

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

DRAFT

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INDEPENDENT AUDITORS' REPORT

To Her Worship the Mayor and Members of Town Council of the Municipality of the Town of Riverview, New Brunswick:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Municipality of the Town of Riverview, New Brunswick, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Members of Council and management are 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 members of council and management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' judgment, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 Municipality of the Town of Riverview, New Brunswick as at December 31, 2016, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

The Department of Local Government of New Brunswick has requested some additional disclosures based on the Municipal Financial Reporting Manual dated December 16, 2011. The Municipality of the Town of Riverview, New Brunswick has added schedules of regulatory reporting requirements on pages 22 to 24 to comply with these requirements.

Riverview, NB
To be determined

Chartered Professional Accountants

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash in bank (Note 9)	\$ 2,923,008	\$ 2,379,046
Receivables (Note 2)	3,670,070	2,899,222
Pension assets (net) (Note 6)	<u>372,700</u>	<u>-</u>
	<u>6,965,778</u>	<u>5,278,268</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	\$ 4,907,002	\$ 4,038,654
Deferred government transfers (Note 4)	458,035	604,950
Long-term debt (Note 5)	22,129,000	17,199,000
Accrued pension liability (Note 6)	-	270,100
Accrued retirement allowances (Note 7)	<u>949,222</u>	<u>966,780</u>
	<u>28,443,259</u>	<u>23,079,484</u>
Net debt	<u>(21,477,481)</u>	<u>(17,801,216)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	136,725,392	124,895,021
Inventories of materials and supplies	418,402	294,556
Prepaid expenses and deposits	<u>27,752</u>	<u>28,466</u>
	<u>137,171,546</u>	<u>125,218,043</u>
Accumulated surplus	<u>\$115,694,065</u>	<u>\$107,416,827</u>

APPROVED BY:

_____ Mayor

_____ Treasurer

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these financial statements.

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Revenue (Schedule 2)			
Property tax warrant	\$ 23,067,570	\$ 23,067,570	\$ 22,907,219
Unconditional transfers from the Provincial			
Government	1,950,460	1,950,460	1,691,386
Other contributions and government transfers	3,753,087	3,813,933	2,099,529
Sales of services	1,433,886	1,460,356	1,392,707
Other revenue from own sources	575,313	390,150	713,140
Water and sewer revenue	<u>6,649,823</u>	<u>6,582,227</u>	<u>6,372,351</u>
Total revenue	<u>37,430,139</u>	<u>37,264,696</u>	<u>35,176,332</u>
Expenses (Schedule 3)			
General government services	2,351,147	2,250,865	2,165,001
Protective services	6,406,461	6,530,331	6,376,786
Transportation services	3,511,197	3,496,599	3,502,876
Environmental health and development services	1,995,848	1,905,073	1,886,109
Recreation and cultural services	4,427,718	4,353,093	4,266,577
Water supply	2,915,292	2,744,642	2,811,481
Sewerage collection and disposal	2,444,355	2,414,383	2,329,047
Amortization of tangible capital assets (Note 8)	4,412,771	4,412,771	4,296,938
Interest expense and miscellaneous	<u>972,137</u>	<u>879,701</u>	<u>844,456</u>
Total expenses	<u>29,436,926</u>	<u>28,987,458</u>	<u>28,479,271</u>
Annual surplus	<u>\$ 7,993,213</u>	8,277,238	6,697,061
Accumulated surplus at beginning of year		<u>107,416,827</u>	<u>100,719,766</u>
Accumulated surplus at end of year		<u>\$115,694,065</u>	<u>\$107,416,827</u>

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these financial statements.

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
Annual surplus	\$ <u>8,277,238</u>	\$ <u>6,697,061</u>
Acquisition of tangible capital assets	(23,658,440)	(10,946,192)
Amortization of tangible capital assets	4,412,771	4,296,938
Loss on sale of tangible capital assets	82,332	4,252
Proceeds on sale of tangible capital assets	70,962	23,102
Transfer of assets under construction	<u>7,262,004</u>	<u>156,528</u>
	<u>(11,830,371)</u>	<u>(6,465,372)</u>
Change in inventories of materials and supplies	(123,846)	25,411
Change in prepaid expenses and deposits	<u>714</u>	<u>25,800</u>
	<u>(123,132)</u>	<u>51,211</u>
Change in net debt	(3,676,265)	282,900
Net debt at beginning of year	<u>(17,801,216)</u>	<u>(18,084,116)</u>
Net debt at end of year	<u>\$ (21,477,481)</u>	<u>\$ (17,801,216)</u>

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these financial statements.

