

Edmundston
Consolidated Financial Statements
December 31, 2019

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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, 2019, 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, 2019, 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 29 and 33, 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
April 21, 2020

Edmundston

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2019

	2019	2018
Budget (Unaudited) (Note 28)	Actual	Actual
\$	\$	\$
Revenues		
Property tax warrant	23,478,752	22,575,015
Services provided to other governments (Page 34)	1,108,213	1,107,630
Sale of services, fines and other revenues (Page 34)	3,232,168	3,287,368
Unconditional grant	5,181,277	5,261,928
Adjustment for payment in lieu of taxes		430
Other government transfers	192,645	8,324,643
Other revenues from own sources (Page 34)	740,420	1,535,870
Contractors and other organizations contributions		44,000
User fees - Water and sewer services	6,091,733	5,962,333
Sales electrical utility - Distribution	31,115,847	32,247,884
Sales electrical utility - Generation	2,821,409	1,995,159
Interest	101,155	275,444
	<u>74,063,619</u>	<u>82,617,704</u>
Expenses (Pages 35 - 40)		
General government services	4,013,515	3,042,721
Protective services	10,180,647	8,440,244
Transportation services	9,470,708	8,758,809
Environmental health services	859,246	783,045
Development services	1,677,645	1,468,291
Recreational and cultural services	9,000,424	8,266,870
Water and sewer collection and disposal	6,832,178	6,215,037
Electrical utility - Distribution	31,469,614	31,943,777
Electrical utility - Generation	2,500,548	2,218,769
Loss on disposal of tangible capital assets		13,486
	<u>76,004,525</u>	<u>71,151,049</u>
Annual surplus (deficit) (Note 25)	<u>(1,940,906)</u>	11,466,655
Accumulated surplus, beginning of year		98,149,763
Accumulated surplus, end of year		<u>109,616,418</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, 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
FINANCIAL ASSETS		
Cash (Note 4)	13,157,079	11,961,325
Term deposits	120,908	120,211
Accounts receivables		
General	6,488,202	6,175,227
Federal government and its agencies (Note 5)	56,337	306,405
Province of New Brunswick (Note 6)		1,125,926
	<u>19,822,526</u>	<u>19,689,094</u>
LIABILITIES		
Bank loans (Note 17)	5,192,751	6,579,248
Trade payables and other operating liabilities (Note 7)	7,664,390	8,493,336
Holdbacks payable	180,847	514,463
Deferred revenues (Note 8)	318,545	5,817
Debentures (Note 9)	63,109,000	67,419,000
Long-term debt (Note 10)	309,810	729,816
Obligations under capital leases (Note 11)	42,170	81,841
Accrued sick leave (Note 12)	3,525,000	3,525,000
	<u>80,342,513</u>	<u>87,348,521</u>
NET DEBT	<u>(60,519,987)</u>	<u>(67,659,427)</u>

Edmundston

Consolidated Statement of Financial Position

As at December 31, 2019

	2019	2018
	\$	\$
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 22)	327,129,942	320,682,342
Accumulated amortization (Note 22)	<u>(159,956,325)</u>	<u>(149,397,435)</u>
	167,173,617	171,284,907
Assets under capital leases (Note 23)	202,765	202,765
Accumulated amortization (Note 23)	<u>(62,340)</u>	<u>(46,737)</u>
	140,425	156,028
Inventory of supplies	1,788,138	1,899,538
Prepaid expenses	211,659	133,639
Post employment benefits surplus (Note 13)	<u>5,653,187</u>	<u>3,801,733</u>
	7,652,984	5,834,910
	<u>174,967,026</u>	<u>177,275,845</u>
ACCUMULATED SURPLUS	<u>114,447,039</u>	<u>109,616,418</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, 2019

	2019		2018
	Budget (Unaudited)	Actual	Actual
	\$	\$	\$
Annual surplus (deficit)	(1,940,906)	4,830,621	11,466,655
Assets under construction, beginning of year		1,249,084	2,030,355
Assets under construction, end of year		(1,082,968)	(1,249,084)
Acquisition of tangible capital assets	(9,819,000)	(7,739,725)	7,713,547
Proceeds on disposal of tangible capital assets		163,587	77,810
Amortization of tangible capital assets	11,496,254	11,496,254	11,084,269
Loss on disposal of tangible capital assets		25,058	13,846
Amortization of assets under capital leases	15,603	15,603	17,336
	1,692,857	4,126,893	4,260,625
Acquisition of inventory of supplies		(1,788,138)	(1,899,538)
Consumption of inventory of supplies		1,899,538	1,805,428
Acquisition of prepaid expenses		(211,659)	(133,639)
Use of prepaid expenses		133,639	60,898
Post employment benefits surplus, end of year		(5,653,187)	(3,801,733)
Post employment benefits surplus, beginning of year		3,801,733	92,017
		(1,818,074)	(3,876,567)
Decrease (increase) in net debt	(248,049)	7,139,440	11,850,713
Net debt, beginning of year	(67,659,427)	(67,659,427)	(79,510,140)
Net debt, end of year	(67,907,476)	(60,519,987)	(67,659,427)

