



Grant Thornton

Consolidated Financial Statements

City of Miramichi

December 31, 2018

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# Independent auditor's report

To His Worship the Mayor  
And Members of City Council

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## Opinion

We have audited the consolidated financial statements of City of Miramichi ("the Entity"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of City of Miramichi as at December 31, 2018, and the results of its operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Emphasis of Matter

The Department of Environment and Local Government of New Brunswick has requested some additional disclosures based on the Municipal Financial Reporting Manual dated December 16<sup>th</sup> 2011. The City has added notes 10, 11 and 12 and schedules 5, 6 and 7 to their consolidated financial statements to comply with these requirements.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.





## Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Miramichi, New Brunswick  
June 27, 2019

*Grant Thornton LLP*

Chartered Professional Accountants

# City of Miramichi

## Consolidated Statement of Financial Position

Year Ended December 31

2018

2017

### Financial assets

Cash and cash equivalents	\$ 26,339,842	\$ 24,226,742
Restricted cash (Note 2)	555,846	555,042
Trust deposits	17,235	17,235
Receivables (Note 3)	4,364,231	4,870,234
Accrued pension asset (Note 7)	3,035,500	1,782,200
	<u>34,312,654</u>	<u>31,451,453</u>

### Liabilities

Bank loans (Note 4)	8,653,000	8,532,000
Trust deposits payable	17,235	17,235
Payables and accruals (Note 5)	5,273,340	5,938,085
Deferred government funding	266,044	80,020
Long-term debt (Note 6)	23,666,000	22,759,000
Funds held in trust – Covey Estate - David Sadler Scholarship	470,900	471,618
Other post employment liabilities (Note 8)	3,264,500	3,209,900
	<u>41,611,019</u>	<u>41,007,858</u>

### Net debt

<u>(7,298,365)</u>	<u>(9,556,405)</u>
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### Non-financial assets

Tangible capital assets (Note 9)	134,874,487	127,989,131
Prepaid expenses	59,696	21,102
Inventory of supplies	13,243	40,346
	<u>134,947,426</u>	<u>128,050,579</u>

### Accumulated surplus

<u>\$ 127,649,061</u>	<u>\$ 118,494,174</u>
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Contingency (Note 13)

On behalf of the Council




See accompanying notes to the consolidated financial statements.



# City of Miramichi

## Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31

2018

2017

	PSAB (Budget)	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Warrant of assessment	\$ 25,565,693	\$ 25,565,693	\$ 25,206,187
Unconditional transfers from Provincial Government	5,778,782	5,908,193	6,282,639
Services to other governments (Page 18)	900,420	921,405	898,737
Other contributions and government transfers (Page 18)	5,345,346	5,395,590	4,523,629
Other revenue from own sources (Page 18)	1,122,935	1,274,199	1,609,405
Water and sewerage revenue (Page 18)	5,094,231	5,016,806	4,923,934
Interest	80,000	404,714	265,429
	<u>43,887,407</u>	<u>44,486,600</u>	<u>43,709,960</u>
<b>Expenditures (Pages 19 - 23)</b>			
General government services	3,871,351	3,201,966	3,821,825
Protection services	10,753,691	10,035,413	9,742,215
Transportation services	10,659,813	9,704,158	9,752,467
Environmental health and development	2,806,681	2,536,044	2,382,227
Recreation and cultural services	5,003,350	4,694,936	4,578,391
Water sewerage services	5,464,642	5,159,196	4,895,902
	<u>38,559,528</u>	<u>35,331,713</u>	<u>35,173,027</u>
Annual surplus	5,327,879	9,154,887	8,536,933
Accumulated surplus, beginning of year	-	118,494,174	109,957,241
Accumulated surplus, end of year	\$ -	\$ 127,649,061	\$ 118,494,174

See accompanying notes to the consolidated financial statements.

# City of Miramichi

## Consolidated Statement of Changes in Net Debt

Year Ended December 31

2018

2017

	PSAB (Budget)	<u>Actual</u>	<u>Actual</u>
<b>Annual surplus</b>	\$ 5,327,879	\$ 9,154,887	\$ 8,536,933
Acquisition of tangible capital assets	(10,527,446)	(13,092,454)	(10,376,341)
Proceeds on disposal of tangible capital assets	-	371,544	20,521
Amortization of tangible capital assets	-	6,016,903	5,812,848
Write-down of tangible capital assets	-	129,767	-
Gain on sale of tangible capital assets	-	(311,116)	(12,737)
	<u>(5,199,567)</u>	<u>(6,885,356)</u>	<u>4,555,709</u>
Change in prepaid expenses	-	7,859	(21,102)
Change in inventory	-	(19,350)	45,155
	-	<u>(11,491)</u>	<u>24,053</u>
Decrease (increase) in net debt	(5,199,567)	2,258,040	4,005,277
Net debt, beginning of year	<u>(9,556,405)</u>	<u>(9,556,405)</u>	<u>(13,561,682)</u>
<b>Net debt, end of year</b>	<u>\$ (14,755,972)</u>	<u>\$ (7,298,365)</u>	<u>\$ (9,556,405)</u>

See accompanying notes to the consolidated financial statements.

