



Consolidated Financial Statements

City of Miramichi

December 31, 2017

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# Independent auditors' report

To His Worship the Mayor  
And Members of City Council

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We have audited the consolidated statement of financial position of the City of Miramichi as at December 31, 2017 and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net debt and the consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the 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 the 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 auditors consider internal control relevant to the City'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 City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Miramichi as at December 31, 2017 and the results of its operations, change in net debt and cash flows for the years 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.

Miramichi, New Brunswick  
June 28, 2018



Chartered Professional Accountants

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# City of Miramichi

## Consolidated Statement of Financial Position

Year Ended December 31

2017

2016

### Financial assets

Cash and cash equivalents	\$ 24,226,742	\$ 18,944,556
Restricted cash (Note 2)	555,042	556,456
Trust deposits	17,235	17,235
Receivables (Note 3)	4,870,234	3,559,722
Accrued pension asset (Note 7)	<u>1,782,200</u>	<u>1,054,400</u>
	<u>31,451,453</u>	<u>24,132,369</u>

### Liabilities

Bank loans (Note 4)	8,532,000	6,220,000
Trust deposits payable	17,235	17,235
Payables and accruals (Note 5)	5,938,085	3,325,132
Deferred government funding	80,020	227,120
Long-term debt (Note 6)	22,759,000	24,125,000
Funds held in trust – Covey Estate - David Sadler Scholarship	<u>471,618</u>	<u>473,964</u>
Other post employment liabilities (Note 8)	<u>3,209,900</u>	<u>3,305,600</u>
	<u>41,007,858</u>	<u>37,694,051</u>

### Net debt

	<u>(9,556,405)</u>	<u>(13,561,682)</u>
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### Non-financial assets

Tangible capital assets (Note 9)	127,989,131	123,433,422
Prepaid expenses	21,102	-
Inventory of supplies	<u>40,346</u>	<u>85,501</u>
	<u>128,050,579</u>	<u>123,518,923</u>

### Accumulated surplus

	<u>\$ 118,494,174</u>	<u>\$ 109,957,241</u>
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Contingency (Note 13)

On behalf of the Council

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See accompanying notes to the consolidated financial statements.

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# City of Miramichi

## Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31 2017 2016

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	PSAB (Budget)	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Warrant of assessment	\$ 25,206,187	\$ 25,206,187	\$ 24,760,220
Unconditional transfers from			
Provincial Government	6,137,759	6,282,639	5,832,225
Services to other governments (Page 18)	880,414	898,737	908,052
Other contributions and government transfers (Page 18)	4,352,296	4,523,629	1,409,619
Other revenue from own sources (Page 18)	1,019,836	1,609,405	1,459,733
Water and sewerage revenue (Page 18)	4,952,181	4,923,934	4,874,598
Interest	80,000	265,429	195,380
	<u>42,628,673</u>	<u>43,709,960</u>	<u>39,439,827</u>
<b>Expenditures (Pages 19 - 23)</b>			
General government services	3,781,937	3,821,825	3,075,989
Protection services	10,524,160	9,742,215	9,267,386
Transportation services	10,671,918	9,752,467	9,378,629
Environmental health and development	2,580,923	2,382,227	2,667,378
Recreation and cultural services	4,778,756	4,578,391	4,376,866
Water sewerage services	5,241,570	4,895,902	4,688,437
	<u>37,579,264</u>	<u>35,173,027</u>	<u>33,454,685</u>
 Annual surplus	 5,049,409	 8,536,933	 5,985,142
Accumulated surplus, beginning of year	<u>-</u>	<u>109,957,241</u>	<u>103,972,099</u>
Accumulated surplus, end of year	<u>\$ -</u>	<u>\$ 118,494,174</u>	<u>\$ 109,957,241</u>

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See accompanying notes to the consolidated financial statements.

# City of Miramichi

## Consolidated Statement of Changes in Net Debt

Year Ended December 31

2017

2016

	PSAB (Budget)	<u>Actual</u>	<u>Actual</u>
<b>Annual surplus</b>	\$ 5,049,409	\$ 8,536,933	\$ 5,985,142
Acquisition of tangible capital assets	(14,831,000)	(10,376,341)	(4,658,998)
Proceeds on disposal of tangible capital assets	-	20,521	57,027
Amortization of tangible capital assets	5,812,848	5,812,848	5,590,924
Gain on sale of tangible capital assets	-	(12,737)	(10,300)
	<u>(3,968,743)</u>	<u>(4,555,709)</u>	<u>978,653</u>
Change in prepaid expenses	-	(21,102)	-
Change in inventory	-	45,155	6,334
	-	<u>24,053</u>	<u>6,334</u>
Decrease (increase) in net debt	(3,968,743)	4,005,277	6,970,129
Net debt, beginning of year	<u>(13,561,682)</u>	<u>(13,561,682)</u>	<u>(20,531,811)</u>
<b>Net debt, end of year</b>	<u>\$ (17,530,425)</u>	<u>\$ (9,556,405)</u>	<u>\$(13,561,682)</u>

See accompanying notes to the consolidated financial statements.

