



Consolidated financial statements

Village of New Maryland

December 31, 2013

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Grant Thornton

Independent auditors' report

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His Worship the Mayor, and Members of Council
Village of New Maryland

We have audited the accompanying consolidated financial statements of the Village of New Maryland, which comprise the consolidated financial position as at December 31, 2013 and the consolidated results of operations and accumulated surplus, changes in net debt, and cash flows for the years then ended December 31, 2013 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Village of New Maryland as at December 31, 2013 and the consolidated results of its operations and accumulated surplus, changes in net debt, and its cash flows for the years ended December 31, 2013 in accordance with Canadian public sector accounting standards.

Other matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. Schedules 5 and 6 on pages 24 and 25 are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Fredericton, Canada
August 29, 2014



Grant Thornton LLP
Chartered Accountants

Village of New Maryland

Consolidated statement of operations and accumulated surplus

Year Ended December 31

2013

2012

	(schedule 7) <u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Property tax warrant	\$ 3,936,775	\$ 3,936,775	\$ 3,802,962
Services to other governments (schedule 2)	94,005	107,857	103,671
Other revenue from own source (schedule 2)	158,200	166,275	172,195
Unconditional grant	133,229	133,229	197,088
Other government transfers	30,000	311,657	40,455
Water and sewer user fees (schedule 2)	986,862	974,005	980,360
Donated tangible capital assets	-	685,564	-
Interest	5,000	63,271	45,600
Other	13,080	13,075	28,912
	<u>5,357,151</u>	<u>6,391,708</u>	<u>5,371,243</u>
Expenditures (schedule 3 & 4)			
General government services	776,534	793,402	882,275
Protective services	959,907	946,843	917,333
Transportation services	1,127,817	1,108,695	1,119,783
Environmental health services	260,000	242,092	231,114
Environmental development services	145,921	126,577	137,687
Recreation and cultural services	736,247	726,203	699,008
Water and sewer	1,054,037	1,286,610	1,043,337
	<u>5,060,463</u>	<u>5,230,422</u>	<u>5,030,537</u>
Annual surplus (schedule 6)	\$ 296,688	<u>1,161,286</u>	<u>340,706</u>
Accumulated surplus, beginning of year		<u>34,858,632</u>	<u>34,517,926</u>
Accumulated surplus, end of year		<u>\$ 36,019,918</u>	<u>\$ 34,858,632</u>

See accompanying notes to the consolidated financial statements.

Village of New Maryland

Consolidated statement of financial position

Year Ended December 31

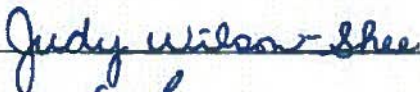

2013

2012

Financial assets		
Cash - restricted	\$ 346,336	\$ 1,010,328
Cash - unrestricted	1,782,159	1,023,901
Short term investments – restricted	3,646,841	2,251,238
Short term investments – unrestricted	554,671	29,817
Receivables		
General	333,654	334,030
Federal Government and its agencies (note 3)	181,538	191,776
Province of New Brunswick (note 4)	4,682	9,405
	<u>6,849,881</u>	<u>4,850,495</u>
Liabilities		
Bank indebtedness (note 5)	36,000	-
Payables and accruals (note 6)	539,977	409,940
Deferred revenue (note 7)	1,359,321	120,022
Long term debt (note 8)	6,953,000	7,186,000
Pension obligation (note 9)	19,600	46,900
Accrued sick leave obligation (note 10)	126,300	119,900
	<u>9,034,198</u>	<u>7,882,762</u>
Net debt	<u>(2,184,317)</u>	<u>(3,032,267)</u>
Non-financial assets		
Tangible capital assets (schedule 1)	38,150,070	37,837,133
Prepaid expenses	54,165	53,766
	<u>38,204,235</u>	<u>37,890,899</u>
Accumulated surplus	<u>\$ 36,019,918</u>	<u>\$ 34,858,632</u>

Commitments and contingency (note 11)

On behalf of the Council

See accompanying notes to the consolidated financial statements.

