

**Edmundston**  
**Consolidated Financial Statements**  
**December 31, 2014**

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# Raymond Chabot Grant Thornton

An instinct for growth™

## Independent Auditor's Report

**Raymond Chabot Grant Thornton**  
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Edmundston (New Brunswick)  
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To His Honor the Mayor and Members of City Council of  
Edmundston

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We have audited the accompanying consolidated financial statements of Edmundston and the organizations under its control, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net debt and the consolidated statement of cash flows for the year the ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the consolidated financial statements**

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

### **Auditor's responsabilitiy**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Edmundston and the organizations under its control as at December 31, 2014 and the results of their operations, the changes in their net debt and their cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Raymond Chabot Grant Thornton, LLP*

CPA, CA

Edmundston  
May 6, 2015

# Edmundston

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2014

	2014		2013
	Budget (Unaudited) (Note 26) \$	Actual \$	Actual \$
<b>Revenues</b>			
Property tax warrant	20,768,470	20,768,470	20,769,096
Services provided to other governments (Page 34)	1,001,505	1,056,026	1,006,501
Sale of services, fines and other revenues (Page 34)	2,224,324	2,466,494	2,778,910
Unconditional grant	3,079,298	3,079,298	2,576,976
Other government transfers	225,126	1,957,304	3,575,762
Other revenues from own sources (Page 34)	1,050,975	1,149,029	1,267,934
Contractors and other organizations contributions		1,367,156	1,451,647
User fees - Water and sewer services	5,402,462	5,337,717	5,372,568
Sales electrical utility - Distribution	27,220,618	29,162,547	27,893,739
Sales electrical utility - Generation	3,011,013	2,704,551	2,488,809
Interest	56,000	132,594	102,952
	<b>64,039,791</b>	<b>69,181,186</b>	<b>69,284,894</b>
<b>Expenses</b> (Pages 35 - 40)			
General government services	3,023,665	2,754,225	2,895,504
Protective services	8,935,998	8,347,941	8,324,307
Transportation services	8,920,124	8,667,778	8,697,285
Environmental health services	727,925	737,514	740,515
Development services	1,307,681	1,064,990	1,104,244
Recreational and cultural services	5,318,917	5,342,259	4,881,311
Airports	295,553	270,663	365,705
Water and sewer collection and disposal	6,548,709	6,158,399	6,208,167
Electrical utility - Distribution	27,822,925	29,249,706	28,169,609
Electrical utility - Generation	3,048,690	2,983,046	2,976,152
Payment in lieu of taxes	26,613	26,613	
Loss (gain) on disposal of tangible capital assets		59,938	3,437,061
	<b>65,976,800</b>	<b>65,663,072</b>	<b>67,799,860</b>
<b>Annual surplus (deficit)</b> (Note 23)	<b>(1,937,009)</b>	<b>3,518,114</b>	<b>1,485,034</b>
Accumulated surplus, beginning of year		<b>63,813,390</b>	<b>62,328,356</b>
Accumulated surplus, end of year		<b>67,331,504</b>	<b>63,813,390</b>

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, 2014

	2014	2013
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	7,103,722	5,451,578
Term deposits, 1,5% and 1,6% (1,55% as at December 31, 2013)	125,606	25,606
Accounts receivables		
General	6,067,807	5,946,732
Federal government and its agencies (Note 5)	555,803	524,535
Province of New Brunswick (Note 6)	665,803	880,081
	<u>14,518,741</u>	<u>12,828,532</u>
<b>LIABILITIES</b>		
Bank loans (Note 17)	5,576,320	8,529,041
Trade payables and other operating liabilities (Note 7)	6,744,714	6,162,980
Holdbacks payable	51,201	191,579
Deferred revenues (Note 8)	510,631	955,847
Debentures (Note 9)	64,247,000	64,110,000
Long-term debt (Note 10)	17,534,036	17,569,821
Obligations under capital leases (Note 11)	42,019	80,181
Accrued sick leave (Note 12)	3,883,000	3,678,000
Post employment benefits payable (Note 13)	5,982,355	7,060,655
	<u>104,571,276</u>	<u>108,338,104</u>
<b>NET DEBT</b>	<u>(90,052,535)</u>	<u>(95,509,572)</u>

**Edmundston**  
**Consolidated Statement of Financial Position**  
As at December 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 20)	<b>270,270,646</b>	262,799,483
Accumulated amortization (Note 20)	<b>(114,993,455)</b>	(105,902,109)
	<b>155,277,191</b>	156,897,374
Assets under capital leases (Note 21)	<b>303,034</b>	303,034
Accumulated amortization (Note 21)	<b>(133,489)</b>	(114,651)
	<b>169,545</b>	188,383
Inventory of supplies	<b>1,790,969</b>	2,115,185
Prepaid expenses	<b>146,334</b>	122,020
	<b>1,937,303</b>	2,237,205
	<b>157,384,039</b>	159,322,962
<b>ACCUMULATED SURPLUS</b>	<b>67,331,504</b>	63,813,390

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, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Annual surplus	<u>3,518,114</u>	<u>1,485,034</u>
Assets under construction, beginning of year	2,008,030	15,175,044
Assets under construction, end of year	(303,171)	(2,008,030)
Acquisition of tangible capital assets	(9,539,266)	(21,253,325)
Proceeds on disposal of tangible capital assets	15,860	7,101,849
Amortization of tangible capital assets	9,378,792	9,179,750
Loss (gain) on disposal of tangible capital assets	59,938	3,437,061
Acquisition of assets under capital leases		(10,000)
Amortization of assets under capital leases	18,838	20,376
	<u>1,639,021</u>	<u>11,642,725</u>
Acquisition of inventory of supplies	(1,790,969)	(2,115,185)
Consumption of inventory of supplies	2,115,185	1,739,496
Acquisition of prepaid expenses	(146,334)	(122,020)
Use of prepaid expenses	122,020	96,539
	<u>299,902</u>	<u>(401,170)</u>
Decrease in net debt	5,457,037	12,726,589
Net debt, beginning of year	<u>(95,509,572)</u>	<u>(108,236,161)</u>
Net debt, end of year	<u>(90,052,535)</u>	<u>(95,509,572)</u>