# City of Miramichi

## Consolidated Statement of Cash Flows

Year Ended December 31

2018

2017

Net cash inflow (outflow) related to the following activities:

### Operating activities

Annual surplus \$ 9,154,887 \$ 8,536,933

### Items not affecting cash:

Amortization 6,016,903 5,812,848

Gain on sale of tangible capital assets (311,116) (12,737)

Write-down of capital assets 129,767 -

Change in accrued pension liability (1,253,300) (727,800)

Change in other post employment benefits 54,600 (95,700)

### Changes in non-cash working capital:

Change in receivables 506,003 (1,310,512)

Change in payables and accruals (664,745) 2,612,953

Change in unearned revenue 186,024 (147,100)

Change in Trust Deposits (718) (2,346)

Change in supplies inventory (19,350) 45,155

Change in prepaid expenses 7,859 (21,102)

**Net cash provided by operating activities** **13,806,814** **14,690,592**

### Capital activities

Acquisition of tangible capital assets (13,092,454) (10,376,341)

Proceeds on sale of tangible capital assets 371,544 20,521

**Net cash used for capital activities** **(12,720,910)** **(10,355,820)**

### Financing activities

Issuance of long-term debt 3,542,000 1,356,000

Proceeds of bank loans, net 121,000 2,312,000

Repayment of long-term debt (2,635,000) (2,722,000)

**Net cash provided by financing activities** **1,028,000** **946,000**

**Increase in cash and cash equivalents** **2,113,904** **5,280,772**

**Cash and cash equivalents at beginning of year** **24,781,784** **19,501,012**

**Cash and cash equivalents at end of year** **\$ 26,895,688** **\$ 24,781,784**

### Summary of cash and cash equivalents:

Cash \$ 26,339,842 \$ 24,226,742

Restricted cash 555,846 555,042

**Cash and cash equivalents at end of year** **\$ 26,895,688** **\$ 24,781,784**

See accompanying notes to the consolidated financial statements.



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# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2018

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The Corporation of the City of Miramichi (the "City") is incorporated and operates under the provisions of the Province of New Brunswick Municipalities Act.

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

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### 1. Summary of significant accounting policies

The consolidated financial statements of the Corporation of the City of Miramichi are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants. The consolidated financial statements include the additional disclosure requirements by the Department of Environment and Local Government of New Brunswick. The City has added Notes 10, 11 and 12 and Schedules 5, 6, and 7 to comply with these requirements.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

Significant aspects of the accounting policies adopted by the City of Miramichi are as follows:

a) **Reporting entity**

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures, changes in fund balances and change in financial position of the reporting entity. The City of Miramichi is comprised of all organizations, local boards and commissions that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources. In addition to the City's municipal government operations, they include the operations of French Fort Cove Eco-Center Inc.

Inter-departmental 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, 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.

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 for 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.



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# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2018

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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 expenditures, provides the consolidated change in net financial debt for the year.

e) i) **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, less residual value, of the tangible capital assets is amortized on a straight line basis over the estimated useful lives as follows:

Asset type	Years
Land improvements	10-30 years
Buildings and leasehold improvements	10-60 years
Machinery and equipment	10-20 years
Fleet	2-20 years
Roads, streets, sidewalks and culverts	15-60 years
Water and sewer systems	20-80 years

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

iii) **Contribution of tangible capital assets**  
Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

f) **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.

g) **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.

h) **Employee future benefits**  
The City and its employees contribute to the City of Miramichi Municipal Pension Plan, a jointly trustee pension plan. The Plan provides for service pensions based on length of service and rate of pay (a defined benefit plan).

In addition to the Municipal Pension Plan, post-retirement benefits, and severance benefits also accrue to the City's employees. The costs of these benefits are actuarially determined based on service and best estimate of retirement ages and expected future salary increases. The obligation under these benefits plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. The City also provides continuation of unused sick banks which do not vest to be used during the employees' period of employment.

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# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2018

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### 1. Summary of significant accounting policies (continued)

#### i) Budget

The budget figures contained in these consolidated financial statements were approved by Council on December 14, 2017 and the Minister of Environment and Local Government approved the General Operating Budget on January 5, 2018, Capital Budget on December 14, 2017 and Utility Operating budget on January 5, 2018.

#### j) Reserves and funds

Certain amounts, as approved by City Council, are set aside in reserves and reserves funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are recorded as an adjustment within accumulated surplus. Schedule 4, "Schedule of Reserve Funds" to the consolidated financial statements, is included to show the reserve fund balances as supplementary information.

##### i. Operating funds

Operating Funds are established for general, and water and sewer operations of the City. Operating Funds are used to record the costs associated with providing City services.

##### ii. Capital funds

Capital Funds are established for general and water and sewer capital. Capital Funds track the acquisition cost of various capital assets and the financing of those assets, including related debt.

##### iii. Reserve funds

Under the Municipalities Act of New Brunswick, Council may establish discretionary reserves for each fund listed above.

#### k) Segmented information

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



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# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2018

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**1. Summary of significant accounting policies (continued)**

**k) Segmented information (continued)**

Environmental health services and development services

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

Recreation and cultural services

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

Water and sewer systems

This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

**l) Revenue recognition**

Taxation Revenue represents annual levy administered and collected by the Province of New Brunswick on behalf of all New Brunswick Municipalities for municipal services. They are recorded as warrant of assessment as the funds are received by the City.

Government Transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met by the City, and a reasonable estimate of the amount to be received can be made.

Fee and charge revenue for building permits; water and wastewater, and transportation are recorded on the accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

Other revenues are recorded when it is earned, and collection is reasonably assured.

**m) Expense recognition**

Expenses are recognized in the period that the goods and services were acquired and a liability was incurred. Expenses are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

**n) Trust funds**

The City maintains trust funds for the Sadler Scholarship. The funds are restricted for this use only.