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
Operating transactions		
Annual surplus	\$ 8,277,238	\$ 6,697,061
Amortization of tangible capital assets	4,412,771	4,296,938
Loss on sale of tangible capital assets	82,332	4,252
Change in accrued pension liability	(642,800)	(570,100)
Change in accrued retirement allowances	(17,558)	(28,093)
Change in receivables	(770,848)	311,966
Change in accounts payable and accrued liabilities	868,348	1,477,645
Change in inventories of materials and supplies	(123,846)	25,411
Change in prepaid expenses and deposits	<u>714</u>	<u>25,800</u>
Cash provided by operating transactions	<u>12,086,351</u>	<u>12,240,880</u>
Capital transactions		
Acquisition of tangible capital assets	(23,658,440)	(10,946,192)
Change in assets under construction	7,262,004	156,528
Change in deferred government transfers	(146,915)	134,746
Proceeds on sale of tangible capital assets	<u>70,962</u>	<u>23,102</u>
Cash applied to capital transactions	<u>(16,472,389)</u>	<u>(10,631,816)</u>
Financing transactions		
Proceeds from long-term debt issue	10,000,000	-
Long-term debt repayment	<u>(5,070,000)</u>	<u>(3,135,000)</u>
Cash provided by (applied to) financing transactions	<u>4,930,000</u>	<u>(3,135,000)</u>
Increase (decrease) in cash and cash equivalents	543,962	(1,525,936)
Cash and cash equivalents at beginning of year	<u>2,379,046</u>	<u>3,904,982</u>
Cash and cash equivalents at end of year	<u>\$ 2,923,008</u>	<u>\$ 2,379,046</u>

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these financial statements.

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2016

Purpose of organization

The Municipality of the Town of Riverview, New Brunswick (the "Town") is incorporated and operates under the provisions of the Province of New Brunswick Municipalities Act. As a municipality the Town is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act as a Public Service Body.

The Town provides municipal services such as police, fire, public works, engineering, parks and recreation, community development and other general government operations.

1. Summary of significant accounting policies

The consolidated financial statements of the Municipality of the Town of Riverview, New Brunswick are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of Public Sector Accounting consolidated financial statements is on the financial position of the Town and the changes thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Town.

The significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net debt and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Town and which are owned or controlled by the Town.

Interdepartmental and organizational transactions and balances are eliminated.

(b) Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, provided the transfers are authorized, all 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 government transfers.

(c) Deferred revenue

Deferred revenue 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 the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. 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.

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2016

1. Summary of significant accounting policies (continued)

(d) 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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net debt for the year.

Tangible capital assets

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:

Land improvements	15 - 25 years
Buildings	25 - 50 years
Vehicles and equipment	5 - 15 years
Computer hardware and software	5 years
Roads, streets, sidewalks and culverts	20 - 50 years
Water and wastewater networks	30 - 100 years

Assets under construction

Assets under construction are not amortized until the asset is available for productive use.

Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value and as revenue at the date of receipt. Fair value is determined by the Town's engineering staff using current expected construction costs of similar assets.

Inventories of materials and supplies

Inventories of materials and supplies consist mainly of parts and road maintenance materials and are valued at the lower of cost and net realizable value.

(e) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Employee future benefits

The Town and its employees contribute to the Town of Riverview Employees' Pension Plan, a jointly trustee defined benefit pension plan. The Plan provides for service pensions based on length of service and rate of pay.

In addition to the Employees' Pension Plan, a retirement allowance is provided for the Town's employees (Note 7).

Employees may carry forward unused sick leave throughout their employment. This sick leave does not vest to the employees, and as such the Town is not required to compensate employees for unused amounts upon leaving employment with the Town.

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2016

1. Summary of significant accounting policies (continued)

(g) Budget

The budget figures contained in these consolidated financial statements were approved by council on December 14, 2015 and the Minister of Local Government approved the Operating budgets on January 15, 2016.

(h) Reserve funds

Under the Municipalities Act of New Brunswick, Council may establish discretionary reserves for each type of its operating and capital funds. In addition, the Community Planning Act requires that a statutory Land Reserve be established and maintained for the purpose of acquiring and developing land held for public purposes.

Certain amounts, as approved by Town Council, are set aside in reserve funds for future operating and capital purposes. Transfers to and from reserve funds are recorded as an adjustment to accumulated surplus of that fund. Note 2 included in the Schedules of Regulatory Requirements is included to show the reserve fund balances as supplementary information.

(i) Segmented information

The Town of Riverview is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Town'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:

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 legislation 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 and development services

This department is responsible for the provision of waste collection and disposal, planning and zoning, community development, tourism and other municipal development and promotion services.

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2016

1. Summary of significant accounting policies (continued)

(i) Segmented information (continued)

Recreation and cultural services

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

Water and wastewater system

This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks.

(j) Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts 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 reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in annual surplus in the period in which they become known. Actual results may differ from those estimates.

(k) Financial instruments

The Town's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, long-term debt, accrued pension liability and accrued retirement allowances. Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Town is subject to credit risk through accounts receivable. The Town maintains a provision for credit losses, and minimizes credit risk through on-going credit management.