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, 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	4,830,621	11,466,655
Non-cash items		
Amortization of tangible capital assets	11,496,254	11,084,269
Amortization of assets under capital leases	15,603	17,336
Loss on disposal of tangible capital assets	25,058	13,486
Debt forgiveness on forgivable loan	(180,000)	(5,420,000)
Net change in working capital items (Note 3)	<u>(1,604,889)</u>	<u>(1,072,461)</u>
Cash flows from operating activities (a)	<u>14,582,647</u>	<u>16,089,285</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets and assets under capital leases	(7,573,609)	(6,932,276)
Proceeds from the disposal of tangible capital assets	<u>163,587</u>	<u>77,810</u>
Cash flows from capital activities	<u>(7,410,022)</u>	<u>(6,854,466)</u>
INVESTING ACTIVITIES		
Investments and cash flows from investing activities	<u>(697)</u>	<u>6,575</u>
FINANCING ACTIVITIES		
Net change in bank loans	(1,386,497)	(4,883,168)
Debentures	3,601,000	6,708,000
Repayment of debentures	(7,911,000)	(7,167,000)
Repayment of long-term debt	(240,006)	(213,638)
Repayment of obligations under capital leases	<u>(39,671)</u>	<u>(38,218)</u>
Cash flows from financing activities	<u>(5,976,174)</u>	<u>(5,594,024)</u>
Increase in cash and cash equivalents	1,195,754	3,647,370
Cash, beginning of year	<u>11,961,325</u>	<u>8,313,955</u>
Cash, end of year	<u>13,157,079</u>	<u>11,961,325</u>

(a) Interest received during the year amounts to \$375,636 (\$275,444 for the year ended December 31, 2018).
Interest paid during the year amounts to \$2,237,757 (\$2,321,722 for the year ended December 31, 2018).

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, 2019

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 18, 2018 and the Minister of Local Government on January 17, 2019 and February 4, 2019.

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, 2019

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, 2019

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, 2019

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, 2019

3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

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

	<u>2019</u>	<u>2018</u>
	\$	\$
Accounts receivable	1,063,019	6,722,814
Trade payables and other operating liabilities	(828,946)	(227,783)
Holdbacks payable	(333,616)	(2,576,060)
Deferred revenues	312,728	(1,114,865)
Inventory of supplies	111,400	(94,110)
Prepaid expenses	(78,020)	(72,741)
Post employment benefits payable	(1,851,454)	(3,709,716)
	<u>(1,604,889)</u>	<u>(1,072,461)</u>

4 - CASH

	<u>2019</u>	<u>2018</u>
	\$	\$
Cash - restricted	5,644,616	4,484,589
Cash - unrestricted	7,512,463	7,476,736
	<u>13,157,079</u>	<u>11,961,325</u>

5 - RECEIVABLES FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	<u>2019</u>	<u>2018</u>
	\$	\$
Canada Revenue Agency (HST refund)	56,337	140,353
Clean Water and Wastewater Fund		166,052
	<u>56,337</u>	<u>306,405</u>

6 - RECEIVABLES FROM PROVINCE OF NEW BRUNSWICK

	<u>2019</u>	<u>2018</u>
	\$	\$
Transportation and Infrastructure Department		1,042,900
Clean Water and Wastewater Fund		83,026
		<u>1,125,926</u>

7 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2019</u>	<u>2018</u>
	\$	\$
Accounts payable and accrued liabilities	6,021,768	6,685,835
Salaries payable	661,905	884,769
Accrued interest	214,940	229,247
Government remittances	145,603	124,554
Clients deposits	477,722	424,039
Contractors' deposits	142,452	144,892
	<u>7,664,390</u>	<u>8,493,336</u>

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2019

8 - DEFERRED REVENUES

	<u>2019</u>	<u>2018</u>
	\$	\$
Deferred grants	297,451	
Other deferred revenues	<u>21,094</u>	<u>5,817</u>
	<u>318,545</u>	<u>5,817</u>

9 - DEBENTURES

	<u>2019</u>	<u>2018</u>
	\$	\$

GENERAL CAPITAL FUND

New Brunswick Municipal Financing Corporation

BA3 0.95% - 5%, due in 2019, OIC #06-0042, #07-0022 and #08-0002		399,000
BB7 1% - 4.5%, due in 2019, OIC #08-0022		57,000
BD7 1.5% - 3.85%, due in 2020, OIC #09-0032 and #09-0133	2,034,000	2,499,000
BE3 1.65% - 4.25%, due in 2021, OIC #08-0043, #09-0032, #09-0133, #10-0022, #10-0066, #10-0071 and #11-00001	5,627,000	6,352,000
BG4 1.65% - 3.8%, due in 2027, OIC #10-0022, #10-0071, #11-0004, #11-0051, #11-0072, #11-0110 and #12-0005	3,386,000	3,881,000
BH7 1.35% - 3.8%, due in 2032, OIC #11-0004, #11-0051 and #11-0110	225,000	260,000
BI3 1.35% - 4%, due in 2033, OIC #11-0051, #11-0072, #12-0024 and #12-0044	1,996,000	2,327,000
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	1,780,000	2,094,000
BM3 0.95% - 2.80%, due in 2025, OIC #05-0015, #13-0027, #14-0001 and #14-0026	1,652,000	1,939,000
BO5 1.45% - 2.9%, due in 2026, OIC #15-0023	539,000	634,000
BP4 1.2% - 2.95%, due in 2026, OIC #16-0009	873,000	1,044,000
BQ4 1.2% - 2.7%, due in 2027, OIC #15-0023, #16-0009	1,540,000	1,721,000
BU5 2.55% - 3.7%, due in 2038, OIC #15-0083, #16-0009, #17-0010, #17-0085	5,470,000	5,825,000
BW7 1.95% - 2.45% due in 2029, OIC #18-0016	1,927,000	
	<u>27,049,000</u>	<u>29,032,000</u>

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2019

9 - DEBENTURES (Continued)

