

**Edmundston**  
**Consolidated Financial Statements**  
**December 31, 2017**

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## Independent Auditor's Report

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

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, 2017 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, 2017 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 15, 2018

## Edmundston

### Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2017

	2017		2016
	Budget (Unaudited) (Note 26)	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Property tax warrant	22,494,058	22,494,058	22,229,712
Services provided to other governments (Page 34)	1,074,490	1,120,749	1,094,844
Sale of services, fines and other revenues (Page 34)	2,364,560	2,628,700	2,303,457
Unconditional grant	4,475,961	4,580,792	3,783,824
Adjustment for payment in lieu of taxes	12,024	12,024	83,362
Other government transfers	39,500	13,262,106	2,247,053
Other revenues from own sources (Page 34)	621,430	2,655,155	979,498
Contractors and other organizations contributions		571,323	609,404
User fees - Water and sewer services	5,897,125	5,881,453	5,881,619
Sales electrical utility - Distribution	30,291,488	30,866,619	30,188,222
Sales electrical utility - Generation	2,987,781	2,550,722	3,302,694
Interest	100,000	166,031	174,845
	<u>70,358,417</u>	<u>86,789,732</u>	<u>72,878,534</u>
<b>Expenses</b> (Pages 35 - 40)			
General government services	3,781,806	3,064,597	2,922,767
Protective services	9,849,931	8,356,295	9,204,060
Transportation services	9,077,170	8,893,227	8,629,110
Environmental health services	785,109	824,903	783,224
Development services	1,463,713	1,348,804	1,043,716
Recreational and cultural services	7,235,468	7,192,897	5,500,208
Water and sewer collection and disposal	6,554,444	5,505,039	5,603,515
Electrical utility - Distribution	30,764,234	30,103,893	30,636,474
Electrical utility - Generation	2,405,948	2,154,753	2,172,148
Loss on disposal of tangible capital assets		149,525	357,376
	<u>71,917,823</u>	<u>67,593,933</u>	<u>66,852,598</u>
<b>Annual surplus (deficit)</b> (Note 23)	<u>(1,559,406)</u>	<u>19,195,799</u>	<u>6,025,936</u>
Accumulated surplus, beginning of year		<u>78,953,964</u>	<u>72,928,028</u>
Accumulated surplus, end of year		<u>98,149,763</u>	<u>78,953,964</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, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	<b>8,313,955</b>	9,031,676
Term deposits, 0.9% and 1.1% (0.9% and 1.1% as at December 31, 2016)	<b>126,786</b>	182,268
Accounts receivables		
General	<b>6,376,990</b>	5,807,085
Federal government and its agencies (Note 5)	<b>4,627,397</b>	2,034,564
Province of New Brunswick (Note 6)	<b>3,325,985</b>	2,162,965
	<b>22,771,113</b>	19,218,558
<b>LIABILITIES</b>		
Bank loans (Note 17)	<b>11,462,416</b>	4,691,600
Trade payables and other operating liabilities (Note 7)	<b>8,248,433</b>	9,827,613
Holdbacks payable	<b>3,090,523</b>	804,643
Deferred revenues (Note 8)	<b>1,593,368</b>	6,478,352
Debentures (Note 9)	<b>67,878,000</b>	72,196,000
Long-term debt (Note 10)	<b>6,363,454</b>	822,341
Obligations under capital leases (Note 11)	<b>120,059</b>	156,225
Accrued sick leave (Note 12)	<b>3,525,000</b>	3,883,000
Post employment benefits payable (Note 13)		3,121,763
	<b>102,281,253</b>	101,981,537
<b>NET DEBT</b>	<b>(79,510,140)</b>	(82,762,979)

**Edmundston**  
**Consolidated Statement of Financial Position**  
As at December 31, 2017

	2017	2016
	\$	\$
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 20)	315,947,146	290,924,608
Accumulated amortization (Note 20)	<u>(140,418,950)</u>	<u>(131,218,253)</u>
	175,528,196	159,706,355
Assets under capital leases (Note 21)	202,765	202,765
Accumulated amortization (Note 21)	<u>(29,401)</u>	<u>(10,138)</u>
	173,364	192,627
Inventory of supplies	1,805,428	1,763,853
Prepaid expenses	60,898	54,108
Post employment benefits surplus	<u>92,017</u>	
	1,958,343	1,817,961
	<u>177,659,903</u>	<u>161,716,943</u>
<b>ACCUMULATED SURPLUS</b>	<u>98,149,763</u>	<u>78,953,964</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, 2017

	2017		2016
	Budget (Unaudited) \$	Actual \$	Actual \$
Annual surplus (deficit)	<b>(1,559,406)</b>	<b>19,195,799</b>	6,025,936
Assets under construction, beginning of year		<b>8,914,161</b>	1,011,194
Assets under construction, end of year		<b>(2,030,355)</b>	(8,914,161)
Acquisition of tangible capital assets	<b>(31,084,000)</b>	<b>(33,992,876)</b>	(8,231,329)
Proceeds on disposal of tangible capital assets		<b>177,999</b>	105,279
Amortization of tangible capital assets	<b>10,959,705</b>	<b>10,959,705</b>	9,408,762
Loss on disposal of tangible capital assets		<b>149,525</b>	357,376
Acquisition of assets under capital leases			(202,765)
Amortization of assets under capital leases	<b>19,263</b>	<b>19,263</b>	10,138
	<b>(20,105,032)</b>	<b>(15,802,578)</b>	(6,455,506)
Acquisition of inventory of supplies		<b>(1,805,428)</b>	(1,763,853)
Consumption of inventory of supplies		<b>1,763,853</b>	1,869,470
Acquisition of prepaid expenses		<b>(60,898)</b>	(54,108)
Use of prepaid expenses		<b>54,108</b>	128,255
Post employment benefits surplus		<b>(92,017)</b>	
		<b>(140,382)</b>	179,764
Decrease (increase) in net debt	<b>(21,664,438)</b>	<b>3,252,839</b>	(249,806)
Net debt, beginning of year	<b>(82,762,979)</b>	<b>(82,762,979)</b>	(82,513,173)
Net debt, end of year	<b>(104,427,417)</b>	<b>(79,510,140)</b>	(82,762,979)

