



Grant Thornton

Consolidated Financial Statements

City of Miramichi

December 31, 2016

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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, 2016 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, 2016 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 16th 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 22, 2017

Chartered Professional Accountants

City of Miramichi

Consolidated Statement of Financial Position

Year Ended December 31

2016

2015

Financial assets

Cash and cash equivalents	\$ 18,944,556	\$ 15,046,389
Restricted cash (Note 2)	556,456	557,909
Trust deposits	17,235	17,235
Receivables (Note 3)	3,559,722	2,562,188
Accrued pension asset (Note 7)	1,054,400	-
	<u>24,132,369</u>	<u>18,183,721</u>

Liabilities

Bank loans (Note 4)	6,220,000	5,255,000
Trust deposits payable	17,235	17,235
Payables and accruals (Note 5)	3,325,132	3,577,887
Deferred government funding	227,120	195,079
Long-term debt (Note 6)	24,125,000	25,835,000
Funds held in trust – Covey Estate - David Saddler Scholarship	473,964	476,331
Accrued pension liability (Note 7)	-	74,000
Other post employment liabilities (Note 8)	3,305,600	3,285,000
	<u>37,694,051</u>	<u>38,715,532</u>

Net debt

<u>(13,561,682)</u>	<u>(20,531,811)</u>
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Non-financial assets

Tangible capital assets (Note 9)	123,433,422	124,412,075
Inventory of supplies	85,501	91,835
	<u>123,518,923</u>	<u>124,503,910</u>

Accumulated surplus

<u>\$ 109,957,241</u>	<u>\$ 103,972,099</u>
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Contingency (Note 14)

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

2016

2015

	PSAB (Budget)	<u>Actual</u>	<u>Actual</u>
Revenue			
Warrant of assessment	\$ 24,760,220	\$ 24,760,220	\$ 23,917,395
Unconditional transfers from			
Provincial Government	5,832,225	5,832,225	5,609,502
Services to other governments (Page 18)	890,468	908,052	965,097
Other contributions and government			
transfers (Page 18)	1,377,350	1,409,619	1,426,412
Other revenue from own sources (Page 18)	1,096,235	1,459,733	1,330,673
Water and sewerage revenue (Page 18)	4,901,284	4,874,598	4,719,157
Interest	80,000	195,380	177,430
	<u>38,937,782</u>	<u>39,439,827</u>	<u>38,145,666</u>
Expenditures (Pages 19 - 23)			
General government services	4,157,550	3,075,989	3,325,790
Protection services	9,888,380	9,267,386	9,089,940
Transportation services	10,225,141	9,378,629	9,420,856
Environmental health and development	2,687,582	2,667,378	2,329,512
Recreation and cultural services	4,524,172	4,376,866	4,019,630
Water sewerage services	5,002,781	4,688,437	4,970,518
	<u>36,485,606</u>	<u>33,454,685</u>	<u>33,156,246</u>
Annual surplus	2,452,176	5,985,142	4,989,420
Accumulated surplus, beginning of year	-	103,972,099	95,986,766
Acquisition of French Fort Cove Eco Center Inc. (Note 13)	-	-	2,995,913
Accumulated surplus, end of year	\$ -	\$ 109,957,241	\$ 103,972,099

See accompanying notes to the consolidated financial statements.

City of Miramichi

Consolidated Statement of Changes in Net Debt

Year Ended December 31

2016

2015

	PSAB (Budget)	Actual	Actual
Annual surplus	\$ 2,452,176	\$ 5,985,142	\$ 4,989,420
Acquisition of tangible capital assets	(10,288,000)	(4,658,998)	(4,656,791)
Proceeds on disposal of tangible capital assets	-	57,027	207,432
Amortization of tangible capital assets	5,590,924	5,590,924	5,798,788
Gain on disposal of tangible capital assets	-	(10,300)	(91,612)
	<u>(2,244,900)</u>	<u>978,653</u>	<u>1,257,817</u>
Change in prepaid expenses	-	-	27,445
Change in inventory	-	6,334	5,302
	<u>-</u>	<u>6,334</u>	<u>32,747</u>
Decrease (increase) in net debt	(2,244,900)	6,970,129	6,279,984
Net debt, beginning of year	<u>(20,531,811)</u>	<u>(20,531,811)</u>	<u>(26,811,795)</u>
Net debt, end of year	<u>\$ (22,776,711)</u>	<u>\$ (13,561,682)</u>	<u>\$ (20,531,811)</u>

See accompanying notes to the consolidated financial statements.