2. Receivables

	2016	2015
Trade receivables - General operating	\$ 243,626	\$ 234,988
Water and sewer receivables - Utility operating	1,166,614	1,163,865
Deferred local improvement receivables	1,750,173	947,913
Federal/Provincial government - capital and operating contributions	44,870	-
Canada Revenue Agency (HST refundable)	<u>464,787</u>	<u>552,456</u>
	<u>\$ 3,670,070</u>	<u>\$ 2,899,222</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2016

3. Accounts payable and accrued liabilities

	2016	2015
Accounts payable	\$ 2,626,001	\$ 2,529,102
Contractors' holdbacks	513,858	565,027
Interest on long-term debt	79,018	79,013
Local improvement deferred revenue	1,588,440	779,764
Deferred revenue	<u>99,685</u>	<u>85,748</u>
	<u>\$ 4,907,002</u>	<u>\$ 4,038,654</u>

4. Deferred government transfers

Deferred government transfers represent amounts held at year end to be applied to approved projects. These deferred contributions consist of Gas Tax Funds of \$458,035 (2015 - \$604,950).

5. Long-term debt

New Brunswick Municipal Finance Corporation

Interest rate and due dates	Debenture #	2016	2015
<i>General capital</i>			
4.30% to 4.45% due 2016	AV-29	\$ -	\$ 1,765,000
4.30% to 4.55% due 2017	AW-08	1,759,000	2,206,000
1.00% to 4.50% due 2019	BB-25	3,740,000	4,214,000
1.50% to 3.85% due 2020	BB-22	1,105,000	1,213,000
1.35% to 3.45% due 2021	BF-21	1,054,000	1,147,000
2.10% to 5.55% due 2023	AY-16, AZ-27	2,409,000	3,001,000
1.20% to 3.80% due 2036	BP-20	<u>6,000,000</u>	<u>-</u>
		<u>16,067,000</u>	<u>13,546,000</u>

New Brunswick Municipal Finance Corporation

Interest rate and due dates	Debenture #	2016	2015
<i>Utility capital</i>			
4.30% to 4.45% due 2016	AV-30	-	1,040,000
4.30% to 4.55% due 2017	AW-09	184,000	361,000
2.10% to 4.95% due 2018	AY-17, AZ-28	498,000	731,000
1.50% to 3.85% due 2020	BD-23	1,163,000	1,276,000
1.25% to 3.70% due 2023	BJ-23	217,000	245,000
1.20% to 3.80% due 2036	BP-20	<u>4,000,000</u>	<u>-</u>
		<u>6,062,000</u>	<u>3,653,000</u>
		<u>\$ 22,129,000</u>	<u>\$ 17,199,000</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2016

5. Long-term debt (continued)

Principal repayments required during the next five years are as follows:

2017	\$ 4,045,000
2018	2,858,000
2019	3,597,000
2020	2,202,000
2021	1,205,000

Approval of the Municipal Capital Borrowing Board has been obtained for the debenture debt reported and all the long-term debt has been approved by Order-in-Council of the Provincial Legislature.

6. Accrued pension asset/liability

Pension benefits are provided to employees of the Municipality of the Town of Riverview, New Brunswick under the Pension Plan for Employees of the Town of Riverview established in 1974. The plan is registered and meets the requirements of Canada Revenue Agency and the Superintendent of Pensions for New Brunswick. The plan is a defined benefit plan with employees contributing 6% of earnings. The Town is currently contributing 14.2% of employees' earnings (2015 - 14.2%).

The contribution by the Town in 2016 was \$873,966 (2015 - \$886,600). Total benefit payments to retirees during the year were \$998,728 (2015 - \$1,054,700). A separate pension fund is maintained. The Town is in a net funded position at December 31, 2016 as follows:

	2016	2015
Fair market value of plan assets	\$ 25,687,900	\$ 23,930,500
Accrued benefit obligation	<u>(22,985,300)</u>	<u>(21,802,400)</u>
Funded status	2,702,600	2,128,100
Unamortized actuarial gains	<u>(2,329,900)</u>	<u>(2,398,200)</u>
Accounting pension asset (liability)	\$ <u>372,700</u>	\$ <u>(270,100)</u>

Actuarial valuations for accounting purposes are performed tri-annually using the traditional unit credit method. The most recent valuation of the Pension Plan by the Town's actuaries, Eckler Ltd. was carried out effective December 31, 2013. The valuation results from 2013 were used to extrapolate forward using valuations assumptions, along with actual contributions and benefit payments made during the extrapolation period. The net unamortized actuarial gain of \$2,329,900 (2015 - \$2,398,200) is to be amortized on a straight-line basis over the expected average remaining service life of the employee group (13 years).