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, 2017

	2017	2016
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus	19,195,799	6,025,936
Non-cash items		
Amortization of tangible capital assets	10,959,705	9,408,762
Amortization of assets under capital leases	19,263	10,138
Loss on disposal of tangible capital assets	149,525	357,376
Debt forgiveness on forgivable loan	(1,400,000)	
Interests capitalized on assets under capital leases		222
Net change in working capital items (Note 3)	(12,124,187)	2,430,988
Cash flows from operating activities (a)	<u>16,800,105</u>	<u>18,233,422</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets and assets under capital leases	(27,109,070)	(16,141,298)
Proceeds from the disposal of tangible capital assets	177,999	105,279
Cash flows from capital activities	<u>(26,931,071)</u>	<u>(16,036,019)</u>
<b>INVESTING ACTIVITIES</b>		
Investments and cash flows from investing activities	<u>55,482</u>	<u>(5,799)</u>
<b>FINANCING ACTIVITIES</b>		
Net change in bank loans	6,770,816	(1,138,855)
Debentures	3,197,000	19,208,000
Repayment of debentures	(7,515,000)	(7,607,000)
Long-term debt	7,000,000	
Repayment of long-term debt	(58,887)	(15,989,150)
Repayment of obligations under capital leases	(36,166)	(42,169)
Cash flows from financing activities	<u>9,357,763</u>	<u>(5,569,174)</u>
<b>Decrease in cash and cash equivalents</b>	<b>(717,721)</b>	<b>(3,377,570)</b>
Cash, beginning of year	<u>9,031,676</u>	<u>12,409,246</u>
Cash, end of year	<u><u>8,313,955</u></u>	<u><u>9,031,676</u></u>

(a) Interest received during the year amounts to \$166,031 (\$174,845 for the year ended December 31, 2016). Interest paid during the year amounts to \$2,367,411 (\$2,754,737 for the year ended December 31, 2016).

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, 2017

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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 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 December 20, 2016 and the Minister of Local Government on January 22, 2017.

#### **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, 2017

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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, the provision for post employment benefits and the amount of certain accrued liabilities.

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

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

##### **Non-financial assets**

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

##### **Inventory of supplies**

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

## Edmundston

### Notes to Consolidated Financial Statements

As at December 31, 2017

#### 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, 2017

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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, 2017

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

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Accounts receivable	(4,325,758)	(3,632,103)
Trade payables and other operating liabilities	(1,579,180)	2,205,988
Holdbacks payable	2,285,880	648,925
Deferred revenues	(4,884,984)	5,355,502
Accrued sick leave	(358,000)	
Post employment benefits payable	(3,213,780)	(2,327,088)
Inventory of supplies	(41,575)	105,617
Prepaid expenses	(6,790)	74,147
	<u>(12,124,187)</u>	<u>2,430,988</u>

#### 4 - CASH

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash - restricted	4,204,092	5,046,975
Cash - unrestricted	4,109,863	3,984,701
	<u>8,313,955</u>	<u>9,031,676</u>

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Canada Revenue Agency (HST refund)	1,019,887	500,670
Atlantic Canada Opportunities Agency	1,484,141	1,533,894
Gas Tax Fund	826,564	
Clean Water and Wastewater Fund	1,296,806	
	<u>4,627,398</u>	<u>2,034,564</u>

#### 6 - RECEIVABLES FROM PROVINCE OF NEW BRUNSWICK

	<u>2017</u>	<u>2016</u>
	\$	\$
Transportation and Infrastructure Department	1,042,900	480,296
Clean Water and Wastewater Fund	648,402	
Regional Development Corporation	1,634,683	1,682,669
	<u>3,325,985</u>	<u>2,162,965</u>

**Edmundston**  
**Notes to Consolidated Financial Statements**  
As at December 31, 2017

**7 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES**

	<u>2017</u>	<u>2016</u>
	\$	\$
Accounts payable and accrued liabilities	<b>7,203,005</b>	8,618,652
Salaries payable	<b>637,249</b>	594,506
Accrued interest	<b>244,334</b>	260,215
Government remittances	<b>163,845</b>	354,240
	<u><b>8,248,433</b></u>	<u>9,827,613</u>

**8 - DEFERRED REVENUES**

	<u>2017</u>	<u>2016</u>
	\$	\$
Clients deposits	<b>364,197</b>	338,056
Contractors' deposits	<b>108,489</b>	134,408
Deferred grants	<b>1,088,529</b>	5,133,296
Other deferred revenues	<b>32,153</b>	872,592
	<u><b>1,593,368</b></u>	<u>6,478,352</u>