City of Miramichi

Consolidated Statement of Cash Flows

Year Ended December 31

2016

2015

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

Operating activities		
Annual surplus	\$ 5,985,142	\$ 4,989,420
Items not affecting cash:		
Amortization	5,590,924	5,798,788
Gain on sale of tangible capital assets	(10,300)	(91,612)
Change in accrued pension liability	(1,128,400)	(954,700)
Change in other post employment benefits	20,600	3,800
Changes in non-cash working capital:		
Change in receivables	(997,534)	1,468,680
Change in payables and accruals	(252,755)	409,584
Change in unearned revenue	32,041	99,818
Change in Trust Deposits	(2,367)	(453)
Change in supplies inventory	6,334	5,302
Change in prepaid expenses	-	27,445
Net cash provided by operating activities	<u>9,243,685</u>	<u>11,756,072</u>
Capital activities		
Acquisition of tangible capital assets	(4,658,998)	(4,656,791)
Proceeds on sale of tangible capital assets	57,027	207,432
Net cash used for capital activities	<u>(4,601,971)</u>	<u>(4,449,359)</u>
Financing activities		
Issuance of long-term debt	1,047,000	2,482,000
Proceeds (repayment) of bank loans, net	965,000	(3,276,000)
Repayment of long-term debt	(2,757,000)	(3,008,000)
Net cash used for financing activities	<u>(745,000)</u>	<u>(3,802,000)</u>
Increase in cash and cash equivalents	3,896,714	3,504,713
Cash and cash equivalents at beginning of year	<u>15,604,298</u>	<u>12,099,585</u>
Cash and cash equivalents at end of year	<u>\$ 19,501,012</u>	<u>\$ 15,604,298</u>
Summary of cash and cash equivalents:		
Cash	\$ 18,944,556	\$ 15,046,389
Restricted cash	556,456	557,909
Cash and cash equivalents at end of year	<u>\$ 19,501,012</u>	<u>\$ 15,604,298</u>

See accompanying notes to the consolidated financial statements.

City of Miramichi

Notes to the Consolidated Financial Statements

December 31, 2016

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.

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.

City of Miramichi

Notes to the Consolidated Financial Statements

December 31, 2016

1. Summary of significant accounting policies (continued)

d) Non-financial assets

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

City of Miramichi

Notes to the Consolidated Financial Statements

December 31, 2016

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, 2015 and the Minister of Environment and Local Government approved the General Operating Budget on January 12, 2016, Capital Budget on December 14, 2015 and Utility Operating Budget on January 12, 2016.

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.

City of Miramichi

Notes to the Consolidated Financial Statements

December 31, 2016

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 Saddle Scholarship. The funds are restricted for this use only.

City of Miramichi

Notes to the Consolidated Financial Statements

December 31, 2016

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 expenses 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**

Restricted cash is comprised of the following:

	<u>2016</u>	<u>2015</u>
French Fort Cove capital fund bank account	\$ 82,492	\$ 81,578
Cash held for Sadler scholarship fund	<u>473,964</u>	<u>476,331</u>
	<u>\$ 556,456</u>	<u>\$ 557,909</u>

City of Miramichi

Notes to the Consolidated Financial Statements

December 31, 2016

3. Receivables

	<u>2016</u>	<u>2015</u>
Water and sewer receivables	\$ 1,621,633	\$ 1,702,097
Receivable from Province of New Brunswick	898,693	26,039
Other receivables	366,989	413,241
Sales tax receivable	<u>672,407</u>	<u>420,811</u>
	<u>\$ 3,559,722</u>	<u>\$ 2,562,188</u>

4. Bank loans

The 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.

5. Payables and accruals

	<u>2016</u>	<u>2015</u>
Accounts payable and accrued charges	\$ 3,158,973	\$ 3,430,680
Accrued interest on long-term debt	78,987	93,176
Holdbacks payable	<u>87,172</u>	<u>54,031</u>
	<u>\$ 3,325,132</u>	<u>\$ 3,577,887</u>