	<u>2019</u>	<u>2018</u>
	\$	\$
WATER AND SEWER CAPITAL FUND		
<u>New Brunswick Municipal Financing Corporation</u>		
BA4 0.95% - 5%, due in 2019, OIC #07-0022, #07-0071 and #08-0019		304,000
BB8 1% - 4.5%, due in 2019, OIC #08-0019 and #09-0009		48,000
BD8 1.5% - 3.85%, due in 2020, OIC #98-0035, #09-0032 and #09-0133	57,000	112,000
BE4 1.65% - 4.25%, due in 2021, OIC #09-0032, #09-0133, #10-0022 and #10-0071	573,000	846,000
BI4 1.35% - 3.25%, due in 2023, OIC #11-0051 and #11-0086	214,000	264,000
BK2 1.15% - 3.45%, due in 2024, OIC #11-0051, #12-0024 and #13-0027	695,000	823,000
BL7 1.2% - 2.15%, due in 2019, OIC #02-0029 and #03-0089		27,000
BM4 0.95% - 2.8%, due in 2025, OIC #13-0027 and #14-0026	170,000	202,000
BP6 1.2% - 2.95%, due in 2026, OIC #05-0034, #13-0027, #14-0026 and #15-0023	814,000	987,000
BQ5 1.2% - 1.85%, due in 2022, OIC #14-0026	36,000	48,000
BU6 2.55% - 3.4%, due in 2028, OIC #14-0026, #16-0009	513,000	581,000
BV5 2.05% - 2.3%, due in 2024, OIC #07-0022	161,000	
BW8 1.95% - 2.45% due in 2029, OIC #16-0009, #17-0059 and #18-0016	675,000	
	<u>3,908,000</u>	<u>4,242,000</u>

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2019

9 - DEBENTURES (Continued)

	<u>2019</u>	<u>2018</u>
	\$	\$
ELECTRICAL UTILITY CAPITAL FUND		
<u>New Brunswick Municipal Financing Corporation</u>		
BA5 0.95% - 5%, due in 2019, OIC #05-0034, #06-0042, #07-0022 and #08-0019		161,000
BB9 1% - 4.5%, due in 2019, OIC #06-0042 and #08-0019		144,000
BD9 1.5% - 3.85%, due in 2020, OIC #09-0032 and #09-0076	5,264,000	5,702,000
BE5 1.85% - 4.25%, due in 2021, OIC #09-0032, #09-0076, #09-0137 and #10-0022	6,174,000	6,557,000
BG6 1.65% - 3.8%, due in 2027, OIC #09-0076	857,000	909,000
BH9 1.35% - 3.8%, due in 2032, OIC #10-0022, #11-0051 and #12-0006	1,738,000	1,888,000
BI5 1.35% - 3.25%, due in 2023, OIC #11-0001 and #12-0024	26,000	32,000
BK3 1.15% - 3.45%, due in 2024, OIC #11-0051, #12-0024 and #12-0040	1,068,000	1,265,000
BM5 0.95% - 3.25%, due in 2030, OIC #05-0004, #12-0040 and #13-0027	2,021,000	2,218,000
BP6 1.2% - 3.55%, due in 2031, OIC #05-0004, #05-0034 and # 16-0070	12,889,000	13,832,000
BQ6 1.2% - 3.3%, due in 2032, OIC #13-0027	1,032,000	1,135,000
BT5 2.1% - 3%, due in 2023, OIC #14-0026	245,000	302,000
BV6 2.05% - 2.85%, due in 2029, OIC #14-0026, #15-0023, #17-0010 and #18-0016	838,000	
	<u>32,152,000</u>	<u>34,145,000</u>
	<u>63,109,000</u>	<u>67,419,000</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:

	General Capital Fund	Water and Sewer Capital Fund	Electrical Utility Capital Fund	Total
2020	\$ 5,249,000	\$ 920,000	\$ 7,484,000	\$13,653,000
2021	\$ 7,359,000	\$ 874,000	\$ 7,630,000	\$15,863,000
2022	\$ 2,452,000	\$ 505,000	\$ 1,872,000	\$ 4,829,000
2023	\$ 2,084,000	\$ 506,000	\$ 1,845,000	\$ 4,435,000
2024	\$ 1,762,000	\$ 423,000	\$ 1,816,000	\$ 4,001,000

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2019

10 - LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
	\$	\$
GENERAL CAPITAL FUND		
Forgivable loan		180,000
		<u>180,000</u>
ELECTRICAL UTILITY CAPITAL FUND		
Note payable, paid during the year		223,607
		<u>223,607</u>

GESTION EDMUNDSTON GOLF MANAGEMENT INC.		
Note payable, 4.25%, secured by the city of Edmundston, payable in monthly instalments of \$2,493, principal and interests, renegotiable in May 2020, maturing in November 2031	309,810	326,209
	<u>309,810</u>	<u>326,209</u>
	<u>309,810</u>	<u>729,816</u>

The estimated instalments on long-term debt for the next year is \$309,810.

11 - OBLIGATIONS UNDER CAPITAL LEASES

	<u>2019</u>	<u>2018</u>
	\$	\$
GESTION EDMUNDSTON GOLF MANAGEMENT INC.		
Obligation under capital lease for equipments with a net carrying amount of \$29,606, 6.2%, payable in monthly instalments of \$1,637 from May to October annually, principal and interests, maturing in November 2020	9,591	18,137
Obligation under capital lease for equipments with a net carrying amount of \$110,819, 4.57%, payable in monthly instalments of \$5,629 from May to October annually, principal and interests, maturing in May 2021	32,579	63,704
	<u>42,170</u>	<u>81,841</u>

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Notes to Consolidated Financial Statements

As at December 31, 2019

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:

2020	\$ 43,597
2021	\$ 255
Total minimum payments	<u>\$ 43,852</u>
Interest expenses included in minimum lease payments	<u>\$ 1,682</u>
	<u><u>\$ 42,170</u></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. Management staff can accumulate a maximum of 260 days of sick leave while employees of Local 60 can accumulate a maximum of 130 days. The Municipality also provides sick leave that accumulates at 10 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, 2019 (\$3,525,000 as at December 31, 2018). An amount of \$4,528,296 was accounted for in the operating budgets since the year ended December 31, 2012.