**Edmundston**  
**Notes to Consolidated Financial Statements**  
As at December 31, 2017

**9 - DEBENTURES**

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>GENERAL CAPITAL FUND</b>		
<b><u>New Brunswick Municipal Financing Corporation</u></b>		
AX7 4.45% - 4.85%, due in 2017, OIC #05-34, #05-70, #06-42, #06-66 and #07-22		446,000
BA3 .95% - 5%, due in 2019, OIC #06-0042, #07-0022 and #08-002	<b>792,000</b>	1,168,000
BB7 1% - 4.5%, due in 2019, OIC #08-0022	<b>111,000</b>	163,000
BD7 1.5% - 3.85%, due in 2020, OIC #09-0032 and #09-0133	<b>2,949,000</b>	3,386,000
BE3 1.65% - 4.25%, due in 2021, OIC #08-0043, #09-0032, #09-0133, #10-0022, #10-0066, #10-0071 and #11-00001	<b>7,050,000</b>	7,723,000
BG4 1.65% - 3.8%, due in 2027, OIC #10-0022, #10-0071, #11-0004, #11-0051, #11-0072, #11-0110 and #12-0005	<b>4,362,000</b>	4,847,000
BH7 1.35% - 3.8%, due in 2032, OIC #11-0004, #11-0051 and #11-0110	<b>295,000</b>	328,000
BI3 1.35% - 4%, due in 2033, OIC #11-0051, #11-0072, #12-0024 and #12-0044	<b>2,661,000</b>	2,988,000
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	<b>2,403,000</b>	2,706,000
BM3 0.95% - 2.80%, due in 2025, OIC #05-0015, #13-0027, #14-0001 and #14-0026	<b>2,222,000</b>	2,502,000
BO5 1.45% - 2.9%, due in 2026, OIC #15-0023	<b>727,000</b>	820,000
BP4 1.2% - 2.95%, due in 2026, OIC #16-0009	<b>1,213,000</b>	1,380,000
BQ4 1.2% - 2.7%, due in 2027, OIC #15-0023, #16-0009	<b>1,900,000</b>	
	<b><u>26,685,000</u></b>	<b><u>28,457,000</u></b>

**Edmundston**  
**Notes to Consolidated Financial Statements**  
As at December 31, 2017

**9 - DEBENTURES (Continued)**

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>WATER AND SEWER CAPITAL FUND</b>		
<b><u>New Brunswick Municipal Financing Corporation</u></b>		
AX8 4.45% - 4.85%, due in 2017, OIC #06-42 and #07-22		191,000
BA4 .95% - 5%, due in 2019, OIC #07-0022, #07-0071 and #08-0019	<b>445,000</b>	580,000
BB8 1% - 4.5%, due in 2019, OIC #08-0019 and #09-0009	<b>95,000</b>	140,000
BD8 1.5% - 3.85%, due in 2020, OIC #98-0035, #09-0032 and #09-0133	<b>166,000</b>	218,000
BE4 1.65% - 4.25%, due in 2021, OIC #09-0032, #09-0133, #10-0022 and #10-0071	<b>1,108,000</b>	1,361,000
BG5 1.65% - 2.45%, due in 2017, OIC #98-0064		59,000
BH8 1.35% - 2.15%, due in 2017, OIC #01-0081		14,000
BI4 1.35% - 3.25%, due in 2023, OIC #11-0051 and #11-0086	<b>313,000</b>	361,000
BJ7 1.25% - 2.5%, due in 2018, OIC #01-0075 and #01-0081	<b>41,000</b>	81,000
BK2 1.15% - 3.45%, due in 2024, OIC #11-0051, #12-0024 and #13-0027	<b>949,000</b>	1,072,000
BL7 1.2% - 2.15%, due in 2019, OIC #02-0029 and #03-0089	<b>53,000</b>	79,000
BM4 0.95% - 2.8%, due in 2025, OIC #13-0027 and #14-0026	<b>233,000</b>	264,000
BP6 1.2% - 2.95%, due in 2026, OIC #05-0034, #13-0027, #14-0026 and #15-0023	<b>1,158,000</b>	1,327,000
BQ5 1.2% - 1.85%, due in 2022, OIC #14-0026	<b>59,000</b>	
	<b><u>4,620,000</u></b>	<b><u>5,747,000</u></b>



## Edmundston Notes to Consolidated Financial Statements

As at December 31, 2017

### 9 - DEBENTURES (Continued)

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>ELECTRICAL UTILITY CAPITAL FUND</b>		
<b><u>New Brunswick Municipal Financing Corporation</u></b>		
AX09 4.45% - 4.85%, due in 2017, OIC #05-34		34,000
BA5 .95% - 5%, due in 2019, OIC #05-0034, #06-0042, #07-002 and #08-0019	<b>319,000</b>	470,000
BB9 1% - 4.5%, due in 2019, OIC #06-0042 and #08-0019	<b>282,000</b>	414,000
BD9 1.5% - 3.85%, due in 2020, OIC #09-0032 and #09-0076	<b>6,127,000</b>	6,540,000
BE5 1.85% - 4.25%, due in 2021, OIC #09-0032, #09-0076, #09-0137 and #10-0022	<b>6,926,000</b>	7,282,000
BG6 1.65% - 3.8%, due in 2027, OIC #09-0076	<b>960,000</b>	1,010,000
BH9 1.35% - 3.8%, due in 2032, OIC #10-0022, #11-0051 and #12-0006	<b>2,035,000</b>	2,234,000
BI5 1.35% - 3.25%, due in 2023, OIC #11-0001 and #12-0024	<b>54,000</b>	75,000
BK3 1.15% - 3.45%, due in 2024, OIC #11-0051, #12-0024 and #12-0040	<b>1,458,000</b>	1,647,000
BM5 0.95% - 3.25%, due in 2030, OIC #05-0004, #12-0040 and #13-0027	<b>2,412,000</b>	2,605,000
BP6 1.2% - 3.55%, due in 2031, OIC #05-0004, #05-0034 and # 16-0070	<b>14,762,000</b>	15,681,000
BQ6 1.2% - 3.3%, due in 2032, OIC #13-0027	<b>1,238,000</b>	
	<b><u>36,573,000</u></b>	<b><u>37,992,000</u></b>
	<b><u>67,878,000</u></b>	<b><u>72,196,000</u></b>