6. Long-term debt

	<u>2016</u>	<u>2015</u>
<u>New Brunswick Municipal Financing Corporation</u>		
Debentures:		
4.15%-4.45% series due 2016 (OIC 04-35,05-01,05-53)	\$ -	\$ 140,000
4.45%-4.85% series due 2017 (OIC 05-53)	53,000	104,000
2.1%-4.95% series due 2018 (OIC 05-88,07-27,07-68)	276,000	405,000
1.0%-4.5% series due 2019 (OIC 05-88, 06-40,07-27,07-68,08-32)	294,000	384,000
1.50%-4.55% series due 2020 (OIC 07-27,07-68,08-32,09-28,09-96,99-18)	2,067,000	2,266,000
1.65%-4.25% series due 2021 (OIC 00-58,99-18)	649,000	790,000
1.35%-3.45% series due 2021 (OIC 06-32,09-28,09-96,09-23,09-26,10-33)	1,221,000	1,435,000
1.65%-3.8% series due 2027 (OIC 09-0028,09-0096,10-0011)	1,325,000	1,398,000
1.35%-3.8% series due 2032 (OIC 09-0096,09-0126,10-0011,10-0033,12-0026)	692,000	794,000
1.35%-4.0% series due 2033 (OIC 01-77, 10-0011,12-0026)	1,004,000	1,071,000
1.25%-1.45% series due 2033 (OIC 10-0011, 10-0033, 11-0084)	1,302,000	1,366,000
1.15%-4.15% series, due 2034 (OIC 01-0077, 02-0032, 11-0084, 12-0002, 12-0026)	917,000	989,000
0.95%-3.50% series, due 2035 (OIC 12-0002, 13-0018, 13-0018, 14-001, 01-0013)	1,276,000	1,385,000
1.45%-2.90% series, due 2026 (OIC 14-001)	643,000	-
4.15%-4.45% series due 2016 (OIC 04-35,05-01,05-53)	-	469,000
4.45%-4.85% series due 2017 (OIC 96-44,05-53,05-88,06-40)	434,000	610,000
2.1%-5.55% series due 2023 (OIC 06-40,07-27,07-68)	848,000	912,000
1.0%-4.5% series due 2019 (OIC 07-27,07-68,08-32)	541,000	577,000
1.65%-3.15% series due 2016 (OIC 99-0018)	-	13,000
1.35%-3.45% series due 2021 (OIC 07-0027,09-0028,09-0096,09-0110,09-0126)	892,000	941,000

City of Miramichi

Notes to the Consolidated Financial Statements

December 31, 2016

6. Long-term debt (continued)

1.65%-3.8% series due 2027 (OIC 07-0027, 09-0028, 10-0033, 99-0018)	546,000	640,000
1.35%-3.8% series due 2032 (OIC 09-0028, 10-0033, 11-0060)	257,000	270,000
1.35%-4.0% series due 2033 (OIC 02-0032, 10-0033, 12-0026, 99-0018)	1,877,000	2,120,000
1.25%-4.4% series due 2033 (OIC 11-0060, 12-0026)	422,000	441,000
1.15%-3.45% series due 2024 (OIC 02-0032, 03-0043, 99-0018)	1,932,000	2,154,000
1.05%-3.15% series due 2025 (OIC 02-0032, 03-0043, 04-0035, 04-0054, 99-0018)	2,781,000	3,064,000
0.95%-3.50% series due 2035 (OIC 13-0018, 14-0011)	1,052,000	1,097,000
1.45%-3.75% series due 2036 (OIC 13-0018, 14-0011, 15-0014)	404,000	-
1.20%-2.95% series due 2036 (OIC 02-0032, 03-0043, 04-0035, 05-0053, 99-0018)	420,000	-
	\$ 24,125,000	\$ 25,835,000

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

2017	\$ 2,970,000	2020	\$ 3,437,000
2018	2,470,000	2021	2,868,000
2019	2,770,000		

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, 2016, the City has authority to borrow an additional \$8,718,000.

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 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 2016 was \$2,506,800 (2015 - \$2,381,500) including special payments of \$1,518,200 (2015 - \$1,636,500). Total benefit payments to retirees during the year were \$2,586,300 (2015 - \$1,663,900). A separate pension fund is maintained. The City is in a net asset position at December 31, 2016, as follows:

	<u>2016</u>	<u>2015</u>
Smoothed market value of plan assets	\$ 49,934,300	\$ 45,422,600
Accrued benefit obligation	<u>(53,315,300)</u>	<u>(50,019,900)</u>
Funded status	(3,381,000)	(4,597,300)
Unamortized actuarial losses	<u>(4,435,400)</u>	<u>(4,523,300)</u>
Accounting pension asset (liability)	\$ 1,054,400	\$ (74,000)

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, 2015. The accrued benefit obligation shown for 2016 is based on an extrapolation of the 2015 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, 2016

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>2016</u>	<u>2015</u>
(a) Discount rate	5.50%	5.75%
(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>2016</u>	<u>2015</u>
Current period benefit cost	\$ 1,652,100	\$ 1,453,500
Amortization of actuarial losses	<u>467,300</u>	<u>418,100</u>
	<u>2,119,400</u>	<u>1,871,600</u>
Less: Employee contributions	<u>(791,800)</u>	<u>(745,000)</u>
Pension expense	<u>1,327,600</u>	<u>1,126,600</u>
Interest cost on the average accrued benefit obligation	<u>247,600</u>	<u>300,200</u>
Total expenses related to pension	<u>\$ 1,575,200</u>	<u>\$ 1,426,800</u>

The employer contribution expense of \$2,506,800 is included in the statement of operations as a component of department expenses. The change in pension liability of \$1,128,400 is included in post-retirement liabilities expense in the segment to which it relates.