City of Miramichi
Notes to the Consolidated Financial Statements
December 31, 2018

1.
Summary of significant accounting policies (continued)
- o)
**Liability for contaminated sites**  
Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use all the following criteria are met:
  - an environmental standard exists;
  - contamination exceeds the environmental standard;
  - the City:
    - is directly responsible; or
    - accepts responsibility;
  - it is expected that future economic benefits will be given up; and
  - a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.
- p)
**Use of estimates**  
The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions 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 amounts of revenue and expenditures during the reporting period. As such, actual results could differ from the estimates. Areas requiring the greatest degree of estimation include provision for future employee benefits, valuation of donated capital assets, assessment of contingency liabilities, and allowance for doubtful accounts receivable.

2. Restricted cash	2018	2017
Restricted cash is comprised of the following:		
French Fort Cove capital fund bank account	\$ 84,946	\$ 83,424
Cash held for Sadler Scholarship fund	470,900	471,618
	<u>\$ 555,846</u>	<u>\$ 555,042</u>



# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2018

<b>3. Receivables</b>	<b>2018</b>	<b>2017</b>
Water and sewer receivables	\$ 1,551,748	\$ 1,703,373
Receivable from Province of New Brunswick	1,315,204	1,760,804
Other receivables	407,840	394,973
Sales tax receivable	1,089,439	1,011,084
	<b>\$ 4,364,231</b>	<b>\$ 4,870,234</b>

### 4. Bank loans

Bank loans represent temporary financing of capital expenditures for the General Capital Fund and for the Water and Sewerage Capital Fund and will be replaced by debenture issues as well as a working capital component. The total amount for Capital Funds are within the budget limit of 50% of operating funds expenditures as required by the Municipalities Act. The interest rates on these loans are at prime rate.

<b>5. Payables and accruals</b>	<b>2018</b>	<b>2017</b>
Accounts payable and accrued charges	\$ 4,985,287	\$ 5,657,338
Accrued interest on long-term debt	85,441	81,766
Holdbacks payable	202,612	198,981
	<b>\$ 5,273,340</b>	<b>\$ 5,938,085</b>

<b>6. Long-term debt</b>	<b>2018</b>	<b>2017</b>
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#### New Brunswick Municipal Financing Corporation

##### Debentures:

2.1%-4.95% series due 2018 (OIC 05-88, 07-27, 07-68)	\$ -	\$ 141,000
1.0%-4.5% series due 2019 (OIC 05-88, 06-40, 07-27, 07-68, 08-32)	102,000	200,000
1.50%-4.55% series due 2020 (OIC 07-27, 07-68, 08-32, 09-28, 09-96, 99-18)	1,645,000	1,860,000
1.65%-4.25% series due 2021 (OIC 00-58, 99-18)	403,000	528,000
1.35%-3.45% series due 2021 (OIC 06-32, 09-28, 09-96, 09-23, 09-26, 10-33)	822,000	1,024,000
1.65%-3.8% series due 2027 (OIC 09-0028, 09-0096, 10-0011)	1,175,000	1,251,000
1.35%-3.8% series due 2032 (OIC 09-0096, 09-0126, 10-0011, 10-0033, 12-0026)	482,000	588,000
1.35%-4.0% series due 2033 (OIC 01-77, 10-0011, 12-0026)	866,000	936,000
1.25%-1.45% series due 2033 (OIC 10-0011, 10-0033, 11-0084)	1,171,000	1,237,000
1.15%-4.15% series, due 2034 (OIC 01-0077, 02-0032, 11-0084, 12-0002, 12-0026)	770,000	844,000
0.95%-3.50% series, due 2035 (OIC 12-0002, 13-0018, 13-0018, 14-001, 01-0013)	1,055,000	1,166,000
1.45%-2.90% series, due 2026 (OIC 14-001)	524,000	584,000
1.20%-2.70% series due in 2027 (OIC 15-0014, 16-0014, 16-0037)	1,231,000	1,356,000
2.1%-3.7% series due 2029 (OIC 15-0014, 16-0014, 16-0037, 17-0032, 17-0045)	2,570,000	-
2.1%-5.55% series due 2023 (OIC 06-40, 07-27, 07-68)	711,000	781,000
1.0%-4.5% series due 2019 (OIC 07-27, 07-68, 08-32)	466,000	504,000
1.35%-3.45% series due 2021 (OIC 07-0027, 09-0028, 09-0096, 09-0110, 09-0126)	791,000	842,000
1.65%-3.8% series due 2027 (OIC 07-0027, 09-0028, 10-0033, 99-0018)	426,000	450,000



City of Miramichi
Notes to the Consolidated Financial Statements
December 31, 2018

6. Long-term debt (continued)

1.35%-3.8% series due 2032 (OIC 09-0028, 10-0033, 11-0060)	231,000	244,000
1.35%-4.0% series due 2033 (OIC 02-0032, 10-0033, 12-0026, 99-0018)	1,379,000	1,631,000
1.25%-4.4% series due 2033 (OIC 11-0060, 12-0026)	384,000	403,000
1.15%-4.15% series due 2024 (OIC 02-0032, 03-0043, 99-0018)	1,476,000	1,706,000
1.05%-3.90% series due 2025 (OIC 02-0032, 03-0043, 04-0035, 04-0054, 99-0018)	2,205,000	2,495,000
0.95%-3.50% series due 2035 (OIC 13-0018, 14-0011)	961,000	1,007,000
1.45%-3.75% series due 2036 (OIC 13-0018, 14-0011, 15-0014)	333,000	369,000
1.20%-3.80% series due 2036 (OIC 02-0032, 03-0043, 04-0035, 05-0053, 99-0018)	307,000	364,000
1.65%-3.30% series due 2027 (OIC 05-0053, 05-0088, 06-0040)	208,000	248,000
2.10-3.70% series due 2038 (OIC 13-0018, 15-0014, 16-0014, 17-0032)	972,000	-
	<u>\$ 23,666,000</u>	<u>\$ 22,759,000</u>

