wage and salary increase and employee turnover and mortality. The assumptions used reflect the Municipality's best estimates.

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2018

13 - POST EMPLOYMENT BENEFITS PAYABLE (Continued)

The following summarizes the major assumptions in the valuation:

- discount rate of engagement at 6%;
- the rate of wage increase was 3.5% (nil for disabled participants);
- the rate of increase of the maximum pensionable earning (MPE) is 3%;
- the rate of increased in the maximum pension of the Canadian Income Tax Act is 3%;
- the expected inflation rate is 2%;
- the indexation of pensions for which revaluation is expected is 0.2%, except for pensions in respect of services from Saint-Basile which are indexed at 2% per year
- interest rates on salary contribution of 3%.

Combined employer and employee contributions during the year were \$3,020,708 (\$2,903,534 in 2017).

Actuaries for the Municipality have not yet done the valuation at the date of the financial statements in order to determine the position of the pension benefits as at December 31, 2018.

The statement of financial position of the plan as at December 31, 2018 was as follows:

Assets continuity	\$ 65,986,245
Actuarial liabilities	
Active and disabled members	\$ 31,505,054
Retired members and beneficiaries	\$ 30,609,441
Participants terminated vested	\$ 70,017
Total actuarial liability	<u>\$ 62,184,512</u>
Plan surplus	<u>\$ 3,801,733</u>

14 - 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.

Moreover, the Municipality, with the authorization of the Municipality Capital Borrowing Board, has endorsed the line of credit of Gestion Edmundston Golf Management Inc. up to an amount of \$512,000 for a maximum of 15 years. The Municipality estimates that the amount it could be called upon to honor is low.

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2018

15 - COMMITMENTS

The Municipality has committed itself by contract until 2021 for snow removal services, until 2022 for the garbage and waste collection, until 2020 for the rental of vehicles, until 2019 for the rental of office equipment, until 2019 for a contribution to an organization in order to operate an airport and until 2020 for the rental of security equipment. The future minimum payment for these commitments is established to \$3,848,175. Minimum payments over the next five years are as follows:

2019 - \$	1,057,670
2020 - \$	956,637
2021 - \$	921,511
2022 - \$	912,357

The commitment for the snow removal services and the garbage and waste collection will be renewable with a mutual agreement between the Municipality and the contractor.

The Municipality is committed, according to the agreement signed with the Province of New Brunswick under the "Infrastructure Program - Canada-New Brunswick", to contribute to the Water and Sewer Capital Assets Reserve Fund, an annual amount of \$25,000 for a minimum period of 25 years ending in 2026, or until the reserve fund reaches the sum of \$625,000.

16 - REPORTING TO THE PROVINCE OF NEW BRUNSWICK

The Municipality complies with PSAB accounting standards. The Municipality is also required to comply with the Municipal Financial Reporting Manual prescribed by the Province of New Brunswick ("PNB"). Differences in accounting policies include the methodology for accounting of tangible capital assets, government transfers and liability accruals for the pension fund and other retirement benefits. The PSAB also requires full consolidation of funds.

Note 24 provides a reconciliation between fund reporting required by PNB and current year-PSAB.

Edmundston
Notes to Consolidated Financial Statements
As at December 31, 2018

17 - SHORT-TERM BORROWING COMPLIANCE

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

General Capital Fund:

OIC #15-0009	\$ 3,396,514
OIC #15-0083	\$ 7,100,000
OIC #17-0059	\$ 1,778,000
OIC #17-0033	\$ 1,000,000
OIC #17-0010	\$ 205,000
OIC #18-0016	\$ 2,300,000
	<u>\$ 15,779,514</u>
Used as bank loans	\$ 3,156,000
Not used	<u>\$ 12,623,514</u>

General Operating Fund:

Authorized	\$ 1,000,000
Used	\$ -
Not used	<u>\$ 1,000,000</u>

Water and Sewer Capital Fund:

OIC #15-0009	\$ 1,010,000
OIC #16-0009	\$ 200,000
OIC #17-0059	\$ 330,000
OIC #18-0016	\$ 345,000
	<u>\$ 1,885,000</u>
Used as bank loans	\$ 43,000
Not used	<u>\$ 1,842,000</u>