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>
2018	\$ 3,478,000	\$ 959,000	\$ 2,730,000	\$ 7,167,000
2019	\$ 3,555,000	\$ 1,102,000	\$ 2,774,000	\$ 7,431,000
2020	\$ 4,680,000	\$ 743,000	\$ 7,342,999	\$12,765,999
2021	\$ 6,776,000	\$ 694,000	\$ 7,487,000	\$14,957,000
2022	\$ 1,854,000	\$ 320,000	\$ 1,726,000	\$ 3,900,000

## Edmundston Notes to Consolidated Financial Statements

As at December 31, 2017

### 10 - LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>GENERAL CAPITAL FUND</b>		
Forgivable loan subject to minimum annual debt forgiveness of \$373,333 until 2032	<u>5,600,000</u>	
	<u>5,600,000</u>	
<b>ELECTRICAL UTILITY CAPITAL FUND</b>		
Note payable, 3.85%, payable in monthly instalments of \$4,731, principal and interests, maturing in May 2029	<u>419,893</u>	<u>459,666</u>
	<u>419,893</u>	<u>459,666</u>

### GESTION EDMUNDSTON GOLF MANAGEMENT INC.

Note payable, 3.5% (prime rate of 2.7% as at December 31, 2016), secured by the city of Edmundston, payable in monthly instalments of \$2,432, principal and interests, renegotiable in May 2020, maturing in November 2031

<u>343,561</u>	<u>362,675</u>
<u>343,561</u>	<u>362,675</u>
<u>6,363,454</u>	<u>822,341</u>

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

2018	\$ 46,711
2019	\$ 49,040
2020	\$ 50,962
2021	\$ 52,959
2022	\$ 55,034

### 11 - OBLIGATIONS UNDER CAPITAL LEASES

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>GESTION EDMUNDSTON GOLF MANAGEMENT INC.</b>		
Obligation under capital lease for equipments with a net carrying amount of \$36,551, 6.2%, payable in monthly instalments of \$1,637 from May to October annually, principal and interests, maturing in November 2020	<u>26,618</u>	<u>34,372</u>
Obligation under capital lease for equipments with a net carrying amount of \$136,913, 4.57%, payable in monthly instalments of \$5,629 from May to October annually, principal and interests, maturing in May 2021	<u>93,441</u>	<u>121,853</u>
	<u>120,059</u>	<u>156,225</u>

## Edmundston Notes to Consolidated Financial Statements

As at December 31, 2017

### 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:

2018	\$ 43,597
2019	\$ 43,597
2020	\$ 43,597
2021	\$ 256
Total minimum payments	<u>\$ 131,047</u>
Interest expenses included in minimum lease payments	<u>\$ 10,988</u>
	<u>\$ 120,059</u>

### 12 - ACCRUED SICK LEAVE

The Municipality provides sick leave that accumulates at 1 day per month for management staff and employees of Local 60 and at 2 days per month for directors. These employees can accumulate a maximum of 260 days of sick leave. The Municipality also provides sick leave that accumulates at 12 hours per month for the firefighters of Local 60. As of August 2017, firefighters of local 60 accumulate 10 hours per month. These firefighters can accumulate a maximum of 2,080 hours. The Municipality provide sick leave that accumulates at 12 hours per month for the policeman of Local 558 to a maximum of 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 189 employees plan in accordance with PSA 3255. The actuarial method used was the Projected Unit Credit pro-rated on service to expected usage. The valuation was based on a number of assumptions about future events, such as interest rates, wage and salary increases and employee turnover and retirement. The assumptions used reflects the Municipality's best estimates.

The following summarizes the major assumptions in the valuation:

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

The 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 \$3,525,000 as at December 31, 2017 (\$3,883,000 as at December 31, 2016). As at December 31, 2017, an amount of \$4,036,173 was accounted for in the operating budgets since the year ended December 31, 2012.

## Edmundston

### Notes to Consolidated Financial Statements

As at December 31, 2017

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#### **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 47.1 years. At present, the plan provides benefits for 119 retirees with an average age of 68.6 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: 4.38% 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 \$3,158,585 (\$3,286,458 in 2016). 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 surplus of \$92,017.

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, 2017

### 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 \$2,903,534 (\$2,713,996 in 2016).

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, 2017.

The statement of financial position of the plan as at December 31, 2017 was as follows:

Assets continuity	\$ 60,553,608
	-----
Actuarial liabilities	
Active and disabled members	\$ 30,292,353
Retired members and beneficiaries	\$ 30,051,291
Participants terminated vested	\$ 117,947
Total actuarial liability	<u>\$ 60,461,591</u>
Plan surplus	<u>\$ 92,017</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, 2017 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, 2017

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#### **15 - COMMITMENTS**

The Municipality has committed itself by contract until 2021 for snow removal services, until 2022 for the garbage and waste collection, until 2020 for the rental of vehicles, until 2019 for the rental of office equipment, until 2019 for a contribution to an organization in order to operate an airport and until 2020 for the rental of security equipment. The future minimum payment for these commitments is established to \$4,529,184. Minimum payments over the next five years are as follows:

2018 - \$ 1,129,136  
2019 - \$ 1,027,484  
2020 - \$ 942,997  
2021 - \$ 921,511  
2022 - \$ 508,056

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, 2017

### 17 - SHORT-TERM BORROWING COMPLIANCE

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

#### General Capital Fund:

OIC #15-0009	\$ 3,396,514
OIC #15-0023	\$ 1,180,000
OIC #15-0083	\$ 28,000,000
OIC #16-0009	\$ 100,000
OIC #17-0059	\$ 1,778,000
OIC #17-0033	\$ 1,000,000
OIC #17-0010	\$ 2,000,000
OIC #17-0085	\$ 430,000
	<u>\$ 37,884,514</u>
Used as bank loans	\$ 8,310,100
Not used	<u>\$ 29,574,414</u>

