

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

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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, 2017 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, 2017, 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

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MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash in bank (Note 9)	\$ 2,650,102	\$ 2,923,008
Receivables (Note 2)	7,270,035	3,670,070
Pension assets (net) (Note 6)	<u>822,100</u>	<u>372,700</u>
	<u>10,742,237</u>	<u>6,965,778</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	\$ 5,522,809	\$ 4,907,002
Deferred government transfers (Note 4)	-	458,035
Long-term debt (Note 5)	22,184,000	22,129,000
Accrued retirement allowances (Note 7)	<u>1,034,057</u>	<u>949,222</u>
	<u>28,740,866</u>	<u>28,443,259</u>
Net debt	<u>(17,998,629)</u>	<u>(21,477,481)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	144,100,977	136,725,392
Inventories of materials and supplies	501,246	418,402
Prepaid expenses and deposits	<u>37,034</u>	<u>27,752</u>
	<u>144,639,257</u>	<u>137,171,546</u>
Accumulated surplus	<u>\$126,640,628</u>	<u>\$115,694,065</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, 2017**

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Revenue (Schedule 2)			
Property tax warrant	\$ 23,498,318	\$ 23,498,318	\$ 23,067,570
Unconditional transfers from the Provincial Government	2,104,839	2,153,830	1,950,460
Other contributions and government transfers	6,759,132	6,771,824	3,813,933
Sales of services	1,461,635	1,538,902	1,460,356
Other revenue from own sources	560,036	440,376	390,150
Water and sewer revenue	<u>6,821,184</u>	<u>6,805,744</u>	<u>6,582,228</u>
Total revenue	<u>41,205,144</u>	<u>41,208,994</u>	<u>37,264,697</u>
Expenses (Schedule 3)			
General government services	2,531,382	2,375,308	2,251,398
Protective services	6,537,412	6,500,957	6,539,319
Transportation services	3,597,981	3,701,684	3,488,528
Environmental health and development services	2,117,100	2,080,926	1,902,748
Recreation and cultural services	4,697,235	4,588,751	4,367,679
Water supply	3,024,639	2,836,573	2,734,234
Sewerage collection and disposal	2,531,257	2,499,330	2,411,081
Amortization of tangible capital assets (Note 8)	4,851,170	4,851,170	4,412,771
Interest expense and miscellaneous	<u>1,076,437</u>	<u>827,732</u>	<u>879,701</u>
Total expenses	<u>30,964,613</u>	<u>30,262,431</u>	<u>28,987,459</u>
Annual surplus	<u>\$ 10,240,531</u>	<u>10,946,563</u>	<u>8,277,238</u>
Accumulated surplus at beginning of year		115,694,065	107,416,827
Accumulated surplus at end of year		<u>\$126,640,628</u>	<u>\$115,694,065</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, 2017**

	2017	2016
Annual surplus	\$ <u>10,946,563</u>	\$ <u>8,277,238</u>
Acquisition of tangible capital assets	(12,479,032)	(23,658,440)
Amortization of tangible capital assets	4,851,170	4,412,771
Loss on disposal of tangible capital assets	92,409	82,332
Proceeds on sale of tangible capital assets	142,286	70,962
Transfer of assets under construction	<u>17,582</u>	<u>7,262,004</u>
	<u>(7,375,585)</u>	<u>(11,830,371)</u>
Change in inventories of materials and supplies	(82,844)	(123,846)
Change in prepaid expenses and deposits	<u>(9,282)</u>	<u>714</u>
	<u>(92,126)</u>	<u>(123,132)</u>
Change in net debt	3,478,852	(3,676,265)
Net debt at beginning of year	<u>(21,477,481)</u>	<u>(17,801,216)</u>
Net debt at end of year	<u>\$ (17,998,629)</u>	<u>\$ (21,477,481)</u>

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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, 2017**

