

Edmundston
Consolidated Financial Statements
December 31, 2016

Independent Auditor's Report	2 - 3
Consolidated Financial Statements	
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Financial Position	5 - 6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 33
Consolidated Schedules	34 - 40



Independent Auditor's Report

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

Raymond Chabot Grant Thornton LLP
507 Victoria Street
Edmundston, New Brunswick E3V 2K9

Telephone: 506-739-1144
Fax: 506-739-1145
www.rcgt.com

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, 2016 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 preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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, 2016 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
Chartered Professional Accountants

Edmundston
May 16, 2017

Edmundston

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2016

	2016		2015
	Budget (Unaudited) (Note 26) \$	Actual \$	Actual \$
Revenues			
Property tax warrant	22,229,712	22,229,712	21,747,035
Services provided to other governments (Page 34)	1,007,632	1,094,844	1,035,058
Sale of services, fines and other revenues (Page 34)	2,480,643	2,303,457	2,385,694
Unconditional grant	3,783,824	3,783,824	3,343,133
Adjustment for payment in lieu of taxes	83,362	83,362	59,583
Other government transfers	71,940	2,247,053	2,526,017
Other revenues from own sources (Page 34)	791,430	979,498	2,232,062
Contractors and other organizations contributions		609,404	466,573
User fees - Water and sewer services	5,827,440	5,881,619	5,519,058
Sales electrical utility - Distribution	29,838,806	30,188,222	29,867,450
Sales electrical utility - Generation	2,841,886	3,302,694	3,049,796
Interest	80,000	174,845	140,541
	<u>69,036,675</u>	<u>72,878,534</u>	<u>72,372,000</u>
Expenses (Pages 35 - 40)			
General government services	3,604,290	2,922,767	3,065,092
Protective services	9,491,640	9,204,060	8,766,010
Transportation services	8,960,580	8,629,110	8,507,057
Environmental health services	777,569	783,224	759,978
Development services	1,404,677	1,043,716	935,961
Recreational and cultural services	5,713,505	5,500,208	5,505,179
Water and sewer collection and disposal	6,556,378	5,603,515	6,016,028
Electrical utility - Distribution	30,476,274	30,636,474	30,732,118
Electrical utility - Generation	2,320,203	2,172,148	2,198,770
Loss on disposal of tangible capital assets		357,376	154,283
	<u>69,305,116</u>	<u>66,852,598</u>	<u>66,640,476</u>
Annual surplus (deficit) (Note 23)	<u>(268,441)</u>	<u>6,025,936</u>	<u>5,731,524</u>
Accumulated surplus, beginning of year		<u>72,928,028</u>	<u>67,196,504</u>
Accumulated surplus, end of year		<u><u>78,953,964</u></u>	<u><u>72,928,028</u></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, 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
FINANCIAL ASSETS		
Cash (Note 4)	9,031,676	12,409,246
Term deposits, 0.9% and 1.1% (1% and 1.6% as at December 31, 2015)	182,268	176,469
Accounts receivables		
General	5,807,085	5,274,744
Federal government and its agencies (Note 5)	2,034,564	177,598
Province of New Brunswick (Note 6)	<u>2,162,965</u>	<u>920,167</u>
	<u>19,218,558</u>	<u>18,958,224</u>
LIABILITIES		
Bank loans (Note 17)	4,691,600	5,830,455
Trade payables and other operating liabilities (Note 7)	9,827,613	7,621,625
Holdbacks payable	804,643	155,718
Deferred revenues (Note 8)	6,478,352	1,122,850
Debentures (Note 9)	72,196,000	60,595,000
Long-term debt (Note 10)	822,341	16,811,491
Obligations under capital leases (Note 11)	156,225	2,407
Accrued sick leave (Note 12)	3,883,000	3,883,000
Post employment benefits payable (Note 13)	<u>3,121,763</u>	<u>5,448,851</u>
	<u>101,981,537</u>	<u>101,471,397</u>
NET DEBT	<u>(82,762,979)</u>	<u>(82,513,173)</u>

Edmundston
Consolidated Statement of Financial Position
As at December 31, 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 20)	290,924,608	276,910,179
Accumulated amortization (Note 20)	<u>(131,218,253)</u>	<u>(123,477,757)</u>
	<u>159,706,355</u>	<u>153,432,422</u>
Assets under capital leases (Note 21)	202,765	14,365
Accumulated amortization (Note 21)	<u>(10,138)</u>	<u>(3,311)</u>
	<u>192,627</u>	<u>11,054</u>
Inventory of supplies	1,763,853	1,869,470
Prepaid expenses	<u>54,108</u>	<u>128,255</u>
	<u>1,817,961</u>	<u>1,997,725</u>
	<u>161,716,943</u>	<u>155,441,201</u>
ACCUMULATED SURPLUS	<u>78,953,964</u>	<u>72,928,028</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, 2016

	2016		2015
	Budget (Unaudited) \$	Actual \$	Actual \$
Annual surplus (deficit)	(268,441)	6,025,936	5,731,524
Assets under construction, beginning of year		1,011,194	303,171
Assets under construction, end of year		(8,914,161)	(1,011,194)
Acquisition of tangible capital assets	(7,706,460)	(8,231,329)	(6,924,705)
Proceeds on disposal of tangible capital assets		105,279	179,271
Amortization of tangible capital assets	9,408,760	9,408,762	9,301,329
Loss on disposal of tangible capital assets		375,376	154,283
Acquisition of assets under capital leases		(202,765)	
Amortization of assets under capital leases	10,138	10,138	1,105
	1,712,438	(6,437,506)	2,003,260
Acquisition of inventory of supplies		(1,763,853)	(1,869,470)
Consumption of inventory of supplies		1,869,470	1,790,969
Acquisition of prepaid expenses		(54,108)	(128,255)
Use of prepaid expenses		128,255	146,334
		179,764	(60,422)
Decrease (increase) in net debt	1,443,997	(231,806)	7,674,362
Net debt, beginning of year	(82,513,173)	(82,513,173)	(90,187,535)
Net debt, end of year	(81,069,176)	(82,744,979)	(82,513,173)