# City of Miramichi

## Consolidated Statement of Cash Flows

Year Ended December 31

2017

2016

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

#### Operating activities

<b>Annual surplus</b>	<b>\$ 8,536,933</b>	<b>\$ 5,985,142</b>
<b>Items not affecting cash:</b>		
Amortization	5,812,848	5,590,924
Gain on sale of tangible capital assets	(12,737)	(10,300)
Change in accrued pension liability	(727,800)	(1,128,400)
Change in other post employment benefits	(95,700)	20,600
<b>Changes in non-cash working capital:</b>		
Change in receivables	(1,310,512)	(997,534)
Change in payables and accruals	2,612,953	(252,755)
Change in unearned revenue	(147,100)	32,041
Change in Trust Deposits	(2,346)	(2,367)
Change in supplies inventory	45,155	6,334
Change in prepaid expenses	(21,102)	-
<b>Net cash provided by operating activities</b>	<b><u>14,690,592</u></b>	<b><u>9,243,685</u></b>

#### Capital activities

Acquisition of tangible capital assets	(10,376,341)	(4,658,998)
Proceeds on sale of tangible capital assets	20,521	57,027
<b>Net cash used for capital activities</b>	<b><u>(10,355,820)</u></b>	<b><u>(4,601,971)</u></b>

#### Financing activities

Issuance of long-term debt	1,356,000	1,047,000
Proceeds of bank loans, net	2,312,000	965,000
Repayment of long-term debt	(2,722,000)	(2,757,000)
<b>Net cash provided by (used) for financing activities</b>	<b><u>946,000</u></b>	<b><u>(745,000)</u></b>

<b>Increase in cash and cash equivalents</b>	<b>5,280,772</b>	<b>3,896,714</b>
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<b>Cash and cash equivalents at beginning of year</b>	<b><u>19,501,012</u></b>	<b><u>15,604,298</u></b>
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<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 24,781,784</u></b>	<b><u>\$ 19,501,012</u></b>
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#### Summary of cash and cash equivalents:

Cash	\$ 24,226,742	\$ 18,944,556
Restricted cash	<u>555,042</u>	<u>556,456</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 24,781,784</u></b>	<b><u>\$ 19,501,012</u></b>

See accompanying notes to the consolidated financial statements.



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# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2017

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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, 2017

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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:

<b>Asset type</b>	<b>Years</b>
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 wastewater networks	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 trusteed 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, 2017

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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 15, 2016 and the Minister of Environment and Local Government approved the General Operating Budget on January 18, 2017, Capital Budget on December 15, 2016 and Utility Operating Budget on January 18, 2017.

#### 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, 2017

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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.

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# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2017

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**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.

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<b>2. Restricted cash</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Restricted cash is comprised of the following:		
French Fort Cove capital fund bank account	\$ 83,424	\$ 82,492
Cash held for Sadler Scholarship fund	<u>471,618</u>	<u>473,964</u>
	<b><u>\$ 555,042</u></b>	<b><u>\$ 556,456</u></b>

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# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2017

<b>3. Receivables</b>	<u>2017</u>	<u>2016</u>
Water and sewer receivables	\$ 1,703,373	\$ 1,621,633
Receivable from Province of New Brunswick	1,760,804	898,693
Other receivables	394,973	366,989
Sales tax receivable	<u>1,011,084</u>	<u>672,407</u>
	<b>\$ 4,870,234</b>	<b>\$ 3,559,722</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>	<u>2017</u>	<u>2016</u>
Accounts payable and accrued charges	\$ 5,657,338	\$ 3,158,973
Accrued interest on long-term debt	81,766	78,987
Holdbacks payable	<u>198,981</u>	<u>87,172</u>
	<b>\$ 5,938,085</b>	<b>\$ 3,325,132</b>