Village of New Maryland

Consolidated statement of changes in net debt

Year Ended December 31	Budget	2013	2012
Annual surplus	\$ 296,688	\$ 1,161,286	\$ 340,706
Acquisition of tangible capital assets	(543,600)	(1,064,558)	(390,380)
Donated tangible capital assets	-	(685,564)	
Proceeds on disposal of tangible capital assets	-	-	70,796
Amortization of tangible capital assets	1,262,540	1,262,540	1,087,503
Loss on sale of tangible capital assets	-	174,645	90,418
	<u>1,015,628</u>	<u>848,349</u>	<u>1,199,043</u>
Acquisition of prepaid assets	-	(54,165)	(53,766)
Use of prepaid assets	-	53,766	52,539
	-	(399)	(1,227)
Decrease in net debt	1,015,628	847,950	1,197,816
Net debt, beginning of year	<u>(3,032,267)</u>	<u>(3,032,267)</u>	<u>(4,230,083)</u>
Net debt, end of year	<u>\$ (2,016,639)</u>	<u>\$ (2,184,317)</u>	<u>\$ (3,032,267)</u>

See accompanying notes to the consolidated financial statements.

Village of New Maryland

Consolidated statement of cash flows

Year Ended December 31

2013

2012

Increase (decrease) in cash and cash equivalents

Operating activities

Annual surplus	\$ 1,161,286	\$ 340,706
Amortization of tangible capital assets	1,262,540	1,087,503
Loss on disposal of tangible capital assets	174,645	90,418
Change in receivables:		
General	376	5,431
Federal government and its agencies	10,238	248,025
Province of new brunswick	4,723	8,367
Change in payables and accruals	130,037	(825,773)
Change in deferred revenue	1,239,299	-
Change in pension obligation	(27,300)	(13,700)
Change in accrued sick leave	6,400	103,400
Net cash provided by operating activities	<u>3,962,244</u>	<u>1,044,377</u>

Capital activities

Acquisition of tangible capital assets	(1,064,558)	(390,380)
Donated tangible capital assets	(685,564)	-
Proceeds on disposal of tangible capital assets	-	70,796
Change in prepaid expenses	(399)	(1,227)
Net cash used for capital activities	<u>(1,750,521)</u>	<u>(320,811)</u>

Financing activities

Bank loan proceeds (repayment)	36,000	(187,000)
Long-term debt net (repayment) proceeds	(233,000)	222,000
Net cash used for financing activities	<u>(197,000)</u>	<u>35,000</u>

Investing activities

Short term investment purchases	<u>(1,920,457)</u>	<u>(531,685)</u>
Increase in cash and cash equivalents	94,266	226,881
Cash and cash equivalents at beginning of year	<u>2,034,229</u>	<u>1,807,348</u>
Cash and cash equivalents at end of year	<u>\$ 2,128,495</u>	<u>\$ 2,034,229</u>

Made up of:

Unrestricted cash	\$ 1,782,159	\$ 1,023,901
Restricted cash	<u>346,336</u>	<u>1,010,328</u>
	<u>\$ 2,128,495</u>	<u>\$ 2,034,229</u>

See accompanying notes to the consolidated financial statements.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2013

1. Purpose of the organization

The municipality was incorporated as a Village by the Province of New Brunswick Municipalities Act on June 1, 1991. As a municipality, the Village of New Maryland is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act.

2. Summary of significant accounting policies

The consolidated financial statements of the Village of New Maryland are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The focus of PSA financial statements is on the financial position of the Municipality and the changes thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Municipality.

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

a) **Reporting entity**

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

Interdepartmental and organizational transactions and balances are eliminated.

b) **Budget**

The budget figures contained in these financial statements were approved by Council on January 16, 2013, and the Minister of Local Government on January 23, 2013.

c) **Revenue recognition**

- Unrestricted revenue is recorded on an accrual basis and is recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.
- Other revenue is recorded when it is earned, and collection is reasonably assured.

d) **Government transfers**

Government transfers are recognized in the 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.

e) **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.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2013

2. Summary of significant accounting policies (continued)

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
Buildings and structures	10-50 years
Vehicles and equipment	5-25 years
Roads, streets, sidewalks and culverts	15-80 years
Parks and playgrounds	10-20 years
Water and wastewater networks	40-80 years

Amortization is not recognized in the year assets are acquired.

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 are also recorded as revenue.

f) **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.

g) **Post-employment benefits**

The Municipality recognizes its obligations under post-employment benefit plans and the related costs, net of plan assets. The Municipality has a sick leave benefit as documented in Note 10 and pension plan obligation as documented in Note 9.

h) **Reserve funds**

Certain amounts, as approved by Village Council, are set aside in reserve funds for future operating and capital purposes. Transfers to and/from reserve funds are recorded as an adjustment within accumulated surplus. Schedule 5 to the consolidated financial statements is included to show the reserve fund balances as supplementary information.

i) **Segmented information**

The Village of New Maryland is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Village's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments as follows:

General government services

This department is responsible for the overall governance and financial administration of the Municipality. This includes council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2013

2. Summary of significant accounting policies (continued)

i) Segmented information (continued)

Protective services

This department is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.