Water and Sewer Operating Fund:

Authorized	\$ 2,000,000
Used	\$ 1,154,000
Not used	<u>\$ 846,000</u>

Edmundston
Notes to Consolidated Financial Statements
As at December 31, 2018

17 - SHORT-TERM BORROWING COMPLIANCE (Continued)

Electrical Utility Capital Fund:

OIC #14-0026	\$ 13,000
OIC #14-0039	\$ 300,000
OIC #15-0023	\$ 285,000
OIC #17-0010	\$ 300,000
OIC #18-0016	\$ 240,000
	<u>\$ 1,138,000</u>
Used as bank loans	\$ 311,000
Used as notes payables	\$ 223,607
	<u>\$ 534,607</u>
Not used	<u>\$ 603,393</u>

Electrical Utility Operating Fund:

Authorized	\$ 4,500,000
Used	\$ 1,867,000
Not used	<u>\$ 2,633,000</u>

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 is in compliance with these restrictions.

Interfund borrowing

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

18 - WATER AND SEWER FUND SURPLUS/DEFICIT

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

	<u>2018</u>	<u>2017</u>
	\$	\$
2018 - Surplus	33,190	
2017 - Surplus	33,244	33,244
2016 - Surplus		45,329
	<u>66,434</u>	<u>78,573</u>

Edmundston
Notes to Consolidated Financial Statements
As at December 31, 2018

19 - 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.

20 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2018

21 - TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Land	Buildings	Vehicles	Machinery and equipment	Water and wastewater facilities	Electrical facilities	Roads, sidewalks, storm sewers, water and sewer main	Assets under construction	Total 2018	Total 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
Balance, beginning of year	8,141,442	12,339,453		66,226,394	10,269,321	15,131,080	10,671,563	66,943,358	126,206,180	2,030,355	315,947,145	290,924,608
Net additions during the year	173,560	1,985,036		127,461	1,611,784	1,037,271	56,293	189,563	2,552,559	930,379	8,644,526	35,691,845
Disposals during the year		(36,736)		(3,330)	(616,241)	(939,234)			(703,540)	(1,712,250)	(3,909,330)	(10,669,307)
Balance, end of year	8,315,002	14,287,754		65,360,525	11,355,864	15,229,117	10,727,856	67,112,941	127,064,199	1,249,084	320,682,342	315,947,146
Accumulated Amortization												
Balance, beginning of year		4,727,292		21,048,360	4,514,621	8,241,539	7,310,280	17,792,066	75,784,802		140,418,950	131,218,253
Amortization during the year		639,793		2,189,800	583,291	1,262,006	286,603	2,068,657	4,064,119		11,084,269	10,959,705
Accumulated amortization on disposals		(8,576)		(1,732)	(469,818)	(934,822)			(690,936)		(2,106,784)	(1,759,008)
Balance, end of year		5,368,509		23,236,418	4,628,094	8,568,723	7,596,883	19,860,723	80,148,085		149,397,435	140,418,950
Net book value of tangible capital assets	8,315,002	8,929,245		42,114,107	6,727,770	6,660,394	3,130,973	47,252,218	46,906,114	1,249,084	171,284,907	175,528,196
Consists of:												
General Fund	5,703,635	5,609,003		40,495,614	4,988,835	4,991,286			33,600,107	585,187	95,983,667	97,909,702
Water and Sewer Fund	1,620,276	2,965,489		394,368	397,178	798,897	3,130,973		13,306,007	428,095	23,281,283	24,245,660
Electrical Utility Fund	778,691	47,839		1,101,794	1,314,176	572,841		47,252,218		235,802	51,303,361	52,678,813
Reserve Fund	12,400										12,400	12,400
Controlled entities		286,914		122,331	17,581	297,370					724,196	781,621
	8,315,002	8,929,245		42,114,107	6,727,770	6,660,394	3,130,973	47,252,218	46,906,114	1,249,084	171,284,907	175,528,196

The buildings include work of art for an amount of \$210,816 (2017: \$210,816) as at December 31, 2017 which are not amortized.