#### General Operating Fund:

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

#### Water and Sewer Capital Fund:

OIC #14-0026	\$ 411,000
OIC #15-0009	\$ 1,010,000
OIC #16-0009	\$ 370,000
OIC #17-0059	\$ 330,000
	<u>\$ 2,121,000</u>
Used as bank loans	\$ 545,000
Not used	<u>\$ 1,576,000</u>

#### Water and Sewer Operating Fund:

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

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2017

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

#### Electrical Utility Capital Fund:

OIC #13-0027	\$ 247,000
OIC #14-0026	\$ 315,000
OIC #14-0039	\$ 645,000
OIC #15-0023	\$ 285,000
OIC #17-0010	\$ 300,000
	<u>\$ 1,792,000</u>
Used as bank loans	\$ 488,000
Used as notes payables	\$ 419,893
	<u>\$ 907,893</u>
Not used	<u>\$ 884,107</u>

#### Electrical Utility Operating Fund:

Authorized	\$ 4,500,000
Used	\$ 1,021,000
Not used	<u>\$ 3,479,000</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 2017, 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>2017</u>	<u>2016</u>
	\$	\$
2017 - Surplus	33,244	
2016 - Surplus	45,329	45,329
2015 - Surplus		21,889
	<u>78,573</u>	<u>67,218</u>



**Edmundston**  
**Notes to Consolidated Financial Statements**  
As at December 31, 2017

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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 of water system expenditures for the population.

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2017

### 20 - TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Land	Buildings	Vehicles	Machinery and equipment	Water and wastewater facilities	Electrical facilities	Roads, sidewalks, storm sewers, water and sewer main	Assets under construction	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>												
Balance, beginning of year	7,764,005	11,286,058	44,722,592	9,813,038	11,408,334	10,607,930	66,012,599	120,395,891	8,914,161	290,924,608	276,910,179	
Net additions during the year	548,599	1,052,395	20,503,802	875,342	3,808,949	63,633	930,759	6,205,398	1,696,968	36,691,845	17,114,912	
Transfer of assets under capital leases during the year	(171,162)			(433,059)	(86,203)			(1,396,109)	(8,582,774)	(10,669,307)	(3,114,848)	
Disposals during the year				10,259,321	15,131,080	10,671,563	66,943,368	125,205,180	2,030,355	315,947,146	290,924,608	
Balance, end of year	8,141,442	12,338,453	65,226,394	10,259,321	15,131,080	10,671,563	66,943,368	125,205,180	(8,582,774)	(10,669,307)	290,924,608	
												14,365
												(3,114,848)
												290,924,608
<b>Accumulated Amortization</b>												
Balance, beginning of year		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	
Transfer of accumulated amortization on assets under capital leases												3,311
Amortization during the year		561,519	2,235,561	513,356	1,255,486	299,224	2,059,178	4,036,381		10,959,705	9,408,762	
Accumulated amortization on disposals				(291,482)	(80,496)			(1,387,030)		(1,769,008)	(1,671,577)	
Balance, end of year		4,727,292	21,048,350	4,514,621	8,241,539	7,310,280	17,792,066	76,784,802		140,418,950	131,218,253	
<b>Net book value of tangible capital assets</b>	8,141,442	7,611,161	44,178,044	5,744,700	6,889,541	3,361,283	49,151,292	48,420,378	2,030,355	175,528,196	159,706,355	
<b>Consists of:</b>												
General Fund	5,699,430	5,460,965	42,512,097	4,418,206	5,296,872	3,361,283	49,151,292	34,091,893	330,239	97,809,702	81,036,880	
Water and Sewer Fund	1,650,921	1,800,864	391,911	273,304	767,091			14,328,485	1,671,801	24,245,660	23,503,602	
Electrical Utility Fund	778,691	51,047	1,144,827	1,031,214	493,427				28,315	52,678,813	54,476,007	
Reserve Fund	12,400	298,285	129,209	21,976	332,151					12,400	12,400	
Controlled entities	8,141,442	7,611,161	44,178,044	5,744,700	6,889,541	3,361,283	49,151,292	48,420,378	2,030,355	175,528,196	159,706,355	

The buildings include work of arts for an amount of \$210,816 (210,816 \$ as at December 31, 2016) which are not amortized.

## Edmundston

### Notes to Consolidated Financial Statements

As at December 31, 2017

#### 21 - ASSETS UNDER CAPITAL LEASES

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>Cost</b>		
Balance, beginning of year	202,765	14,365
Net additions during the year		202,765
Transfer to tangible capital assets		(14,365)
Balance, end of year	<u>202,765</u>	<u>202,765</u>
<b>Accumulated Amortization</b>		
Balance, beginning of year	10,138	3,311
Transfer to tangible capital assets		(3,311)
Amortization during the year	<u>19,263</u>	<u>10,138</u>
Balance, end of year	<u>29,401</u>	<u>10,138</u>
	<u>173,364</u>	<u>192,627</u>