Transportation services

This department is responsible for common services, roads and streets maintenance, street lighting, traffic services, parking and other transportation related functions.

Environmental health services and development services

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

Recreation and cultural services

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

Water and sewer

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.

j) Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public sector standards 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. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results may differ from those estimates.

3. Due from federal government and its agencies	<u>2013</u>	<u>2012</u>
Canada Revenue Agency (HST rebate)	\$ 118,077	\$ 190,502
Atlantic Canada Opportunities Agency	63,461	-
Infrastructure Canada - Building Canada Fund	<u>-</u>	<u>1,274</u>
	<u>\$ 181,538</u>	<u>\$ 191,776</u>

4. Due from Province of New Brunswick	<u>2013</u>	<u>2012</u>
New Brunswick Department of Transportation	<u>\$ 4,682</u>	<u>\$ 9,405</u>

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2013

5. Bank indebtedness

Bank indebtedness for operating purposes is within the limit prescribed by the Municipalities Act, and the Municipal Capital Borrowing Board has approved the short-term borrowing outstanding in the Water and Sewer Capital Fund at the end of the year. The credit facility with the Municipality's bank has combined borrowing limit of \$180,000 for the Municipality's operations.

6. Payables and accruals	<u>2013</u>	<u>2012</u>
Trade payables and accruals	\$ 191,199	\$ 153,860
Payable to the Policing Authority	146,943	142,500
Contractors' holdbacks	92,864	-
Interest on long-term debt	61,993	64,402
Local improvement deposits	<u>46,978</u>	<u>49,178</u>
	<u>\$ 539,977</u>	<u>\$ 409,940</u>

7. Deferred revenue	<u>2013</u>	<u>2012</u>
Gas Tax Funding – Province of New Brunswick	<u>\$ 1,359,321</u>	<u>\$ 120,022</u>

8. Long-term debt	<u>2013</u>	<u>2012</u>
<u>New Brunswick Municipal Financing Corporation Debentures</u>		
AS26 2.85% - 4.35%, due 2015, OIC #04-0005	\$ 2,111,000	\$ 2,249,000
AY34 3.30% - 4.85%, due 2014, OIC #08-0005	384,000	755,000
BA43 0.95% - 5.00%, due 2019, OIC #08-0067	148,000	159,000
BD41 1.50% - 3.85%, due 2015, OIC #97-0060	22,000	33,000
BE25 1.65% - 4.25%, due 2021, OIC #09-0024	1,782,000	1,892,000
BE26 1.65% - 4.25%, due 2021, OIC #09-0048	925,000	963,000
BG42 1.65% - 3.80%, due 2017, OIC #98-0083	117,000	145,000
BH38 1.35% - 3.80%, due 2027, OIC #09-0024	934,000	990,000
BI42 1.35% - 4.00%, due 2033, OIC #09-0048	<u>530,000</u>	<u>-</u>
	<u>\$ 6,953,000</u>	<u>\$ 7,186,000</u>

In 2015, debenture AS26 will mature with a final amount due of \$1,968,000, however \$1,819,000 of this payment will be refinanced during that year. In 2019, debenture BA43 will mature with a final amount due of \$87,000, however \$74,000 of this payment is expected to be refinanced during that year. In 2021, debentures BE25 and BE26 will mature with final amounts due of \$914,000 and \$625,000 respectively. These debentures will be refinanced for \$773,000 and \$577,000 respectively during that year.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2013

8. Long-term debt (continued)

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

2014	\$ 805,000
2015	2,255,000
2016	282,000
2017	289,000
2018	269,000

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.

9. Pension obligation

The Village and its employees participate in the New Brunswick Municipal Employees Pension Plan (NB MEPP). The NB MEPP is a multiple-employer defined benefit pension plan administered by a board elected by the members under the provisions of the municipalities Act of New Brunswick. The Plan provides for service pensions based on length of service and best average earnings.