Benefit plan assets consist of:

Percentage of Plan Assets

	<u>2016</u>	<u>2015</u>
Bonds	29.05%	27.33%
Canadian equities	31.16%	27.01%
International equities	26.33%	33.26%
Real estate	10.19%	10.09%
Short-term investments	<u>3.28%</u>	<u>2.31%</u>
	<u>100.0%</u>	<u>100.0%</u>

City of Miramichi

Notes to the Consolidated Financial Statements

December 31, 2016

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>2016</u>	<u>2015</u>
Employee benefit obligations:		
Vested benefits	\$ 2,274,100	\$ 2,075,600
Unamortized actuarial gains (losses)	167,400	331,600
Non-vested benefits	822,000	821,200
Unamortized actuarial gains (losses)	42,100	56,600
Accrued employee benefit obligation	<u>\$ 3,305,600</u>	<u>\$ 3,285,000</u>
Accrued employee benefit obligation	\$ 3,305,600	\$ 3,285,000
Less funded amount	<u>(2,213,454)</u>	<u>(2,110,232)</u>
Unfunded employee benefit obligation	1,092,146	1,174,768
Less non-vested benefits	<u>(864,100)</u>	<u>(877,800)</u>
Vested benefits to be funded from future revenue	<u>\$ 228,046</u>	<u>\$ 296,968</u>
Total expenses (recovery) related to other post-employment liabilities	<u>\$ 203,500</u>	<u>\$ 197,500</u>

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 an unfunded benefit. Benefits are paid out of general revenue as they come due.

The funded amount included in the note above \$2,213,454 (2015 - \$2,110,232) is included in cash and cash equivalents in the statement of financial position.

City of Miramichi
Notes to the Consolidated Financial Statements
December 31, 2016

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 Buildings and Leasehold Improvements	
	Land	Improvements			Equipment	Improvements	Land	Construction	Fleet	Asset under Construction
Cost										
Opening cost	\$ 1,055,155	\$ 19,552,486	\$ 1,942,124	\$ 4,303,792	\$ 7,202	\$ 9,297,654	\$111,157,948	\$ 19,800,922	\$ 69,003,291	\$ 223,816
Additions and transfers	2	250,593	475,850	240,528	154,085	613,021	2,285,197	-	594,209	193,728
Disposals and transfers	(1,560)	(43,584)	-	-	(6,874)	(549,476)	(139)	-	(11,085)	(141,341)
Closing 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
Accumulated amortization										
Opening accumulated amortization	-	(8,707,392)	(867,481)	(2,458,110)	-	(4,661,029)	(65,117,457)	(11,700,977)	(18,419,869)	-
Amortization	-	(581,842)	(169,716)	(167,700)	-	(508,390)	(2,749,960)	(459,631)	(953,685)	-
Disposals	-	42,495	-	-	-	516,622	-	-	-	-
Closing accumulated amortization	-	(9,246,739)	(1,037,197)	(2,625,810)	-	(4,652,797)	(67,867,417)	(12,160,608)	(19,373,554)	-
Net book value	\$ 1,053,597	\$ 10,512,756	\$ 1,380,777	\$ 1,918,510	\$ 154,413	\$ 4,708,402	\$ 45,575,589	\$ 7,640,314	\$ 50,212,861	\$ 276,203
										\$ 123,433,422
										\$ 124,412,075

City of Miramichi

Notes to the Consolidated Financial Statements

December 31, 2016

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 2016, 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.

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:

	2016	2015
2016 Surplus	\$ 373	\$ -
2015 Surplus	264	264
2014 Surplus	-	680
	<u>\$ 637</u>	<u>\$ 944</u>

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.

13. Acquisition of control French Fort Cove Eco Center Inc.

On March 23, 2015, members of management and council for the City of Miramichi became the President, Treasurer, and the Board of Directors for the French Fort Cove Eco Center Inc. therefore the City directs the strategic operating, investing, and financing policies of the organization. There was no consideration exchanged. The City has received a building with a net book value of \$2,995,913 which has resulted in an increase to the accumulated surplus of the same amount.