The actuarial valuation was based on a number of assumptions about future events, such as interest rates, employee turnover and mortality. The assumptions used reflect the Town's best estimates:

Discount rate	5.75%
Mortality	2014 Mortality Table projected with CPM Improvement Scale B
Normal retirement age	Earlier of age 65 or Rule of 85

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2016

6. Accrued pension asset/liability (continued)

	2016	2015
Current period benefit cost	\$ 929,928	\$ 943,196
Amortization of actuarial gain/losses	<u>(197,939)</u>	<u>(166,788)</u>
	731,989	776,408
Less: Employee contributions	<u>(369,508)</u>	<u>(374,780)</u>
Pension expense	362,481	401,628
Interest recovery on the average accrued benefit obligation	<u>(131,378)</u>	<u>(85,040)</u>
Total expenses related to pension	<u>\$ 231,103</u>	<u>\$ 316,588</u>

7. Accrued retirement allowances

The Town provides a retirement allowance to eligible employees reaching the minimum retirement age under the pension plan. This amount is payable to the employee upon retirement. For non-union employees, upon completion of a minimum of 10 or more years service, employees are entitled to 5 days pay for each year of service to a maximum of 125 days. For union employees, upon completion of a minimum of 10 or more years service, employees are entitled to 1 month regular salary for each 5 years service to a maximum of 6 months. The total unfunded liability included in these consolidated financial statements for this accrued retirement allowance is \$949,222 (2015 - \$966,780).

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2016

8. Schedule of Tangible Capital Assets

	Land	Land Improvements	Buildings	Vehicles and Equipment	Computer Hardware and Software	Assets Under Construction	Roads Streets Sidewalks Culverts	Water and Sewer Buildings	Water and Sewer Pipes	Total
Cost										
Balance, beginning of year	\$ 660,353	\$ 4,972,798	\$ 20,556,953	\$ 11,107,044	\$ 523,219	\$ 7,262,004	\$ 87,277,740	\$ 7,029,806	\$ 42,010,031	\$ 181,399,948
Add:										
Additions during the year	186,498	3,512,192	11,723,539	1,535,379	100,666	62,589	4,331,886	-	2,205,691	23,658,440
Less:										
Disposals during the year	-	-	-	(347,415)	(81,840)	(7,262,004)	(293,973)	-	(157,262)	(8,142,494)
Balance, end of year	<u>846,851</u>	<u>8,484,990</u>	<u>32,280,492</u>	<u>12,295,008</u>	<u>542,045</u>	<u>62,589</u>	<u>91,315,653</u>	<u>7,029,806</u>	<u>44,058,460</u>	<u>196,915,894</u>
Accumulated amortization										
Balance, beginning of year	-	2,539,929	6,333,064	7,569,909	296,700	-	26,599,833	1,762,668	11,402,824	56,504,927
Add:										
Amortization during the year	-	333,387	698,279	816,294	69,596	-	1,818,367	173,170	503,678	4,412,771
Less:										
Accumulated amortization on disposals	-	-	-	(308,240)	(81,840)	-	(200,101)	-	(137,015)	(727,196)
Balance, end of year	<u>-</u>	<u>2,873,316</u>	<u>7,031,343</u>	<u>8,077,963</u>	<u>284,456</u>	<u>-</u>	<u>28,218,099</u>	<u>1,935,838</u>	<u>11,769,487</u>	<u>60,190,502</u>
Net Book Value of Tangible Capital Assets December 31, 2016	<u>\$ 846,851</u>	<u>\$ 5,611,674</u>	<u>\$ 25,249,149</u>	<u>\$ 4,217,045</u>	<u>\$ 257,589</u>	<u>\$ 62,589</u>	<u>\$ 63,097,554</u>	<u>\$ 5,093,968</u>	<u>\$ 32,288,973</u>	<u>\$ 136,725,392</u>
Net Book Value of Tangible Capital Assets December 31, 2015	<u>\$ 660,353</u>	<u>\$ 2,432,869</u>	<u>\$ 14,223,889</u>	<u>\$ 3,537,135</u>	<u>\$ 226,519</u>	<u>\$ 7,262,004</u>	<u>\$ 60,677,907</u>	<u>\$ 5,267,138</u>	<u>\$ 30,607,207</u>	<u>\$ 124,895,021</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2016

9. Short-term borrowings compliance

Interim borrowing for capital

Bank overdrafts are amounts due to the bank with interest payable on a monthly basis at prime less .75% (at December 31, 2016 - 1.95%) These amounts are secured by resolutions signed by the Municipal Capital Borrowing Board, Province of New Brunswick. As of December 31, 2016 the Town had the following Orders in Council outstanding for short-term borrowings:

		General Capital	Utility Capital	Total
OIC# 15-0042	June 8, 2015	\$ <u>6,575,000</u>	\$ <u>-</u>	\$ <u>6,575,000</u>

As of December 31, 2016 the Town's temporary advances net of amounts receivable in the general and utility capital funds were within its limits in accordance with the Municipalities Act of New Brunswick.