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, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus	3,518,114	1,485,034
Non-cash items		
Amortization of tangible capital assets	9,378,792	9,179,750
Amortization of assets under capital leases	18,838	20,376
Loss (gain) on disposal of tangible capital assets	59,938	3,437,061
Net change in working capital items (Note 3)	<u>(515,323)</u>	<u>(9,054,947)</u>
Cash flows from operating activities (a)	<u>12,460,359</u>	<u>5,067,274</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets and assets under capital leases	(7,834,407)	(8,096,311)
Proceeds from the disposal of tangible capital assets	<u>15,860</u>	<u>7,101,849</u>
Cash flows from capital activities	<u>(7,818,547)</u>	<u>(994,462)</u>
<b>INVESTING ACTIVITIES</b>		
Net change in term deposit and cash flows from investing activities	<u>(100,000)</u>	<u>2,970</u>
<b>FINANCING ACTIVITIES</b>		
Net change in bank loans	(2,952,721)	(890,959)
Debentures	6,758,000	4,774,000
Repayment of debentures	(6,621,000)	(6,571,000)
Long-term debt	645,000	
Repayment of long-term debt	(680,785)	(630,581)
Repayment of obligations under capital leases	<u>(38,162)</u>	<u>(24,970)</u>
Cash flows from financing activities	<u>(2,889,668)</u>	<u>(3,343,510)</u>
<b>Increase in cash and cash equivalents</b>	<b>1,652,144</b>	<b>732,272</b>
Cash, beginning of year	<u>5,451,578</u>	<u>4,719,306</u>
Cash, end of year	<u>7,103,722</u>	<u>5,451,578</u>

(a) Interest received during the year amounts to \$132,594 (\$102,952 for the year ended December 31, 2013).  
Interest paid during the year amounts to \$3,055,914 (\$3,267,732 for the year ended December 31, 2013).

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, 2014

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### **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 an airport, a golf and recreational activities.

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

#### **Budget**

The budget figures contained in these financial statements were approved by the City Council on January 22, 2014 and the Minister of Local Government on January 26, 2014.

#### **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, 2014

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### **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 and the amount of certain accrued liabilities.

#### **Financial instruments**

The Municipality's financial instruments consist of cash, term deposit, accounts receivables, bank loans, trade payables and other operating liabilities, debentures and long-term debt. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from the financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

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

#### **Cash and cash equivalents**

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

#### **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 on a first in first out basis.

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

### 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, 2014

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### **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, 2014

### 3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

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

	<u>2014</u>	<u>2013</u>
	\$	\$
Accounts receivable	61,935	733,258
Security deposit		2,000,000
Trade payables and other operating liabilities	581,734	(585,346)
Holdbacks payable	(140,378)	(1,654,575)
Deferred revenues	(445,216)	(9,260,637)
Accrued sick leave	205,000	(57,000)
Post employment benefits payable	(1,078,300)	170,522
Inventory of supplies	324,216	(375,688)
Prepaid expenses	(24,314)	(25,481)
	<u>(515,323)</u>	<u>(9,054,947)</u>

### 4 - CASH

	<u>2014</u>	<u>2013</u>
	\$	\$
Cash - restricted	4,002,674	4,013,823
Cash - unrestricted	3,101,048	1,437,755
	<u>7,103,722</u>	<u>5,451,578</u>

### 5 - RECEIVABLES FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	<u>2014</u>	<u>2013</u>
	\$	\$
Canada Revenue Agency (HST refund)	211,557	389,979
Atlantic Canada Opportunities Agency		25,980
Gas Tax Fund	344,246	
Public Works and Government Services Canada		108,576
	<u>555,803</u>	<u>524,535</u>

### 6 - RECEIVABLES FROM PROVINCE OF NEW BRUNSWICK

	<u>2014</u>	<u>2013</u>
	\$	\$
Transportation and Infrastructure Department	620,580	735,179
Other	45,223	144,902
	<u>665,803</u>	<u>880,081</u>

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

### 7 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2014</u>	<u>2013</u>
	\$	\$
Accounts payable and accrued liabilities	5,536,272	5,037,937
Salaries payable	672,537	619,455
Accrued interest	270,452	278,266
Government remittances	265,453	227,322
	<u>6,744,714</u>	<u>6,162,980</u>

### 8 - DEFERRED REVENUES

	<u>2014</u>	<u>2013</u>
	\$	\$
Clients deposits	246,569	216,729
Contractors' deposits	129,841	265,651
Grants received in advance	10,185	473,137
Other deferred revenues	124,036	330
	<u>510,631</u>	<u>955,847</u>

### 9 - DEBENTURES

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>GENERAL CAPITAL FUND</b>		
<b><u>New Brunswick Municipal Financing Corporation</u></b>		
AR07 2.75% - 4.8%, due in 2014, OIC #03-22, #03-42 and #03-80		293,000
AT07 3.75% - 4.375%, due in 2015, OIC #04-14, #04-62 and #05-15	1,188,000	1,473,000
AV7 4.15% - 4.45%, due in 2016, OIC #04-14, #04-62, #05-34 and #05-65	793,000	1,165,000
AX7 4.45% - 4.85%, due in 2017, OIC #05-34, #05-70, #06-42, #06-66 and #07-22	1,194,000	1,543,000
BA3 .95% - 5%, due in 2019, OIC #06-0042, #07-0022 and #08-002	1,872,000	2,264,000
BB7 1% - 4.5%, due in 2019, OIC #08-0022	262,000	309,000
BD7 1.5% - 3.85%, due in 2020, OIC #09-0032 and #09-0133	4,259,000	4,696,000
BE3 1.65% - 4.25%, due in 2021, OIC #08-0043, #09-0032, #09-0133, #10-0022, #10-0066, #10-0071 and #11-00001	9,040,000	9,672,000
BG4 1.65% - 3.8%, due in 2027, OIC #10-0022, #10-0071, #11-0004, #11-0051, #11-0072, #11-0110 and #12-0005	5,786,000	6,241,000
BH7 1.35% - 3.8%, due in 2032, OIC #11-0004, #11-0051 and #11-0110	392,000	424,000
BI3 1.35% - 4%, due in 2033, DC #11-0051, #11-0072, #12-0024 and #12-0044	3,627,000	3,940,000
BK1 1.15% - 4.15%, due in 2034, DC #11-0004, #11-0110, #12-0024, #12-0083, #13-0027, #13-0047, #13-0054 and #13-0060	3,299,000	
	<u>31,712,000</u>	<u>32,020,000</u>