14. 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 financial statements related to legal contingencies.

City of Miramichi

Schedule 1: Consolidated Schedule of Revenues

Year ended December 31

2016

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Services to other governments			
Province			
Fire, including dispatch	\$ 459,391	\$ 459,392	\$ 453,200
Roads and streets	259,089	259,119	259,059
PSAP dispatching	151,502	169,055	171,502
Fine revenue	20,486	20,486	81,336
	<u>\$ 890,468</u>	<u>\$ 908,052</u>	<u>\$ 965,097</u>
Other contributions and government transfers			
Gas tax program	\$ 1,253,720	\$ 1,253,720	\$ 1,194,040
Regional Development Corporation	99,773	99,773	43,730
ACOA	5,215	5,215	115,298
Other	15,017	15,017	-
Payment in lieu of taxes	3,625	3,625	26,423
Donations and recoveries	-	32,269	46,921
	<u>\$ 1,377,350</u>	<u>\$ 1,409,619</u>	<u>\$ 1,426,412</u>
Other revenue from own sources			
Licenses and permits	\$ 161,500	\$ 222,650	\$ 374,400
Interest on investments	50,000	70,153	77,202
Miscellaneous	21,220	256,643	24,167
Police	43,000	50,497	49,884
Building rental - Miratech	72,628	63,028	73,161
Recreation	658,887	629,465	626,596
Water and sewer other revenue	89,000	167,297	105,263
	<u>\$ 1,096,235</u>	<u>\$ 1,459,733</u>	<u>\$ 1,330,673</u>
Water and sewerage revenue			
Water	1,909,435	1,867,851	1,740,455
Sewer	2,956,849	2,964,247	2,931,227
Connections	35,000	42,500	47,475
	<u>\$ 4,901,284</u>	<u>\$ 4,874,598</u>	<u>\$ 4,719,157</u>

City of Miramichi

Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

2016

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor	\$ 61,962	\$ 28,389	\$ 49,962
Councillors	260,866	182,877	188,325
	<u>322,828</u>	<u>211,266</u>	<u>238,287</u>
Administrative			
Manager	293,005	302,518	302,090
Clerk	435,959	289,617	280,267
City Hall	239,111	218,756	218,983
Solicitor	50,000	11,824	72,491
Finance	504,467	427,970	364,521
Human resources	352,922	331,455	287,963
System administration	352,733	351,650	280,344
Cost of assessment	277,674	277,674	268,222
	<u>2,505,871</u>	<u>2,211,464</u>	<u>2,074,881</u>
Civic relations	<u>161,500</u>	<u>151,158</u>	<u>115,100</u>
Other general government services			
Special projects	987,976	355,107	759,090
Bank charges	5,000	5,023	4,720
Bad debts	-	-	18,186
	<u>992,976</u>	<u>360,130</u>	<u>781,996</u>
Interest	<u>61,378</u>	<u>25,657</u>	<u>29,596</u>
Amortization and disposal	<u>50,035</u>	<u>50,035</u>	<u>38,229</u>
Post-retirement liabilities	<u>62,962</u>	<u>66,279</u>	<u>47,701</u>
	<u>\$ 4,157,550</u>	<u>\$ 3,075,989</u>	<u>\$ 3,325,790</u>

City of Miramichi

Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

2016

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protection services			
Police			
Administration	\$ 746,926	\$ 743,774	\$ 731,813
Crime control	616,420	566,234	587,585
Traffic activities	3,065,059	2,937,634	2,841,689
Training and development	20,000	20,627	19,732
Building & jail	276,603	264,483	253,423
Automotive equipment	217,993	177,510	192,636
Communication	844,684	898,085	829,765
Community relations	123,739	118,848	115,968
CID - Dog services	8,320	8,238	6,302
Detention and custody	81,576	83,180	93,381
	<u>6,001,320</u>	<u>5,818,613</u>	<u>5,672,294</u>
Fire			
Administration	222,389	226,804	278,036
Fighting force	2,000,128	1,937,563	1,814,800
Training and development	96,450	(27,971)	58,141
Station	141,121	135,806	139,759
Fire fighting equipment	196,742	149,375	224,392
	<u>2,656,830</u>	<u>2,421,577</u>	<u>2,515,128</u>
Other protection services			
Animal control	49,612	47,524	48,418
Interest	<u>373,716</u>	<u>156,220</u>	<u>159,042</u>
Amortization and disposal	<u>492,691</u>	<u>492,691</u>	<u>439,727</u>
Post-retirement liabilities	<u>314,211</u>	<u>330,761</u>	<u>255,331</u>
	<u>\$ 9,888,380</u>	<u>\$ 9,267,386</u>	<u>\$ 9,089,940</u>