Actuarial valuations for funding purposes are performed either annually or triennially depending on the financial position of the NB MEPP (currently annually). In turn, the actuarial valuations for accounting purposes are based on these figures (with adjustments). The most recent actuarial valuation was prepared as at December 31, 2012 and resulted in an overall NB MEPP accrued benefit obligation of \$85,323,300 based on the accounting basis.

The actuarial valuation for accounting purposes 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 management's best estimates. The following summarizes the major assumptions in the valuation as at December 31, 2013:

- The expected inflation rate is 2.35% (prior 2.35%)
- The discount rate used to determine the accrued benefit obligation is 5.6% (prior 5.5%)
- The expected rate of return on assets is 5.6% (prior 5.85%)
- Retirement age varies by age and employment category
- Estimated average remaining service life (EARSL) is 15.1 years (prior 15.1 years)

The actuarial valuation prepared as at December 31, 2012 indicated that the present value of the accumulated plan benefits exceeded the market value of the net assets available for these benefits. The pension plan has been granted a solvency deficiency exemption by the Province of New Brunswick. On a going concern valuation basis, the actuarial valuation indicated a plan deficit of \$11,581,900, a decrease of \$1,047,700 from the December 31, 2011 deficit of \$12,629,600. Based on the assumptions as at December 31, 2012, the actuary expected the level of employer and employee contributions to be sufficient to fund the deficit in less than fifteen years, as allowed by the Pension Benefits Act.

As at December 31, 2013, the NB MEPP provides benefits for 171 retirees. Total benefit payments to retirees and terminating employees during 2014 are estimated to be approximately \$2,745,900 (actual 2013, \$2,678,900) in totality for the NB MEPP.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2013

9. Pension obligation (continued)

Employees make contributions using rates that may vary by earnings level and employment category, with an overall average contribution rate of approximately 7.6%. Each municipality contributes an amount that equals their employee's contribution amounts. Pension Fund Assets are invested in Short Term Securities, Bonds, Canadian Equities and Foreign Equities. Combined employees and municipalities contributions for 2014 are estimated to be approximately \$5,456,800 (actual 2013, \$5,306,000) in totality for the NB MEPP.

The following summarizes the NB MEPP data as it relates to the Village of New Maryland:

- The average age of the 15 active employees covered by NB MEPP is 48.1 as at December 31, 2013
- Benefit Payments were \$21,900 in 2013 and were estimated to be \$24,200 in 2014
- Combined Contributions were \$131,800 in 2013 and were estimated to be \$135,800 in 2014

	1-Jan-2013 to 31-Dec-2013	1-Jan-2012 to 31-Dec-2012
Accrued Benefit Liability		
Accrued benefit liability at beginning of period	\$ 46,900	\$ 60,600
Pension expense for the year	38,600	39,700
Less: Employer contributions	<u>(65,900)</u>	<u>(53,400)</u>
Accrued benefit liability at end of period	<u>\$ 19,600</u>	<u>\$ 46,900</u>

In summary, the Accrued Benefit Liability as it relates to the Village of New Maryland is estimated to be \$19,600 as at December 31, 2013. This compares to \$46,900 as at December 31, 2012. This amount is included in the pension obligation on the Consolidated Statement of Financial Position.

The financial position as it relates to the Accrued Benefit Liability is shown as follows and illustrates the unamortized amounts being recognized in Pension Expense over time:

	1-Jan-2013 to 31-Dec-2013	1-Jan-2012 to 31-Dec-2012
Reconciliation of Funded Status at End of Period		
Accrued benefit obligation	\$ 806,800	\$ 642,900
Plan assets	<u>669,000</u>	<u>533,200</u>
Plan deficit / (surplus)	\$ 137,800	\$ 109,700
Unamortized experience losses / (gains)	<u>118,200</u>	<u>62,800</u>
Accrued benefit liability / (asset) at end of period	<u>\$ 19,600</u>	<u>\$ 46,900</u>

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2013

9. Pension obligation (continued)

The following illustrates the reconciliation of Accrued Benefit Obligation from the beginning of the period to the end of the period:

	1-Jan-2013 to 31-Dec-2013	1-Jan-2012 to 31-Dec-2012
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation at beginning of period	\$ 642,900	\$ 548,400
Current Service Cost	85,100	82,300
Benefit Payments	(21,900)	(19,700)
Interest for Period	37,300	31,900
Experience loss / (gain) during period	<u>63,400</u>	<u>-</u>
Accrued benefit obligation at end of period	\$ 806,800	\$ 642,900