	2017	2016
Operating transactions		
Annual surplus	\$ 10,946,563	\$ 8,277,238
Amortization of tangible capital assets	4,851,170	4,412,771
Loss on disposal of tangible capital assets	92,409	82,332
Change in accrued pension liability	(449,400)	(642,800)
Change in accrued retirement allowances	84,835	(17,558)
Change in receivables	(3,599,965)	(770,848)
Change in accounts payable and accrued liabilities	615,807	868,348
Change in inventories of materials and supplies	(82,844)	(123,846)
Change in prepaid expenses and deposits	<u>(9,282)</u>	<u>714</u>
Cash provided by operating transactions	<u>12,449,293</u>	<u>12,086,351</u>
Capital transactions		
Acquisition of tangible capital assets	(12,479,032)	(23,658,440)
Change in assets under construction	17,582	7,262,004
Change in deferred government transfers	(458,035)	(146,915)
Proceeds on sale of tangible capital assets	<u>142,286</u>	<u>70,962</u>
Cash applied to capital transactions	<u>(12,777,199)</u>	<u>(16,472,389)</u>
Financing transactions		
Proceeds from long-term debt issue	4,100,000	10,000,000
Long-term debt repayment	<u>(4,045,000)</u>	<u>(5,070,000)</u>
Cash provided by financing transactions	<u>55,000</u>	<u>4,930,000</u>
Increase (decrease) in cash and cash equivalents	(272,906)	543,962
Cash and cash equivalents at beginning of year	<u>2,923,008</u>	<u>2,379,046</u>
Cash and cash equivalents at end of year	<u>\$ 2,650,102</u>	<u>\$ 2,923,008</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, 2017

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, 2017

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, 2017

1. Summary of significant accounting policies (continued)

(g) Budget

The budget figures contained in these consolidated financial statements were approved by council on December 13, 2016 and the Minister of Local Government approved the Operating budgets on January 30, 2017.

(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 in the Schedules of Regulatory Requirements indicates 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, 2017

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, pension asset (net), 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

	2017	2016
Trade receivables - General operating	\$ 302,033	\$ 243,626
Water and sewer receivables - Utility operating	1,248,064	1,166,614
Deferred local improvement receivables	1,908,050	1,750,173
Federal/Provincial government - capital and operating contributions	3,158,703	44,870
Canada Revenue Agency (HST refundable)	<u>653,185</u>	<u>464,787</u>
	<u>\$ 7,270,035</u>	<u>\$ 3,670,070</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2017

3. Accounts payable and accrued liabilities

	2017	2016
Accounts payable	\$ 2,969,706	\$ 2,626,001
Contractors' holdbacks	611,649	513,858
Interest on long-term debt	68,801	79,018
Local improvement deferred revenue	1,758,393	1,588,440
Deferred revenue	<u>114,260</u>	<u>99,685</u>
	<u>\$ 5,522,809</u>	<u>\$ 4,907,002</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 \$NIL (2016 - \$458,035).

5. Long-term debt

New Brunswick Municipal Finance Corporation

Interest rate and due dates	Debenture #	2017	2016
<i>General capital</i>			
4.30% to 4.55% due 2017	AW-08	\$ -	\$ 1,759,000
3.30% to 4.85% due 2018	AY-16	\$ 1,002,000	\$ 1,307,000
1.00% to 4.50% due 2019	BB-25	3,250,000	3,740,000
1.50% to 3.85% due 2020	BB-22	994,000	1,105,000
1.35% to 3.45% due 2021	BF-21	959,000	1,054,000
2.10% to 5.55% due 2023	AZ-27	786,000	1,102,000
1.20% to 3.80% due 2036	BP-20	5,761,800	6,000,000
1.65% to 3.30% due 2037	BR-21	<u>4,100,000</u>	<u>-</u>
		<u>16,852,800</u>	<u>16,067,000</u>