City of Miramichi

Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

2016

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Administration	\$ 417,651	\$ 458,735	\$ 429,565
Engineering	459,113	415,958	369,825
General equipment	907,088	800,853	818,554
Workshops, yards, and buildings	504,972	501,695	397,995
	<u>2,288,824</u>	<u>2,177,241</u>	<u>2,015,939</u>
Roads and streets			
Summer maintenance	1,310,425	1,131,564	1,013,313
Storm sewers	99,008	86,214	80,802
Snow and ice removal	1,719,227	1,570,728	1,713,800
	<u>3,128,660</u>	<u>2,788,506</u>	<u>2,807,915</u>
Street lighting	564,760	563,699	548,972
Traffic services			
Street signs	20,000	21,885	18,543
Traffic lanemarking	23,900	30,480	39,835
Traffic signals	36,369	29,976	32,040
	<u>80,269</u>	<u>82,341</u>	<u>90,418</u>
Off street parking	18,000	17,670	17,520
Transit commission	330,885	335,905	306,651
Interest	697,845	291,712	325,972
Amortization and disposal	3,008,513	3,008,513	3,220,819
Post-retirement liabilities	107,385	113,042	86,650
	<u>\$ 10,225,141</u>	<u>\$ 9,378,629</u>	<u>\$ 9,420,856</u>

City of Miramichi

Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

2016

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Environmental health and development services			
Environmental health services			
Collection	\$ 784,560	\$ 871,127	\$ 805,393
Disposal	467,880	426,244	446,210
Former train station/Other	67,500	61,137	469
	<u>1,319,940</u>	<u>1,358,508</u>	<u>1,252,072</u>
Environmental development services			
Development			
Community planning	428,701	428,701	374,449
Administration	170,505	158,723	195,082
Economic development	495,717	475,628	254,458
	<u>1,094,923</u>	<u>1,063,052</u>	<u>823,989</u>
Tourism			
Visitor information	84,501	80,172	69,910
Tourism promotion	174,696	152,197	172,849
	<u>259,197</u>	<u>232,369</u>	<u>242,759</u>
	<u>1,354,120</u>	<u>1,295,421</u>	<u>1,066,748</u>
Interest	<u>1,234</u>	<u>516</u>	<u>1,529</u>
Amortization	<u>61</u>	<u>61</u>	<u>61</u>
Post-retirement liabilities	<u>12,227</u>	<u>12,872</u>	<u>9,102</u>
	<u>\$ 2,687,582</u>	<u>\$ 2,667,378</u>	<u>\$ 2,329,512</u>
Recreation and cultural services			
Administration	\$ 305,318	\$ 299,180	\$ 280,887
Community Centres	593,998	550,433	505,418
Swimming pools	432,203	381,810	384,673
Rinks and arenas	802,392	869,743	769,455
Parks and playgrounds	1,323,027	1,232,785	1,220,550
Program administration	84,699	100,321	80,713
Seniors	3,000	2,103	2,550
Special population programs	9,309	6,110	5,443
Youth programs	76,315	75,250	73,526
Special events	9,000	6,364	8,465
Libraries	175,295	162,575	152,379
	<u>3,814,556</u>	<u>3,686,674</u>	<u>3,484,059</u>
Interest	<u>42,175</u>	<u>17,630</u>	<u>18,819</u>
Amortization and disposals	<u>570,228</u>	<u>570,228</u>	<u>438,717</u>
Post-retirement liabilities	<u>97,213</u>	<u>102,334</u>	<u>78,035</u>
	<u>\$ 4,524,172</u>	<u>\$ 4,376,866</u>	<u>\$ 4,019,630</u>

City of Miramichi

Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

2016

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Water and sewerage services			
Water supply			
Administration	\$ 159,263	\$ 91,491	\$ 68,393
Interest	382,460	232,633	271,409
Treatment	458,143	421,377	432,675
Transmission and distribution	619,256	623,771	665,529
Power and pumping	339,185	294,014	276,732
Billing and collection	258,048	184,572	232,302
	<u>2,216,355</u>	<u>1,847,858</u>	<u>1,947,040</u>
Sewer collection and disposal			
Collection system	263,056	259,232	239,419
Interest	295,639	239,565	321,261
Lift stations	310,874	305,875	311,657
Treatment and disposal	414,233	444,565	386,380
	<u>1,283,802</u>	<u>1,249,237</u>	<u>1,258,717</u>
Bad debts	-	164,000	163,500
Special project	-	(77,575)	145,000
Amortization and disposals	1,459,096	1,459,096	1,421,435
Post-retirement liabilities	43,528	45,821	34,826
	<u>\$ 5,002,781</u>	<u>\$ 4,688,437</u>	<u>\$ 4,970,518</u>