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

2018	\$ 3,199,000	2021	\$ 2,097,000
2019	\$ 3,875,000	2022	\$ 2,376,000
2020	\$ 3,315,000		

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 an Order-in-Council of the Provincial Legislature. At December 31, 2018, the City has authority to borrow an additional \$10,676,000.

7. Pension liability

Pension benefits are provided to employees of The City of Miramichi under the Pension Plan for the Employees of the City of Miramichi ascended to on July 1, 1996. Employees contribute to the plan, which provides for service pensions based on length of service and rate of pay (a defined benefit plan).

Employees make contributions equal to 9% of earnings, and the City contributes an equal amount. The contribution by the City in 2018 was \$2,391,900 (2017 - \$2,346,600) including special payments of \$1,502,600 (2017 - \$1,462,100). Total benefit payments to retirees during the year were \$2,006,300 (2017 - \$1,851,800). A separate pension fund is maintained. The City is in a net asset position at December 31, 2018, as follows:

	2018	2017
Smoothed market value of plan assets	\$ 59,413,600	\$ 55,390,200
Accrued benefit obligation	<u>(56,841,700)</u>	<u>(53,926,900)</u>
Funded surplus	2,571,900	1,463,300
Unamortized actuarial losses	<u>463,600</u>	<u>318,900</u>
Accrued pension asset	<u>\$ 3,035,500</u>	<u>\$ 1,782,200</u>

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The most recent evaluation of the Pension Plan by the City's actuaries, Manulife, was carried out effective December 31, 2017. The accrued benefit obligation shown for 2018 is based on an extrapolation of the 2017 valuation. There is a net unamortized actuarial loss to be amortized on a straight-line basis over the expected average remaining service life of the employee group (13 years).

# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2018

### 7. Pension liability (continued)

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

	<u>2018</u>	<u>2017</u>
(a) Discount rate	5.50%	5.50%
(b) Rate of compensation increases	3.25%	3.25%
(c) Rate of inflation	3.00%	3.00%
Mortality	CPM 2014 mortality table after retirement only, in combination with the CPM-B improvement scale.	
Retirement age	Police and fire at age 61; Other members at age 62; Members older than the assumed retirement ages are assumed to retire one year after the valuation date.	
	<u>2018</u>	<u>2017</u>
Current period benefit cost	\$ 1,875,800	\$ 1,938,900
Amortization of actuarial losses	<u>218,000</u>	<u>496,500</u>
	<u>2,093,800</u>	<u>2,435,400</u>
Less: Employee contributions	<u>(882,100)</u>	<u>(844,500)</u>
Pension expense	<u>1,211,700</u>	<u>1,590,900</u>
Interest (benefit) cost on the average accrued benefit obligation	<u>(67,500)</u>	<u>67,900</u>
<b>Total expenses related to pension</b>	<b><u>\$ 1,144,200</u></b>	<b><u>\$ 1,658,800</u></b>

The employer contribution expense of \$2,391,900 is included in the statement of operations as a component of department expenses. The change in pension liability of \$1,253,300 is included in post-retirement liabilities expense in the segment to which it relates.

	Percentage of Plan Assets	
Benefit plan assets consist of:	<u>2018</u>	<u>2017</u>
Bonds	30.51%	28.96%
Canadian equities	27.64%	28.68%
International equities	28.72%	32.08%
Real estate	<u>13.13%</u>	<u>10.28%</u>
	<u>100.0%</u>	<u>100.0%</u>



# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2018

### 8. Other post-employment liabilities

The City of Miramichi provides various groups of employees in accordance with applicable collective agreements severance, post-retirement benefits, and non-vesting sick time.

	<u>2018</u>	<u>2017</u>
<b>Employee benefit obligations:</b>		
Vested benefits	\$ 2,320,100	\$ 2,239,500
Unamortized actuarial gains	120,500	131,500
Non-vested benefits	788,600	799,900
Unamortized actuarial gains	<u>35,300</u>	<u>39,000</u>
<b>Accrued employee benefit obligation</b>	<b>\$ 3,264,500</b>	<b>\$ 3,209,900</b>
<b>Accrued employee benefit obligation</b>	<b>\$ 3,264,500</b>	<b>\$ 3,209,900</b>
Less funded amount	<u>(2,659,205)</u>	<u>(2,490,563)</u>
<b>Unfunded employee benefit obligation</b>	<b>\$ 605,295</b>	<b>\$ 719,337</b>
<b>Non-vested benefits</b>	<b>\$ 823,900</b>	<b>838,900</b>
<b>Total expenses related to other post-employment liabilities</b>	<b>\$ 278,400</b>	<b>\$ 246,700</b>

Vested benefits represent the City's liability for future employee lump sum retirement payments in the year of retirement or resignation which are contractually required to be paid to an employee independent of his or her further employment. It also includes non-pension post retirement benefit to retirees to age 65 related to healthcare benefits including medical, dental, drugs, vision and hospital. Non-vested benefits represent the City's estimated liability of future costs related to sick leave benefits that are conditional on his or her future employment.