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Notes to Consolidated Financial Statements

As at December 31, 2019

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 192 active employees covered by the plan is 47.1 years. At present, the plan provides benefits for 130 retirees with an average age of 69.5 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: 4.16% of employee earning.

In addition, the annual amortization payment in the amount of \$811,561 and expenses not related to investments in the amount of \$175,000 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 \$3,073,871 (\$3,588,001 in 2018). 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, 2018 and at that time, the pension plan had an accrued benefit surplus of \$5,653,187.

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.

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Notes to Consolidated Financial Statements

As at December 31, 2019

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 \$3,073,871 (\$3,020,708 in 2018).

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, 2019.

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

Assets continuity	\$ 69,758,021
Actuarial liabilities	
Active and disabled members	\$ 31,305,302
Retired members and beneficiaries	\$ 32,688,889
Participants terminated vested	\$ 110,643
Total actuarial liability	<u>\$ 64,104,834</u>
Plan surplus	<u>\$ 5,653,187</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, 2019 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.

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Notes to Consolidated Financial Statements

As at December 31, 2019

15 - COMMITMENTS

The Municipality has committed itself by contract until 2021 for snow removal services, until 2022 for the garbage and waste collection, until 2021 for the rental of vehicles, until 2024 for the rental of office equipment, until 2023 for a contribution to an organization in order to operate an airport and until 2026 for the rental of security equipment. The future minimum payment for these commitments is established to \$4,008,644. Minimum payments over the next five years are as follows:

2020 - \$	1,415,396
2021 - \$	1,369,443
2022 - \$	950,575
2023 - \$	174,115
2024 - \$	99,115

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

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Notes to Consolidated Financial Statements

As at December 31, 2019

17 - SHORT-TERM BORROWING COMPLIANCE

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

General Capital Fund:

OIC #15-0083	\$ 1,500,000
OIC #17-0059	\$ 1,778,000
OIC #17-0010	\$ 205,000
OIC #18-0016	\$ 373,000
OIC #19-0018	\$ 8,383,616
	<u>\$ 12,239,616</u>
Used as bank loans	<u>\$ 2,132,000</u>
Not used	<u><u>\$ 10,107,616</u></u>

General Operating Fund:

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

Water and Sewer Capital Fund:

OIC #18-0016	\$ 200,000
OIC #19-0018	\$ 945,904
	<u>\$ 1,145,904</u>
Used as bank loans	<u>\$ 479,000</u>
Not used	<u><u>\$ 666,904</u></u>

Water and Sewer Operating Fund:

Authorized	\$ 2,000,000
Used	<u>\$ 1,300,000</u>
Not used	<u><u>\$ 700,000</u></u>

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Notes to Consolidated Financial Statements

As at December 31, 2019

17 - SHORT-TERM BORROWING COMPLIANCE (Continued)

Electrical Utility Capital Fund:

OIC #14-0039	\$ 300,000
OIC #18-0016	\$ 445,000
	<u>\$ 745,000</u>
Used as bank loans	\$ 77,000
Not used	<u>\$ 668,000</u>

Electrical Utility Operating Fund:

Authorized	\$ 4,500,000
Used	<u>\$ 1,192,000</u>
Not used	<u>\$ 3,308,000</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 2019, 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>2019</u>	<u>2018</u>
	\$	\$
2019 - Surplus	29,909	
2018 - Surplus	33,190	33,190
2017 - Surplus		<u>33,244</u>
	<u>63,099</u>	<u>66,434</u>

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Notes to Consolidated Financial Statements

As at December 31, 2019

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 or water system expenditures for the population.

20 - SUBSEQUENT EVENT

Subsequent to year-end, an outbreak of a new strain of coronavirus (COVID-19) resulted in a major global health crisis which continues to have impacts on the global economy and the financial markets at the date of completion of the financial statements.

These events are likely to cause significant changes to the assets or liabilities in the coming year or to have a significant impact on future operations. Following these events, the Municipality has taken and will continue to take action to minimize the impact. However, it is impossible to determine the financial implications of these events for the moment.

21 - COMPARATIVE FIGURES

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

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Notes to Consolidated Financial Statements

As at December 31, 2019

22 - TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Buildings	Vehicles	Machinery and equipment	Water and wastewater facilities	Electrical facilities	Roads, sidewalks, storm sewers, water and sewer main	Assets under construction	Total 2019	Total 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance, beginning of year	8,315,002	14,287,754	65,350,525	11,370,229	15,214,752	10,727,856	67,112,941	127,054,199	1,249,084	320,682,342	315,947,146
Net additions during the year	102,397	708,434	515,234	1,174,617	1,069,801	378,202	402,341	3,388,699	1,069,371	8,809,096	8,644,526
Disposals during the year		(3,570)		(572,594)	(189,884)			(359,961)	(1,235,487)	(2,361,496)	(3,909,330)
Balance, end of year	<u>8,417,399</u>	<u>14,992,618</u>	<u>65,865,759</u>	<u>11,972,252</u>	<u>16,094,669</u>	<u>11,106,058</u>	<u>67,515,282</u>	<u>130,082,937</u>	<u>1,082,968</u>	<u>327,129,942</u>	<u>320,682,342</u>
Accumulated Amortization											
Balance, beginning of year		5,358,509	23,236,418	4,636,011	8,560,806	7,596,883	19,860,723	80,148,085		149,397,435	140,418,950
Amortization during the year		679,257	2,204,520	657,279	1,316,073	292,650	2,265,924	4,080,551		11,496,254	11,084,269
Accumulated amortization on disposals		(286)		(447,010)	(148,883)			(341,185)		(937,364)	(2,105,784)
Balance, end of year		<u>6,037,480</u>	<u>25,440,938</u>	<u>4,846,280</u>	<u>9,727,996</u>	<u>7,889,533</u>	<u>22,126,647</u>	<u>83,887,451</u>		<u>159,956,325</u>	<u>149,397,435</u>
Net book value of tangible capital assets	<u>8,417,399</u>	<u>8,955,138</u>	<u>40,424,821</u>	<u>7,125,972</u>	<u>6,366,673</u>	<u>3,216,525</u>	<u>45,388,635</u>	<u>46,195,486</u>	<u>1,082,968</u>	<u>167,173,617</u>	<u>171,284,907</u>
Consists of:											
General Fund	5,778,111	5,761,079	38,766,278	5,156,002	4,469,161			33,774,045	504,562	94,209,238	95,983,667
Water and Sewer Fund	1,848,197	2,869,303	397,162	589,248	1,009,360	3,216,525		12,421,441	403,459	22,754,695	23,261,283
Electrical Utility Fund	778,691	49,581	1,145,485	1,361,497	597,039		45,388,635		174,947	49,495,875	51,303,361
Reserve Fund	12,400									12,400	12,400
Controlled entities		275,175	115,896	19,225	291,113					701,409	724,196
	<u>8,417,399</u>	<u>8,955,138</u>	<u>40,424,821</u>	<u>7,125,972</u>	<u>6,366,673</u>	<u>3,216,525</u>	<u>45,388,635</u>	<u>46,195,486</u>	<u>1,082,968</u>	<u>167,173,617</u>	<u>171,284,907</u>