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

### 9 - DEBENTURES (Continued)

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>WATER AND SEWER CAPITAL FUND</b>		
<b><u>New Brunswick Municipal Financing Corporation</u></b>		
AR08 2.75% - 4.8%, due in 2014, OIC #02-29, #03-22 and #03-89		192,000
AT08 3.75% - 4.375%, due in 2015, OIC #93-29, #94-90, #95-74, #02-29 and #04-14	<b>99,000</b>	195,000
AV9 4.15% - 4.45%, due in 2016, OIC #95-74, #04-14 and #05-34	<b>779,000</b>	932,000
AX8 4.45% - 4.85%, due in 2017, OIC #06-42 and #07-22	<b>548,000</b>	715,000
BA4 .95% - 5%, due in 2019, OIC #07-0022, #07-0071 and #08-0019	<b>833,000</b>	970,000
BB8 1% - 4.5%, due in 2019, OIC #08-0019 and #09-0009	<b>225,000</b>	265,000
BD8 1.5% - 3.85%, due in 2020, OIC #98-0035, #09-0032 and #09-0133	<b>405,000</b>	538,000
BE4 1.65% - 4.25%, due in 2021, OIC #09-0032, #09-0133, #10-0022 and #10-0071	<b>1,848,000</b>	2,081,000
BG5 1.65% - 2.45%, due in 2017, OIC #98-0064	<b>172,000</b>	227,000
BH8 1.35% - 2.15%, due in 2017, OIC #01-0081	<b>42,000</b>	56,000
BI4 1.35% - 3.25%, due in 2023, OIC #11-0051 and #11-0086	<b>454,000</b>	500,000
BJ7 1.25% - 2.5%, due in 2018, OIC #01-0075 and #01-0081	<b>159,000</b>	197,000
BK2 1.15% - 3.45%, due in 2024, OIC #11-0051, #12-0024 and #13-0027	<b>1,313,000</b>	
BL7 1.2% - 2.15%, due in 2019, OIC #02-0029 and #03-0089	<b>129,000</b>	
	<b><u>7,006,000</u></b>	<b><u>6,868,000</u></b>

**Edmundston**  
**Notes to Consolidated Financial Statements**  
As at December 31, 2014

**9 - DEBENTURES (Continued)**

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>ELECTRICAL UTILITY CAPITAL FUND</b>		
<b><u>New Brunswick Municipal Financing Corporation</u></b>		
AT09 3.75% - 4.375%, due in 2015, OIC #03-39, #04-14 and #05-04	<b>2,066,000</b>	2,306,000
AV8 4.3% - 4.45%, due in 2016, OIC #96-27, #05-04 and #05-34	<b>673,000</b>	763,000
AX09 4.45% - 4.85%, due in 2017, OIC #05-34	<b>97,000</b>	126,000
BA5 .95% - 5%, due in 2018, OIC #05-0034, #06-0042, #07-002 and #08-0019	<b>753,000</b>	922,000
BB9 1% - 4.5%, due in 2019, OIC #06-0042 and #08-0019	<b>664,000</b>	803,000
BD9 1.5% - 3.85%, due in 2020, OIC #09-0032 and #09-0076	<b>7,381,000</b>	7,808,000
BE5 1.85% - 4.25%, due in 2021, OIC #09-0032, #09-0076, #09-0137 and #10-0022	<b>8,032,000</b>	8,392,000
BG6 1.65% - 3.8%, due in 2027, OIC #09-0076	<b>1,107,000</b>	1,154,000
BH9 1.35% - 3.8%, due in 2032, OIC #10-0022, #11-0051 and #12-0006	<b>2,622,000</b>	2,811,000
BI5 1.35% - 3.25%, due in 2023, OIC #11-0001 and #12-0024	<b>117,000</b>	137,000
BK3 1.15% - 3.45%, due in 2024, OIC #11-0051, #12-0024 and #12-0040	<b>2,017,000</b>	
	<u><b>25,529,000</b></u>	<u>25,222,000</u>
	<u><b>64,247,000</b></u>	<u>64,110,000</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
2015	\$ 4,539,000	\$ 1,275,000	\$ 1,892,000	\$ 7,706,000
2016	\$ 3,418,000	\$ 1,123,000	\$ 1,634,000	\$ 6,175,000
2017	\$ 3,132,000	\$ 986,000	\$ 1,545,000	\$ 5,663,000
2018	\$ 2,754,000	\$ 746,000	\$ 1,503,000	\$ 5,003,000
2019	\$ 2,821,000	\$ 885,000	\$ 1,531,000	\$ 5,237,000



# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

### 10 - LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>ELECTRICAL UTILITY CAPITAL FUND</b>		
Note payable, 3.85%, payable in monthly instalments of \$107,370, principal and interest, maturing in August 2032	<b>16,495,857</b>	17,135,780
Note payable, 3.85%, payable in monthly instalments of \$4,731, principal and interest, maturing in May 2029	<b>627,371</b>	
	<u><b>17,123,228</b></u>	<u>17,135,780</u>

### GESTION EDMUNDSTON GOLF MANAGEMENT INC.

Note payable, 4.%, secured by equipments with a net book value of \$21,903, payable in annual instalments of \$6,809, principal and interest, maturing in July 2016	<b>11,036</b>	17,355
Note payable, prime rate of 3%, secured by the city of Edmundston, payable in monthly instalments of \$2,432, principal and interest, renegotiable in November 2016, maturing in November 2031	<b>399,772</b>	416,686
	<u><b>410,808</b></u>	<u>434,041</u>
	<u><b>17,534,036</b></u>	<u>17,569,821</u>