The following illustrates the reconciliation of Plan assets from the beginning of the period to the end of the period:

	1-Jan-2013 to 31-Dec-2013	1-Jan-2012 to 31-Dec-2012
Reconciliation of Plan Assets		
Plan assets at beginning of period	\$ 533,200	\$ 420,600
Employer contributions	65,900	53,400
Employee contributions	65,900	53,400
Benefit payments	(21,900)	(19,700)
Return on Plan assets during the period	<u>25,900</u>	<u>25,500</u>
Plan assets at end of period	\$ 669,000	\$ 533,200

Total expenses related to pensions include the following components:

	1-Jan-2013 to 31-Dec-2013	1-Jan-2012 to 31-Dec-2012
Pension Expense		
Employer current service cost	\$ 19,200	\$ 28,900
Interest on accrued benefit obligation	37,300	31,900
Expected return on assets	(31,700)	(25,500)
Experience loss	<u>13,800</u>	<u>4,400</u>
Pension expense	\$ 38,600	\$ 39,700

The pension expense is included in the statement of operations.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2013

10. Accrued sick leave obligation

The Village of New Maryland provides employees the ability to accumulate sick leave benefits payable either upon retirement or resignation.

	<u>2013</u>	<u>2012</u>
<u>Accrued employee benefit obligation:</u>		
Opening balance	\$ 119,900	\$ 16,500
Current period benefit cost	16,600	2,700
Cost of plan amendments	-	102,900
Accrued interest	4,300	600
Experience (gain) loss	(9,700)	(300)
Benefit payments	<u>(4,800)</u>	<u>(2,500)</u>
Accrued employee benefit obligation	<u>\$ 126,300</u>	<u>\$ 119,900</u>

The actuarial method used for the valuation as at December 31, 2013 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 Village's best estimates.

The following summarizes the major assumptions in the valuation:

- Annual salary increase is 3.0%;
- the discount rate used to determine the accrued benefit obligation is 4.10%;
- retirement age is 60; and
- Estimated average remaining service life (EARSL) is 13.4 years.

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

11. Commitments and contingency

- a) The Village has entered into an agreement for solid waste collection at an annual cost of \$171,216 (including HST). The agreement expires December 31, 2014.
- b) The Village has entered into an agreement for animal control services at an annual cost of \$6,000 (including HST). The agreement expires November 30, 2016.
- c) The Village has entered into two agreements for snow and ice control at an annual cost of \$197,513 (including HST). The agreement expires October 2014.
- d) The Village has entered into an agreement for recreational services at a variable annual cost based on a percentage of the municipal tax base. The estimated annual cost is \$130,000 (including HST). The agreement expires 31 December 2027, but either Party may terminate the agreement, at the end of the calendar year following the year in which the written notice is given.
- e) In the normal course of the Village's activities, the Village is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. The Village intends to defend and negotiate such claims and litigation. The eventual outcome of these claims and litigation is not determinable at year end.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2013

12. Short-term borrowing compliance

Capital Funds

The Village has outstanding authority for short term borrowing as follows:

Water and Sewer Capital Fund			
Ministerial Approval	09-0048	\$	<u>170,000</u>

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 2013, 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. Certain amounts payable between Funds are not in compliance with the requirements, but the municipality intends on eliminating these balances in the next year.

13. Capital funds

Current assets exceed current liabilities at December 31, 2013 in both the General Capital Fund and the Water and Sewer Capital Fund. This excess amount represents funds for future capital projects.

14. Water cost transfer

The Municipality'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.

15. Water and sewer fund surplus / deficit

The Municipalities Act required Water and Sewer Fund surplus/deficit amounts to be absorbed into one or more of four Operating Budgets commencing with the second next ensuing year. The balance of the surplus/deficit at the end of the year consists of:

	<u>2013</u>	<u>2012</u>
2013 Surplus	\$ 1,793	\$ -
2012 Deficit	(46,830)	(46,830)
2011 Surplus	226	226
2010 Deficit	(26,205)	(26,205)
2009 Deficit	<u>-</u>	<u>(3,388)</u>
	<u>\$ (71,016)</u>	<u>\$ (76,197)</u>

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2013

16. Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation used in the current year. The changes do not affect prior year annual surplus.