The other post-employment liabilities were valued based on an actuarial calculation as of December 31, 2018. The actuarial method used was the projected benefit method prorated on service to calculate the accrued benefit obligation. 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 reflect the City's best estimates.

The following summarizes the major assumptions in the valuation for:

- Annual salary increase is 3.25%;
- the discount rate used to determine the accrued benefit obligation range from 3.5% to 3.6%;
- retirement age is 61 for fire and police, members older than the assumed retirement ages are assumed to retire one year after the valuation date;
- Estimated net excess utilization of rate of sick leave by employee group.

The sick leave is a substantially unfunded benefit. Benefits are paid out of general revenue as they come due.

The funded amount of \$2,659,205 (2017 - \$2,490,563) is included in cash and cash equivalents in the consolidated statement of financial position.



# City of Miramichi Notes to the Consolidated Financial Statements December 31, 2018

## 9. Tangible capital assets

	General Capital Assets						Water and Sewer Assets				
	Buildings and Leasehold Improvements			Machinery and Equipment			Road, Streets, Sidewalks, Culverts			Water and Sewer Systems	
	Land	Improvements		Improvements	Land	Construction	Fleet			Assets under Construction	
<b>Cost</b>											
Opening cost	\$ 1,098,886	\$ 20,585,062	\$ 2,697,085	\$ 5,229,081	\$ 360,846	\$ 9,805,477	\$ 116,851,273	\$ 19,800,922	\$ 71,195,214	\$ 3,050,834	\$ 250,674,680
Additions and transfers	193,448	412,262	165,691	577,181	2,623,088	1,226,352	3,497,907	113,859	1,053,504	3,522,304	13,385,606
Disposals and transfers	(20,032)	(121,951)	-	(180,561)	(218,720)	(1,173,132)	(233,096)	-	(114,143)	(74,432)	(249,694)
<b>Closing cost</b>	<b>1,272,302</b>	<b>20,875,373</b>	<b>2,862,776</b>	<b>5,625,701</b>	<b>2,765,214</b>	<b>9,858,697</b>	<b>120,116,084</b>	<b>19,914,791</b>	<b>72,134,575</b>	<b>6,498,706</b>	<b>261,924,219</b>
<b>Accumulated amortization</b>											
Opening accumulated amortization	-	(9,790,013)	(1,263,637)	(2,810,028)	-	(5,258,646)	(70,647,911)	(12,605,317)	(20,309,997)	-	(122,685,549)
Amortization	-	(620,420)	(251,748)	(230,832)	-	(611,705)	(2,872,410)	(444,709)	(985,079)	-	(6,016,903)
Disposals	-	120,228	-	144,449	-	1,133,160	200,181	-	54,702	-	1,652,720
<b>Closing accumulated amortization</b>	<b>-</b>	<b>(10,290,205)</b>	<b>(1,515,385)</b>	<b>(2,896,411)</b>	<b>-</b>	<b>(4,737,191)</b>	<b>(73,320,140)</b>	<b>(13,050,026)</b>	<b>(21,240,374)</b>	<b>-</b>	<b>(122,685,549)</b>
<b>Net book value</b>	<b>\$ 1,272,302</b>	<b>\$ 10,585,168</b>	<b>\$ 1,347,391</b>	<b>\$ 2,729,290</b>	<b>\$ 2,765,214</b>	<b>\$ 5,121,506</b>	<b>\$ 46,795,944</b>	<b>\$ 6,864,765</b>	<b>\$ 50,894,201</b>	<b>\$ 6,498,706</b>	<b>\$ 134,874,487</b>
											<b>\$ 127,989,131</b>

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**City of Miramichi**  
**Notes to the Consolidated Financial Statements**  
December 31, 2018

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**10. Short-term borrowings compliance**

**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 2018, the Municipality has complied with these restrictions.

**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.

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**11. 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 four Operating Budgets commencing with the second next ensuring year; the balance of the surplus/deficit at the end of the year consists of:

	<u>2018</u>	<u>2017</u>
2018 Surplus	\$ 29,785	\$ -
2017 Surplus	5,634	5,634
2016 Surplus	-	373
	<u>\$ 35,419</u>	<u>\$ 6,007</u>

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**12. Water cost transfer**

The City'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.

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**13. Contingency**

In the normal course of the City's activities, the City is subject to a number of claims and litigation. The City intends to defend and negotiate such claims and litigation. The eventual outcome of these claims and litigation is not determinable at year end. As a result, there are no accruals in the consolidated financial statements related to legal contingencies.