City of Miramichi

Schedule 3: Schedule of Segment Disclosure

December 31, 2016

Revenues	General Government	Protection	Transportation	Environmental Health & Development	Recreation and cultural	Water and Sewer Services	2016 Consolidated	2015 Consolidated
Property tax warrant	\$ 8,061,983	\$ 6,900,601	\$ 4,933,780	\$ 989,425	\$ 3,874,431	\$ -	\$ 24,760,220	\$ 23,917,395
Other revenue from own sources	154,928	163,434	107,846	227,045	639,183	167,297	1,459,733	1,330,673
Unconditional transfers from Provincial Government	1,898,986	1,625,424	1,162,143	233,057	912,615	-	5,832,225	5,609,502
Services to other government	-	648,932	259,120	-	-	-	908,052	965,097
Other contributions and government transfers	8,840	-	32,269	-	99,773	1,268,737	1,409,619	1,426,412
Water and sewer user fees	-	-	54,845	-	-	4,874,598	4,874,598	4,719,157
Interest	14,492	-	-	-	-	126,043	195,380	177,430
	10,139,229	9,338,391	6,550,003	1,449,527	5,526,002	6,436,675	39,439,827	38,145,666
Expenses								
Salaries and benefits	1,432,110	7,146,802	2,453,491	277,262	2,203,962	986,930	14,500,557	14,070,386
Goods and services	1,146,801	1,140,912	3,511,871	2,376,667	1,482,712	1,618,662	11,227,625	10,797,103
Amortization & disposal	50,035	492,691	3,008,513	61	570,228	1,459,096	5,580,624	5,558,988
Interest	25,657	156,220	291,712	516	17,630	472,198	963,933	1,127,628
Post-retirement liabilities*	66,279	330,761	113,042	12,872	102,334	45,821	671,109	511,645
Other	355,107	-	-	-	-	105,730	460,837	1,090,496
	3,075,989	9,267,386	9,378,629	2,667,378	4,376,866	4,688,437	33,454,685	33,156,246
Surplus (deficit) for the year	\$ 7,063,240	\$ 71,005	\$ (2,828,626)	\$ (1,217,851)	\$ 1,149,136	\$ 1,748,238	\$ 5,985,142	\$ 4,989,420

*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.

City of Miramichi
Schedule 4: Schedule of Reserve Funds
December 31, 2016

	General Operating Reserve	General Capital Reserve	Water and Sewer Operating Reserve	Water and Sewer Capital Reserve	2016 Total	2015 Total
Accumulated surplus, beginning of year	\$ 1,486,365	\$ 5,419,260	\$ 270,715	\$ 635,045	\$ 7,811,385	\$ 4,819,051
Transfers to/from Water and Sewer and General Operating Funds						
Allocation from General Operating Fund	100,000	3,274,495	-	-	3,374,495	2,683,943
Allocation from Water and Sewer Operating Fund	-	-	65,000	440,000	505,000	240,787
Allocation to General Capital Fund	-	376,390	-	-	376,390	12,839
Allocation to Water Capital Fund	100,000	3,650,885	(58,414)	-	(58,414)	-
Interest			6,586	440,000	4,197,471	2,937,569
Annual surplus	14,492	54,845	2,566	7,999	79,902	54,765
Accumulated surplus, end of year	114,492	3,705,730	9,152	447,999	4,277,373	2,992,334
	\$ 1,600,857	\$ 9,124,990	\$ 279,867	\$ 1,083,044	\$ 12,088,758	\$ 7,811,385