New Brunswick Municipal Finance Corporation

Interest rate and due dates	Debenture #	2017	2016
<i>Utility capital</i>			
4.30% to 4.55% due 2017	AW-09	-	184,000
2.10% to 4.95% due 2018	AY-17, AZ-28	254,000	498,000
1.50% to 3.85% due 2020	BD-23	1,047,000	1,163,000
1.25% to 3.70% due 2023	BJ-23	189,000	217,000
1.20% to 3.80% due 2036	BP-20	<u>3,841,200</u>	<u>4,000,000</u>
		<u>5,331,200</u>	<u>6,062,000</u>
		<u>\$ 22,184,000</u>	<u>\$ 22,129,000</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2017

5. Long-term debt (continued)

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

2018	\$ 3,018,000
2019	3,760,000
2020	2,368,000
2021	1,374,000
2022	730,000

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

Pension benefits are provided to employees of the Municipality of the Town of Riverview, New Brunswick under the Town of Riverview Employees' Pension Plan 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 8.3% of employees' earnings (2016 - 14.2%).

The contribution by the Town in 2017 was \$608,991 (2016 - \$873,966). Total benefit payments to retirees during the year were \$1,183,630 (2016 - \$998,728). A separate pension fund is maintained. The Town is in a net funded position at December 31, 2017 as follows:

	2017	2016
Fair market value of plan assets	\$ 27,055,200	\$ 25,687,900
Accrued benefit obligation	<u>(24,298,200)</u>	<u>(22,985,300)</u>
Funded status	2,757,000	2,702,600
Unamortized actuarial gains	<u>(1,934,900)</u>	<u>(2,329,900)</u>
Accounting pension asset	<u>\$ 822,100</u>	<u>\$ 372,700</u>

Actuarial valuations for accounting purposes are performed 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, 2016. The valuation results from 2016 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 \$1,934,900 (2016 - \$2,329,900) is to be amortized on a straight-line basis over the expected average remaining service life (13 years) of the employee group.

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	5.5%
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, 2017

6. Accrued pension asset (continued)

	2017	2016
Current period benefit cost	\$ 871,783	\$ 929,928
Amortization of actuarial gain/losses	<u>(207,915)</u>	<u>(197,939)</u>
	663,868	731,989
Less: Employee contributions	<u>(346,404)</u>	<u>(369,508)</u>
Pension expense	317,464	362,481
Interest recovery on the average accrued benefit obligation	<u>(157,809)</u>	<u>(131,378)</u>
Total expenses related to pension	<u>\$ 159,655</u>	<u>\$ 231,103</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 liability included in these consolidated financial statements for this accrued retirement allowance is \$1,034,057 (2016 - \$949,222).

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2017

8. Schedule of Tangible Capital Assets

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Vehicles and Equipment</u>	<u>Computer Hardware and Software</u>	<u>Assets Under Construction</u>	<u>Roads Streets Sidewalks Culverts</u>	<u>Water and Sewer Buildings</u>	<u>Water and Sewer Pipes</u>	<u>Total</u>
Cost										
Balance, beginning of year	\$ 846,851	\$ 8,484,990	\$ 32,280,492	\$ 12,295,008	\$ 542,045	\$ 62,589	\$ 91,315,653	\$ 7,029,806	\$ 44,058,460	\$ 196,915,894
Add:										
Additions during the year	157,973	791,297	1,005,966	1,867,189	44,320	87,946	5,450,365	-	3,073,976	12,479,032
Less:										
Disposals during the year	-	-	(702,864)	(1,181,011)	-	(17,582)	(203,590)	(103,010)	(344,227)	(2,552,284)
Balance, end of year	<u>1,004,824</u>	<u>9,276,287</u>	<u>32,583,594</u>	<u>12,981,186</u>	<u>586,365</u>	<u>132,953</u>	<u>96,562,428</u>	<u>6,926,796</u>	<u>46,788,209</u>	<u>206,842,642</u>
Accumulated amortization										
Balance, beginning of year	-	2,873,316	7,031,343	8,077,963	284,456	-	28,218,099	1,935,838	11,769,487	60,190,502
Add:										
Amortization during the year	-	414,936	807,397	924,019	78,561	-	1,921,161	173,170	531,926	4,851,170
Less:										
Accumulated amortization on disposals	-	-	(702,864)	(1,141,150)	-	-	(167,718)	(103,010)	(185,265)	(2,300,007)
Balance, end of year	<u>-</u>	<u>3,288,252</u>	<u>7,135,876</u>	<u>7,860,832</u>	<u>363,017</u>	<u>-</u>	<u>29,971,542</u>	<u>2,005,998</u>	<u>12,116,148</u>	<u>62,741,665</u>
Net Book Value of Tangible Capital Assets December 31, 2017	<u>\$ 1,004,824</u>	<u>\$ 5,988,035</u>	<u>\$ 25,447,718</u>	<u>\$ 5,120,354</u>	<u>\$ 223,348</u>	<u>\$ 132,953</u>	<u>\$ 66,590,886</u>	<u>\$ 4,920,798</u>	<u>\$ 34,672,061</u>	<u>\$ 144,100,977</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>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2017