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# City of Miramichi

## Schedule 1: Consolidated Schedule of Revenues

Year ended December 31

2018

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Services to other governments</b>			
Province			
Fire, including dispatch	\$ 489,829	\$ 489,830	\$ 469,823
Roads and streets	259,089	259,119	259,119
PSAP dispatching	151,502	172,456	169,795
	<u>\$ 900,420</u>	<u>\$ 921,405</u>	<u>\$ 898,737</u>
<b>Other contributions and government transfers</b>			
Gas tax program	\$ 1,313,446	\$ 1,313,446	\$ 1,268,950
Regional Development Corporation	1,265,228	1,265,228	235,911
Clean water and wastewater fund	2,292,598	2,292,598	2,847,435
Other	326,615	355,759	66,931
Payment in lieu of taxes	-	988	-
Donations and recoveries	147,459	167,571	104,402
	<u>\$ 5,345,346</u>	<u>\$ 5,395,590</u>	<u>\$ 4,523,629</u>
<b>Other revenue from own sources</b>			
Licenses and permits	\$ 121,500	\$ 123,039	\$ 341,364
Interest on investments	50,000	144,809	84,693
Miscellaneous	21,220	173,248	311,647
Police	42,000	53,220	38,836
Building rental - Miratech	69,628	54,391	69,628
Recreation	715,587	628,733	653,328
Water and sewer other revenue	103,000	96,759	109,909
	<u>\$ 1,122,935</u>	<u>\$ 1,274,199</u>	<u>\$ 1,609,405</u>
<b>Water and sewerage revenue</b>			
Water	\$ 2,074,280	\$ 1,999,545	\$ 1,899,545
Sewer	2,984,951	2,968,261	2,968,889
Connections	35,000	49,000	55,500
	<u>\$ 5,094,231</u>	<u>\$ 5,016,806</u>	<u>\$ 4,923,934</u>



# City of Miramichi

## Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

2018

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>General government services</b>			
Legislative			
Mayor	\$ 71,231	\$ 60,346	\$ 56,034
Councillors	275,992	189,248	196,592
	<u>347,223</u>	<u>249,594</u>	<u>252,626</u>
Administrative			
Manager	304,112	317,070	326,538
Clerk	475,633	313,093	406,063
City Hall	243,822	242,988	223,759
Solicitor	50,000	36,174	62,156
Finance	527,690	513,450	490,350
Human resources	510,851	380,765	335,146
System administration	372,029	364,122	360,918
Cost of assessment	285,058	285,058	282,675
	<u>2,769,195</u>	<u>2,452,720</u>	<u>2,487,605</u>
Civic relations	<u>193,200</u>	<u>162,585</u>	<u>184,964</u>
Other general government services			
Special projects	404,259	237,143	781,001
Bank charges	10,000	11,572	12,763
	<u>414,259</u>	<u>248,715</u>	<u>793,764</u>
Interest	<u>45,277</u>	<u>17,470</u>	<u>21,641</u>
Amortization and disposal	<u>61,828</u>	<u>61,828</u>	<u>34,076</u>
Post-retirement liabilities	<u>40,369</u>	<u>9,054</u>	<u>47,149</u>
	<u>\$ 3,871,351</u>	<u>\$ 3,201,966</u>	<u>\$ 3,821,825</u>

# City of Miramichi

## Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

2018

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Protection services</b>			
Police			
Administration	\$ 783,223	\$ 775,964	\$ 764,371
Crime control	656,653	583,441	614,407
Traffic activities	3,291,213	3,216,642	3,081,302
Training and development	25,000	21,035	24,271
Building and jail	285,333	269,422	269,904
Automotive equipment	225,573	209,657	196,608
Communication	887,654	944,069	957,645
Community relations	132,030	71,502	121,101
CID - Dog services	8,320	3,609	6,287
Detention and custody	87,256	108,867	90,350
	<u>6,382,255</u>	<u>6,204,208</u>	<u>6,126,246</u>
Fire			
Administration	330,525	323,953	217,521
Fighting force	2,350,589	2,365,897	2,118,078
Training and development	156,400	38,048	51,828
Station	161,161	125,750	132,774
Fire fighting equipment	196,742	186,298	116,238
	<u>3,195,417</u>	<u>3,039,946</u>	<u>2,636,439</u>
Other protection services			
Animal control	38,960	38,801	40,250
Interest	370,392	142,916	149,655
Amortization and disposal	564,114	564,114	559,470
Post-retirement liabilities	202,553	45,428	230,155
	<u>\$ 10,753,691</u>	<u>\$ 10,035,413</u>	<u>\$ 9,742,215</u>



# City of Miramichi

## Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

2018

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Transportation services</b>			
Common services			
Administration	\$ 444,162	\$ 416,423	\$ 407,897
Engineering	479,843	436,157	374,473
General equipment	921,531	917,935	803,119
Workshops, yards, and buildings	526,351	503,651	475,206
	<u>2,371,887</u>	<u>2,274,166</u>	<u>2,060,695</u>
Roads and streets			
Summer maintenance	1,355,765	1,367,079	1,187,166
Storm sewers	96,795	24,955	64,823
Snow and ice removal	1,816,199	1,686,417	1,856,292
	<u>3,268,759</u>	<u>3,078,451</u>	<u>3,108,281</u>
Street lighting	<u>564,760</u>	<u>548,635</u>	<u>545,311</u>
Traffic services			
Street signs	21,000	17,091	18,771
Traffic lanemarking	30,900	30,653	38,893
Traffic signals	43,369	29,337	33,144
	<u>95,269</u>	<u>77,081</u>	<u>90,808</u>
Off street parking	<u>18,000</u>	<u>17,826</u>	<u>17,769</u>
Transit commission	<u>348,585</u>	<u>332,582</u>	<u>368,850</u>
Interest	<u>924,700</u>	<u>356,794</u>	<u>307,523</u>
Amortization and disposal	<u>3,004,389</u>	<u>3,004,389</u>	<u>3,176,984</u>
Post-retirement liabilities	<u>63,464</u>	<u>14,234</u>	<u>76,246</u>
	<u>\$ 10,659,813</u>	<u>\$ 9,704,158</u>	<u>\$ 9,752,467</u>