### 6. Long-term debt

#### New Brunswick Municipal Financing Corporation

##### Debentures:

4.45%-4.85% series due 2017 (OIC 05-53)	\$ -	\$ 53,000
2.1%-4.95% series due 2018 (OIC 05-88,07-27,07-68)	141,000	276,000
1.0%-4.5% series due 2019 (OIC 05-88, 06-40,07-27,07-68,08-32)	200,000	294,000
1.50%-4.55% series due 2020 (OIC 07-27,07-68,08-32,09-28,09-96,99-18)	1,860,000	2,067,000
1.65%-4.25% series due 2021 (OIC 00-58,99-18)	528,000	649,000
1.35%-3.45% series due 2021 (OIC 06-32,09-28,09-96,09-23,09-26,10-33)	1,024,000	1,221,000
1.65%-3.8% series due 2027 (OIC 09-0028,09-0096,10-0011)	1,251,000	1,325,000
1.35%-3.8% series due 2032 (OIC 09-0096,09-0126,10-0011,10-0033,12-0026)	588,000	692,000
1.35%-4.0% series due 2033 (OIC 01-77, 10-0011,12-0026)	936,000	1,004,000
1.25%-1.45% series due 2033 (OIC 10-0011, 10-0033, 11-0084)	1,237,000	1,302,000
1.15%-4.15% series, due 2034 (OIC 01-0077, 02-0032, 11-0084, 12-0002, 12-0026)	844,000	917,000
0.95%-3.50% series, due 2035 (OIC 12-0002, 13-0018, 13-0018, 14-001, 01-0013)	1,166,000	1,276,000
1.45%-2.90% series, due 2026 (OIC 14-001)	584,000	643,000
1.20%-2.70% series due in 2027 (OIC 15-0014, 16-0014, 16-0037)	1,356,000	-
4.45%-4.85% series due 2017 (OIC 96-44,05-53,05-88,06-40)	-	434,000
2.1%-5.55% series due 2023 (OIC 06-40,07-27,07-68)	781,000	848,000
1.0%-4.5% series due 2019 (OIC 07-27,07-68,08-32)	504,000	541,000
1.35%-3.45% series due 2021 (OIC 07-0027,09-0028,09-0096,09-0110,09-0126)	842,000	892,000
1.65%-3.8% series due 2027 (OIC 07-0027, 09-0028, 10-0033, 99-0018)	450,000	546,000

# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2017

### 6. Long-term debt (continued)

1.35%-3.8% series due 2032 (OIC 09-0028, 10-0033, 11-0060)	<b>244,000</b>	257,000
1.35%-4.0% series due 2033 (OIC 02-0032, 10-0033, 12-0026, 99-0018)	<b>1,631,000</b>	1,877,000
1.25%-4.4% series due 2033 (OIC 11-0060, 12-0026)	<b>403,000</b>	422,000
1.15%-3.45% series due 2024 (OIC 02-0032, 03-0043, 99-0018)	<b>1,706,000</b>	1,932,000
1.05%-3.15% series due 2025 (OIC 02-0032, 03-0043, 04-0035, 04-0054, 99-0018)	<b>2,495,000</b>	2,781,000
0.95%-3.50% series due 2035 (OIC 13-0018, 14-0011)	<b>1,007,000</b>	1,052,000
1.45%-3.75% series due 2036 (OIC 13-0018, 14-0011, 15-0014)	<b>369,000</b>	404,000
1.20%-2.95% series due 2036 (OIC 02-0032, 03-0043, 04-0035, 05-0053, 99-0018)	<b>364,000</b>	420,000
1.65%-2.90% series due 2027 (OIC 05-0053, 05-0088, 06-0040)	<b>248,000</b>	-
	<b><u>\$ 22,759,000</u></b>	<b><u>\$ 24,125,000</u></b>

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

2018	\$ 2,635,000	2021	\$ 3,041,000
2019	\$ 2,937,000	2022	\$ 1,815,000
2020	\$ 3,607,000		

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, 2017, the City has authority to borrow an additional \$10,707,000.

### 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 2017 was \$2,346,600 (2016 - \$2,506,800) including special payments of \$1,462,100 (2016 - \$1,518,200). Total benefit payments to retirees during the year were \$1,851,800 (2016 - \$2,586,300). A separate pension fund is maintained. The City is in a net asset position at December 31, 2017, as follows:

	<b><u>2017</u></b>	<b><u>2016</u></b>
Smoothed market value of plan assets	<b>\$ 55,390,200</b>	\$ 49,934,300
Accrued benefit obligation	<b><u>(53,926,900)</u></b>	<u>(53,315,300)</u>
Funded surplus (deficit)	<b>1,463,300</b>	(3,381,000)
Unamortized actuarial losses	<b><u>(318,900)</u></b>	<u>(4,435,400)</u>
Accrued pension asset	<b><u>\$ 1,782,200</u></b>	<b><u>\$ 1,054,400</u></b>

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, 2016. The accrued benefit obligation shown for 2017 is based on an extrapolation of the 2016 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, 2017

### 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>2017</u>	<u>2016</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>2017</u>	<u>2016</u>
Current period benefit cost	\$ 1,938,900	\$ 1,652,100
Amortization of actuarial losses	<u>496,500</u>	<u>467,300</u>
	<b>2,435,400</b>	2,119,400
Less: Employee contributions	<u>(844,500)</u>	<u>(791,800)</u>
Pension expense	<b>1,590,900</b>	1,327,600
Interest cost on the average accrued benefit obligation	<u>67,900</u>	<u>247,600</u>
<b>Total expenses related to pension</b>	<b><u>\$ 1,658,800</u></b>	<b><u>\$ 1,575,200</u></b>

The employer contribution expense of \$2,346,600 is included in the statement of operations as a component of department expenses. The change in pension liability of \$727,800 is included in post-retirement liabilities expense in the segment to which it relates.