Edmundston
Notes to Consolidated Financial Statements
As at December 31, 2018

22 - ASSETS UNDER CAPITAL LEASES

	<u>2018</u>	<u>2017</u>
	\$	\$
Cost		
Balance, beginning and end of year	<u>202,765</u>	<u>202,765</u>
Accumulated Amortization		
Balance, beginning of year	29,401	10,138
Amortization during the year	<u>17,336</u>	<u>19,263</u>
Balance, end of year	<u>46,737</u>	<u>29,401</u>
	<u>156,028</u>	<u>173,364</u>

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2018

23 - SCHEDULE OF SEGMENT DISCLOSURE

	General government	Protective	Transportation	Environmental health	Development	Recreational and cultural	Water and sewer	Electrical utility	Reserves	Total 2018	Total 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Property tax warrant *	2,643,221	6,721,219	6,212,948	560,058	1,088,292	6,349,277				22,675,016	22,494,058
Services provided to other governments		749,628	358,002		117,537	2,229,865		877,301		1,107,630	1,120,749
Sale of services, fines and other revenues			15,200		253,866	1,246,844				3,240,003	2,628,700
Unconditional grant *	616,099	1,666,624	1,448,153	130,542						6,261,928	4,580,792
Adjustment for payment in lieu of taxes	430									430	12,024
Other government transfers		4,041	1,499,191		260,000	5,619,519	1,088,529			8,371,280	13,262,106
Other revenues from own sources	60,265	432,165	307,912		11,532	674,144	49,762			1,535,870	2,655,155
Contractors and other organizations contributions						44,000				44,000	571,323
User fees - Water and sewer services							5,962,333	32,247,884		5,962,333	5,881,453
Sales electrical utility - Distribution										32,247,884	30,865,619
Sales electrical utility - Generation											2,550,722
Interest	146,064					727	44,403	1,995,169	84,988	276,172	166,031
	<u>3,486,059</u>	<u>9,473,677</u>	<u>9,841,406</u>	<u>690,600</u>	<u>1,731,227</u>	<u>15,064,376</u>	<u>7,146,027</u>	<u>35,120,344</u>	<u>84,988</u>	<u>82,617,704</u>	<u>86,789,732</u>
Expenses											
Salaries and benefits	771,194	5,603,357	2,774,762	782,740	760,423	2,154,189	1,686,728	2,770,464		16,521,107	15,228,432
Goods and services	1,589,472	1,666,441	2,449,505		606,918	3,790,091	2,522,513	27,810,535		41,208,215	38,885,470
Amortization	522,224	864,020	3,229,191	305	84,590	2,183,880	1,867,450	2,369,948		11,101,805	10,978,968
Interests	169,831	326,427	306,351		16,360	138,710	146,345	1,211,612		2,306,636	2,351,530
Loss on disposal of tangible capital assets	4,279	657	8,650			(100)				13,486	149,525
	<u>3,047,000</u>	<u>8,440,902</u>	<u>8,767,469</u>	<u>783,045</u>	<u>1,468,291</u>	<u>8,266,870</u>	<u>6,214,935</u>	<u>34,162,546</u>		<u>71,151,049</u>	<u>67,593,933</u>
Surplus (deficit) for the year	419,059	1,032,776	1,073,947	(92,445)	262,936	6,797,606	930,091	967,798	84,988	11,466,665	19,195,799

* For the segment disclosure, the property tax warrant and the unconditional grant are distributed between departments based on the budgeted expenses.