Village of New Maryland

Schedule 1: tangible capital assets

December 31, 2013

	General capital assets						Water and sewer assets					2013	2012
	Land	Buildings and structures	Parks and playgrounds	Assets under construction	Vehicles and equipment	Road, streets, sidewalks, culverts	Land	W&S buildings	Water and sewer mains	Assets under construction			
Cost													
Opening cost	\$ 1,863,065	\$ 3,041,502	\$ 1,248,164	\$ 106,997	\$ 1,514,714	\$ 16,757,889	\$ 593,128	\$ 8,771,198	\$ 14,905,173	\$ -	\$ -	\$ 48,801,830	\$ 48,700,498
Additions and transfers	9,364	-	489,807	479,052	199,408	785,862	-	-	313,809	-	-	2,277,302	5,975,751
Disposals and transfers	-	-	-	527,180	-	28,734	-	-	302,640	-	-	858,554	5,874,419
Closing cost	\$ 1,872,429	\$ 3,041,502	\$ 1,737,971	\$ 58,869	\$ 1,714,122	\$ 17,515,017	\$ 593,128	\$ 8,771,198	\$ 14,916,342	\$ -	\$ -	\$ 50,220,578	\$ 48,801,830
Accumulated amortization													
Opening accumulated Amortization	\$ -	\$ 827,522	\$ 731,452	\$ -	\$ 777,772	\$ 3,934,570	\$ -	\$ 1,431,015	\$ 3,262,366	\$ -	\$ -	\$ 10,964,697	\$ 10,005,028
Amortization	-	127,004	61,017	-	113,687	470,987	-	263,839	226,006	-	-	1,262,540	1,087,503
Disposals	-	-	-	-	-	5,409	-	-	151,320	-	-	156,729	127,834
Closing accum'd amortization	\$ -	\$ 954,526	\$ 792,469	\$ -	\$ 891,459	\$ 4,400,148	\$ -	\$ 1,694,854	\$ 3,337,052	\$ -	\$ -	\$ 12,070,508	\$ 10,964,697
Asset net book value	\$ 1,872,429	\$ 2,086,976	\$ 945,502	\$ 58,869	\$ 822,663	\$ 13,114,869	\$ 593,128	\$ 7,076,344	\$ 11,579,290	\$ -	\$ -	\$ 38,150,070	\$ 37,837,133

Village of New Maryland

Schedule 2: consolidated schedule of revenues

Year ended December 31, 2013

2013

2013

2012

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Services to other governments			
Fire protection	\$ 94,005	\$ 107,857	\$ 103,671
Other revenue from own sources			
Building rentals	13,700	19,155	10,795
Permits and fines	42,500	39,343	44,004
Recreation	102,000	93,143	94,965
Hookup and surcharges	-	9,201	10,256
Other	-	5,433	12,175
	<u>\$ 158,200</u>	<u>\$ 166,275</u>	<u>\$ 172,195</u>
Water and sewer user fees			
Water user charges	\$ 273,102	\$ 261,173	\$ 270,240
Sewer user charges	713,760	712,832	710,120
	<u>\$ 986,862</u>	<u>\$ 974,005</u>	<u>\$ 980,360</u>

Village of New Maryland

Schedule 3: consolidated schedule of expenditures

Year Ended December 31	2013	2013	2012
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor's remuneration and expenses	\$ 16,472	\$ 16,263	\$ 16,140
Councillors' remuneration and expenses	40,976	41,124	40,606
Development seminars	8,842	3,012	9,075
	<u>66,290</u>	<u>60,399</u>	<u>65,821</u>
Administrative			
Manager and clerks	167,301	154,984	147,164
Office building	39,550	43,367	38,671
Solicitor	10,000	7,389	5,546
Other	106,040	137,869	113,617
	<u>322,891</u>	<u>343,609</u>	<u>304,998</u>
Financial management			
Administration personnel	224,010	220,287	184,462
External audit	18,000	30,585	30,391
Accounting and consulting	3,000	1,317	7,874
Donations and grants	4,000	3,115	1,965
Cost of assessment	64,954	64,954	62,746
	<u>313,964</u>	<u>320,258</u>	<u>287,438</u>
Other general government services			
Public liability insurance	24,492	20,509	20,320
Pension and sick accrual adjustment	(20,900)	(20,900)	89,700
Interest	800	530	622
Loss on disposal of tangible capital assets	-	-	90,418
Amortization	68,997	68,997	22,958
	<u>73,389</u>	<u>69,136</u>	<u>224,018</u>
	<u>\$ 776,534</u>	<u>\$ 793,402</u>	<u>\$ 882,275</u>