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, 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	6,025,936	5,731,524
Non-cash items		
Amortization of tangible capital assets	9,408,762	9,301,329
Amortization of assets under capital leases	10,138	1,105
Loss on disposal of tangible capital assets	357,376	154,283
Interests capitalized on assets under capital leases	222	
Net change in working capital items (Note 3)	<u>2,430,988</u>	<u>1,781,625</u>
Cash flows from operating activities (a)	<u>18,233,422</u>	<u>16,969,866</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets and assets under capital leases	(16,141,298)	(7,632,728)
Proceeds from the disposal of tangible capital assets	<u>105,279</u>	<u>179,271</u>
Cash flows from capital activities	<u>(16,036,019)</u>	<u>(7,453,457)</u>
INVESTING ACTIVITIES		
Net change in term deposit and cash flows from investing activities	<u>(5,799)</u>	<u>(50,863)</u>
FINANCING ACTIVITIES		
Net change in bank loans	(1,138,855)	254,135
Debentures	19,208,000	5,870,000
Repayment of debentures	(7,607,000)	(9,522,000)
Repayment of long-term debt	(15,989,150)	(722,545)
Repayment of obligations under capital leases	<u>(42,169)</u>	<u>(39,612)</u>
Cash flows from financing activities	<u>(5,569,174)</u>	<u>(4,160,022)</u>
Increase (decrease) in cash and cash equivalents	(3,377,570)	5,305,524
Cash, beginning of year	<u>12,409,246</u>	<u>7,103,722</u>
Cash, end of year	<u>9,031,676</u>	<u>12,409,246</u>

(a) Interest received during the year amounts to \$174,845 (\$140,541 for the year ended December 31, 2015).
Interest paid during the year amounts to \$2,754,737 (\$2,964,651 for the year ended December 31, 2015).

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, 2016

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.

Budget

The budget figures contained in these financial statements were approved by the City Council on January 15, 2016 and the Minister of Local Government on January 29, 2016.

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, 2016

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.

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, 2016

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, 2016

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, 2016

3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Accounts receivable	(3,632,103)	781,904
Trade payables and other operating liabilities	2,205,988	876,911
Holdbacks payable	648,925	104,517
Deferred revenues	5,355,502	612,219
Post employment benefits payable	(2,327,088)	(533,504)
Inventory of supplies	105,617	(78,501)
Prepaid expenses	74,147	18,079
	<u>2,430,988</u>	<u>1,781,625</u>

4 - CASH

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash - restricted	5,046,975	5,806,569
Cash - unrestricted	3,984,701	6,602,677
	<u>9,031,676</u>	<u>12,409,246</u>

5 - RECEIVABLES FROM FEDERAL GOVERNMENT AND ITS AGENCIES

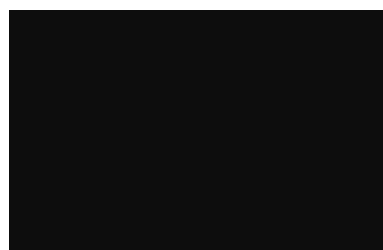
	<u>2016</u>	<u>2015</u>
	\$	\$
Canada Revenue Agency (HST refund)	500,670	177,598
Atlantic Canada Opportunities Agency	1,533,894	
	<u>2,034,564</u>	<u>177,598</u>

6 - RECEIVABLES FROM PROVINCE OF NEW BRUNSWICK

Transportation and Infrastructure Department
Regional Development Corporation

7 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

Accounts payable and accrued liabilities
Salaries payable
Accrued interest
Government remittances



Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2016

8 - DEFERRED REVENUES

	<u>2016</u>	<u>2015</u>
	\$	\$
Clients deposits	338,056	300,269
Contractors' deposits	134,408	258,786
Deferred grants	5,133,296	498,886
Other deferred revenues	872,592	64,909
	<u>6,478,352</u>	<u>1,122,850</u>

9 - DEBENTURES

	<u>2016</u>	<u>2015</u>
	\$	\$
GENERAL CAPITAL FUND		
<u>New Brunswick Municipal Financing Corporation</u>		
AV7 4.15% - 4.45%, due in 2016, OIC #04-14, #04-62, #05-34 and #05-65		405,000
AX7 4.45% - 4.85%, due in 2017, OIC #05-34, #05-70, #06-42, #06-66 and #07-22	446,000	829,000
BA3 .95% - 5%, due in 2019, OIC #06-0042, #07-0022 and #08-002	1,168,000	1,527,000
BB7 1% - 4.5%, due in 2019, OIC #08-0022	163,000	213,000
BD7 1.5% - 3.85%, due in 2020, OIC #09-0032 and #09-0133	3,386,000	3,812,000
BE3 1.65% - 4.25%, due in 2021, OIC #08-0043, #09-0032, #09-0133, #10-0022, #10-0066, #10-0071 and #11-00001	7,723,000	8,392,000
BG4 1.65% - 3.8%, due in 2027, OIC #10-0022, #10-0071, #11-0004, #11-0051, #11-0072, #11-0110 and #12-0005	4,847,000	5,321,000
BH7 1.35% - 3.8%, due in 2032, OIC #11-0004, #11-0051 and #11-0110	328,000	360,000
BI3 1.35% - 4%, due in 2033, OIC #11-0051, #11-0072, #12-0024 and #12-0044	2,988,000	3,310,000
BK1 1.15% - 4.15%, due in 2034, OIC #11-0004, #11-0110, #12-0024, #12-0083, #13-0027, #13-0047, #13-0054 and #13-0060	2,706,000	3,004,000
BM3 0.95% - 2.80%, due in 2025, OIC #05-0015, #13-0027, #14-0001 and #14-0026	2,502,000	2,779,000
BO5 1.45% - 2.9%, due in 2026, OIC #15-0023	820,000	
BP4 1.2% - 2.95%, due in 2026, OIC #16-0009	1,380,000	
	<u>28,457,000</u>	<u>29,952,000</u>