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2018

24 - RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

	General Operating Fund	General Capital Fund	Water and Sewer Operating Fund	Water and Sewer Capital Fund	Electrical Utility Operating Fund	Electrical Utility Capital Fund	Reserves	Controlled entities	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Annual surplus (deficit)	8,806,199	935,738	1,599,011	(758,920)	3,327,742	(2,369,943)	84,987	(252,159)	11,456,655
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's surplus	18,561		45,329		33,755				97,645
Transfers between funds									
From General Operating Fund to Water and Sewer Operating Fund	(536,820)		536,820						
From General Operating Fund to General Capital Fund	(1,226,293)	1,226,293							
From Water and Sewer Operating Fund to Water and Sewer Capital Fund			(828,014)	828,014					
From Electrical Utility Operating Fund to Electrical Utility Capital Fund					(165,902)	165,902	46,320		
From General Operating Fund to General Capital Reserve Fund	(46,320)						50,000		
From Water and Sewer Operating Fund to Water and Sewer Operating Reserve Fund			(50,000)				102,000		
From Water and Sewer Operating Fund to Water and Sewer Capital Assets Reserve Fund	(3,478,000)	3,478,000	(102,000)	959,000	(2,776,286)	2,776,286			(3,709,716)
Principal payments on long-term debt	(3,064,246)		(280,516)		(364,864)				(249,142)
Provision for accrued retirement	(200,280)		(28,340)		(20,522)				
Provision for accrued sick leave	(280,000)							260,000	
Contributions to controlled entities		6,874,210		1,857,450		2,369,946			11,101,605
Amortization expense									
Total adjustments to the annual surplus (deficit)	(8,793,398)	11,578,503	(1,565,821)	3,644,464	(3,293,809)	5,312,133	198,320	250,000	7,240,392
Annual fund surplus	12,801	12,618,241	33,190	2,875,544	33,933	2,942,190	283,307	7,841	18,707,047

Edmundston
Notes to Consolidated Financial Statements
 As at December 31, 2018

25 - STATEMENT OF RESERVES

	General Operating	General Capital Assets	Water and Sewer Operating	Water and Sewer Capital Assets	Electrical Utility Operating	Electrical Utility Capital Assets	Total 2018	Total 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Cash	775,692	312,923	181,918	1,154,046	1,358,064	701,946	4,484,589	4,204,092
Accounts receivable		19,554		12,400			19,554	16,743
Public utility land							12,400	12,400
Accumulated Surplus	775,692	332,477	181,918	1,166,446	1,358,064	701,946	4,516,543	4,233,236
Revenues								
Interests	16,187	6,063	2,853	16,942	28,295	14,648	84,988	56,774
Interfund transfers	16,187	46,320	50,000	102,000	28,295	14,648	198,320	92,000
		52,383	52,853	118,942	28,295	14,648	283,308	148,774
Expenses								
Interfund transfers	16,187	52,383	52,853	118,942	28,295	14,648	283,308	985,000
Annual surplus								(836,226)

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2018

25 - STATEMENT OF RESERVES (Continued)

Council Resolutions regarding transfers to and from reserves:

Moved by Councillor Eric McGuire, seconded by Councillor Eric Marquis that \$46,320 be transferred from the General Operating Fund to the General Capital Reserve Fund. (#2018-129)

Moved by Councillor Lise Ouellette, seconded by Councillor Camile Roy that \$102,000 be transferred from the Water and Sewer Operating Fund to the Water and Sewer Capital Assets Reserve Fund. (#2018-130)

Moved by Councillor Gérald Morneault, seconded by Councillor Eric Doiron that \$50,000 be transferred from the Water and Sewer Operating Fund to the Water and Sewer Operating Reserve Fund. (#2018-131)

I hereby certify that the above are true and exact copies of resolutions adopted at a regular public meeting of Council on December 18, 2018.



Marc Michaud
City Clerk,
Edmundston

21 mai 2019

Date

Edmundston
Notes to Consolidated Financial Statements
 As at December 31, 2018

26 - STATEMENT OF CONTROLLED ENTITIES OPERATIONS

	Gestion Edmundston Golf Management Inc.	Mitié-Moitié Centre Jean-Daigle Inc.	Centre des arts La petite église d'Edmundston Inc.	Total 2018	Total 2017
Assets	\$ 877,425	40,956	288,261	1,206,642	1,284,728
Liabilities	618,024	40,052	12,145	670,221	756,148
Accumulated surplus	259,401	904	276,116	536,421	528,580
Revenues	674,129	385,677	346,969	1,406,775	1,210,831
Expenses	655,922	384,773	358,239	1,398,934	1,194,787
Annual surplus (deficit)	18,207	904	(11,270)	7,841	16,044

The above noted entities are included in the consolidated financial statements.