Village of New Maryland

Schedule 3: consolidated schedule of expenditures

Year Ended December 31

2013

2013

2012

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protective services			
RCMP	<u>\$ 592,772</u>	<u>\$ 592,772</u>	<u>\$ 575,000</u>
Fire			
Administration	38,405	35,350	37,629
Fire department – personnel	121,255	114,812	114,336
Training	11,575	6,149	6,380
Building maintenance	23,527	28,152	21,783
Equipment	17,363	27,122	23,301
Vehicle maintenance	<u>23,090</u>	<u>19,632</u>	<u>25,044</u>
	<u>235,215</u>	<u>231,217</u>	<u>228,473</u>
Other			
Animal and pest control	12,640	6,248	6,532
Building inspections	48,988	37,245	38,321
Emergency measures	10,000	19,069	10,177
Amortization	<u>60,292</u>	<u>60,292</u>	<u>58,830</u>
	<u>131,920</u>	<u>122,854</u>	<u>113,860</u>
	<u>\$ 959,907</u>	<u>\$ 946,843</u>	<u>\$ 917,333</u>

Village of New Maryland

Schedule 3: consolidated schedule of expenditures

Year Ended December 31, 2013 2013 2012

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Administration	\$ 127,367	\$ 107,103	\$ 106,223
Engineering services personnel fees	-	9,824	-
Vehicle expense	30,870	18,160	29,051
Other	<u>2,200</u>	<u>6,463</u>	<u>4,122</u>
	<u>160,437</u>	<u>141,550</u>	<u>139,396</u>
Road transport			
Culverts and drainage ditches	18,500	14,812	23,366
Sidewalks	2,500	-	-
Storm sewers	5,000	-	99
Street cleaning	14,000	10,068	13,324
Snow and ice removal	174,000	173,674	169,896
Summer maintenance	<u>51,755</u>	<u>39,032</u>	<u>98,365</u>
	<u>265,755</u>	<u>237,586</u>	<u>305,050</u>
Street lighting	<u>60,000</u>	<u>60,037</u>	<u>59,903</u>
Traffic services			
Street signs	2,000	6,180	158
Crosswalks	4,000	4,289	4,397
Other	<u>4,500</u>	<u>4,965</u>	<u>4,265</u>
	<u>10,500</u>	<u>15,434</u>	<u>8,820</u>
Other			
Loss on disposal of capital assets	-	23,325	-
Interest	127,650	127,288	120,898
Amortization	<u>503,475</u>	<u>503,475</u>	<u>485,716</u>
	<u>631,125</u>	<u>654,088</u>	<u>606,614</u>
	<u>\$ 1,127,817</u>	<u>\$ 1,108,695</u>	<u>\$ 1,119,783</u>
Environmental health services			
Garbage and waste collection	<u>\$ 260,000</u>	<u>\$ 242,092</u>	<u>\$ 231,114</u>
Environmental development services			
Beautification and land rehabilitation	\$ 22,600	\$ 20,809	\$ 18,917
Research and planning	<u>123,321</u>	<u>105,768</u>	<u>118,770</u>
	<u>\$ 145,921</u>	<u>\$ 126,577</u>	<u>\$ 137,687</u>

Village of New Maryland

Schedule 3: consolidated schedule of expenditures

Year Ended December 31,

2013

2013

2012

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recreation and cultural services			
Administration	\$ 80,483	\$ 84,717	\$ 75,846
Gym, Day Camp & Vehicles	96,740	69,101	71,909
New Maryland Centre	120,468	116,250	115,830
Rinks and arenas	2,310	1,543	2,061
Parks and playgrounds	116,765	137,619	111,633
Special events	36,274	34,488	48,229
Other recreation facilities	143,276	142,554	133,212
Amortization	<u>139,931</u>	<u>139,931</u>	<u>140,288</u>
	<u>\$ 736,247</u>	<u>\$ 726,203</u>	<u>\$ 699,008</u>
Water and sewer			
Water supply			
Administration	\$ 112,321	\$ 103,920	\$ 96,887
Transmission and distribution	9,700	10,619	12,092
Purification	19,400	15,536	19,037
Power and pumping	41,460	23,742	24,735
Repairs and maintenance	-	16,959	33,222
Well exploration	-	74,137	115,893
Loss on disposal of capital assets	-	151,320	-
Interest	49,875	50,335	45,366
Amortization	<u>188,293</u>	<u>188,293</u>	<u>97,006</u>
	<u>421,049</u>	<u>634,861</u>	<u>444,238</u>
Sewer collection and disposal			
Administration	128,521	146,823	113,995
Sewer collection system	2,000	5,277	662
Sewer lift stations	46,300	44,512	44,689
Sewer treatment and disposal	56,900	59,324	56,412
Interest	97,715	94,261	100,636
Amortization	<u>301,552</u>	<u>301,552</u>	<u>282,705</u>
	<u>632,988</u>	<u>651,749</u>	<u>599,099</u>
	<u>\$ 1,054,037</u>	<u>\$ 1,286,610</u>	<u>\$ 1,043,337</u>