Edmundston
Notes to Consolidated Financial Statements
As at December 31, 2016

9 - DEBENTURES (Continued)

	<u>2016</u>	<u>2015</u>
	\$	\$
WATER AND SEWER CAPITAL FUND		
<u>New Brunswick Municipal Financing Corporation</u>		
AV9 4.15% - 4.45%, due in 2016, OIC #95-74, #04-14 and #05-34		619,000
AX8 4.45% - 4.85%, due in 2017, OIC #06-42 and #07-22	191,000	374,000
BA4 .95% - 5%, due in 2019, OIC #07-0022, #07-0071 and #08-0019	580,000	709,000
BB8 1% - 4.5%, due in 2019, OIC #08-0019 and #09-0009	140,000	183,000
BD8 1.5% - 3.85%, due in 2020, OIC #98-0035, #09-0032 and #09-0133	218,000	269,000
BE4 1.65% - 4.25%, due in 2021, OIC #09-0032, #09-0133, #10-0022 and #10-0071	1,361,000	1,608,000
BG5 1.65% - 2.45%, due in 2017, OIC #98-0064	59,000	116,000
BH8 1.35% - 2.15%, due in 2017, OIC #01-0081	14,000	28,000
BI4 1.35% - 3.25%, due in 2023, OIC #11-0051 and #11-0086	361,000	408,000
BJ7 1.25% - 2.5%, due in 2018, OIC #01-0075 and #01-0081	81,000	120,000
BK2 1.15% - 3.45%, due in 2024, OIC #11-0051, #12-0024 and #13-0027	1,072,000	1,193,000
BL7 1.2% - 2.15%, due in 2019, OIC #02-0029 and #03-0089	79,000	104,000
BM4 0.95% - 2.8%, due in 2025, OIC #13-0027 and #14-0026	264,000	295,000
BP6 1.2% - 2.95%, due in 2026, OIC #05-0034, #13-0027, #14-0026 and #15-0023	1,327,000	
	<u>5,747,000</u>	<u>6,026,000</u>

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2016

9 - DEBENTURES (Continued)

	<u>2016</u>	<u>2015</u>
	\$	\$
ELECTRICAL UTILITY CAPITAL FUND		
<u>New Brunswick Municipal Financing Corporation</u>		
AV8 4.3% - 4.45%, due in 2016, OIC #96-27, #05-04 and #05-34		579,000
AX09 4.45% - 4.85%, due in 2017, OIC #05-34	34,000	66,000
BA5 .95% - 5%, due in 2019, OIC #05-0034, #06-0042, #07-002 and #08-0019	470,000	614,000
BB9 1% - 4.5%, due in 2019, OIC #06-0042 and #08-0019	414,000	541,000
BD9 1.5% - 3.85%, due in 2020, OIC #09-0032 and #09-0076	6,540,000	6,942,000
BE5 1.85% - 4.25%, due in 2021, OIC #09-0032, #09-0076, #09-0137 and #10-0022	7,282,000	7,662,000
BG6 1.65% - 3.8%, due in 2027, OIC #09-0076	1,010,000	1,059,000
BH9 1.35% - 3.8%, due in 2032, OIC #10-0022, #11-0051 and #12-0006	2,234,000	2,429,000
BI5 1.35% - 3.25%, due in 2023, OIC #11-0001 and #12-0024	75,000	96,000
BK3 1.15% - 3.45%, due in 2024, OIC #11-0051, #12-0024 and #12-0040	1,647,000	1,833,000
BM5 0.95% - 3.25%, due in 2030, OIC #05-0004, #12-0040 and #13-0027	2,605,000	2,796,000
BP6 1.2% - 3.55%, due in 2031, OIC #05-0004, #05-0034 and # 16-0070		
	<u>15,681,000</u>	
	<u>37,992,000</u>	<u>24,617,000</u>
	<u>72,196,000</u>	<u>60,595,000</u>

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

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

	<u>General Capital Fund</u>	<u>Water and Sewer Capital Fund</u>	<u>Electrical Utility Capital Fund</u>	<u>Total</u>
2017	\$ 3,672,000	\$ 1,186,000	\$ 2,657,001	\$ 7,515,001
2018	\$ 3,299,000	\$ 948,000	\$ 2,627,000	\$ 6,874,000
2019	\$ 3,374,000	\$ 1,090,000	\$ 2,671,000	\$ 7,135,000
2020	\$ 4,496,000	\$ 731,000	\$ 7,237,999	\$12,464,999
2021	\$ 6,590,000	\$ 682,000	\$ 7,381,000	\$14,653,000