# City of Miramichi

## Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

2018

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Environmental health and development services</b>			
Environmental health services			
Collection	\$ 680,000	\$ 687,545	\$ 616,398
Disposal	425,340	424,881	408,210
Other	61,137	68,350	61,141
	<u>1,166,477</u>	<u>1,180,776</u>	<u>1,085,749</u>
Environmental development services			
Development			
Community planning	469,067	469,067	427,047
Administration	346,649	329,140	325,652
Economic development	330,400	118,242	138,961
	<u>1,146,116</u>	<u>916,449</u>	<u>891,660</u>
Tourism			
Visitor information	89,609	78,945	76,182
Tourism promotion	312,236	281,544	284,074
	<u>401,845</u>	<u>360,489</u>	<u>360,256</u>
	<u>1,547,961</u>	<u>1,276,938</u>	<u>1,251,916</u>
Interest	<u>12,502</u>	<u>4,824</u>	<u>684</u>
Amortization	<u>61</u>	<u>61</u>	<u>61</u>
Post-retirement liabilities	<u>7,980</u>	<u>1,789</u>	<u>8,071</u>
Special projects	<u>71,700</u>	<u>71,656</u>	<u>35,746</u>
	<u>\$ 2,806,681</u>	<u>\$ 2,536,044</u>	<u>\$ 2,382,227</u>
<b>Recreation and cultural services</b>			
Administration	\$ 324,431	\$ 318,561	\$ 311,538
Community Centres	614,665	658,740	544,970
Swimming pools	466,575	411,677	385,632
Rinks and arenas	830,267	885,199	873,334
Parks and playgrounds	1,510,449	1,296,983	1,401,326
Program administration	118,097	123,418	116,128
Seniors	3,000	4,460	3,077
Special population programs	9,926	5,977	5,688
Youth programs	80,478	60,591	78,065
Special events	9,000	8,968	6,180
Libraries	199,214	188,434	165,960
	<u>4,166,102</u>	<u>3,963,008</u>	<u>3,891,898</u>
Interest	<u>97,194</u>	<u>37,502</u>	<u>32,725</u>
Amortization and disposals	<u>681,235</u>	<u>681,235</u>	<u>585,313</u>
Post-retirement liabilities	<u>58,819</u>	<u>13,191</u>	<u>68,455</u>
	<u>\$ 5,003,350</u>	<u>\$ 4,694,936</u>	<u>\$ 4,578,391</u>



# City of Miramichi

## Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

2018

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Water and sewerage services</b>			
Water supply			
Administration	\$ 261,967	\$ 266,128	\$ 252,394
Interest	414,329	258,604	228,629
Treatment	471,354	502,737	479,012
Transmission and distribution	637,068	650,913	601,357
Power and pumping	345,893	367,395	341,763
Billing and collection	264,825	228,737	225,779
	<u>2,395,436</u>	<u>2,274,514</u>	<u>2,128,934</u>
Sewer collection and disposal			
Collection system	278,314	260,517	170,031
Interest	242,270	212,104	223,800
Lift stations	317,527	306,054	304,433
Treatment and disposal	455,807	438,282	454,026
	<u>1,293,918</u>	<u>1,216,957</u>	<u>1,152,290</u>
Bad debts	<u>46,443</u>	<u>46,443</u>	<u>100,000</u>
Special project	<u>175,000</u>	<u>90,648</u>	<u>37,585</u>
Amortization and disposals	<u>1,523,924</u>	<u>1,523,924</u>	<u>1,444,207</u>
Post-retirement liabilities	<u>29,921</u>	<u>6,710</u>	<u>32,886</u>
	<u>\$ 5,464,642</u>	<u>\$ 5,159,196</u>	<u>\$ 4,895,902</u>

# City of Miramichi

## Schedule 3: Schedule of Segment Disclosure

Year Ended December 31

	General Government		Environmental		Water		2017 Consolidated
</							

\*Post retirement liabilities include special payments for severance, and pension as well as PSAB adjustments for pension, severance, post-retirement benefits, and non-vesting sick time.

\*\*Other expense includes special projects and capital grants.



City of Miramichi
Schedule 4: Schedule of Reserve Funds

Year Ended December 31

	General		Water and Sewer		2018		2017	
	Operating Reserve	Capital Reserve	Operating Reserve	Sewer Capital Reserve	Total	Total	Total	Total
Accumulated surplus, beginning of year	\$ 1,651,515	\$ 12,087,882	\$ 286,917	\$ 1,491,544	\$ 15,517,858	\$	12,088,758	
Transfers to/from Water and Sewer and General Operating Funds								
Allocation from General Operating Fund	-	3,441,817	-	-	3,441,817		3,603,902	
Allocation from Water and Sewer Operating Fund	-	-	-	680,000	680,000		398,200	
Allocation to General Capital Fund	-	(2,007,321)	-	-	(2,007,321)		(714,381)	
Allocation to Water Capital Fund	-	-	-	-	-		-	
	-	1,434,496	-	680,000	2,114,496		3,287,721	
Interest	29,607	212,672	7,747	27,165	277,191		141,379	
Annual surplus	29,607	1,647,168	7,747	707,165	2,391,687		3,429,100	
Accumulated surplus, end of year	\$ 1,681,122	\$ 13,735,050	\$ 294,664	\$ 2,198,709	\$ 17,909,545	\$	15,517,858	