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

2015	\$ 723,859
2016	\$ 885,892
2017	\$1,113,812
2018	\$ 783,540
2019	\$ 814,244

### 11 - OBLIGATIONS UNDER CAPITAL LEASES

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>GESTION EDMUNDSTON GOLF MANAGEMENT INC.</b>		
Obligation under capital lease for equipments with a net carrying amount of \$145,968, 4.25%, payable in six monthly instalments of \$5,727 from May to October annually, principal and interest, maturing in November 2015	<b>36,932</b>	68,725
Obligation under capital lease for equipments with a net carrying amount of \$11,054, 9.21%, payable in monthly instalments of \$476, principal and interest, maturing in May 2017	<b>5,087</b>	7,552

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

### 11 - OBLIGATIONS UNDER CAPITAL LEASES (Continued)

Obligation under capital lease for equipments, 6%, paid during the year

	3,904
<b>42,019</b>	<b>80,181</b>

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

2015	\$ 37,216
2016	\$ 8,105
Total minimum payments	\$ 45,321
Interest expenses included in minimum lease payments	\$ 3,302
	<b>\$ 42,019</b>

### 12 - ACCRUED SICK LEAVE

The Municipality provides sick leave that accumulates at 1.5 days per month for management staff and employees of Local 60 and at 2 days per month for directors. All 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 to a maximum of 2,080 hours and to 12 hours per month for the policeman of Local 558 to a maximum of 1,920 hours and after to cumulate 8 hours per month to a global 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 195 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: 7.8
  - Local 60 (blue and white collar): 8.6
  - Local 60 (firefighters) : 7.9
  - Local 558 (policemen) : 5.7

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

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### 12 - ACCRUED SICK LEAVE (Continued)

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

The unfunded liability was \$3,678,000 as at December 31, 2013 and the estimated liability as at December 31, 2014 is \$3,883,000. As at December 31, 2014, an amount of \$1,820,381 was accounted for in the operating budgets since the year ended December 31, 2012..

### 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 189 active employees covered by the plan is 46.6 years. At present, the plan provides benefits for 100 retirees with an average age of 68.5 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: 3.64% of employee earning.

In addition, the annual amortization payment in the amount of \$815,000 and expenses not related to investments in the amount of \$125,000 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: 12.64% of salary.

Total benefits payments to retirees during the year was approximately \$1,966,465 (\$1,683,509 in 2013). 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, 2013 and at that time, the pension plan had an accrued benefit obligation of \$5,982,355.

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, 2014

### 13 - POST EMPLOYMENT BENEFITS PAYABLE (Continued)

The following summarizes the major assumptions in the valuation:

- discount rate of engagement at 6.25%;
- 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 increase 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 \$2,612,265 (\$2,603,215 in 2013).

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, 2014.

The statement of financial position of the plan as at December 31, 2013 was as follows:

Assets continuity	<u>\$ 45,691,415</u>
Actuarial liabilities	
Active and disabled members	\$ 28,323,004
Retired members and beneficiaries	\$ 23,350,766
Total actuarial liability	<u>\$ 51,673,770</u>
Plan deficit	<u>\$ (5,982,355)</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, 2014 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, 2014

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### **15 - COMMITMENTS**

The Municipality has committed itself by contract until 2016 for snow removal services, until 2015 for the garbage and waste collection, until 2018 for the rental of two 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 2017 for the management of the Palais des congrès. The future minimum payment for these commitments is established to \$2,039,579. Minimum payments over the next four years are as follows:

2015 -	\$ 1,083,025
2016 -	\$ 474,907
2017 -	\$ 240,715
2018 -	\$ 162,325
2019 -	\$ 78,607

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 10 years, or until the reserve fund reaches the sum of \$250,000.

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

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

### 17 - SHORT-TERM BORROWING COMPLIANCE

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

#### General Capital Fund:

OIC #05-71	\$ 512,000
OIC #10-0071	\$ 2,009,000
OIC #13-0047	\$ 670,000
OIC #15-0009	\$ 3,396,514
	<u>\$ 6,587,514</u>
Used as bank loans	\$ 1,755,000
Not used	<u>\$ 4,832,514</u>

#### General Operating Fund:

Authorized	\$ 900,000
Used	\$ -
Not used	<u>\$ 900,000</u>

#### Water and Sewer Capital Fund:

OIC #10-0071	\$ 3,165,000
OIC #11-0051	\$ 30,000
OIC #14-0026	\$ 615,000
OIC #15-0009	\$ 1,010,000
	<u>\$ 4,820,000</u>
Used as bank loans	\$ -
Not used	<u>\$ 4,820,000</u>

#### Water and Sewer Operating Fund:

Authorized	\$ 2,000,000
Used	\$ 1,180,000
Not used	<u>\$ 820,000</u>

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

### 17 - SHORT-TERM BORROWING COMPLIANCE (Continued)

#### Electrical Utility Capital Fund:

OIC #12-0041	\$ 18,050,000
OIC #13-0027	\$ 1,485,000
OIC #14-0026	\$ 315,000
OIC #14-0039	\$ 645,000
	<u>\$ 20,495,000</u>
Used as bank loans	<u>\$ 1,121,000</u>
Not used	<u>\$ 19,374,000</u>

#### Electrical Utility Operating Fund:

Authorized	\$ 4,500,000
Used	\$ 1,445,000
Not used	<u>\$ 3,055,000</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 2014, 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>2014</u>	<u>2013</u>
	\$	\$
2014 - Surplus	<b>31,819</b>	
2013 - Surplus	<b>50,458</b>	50,458
2012 - Surplus		39,254
	<u><b>82,277</b></u>	<u>89,712</u>

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

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### **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.



# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

### 20 - 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	
	\$	\$									\$	\$
<b>Cost</b>												
Balance, beginning of year	7,176,309	9,307,695	41,429,839	8,037,081	8,081,920	9,999,911	62,600,875	114,157,823	2,008,030	262,799,483	265,702,245	
Net additions during the year	57,500	332,917	1,368,181	386,779	1,488,500	61,695	2,896,662	2,947,032	248,794	9,788,060	22,221,016	
Disposals during the year	(32,751)	(29,772)	(57,626)	(178,144)	(64,951)				(1,953,653)	(2,316,897)	(25,123,778)	
Balance, end of year	<u>7,201,058</u>	<u>9,610,840</u>	<u>42,740,394</u>	<u>8,245,716</u>	<u>9,505,469</u>	<u>10,061,606</u>	<u>65,497,537</u>	<u>117,104,855</u>	<u>303,171</u>	<u>270,270,646</u>	<u>262,799,483</u>	
<b>Accumulated Amortization</b>												
Balance, beginning of year		2,717,165	14,611,752	3,748,835	4,684,131	6,117,196	9,604,578	64,418,452		105,902,109	97,172,521	
Amortization during the year		457,227	1,414,866	426,707	765,022	324,226	2,072,289	3,918,455		9,378,792	9,179,750	
Accumulated amortization on disposals		(16,673)	(32,270)	(177,704)	(60,799)					(287,446)	(450,162)	
Balance, end of year		<u>3,157,719</u>	<u>15,994,348</u>	<u>3,997,838</u>	<u>5,388,354</u>	<u>6,441,422</u>	<u>11,676,867</u>	<u>68,336,907</u>		<u>114,993,455</u>	<u>105,902,109</u>	
<b>Net book value of tangible capital assets</b>	<u>7,201,058</u>	<u>6,453,121</u>	<u>26,746,046</u>	<u>4,247,878</u>	<u>4,117,115</u>	<u>3,620,184</u>	<u>53,820,670</u>	<u>48,767,948</u>	<u>303,171</u>	<u>155,277,191</u>	<u>156,897,374</u>	
<b>Consists of:</b>												
General Fund	5,216,340	5,316,361	25,355,203	2,999,033	2,441,827	3,620,184	53,820,670	32,046,698	101,410	73,476,872	73,629,676	
Water and Sewer Fund	1,199,422	869,057	94,031	358,950	926,877			16,721,250	153,593	23,943,364	24,810,019	
Electrical Utility Fund	772,896	30,613	1,182,983	871,024	473,924				48,168	57,200,278	57,717,059	
Reserve Fund	12,400									12,400	12,400	
Controlled entities		237,090	113,829	18,871	274,487					644,277	728,220	
	<u>7,201,058</u>	<u>6,453,121</u>	<u>26,746,046</u>	<u>4,247,878</u>	<u>4,117,115</u>	<u>3,620,184</u>	<u>53,820,670</u>	<u>48,767,948</u>	<u>303,171</u>	<u>155,277,191</u>	<u>156,897,374</u>	

The buildings include work of arts for an amount of \$190,234 (190,234 \$ as at December 31, 2013) which are not amortized.

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

### 21 - ASSETS UNDER CAPITAL LEASES

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>Cost</b>		
Balance, beginning of year	303,034	293,034
Net additions during the year		10,000
Balance, end of year	<u>303,034</u>	<u>303,034</u>
<b>Accumulated Amortization</b>		
Balance, beginning of year	114,651	94,275
Amortization during the year	<u>18,838</u>	<u>20,376</u>
Balance, end of year	<u>133,489</u>	<u>114,651</u>
	<u>169,545</u>	<u>188,383</u>

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

### 22 - SCHEDULE OF SEGMENT DISCLOSURE

	General government	Protective	Transportation	Environmental health	Airports	Economic development	Recreational and cultural	Water and sewer	Electrical utility	Reserves	Total 2014	Total 2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>												
Property tax warrant *	1,974,389	8,016,400	5,354,515	711,144		1,197,037	3,514,985				20,768,470	20,769,096
Services provided to other governments		692,750	363,276								1,056,026	1,006,501
Sale of services, fines and other revenues	22,201					93,565	1,445,353		905,375		2,466,494	2,778,910
Unconditional grant *	292,738	1,188,575	793,903	105,440		177,482	521,160				3,079,298	2,576,976
Other government transfers	102,913	72,634	1,185,827		45,600	3,041	547,289				1,957,304	3,575,762
Other revenues from own sources						34,161	5,510	73,872			1,149,029	1,267,934
Contractors and other organizations contributions	83,317	399,235	527,336		25,598			307,415	459,659		1,367,156	1,451,647
User fees - Water and sewer services			544,685					5,337,717			5,337,717	5,372,568
Sales electrical utility									29,162,547		29,162,547	27,893,739
Distribution												
Sales electrical utility - Generation												
Interest							113				2,704,551	2,488,809
	<u>2,475,558</u>	<u>10,369,594</u>	<u>8,769,542</u>	<u>816,584</u>	<u>71,198</u>	<u>1,505,286</u>	<u>6,089,307</u>	<u>37,275</u>	<u>50,854</u>	<u>44,352</u>	<u>132,594</u>	<u>102,952</u>
								<u>5,756,279</u>	<u>33,282,986</u>	<u>44,352</u>	<u>69,181,186</u>	<u>69,284,894</u>
<b>Expenses</b>												
Salaries and benefits	1,129,008	5,647,008	3,092,742	3,508	103,054	844,229	1,739,611	1,458,775	2,895,440		16,913,375	16,510,944
Goods and services	1,060,122	1,417,777	2,122,675	733,701	167,609	137,226	2,549,071	2,627,500	25,301,731		36,117,412	35,405,369
Amortization	508,134	863,109	3,014,640	305		10,282	878,184	1,797,322	2,325,656		9,397,632	9,200,124
Interests	56,961	420,047	437,721			73,253	175,393	274,802	1,709,925		3,148,102	3,246,362
Payment in lieu of taxes	26,613										26,613	
Loss (gain) on disposal of tangible capital assets			(6,059)		75,797		(9,800)				59,938	3,437,061
	<u>2,780,838</u>	<u>8,347,941</u>	<u>8,661,719</u>	<u>737,514</u>	<u>346,460</u>	<u>1,064,990</u>	<u>5,332,459</u>	<u>6,158,399</u>	<u>32,232,752</u>		<u>65,663,072</u>	<u>67,799,860</u>
								<u>(402,120)</u>	<u>1,050,234</u>	<u>44,352</u>	<u>3,518,114</u>	<u>1,485,034</u>
Surplus (deficit) for the year		<u>(305,280)</u>	<u>107,823</u>	<u>79,070</u>	<u>(275,262)</u>	<u>440,296</u>	<u>757,348</u>					