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, 2017 - 2.45%) These amounts are secured by resolutions signed by the Municipal Capital Borrowing Board, Province of New Brunswick. As of December 31, 2017 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>\$ 2,475,000</u>	<u>\$ -</u>	<u>\$ 2,475,000</u>

As of December 31, 2017 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, 2017 the Town had no net borrowing in the General Operating or Utility Operating funds.

In 2017, 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:

	2017	2016
Riverview P.R.O. Kids	\$ 29,902	\$ 32,995
Gas Tax Fund	-	458,035
General Operating Reserve	329,408	326,141
General Capital Reserve	1,753,931	1,449,371
General Parkland Reserve	169,926	168,241
Utility Operating Reserve	103,828	102,798
Utility Capital Reserve	<u>1,044,826</u>	<u>1,403,816</u>
	<u>\$ 3,431,821</u>	<u>\$ 3,941,397</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.

10. Reclassification of prior years

Certain of prior figures have been reclassified to conform with the current year presentation.

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SCHEDULE OF SEGMENT DISCLOSURES
DECEMBER 31, 2017

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 2017</u>	<u>Total 2016</u>
Revenue								
Property tax warrant	\$ 8,891,829	\$ 6,074,298	\$ 3,221,150	\$ 1,784,498	\$ 3,526,543	\$ -	\$ 23,498,318	\$ 23,067,570
Unconditional transfers from the Provincial Government	815,015	556,763	295,247	163,565	323,240	-	2,153,830	1,950,460
Other contributions and government transfers	-	410,175	4,134,272	-	-	2,227,377	6,771,824	3,813,933
Sales of services	420,353	-	15,546	-	1,103,003	-	1,538,902	1,460,356
Other revenue from own sources	190,846	11,060	62,553	165,684	-	10,233	440,376	390,150
Water and sewer revenue	-	-	-	-	-	6,805,744	6,805,744	6,582,228
Total revenue	<u>10,318,043</u>	<u>7,052,296</u>	<u>7,728,768</u>	<u>2,113,747</u>	<u>4,952,786</u>	<u>9,043,354</u>	<u>41,208,994</u>	<u>37,264,697</u>
Expenses								
Salaries and benefits	953,605	2,486,423	1,235,339	241,691	2,786,145	1,372,739	9,075,942	8,561,719
Goods and services	1,421,704	4,014,536	2,466,343	1,839,236	1,802,604	3,963,164	15,507,587	15,133,267
Amortization, disposals and transfers	312,103	301,012	2,858,695	-	620,748	758,612	4,851,170	4,412,771
Interest	76,651	48,010	449,354	16,329	46,415	190,973	827,732	879,701
	<u>2,764,063</u>	<u>6,849,981</u>	<u>7,009,731</u>	<u>2,097,256</u>	<u>5,255,912</u>	<u>6,285,488</u>	<u>30,262,431</u>	<u>28,987,458</u>
Surplus (deficit)	<u>\$ 7,553,980</u>	<u>\$ 202,315</u>	<u>\$ 719,037</u>	<u>\$ 16,491</u>	<u>\$ (303,126)</u>	<u>\$ 2,757,866</u>	<u>\$ 10,946,563</u>	<u>\$ 8,277,239</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED SCHEDULE OF REVENUES
DECEMBER 31, 2017