# Edmundston Notes to Consolidated Financial Statements

As at December 31, 2017

## 22 - SCHEDULE OF SEGMENT DISCLOSURE

	General government	Protective	Transportation	Environmental health	Development	Recreational and cultural	Water and sewer	Electrical utility	Reserves	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>											
Property tax warrant *	2,642,427	6,882,352	6,342,408	548,572	1,022,727	5,055,572				22,494,058	22,229,712
Services provided to other governments		762,923	367,826							1,120,749	1,094,844
Sale of services, fines and other revenues			15,034		130,653	1,665,031		817,982		2,628,700	2,303,457
Unconditional grant *	538,115	1,401,553	1,291,597	111,714	208,273	1,029,540				4,580,792	3,783,824
Adjustment for payment in lieu of taxes	12,024									12,024	83,362
Other government transfers		60,000	4,039,619		3,045	9,046,460	1,540	111,442		13,262,106	2,247,053
Other revenues from own sources	46,268	407,503	219,450	24,730	1,487	1,913,280	42,437			2,655,155	979,498
Contractors and other organizations contributions						288,650	120,577			571,323	609,404
User fees - Water and sewer services		10,300	181,796				5,881,453			5,881,453	5,881,619
Sales electrical utility - Distribution								30,866,619		30,866,619	30,188,222
Sales electrical utility - Generation	72,898					949	35,410	2,550,722	56,774	2,550,722	3,302,694
Interest	3,311,732	9,524,631	12,447,730	686,016	1,366,185	18,969,482	6,081,417	34,346,765	56,774	86,789,732	72,876,534
<b>Expenses</b>											
Salaries and benefits	921,216	5,585,268	3,013,084	3,631	684,722	2,052,707	1,024,063	1,943,742		15,228,432	16,374,613
Goods and services	1,562,950	1,565,101	2,378,382	820,967	583,207	2,767,520	2,496,753	26,718,598		38,885,478	37,987,823
Amortization	525,937	858,495	3,162,056	305	61,295	2,217,674	1,809,309	2,343,897		10,978,968	9,418,898
Interests	54,495	357,432	339,705		19,580	154,996	172,913	1,252,409		2,351,530	2,713,888
Adjustment for payment in lieu of taxes		167,895	18,359		5,391		655	(42,775)		149,525	357,376
Loss on disposal of tangible capital assets	3,064,597	8,524,191	8,911,586	824,903	1,354,195	7,192,897	5,505,693	32,215,871		67,593,933	66,852,598
Surplus (deficit) for the year	247,135	1,000,440	3,536,144	(139,887)	11,990	11,776,685	575,724	2,130,894	56,774	19,195,799	6,025,936

\* 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, 2017

## 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)	9,218,540	7,553,917	2,265,112	(1,689,388)	4,363,349	(2,232,455)	56,774	(340,050)	19,196,799
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's surplus	23,883		21,889		33,135				78,907
Transfers between funds									
From General Operating Fund to Water and Sewer Operating Fund	(536,820)		536,820						
From General Operating Fund to General Capital Fund	(1,246,975)	1,246,975							
From Water and Sewer Operating Fund to Water and Sewer Capital Fund			(918,736)	918,736					
From Electrical Utility Operating Fund to Electrical Utility Capital Fund					(621,682)	621,682			
From General Capital Assets Reserve Fund to General Capital Fund		985,000					(985,000)		
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	(3,672,000)	3,672,000	(1,186,000)	1,186,000	(42,000)	2,846,774	42,000		
Principal payments on long-term debt	(780,000)	780,000			(2,846,774)				
Deferred Revenues	(1,691,463)				(845,732)				(3,213,780)
Provision for accrued retirement	(941,701)		40,744		(1,216)				(902,173)
Provision for accrued sick leave	(356,094)							356,094	
Contributions to controlled entities									
Amortization expense		6,825,762		1,809,309		2,343,897			10,978,968
Total adjustments to the annual surplus (deficit)	(9,201,170)	13,509,737	(2,231,868)	3,914,045	(4,324,269)	5,812,353	(893,000)	356,094	6,941,922
Annual fund surplus (deficit)	17,370	21,063,654	33,244	2,224,667	39,080	3,579,898	(836,226)	16,044	26,137,721

**Edmundston**  
**Notes to Consolidated Financial Statements**  
 As at December 31, 2017

**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 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>								
Cash	759,505	263,352	129,065	1,035,104	1,329,768	687,298	4,204,092	5,046,975
Accounts receivable		16,743		12,400			16,743	10,086
Public utility land							12,400	12,400
<b>Accumulated Surplus</b>	<b>759,505</b>	<b>280,095</b>	<b>129,065</b>	<b>1,047,504</b>	<b>1,329,768</b>	<b>687,298</b>	<b>4,233,235</b>	<b>5,069,461</b>
<b>Revenues</b>								
Interests	9,938	6,639	1,689	12,604	17,401	8,503	56,774	56,492
Interfund transfers	<b>9,938</b>	<b>6,639</b>	<b>1,689</b>	<b>62,604</b>	<b>17,401</b>	<b>50,503</b>	<b>148,774</b>	<b>1,456,492</b>
<b>Expenses</b>								
Interfund transfers		985,000					985,000	2,206,000
<b>Annual surplus (deficit)</b>	<b>9,938</b>	<b>(978,361)</b>	<b>1,689</b>	<b>62,604</b>	<b>17,401</b>	<b>50,503</b>	<b>(836,226)</b>	<b>(749,508)</b>

**Edmundston**  
**Notes to Consolidated Financial Statements**  
As at December 31, 2017

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**24 - STATEMENT OF RESERVES (Continued)**

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

Moved by Councillor Eric Marquis, seconded by Councillor Gérald Morneault 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 Gérald Morneault, seconded by Councillor Eric Doiron that \$35,000 be transferred from the General Capital Assets Reserve Fund to the General Capital Fund. (#2017-150)

Moved by Councillor Eric McGuire, seconded by Councillor Eric Marquis that \$50,000 be transferred from the Water and Sewer Operating Fund to the Water and Sewer Capital Assets Reserve Fund. (#2017-151)

Moved by Councillor Camille Roy, seconded by Councillor Lise Ouellette that \$42,000 be transferred from the Electrical Utility Operating Fund to the Electrical Utility Capital Assets Reserve Fund. (#2017-152)

I hereby certify that the above are true and exact copies of resolutions adopted at a regular public meeting of Council on December 20, 2016 and December 19, 2017.