\* 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, 2014

## 23 - 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)	6,262,507	(2,971,565)	1,087,789	(1,489,907)	2,865,316	(1,865,997)	44,352	(414,381)	3,518,114
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's surplus	13,367		39,256		49,138				101,761
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	(515,906)	515,906							
From Water and Sewer Operating Fund to Water and Sewer Capital Fund			(228,778)	228,778					
From Electrical Utility Operating Fund to Electrical Utility Capital Fund					(323,100)	323,100			
From General Operating Reserve Fund to General Operating Fund	147,000						(147,000)		
From General Capital Assets Reserve Fund to General Operating Fund	58,500						(58,500)		
From Water and Sewer Operating Fund to Water and Sewer Capital Assets Reserve Fund			(50,000)				50,000		
From Electrical Utility Operating Fund to Electrical Capital Assets Reserve Fund					(100,000)		100,000		
Principal payments on long-term debt	(3,607,000)	3,607,000	(1,175,000)	1,175,000	(2,368,710)	2,368,710			(1,078,299)
Provision for accrued sick leave	(567,526)		(227,010)		(283,763)				(429,507)
Provision for defined benefit pension plan	(678,881)		48,742		200,632			421,380	(135,000)
Contributions to controlled entities	(421,380)								(421,380)
Bad debt	(135,000)								(135,000)
Amortization expense		5,196,622		1,797,322		2,325,656			9,319,600
Total adjustments to the annual surplus (deficit)	(6,243,646)	9,319,528	(1,055,970)	3,204,100	(2,825,803)	5,017,466	(55,500)	421,380	7,778,555
Annual fund surplus (deficit)	18,861	6,347,963	31,819	1,711,193	39,513	3,151,469	(11,148)	6,999	11,296,669

**Edmundston**  
**Notes to Consolidated Financial Statements**  
 As at December 31, 2014

**24 - 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 2014	Total 2013
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>								
Cash	435,838	1,300,946	50,596	637,940	1,090,734	486,620	4,002,674	4,013,823
Public utility land	435,838	1,300,946	50,596	12,400	1,090,734	486,620	12,400	12,400
	435,838	1,300,946	50,596	650,340	1,090,734	486,620	4,015,074	4,026,223
<b>Accumulated Surplus</b>	435,838	1,300,946	50,596	650,340	1,090,734	486,620	4,015,074	4,026,223
<b>Revenues</b>								
Interests	6,240	14,820	554	6,480	11,935	4,324	44,352	37,573
Interfund transfers	6,240	14,820	554	50,000	11,935	100,000	150,000	599,000
	6,240	14,820	554	56,480	11,935	104,324	194,352	636,573
<b>Expenses</b>								
Interfund transfers	147,000	58,500					205,500	
Annual surplus (deficit)	(140,760)	(43,680)	554	56,480	11,935	104,324	(11,148)	636,573

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

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### 24 - STATEMENT OF RESERVES (Continued)

#### Council Resolutions regarding transfers to and from reserves:

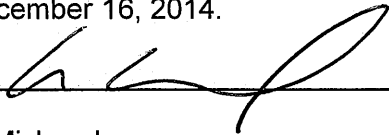
Moved by Councillor Gérald Morneau, seconded by Councillor Camille Roy that \$147,000 be transferred from the General Operating Reserve Fund to the General Operating Fund. (#2014-127)

Moved by Councillor Gérald Morneau, seconded by Councillor Camille Roy that \$58,000 be transferred from the General Capital Assets Reserve Fund to the General Operating Fund. (#2014-128)

Moved by Councillor Gérald Morneau, seconded by Councillor Camille Roy that \$50,000 be transferred from the Water and Sewer Operating Fund to the Water and Sewer Operating Reserve Fund. (#2014-129)

Moved by Councillor Gérald Morneau, seconded by Councillor Camille Roy that \$100,000 be transferred from the Electrical Utility Operating Fund to the Electrical Utility Capital Assets Reserve Fund. (#2013-140)

I hereby certify that the above are true and exact copies of resolutions adopted at a special meeting of Council on December 16, 2014.



Marc Michaud  
City Clerk,  
Edmundston



Date

**Edmundston**  
**Notes to Consolidated Financial Statements**  
As at December 31, 2014

**25 - STATEMENT OF CONTROLLED ENTITIES OPERATIONS**

	Commission de l'Aéroport d'Edmundston Inc.	Gestion Edmundston Golf Management Inc.	Secrétariat à la jeunesse d'Edmundston Inc.	Centre des arts La petite église d'Edmundston Inc.	Total 2014	Total 2013
Assets	\$ 3,052	\$ 831,936	\$ 45,934	\$ 344,365	\$ 1,225,287	\$ 1,244,308
Liabilities		713,861	3,542	141,141	858,544	884,563
Accumulated surplus	3,052	118,075	42,392	203,224	366,743	359,745
Revenues	278,199	732,852	85,914	339,290	1,436,255	1,915,621
Expenses	278,371	761,241	70,300	319,344	1,429,256	1,389,231
Annual surplus (deficit)	(172)	(28,389)	15,614	19,946	6,999	526,390