#### Percentage of Plan Assets

Benefit plan assets consist of:	<u>2017</u>	<u>2016</u>
Bonds	28.96%	29.05%
Canadian equities	28.68%	31.16%
International equities	32.08%	26.33%
Real estate	10.28%	10.19%
Short-term investments	<u>- %</u>	<u>3.28%</u>
	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>



# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2017

### 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>2017</u>	<u>2016</u>
<b>Employee benefit obligations:</b>		
Vested benefits	\$ 2,239,500	\$ 2,274,100
Unamortized actuarial gains	131,500	167,400
Non-vested benefits	799,900	822,000
Unamortized actuarial gains	<u>39,000</u>	<u>42,100</u>
<b>Accrued employee benefit obligation</b>	<b><u>\$ 3,209,900</u></b>	<b><u>\$ 3,305,600</u></b>
<b>Accrued employee benefit obligation</b>	<b>\$ 3,209,900</b>	<b>\$ 3,305,600</b>
Less funded amount	<u>(2,490,563)</u>	<u>(2,213,454)</u>
<b>Unfunded employee benefit obligation</b>	<b><u>\$ 719,337</u></b>	<b><u>\$ 1,092,146</u></b>
<b>Non-vested benefits</b>	<b><u>\$ 838,900</u></b>	<b><u>864,100</u></b>
<b>Total expenses related to other post-employment liabilities</b>	<b><u>\$ 246,700</u></b>	<b><u>\$ 203,500</u></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, 2016. 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 \$2,490,563 (2016 - \$2,213,454) 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, 2017

### 9. Tangible capital assets

	General Capital Assets							Water and Sewer Assets			2017	2016
	Land	Buildings and Leasehold Improvements	Machinery and Equipment	Land Improvements	Asset under Construction	Fleet	Road, Streets, Sidewalks, Culverts	Water and Sewer Buildings and Leasehold Improvements	Water and Sewer Systems	Assets under Construction		
<b>Cost</b>												
Opening cost	\$ 1,053,597	\$ 19,759,495	\$ 2,417,974	\$ 4,544,320	\$ 154,413	\$ 9,361,199	\$113,443,006	\$ 19,800,922	\$ 69,586,415	\$ 276,203	<b>\$240,397,544</b>	\$ 236,344,390
Additions and transfers	46,931	852,287	279,111	684,761	356,922	444,278	3,450,750	-	1,637,159	2,774,631	<b>10,526,830</b>	4,807,213
Disposals and transfers	(1,642)	(26,720)	-	-	(150,489)	-	(42,483)	-	(28,360)	-	<b>(249,694)</b>	(754,059)
<b>Closing cost</b>	<b>1,098,886</b>	<b>20,585,062</b>	<b>2,697,085</b>	<b>5,229,081</b>	<b>360,846</b>	<b>9,805,477</b>	<b>116,851,273</b>	<b>19,800,922</b>	<b>71,195,214</b>	<b>3,050,834</b>	<b>250,674,680</b>	240,397,544
<b>Accumulated amortization</b>												
Opening accumulated amortization	-	(9,246,739)	(1,037,197)	(2,625,810)	-	(4,652,797)	(67,867,417)	(12,160,608)	(19,373,554)	-	<b>(116,964,122)</b>	(111,932,315)
Amortization	-	(569,994)	(226,440)	(184,218)	-	(605,849)	(2,822,243)	(444,709)	(959,395)	-	<b>(5,812,848)</b>	(5,590,924)
Disposals	-	26,720	-	-	-	-	41,749	-	22,952	-	<b>91,421</b>	559,117
<b>Closing accumulated amortization</b>	<b>-</b>	<b>(9,790,013)</b>	<b>(1,263,637)</b>	<b>(2,810,028)</b>	<b>-</b>	<b>(5,258,646)</b>	<b>(70,647,911)</b>	<b>(12,605,317)</b>	<b>(20,309,997)</b>	<b>-</b>	<b>(122,685,549)</b>	(116,964,122)
<b>Net book value</b>	<b>\$ 1,098,886</b>	<b>\$ 10,795,049</b>	<b>\$ 1,433,448</b>	<b>\$ 2,419,053</b>	<b>\$ 360,846</b>	<b>\$ 4,546,831</b>	<b>\$ 46,203,362</b>	<b>\$ 7,195,605</b>	<b>\$ 50,885,217</b>	<b>\$ 3,050,834</b>	<b>\$127,989,131</b>	\$ 123,433,422