Operating borrowing

As prescribed in the Municipalities Act, the borrowing to finance its General Fund operations is limited to 4% of the Town's operating budget. Borrowing to finance Utility Fund operations is limited to 50% of the Town's operating budget. As of December 31, 2016 the Town had no net borrowing in the General Operating or Utility Operating funds.

In 2016, the Town has complied with these restrictions.

Restricted cash and receivable balances

Included in cash and receivable amounts in the consolidated financial statements are funds restricted by the Town for specific use. Restricted cash and receivables is as follows:

	2016	2015
Riverview P.R.O. Kids	\$ 32,995	\$ 19,020
Gas Tax Fund	458,035	604,950
General Operating Reserve	326,141	323,536
General Capital Reserve	1,449,371	1,189,688
General Parkland Reserve	168,241	166,897
Utility Operating Reserve	102,798	101,977
Utility Capital Reserve	<u>1,403,816</u>	<u>1,571,240</u>
	\$ <u>3,941,397</u>	\$ <u>3,977,308</u>

Inter-fund borrowing

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

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SCHEDULE OF SEGMENT DISCLOSURES
DECEMBER 31, 2016

Schedule 1

	<u>General Government</u>	<u>Protective</u>	<u>Transportation</u>	<u>Environmental Health & Development</u>	<u>Recreational and Cultural</u>	<u>Water & Sewer</u>	<u>Total 2016</u>	<u>Total 2015</u>
Revenue								
Property tax warrant	\$ 8,911,000	\$ 6,051,615	\$ 3,134,087	\$ 1,667,124	\$ 3,303,744	\$ -	\$ 23,067,570	\$ 22,907,219
Unconditional transfers from the Provincial Government	753,463	511,690	265,000	140,962	279,345	-	1,950,460	1,691,386
Other contributions and government transfers	-	359,084	2,968,497	-	-	486,352	3,813,933	2,099,529
Sales of services	387,861	-	4,342	-	1,068,153	-	1,460,356	1,392,707
Other revenue from own sources	26,378	30,921	-	141,666	-	191,185	390,150	713,140
Water and sewer revenue	-	-	-	-	-	6,582,227	6,582,227	6,372,351
Total revenue	<u>10,078,702</u>	<u>6,953,310</u>	<u>6,371,926</u>	<u>1,949,752</u>	<u>4,651,242</u>	<u>7,259,764</u>	<u>37,264,696</u>	<u>35,176,332</u>
Expenses								
Salaries and benefits	910,382	2,412,963	1,127,703	234,524	2,603,296	1,272,851	8,561,719	8,415,206
Goods and services	1,340,484	4,117,367	2,368,895	1,670,548	1,749,798	3,886,175	15,133,267	14,922,671
Amortization, disposals and transfers	305,652	294,374	2,483,101	-	594,310	735,334	4,412,771	4,296,938
Interest	83,252	52,146	488,060	17,736	50,413	188,094	879,701	844,456
	<u>2,639,770</u>	<u>6,876,850</u>	<u>6,467,759</u>	<u>1,922,808</u>	<u>4,997,817</u>	<u>6,082,454</u>	<u>28,987,458</u>	<u>28,479,271</u>
Surplus (deficit)	<u>\$ 7,438,932</u>	<u>\$ 76,460</u>	<u>\$ (95,833)</u>	<u>\$ 26,944</u>	<u>\$ (346,575)</u>	<u>\$ 1,177,310</u>	<u>\$ 8,277,238</u>	<u>\$ 6,697,061</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED SCHEDULE OF REVENUES
DECEMBER 31, 2016

Schedule 2

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Other contributions and government transfers			
Infrastructure program	\$ 639,257	\$ 639,257	\$ 61,928
Gas tax program	1,493,339	1,493,339	1,147,566
Contributed assets - developers	1,144,491	1,144,491	413,061
Fire-local service district	300,000	359,083	300,724
Roads and streets	160,500	162,105	160,508
Lane marking	15,500	15,658	15,742
	\$ 3,753,087	\$ 3,813,933	\$ 2,099,529
Sales of services			
Community centre	\$ 241,821	\$ 244,190	\$ 220,620
Swimming pools	185,500	196,811	176,068
Skating rinks and arenas	414,160	432,631	410,579
Other recreational programs	194,500	194,521	195,552
RCMP building lease	189,538	189,537	183,160
Fundy Station lease income	189,367	198,324	188,976
Other - culverts, curb cutting	19,000	4,342	17,752
	\$ 1,433,886	\$ 1,460,356	\$ 1,392,707
Other revenue from own sources			
Licences and permits			
Building	\$ 180,000	\$ 106,671	\$ 206,425
Animal	46,000	30,985	45,785
Planning commission	25,000	34,995	28,525
Fines			
Municipal By-Law	34,000	30,921	104,886
Other			
Local improvement levy	24,000	-	24,000
Development cost recovery	44,584	44,840	-
Miscellaneous	45,300	55,393	40,595
Loss on disposal of assets	25,000	(82,332)	(4,252)
Return on investments			
Interest on cash in bank	10,500	3,930	40,101
Interest on past due accounts	113,900	137,718	196,215
Interest on reserve funds	27,029	27,029	30,860
	\$ 575,313	\$ 390,150	\$ 713,140
Water and sewerage revenue			
Water user charges - residential	\$ 2,784,000	\$ 2,790,653	\$ 2,679,730
- other	734,400	695,389	679,866
Sewer user charges - residential	1,152,000	1,152,503	1,101,695
- other	249,200	242,073	237,444
Sewer treatment levy	1,678,400	1,669,205	1,627,398
Water and sewer other revenue	51,823	32,404	46,218
	\$ 6,649,823	\$ 6,582,227	\$ 6,372,351