  
\_\_\_\_\_

Marc Michaud  
City Clerk,  
Edmundston

MAY 15, 2018

Date

# Edmundston

## Notes to Consolidated Financial Statements

As at December 31, 2017

### 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 2017	Total 2016
Assets	\$ 936,996	\$	\$ 347,732	\$ 1,284,728	\$ 1,335,350
Liabilities	695,802		60,348	756,150	822,816
Accumulated surplus	241,194		287,384	528,578	512,534
Revenues	780,576		430,255	1,210,831	1,289,331
Expenses	703,340	58,454	432,993	1,194,787	1,243,027
Annual surplus (deficit)	77,236	(58,454)	(2,738)	16,044	46,304

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





**Edmundston**  
**Consolidated Schedules**  
Year ended December 31, 2017

	Budget (Unaudited) \$	2017 Actual \$	2016 Actual \$
<b>SERVICES PROVIDED TO OTHER GOVERNMENTS</b>			
<b>Province of New Brunswick</b>			
Fire protection	243,672	281,565	254,946
Police	30,200	42,158	54,375
Transportation	363,000	357,826	363,550
Communication center	437,618	439,200	421,973
	<u>1,074,490</u>	<u>1,120,749</u>	<u>1,094,844</u>
<b>SALES OF SERVICES, FINES AND OTHER REVENUES</b>			
Arenas	269,436	283,210	278,425
Jean-Daigle Centre	48,966	199,600	
Sport Center	355,100	299,911	322,044
Golf	650,834	577,181	609,939
Recreational services	23,500	19,278	15,907
Cultural services	66,070	79,180	70,480
Service charge	43,000	49,899	43,404
Equipment rental	366,067	386,161	378,419
Licenses and permits	117,000	130,153	118,580
Sales and rental of equipment	258,587	397,456	240,933
Secrétariat à la Jeunesse			7,939
Art Center	166,000	206,671	217,387
	<u>2,364,560</u>	<u>2,628,700</u>	<u>2,303,457</u>
<b>OTHER REVENUES FROM OWN SOURCES</b>			
Other revenue	33,450	1,966,758	43,074
Other revenue - Police	386,380	390,950	412,686
Other revenue - Water and sewer services	20,300	16,887	21,650
Transportation department	125,000	217,665	436,217
Building rental	20,700	24,603	23,162
Administrative services		7,651	4,314
Wastewater treatment plant	30,000	25,550	25,550
Technical services	5,600	5,091	12,845
	<u>621,430</u>	<u>2,655,155</u>	<u>979,498</u>

**Edmundston**  
**Consolidated Schedules**  
Year ended December 31, 2017

	<u>2017</u>		<u>2016</u>
	Budget (Unaudited)	Actual	Actual
	\$	\$	\$
<b>GENERAL GOVERNMENT SERVICES</b>			
<b>Legislative</b>			
Mayor	29,086	27,629	26,924
Councillors	86,819	83,218	84,909
Other legislative fees	87,893	77,596	74,928
	<u>203,798</u>	<u>188,443</u>	<u>186,761</u>
<b>Administrative</b>			
Administration	378,306	186,145	171,926
City Clerk	48,455	21,588	30,181
Treasurer	663,238	539,209	537,608
Tourism	155,000	157,987	155,001
Human resources	396,567	300,929	310,074
Office building	984,594	870,653	797,253
Data processing	171,361	71,664	69,064
Legal fees	2,590	3,401	2,987
Secrétariat à la Jeunesse	65,000	124,096	73,169
Amortization	525,937	525,937	529,696
Debenture fees	20,000	15,172	12,762
Long-term debt interest	146,960	54,495	51,709
Bad debt (recovery)	20,000	4,878	(5,424)
	<u>3,578,008</u>	<u>2,876,154</u>	<u>2,736,006</u>
	<u>3,781,806</u>	<u>3,064,597</u>	<u>2,922,767</u>

**Edmundston**  
**Consolidated Schedules**  
Year ended December 31, 2017

	Budget (Unaudited) \$	2017 Actual \$	2016 Actual \$
<b>PROTECTIVE SERVICES</b>			
911 Center	1,009,779	843,450	1,125,192
<b>Police</b>			
Administration	628,382	197,949	796,076
Crime prevention	3,852,675	3,235,977	3,266,512
Traffic activities	60,450	49,907	50,518
Station and building	462,217	455,165	460,870
Vehicles	250,510	202,833	193,760
Animal control	16,000	15,255	14,658
Jailer	30,983	29,871	16,371
Emergency measures service	6,645	3,226	7,599
Long-term debt interest	324,534	324,534	351,293
Amortization	662,733	662,733	694,470
	<u>6,295,129</u>	<u>5,177,450</u>	<u>5,852,127</u>
<b>Fire</b>			
Administration	466,403	387,976	399,175
Fire fighting force	1,351,162	1,260,979	1,205,765
Brigade	160,900	119,322	119,422
Prevention	107,155	82,343	64,589
Station and building	122,409	130,412	122,621
Vehicles	111,900	125,704	119,102
Amortization	195,762	195,762	166,105
Long-term debt interest	29,332	32,897	29,962
	<u>2,545,023</u>	<u>2,335,395</u>	<u>2,226,741</u>
	<u>9,849,931</u>	<u>8,356,295</u>	<u>9,204,060</u>