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

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

### 26 - OPERATING BUDGET TO PSAB BUDGET

	General	Water and Sewer	Electrical Utility	Amortization of tangible capital assets	Controlled Entities	Transfers	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>							
Property tax warrant	20,768,470						20,768,470
Services provided to other governments	1,001,505						1,001,505
Sale of services, fines and other revenues	891,047		649,627		716,650	(33,000)	2,224,324
Unconditional grant	3,079,298						3,079,298
Other government transfers	123,734				221,392	(120,000)	225,126
Other revenues from own sources	920,525	67,850			62,600	(536,820)	1,050,975
User fees - Water and sewer services		5,939,282	27,220,618				5,402,462
Sales electrical utility - Distribution			3,011,013				27,220,618
Sales electrical utility - Generation							3,011,013
Interest	36,000	20,000					56,000
Second previous year's surplus	13,367	39,256	49,138			(101,761)	
	<u>26,833,946</u>	<u>6,066,388</u>	<u>30,930,396</u>		<u>1,000,642</u>	<u>(791,581)</u>	<u>64,039,791</u>
<b>Expenses</b>							
General government services	2,020,130			508,134		495,401	3,023,665
Protective services	8,202,122			863,109		(129,233)	8,935,998
Transportation services	5,478,567			3,014,640		426,917	8,920,124
Environmental health services	727,620			305			727,925
Economic development services	1,224,769			10,282		72,630	1,307,681
Recreational and cultural services	3,596,420			878,184		124,942	5,318,917
Airports	140,228						295,553
Water and sewer collection and disposal		4,410,140		1,797,322	719,371	341,247	6,548,709
Electrical utility - Distribution			25,881,288	1,582,393	155,325	359,244	27,822,925
Electrical utility - Generation			928,809	743,263		1,376,618	3,048,690
Payment in lieu of taxes	26,613						26,613
Debt service fees							
Debtentures and long-term debt payments	3,607,000	1,175,000	2,334,437			(7,116,437)	
Interest, bank fees and debenture fees	1,221,050	301,248	1,690,862			(3,213,160)	
Discounts and bad debt	8,295	40,000	45,000			(93,295)	
Transfer from the General Operating Fund to the General Capital Fund	250,000					(250,000)	
Transfer from the Water and Sewer Operating Fund to the Water and Sewer Capital Fund		90,000				(90,000)	
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			50,000			(50,000)	
Sick leave accruals	331,132					(331,132)	
	<u>26,833,946</u>	<u>6,066,388</u>	<u>30,930,396</u>	<u>9,397,632</u>	<u>874,696</u>	<u>(8,126,258)</u>	<u>65,976,800</u>
Annual surplus (deficit)				<u>(9,397,632)</u>	<u>125,946</u>	<u>7,334,677</u>	<u>(1,937,009)</u>



# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2014

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### 27 - COMPARATIVE FIGURES

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

# Edmundston

## Consolidated Schedules

Year ended December 31, 2014

	<u>2014</u>		<u>2013</u>
	Budget (Unaudited)	Actual	Actual
	\$	\$	\$
<b>SERVICES PROVIDED TO OTHER GOVERNMENTS</b>			
<b>Province of New Brunswick</b>			
Fire protection	150,531	201,951	166,124
Police	102,874	104,210	106,996
Transportation	364,017	363,276	366,132
Communication center	384,083	386,589	367,249
	<u>1,001,505</u>	<u>1,056,026</u>	<u>1,006,501</u>
<b>SALES OF SERVICES, FINES AND OTHER REVENUES</b>			
Arenas	273,737	279,880	305,248
Sport Center	461,200	328,979	370,819
Golf	683,650	666,836	940,461
Recreational services	26,040	19,538	19,477
Cultural services	46,070	34,068	43,869
Service charge	43,000	43,328	43,195
Equipment rental	364,316	364,776	380,215
Licenses and permits	84,000	93,565	201,271
Sales and rental of equipment	242,311	497,271	304,129
Secrétariat à la Jeunesse		22,201	26,748
Art Center		116,052	143,478
	<u>2,224,324</u>	<u>2,466,494</u>	<u>2,778,910</u>
<b>OTHER REVENUES FROM OWN SOURCES</b>			
Other revenue	313,900	158,107	477,384
Other revenue - Police	327,808	366,133	278,946
Other revenue - Water and sewer services	42,300	48,322	63,379
Transportation department	320,000	493,490	389,888
Building rental	14,417	21,879	18,458
Administrative services		4,536	4,173
Wastewater treatment plant	25,550	25,550	25,550
Technical services	7,000	31,012	10,156
	<u>1,050,975</u>	<u>1,149,029</u>	<u>1,267,934</u>

# Edmundston

## Consolidated Schedules

Year ended December 31, 2014

	Budget (Unaudited) \$	2014 Actual \$	2013 Actual \$
<b>GENERAL GOVERNMENT SERVICES</b>			
<b>Legislative</b>			
Mayor	46,919	46,223	43,684
Councillors	48,914	43,765	39,660
Other legislative fees	62,957	47,738	61,080
	<u>158,790</u>	<u>137,726</u>	<u>144,424</u>
<b>Administrative</b>			
Administration	283,658	174,516	251,259
City Clerk	33,310	42,251	53,995
Treasurer	517,171	441,676	497,761
Tourism	155,000	155,140	155,592
Human resources	264,213	238,069	324,963
Office building	732,310	662,835	643,565
Data processing	91,170	86,405	90,606
Legal fees	60,489	46,230	42,322
Secrétariat à la Jeunesse	55,149	111,685	92,687
Amortization	508,134	508,134	483,877
Debenture fees	35,401	25,729	44,413
Long-term debt interest	120,575	56,961	63,012
Bad debt	8,295	66,868	7,028
	<u>2,864,875</u>	<u>2,616,499</u>	<u>2,751,080</u>
	<u>3,023,665</u>	<u>2,754,225</u>	<u>2,895,504</u>

**Edmundston**  
**Consolidated Schedules**  
Year ended December 31, 2014

	Budget (Unaudited) \$	2014 Actual \$	2013 Actual \$
<b>PROTECTIVE SERVICES</b>			
911 Center	977,123	895,857	980,383
<b>Police</b>			
Administration	457,962	401,769	432,450
Crime prevention	3,429,722	3,141,422	3,182,844
Traffic activities	57,587	47,204	52,496
Station and building	432,295	408,777	406,061
Vehicles	248,510	198,639	183,471
Animal control	15,900	13,896	13,072
Jailer	30,838	16,993	21,752
Emergency measures service	2,759	2,878	1,134
Long-term debt interest	391,290	394,198	411,385
Amortization	676,570	676,570	659,995
	<u>5,743,433</u>	<u>5,302,346</u>	<u>5,364,660</u>
<b>Fire</b>			
Administration	354,733	349,136	247,536
Fire fighting force	1,112,937	1,100,434	1,215,120
Brigade	269,530	194,190	40,650
Prevention	40,169	38,195	77,333
Station and building	124,075	124,691	115,845
Vehicles	111,162	130,704	53,662
Amortization	186,539	186,539	209,083
Long-term debt interest	16,297	25,849	20,035
	<u>2,215,442</u>	<u>2,149,738</u>	<u>1,979,264</u>
	<u>8,935,998</u>	<u>8,347,941</u>	<u>8,324,307</u>