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED SCHEDULE OF EXPENSES
DECEMBER 31, 2016

Schedule 3

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
General government services			
Legislative			
Mayor	\$ 34,286	\$ 31,700	\$ 29,718
Councilors	119,186	111,491	107,970
Other	<u>30,984</u>	<u>31,523</u>	<u>35,962</u>
	<u>184,456</u>	<u>174,714</u>	<u>173,650</u>
Administrative			
Manager	208,421	198,476	202,505
Office building	65,100	60,040	67,396
Solicitor	90,000	99,861	120,553
Other	<u>180,663</u>	<u>159,902</u>	<u>120,566</u>
	<u>544,184</u>	<u>518,279</u>	<u>511,020</u>
Financial and Human Resources			
Administrative	221,727	212,012	214,563
Accounting and human resources	<u>499,701</u>	<u>465,133</u>	<u>445,873</u>
	<u>721,428</u>	<u>677,145</u>	<u>660,436</u>
Other General Government Services			
Civic relations	61,100	63,556	25,942
Other general government services	11,950	11,933	5,290
Public liability insurance premiums	100,164	100,164	107,000
Grants to organizations	281,811	278,311	254,237
Assessment costs	286,394	286,394	284,406
Building expense - RCMP station	<u>159,660</u>	<u>140,369</u>	<u>143,020</u>
	<u>901,079</u>	<u>880,727</u>	<u>819,895</u>
	<u>\$ 2,351,147</u>	<u>\$ 2,250,865</u>	<u>\$ 2,165,001</u>
Protective services			
Police			
RCMP contract	<u>\$ 3,500,887</u>	<u>\$ 3,575,921</u>	<u>\$ 3,218,234</u>
Fire			
Administration	2,167,070	2,233,864	2,422,255
Volunteers	83,500	78,686	72,738
Fire alarm system	28,000	32,629	25,709
Fire investigation and prevention	13,100	10,838	10,117
Training and development	64,300	62,781	52,840

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED SCHEDULE OF EXPENSES (CONTINUED)
DECEMBER 31, 2016

Schedule 3

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Protective services (continued)			
Fire (continued)			
Station and building	116,150	115,002	123,299
Firefighting equipment	135,550	140,911	151,352
Other	<u>7,100</u>	<u>7,440</u>	<u>10,181</u>
	<u>2,614,770</u>	<u>2,682,151</u>	<u>2,868,491</u>
Other			
Bylaw enforcement	106,819	112,406	106,790
Animal and pest control	106,980	79,371	107,528
Crosswalk guards	<u>77,005</u>	<u>80,482</u>	<u>75,743</u>
	<u>290,804</u>	<u>272,259</u>	<u>290,061</u>
	<u>\$ 6,406,461</u>	<u>\$ 6,530,331</u>	<u>\$ 6,376,786</u>
Transportation services			
Common Services			
Administration	\$ 810,894	\$ 756,600	\$ 721,949
General equipment	181,600	167,535	170,987
Workshops, yard and other buildings	<u>134,700</u>	<u>124,349</u>	<u>104,169</u>
	<u>1,127,194</u>	<u>1,048,484</u>	<u>997,105</u>
Road transport			
Engineering planning, supervision	<u>39,500</u>	<u>45,790</u>	<u>35,425</u>
Roads and streets			
Summer maintenance	365,000	370,670	408,506
Culverts and drainage ditches	25,000	21,106	14,568
Storm sewers	15,000	26,820	48,607
Snow and ice removal	<u>768,725</u>	<u>753,919</u>	<u>795,034</u>
	<u>1,173,725</u>	<u>1,172,515</u>	<u>1,266,715</u>
Street lighting	<u>507,000</u>	<u>528,191</u>	<u>508,312</u>
Traffic services			
Street signs	20,000	14,331	18,453
Traffic lane marking	40,000	46,013	72,571
Traffic signals	18,000	17,228	11,351
Crosswalks	6,000	11,674	4,378
Public transit	<u>579,778</u>	<u>612,373</u>	<u>588,566</u>
	<u>663,778</u>	<u>701,619</u>	<u>695,319</u>
	<u>\$ 3,511,197</u>	<u>\$ 3,496,599</u>	<u>\$ 3,502,876</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED SCHEDULE OF EXPENSES (CONTINUED)
DECEMBER 31, 2016