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2016

10 - LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
	\$	\$
ELECTRICAL UTILITY CAPITAL FUND		
Note payable, 3.85%, paid during the year		15,830,858
Note payable, 3.85%, payable in monthly instalments of \$4,731, principal and interests, maturing in May 2029	<u>459,666</u>	<u>594,170</u>
	<u>459,666</u>	<u>16,425,028</u>
GESTION EDMUNDSTON GOLF MANAGEMENT INC.		
Note payable, paid during the year		4,677
Note payable, prime rate of 2.7% (2.7% as at December 31, 2015), secured by the city of Edmundston, payable in monthly instalments of \$2,432, principal and interests, renegotiable in November 2016, maturing in November 2031	<u>362,675</u>	<u>381,786</u>
	<u>362,675</u>	<u>386,463</u>
	<u>822,341</u>	<u>16,811,491</u>

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

2017	\$ 402,448
2018	\$ 41,332
2019	\$ 42,951
2020	\$ 44,635
2021	\$ 46,384

11 - OBLIGATIONS UNDER CAPITAL LEASES

	<u>2016</u>	<u>2015</u>
	\$	\$
GESTION EDMUNDSTON GOLF MANAGEMENT INC.		
Obligation under capital lease for equipments with a net carrying amount of \$40,612, 6.2%, payable in monthly instalments of \$1,637 from May to October annually, principal and interests, maturing in November 2021	34,372	
Obligation under capital lease for equipments with a net carrying amount of \$152,015, 4.57%, payable in monthly instalments of \$5,629 from May to October annually, principal and interests, maturing in May 2021	121,853	
Obligation under capital lease for equipments, 9.21%, paid during the year		2,407
	<u>156,225</u>	<u>2,407</u>

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2016

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:

2017	\$	43,597
2018	\$	43,597
2019	\$	43,597
2020	\$	43,597
2021	\$	256
Total minimum payments	\$	174,644
Interest expenses included in minimum lease payments	\$	18,419
	\$	<u>156,225</u>

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. As of July 2016, employees of local 60 accumulate 1.25 days per month. These employees can accumulate a maximum of 260 days of sick leave. The Municipality also provides sick leave that accumulates at 12 hours per month for the firefighters of Local 60 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

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 \$3,883,000 as at December 31, 2014, 2015, and 2016. As at December 31, 2016, an amount of \$3,492,001 was accounted for in the operating budgets since the year ended December 31, 2012.

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2016

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 185 active employees covered by the plan is 46.7 years. At present, the plan provides benefits for 115 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: 4.37% of employee earning.

In addition, the annual amortization payment in the amount of \$815,699 and expenses not related to investments in the amount of \$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: 20.49% of salary.

Total benefits payments to retirees during the year was approximately \$3,286,458 (\$1,966,465 in 2015). 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, 2016 and at that time, the pension plan had an accrued benefit obligation of \$3,121,763.

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, 2016

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 \$2,713,996 (\$2,687,623 in 2015).

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, 2015.

The statement of financial position of the plan as at December 31, 2015 was as follows:

Assets continuity	\$ 55,320,691

Actuarial liabilities	
Active and disabled members	\$ 29,819,049
Retired members and beneficiaries	\$ 28,497,231
Participants terminated vested	\$ 126,377
Voluntary contribution	\$ 1,797
Total actuarial liability	<u>\$ 28,442,454</u>
Plan deficit	<u>\$ (3,121,763)</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, 2016 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, 2016

15 - COMMITMENTS

The Municipality has committed itself by contract until 2021 for snow removal services, until 2017 for the garbage and waste collection, until 2020 for the rental of vehicles, until 2019 for the rental of office equipment, until 2019 for a contribution to an organization in order to operate an airport, until 2017 for the management of the Palais des congrès and until 2020 for the rental of security equipment. The future minimum payment for these commitments is established to \$3,065,745. Minimum payments over the next four years are as follows:

2017 - \$ 1,157,440
 2018 - \$ 596,846
 2019 - \$ 498,800
 2020 - \$ 408,357
 2021 - \$ 404,302

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.

The Municipality is also committed with suppliers for the construction of a community amphitheater as well for the purchase of equipment for a total amount of \$21,161,304. As at December 31, 2016, an amount of \$7,141,826 was recorded as "Assets under construction". The project is funded by government transfers, a loan-grant, reserve fund transfers, a popular fundraising campaign and long-term debt.

The Municipality is also committed to the construction of a reservoir for a total amount of \$1,173,000. As at December 31, 2016, \$248,918 was recorded as "Assets under construction". The project is funded by government transfers, long-term debt and a contribution from the water and sewer operating fund.

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2016

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.

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 #13-0047	\$ 670,000
OIC #15-0009	\$ 3,396,514
OIC #15-0023	\$ 1,180,000
OIC #15-0083	\$ 28,000,000
OIC #16-0009	\$ 820,000
	<u>\$ 34,578,514</u>
Used as bank loans	<u>\$ 1,221,000</u>
Not used	<u>\$ 33,357,514</u>

General Operating Fund:

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

Water and Sewer Capital Fund:

OIC #14-0026	\$ 470,000
OIC #15-0009	\$ 1,010,000
OIC #16-0009	\$ 370,000
	<u>\$ 1,850,000</u>
Used as bank loans	<u>\$ 459,000</u>
Not used	<u>\$ 1,391,000</u>

Water and Sewer Operating Fund:

Authorized	\$ 2,000,000
Used	\$ 954,000
Not used	<u>\$ 1,046,000</u>

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2016

17 - SHORT-TERM BORROWING COMPLIANCE (Continued)

Electrical Utility Capital Fund:

OIC #13-0027	\$ 1,485,000
OIC #14-0026	\$ 315,000
OIC #14-0039	\$ 645,000
OIC #15-0023	\$ 285,000
	<u>\$ 2,730,000</u>
Used as bank loans	\$ 933,000
Used as notes payables	\$ 459,666
	<u>\$ 1,392,666</u>
Not used	<u>\$ 1,337,334</u>

Electrical Utility Operating Fund:

Authorized	\$ 4,500,000
Used	\$ 1,096,000
Not used	<u>\$ 3,404,000</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 2016, 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>2016</u>	<u>2015</u>
	\$	\$
2016 - Surplus	45,329	
2015 - Surplus	21,889	21,889
2014 - Surplus		31,819
	<u>67,218</u>	<u>53,708</u>

Edmundston

Notes to Consolidated Financial Statements

As at December 31, 2016

19 - WATER COST TRANSFER

The Municipality's water cost transfer for fire protection is within the maximum allowable by Regulation 81-195 under the *Municipalities Act* based upon the applicable percentage of water system expenditures for the population.

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2016

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 2016 \$	Total 2015 \$
Cost											
Balance, beginning of year	7,216,844	10,680,127	43,501,493	8,778,731	10,565,034	10,349,031	65,816,457	118,991,468	1,011,194	278,910,179	270,270,646
Net additions during the year	651,069	606,931	1,221,089	1,661,483	916,417	258,889	196,823	2,721,608	8,883,583	17,114,912	7,779,174
Transfer of assets under capital leases during the year	(103,708)			(627,176)	14,366			(1,317,186)	(980,616)	14,366	288,669
Disposals during the year	7,784,005	11,286,058	44,722,592	9,813,038	11,408,663	10,607,930	86,012,280	120,396,891	8,914,161	(3,114,848)	(1,428,310)
Balance, end of year										290,924,608	276,910,179
Accumulated Amortization											
Balance, beginning of year		3,655,926	17,402,691	4,247,104	6,260,401	6,708,451	13,702,712	71,500,472		123,477,757	114,993,455
Transfer of accumulated amortization on assets under capital leases		509,847	1,410,086	504,263	3,311	302,605	2,030,176	3,806,274		3,311	131,283
Amortization during the year				(458,620)	(42,862)			(1,170,295)		(1,671,577)	(948,310)
Disposals		4,165,773	18,812,789	4,292,747	7,066,549	7,011,056	15,732,888	74,136,451		131,218,253	123,477,757
Balance, end of year										159,706,356	153,432,422
Net book value of tangible capital assets	7,784,005	7,120,285	25,909,803	5,520,291	4,342,104	3,596,874	50,279,392	46,259,440	8,914,161	169,706,356	153,432,422
Consists of:											
General Fund	5,756,824	4,969,651	24,198,184	4,069,838	2,567,501	3,596,874	50,279,392	31,318,800	6,177,182	81,036,890	72,627,022
Water and Sewer Fund	1,216,090	1,890,668	410,845	316,439	866,566	3,596,874	60,279,392	14,940,640	265,480	23,603,602	24,425,564
Electrical Utility Fund	778,691	41,134	1,195,869	1,127,906	581,516				471,499	54,476,007	55,816,907
Reserve Fund	12,400				336,521					12,400	12,400
Controlled entities	7,784,005	7,120,285	25,909,803	5,520,291	4,342,104	3,596,874	50,279,392	46,259,440	8,914,161	169,706,356	153,432,422

The buildings include work of art for an amount of \$210,816 (210,816 \$ as at December 31, 2015) which are not amortized.

Edmundston
Notes to Consolidated Financial Statements
As at December 31, 2016

21 - ASSETS UNDER CAPITAL LEASES

	<u>2016</u>	<u>2015</u>
	\$	\$
Cost		
Balance, beginning of year	14,365	303,034
Net additions during the year	202,765	
Transfer to tangible capital assets	(14,365)	(288,669)
Balance, end of year	<u>202,765</u>	<u>14,365</u>
Accumulated Amortization		
Balance, beginning of year	3,311	133,489
Transfer to tangible capital assets	(3,311)	(131,283)
Amortization during the year	10,138	1,105
Balance, end of year	<u>10,138</u>	<u>3,311</u>
	<u>192,627</u>	<u>11,054</u>