Schedule 2

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Other contributions and government transfers			
Infrastructure program	\$ 3,426,555	\$ 3,426,555	\$ 639,257
Gas tax program	1,820,815	1,820,815	1,493,339
Contributed assets - developers	936,262	936,262	1,144,491
Fire-local service district	400,000	410,175	359,083
Roads and streets	160,000	162,105	162,105
Lane marking	<u>15,500</u>	<u>15,912</u>	<u>15,658</u>
	<u>\$ 6,759,132</u>	<u>\$ 6,771,824</u>	<u>\$ 3,813,933</u>
Sales of services			
Community centre	\$ 223,981	\$ 244,645	\$ 244,190
Swimming pools	187,000	222,045	196,811
Skating rinks and arenas	421,575	426,233	432,631
Other recreational programs	191,000	210,080	194,521
RCMP building lease	214,558	215,948	189,537
Fundy Station lease income	208,521	204,405	198,324
Other - culverts, curb cutting	<u>15,000</u>	<u>15,546</u>	<u>4,342</u>
	<u>\$ 1,461,635</u>	<u>\$ 1,538,902</u>	<u>\$ 1,460,356</u>
Other revenue from own sources			
Licences and permits			
Building	\$ 180,000	\$ 132,374	\$ 106,671
Animal	35,500	21,050	30,985
Planning commission	27,500	33,310	34,995
Fines			
Municipal By-Law	10,000	11,060	30,921
Other			
Local improvement levy	18,269	10,767	-
Development cost recovery	15,000	-	44,840
Miscellaneous	50,800	129,527	55,393
Gain (loss) on disposal of assets	70,000	(92,409)	(82,332)
Return on investments			
Interest on cash in bank	215	11,522	3,930
Interest on past due accounts	118,200	148,623	137,718
Interest on reserve funds	<u>34,552</u>	<u>34,552</u>	<u>27,029</u>
	<u>\$ 560,036</u>	<u>\$ 440,376</u>	<u>\$ 390,150</u>
Water and sewerage revenue			
Water user charges - residential	\$ 2,879,296	\$ 2,891,317	\$ 2,790,654
- other	755,269	716,093	695,389
Sewer user charges - residential	1,201,849	1,204,436	1,152,503
- other	258,894	251,274	242,073
Sewer treatment levy	1,684,070	1,678,048	1,669,205
Water and sewer other revenue	<u>41,806</u>	<u>64,576</u>	<u>32,404</u>
	<u>\$ 6,821,184</u>	<u>\$ 6,805,744</u>	<u>\$ 6,582,228</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED SCHEDULE OF EXPENSES
DECEMBER 31, 2017

Schedule 3

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
General government services			
Legislative			
Mayor	\$ 36,528	\$ 33,825	\$ 31,700
Councilors	119,602	113,343	111,491
Other	<u>35,169</u>	<u>36,759</u>	<u>31,523</u>
	<u>191,299</u>	<u>183,927</u>	<u>174,714</u>
Administrative			
Manager	224,271	216,296	203,335
Office building	65,100	81,751	60,040
Solicitor	85,000	83,843	99,861
Other	<u>239,693</u>	<u>189,081</u>	<u>159,902</u>
	<u>614,064</u>	<u>570,971</u>	<u>523,138</u>
Financial and Human Resources			
Administrative	239,899	228,575	216,837
Accounting and human resources	<u>520,374</u>	<u>465,695</u>	<u>455,982</u>
	<u>760,273</u>	<u>694,270</u>	<u>672,819</u>
Other General Government Services			
Civic relations	88,950	62,349	63,556
Other general government services	11,960	34,138	11,933
Public liability insurance premiums	111,000	112,933	100,164
Grants to organizations	292,726	290,474	278,311
Assessment costs	288,046	288,046	286,394
Building expense - RCMP station	<u>173,064</u>	<u>138,200</u>	<u>140,369</u>
	<u>965,746</u>	<u>926,140</u>	<u>880,727</u>
	<u>\$ 2,531,382</u>	<u>\$ 2,375,308</u>	<u>\$ 2,251,398</u>
Protective services			
Police			
RCMP contract	\$ <u>3,499,677</u>	\$ <u>3,499,677</u>	\$ <u>3,575,921</u>
Fire			
Administration	2,342,214	2,298,207	2,249,182
Volunteers	71,250	69,017	78,686
Fire alarm system	25,800	24,491	32,629
Fire investigation and prevention	10,950	8,622	10,838
Training and development	70,700	68,452	62,781