City of Miramichi

Schedule 5: Schedule of Reconciliation of Annual Surplus

December 31, 2016

	General Operating Fund	General Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Water and Sewer Operating Fund	Water and Sewer Capital Reserve Fund	Water and Sewer Operating Reserve Fund	Water and Sewer Capital Reserve Fund	Total All Fund
2016 annual fund surplus (deficit)*	\$ 426	\$ 3,404,925	\$ 114,492	\$ 3,705,729	\$ 373	\$ 2,598,311	\$ 9,152	\$ 447,999	\$ 10,500,086
Adjustment to annual surplus (deficit) for funding requirements									
Second previous year's surplus	(237)	-	-	-	(680)	-	-	-	(917)
Long-term debt principal repayment	1,451,000	(1,451,000)	-	-	-	-	-	-	-
Long-term debt principal repayment	-	-	-	-	1,306,000	(1,306,000)	-	-	-
Adjustments to tangible assets	(57,027)	408,732	-	-	-	-	-	-	-
Capital expenditures paid out of operating expense	(1,703,098)	1,703,098	-	-	294,323	(294,323)	-	-	351,705
Grant revenue adjustments	-	(440,096)	-	-	-	-	-	-	-
Provision for retirement liability	76,981	-	-	-	5,641	-	-	-	(440,096)
Amortization expense	-	(4,142,913)	-	-	-	(1,448,011)	-	-	82,622
Provision for vacation pay	(45,734)	-	-	-	-	-	-	-	(5,590,924)
Provision for pension	1,051,358	-	-	-	77,042	-	-	-	(45,734)
									1,128,400
Total adjustments to 2016 annual surplus (deficit)	773,243	(3,922,179)	-	-	1,682,326	(3,048,334)	-	-	(4,514,944)
2016 annual surplus (deficit) per PSAB for the year	\$ 773,669	\$ (298,575)	\$ 114,492	\$ 3,705,729	\$ 1,408,699	\$ (450,023)	\$ 9,152	\$ 447,999	\$ 5,985,142

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

City of Miramichi

Schedule 6: Schedule of Operating Budget to PSA Budget

December 31, 2016

	Operating Budget General	Operating Budget Water and Sewer	Capital Budget	Amortization Pension & Post Employment adjustments	Interest Reallocations	Transfers	Total
Revenue							
Province of New Brunswick:	\$ 24,760,220	\$ -	\$ -	\$ -	\$ -	\$ -	24,760,220
Grant from City of Miramichi	5,832,225	-	-	-	-	-	5,832,225
Warrant for property taxes	890,468	-	-	-	-	-	890,468
Unconditional grant	540,932	-	1,373,725	-	-	(537,307)	1,377,350
Services to other governments	1,007,235	259,500	-	-	-	(170,500)	1,096,235
Other government contributions and transfers	-	4,901,284	-	-	-	-	4,901,284
Other revenue from own sources	-	497,970	-	-	-	(497,970)	-
Water and sewer rates	-	80,000	-	-	-	-	80,000
Water supply for fire protection	-	680	-	-	-	(917)	-
Interest	237	5,739,434	1,373,725	-	-	(1,206,694)	38,937,782
Second previous year's surplus	33,031,317	-	-	-	-	-	-
Expenditure							
General government services	3,983,175	-	-	112,997	61,378	-	4,157,550
Protective services	9,205,732	-	-	806,902	373,716	(497,970)	9,888,380
Transportation services	6,581,898	-	-	3,115,898	697,845	(170,500)	10,225,141
Environmental health & development services	2,674,060	-	-	12,288	1,234	-	2,687,582
Recreation and cultural services	3,814,556	-	-	667,441	42,175	-	4,524,172
Water and Sewer	-	3,359,365	-	1,502,624	678,099	(537,307)	5,002,781
Fiscal services	-	-	-	-	-	-	-
Long-term debt repayments	1,451,000	1,306,000	-	-	-	(2,757,000)	-
Interest	1,176,348	678,099	-	-	(1,854,447)	-	-
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 Fund	-	-	-	-	-	-	-
Funding current year's capital projects- General	477,500	-	-	-	-	(477,500)	-
Funding current year's capital projects – Water & Sewer	1,818,500	-	-	-	-	(1,818,500)	-
Transfer from the Water & Sewer Operating Fund to the Water & Sewer Operating Reserve Fund	-	80,970	-	-	-	(80,970)	-
	-	315,000	-	-	-	(315,000)	-
	33,031,317	5,739,434	-	4,369,602	-	(6,654,747)	36,485,606
Surplus (deficit) for the year	\$ -	\$ -	\$ 1,373,725	\$ (4,369,602)	\$ -	\$ 5,448,053	\$ 2,452,176

City of Miramichi

Schedule 7: Reconciliation of Funding Deficit

Year ended December 31, 2016

Reconciliation of Funding Deficit

Liability at December 31, 2016		Vested Post Employment Benefits
	\$	2,441,500
Amount of December 31, 2016 liability funded in the current year		(103,222)
Amounts funded in prior years		<u>(2,110,232)</u>
Balance to be funded in future years	\$	<u>228,046</u>

Special payments are being made on the pension plan in accordance with the regulatory filings with the Province of New Brunswick.

The City has an unfunded vesting post-employment liability of \$228,046. There is presently no agreement between the City and the Province for the funding of this liability.