Edmundston Notes to Consolidated Financial Statements

As at December 31, 2016

22 - SCHEDULE OF SEGMENT DISCLOSURE

	General government	Protective	Transportation	Environmental health	Development	Recreational and cultural	Water and sewer	Electrical utility	Reserves	Total 2016	Total 2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Property tax warrant *	2,676,002	7,044,424	6,650,286	577,089	1,042,511	4,240,400				22,229,712	21,747,035
Services provided to other governments		731,294	363,560		118,560	1,514,182				1,094,844	1,035,058
Sale of services, fines and other revenues	7,938		16,800			721,778		648,956		2,303,457	2,385,694
Unconditional grant *	465,324	1,199,066	1,131,977	96,229	177,461					3,783,824	3,343,133
Adjustment for payment in lieu of taxes	83,362						(1,578)			83,362	59,583
Other government transfers	38,762	19,523	1,950,696		53,568	186,193				2,247,053	2,526,017
Other revenues from own sources	27,600	429,465	437,269		35,246	2,739	47,200			979,498	2,232,062
Contractors and other organizations contributions	16,000	25,000	63,216		489,400	15,788				609,404	466,573
User fees - Water and sewer services							5,891,819			5,891,819	5,519,058
Sales electrical utility - Distribution								30,188,222		30,188,222	29,867,450
Sales electrical utility - Generation											
Interest	78,880					1,000	38,473	3,302,694	56,492	3,302,694	3,049,786
	<u>3,382,869</u>	<u>9,448,751</u>	<u>10,612,683</u>	<u>675,318</u>	<u>1,916,745</u>	<u>6,682,060</u>	<u>5,966,714</u>	<u>34,137,872</u>	<u>56,492</u>	<u>72,878,534</u>	<u>72,372,000</u>
Expenses											
Salaries and benefits	896,796	6,427,908	2,876,122	3,606	682,191	1,862,219	1,136,451	2,491,420		16,374,613	16,676,637
Goods and services	1,444,566	1,534,322	2,463,390	779,413	293,178	2,564,365	2,433,447	26,485,142		37,997,823	37,511,860
Amortization	629,696	860,875	2,939,791	306	42,330	907,083	1,816,699	2,323,419		9,418,888	9,302,432
Interest	51,709	381,255	360,807		26,017	186,541	217,918	1,609,641		2,713,888	2,895,264
Adjustment for payment in lieu of taxes		3,407	242,148		17,334	36,501	57,986			367,376	154,263
Loss on disposal of tangible capital assets	2,922,767	9,207,467	8,871,258	783,224	1,061,060	5,536,709	5,661,501	32,808,622		66,862,598	66,640,476
	<u>480,102</u>	<u>241,294</u>	<u>1,741,425</u>	<u>(107,906)</u>	<u>855,695</u>	<u>1,145,371</u>	<u>304,213</u>	<u>1,329,260</u>	<u>56,492</u>	<u>6,026,936</u>	<u>5,731,524</u>
Surplus (deficit) for the year											

* 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, 2016

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)	7,505,772	(2,857,594)	2,180,497	(1,876,284)	3,651,669	(2,322,420)	56,492	(312,196)	6,025,936
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's surplus	18,861		31,819		39,513				90,193
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	(880,268)	860,268							
From Water and Sewer Operating Fund to Water and Sewer Capital Fund			(783,639)	783,639					
From Electrical Utility Operating Fund to Electrical Utility Capital Fund					(45,068)	46,068			
From Electrical Utility Operating Fund to General Capital Fund		17,051			(17,051)				
From General Operating Fund to General Operating Reserve Fund	(864,000)						864,000		
From General Operating Fund to General Capital Assets Reserve Fund		2,206,000					(2,206,000)		
From Water and Sewer Operating Fund to Water and Sewer Operating Reserve Fund			(246,000)				246,000		
From Water and Sewer Operating Fund to Water and Sewer Capital Assets Reserve Fund					(90,000)		90,000		
From Electrical Utility Operating Fund to Electrical Capital Assets Reserve Fund					(200,000)		200,000		
Principal payments on long-term debt	(3,695,000)	3,695,000	(1,154,000)	1,154,000	(200,000)				
Deferred Revenue	780,000	(780,000)			(2,650,662)		2,650,662		
Provision for accrued retirement	(1,224,783)		(489,913)		(612,392)				(2,327,088)
Provision for accrued sick leave	(746,701)		(30,255)		(41,354)				(818,310)
Contributions to controlled entities								358,500	
Amortization expense	(358,500)								9,418,858
Total adjustments to the annual surplus (deficit)	(7,487,211)	11,275,099	(2,136,168)	3,754,338	(3,617,914)	5,019,049	(806,000)	358,500	6,363,693
Annual fund surplus (deficit)	18,561	8,420,505	45,329	1,878,064	33,755	2,696,629	(749,508)	46,304	12,389,629

Edmundston
Notes to Consolidated Financial Statements
 As at December 31, 2016

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 2016	Total 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Cash	749,567	1,248,370	127,376	972,500	1,312,356	636,796	5,046,975	5,806,569
Accounts receivable		10,086		12,400			10,086	
Public utility land							12,400	
Accumulated Surplus	749,567	1,258,456	127,376	984,900	1,312,356	636,796	5,069,461	5,818,969
Revenues								
Interests	7,319	24,131	1,244	7,325	11,049	5,424	56,492	39,893
Interfund transfers		864,000		246,000	200,000	90,000	1,400,000	1,764,000
	7,319	888,131	1,244	253,325	211,049	95,424	1,456,492	1,803,893
Expenses								
Interfund transfers		2,206,000					2,206,000	
Annual surplus (deficit)	7,319	(1,317,869)	1,244	253,325	211,049	95,424	(749,508)	1,803,893

Edmundston
Notes to Consolidated Financial Statements
As at December 31, 2016

24 - STATEMENT OF RESERVES (Continued)

Council Resolutions regarding transfers to and from reserves:

Moved by Councillor Eric Marquis, seconded by Councillor Gérald Morneau that a maximal amount of \$4,650,000 be transferred by instalments of \$50,000 from the General Operating Reserve Fund to the General Capital Assets Fund. (#2016-114)

Moved by Councillor Lise Ouellette, seconded by Councillor Michel Serry that \$780,000 be transferred from the General Operating Fund to the General Capital Assets Reserve Fund. (#2016-115)

Moved by Councillor Camille Roy, seconded by Councillor Eric McGuire that \$84,000 be transferred from the General Operating Fund to the General Capital Assets Reserve Fund. (#2016-116)

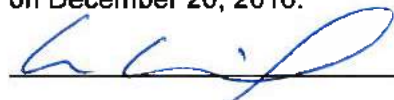
Moved by Councillor Eric Marquis, seconded by Councillor Gérald Morneau that \$206,000 be transferred from the General Capital Assets Reserve Fund to the General Capital Fund. (#2016-117)

Moved by Councillor Michel Serry, seconded by Councillor Lise Ouellette that \$246,000 be transferred from the Water and Sewer Operating Fund to the Water and Sewer Capital Assets Reserve Fund. (#2016-118)

Moved by Councillor Gerald Morneau, seconded by Councillor Camille Roy that \$90,000 be transferred from the Electrical Utility Operating Fund to the Electrical Utility Capital Assets Reserve Fund. (#2016-119)

Moved by Councillor Charles Fournier, seconded by Councillor Lise Ouellette that \$200,000 be transferred from the Electrical Utility Operating Fund to the Electrical Utility Operating Reserve Fund. (#2016-120)

I hereby certify that the above are true and exact copies of resolutions adopted at a special meeting of Council on December 20, 2016.