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# City of Miramichi

## Notes to the Consolidated Financial Statements

December 31, 2017

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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 2017, 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>2017</u>	<u>2016</u>
2017 Surplus	\$ 5,634	\$ -
2016 Surplus	373	373
2015 Surplus	<u>-</u>	<u>264</u>
	<u>\$ 6,007</u>	<u>\$ 637</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	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Services to other governments</b>			
Province			
Fire, including dispatch	\$ 469,823	\$ 469,823	\$ 459,392
Roads and streets	259,089	259,119	259,119
PSAP dispatching	151,502	169,795	169,055
Fine revenue	-	-	20,486
	<u>\$ 880,414</u>	<u>\$ 898,737</u>	<u>\$ 908,052</u>
<b>Other contributions and government transfers</b>			
Gas tax program	\$ 1,268,950	\$ 1,268,950	\$ 1,253,720
Regional Development Corporation	235,911	235,911	99,773
Clean water and wastewater fund	2,847,435	2,847,435	5,215
Other	-	66,931	15,017
Payment in lieu of taxes	-	-	3,625
Donations and recoveries	-	104,402	32,269
	<u>\$ 4,352,296</u>	<u>\$ 4,523,629</u>	<u>\$ 1,409,619</u>
<b>Other revenue from own sources</b>			
Licenses and permits	\$ 81,500	\$ 341,364	\$ 222,650
Interest on investments	50,000	84,693	70,153
Miscellaneous	21,220	311,647	256,643
Police	42,000	38,836	50,497
Building rental - Miratech	72,628	69,628	63,028
Recreation	649,487	653,328	629,465
Water and sewer other revenue	103,001	109,909	167,297
	<u>\$ 1,019,836</u>	<u>\$ 1,609,405</u>	<u>\$ 1,459,733</u>
<b>Water and sewerage revenue</b>			
Water	1,955,535	1,899,545	1,867,851
Sewer	2,961,646	2,968,889	2,964,247
Connections	35,000	55,500	42,500
	<u>\$ 4,952,181</u>	<u>\$ 4,923,934</u>	<u>\$ 4,874,598</u>

# City of Miramichi

## Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>General government services</b>			
Legislative			
Mayor	\$ 70,080	\$ 56,034	\$ 28,389
Councillors	274,069	196,592	182,877
	<u>344,149</u>	<u>252,626</u>	<u>211,266</u>
Administrative			
Manager	302,885	326,538	302,518
Clerk	441,340	406,063	289,617
City Hall	241,204	223,759	218,756
Solicitor	50,000	62,156	11,824
Finance	517,866	490,350	427,970
Human resources	463,631	335,146	331,455
System administration	360,188	360,918	351,650
Cost of assessment	282,675	282,675	277,674
	<u>2,659,789</u>	<u>2,487,605</u>	<u>2,211,464</u>
Civic relations	<u>187,000</u>	<u>184,964</u>	<u>151,158</u>
Other general government services			
Special projects	414,092	781,001	355,107
Bank charges	5,000	12,763	5,023
Bad debts	-	-	-
	<u>419,092</u>	<u>793,764</u>	<u>360,130</u>
Interest	<u>61,658</u>	<u>21,641</u>	<u>25,657</u>
Amortization and disposal	<u>34,076</u>	<u>34,076</u>	<u>50,035</u>
Post-retirement liabilities	<u>76,173</u>	<u>47,149</u>	<u>66,279</u>
	<u>\$ 3,781,937</u>	<u>\$ 3,821,825</u>	<u>\$ 3,075,989</u>

# City of Miramichi

## Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Protection services</b>			
Police			
Administration	\$ 769,620	\$ 764,371	\$ 743,774
Crime control	638,275	614,407	566,234
Traffic activities	3,192,134	3,081,302	2,937,634
Training and development	25,000	24,271	20,627
Building and jail	279,549	269,904	264,483
Automotive equipment	222,573	196,608	177,510
Communication	867,053	957,645	898,085
Community relations	128,280	121,101	118,848
CID - Dog services	8,320	6,287	8,238
Detention and custody	89,453	90,350	83,180
	<u>6,220,257</u>	<u>6,126,246</u>	<u>5,818,613</u>
Fire			
Administration	335,402	217,521	226,804
Fighting force	2,112,758	2,118,078	1,937,563
Training and development	99,450	51,828	(27,971)
Station	161,161	132,774	135,806
Fire fighting equipment	198,492	116,238	149,375
	<u>2,907,263</u>	<u>2,636,439</u>	<u>2,421,577</u>
Other protection services			
Animal control	38,960	40,250	47,524
Interest	426,384	149,655	156,220
Amortization and disposal	559,470	559,470	492,691
Post-retirement liabilities	371,826	230,155	330,761
	<u>\$ 10,524,160</u>	<u>\$ 9,742,215</u>	<u>\$ 9,267,386</u>