Schedule 3

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Environmental health and development services			
Environmental health services			
Garbage and waste collection	\$ 448,600	\$ 465,636	\$ 453,339
Landfill costs	<u>390,552</u>	<u>390,552</u>	<u>386,900</u>
	<u>839,152</u>	<u>856,188</u>	<u>840,239</u>
Environmental development services			
Community planning	337,219	311,766	333,106
Community development agency	86,749	86,749	86,244
Economic development and tourism	351,448	338,309	341,904
Beautification and land rehabilitation	<u>381,280</u>	<u>312,061</u>	<u>284,616</u>
	<u>1,156,696</u>	<u>1,048,885</u>	<u>1,045,870</u>
	<u>\$ 1,995,848</u>	<u>\$ 1,905,073</u>	<u>\$ 1,886,109</u>
Recreation and cultural services			
Administration	\$ 2,232,187	\$ 2,255,015	\$ 2,072,831
Community centres and halls	696,631	612,810	666,941
Swimming pools	419,410	381,708	372,206
Rinks and arenas	430,300	439,397	465,875
Parks and playgrounds	215,800	220,256	224,296
Other recreational facilities	182,900	178,356	190,763
Library	32,555	29,761	32,200
Fundy Chocolate River Station	191,285	208,027	215,522
Other	<u>26,650</u>	<u>27,763</u>	<u>25,943</u>
	<u>\$ 4,427,718</u>	<u>\$ 4,353,093</u>	<u>\$ 4,266,577</u>
Water supply			
Administration	\$ 44,559	\$ 40,829	\$ 48,638
Billing and collection	88,546	89,130	91,139
Water purchased	1,370,000	1,295,893	1,327,326
Other	<u>1,412,187</u>	<u>1,318,790</u>	<u>1,344,378</u>
	<u>\$ 2,915,292</u>	<u>\$ 2,744,642</u>	<u>\$ 2,811,481</u>
Sewerage collection and disposal			
Administration	\$ 16,503	\$ 14,995	\$ 18,339
Sewerage treatment and disposal	1,661,310	1,661,384	1,636,720
Other	<u>766,542</u>	<u>738,004</u>	<u>673,988</u>
	<u>\$ 2,444,355</u>	<u>\$ 2,414,383</u>	<u>\$ 2,329,047</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED SCHEDULE OF EXPENSES (CONTINUED)
DECEMBER 31, 2016

Schedule 3

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Interest and miscellaneous			
Interest on bank overdraft	\$ 206,000	\$ 163,468	\$ 11,396
Interest on long-term debt	<u>766,137</u>	<u>716,233</u>	<u>833,060</u>
	<u>\$ 972,137</u>	<u>\$ 879,701</u>	<u>\$ 844,456</u>

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MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2016

The Department of Local Government of New Brunswick has requested some disclosures in addition to Canadian Public Sector Accounting Standards for monitoring purposes. The Town has provided these disclosure requirements in the following pages

1. Reconciliation of Annual Surplus in Consolidated Financial Statements to Provincial Municipal Reporting Standards

	General Operating Fund	General Capital Fund	Water & Sewer Operating Fund	Water & Sewer Capital Fund	General Reserve Fund	Water & Sewer Reserve Fund	Total
2016 annual fund surplus per consolidated financial statements	<u>\$ 8,126,292</u>	<u>\$ (2,422,193)</u>	<u>\$ 1,319,336</u>	<u>\$ 1,406,774</u>	<u>\$ 13,632</u>	<u>\$ (166,603)</u>	<u>\$ 8,277,238</u>
<i>Adjustments to annual surplus (deficit) for funding requirements</i>							
Second previous year surplus	22,834	-	22,651	-	-	-	45,485
Transfers between funds							
Transfer from operating to capital	(7,020,715)	7,020,715	(1,637,000)	1,637,000	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-
Transfer from operating to reserve	(250,000)	-	-	-	250,000	-	-
Recovery of accrued pension liability	(549,241)	(93,559)	-	-	-	-	(642,800)
Amortization expense	-	3,680,101	-	732,670	-	-	4,412,771
Contributed tangible capital assets	-	(658,139)	-	(486,352)	-	-	(1,144,491)
Water cost transfer	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total adjustments to 2015 annual surplus (deficit)	<u>(8,097,122)</u>	<u>9,949,118</u>	<u>(1,314,349)</u>	<u>1,883,318</u>	<u>250,000</u>	<u>-</u>	<u>2,670,965</u>
2016 annual surplus (deficit)	<u>\$ 29,170</u>	<u>\$ 7,526,925</u>	<u>\$ 4,987</u>	<u>\$ 3,290,092</u>	<u>\$ 263,632</u>	<u>\$ (166,603)</u>	<u>\$ 10,948,203</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2016