Marc Michaud
City Clerk,
Edmundston



Date

Edmundston
Notes to Consolidated Financial Statements
 As at December 31, 2016

25 - STATEMENT OF CONTROLLED ENTITIES OPERATIONS

	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	\$ 914,795	\$ 58,454	\$ 362,101	\$ 1,335,350	\$ 1,152,412
Liabilities	750,837		71,979	822,816	686,182
Accumulated surplus	163,958	58,454	290,122	512,534	466,230
Revenues	785,904	73,914	429,513	1,289,331	1,243,843
Expenses	776,961	72,427	393,619	1,243,027	1,144,356
Annual surplus	8,923	1,487	35,894	46,304	99,487

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

Edmundston
Notes to Consolidated Financial Statements
As at December 31, 2016

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, 2016

	2016		2015
	Budget (Unaudited)	Actual	Actual
	\$	\$	\$
SERVICES PROVIDED TO OTHER GOVERNMENTS			
Province of New Brunswick			
Fire protection	177,571	254,946	206,302
Police	85,200	54,375	75,895
Transportation	363,000	363,550	363,428
Communication center	381,861	421,973	389,433
	<u>1,007,632</u>	<u>1,094,844</u>	<u>1,035,058</u>
SALES OF SERVICES, FINES AND OTHER REVENUES			
Arenas	289,200	278,426	282,624
Sport Center	411,100	322,044	315,531
Golf	677,850	609,939	667,510
Recreational services	21,500	15,907	11,532
Cultural services	70,070	70,480	78,187
Service charge	43,000	43,404	44,481
Equipment rental	370,065	378,419	369,864
Licenses and permits	117,000	118,580	120,980
Sales and rental of equipment	331,348	240,933	271,358
Secrétariat à la Jeunesse		7,939	865
Art Center	149,510	217,387	222,762
	<u>2,480,643</u>	<u>2,303,457</u>	<u>2,385,694</u>
OTHER REVENUES FROM OWN SOURCES			
Other revenue	49,450	43,074	1,433,502
Other revenue - Police	385,380	412,686	361,118
Other revenue - Water and sewer services	52,300	21,650	45,888
Transportation department	250,000	436,217	322,984
Building rental	20,400	23,162	21,804
Administrative services		4,314	4,967
Wastewater treatment plant	25,300	25,550	25,550
Technical services	8,600	12,845	16,249
	<u>791,430</u>	<u>979,498</u>	<u>2,232,062</u>

Edmundston Consolidated Schedules

Year ended December 31, 2016

	2016		2015
	Budget (Unaudited) \$	Actual \$	Actual \$
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	51,092	48,092	49,929
Councillors	9,132	4,832	44,847
Other legislative fees	123,278	133,837	64,679
	183,502	186,761	159,455
Administrative			
Administration	402,552	171,926	219,181
City Clerk	43,775	30,181	146,187
Treasurer	661,269	537,608	503,870
Tourism	155,000	155,001	155,144
Human resources	365,818	310,074	270,746
Office building	908,544	797,253	840,756
Data processing	157,082	69,064	74,929
Legal fees	4,966	2,987	55,465
Secrétariat à la Jeunesse	60,000	73,169	99,528
Amortization	529,696	529,696	486,553
Debenture fees	13,809	12,762	15,214
Long-term debt interest	98,277	51,709	55,701
Bad debt (recovery)	20,000	(5,424)	(17,637)
	3,420,788	2,736,006	2,905,637
	3,604,290	2,922,767	3,065,092

Edmundston Consolidated Schedules

Year ended December 31, 2016

	2016		2015
	Budget (Unaudited) \$	Actual \$	Actual \$
PROTECTIVE SERVICES			
911 Center	959,772	1,125,192	978,357
Police			
Administration	608,311	796,076	424,358
Crime prevention	3,642,272	3,266,512	3,322,792
Traffic activities	56,561	50,518	49,887
Station and building	428,344	460,870	439,027
Vehicles	264,406	193,760	186,006
Animal control	16,000	14,658	13,523
Jailer	30,831	16,371	17,320
Emergency measures service	10,594	7,599	2,382
Long-term debt interest	351,293	351,293	374,487
Amortization	694,470	694,470	689,939
	<u>6,103,082</u>	<u>5,852,127</u>	<u>5,519,721</u>
Fire			
Administration	425,527	399,175	418,590
Fire fighting force	1,317,747	1,205,765	1,260,094
Brigade	158,360	119,422	127,854
Prevention	93,276	64,589	4,125
Station and building	121,409	122,621	121,127
Vehicles	116,400	119,102	144,472
Amortization	166,105	166,105	159,106
Long-term debt interest	29,962	29,962	32,564
	<u>2,428,786</u>	<u>2,226,741</u>	<u>2,267,932</u>
	<u>9,491,640</u>	<u>9,204,060</u>	<u>8,766,010</u>