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED SCHEDULE OF EXPENSES (CONTINUED)
DECEMBER 31, 2017

Schedule 3

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Protective services (continued)			
Fire (continued)			
Station and building	110,832	106,882	115,002
Firefighting equipment	122,000	137,987	140,911
Other	<u>7,600</u>	<u>8,932</u>	<u>7,440</u>
	<u>2,761,346</u>	<u>2,722,590</u>	<u>2,697,469</u>
Other			
Bylaw enforcement	108,003	112,374	106,076
Animal and pest control	89,586	86,362	79,371
Crosswalk guards	<u>78,800</u>	<u>79,954</u>	<u>80,482</u>
	<u>276,389</u>	<u>278,690</u>	<u>265,929</u>
	<u>\$ 6,537,412</u>	<u>\$ 6,500,957</u>	<u>\$ 6,539,319</u>
Transportation services			
Common Services			
Administration	\$ 885,955	\$ 807,390	\$ 753,787
General equipment	173,370	180,459	167,535
Workshops, yard and other buildings	<u>140,540</u>	<u>117,209</u>	<u>124,349</u>
	<u>1,199,865</u>	<u>1,105,058</u>	<u>1,045,671</u>
Road transport			
Engineering planning, supervision	<u>73,280</u>	<u>98,294</u>	<u>45,790</u>
Roads and streets			
Summer maintenance	288,800	355,842	370,670
Culverts and drainage ditches	25,400	15,808	21,106
Storm sewers	14,400	21,731	26,820
Snow and ice removal	<u>788,727</u>	<u>824,641</u>	<u>748,661</u>
	<u>1,117,327</u>	<u>1,218,022</u>	<u>1,167,257</u>
Street lighting	<u>527,600</u>	<u>538,407</u>	<u>528,191</u>
Traffic services			
Street signs	19,200	17,765	14,331
Traffic lane marking	52,000	54,609	46,013
Traffic signals	10,000	6,762	17,228
Crosswalks	8,000	10,070	11,674
Public transit	<u>590,709</u>	<u>652,697</u>	<u>612,373</u>
	<u>679,909</u>	<u>741,903</u>	<u>701,619</u>
	<u>\$ 3,597,981</u>	<u>\$ 3,701,684</u>	<u>\$ 3,488,528</u>

**MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED SCHEDULE OF EXPENSES (CONTINUED)
DECEMBER 31, 2017**

Schedule 3

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Environmental health and development services			
Environmental health services			
Garbage and waste collection	\$ 474,300	\$ 473,215	\$ 465,636
Landfill costs	<u>392,636</u>	<u>392,636</u>	<u>390,552</u>
	<u>866,936</u>	<u>865,851</u>	<u>856,188</u>
Environmental development services			
Community planning	351,404	362,761	311,766
Community development agency	78,074	78,074	86,749
Economic development and tourism	422,686	397,625	335,984
Beautification and land rehabilitation	<u>398,000</u>	<u>376,615</u>	<u>312,061</u>
	<u>1,250,164</u>	<u>1,215,075</u>	<u>1,046,560</u>
	<u>\$ 2,117,100</u>	<u>\$ 2,080,926</u>	<u>\$ 1,902,748</u>
Recreation and cultural services			
Administration	\$ 2,574,686	\$ 2,455,548	\$ 2,275,657
Community centres and halls	659,989	642,111	612,810
Swimming pools	326,253	363,198	375,652
Rinks and arenas	433,675	431,266	439,397
Parks and playgrounds	213,300	247,542	220,256
Other recreational facilities	173,300	162,341	178,356
Library	32,100	32,004	29,761
Fundy Chocolate River Station	208,832	188,388	208,027
Other	<u>75,100</u>	<u>66,353</u>	<u>27,763</u>
	<u>\$ 4,697,235</u>	<u>\$ 4,588,751</u>	<u>\$ 4,367,679</u>
Water supply			
Administration	\$ 108,462	\$ 103,517	\$ 98,145
Billing and collection	88,990	88,917	86,447
Water purchased	1,370,000	1,284,060	1,295,893
Other	<u>1,457,187</u>	<u>1,360,079</u>	<u>1,253,749</u>
	<u>\$ 3,024,639</u>	<u>\$ 2,836,573</u>	<u>\$ 2,734,234</u>
Sewerage collection and disposal			
Administration	\$ 43,743	\$ 41,718	\$ 39,570
Sewerage treatment and disposal	1,668,870	1,668,870	1,661,384
Other	<u>818,644</u>	<u>788,742</u>	<u>710,127</u>
	<u>\$ 2,531,257</u>	<u>\$ 2,499,330</u>	<u>\$ 2,411,081</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
CONSOLIDATED SCHEDULE OF EXPENSES (CONTINUED)
DECEMBER 31, 2017

Schedule 3

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Interest and miscellaneous			
Interest on bank overdraft	\$ 95,000	\$ 77,200	\$ 163,468
Interest on long-term debt	<u>981,437</u>	<u>750,532</u>	<u>716,233</u>
	<u>\$ 1,076,437</u>	<u>\$ 827,732</u>	<u>\$ 879,701</u>

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MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2017

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
2017 annual fund surplus (deficit) per consolidated financial statements	\$ 8,456,544	\$ (212,034)	\$ 1,357,698	\$ 1,309,803	\$ 19,512	\$ 15,040	\$ 10,946,563
<i>Adjustments to annual surplus for funding requirements</i>							
Second previous year surplus	39,055	-	96,268	-	-	-	135,323
Transfers between funds:							
Transfer from operating to capital	(7,001,830)	7,001,830	(1,607,842)	1,607,842	-	-	-
Transfer from reserve to capital	-	450,000	-	420,000	(450,000)	(420,000)	-
Transfer from operating to reserve	(740,000)	-	(47,000)	-	740,000	47,000	-
Recovery of accrued pension liability	(449,400)	-	-	-	-	-	(449,400)
Amortization expense	-	4,092,558	-	758,612	-	-	4,851,170
Contributed tangible capital assets	-	(544,597)	-	(391,665)	-	-	(936,262)
Water cost transfer	(300,000)	-	300,000	-	-	-	-
Total adjustments to 2017 annual surplus (deficit)	<u>(8,452,175)</u>	<u>10,999,791</u>	<u>(1,258,574)</u>	<u>2,394,789</u>	<u>290,000</u>	<u>(373,000)</u>	<u>3,600,831</u>
2017 annual surplus (deficit)	<u>\$ 4,369</u>	<u>\$ 10,787,757</u>	<u>\$ 99,124</u>	<u>\$ 3,704,592</u>	<u>\$ 309,512</u>	<u>\$ (357,960)</u>	<u>\$ 14,547,394</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2017