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2018

27 - OPERATING BUDGET TO PSAB BUDGET

	General	Water and Sewer	Electrical Utility	Amortization of tangible capital assets	Controlled Entities	Transfers	Total
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Property tax warrant	22,575,015						22,575,015
Services provided to other governments	1,079,565						1,079,565
Sale of services, fines and other revenues	1,163,815		662,571		1,067,000	(294,000)	2,599,386
Unconditional grant	5,145,871						5,145,871
Adjustment for payment in lieu of taxes	430						430
Other government transfers	12,500				37,000		49,500
Other revenues from own sources	653,130	50,300					703,430
User fees - Water and sewer services		6,433,947					5,897,127
Sales electrical utility - Distribution			30,514,574			(536,820)	30,514,574
Sales electrical utility - Generation			3,058,269				3,058,269
Interest	65,000	35,000					100,000
Second previous year's surplus	18,564	45,329	33,755			(97,645)	
	30,713,887	6,564,576	34,269,169		1,104,000	(928,465)	71,723,167
Expenses							
General government services	3,164,091			522,224		209,968	3,896,283
Protective services	9,263,899			854,020		(210,393)	9,907,526
Transportation services	5,623,759			3,229,191		305,351	9,158,301
Environmental health services	825,258			305			825,563
Developmental services	1,603,266			84,590		16,350	1,604,216
Recreational and cultural services	4,833,798			2,103,960		(155,290)	7,885,193
Water and sewer collection and disposal		4,672,373		1,857,450	1,102,725	233,203	6,783,026
Electrical utility - Distribution			28,822,482	1,585,363		587,139	30,994,984
Electrical utility - Generation			920,253	784,582		652,523	2,357,358
Debt service fees							
Debt service fees and long-term debt payments	3,478,000	959,000	2,836,772			(7,273,772)	
Interest, bank fees and debt service fees	976,816	198,203	1,194,958			(2,368,977)	
Discounts and bad debt	20,000	35,000	44,704			(99,704)	
Transfer from the General Operating Fund to the General Capital Fund	1,000,000					(1,000,000)	
Transfer from the General Operating Fund to the General Operating Fund	25,000					(25,000)	
Transfer from the Water and Sewer Operating Fund to the Water and Sewer Capital Fund		650,000				(650,000)	
Transfer from the Water and Sewer Operating Fund to the Water and Sewer Capital Assets Reserve Fund		50,000				(50,000)	
Transfer from the Electrical Utility Operating Fund to the Electrical Utility Capital Assets Fund			450,000			(450,000)	
Sick leave accruals							
	30,713,887	6,564,576	34,269,169	11,021,685	1,102,725	(10,279,592)	73,392,450
Annual surplus (deficit)				(11,021,685)	1,275	9,351,127	(1,669,283)

Edmundston
Consolidated Schedules
Year ended December 31, 2018

	Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
SERVICES PROVIDED TO OTHER GOVERNMENTS			
Province of New Brunswick			
Fire protection	274,680	296,126	281,565
Police	5,200	7,640	42,158
Transportation	356,000	358,002	357,826
Communication center	443,685	445,862	439,200
	<u>1,079,565</u>	<u>1,107,630</u>	<u>1,120,749</u>
SALES OF SERVICES, FINES AND OTHER REVENUES			
Arenas	224,400	183,172	283,210
Jean-Daigle Centre	355,240	601,144	199,600
Sport Center	362,100	289,637	299,911
Golf	610,500	540,276	577,181
Recreational services	23,500	6,601	19,278
Cultural services	66,575	82,241	79,180
Service charge	43,000	44,558	49,899
Equipment rental	375,984	390,582	386,161
Licenses and permits	117,000	117,137	130,153
Sales and rental of equipment	258,587	457,861	397,456
Moitié-Moitié Centre Jean-Daigle Inc.		385,677	
Art Center	162,500	141,117	206,671
	<u>2,599,386</u>	<u>3,240,003</u>	<u>2,628,700</u>
OTHER REVENUES FROM OWN SOURCES			
Other revenue	117,850	727,883	1,966,758
Other revenue - Police	386,380	425,482	390,950
Other revenue - Water and sewer services	20,300	30,599	16,887
Transportation department	125,000	287,175	217,665
Building rental	18,300	23,545	24,603
Administrative services		10,391	7,651
Wastewater treatment plant	30,000	19,163	25,550
Technical services	5,600	11,632	5,091
	<u>703,430</u>	<u>1,535,870</u>	<u>2,655,155</u>