The buildings include work of arts for an amount of \$210,816 (210,816 \$ as at December 31, 2018) which are not amortized.

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Notes to Consolidated Financial Statements

As at December 31, 2019

23 - ASSETS UNDER CAPITAL LEASES

	<u>2019</u>	<u>2018</u>
	\$	\$
Cost		
Balance, beginning and end of year	<u>202,765</u>	<u>202,765</u>
Accumulated Amortization		
Balance, beginning of year	46,737	29,401
Amortization during the year	<u>15,603</u>	<u>17,336</u>
Balance, end of year	<u>62,340</u>	<u>46,737</u>
	<u>140,425</u>	<u>156,028</u>

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Notes to Consolidated Financial Statements

As at December 31, 2019

24 - SCHEDULE OF SEGMENT DISCLOSURE

	General government	Protective	Transpor- tation	Environ- mental health	Development	Recreatio- nal and cultural	Water and sewer	Electrical utility	Reserves	Total 2019	Total 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Property tax warrant *	2,676,888	6,790,172	6,316,665	573,090	1,118,937	6,003,000				23,478,752	22,575,015
Services provided to other governments		762,744	358,867							1,121,611	1,107,630
Sale of services, fines and other revenues			15,000		101,328	2,298,672		850,476		3,265,476	3,287,368
Unconditional grant *	606,167	1,537,597	1,430,374	129,773	253,377	1,359,347				5,316,635	5,261,928
Adjustment for payment in lieu of taxes											430
Other government transfers	1,610	1,100	1,986,518			248,109	104,437	1,793		2,343,567	8,324,643
Other revenues from own sources	47,338	484,185	244,778	18,510		441,070	57,805			1,293,686	1,535,870
Contractors and other organizations contributions			117,474				21,869			139,343	44,000
User fees - Water and sewer services							6,093,927			6,093,927	5,962,333
Sales electrical utility - Distribution								32,754,933		32,754,933	32,247,884
Sales electrical utility - Generation								3,006,386		3,006,386	1,995,159
Interest	214,988						53,238		107,410	375,636	275,444
	<u>3,546,991</u>	<u>9,575,798</u>	<u>10,469,676</u>	<u>721,373</u>	<u>1,473,642</u>	<u>10,350,198</u>	<u>6,331,276</u>	<u>36,613,588</u>	<u>107,410</u>	<u>79,189,952</u>	<u>82,617,704</u>
Expenses											
Salaries and benefits	1,075,560	6,508,401	3,113,186		446,182	2,609,904	1,873,799	3,176,528		18,803,560	16,521,107
Goods and services	1,759,968	1,532,529	2,585,502	871,904	692,259	3,710,440	2,628,624	28,014,181		41,795,407	41,208,215
Amortization	530,054	870,682	3,375,310	305	96,012	2,206,457	1,871,936	2,561,101		11,511,857	11,101,605
Interests	44,490	299,201	348,439		19,311	210,197	135,159	1,166,652		2,223,449	2,306,636
Loss on disposal of tangible capital assets	(2,515)	(2,655)	(5,818)			(8,298)	29,315	15,029		25,058	13,486
	<u>3,407,557</u>	<u>9,208,158</u>	<u>9,416,619</u>	<u>872,209</u>	<u>1,253,764</u>	<u>8,728,700</u>	<u>6,538,833</u>	<u>34,933,491</u>		<u>74,359,331</u>	<u>71,151,049</u>
Surplus (deficit) for the year	<u>139,434</u>	<u>367,640</u>	<u>1,053,057</u>	<u>(150,836)</u>	<u>219,878</u>	<u>1,621,498</u>	<u>(207,557)</u>	<u>1,680,097</u>	<u>107,410</u>	<u>4,830,621</u>	<u>11,466,655</u>

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

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Notes to Consolidated Financial Statements