Edmundston
Consolidated Schedules
Year ended December 31, 2016

	<u>Budget</u> <u>(Unaudited)</u> \$	<u>2016</u> <u>Actual</u> \$	<u>2015</u> <u>Actual</u> \$
TRANSPORTATION SERVICES			
Administration - Road transport	624,321	608,666	518,145
Street maintenance - Summer	1,906,998	1,829,931	1,841,668
Street maintenance - Winter	1,642,997	1,584,192	1,449,718
Landscaping	422,186	373,276	354,880
Sidewalks	15,876	17,363	23,249
Storm sewers	229,728	199,152	216,600
Street lighting	494,229	460,948	467,105
Traffic	251,196	180,395	228,640
Parking	58,027	68,868	58,962
Other	14,425	5,721	11,298
Amortization	2,939,791	2,939,791	2,938,752
Long-term debt interest	360,807	360,807	398,040
	<u>8,960,580</u>	<u>8,629,110</u>	<u>8,507,057</u>
ENVIRONMENTAL HEALTH SERVICES			
Garbage and waste collection	777,264	782,919	759,673
Amortization	305	305	305
	<u>777,569</u>	<u>783,224</u>	<u>759,978</u>
DEVELOPMENT SERVICES			
Economic development	240,841	153,622	109,909
Engineering	178,193	132,342	151,560
Building inspectors	407,128	335,029	296,098
Environmental sustainability	154,113	70,476	52,433
Planning department		1,445	
Communication towers	3,600	12,880	109
Urban development	127,765	50,724	45,167
Airports	158,000	152,164	151,579
Urban commission	66,690	66,687	58,436
Amortization	42,330	42,330	10,482
Long-term debt interest	26,017	26,017	60,188
	<u>1,404,677</u>	<u>1,043,716</u>	<u>935,961</u>

Edmundston Consolidated Schedules

Year ended December 31, 2016

	2016		2015
	Budget (Unaudited)	Actual	Actual
	\$	\$	\$
RECREATIONAL AND CULTURAL SERVICES			
Administration	624,382	555,008	550,936
Sports	1,090,079	973,536	996,860
Arenas	514,527	548,895	495,028
Parks and playgrounds	809,910	802,239	822,283
Sociocultural	367,423	348,870	352,302
Library	139,340	147,355	134,708
Golf	727,348	666,212	674,130
Art Center	374,510	384,469	397,401
Amortization	899,445	907,083	902,950
Long-term debt interest	166,541	166,541	178,581
	5,713,505	5,500,208	5,505,179

Edmundston
Consolidated Schedules
Year ended December 31, 2016

	2016	2015
	Budget (Unaudited)	Actual
	\$	\$
WATER AND SEWER COLLECTION AND DISPOSAL		
Water supply		
Administration	505,236	441,684
Billing and collection	117,269	115,191
Power and pumping	401,572	362,168
Purification and treatment	150,456	95,811
Transmission and distribution	1,541,026	1,073,662
Amortization	893,143	893,143
Bank fees	8,000	11,181
Short-term debt interest	10,688	11,548
Debenture fees	27,556	8,031
Long-term debt interest	99,296	98,353
Discounts	32,000	36,890
Bad debt (recovery)	2,000	(579)
	<u>3,788,242</u>	<u>3,147,083</u>
	-----	-----
Sewer collection and disposal		
Administration	334,132	334,164
Billing and collection	78,180	76,794
Wastewater treatment plant	377,074	301,205
Sewage collection system	606,964	465,430
Lift-station	283,823	208,226
Pre-treatment	29,524	28,987
Amortization	923,556	923,556
Bank fees	5,000	8,170
Short-term debt interest	7,125	6,983
Debenture fees	18,524	1,884
Long-term debt interest	103,234	101,033
Bad debt	1,000	
	<u>2,768,136</u>	<u>2,456,432</u>
	-----	-----
	<u>6,556,378</u>	<u>6,016,028</u>
	-----	-----

Edmundston
Consolidated Schedules
Year ended December 31, 2016

	<u>Budget</u> <u>(Unaudited)</u> \$	<u>2016</u> <u>Actual</u> \$	<u>2015</u> <u>Actual</u> \$
<i>ELECTRICAL UTILITY</i>			
<i>Electrical utility - Distribution</i>			
Electrical energy purchase	23,668,605	24,068,601	23,699,208
Administration	325,936	283,600	554,966
Distribution	1,797,757	1,499,296	1,696,015
Management expenses	1,819,087	1,767,144	1,875,274
Management and planning	143,932	165,604	96,070
Customer service	29,450	13,871	16,976
Electrometry	220,354	178,777	174,630
Amortization	1,578,919	1,578,919	1,532,770
Short-term debt interest	35,091	31,891	37,853
Debenture fees	4,940	152,543	5,531
Long-term debt interest	807,203	780,091	910,451
Bad debt	45,000	116,137	132,374
	<u>30,476,274</u>	<u>30,636,474</u>	<u>30,732,118</u>
<i>Electrical utility - Generation</i>			
Administration	34,360	12,941	24,259
Management expenses	217,542	217,542	226,711
Management and planning	92,620	51,424	90,935
Operations	521,079	409,641	369,817
Electrometry	5,696	18,188	7,296
Lines	21,808	21,253	17,318
Amortization	743,500	743,500	742,044
Short-term debt interest	6,725	11,858	17,724
Debenture fees			10,915
Long-term debt interest	676,873	685,801	691,751
	<u>2,320,203</u>	<u>2,172,148</u>	<u>2,198,770</u>
	<u>32,796,477</u>	<u>32,808,622</u>	<u>32,930,888</u>