# Edmundston

## Consolidated Schedules

Year ended December 31, 2014

	Budget (Unaudited) \$	2014 Actual \$	2013 Actual \$
<b>TRANSPORTATION SERVICES</b>			
Administration - Road transport	550,251	428,572	856,247
Street maintenance - Summer	3,027,394	2,035,627	1,912,005
Street maintenance - Winter	1,087,457	1,683,174	1,552,676
Landscaping	80,726	215,529	314,174
Sidewalks	15,000	17,127	45,837
Storm sewers	82,700	158,015	176,673
Street lighting	488,184	464,636	535,390
Traffic	86,920	148,765	177,997
Parking	50,889	53,382	35,733
Other	9,046	10,590	6,713
Amortization	3,014,640	3,014,640	2,624,335
Long-term debt interest	426,917	437,721	459,505
	<u>8,920,124</u>	<u>8,667,778</u>	<u>8,697,285</u>
<b>ENVIRONMENTAL HEALTH SERVICES</b>			
Garbage and waste collection	727,620	737,209	739,618
Long-term debt interest			592
Amortization	305	305	305
	<u>727,925</u>	<u>737,514</u>	<u>740,515</u>
<b>DEVELOPMENT SERVICES</b>			
Economic development	119,668	37,314	
Engineering	164,069	112,124	187,694
Building inspectors	246,339	280,158	248,033
Environmental sustainability	50,296	36,289	870
Planning department	40,326	41,818	
Communication towers	2,000	523	3,717
Urban development	225,920	99,264	113,594
Industrial commission			25,000
Urban commission	376,151	373,965	426,147
Amortization	10,282	10,282	12,624
Long-term debt interest	72,630	73,253	86,565
	<u>1,307,681</u>	<u>1,064,990</u>	<u>1,104,244</u>

**Edmundston**  
**Consolidated Schedules**  
Year ended December 31, 2014

	<b>2014</b>	<b>2013</b>
	<b>Budget</b>	<b>Actual</b>
	<b>(Unaudited)</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>RECREATIONAL AND CULTURAL SERVICES</b>		
Administration	606,101	588,627
Sports	1,046,146	865,970
Arenas	513,698	547,105
Parks and playgrounds	774,757	722,462
Sociocultural	483,451	316,091
Library	131,840	103,981
Golf	726,798	669,342
Art Center	308,950	97,962
Amortization	878,184	825,110
Long-term debt interest	157,942	144,661
	<b>5,318,917</b>	<b>4,881,311</b>
<b>AIRPORTS</b>		
Operating cost	288,318	358,470
Amortization	7,235	7,235
	<b>295,553</b>	<b>365,705</b>

# Edmundston Consolidated Schedules

Year ended December 31, 2014

	2014	2013
Budget (Unaudited)	Actual	Actual
\$	\$	\$
<b>WATER AND SEWER COLLECTION AND DISPOSAL</b>		
<b>Water supply</b>		
Administration	539,843	553,929
Billing and collection	101,409	104,596
Power and pumping	412,591	344,454
Purification and treatment	116,464	155,172
Transmission and distribution	1,547,391	1,297,584
Amortization	829,443	829,137
Bank fees	6,000	5,828
Short-term debt interest	19,763	5,634
Debenture fees	4,790	3,465
Long-term debt interest	129,371	146,287
Discounts	32,000	31,451
Bad debt	7,000	
	<u>3,746,065</u>	<u>3,477,537</u>
	<u>3,416,153</u>	
<b>Sewer collection and disposal</b>		
Administration	356,599	344,446
Billing and collection	67,606	69,731
Wastewater treatment plant	343,686	359,725
Sewage collection system	612,092	520,831
Lift-station	285,434	274,839
Pre-treatment	27,025	24,867
Amortization	967,879	986,679
Bank fees	3,800	3,885
Short-term debt interest	13,175	3,756
Debenture fees	3,194	2,879
Long-term debt interest	121,154	138,992
Bad debt (recovery)	1,000	(590)
	<u>2,802,644</u>	<u>2,730,630</u>
	<u>6,548,709</u>	<u>6,208,167</u>
	<u>6,158,399</u>	

# Edmundston

## Consolidated Schedules

Year ended December 31, 2014

	Budget (Unaudited) \$	2014 Actual \$	2013 Actual \$
<b>ELECTRICAL UTILITY</b>			
<b>Electrical utility - Distribution</b>			
Electrical energy purchase	21,719,255	23,049,588	22,126,369
Administration	225,696	219,284	238,489
Distribution	1,707,821	1,775,028	1,507,772
Management expenses	1,817,636	1,975,542	1,825,624
Management and planning	140,151	117,402	128,275
Customer service	87,616	19,789	40,898
Electrometry	183,113	167,234	160,578
Amortization	1,582,393	1,582,393	1,792,116
Short-term debt interest	53,269	48,560	56,572
Debenture fees	13,519	9,070	1,137
Long-term debt interest	247,456	261,856	254,824
Bad debt	45,000	23,960	36,955
	<u>27,822,925</u>	<u>29,249,706</u>	<u>28,169,609</u>
<b>Electrical utility - Generation</b>			
Administration	33,520	22,671	23,555
Management expenses	231,281	253,670	227,428
Management and planning	93,433	85,400	82,063
Operations	541,737	443,067	378,478
Electrometry	8,696	8,692	10,645
Lines	20,142	20,472	29,812
Amortization	743,263	743,263	769,630
Short-term debt interest	17,756	33,123	60,655
Debenture fees	4,506	6,303	
Long-term debt interest	1,354,356	1,366,385	1,393,886
	<u>3,048,690</u>	<u>2,983,046</u>	<u>2,976,152</u>
	<u>30,871,615</u>	<u>32,232,752</u>	<u>31,145,761</u>