# City of Miramichi

## Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Transportation services</b>			
Common services			
Administration	\$ 434,073	\$ 407,897	\$ 458,735
Engineering	469,545	374,473	415,958
General equipment	914,832	803,119	800,853
Workshops, yards, and buildings	505,592	475,206	501,695
	<u>2,324,042</u>	<u>2,060,695</u>	<u>2,177,241</u>
Roads and streets			
Summer maintenance	1,334,233	1,187,166	1,131,564
Storm sewers	94,923	64,823	86,214
Snow and ice removal	1,733,467	1,856,292	1,570,728
	<u>3,162,623</u>	<u>3,108,281</u>	<u>2,788,506</u>
Street lighting	<u>564,760</u>	<u>545,311</u>	<u>563,699</u>
Traffic services			
Street signs	20,000	18,771	21,885
Traffic lanemarking	23,900	38,893	30,480
Traffic signals	36,369	33,144	29,976
	<u>80,269</u>	<u>90,808</u>	<u>82,341</u>
Off street parking	<u>18,000</u>	<u>17,769</u>	<u>17,670</u>
Transit commission	<u>345,885</u>	<u>368,850</u>	<u>335,905</u>
Interest	<u>876,175</u>	<u>307,523</u>	<u>291,712</u>
Amortization and disposal	<u>3,176,984</u>	<u>3,176,984</u>	<u>3,008,513</u>
Post-retirement liabilities	<u>123,180</u>	<u>76,246</u>	<u>113,042</u>
	<u>\$ 10,671,918</u>	<u>\$ 9,752,467</u>	<u>\$ 9,378,629</u>

# City of Miramichi

## Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Environmental health and development services</b>			
Environmental health services			
Collection	\$ 680,000	\$ 616,398	\$ 871,127
Disposal	428,527	408,210	426,244
Former train station/Other	67,500	61,141	61,137
	<u>1,176,027</u>	<u>1,085,749</u>	<u>1,358,508</u>
Environmental development services			
Development			
Community planning	427,049	427,047	428,701
Administration	338,856	325,652	158,723
Economic development	180,800	138,961	475,628
	<u>946,705</u>	<u>891,660</u>	<u>1,063,052</u>
Tourism			
Visitor information	89,501	76,182	80,172
Tourism promotion	353,641	284,074	152,197
	<u>443,142</u>	<u>360,256</u>	<u>232,369</u>
	<u>1,389,847</u>	<u>1,251,916</u>	<u>1,295,421</u>
Interest	<u>1,949</u>	<u>684</u>	<u>516</u>
Amortization	<u>61</u>	<u>61</u>	<u>61</u>
Post-retirement liabilities	<u>13,039</u>	<u>8,071</u>	<u>12,872</u>
Special projects	<u>-</u>	<u>35,746</u>	<u>-</u>
	<u>\$ 2,580,923</u>	<u>\$ 2,382,227</u>	<u>\$ 2,667,378</u>
<b>Recreation and cultural services</b>			
Administration	\$ 319,877	\$ 311,538	\$ 299,180
Community Centres	607,025	544,970	550,433
Swimming pools	457,870	385,632	381,810
Rinks and arenas	808,947	873,334	869,743
Parks and playgrounds	1,392,846	1,401,326	1,232,785
Program administration	115,880	116,128	100,321
Seniors	3,000	3,077	2,103
Special population programs	9,720	5,688	6,110
Youth programs	78,530	78,065	75,250
Special events	9,000	6,180	6,364
Libraries	186,918	165,960	162,575
	<u>3,989,613</u>	<u>3,891,898</u>	<u>3,686,674</u>
Interest	<u>93,238</u>	<u>32,725</u>	<u>17,630</u>
Amortization and disposals	<u>585,313</u>	<u>585,313</u>	<u>570,228</u>
Post-retirement liabilities	<u>110,592</u>	<u>68,455</u>	<u>102,334</u>
	<u>\$ 4,778,756</u>	<u>\$ 4,578,391</u>	<u>\$ 4,376,866</u>



# City of Miramichi

## Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Water and sewerage services</b>			
Water supply			
Administration	\$ 256,961	\$ 252,394	\$ 91,491
Interest	373,607	228,629	232,633
Treatment	467,551	479,012	421,377
Transmission and distribution	629,112	601,357	623,771
Power and pumping	343,951	341,763	294,014
Billing and collection	261,797	225,779	184,572
	<u>2,332,979</u>	<u>2,128,934</u>	<u>1,847,858</u>
Sewer collection and disposal			
Collection system	274,528	170,031	259,232
Interest	283,873	223,800	239,565
Lift stations	315,608	304,433	305,875
Treatment and disposal	437,246	454,026	444,565
	<u>1,311,255</u>	<u>1,152,290</u>	<u>1,249,237</u>
Bad debts	<u>100,000</u>	<u>100,000</u>	<u>164,000</u>
Special project	<u>-</u>	<u>37,585</u>	<u>(77,575)</u>
Amortization and disposals	<u>1,444,207</u>	<u>1,444,207</u>	<u>1,459,096</u>
Post-retirement liabilities	<u>53,129</u>	<u>32,886</u>	<u>45,821</u>
	<u>\$ 5,241,570</u>	<u>\$ 4,895,902</u>	<u>\$ 4,688,437</u>