Edmundston
Consolidated Schedules
Year ended December 31, 2018

	2018		2017
	Budget	Actual	Actual
	(Unaudited)		
	\$	\$	\$
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	29,795	25,716	27,629
Councillors	88,224	79,832	83,218
Other legislative fees	88,194	59,859	77,596
	<u>206,213</u>	<u>165,407</u>	<u>188,443</u>
Administrative			
Administration	389,674	273,470	344,025
City Clerk	49,147	28,731	31,423
Treasurer	669,497	621,521	667,004
Tourism	156,500	156,427	157,987
Human resources	387,833	359,598	372,681
Office building	1,032,474	990,563	914,692
Data processing	205,163	203,584	109,911
Legal fees (recovery)	2,590	(922)	3,401
Secrétariat à la Jeunesse	65,000	66,364	124,096
Sick leave and post employment benefits		(558,034)	(449,548)
Amortization	522,224	522,224	525,937
Debenture fees	30,000	53,957	15,172
Long-term debt interest	159,968	159,831	54,495
Bad debt	20,000		4,878
	<u>3,690,070</u>	<u>2,877,314</u>	<u>2,876,154</u>
	<u>3,896,283</u>	<u>3,042,721</u>	<u>3,064,597</u>

Edmundston
Consolidated Schedules
Year ended December 31, 2018

	Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
PROTECTIVE SERVICES			
911 Center	1,021,447	1,040,391	995,246
Police			
Administration	631,427	619,823	291,320
Crime prevention	3,895,503	3,722,097	3,806,114
Traffic activities	60,450	62,561	62,376
Station and building	462,217	486,952	456,722
Vehicles	255,510	233,213	202,833
Animal control	16,000	10,461	15,255
Jailer	32,753	32,651	35,904
Emergency measures service	6,645	6,210	3,226
Sick leave and post employment benefits		(1,012,449)	(835,364)
Long-term debt interest	292,919	292,919	324,534
Amortization	626,887	626,887	662,733
	<u>6,280,311</u>	<u>5,081,325</u>	<u>5,025,653</u>
Fire			
Administration	439,611	462,845	442,125
Fire fighting force	1,399,413	1,429,392	1,474,662
Brigade	155,340	137,061	133,748
Prevention	111,204	111,738	99,401
Station and building	122,909	129,716	130,412
Vehicles	116,650	145,616	125,704
Sick leave and post employment benefits		(368,481)	(299,315)
Amortization	227,133	227,133	195,762
Long-term debt interest	33,508	33,508	32,897
	<u>2,605,768</u>	<u>2,318,528</u>	<u>2,335,396</u>
	<u>9,907,526</u>	<u>8,440,244</u>	<u>8,356,295</u>

Edmundston
Consolidated Schedules
Year ended December 31, 2018

	Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
TRANSPORTATION SERVICES			
Administration - Road transport	609,087	785,664	760,414
Street maintenance - Summer	1,930,703	1,845,472	1,945,068
Street maintenance - Winter	1,618,207	1,988,259	1,766,639
Landscaping	440,443	366,408	476,033
Sidewalks	22,465	10,642	20,256
Storm sewers	242,453	145,089	254,288
Street lighting	474,338	490,164	473,151
Traffic	217,456	151,116	183,202
Parking	58,027	74,296	71,654
Other	10,580	36,829	14,401
Sick leave and post employment benefits		(669,672)	(573,640)
Amortization	3,229,191	3,229,191	3,162,056
Long-term debt interest	305,351	305,351	339,705
	9,158,301	8,758,809	8,893,227
ENVIRONMENTAL HEALTH SERVICES			
Garbage and waste collection	825,258	782,740	824,598
Amortization	305	305	305
	825,563	783,045	824,903
DEVELOPMENT SERVICES			
Economic development	284,777	246,437	209,422
Engineering	264,568	404,276	210,136
Building inspectors	332,397	392,224	377,384
Environmental sustainability	63,220	78,815	66,213
Planning department	199,719	146,541	227,497
Communication towers	3,600	7,743	3,031
Urban development	135,485	128,724	124,397
Airports	161,000	158,510	155,112
Urban commission	58,500	58,460	56,505
Sick leave and post employment benefits		(254,389)	(161,768)
Amortization	84,590	84,590	61,295
Long-term debt interest	16,360	16,360	19,580
	1,604,216	1,468,291	1,348,804