As at December 31, 2019

25 - 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)	7,860,948	(4,394,640)	1,615,928	(1,823,485)	4,278,878	(2,598,781)	107,410	(215,637)	4,830,621
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's surplus	17,370		33,244		39,080				89,694
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	(1,323,664)	1,323,664							
From Water and Sewer Operating Fund to Water and Sewer Capital Fund			(390,392)	390,392					
From Electrical Utility Operating Fund to Electrical Utility Capital Fund					(633,040)	633,040			
From General Operating Fund to General Capital Reserve Fund	(59,000)						59,000		
From Water and Sewer Operating Fund to Water and Sewer Capital Reserve Fund			(600,000)				600,000		
From Electrical Utility Operating Fund to Electrical Utility Capital Reserve Fund					(393,000)		393,000		
Principal payments on long-term debt	(3,910,000)	3,910,000	(1,009,000)	1,009,000	(3,054,607)	3,054,607			
Provision for accrued retirement	(1,535,511)		(135,103)		(180,840)				(1,851,454)
Provision for accrued sick leave	(195,864)		(21,588)		(25,529)				(242,981)
Contributions to controlled entities	(285,000)							285,000	
Amortization expense		7,078,820		1,871,936		2,561,101			11,511,857
Total adjustments to the annual surplus (deficit)	(7,828,489)	12,312,484	(1,586,019)	3,271,328	(4,247,936)	6,248,748	1,052,000	285,000	9,507,116
Annual fund surplus	32,459	7,917,844	29,909	1,447,843	30,942	3,649,967	1,159,410	69,363	14,337,737

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Notes to Consolidated Financial Statements

As at December 31, 2019

26 - 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 2019	Total 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Cash	791,833	398,365	185,703	1,772,857	1,386,306	1,109,552	5,644,616	4,484,589
Accounts receivable	3,095	1,432	726	4,731	3,537	5,416	18,937	19,554
Public utility land				12,400			12,400	12,400
Accumulated Surplus	794,928	399,797	186,429	1,789,988	1,389,843	1,114,968	5,675,953	4,516,543
Revenues								
Interests	19,236	8,321	4,511	23,542	31,778	20,022	107,410	84,988
Interfund transfers		59,000		600,000		393,000	1,052,000	198,320
Annual surplus	19,236	67,321	4,511	623,542	31,778	413,022	1,159,410	283,308

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2019

26 - STATEMENT OF RESERVES (Continued)

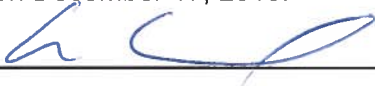
Council Resolutions regarding transfers to and from reserves:

Moved by Councillor Gérald Morneau, seconded by Councillor Eric Marquis that \$59,000 be transferred from the General Operating Fund to the General Capital Reserve Fund. (#2019-117)

Moved by Councillor Michel Serry, seconded by Councillor Eric McGuire that \$600,000 be transferred from the Water and Sewer Operating Fund to the Water and Sewer Capital Reserve Fund. (#2019-118)

Moved by Councillor Lise Ouellette, seconded by Councillor Camille Roy that \$393,000 be transferred from the Electrical Utility Operating Fund to the Electrical Utility Capital Reserve Fund. (#2019-119)

I hereby certify that the above are true and exact copies of resolutions adopted at a regular public meeting of Council on December 17, 2019.



Marc Michaud
City Clerk,
Edmundston



Date

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2019

27 - STATEMENT OF CONTROLLED ENTITIES OPERATIONS

	Gestion Edmundston Golf Management Inc.	Moitié-Moitié Centre Jean-Daigle Inc.	Centre des arts La petite église d'Edmundston Inc.	Total 2019	Total 2018
	\$	\$	\$	\$	\$
Assets	842,593	30,227	331,050	1,203,870	1,206,642
Liabilities	563,779	26,374	7,933	598,086	670,221
Accumulated surplus	278,814	3,853	323,117	605,784	536,421
Revenues	714,536	355,083	436,471	1,506,090	1,406,775
Expenses	695,123	352,134	389,470	1,436,727	1,398,934
Annual surplus	19,413	2,949	47,001	69,363	7,841

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

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2019

28 - OPERATING BUDGET TO PSAB BUDGET

	General	Water and Sewer	Electrical Utility	Amorization of tangible capital assets	Controlled Entities	Transfers	Total
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Property tax warrant	23,478,752						23,478,752
Services provided to other governments	1,108,213						1,108,213
Sale of services, fines and other revenues	1,297,795		695,497		1,585,311	(346,435)	3,232,168
Unconditional grant	5,181,277						5,181,277
Adjustment for payment in lieu of taxes							
Other government transfers	147,500				45,145		192,645
Other revenues from own sources	689,130	51,290					740,420
User fees - Water and sewer services		6,628,553				(536,820)	6,091,733
Sales electrical utility - Distribution			31,115,847				31,115,847
Sales electrical utility - Generation			2,821,409				2,821,409
Interest	65,000	36,155					101,155
Second previous year's surplus	17,370	33,244	39,080			(89,694)	
	<u>31,985,037</u>	<u>6,749,242</u>	<u>34,671,833</u>		<u>1,630,456</u>	<u>(972,949)</u>	<u>74,063,619</u>
Expenses							
General government services	3,322,415			530,054		161,046	4,013,515
Protective services	9,547,584			870,682		(237,619)	10,180,647
Transportation services	5,746,959			3,375,310		348,439	9,470,708
Environmental health services	858,941			305			859,246
Development services	1,562,322			96,012		19,311	1,677,645
Recreational and cultural services	5,373,622			2,133,434	1,629,606	(136,238)	9,000,424
Water and sewer collection and disposal		4,757,019		1,871,936		203,223	6,832,178
Electrical utility - Distribution			29,294,586	1,597,624		577,404	31,469,614
Electrical utility - Generation			923,911	963,477		613,160	2,500,548
Debt service fees							
Debentures and long-term debt payments	3,910,000	1,009,000	2,887,772			(7,806,772)	
Interest, bank fees and debenture fees	1,018,194	168,223	1,145,860			(2,332,277)	
Discounts and bad debt	20,000	35,000	44,704			(99,704)	
Transfer from the General Operating Fund to the General Capital Fund	600,000					(600,000)	
Transfer from the General Operating Fund to the General Operating Reserve Fund	25,000					(25,000)	
Transfer from the Water and Sewer Operating Fund to the Water and Sewer Capital Fund		730,000				(730,000)	
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			375,000			(375,000)	
	<u>31,985,037</u>	<u>6,749,242</u>	<u>34,671,833</u>	<u>11,438,834</u>	<u>1,629,606</u>	<u>(10,470,027)</u>	<u>76,004,525</u>
Annual surplus (deficit)				<u>(11,438,834)</u>	<u>850</u>	<u>9,497,078</u>	<u>(1,940,906)</u>