# City of Miramichi

## Schedule 3: Schedule of Segment Disclosure

Year Ended December 31

	General Government	Protection	Transportation	Environmental Health & Development	Recreation and cultural	Water and Sewer Services	2017 Consolidated	2016 Consolidated
<b>Revenues</b>								
Property tax warrant	\$ 7,948,248	\$ 7,362,604	\$ 4,989,052	\$ 1,920,362	\$ 2,985,921	\$ -	\$ 25,206,187	\$ 24,760,220
Other revenue from own sources	396,340	38,876	69,628	341,324	653,328	109,909	1,609,405	1,459,733
Unconditional transfers from Provincial Government	1,981,100	1,835,128	1,243,521	219,381	1,003,509	-	6,282,639	5,832,225
Services to other government	-	639,617	259,120	-	-	-	898,737	908,052
Other contributions and government transfers	104,402	-	66,931	-	235,911	4,116,385	4,523,629	1,409,619
Water and sewer user fees	-	-	-	-	-	4,923,934	4,923,934	4,874,598
Interest	-	18,058	105,970	-	-	141,401	265,429	195,380
	10,430,090	9,894,283	6,734,222	2,481,067	4,878,669	9,291,629	43,709,960	39,439,827
<b>Expenses</b>								
Salaries and benefits	1,571,581	7,671,595	2,551,570	268,298	2,275,453	1,093,148	15,431,645	14,500,557
Goods and services	1,366,377	1,131,340	3,640,144	2,069,367	1,616,445	1,735,647	11,559,320	11,277,625
Amortization & disposal	34,076	559,470	3,176,984	61	585,313	1,444,207	5,800,111	5,580,624
Interest	21,641	149,655	307,523	684	32,725	452,429	964,657	963,933
Post-retirement liabilities*	47,149	230,155	76,246	8,071	68,455	32,886	462,962	671,109
Other**	781,001	-	-	35,746	-	137,585	954,332	460,837
	3,821,825	9,742,215	9,752,467	2,382,227	4,578,391	4,895,902	35,173,027	33,454,685
Surplus (deficit) for the year	\$ 6,608,265	\$ 152,068	\$ (3,018,245)	\$ 98,840	\$ 300,278	\$ 4,395,727	\$ 8,536,933	\$ 5,985,142

\*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 Operating Reserve	General Capital Reserve	Water and Sewer Operating Reserve	Water and Sewer Capital Reserve	2017 Total	2016 Total
Accumulated surplus, beginning of year	\$ 1,600,857	\$ 9,124,990	\$ 279,867	\$ 1,083,044	\$ 12,088,758	\$ 7,811,385
Transfers to/from Water and Sewer and General Operating Funds						
Allocation from General Operating Fund	32,600	3,571,302	-	-	3,603,902	3,374,495
Allocation from Water and Sewer Operating Fund	-	-	3,200	395,000	398,200	505,000
Allocation to General Capital Fund	-	(714,381)	-	-	(714,381)	376,390
Allocation to Water Capital Fund	-	-	-	-	-	(58,414)
	32,600	2,856,921	3,200	395,000	3,287,721	4,197,471
Interest	18,058	105,971	3,850	13,500	141,379	79,902
<b>Annual surplus</b>	50,658	2,962,892	7,050	408,500	3,429,100	4,277,373
Accumulated surplus, end of year	\$ 1,651,515	\$ 12,087,882	\$ 286,917	\$ 1,491,544	\$ 15,517,858	\$ 12,088,758