# City of Miramichi Schedule 5: Schedule of Reconciliation of Annual Surplus

December 31, 2018

	General Operating Fund	General Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Water and Sewer Operating Fund	Water and Sewer Capital Fund	Water and Sewer Operating Reserve Fund	Water and Sewer Capital Reserve Fund	Total All Fund
2018 annual fund surplus*	\$ 19,712	\$ 6,222,555	\$ 29,607	\$ 1,647,168	\$ 29,785	\$ 4,785,363	\$ 7,747	\$ 707,165	\$13,449,102
Adjustment to annual surplus (deficit) for funding requirements									
Second previous year's surplus	(426)	-	-	-	(372)	-	-	-	(798)
Long-term debt principal repayment	1,469,000	(1,469,000)	-	-	1,166,000	(1,166,000)	-	-	-
Adjustments to tangible assets (disposals and recoveries)	(65,205)	1,552,506	-	-	10,261	-	-	-	1,497,562
Capital expenditures paid out of operating expense	(1,384,505)	1,384,505	-	-	26,305	(26,305)	-	-	-
Grant revenue adjustments	-	(1,073,071)	-	-	-	-	-	-	(1,073,071)
Grant expense adjustment for soccer field	-	(40,000)	-	-	-	-	-	-	(40,000)
Provision for retirement liability	105,577	-	-	-	8,465	-	-	-	114,042
Amortization expense	-	(4,552,420)	-	-	-	(1,464,483)	-	-	(6,016,903)
Provision for vacation pay	(28,347)	-	-	-	-	-	-	-	(28,347)
Provision for pension	1,160,273	-	-	-	93,027	-	-	-	1,253,300
Total adjustments to 2018 annual surplus	1,256,367	(4,197,480)	-	-	1,303,686	(2,656,788)	-	-	(4,294,215)
2018 annual surplus per PSAB for the year	\$ 1,276,079	\$ 2,025,075	\$ 29,607	\$ 1,647,168	\$ 1,333,471	\$ 2,128,575	\$ 7,747	\$ 707,165	9,154,887

\*The annual fund surplus includes all of the interfund transfers.



# City of Miramichi Schedule 6: Schedule of Operating Budget to PSA Budget December 31, 2018

Revenue	Operating Budget		Amortization		Interest	Transfers	Total
	Budget General	Water and Sewer	Operating Budget	Capital Budget	Pension & Post Employment adjustments	Reallocations	
Province of New Brunswick:							
Warrant for property taxes	\$ 25,565,693	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,565,693
Unconditional grant	5,778,782	-	-	-	-	-	5,778,782
Services to other governments	900,420	-	-	-	-	-	900,420
Other government contributions and transfers	734,766	-	-	5,197,887	-	(537,307)	5,345,346
Other revenue from own sources	1,019,935	273,500	-	-	-	(170,500)	1,122,935
Water and sewer rates	-	5,094,231	-	-	-	-	5,094,231
Water supply for fire protection	-	671,000	-	-	-	(671,000)	-
Interest	-	80,000	-	-	-	-	80,000
Second previous year's surplus	426	373	-	-	-	(799)	-
	<b>34,000,022</b>	<b>6,119,104</b>	<b>5,197,887</b>	-	-	(1,429,606)	<b>43,887,407</b>
<b>Expenditures</b>							
General government services	3,795,577	-	-	-	102,197	(71,700)	3,871,351
Protective services	10,287,632	-	-	-	766,667	(671,000)	10,753,691
Transportation services	6,837,760	-	-	-	3,067,853	(170,500)	10,659,813
Environmental health & development services	2,714,438	-	-	-	8,041	71,700	2,806,681
Recreation and cultural services	4,166,102	-	-	-	740,054	97,194	5,003,350
Water and Sewer	-	3,791,505	-	-	1,553,845	(537,307)	5,464,642
Fiscal services							
Long-term debt repayments	1,469,000	1,166,000	-	-	-	(2,635,000)	-
Interest	1,450,065	656,599	-	-	(2,106,664)	-	-
Severance	170,448	-	-	-	(170,448)	-	-
Post-retirement benefits	-	-	-	-	-	-	-
Pension	1,600,000	-	-	-	(1,600,000)	-	-
Transfer from the General Operating Fund to the General Capital Reserve Fund	280,000	-	-	-	-	(280,000)	-
Funding current year's capital projects- General	1,229,000	-	-	-	-	(1,229,000)	-
Funding current year's capital projects – Water & Sewer	-	255,000	-	-	-	(255,000)	-
Transfer from the Water & Sewer Operating Fund to the Water & Sewer Operating Reserve Fund	-	250,000	-	-	-	(250,000)	-
	<b>34,000,022</b>	<b>6,119,104</b>	<b>4,468,209</b>	-	-	(6,027,807)	<b>38,559,528</b>
<b>Surplus (deficit) for the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,197,887</b>	<b>\$ (4,468,209)</b>	<b>\$ -</b>	<b>\$ 4,598,201</b>	<b>\$ 5,327,879</b>

## Year ended December 31, 2018

## Reconciliation of Funding Deficit

	Vested Post Employment Benefits
Liability at December 31, 2018	\$ 2,371,000
Amount of December 31, 2018 liability funded in the current year	(168,642)
Amounts funded in prior years	<u>(2,202,358)</u>
Balance to be funded in future years	\$ -

Special payments are being made on the pension plan in accordance with the regulatory filings with the Province of New Brunswick. The City has fully funded its vesting post-employment liability and the excess of \$119,563 will be used to fund non-vesting benefits.