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 2017</u>	<u>Total 2016</u>
<i>Assets</i>							
Cash	<u>\$ 329,408</u>	<u>\$ 1,753,931</u>	<u>\$ 169,926</u>	<u>\$ 103,828</u>	<u>\$ 1,044,826</u>	<u>\$ 3,401,919</u>	<u>\$ 3,450,367</u>
<i>Surplus</i>							
Accumulated Surplus, beginning of year	326,141	1,449,371	168,241	102,798	1,403,816	3,450,367	3,353,338
Annual surplus	<u>3,267</u>	<u>304,560</u>	<u>1,685</u>	<u>1,030</u>	<u>(358,990)</u>	<u>(48,448)</u>	<u>97,029</u>
Accumulated Surplus, end of year	<u>\$ 329,408</u>	<u>\$ 1,753,931</u>	<u>\$ 169,926</u>	<u>\$ 103,828</u>	<u>\$ 1,044,826</u>	<u>\$ 3,401,919</u>	<u>\$ 3,450,367</u>
<i>Revenue</i>							
Interest	3,267	14,560	1,685	1,030	14,010	34,552	27,029
Money in lieu of parkland	-	-	-	-	-	-	-
Transfers from operating funds	<u>-</u>	<u>740,000</u>	<u>-</u>	<u>-</u>	<u>47,000</u>	<u>787,000</u>	<u>250,000</u>
	3,267	754,560	1,685	1,030	61,010	821,552	277,029
<i>Expenses</i>							
Transfer to capital funds	<u>-</u>	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>420,000</u>	<u>870,000</u>	<u>180,000</u>
Annual surplus (deficit)	<u>\$ 3,267</u>	<u>\$ 304,560</u>	<u>\$ 1,685</u>	<u>\$ 1,030</u>	<u>\$ (358,990)</u>	<u>\$ (48,448)</u>	<u>\$ 97,029</u>

MUNICIPALITY OF THE TOWN OF RIVERVIEW, NEW BRUNSWICK
SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
DECEMBER 31, 2017

3. Reconciliation of Operating Budget to Public Sector Accounting for year ended December 31, 2017

	<u>Operating</u>	<u>Amortization</u>	<u>Other</u>	<u>Transfers</u>	<u>Total</u>
Revenue					
Warrant of assessment	\$ 23,498,318	\$ -	\$ -	\$ -	\$ 23,498,318
Unconditional transfers from Provincial Government	2,104,839	-	-	-	2,104,839
Other contributions and government transfers	575,500	-	6,183,632	-	6,759,132
Sales of services	1,461,635	-	-	-	1,461,635
Other revenue from own sources	525,484	-	34,552	-	560,036
Water and sewer revenue	7,121,184	-	(300,000)	-	6,821,184
	<u>35,286,960</u>	<u>-</u>	<u>5,918,184</u>	<u>-</u>	<u>41,205,144</u>
Expenses					
General government services	2,578,477	-	(449,400)	-	2,129,077
Protective services	6,957,827	-	(300,000)	-	6,657,827
Transportation services	3,662,759	-	-	-	3,662,759
Environment health and development	2,131,111	-	-	-	2,131,111
Recreation and cultural services	4,825,014	-	-	-	4,825,014
Water supply	3,078,057	-	-	-	3,078,057
Sewerage collection and disposal	2,553,161	-	-	-	2,553,161
Amortization of tangible capital assets	-	4,851,170	-	-	4,851,170
Interest expense and miscellaneous	1,076,437	-	-	-	1,076,437
	<u>26,862,843</u>	<u>4,851,170</u>	<u>(749,400)</u>	<u>-</u>	<u>30,964,613</u>
Fiscal services					
Transfer from operating fund to capital fund	7,772,440	-	-	(7,772,440)	-
Transfer from operating fund to reserve fund	787,000	-	-	(787,000)	-
Second previous years' surplus	(135,323)	-	-	135,323	-
	<u>8,424,117</u>	<u>-</u>	<u>-</u>	<u>(8,424,117)</u>	<u>-</u>
	<u>35,286,960</u>	<u>4,851,170</u>	<u>(749,400)</u>	<u>(8,424,117)</u>	<u>30,964,613</u>
Annual surplus	\$ -	\$ (4,851,170)	\$ 6,667,584	\$ 8,424,117	\$ 10,240,531