2. Statement of reserves

	<u>General Operating</u>	<u>General Capital</u>	<u>General Parkland</u>	<u>Water & Sewer Operating</u>	<u>Water & Sewer Capital</u>	<u>Total 2016</u>	<u>Total 2015</u>
<i>Assets</i>							
Cash	\$ <u>326,141</u>	\$ <u>1,449,371</u>	\$ <u>168,241</u>	\$ <u>102,798</u>	\$ <u>1,403,816</u>	\$ <u>3,450,367</u>	\$ <u>3,353,338</u>
<i>Surplus</i>							
Accumulated Surplus, beginning of year	323,536	1,189,688	166,897	101,977	1,571,240	3,353,338	3,451,972
Annual surplus	<u>2,605</u>	<u>259,683</u>	<u>1,344</u>	<u>821</u>	<u>(167,424)</u>	<u>97,029</u>	<u>(98,634)</u>
Accumulated Surplus, end of year	\$ <u>326,141</u>	\$ <u>1,449,371</u>	\$ <u>168,241</u>	\$ <u>102,798</u>	\$ <u>1,403,816</u>	\$ <u>3,450,367</u>	\$ <u>3,353,338</u>
<i>Revenue</i>							
Interest	2,605	9,683	1,344	821	12,576	27,029	30,860
Money in lieu of parkland	-	-	-	-	-	-	-
Transfers from operating funds	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>1,717,506</u>
	2,605	259,683	1,344	821	12,576	277,029	1,748,366
<i>Expenses</i>							
Transfer to capital funds	-	-	-	-	180,000	180,000	-
Transfer to operating funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,847,000</u>
Annual surplus	\$ <u>2,605</u>	\$ <u>259,683</u>	\$ <u>1,344</u>	\$ <u>821</u>	\$ <u>(167,424)</u>	\$ <u>97,029</u>	\$ <u>(98,634)</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2016

3. Reconciliation of Operating Budget to Public Sector Accounting for year ended December 31, 2016

	<u>Operating</u>	<u>Amortization</u>	<u>Other</u>	<u>Transfers</u>	<u>Total</u>
Revenue					
Warrant of assessment	\$ 23,067,570	\$ -	\$ -	\$ -	\$ 23,067,570
Unconditional transfers from Provincial Government	1,950,460	-	-	-	1,950,460
Other contributions and government transfers	476,000	-	3,277,087	-	3,753,087
Sales of services	1,433,886	-	-	-	1,433,886
Other revenue from own sources	548,284	-	27,029	-	575,313
Water and sewer revenue	6,949,823	-	(300,000)	-	6,649,823
	<u>34,426,023</u>	<u>-</u>	<u>3,004,116</u>	<u>-</u>	<u>37,430,139</u>
Expenses					
General government services	2,418,064	-	(66,917)	-	2,351,147
Protective services	6,897,305	-	(490,844)	-	6,406,461
Transportation services	3,594,087	-	(82,890)	-	3,511,197
Environment health and development	2,013,086	-	(17,238)	-	1,995,848
Recreation and cultural services	4,619,070	-	(191,352)	-	4,427,718
Water supply	2,980,923	-	(65,631)	-	2,915,292
Sewerage collection and disposal	2,472,283	-	(27,928)	-	2,444,355
Amortization of tangible capital assets	-	4,412,771	-	-	4,412,771
Interest expense and miscellaneous	972,137	-	-	-	972,137
	<u>25,966,955</u>	<u>4,412,771</u>	<u>(942,800)</u>	<u>-</u>	<u>29,436,926</u>
Fiscal services					
Transfer from operating fund to capital fund	8,314,552	-	-	(8,314,552)	-
Transfer from operating fund to reserve fund	250,000	-	-	(250,000)	-
Transfer from reserve fund to operating fund	(60,000)	-	-	60,000	-
Second previous years' surplus	(45,484)	-	-	45,484	-
	<u>8,459,068</u>	<u>-</u>	<u>-</u>	<u>(8,459,068)</u>	<u>-</u>
	<u>34,426,023</u>	<u>4,412,771</u>	<u>(942,800)</u>	<u>(8,459,068)</u>	<u>29,436,926</u>
Annual surplus	<u>\$ -</u>	<u>\$ (4,412,771)</u>	<u>\$ 3,946,916</u>	<u>\$ 8,459,068</u>	<u>\$ 7,993,213</u>