Edmundston
Consolidated Schedules
Year ended December 31, 2018

	2018		2017
	<u>Budget (Unaudited)</u> \$	<u>Actual</u> \$	<u>Actual</u> \$
RECREATIONAL AND CULTURAL SERVICES			
Recreational			
Administration	648,490	654,716	655,856
Sports	1,228,807	1,242,864	1,201,921
Arenas	483,246	607,948	545,620
Jean-Daigle Centre	809,713	1,208,650	312,970
Parks and playgrounds	833,874	801,927	981,098
Golf	740,672	606,115	580,906
Moitié-Moitié Centre Jean-Daigle Inc.		384,773	
Sick leave and post employment benefits		(411,502)	(313,144)
Amortization	2,103,960	2,183,880	2,217,674
Long-term debt interest	138,710	138,710	154,996
	<u>6,987,472</u>	<u>7,418,081</u>	<u>6,337,897</u>
Cultural			
Sociocultural	371,691	319,853	277,855
Library	149,530	183,053	156,140
Art Center	376,500	345,883	421,005
	<u>897,721</u>	<u>848,789</u>	<u>855,000</u>
	<u>7,885,193</u>	<u>8,266,870</u>	<u>7,192,897</u>

Edmundston Consolidated Schedules

Year ended December 31, 2018

	2018	2017
	Budget (Unaudited)	Actual
	\$	\$
WATER AND SEWER COLLECTION AND DISPOSAL		
<i>Water supply</i>		
Administration	600,751	596,275
Billing and collection	123,612	123,612
Power and pumping	385,777	383,499
Purification and treatment	162,888	89,815
Transmission and distribution	1,558,301	1,568,723
Sick leave and post employment benefits		(247,461)
Amortization	950,529	950,529
Bank fees	8,000	12,232
Short-term debt interest	14,513	10,244
Debenture fees	16,445	490
Long-term debt interest	71,510	70,646
Discounts	32,000	36,097
Bad debt (recovery)	2,000	25,047
	<u>3,926,326</u>	<u>3,619,747</u>
		<u>3,070,593</u>
<i>Sewer collection and disposal</i>		
Administration	396,161	396,160
Billing and collection	82,408	82,408
Wastewater treatment plant	364,970	331,688
Sewage collection system	656,016	541,800
Lift-station	341,489	301,399
Pre-treatment		329
Sick leave and post employment benefits		(61,495)
Amortization	906,921	906,921
Bank fees	5,000	8,155
Short-term debt interest	9,778	6,829
Debenture fees	11,055	3,772
Long-term debt interest	61,902	60,626
Bad debt	1,000	16,698
	<u>2,836,700</u>	<u>2,595,290</u>
	<u>6,763,026</u>	<u>5,505,039</u>

Edmundston
Consolidated Schedules
Year ended December 31, 2018

	Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
ELECTRICAL UTILITY			
Electrical utility - Distribution			
Electrical energy purchase	24,122,742	26,560,439	24,292,076
Administration	366,231	293,713	274,730
Distribution	1,865,234	1,859,822	1,713,644
Management expenses	1,997,251	1,997,251	1,900,167
Management and planning	114,060	127,933	103,892
Customer service			23,406
Electrometry	356,964	225,846	213,738
Sick leave and post employment benefits		(278,857)	(665,908)
Amortization	1,585,363	1,585,363	1,575,303
Short-term debt interest	22,875	40,605	17,948
Debenture fees	5,490	1,808	10,527
Long-term debt interest	514,070	526,332	544,406
Bad debt	44,704	3,522	99,964
	30,994,984	31,943,777	30,103,893
Electrical utility - Generation			
Administration	41,553	27,808	28,476
Management expenses	243,387	243,386	229,542
Management and planning	72,707	100,932	91,262
Operations	506,781	500,481	506,940
Electrometry	6,696	6,696	6,696
Lines	49,129	16,728	14,227
Sick leave and post employment benefits		(106,519)	(181,039)
Amortization	784,582	784,582	768,594
Short-term debt interest	7,625	5,663	12,916
Long-term debt interest	644,898	639,012	677,139
	2,357,358	2,218,769	2,154,753
	33,352,342	34,162,546	32,258,646