# City of Miramichi

## Schedule 5: Schedule of Reconciliation of Annual Surplus

December 31, 2017

	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
<b>2017 annual fund surplus*</b>	<b>\$ 728</b>	<b>\$ 4,537,315</b>	<b>\$ 50,658</b>	<b>\$ 2,962,892</b>	<b>\$ 5,634</b>	<b>\$ 5,419,820</b>	<b>\$ 7,050</b>	<b>\$ 408,500</b>	<b>\$ 13,392,597</b>
<b>Adjustment to annual surplus (deficit) for funding requirements</b>									
Second previous year's surplus	(526)	-	-	-	(264)	-	-	-	(790)
Long-term debt principal repayment	1,360,000	(1,360,000)	-	-	1,362,000	(1,362,000)	-	-	-
Adjustments to tangible assets	(20,521)	88,989	-	-	22,953	-	-	-	91,421
Capital expenditures paid out of operating expense	(2,126,536)	2,126,536	-	-	277,708	(277,708)	-	-	-
Grant revenue adjustments	-	308,625	-	-	-	-	-	-	308,625
Grant expense adjustment for soccer field	-	(500,000)	-	-	-	-	-	-	(500,000)
Provision for retirement liability	346,327	-	-	-	26,482	-	-	-	372,809
Amortization expense	-	(4,374,049)	-	-	-	(1,438,799)	-	-	(5,812,848)
Provision for vacation pay	(42,681)	-	-	-	-	-	-	-	(42,681)
Provision for pension	676,101	-	-	-	51,699	-	-	-	727,800
<b>Total adjustments to 2017 annual surplus</b>	<b>192,164</b>	<b>(3,709,899)</b>	<b>-</b>	<b>-</b>	<b>1,740,578</b>	<b>(3,078,507)</b>	<b>-</b>	<b>-</b>	<b>(4,855,664)</b>
<b>2017 annual surplus per PSAB for the year</b>	<b>\$ 192,892</b>	<b>\$ 827,416</b>	<b>\$ 50,658</b>	<b>\$ 2,962,892</b>	<b>\$ 1,746,212</b>	<b>\$ 2,341,313</b>	<b>\$ 7,050</b>	<b>\$ 408,500</b>	<b>8,536,933</b>

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

# City of Miramichi

## Schedule 6: Schedule of Operating Budget to PSA Budget

December 31, 2017

	Operating Budget General	Operating Budget Water and Sewer	Capital Budget	Amortization Pension & Post Employment adjustments	Interest Reallocations	Transfers	Total
<b>Revenue</b>							
Province of New Brunswick:							
Grant from City of Miramichi							
Warrant for property taxes	\$ 25,206,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,206,187
Unconditional grant	6,137,759	-	-	-	-	-	6,137,759
Services to other governments	880,414	-	-	-	-	-	880,414
Other government contributions and transfers	537,307	-	4,352,296	-	-	(537,307)	4,352,296
Other revenue from own sources	916,835	273,501	-	-	-	(170,500)	1,019,836
Water and sewer rates	-	4,952,181	-	-	-	-	4,952,181
Water supply for fire protection	-	671,000	-	-	-	(671,000)	-
Interest	-	80,000	-	-	-	-	80,000
Second previous year's surplus	526	263	-	-	-	(789)	-
	<b>33,679,028</b>	<b>5,976,945</b>	<b>4,352,296</b>	<b>-</b>	<b>-</b>	<b>(1,379,596)</b>	<b>42,628,673</b>
<b>Expenditures</b>							
General government services	3,610,030	-	-	110,249	61,658	-	3,781,937
Protective services	9,837,480	-	-	931,296	426,384	(671,000)	10,524,160
Transportation services	6,666,079	-	-	3,300,164	876,175	(170,500)	10,671,918
Environmental health & development services	2,565,874	-	-	13,100	1,949	-	2,580,923
Recreation and cultural services	3,989,613	-	-	695,905	93,238	-	4,778,756
Water and Sewer	-	3,624,061	-	1,497,336	657,480	(537,307)	5,241,570
Fiscal services							
Long-term debt repayments	1,360,000	1,362,000	-	-	-	(2,722,000)	-
Interest	1,459,404	657,480	-	-	(2,116,884)	-	-
Severance	170,448	-	-	(170,448)	-	-	-
Post-retirement benefits	78,100	-	-	(78,100)	-	-	-
Pension	1,600,000	-	-	(1,600,000)	-	-	-
Transfer from the General Operating Fund to the General Capital Reserve Fund	500,000	-	-	-	-	(500,000)	-
Funding current year's capital projects- General	1,842,000	-	-	-	-	(1,842,000)	-
Funding current year's capital projects – Water & Sewer	-	83,404	-	-	-	(83,404)	-
Transfer from the Water & Sewer Operating Fund to the Water & Sewer Operating Reserve Fund	-	250,000	-	-	-	(250,000)	-
	<b>33,679,028</b>	<b>5,976,945</b>	<b>-</b>	<b>4,699,502</b>	<b>-</b>	<b>(6,776,211)</b>	<b>37,579,264</b>
<b>Surplus (deficit) for the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,352,296</b>	<b>\$ (4,699,502)</b>	<b>\$ -</b>	<b>\$ 5,396,615</b>	<b>\$ 5,049,409</b>

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# City of Miramichi

## Schedule 7: Reconciliation of Funding Deficit

Year ended December 31, 2017

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### Reconciliation of Funding Deficit

	<u>Vested Post Employment Benefits</u>
Liability at December 31, 2017	\$ 2,371,000
Amount of December 31, 2017 liability funded in the current year	(157,546)
Amounts funded in prior years	<u>(2,213,454)</u>
Balance to be funded in future years	<u>\$ -</u>

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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 has an additional amount of \$119,563 to fund non-vesting benefits.