Edmundston

Consolidated Schedules

Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>	
	Budget (Unaudited) \$	Actual \$	Actual \$
SERVICES PROVIDED TO OTHER GOVERNMENTS			
Province of New Brunswick			
Fire protection	292,000	298,778	296,126
Police	5,200	5,000	7,640
Transportation	356,000	358,867	358,002
Communication center	455,013	458,966	445,862
	<u>1,108,213</u>	<u>1,121,611</u>	<u>1,107,630</u>
SALES OF SERVICES, FINES AND OTHER REVENUES			
Arenas	185,050	160,993	183,172
Jean-Daigle Centre	564,640	562,283	601,144
Sport Center	302,100	315,389	289,637
Golf	600,250	584,065	550,401
Recreational services	23,500	19,821	6,601
Cultural services	82,505	76,163	82,241
Service charge	45,000	44,958	44,558
Equipment rental	389,074	396,787	390,582
Licenses and permits	125,000	96,733	117,137
Sales and rental of equipment	276,423	428,326	457,861
Moitié-Moitié Centre Jean-Daigle Inc.	379,413	355,083	385,677
Art Center	259,213	224,875	178,357
	<u>3,232,168</u>	<u>3,265,476</u>	<u>3,287,368</u>
OTHER REVENUES FROM OWN SOURCES			
Other revenue	96,450	504,948	727,883
Other revenue - Police	386,380	433,930	425,482
Other revenue - Water and sewer services	20,300	32,255	30,599
Transportation department	175,000	215,232	287,175
Building rental	20,700	24,649	23,545
Administrative services	5,000	8,433	10,391
Wastewater treatment plant	30,990	25,550	19,163
Technical services	5,600	48,689	11,632
	<u>740,420</u>	<u>1,293,686</u>	<u>1,535,870</u>

Edmundston

Consolidated Schedules

Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>	
	Budget (Unaudited) \$	Actual \$	Actual \$
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	35,309	28,965	25,716
Councillors	105,104	94,888	79,832
Other legislative fees	81,490	55,333	59,859
	<u>221,903</u>	<u>179,186</u>	<u>165,407</u>
Administrative			
Administration	416,829	332,506	273,470
City Clerk	51,934	32,389	28,731
Treasurer	679,375	731,975	621,521
Tourism	156,500	156,428	156,427
Human resources	490,002	457,496	359,598
Office building	984,782	968,681	990,563
Data processing	252,488	217,602	203,584
Legal fees (recovery)	2,602	(1,819)	(922)
Secrétariat à la Jeunesse	66,000	65,811	66,364
Sick leave and post employment benefits		(322,764)	(558,034)
Amortization	530,054	530,054	522,224
Debenture fees	20,000	14,945	53,957
Long-term debt interest	121,046	44,490	159,831
Bad debts	20,000	3,092	
	<u>3,791,612</u>	<u>3,230,886</u>	<u>2,877,314</u>
	<u>4,013,515</u>	<u>3,410,072</u>	<u>3,042,721</u>

Edmundston Consolidated Schedules

Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
	<u>Budget</u>	<u>Actual</u>
	<u>(Unaudited)</u>	<u>Actual</u>
	<u>\$</u>	<u>\$</u>
<i>PROTECTIVE SERVICES</i>		
911 Center	1,062,620	1,171,091
	-----	-----
<i>Police</i>		
Administration	687,860	770,996
Crime prevention	4,003,064	3,798,664
Traffic activities	61,991	59,458
Station and building	458,717	468,062
Vehicles	251,010	198,159
Animal control	16,000	16,510
Jailer	33,284	29,365
Emergency measures service	9,385	1,560
Sick leave and post employment benefits		(568,438)
Long-term debt interest	261,755	261,755
Amortization	603,170	603,170
	-----	-----
	6,386,236	5,639,261
	-----	-----
<i>Fire</i>		
Administration	471,891	375,808
Fire fighting force	1,425,154	1,428,661
Brigade	153,700	125,010
Prevention	122,152	120,901
Station and building	123,536	128,083
Vehicles	130,400	100,708
Sick leave and post employment benefits		(183,668)
Amortization	267,512	267,512
Long-term debt interest	37,446	37,446
	-----	-----
	2,731,791	2,400,461
	-----	-----
	10,180,647	9,210,813
	-----	-----
	8,440,244	8,440,244

Edmundston

Consolidated Schedules

Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>	
	Budget (Unaudited) \$	Actual \$	Actual \$
TRANSPORTATION SERVICES			
Administration - Road transport	595,643	806,572	785,664
Street maintenance - Summer	2,070,874	2,036,582	1,845,472
Street maintenance - Winter	1,625,880	1,959,661	1,988,259
Landscaping	423,544	302,805	366,408
Sidewalks	27,135	1,355	10,642
Storm sewers	245,372	145,729	145,089
Street lighting	481,632	519,548	490,164
Traffic	194,383	150,959	151,116
Parking	74,027	73,532	74,296
Other	8,469	24,154	36,829
Sick leave and post employment benefits		(322,209)	(669,672)
Amortization	3,375,310	3,375,310	3,229,191
Long-term debt interest	348,439	348,439	305,351
	<u>9,470,708</u>	<u>9,422,437</u>	<u>8,758,809</u>
ENVIRONMENTAL HEALTH SERVICES			
Garbage and waste collection	858,941	871,904	782,740
Amortization	305	305	305
	<u>859,246</u>	<u>872,209</u>	<u>783,045</u>
DEVELOPMENT SERVICES			
Economic development	371,452	337,028	246,437
Engineering	258,146	186,058	404,276
Building inspectors	374,384	337,118	392,224
Environmental sustainability	65,707	(50,977)	78,815
Planning department	134,719	93,857	146,541
Communication towers	3,599	14,734	7,743
Urban development	135,485	104,377	128,724
Airports	165,830	156,094	158,510
Urban commission	53,000	52,985	58,460
Sick leave and post employment benefits		(92,833)	(254,389)
Amortization	96,012	96,012	84,590
Long-term debt interest	19,311	19,311	16,360
	<u>1,677,645</u>	<u>1,253,764</u>	<u>1,468,291</u>