**Edmundston**  
**Consolidated Schedules**  
Year ended December 31, 2017

	Budget (Unaudited) \$	2017 Actual \$	2016 Actual \$
<b>TRANSPORTATION SERVICES</b>			
Administration - Road transport	614,670	584,370	608,666
Street maintenance - Summer	1,938,127	1,780,092	1,829,931
Street maintenance - Winter	1,688,787	1,639,864	1,584,192
Landscaping	376,636	413,925	373,276
Sidewalks	16,000	19,971	17,363
Storm sewers	227,202	231,176	199,152
Street lighting	472,146	470,511	460,948
Traffic	185,970	167,099	180,395
Parking	58,027	70,685	68,868
Other	11,354	13,773	5,721
Amortization	3,162,056	3,162,056	2,939,791
Long-term debt interest	326,195	339,705	360,807
	<u>9,077,170</u>	<u>8,893,227</u>	<u>8,629,110</u>
<b>ENVIRONMENTAL HEALTH SERVICES</b>			
Garbage and waste collection	784,804	824,598	782,919
Amortization	305	305	305
	<u>785,109</u>	<u>824,903</u>	<u>783,224</u>
<b>DEVELOPMENT SERVICES</b>			
Economic development	242,283	167,466	153,622
Engineering	187,609	157,910	132,342
Building inspectors	407,851	326,210	335,029
Environmental sustainability	63,623	49,801	46,053
Planning department	125,000	227,497	25,868
Communication towers	3,600	3,031	12,880
Urban development	134,872	124,397	50,724
Airports	161,500	155,112	152,164
Urban commission	56,500	56,505	66,687
Amortization	61,295	61,295	42,330
Long-term debt interest	19,580	19,580	26,017
	<u>1,463,713</u>	<u>1,348,804</u>	<u>1,043,716</u>

**Edmundston**  
**Consolidated Schedules**  
Year ended December 31, 2017

	<u>Budget</u> <u>(Unaudited)</u> \$	<u>2017</u> <u>Actual</u> \$	<u>2016</u> <u>Actual</u> \$
<b><i>RECREATIONAL AND CULTURAL SERVICES</i></b>			
Administration	642,381	554,113	555,008
Sports	1,118,415	982,377	973,536
Arenas	507,191	497,951	548,895
Jean-Daigle Centre	130,664	307,758	
Parks and playgrounds	826,018	918,813	802,239
Sociocultural	451,704	404,750	348,870
Library	149,530	152,554	147,355
Golf	755,701	580,906	666,212
Art Center	364,000	421,005	384,469
Amortization	2,136,557	2,217,674	907,083
Long-term debt interest	153,307	154,996	166,541
	<u>7,235,468</u>	<u>7,192,897</u>	<u>5,500,208</u>

**Edmundston**  
**Consolidated Schedules**  
Year ended December 31, 2017

	Budget (Unaudited) \$	2017 Actual \$	2016 Actual \$
<b>WATER AND SEWER COLLECTION AND DISPOSAL</b>			
<b>Water supply</b>			
Administration	565,217	467,553	441,684
Billing and collection	119,886	119,886	115,191
Power and pumping	393,793	360,089	362,168
Purification and treatment	156,876	92,721	95,811
Transmission and distribution	1,516,885	980,140	1,073,662
Amortization	886,964	886,964	893,143
Bank fees	8,000	6,361	11,181
Short-term debt interest	10,688	4,129	11,548
Debenture fees	5,000	153	8,031
Long-term debt interest	88,544	87,281	98,353
Discounts	32,000	37,284	36,890
Bad debt (recovery)	2,000	28,032	(579)
	<u>3,785,853</u>	<u>3,070,593</u>	<u>3,147,083</u>
<b>Sewer collection and disposal</b>			
Administration	373,177	373,176	334,164
Billing and collection	79,924	79,924	76,794
Wastewater treatment plant	357,606	267,066	301,205
Sewage collection system	630,220	494,279	465,430
Lift-station	307,795	200,938	208,226
Pre-treatment		5,578	28,987
Amortization	922,345	922,345	923,556
Bank fees	5,000	4,241	8,170
Short-term debt interest	7,125	2,729	6,983
Debenture fees	4,000	194	1,884
Long-term debt interest	80,399	78,775	101,033
Bad debt	1,000	5,201	
	<u>2,768,591</u>	<u>2,434,446</u>	<u>2,456,432</u>
	<u>6,554,444</u>	<u>5,505,039</u>	<u>5,603,515</u>

**Edmundston**  
**Consolidated Schedules**  
Year ended December 31, 2017

	Budget (Unaudited) \$	2017 Actual \$	2016 Actual \$
<b><i>ELECTRICAL UTILITY</i></b>			
<b><i>Electrical utility - Distribution</i></b>			
Electrical energy purchase	24,006,233	24,292,076	24,068,601
Administration	407,459	198,543	283,600
Distribution	1,848,476	1,248,648	1,499,296
Management expenses	1,900,167	1,900,167	1,767,144
Management and planning	144,693	55,397	165,604
Customer service	29,450	11,292	13,871
Electrometry	247,942	149,622	178,777
Amortization	1,575,303	1,575,303	1,578,919
Short-term debt interest	35,091	17,948	31,891
Debenture fees	4,940	10,527	152,543
Long-term debt interest	517,129	544,406	780,091
Bad debt	47,351	99,964	116,137
	<u>30,764,234</u>	<u>30,103,893</u>	<u>30,636,474</u>
<b><i>Electrical utility - Generation</i></b>			
Administration	44,318	14,874	12,941
Management expenses	229,542	229,542	217,542
Management and planning	93,128	52,691	51,424
Operations	530,551	380,817	409,641
Electrometry	6,696	6,696	18,188
Lines	47,570	11,484	21,253
Amortization	768,594	768,594	743,500
Short-term debt interest	6,725	12,916	11,858
Long-term debt interest	678,824	677,139	685,801
	<u>2,405,948</u>	<u>2,154,753</u>	<u>2,172,148</u>
	<u>33,170,182</u>	<u>32,258,646</u>	<u>32,808,622</u>