Edmundston

Consolidated Schedules

Year ended December 31, 2019

	<u>Budget</u> <u>(Unaudited)</u> \$	<u>2019</u> <u>Actual</u> \$	<u>2018</u> <u>Actual</u> \$
RECREATIONAL AND CULTURAL SERVICES			
Recreational			
Administration	671,162	666,561	654,716
Sports	1,272,254	1,269,020	1,242,864
Arenas	520,383	562,543	607,948
Jean-Daigle Centre	1,106,311	1,125,998	1,208,650
Parks and playgrounds	882,657	904,398	801,927
Golf	666,347	660,316	606,115
Moitié-Moitié Centre Jean-Daigle Inc.	379,413	352,134	384,773
Sick leave and post employment benefits		(241,463)	(411,502)
Amortization	2,206,934	2,206,457	2,183,880
Long-term debt interest	210,197	210,197	138,710
	<u>7,915,658</u>	<u>7,716,161</u>	<u>7,418,081</u>
Cultural			
Sociocultural	396,293	464,593	319,853
Library	163,680	176,772	183,053
Art Center	524,793	379,472	345,883
	<u>1,084,766</u>	<u>1,020,837</u>	<u>848,789</u>
	<u>9,000,424</u>	<u>8,736,998</u>	<u>8,266,870</u>

Edmundston

Consolidated Schedules

Year ended December 31, 2019

	<u>Budget</u> <u>(Unaudited)</u> \$	<u>2019</u> <u>Actual</u> \$	<u>2018</u> <u>Actual</u> \$
<i>WATER AND SEWER COLLECTION AND DISPOSAL</i>			
<i>Water supply</i>			
Administration	604,554	598,665	596,275
Billing and collection	127,193	127,193	123,612
Power and pumping	440,562	401,233	383,499
Purification and treatment	155,516	106,729	89,815
Transmission and distribution	1,603,053	1,596,715	1,568,723
Sick leave and post employment benefits		(128,578)	(247,461)
Amortization	959,667	959,667	950,529
Bank fees	8,000	16,818	12,232
Short-term debt interest	12,285	4,793	10,244
Debenture fees	9,508	3,247	490
Long-term debt interest	64,861	64,773	70,645
Discounts	32,000	38,879	36,097
Bad debts	2,000	5,511	25,047
	<u>4,019,199</u>	<u>3,795,645</u>	<u>3,619,747</u>
<i>Sewer collection and disposal</i>			
Administration	398,264	398,264	396,160
Billing and collection	84,796	84,796	82,408
Wastewater treatment plant	365,587	347,924	331,688
Sewage collection system	620,990	565,354	541,800
Lift-station	356,504	349,556	301,399
Pre-treatment		571	329
Sick leave and post employment benefits		(28,113)	(61,495)
Amortization	912,269	912,269	906,921
Bank fees	5,000	11,212	8,155
Short-term debt interest	9,774	12,632	6,829
Debenture fees	6,392	2,772	3,772
Long-term debt interest	52,403	52,962	60,626
Bad debts	1,000	3,674	16,698
	<u>2,812,979</u>	<u>2,713,873</u>	<u>2,595,290</u>
	<u>6,832,178</u>	<u>6,509,518</u>	<u>6,215,037</u>

Edmundston

Consolidated Schedules

Year ended December 31, 2019

	<u>Budget</u> <u>(Unaudited)</u> \$	<u>2019</u> <u>Actual</u> \$	<u>2018</u> <u>Actual</u> \$
<i>ELECTRICAL UTILITY</i>			
<i>Electrical utility - Distribution</i>			
Electrical energy purchase	24,604,718	25,804,120	25,560,439
Administration	352,852	230,076	293,713
Distribution	1,874,128	1,972,239	1,859,822
Management expenses	1,965,558	1,966,734	1,997,251
Management and planning	114,191	120,672	127,933
Electrometry	383,139	232,984	225,846
Sick leave and post employment benefits		(141,973)	(278,857)
Amortization	1,597,624	1,597,624	1,585,363
Short-term debt interest	30,000	48,905	40,605
Debenture fees	5,490	5,601	1,808
Long-term debt interest	497,210	510,179	526,332
Bad debts	44,704	43,495	3,522
	<u>31,469,614</u>	<u>32,390,656</u>	<u>31,943,777</u>
<i>Electrical utility - Generation</i>			
Administration	42,980	27,806	27,808
Management expenses	234,633	234,633	243,386
Management and planning	72,793	101,906	100,932
Operations	518,935	633,318	500,481
Electrometry	6,596	6,596	6,696
Lines	47,974	15,910	16,728
Sick leave and post employment benefits		(64,396)	(106,519)
Amortization	963,477	963,477	784,582
Short-term debt interest	11,994	7,215	5,663
Debenture fees		988	
Long-term debt interest	601,166	600,353	639,012
	<u>2,500,548</u>	<u>2,527,806</u>	<u>2,218,769</u>
	<u>33,970,162</u>	<u>34,918,462</u>	<u>34,162,546</u>