Village of New Maryland

Schedule 4: schedule of segment disclosure

December 31, 2013

	General government	Protection	Transportation	Environmental health & development	Recreation and cultural	Water & sewer	Reserve funds	2013 Consolidated	2012 Consolidated
Revenues									
Property tax warrant	\$ 658,411	\$ 900,396	\$ 1,059,643	\$ 366,899	\$ 951,426	\$ -	\$ -	\$ 3,936,775	\$ 3,802,962
Services provided to other governments	-	107,857	-	-	-	-	-	107,857	103,671
Other revenue from own sources	24,588	39,343	-	-	93,143	9,201	-	166,275	172,195
Unconditional grant	22,282	30,471	35,861	12,417	32,198	-	-	133,229	197,088
Other government grants	30,826	-	196,694	-	10,000	74,137	-	311,657	40,455
Water and sewer user fees	-	-	-	-	-	974,005	-	974,005	980,360
Contribution of donated assets	-	-	371,755	-	-	313,809	-	685,564	-
Interest	9,043	-	-	-	-	3,796	50,432	63,271	45,600
Other	-	-	-	-	-	13,075	-	13,075	28,912
	<u>745,150</u>	<u>1,078,067</u>	<u>1,663,953</u>	<u>379,316</u>	<u>1,086,767</u>	<u>1,388,023</u>	<u>50,432</u>	<u>6,391,708</u>	<u>5,371,243</u>
Expenses									
Salaries and benefits	437,470	156,063	128,042	72,359	287,572	144,837	-	1,226,343	1,150,524
Goods and services	307,306	730,488	326,564	296,310	298,700	281,875	-	2,241,243	2,228,977
Amortization	68,997	60,292	503,475	-	139,931	489,845	-	1,262,540	1,087,503
Loss on disposal	-	-	23,325	-	-	151,320	-	174,645	90,418
Interest	529	-	127,289	-	-	144,596	-	272,414	267,522
Pension obligation	(27,300)	-	-	-	-	-	-	(27,300)	(13,700)
Accrued sick leave	6,400	-	-	-	-	-	-	6,400	103,400
Well exploration and testing	-	-	-	-	-	74,137	-	74,137	115,893
	<u>793,402</u>	<u>946,843</u>	<u>1,108,695</u>	<u>368,669</u>	<u>726,203</u>	<u>1,286,610</u>	<u>-</u>	<u>5,230,422</u>	<u>5,030,537</u>
Surplus (deficit) for the year	\$ (48,252)	\$ 131,224	\$ 555,258	\$ 10,647	\$ 360,564	\$ 101,413	\$ 50,432	\$ 1,161,286	\$ 340,706

Village of New Maryland

Schedule 5: schedule of reserve funds

December 31, 2013

	General Operating Reserve	General Capital Reserve	W&S Operating Reserve	W&S Capital Reserve	2013 Total	2012 Total
Accumulated surplus, beginning of year	\$ 178,187	\$ 1,014,264	\$ 45,830	\$ 1,586,698	\$ 2,824,979	\$ 2,759,074
Transfers (to) from General Operating Fund	23,821	150,000	-	-	173,821	(11,189)
Transfers (to) from General Capital Fund	-	(529,211)	-	-	(529,211)	(64,062)
Transfers (to) from Water and Sewer Operating Fund	-	-	-	83,000	83,000	105,000
Transfers (to) from Water & Sewer Capital Fund	-	-	-	990,384	990,384	-
Interest	2,870	16,896	345	30,321	50,432	36,156
Annual surplus (deficit)	26,691	(362,315)	345	1,103,705	768,426	65,905
Accumulated surplus, end of year	\$ 204,878	\$ 651,949	\$ 46,175	\$ 2,690,403	\$ 3,593,405	\$ 2,824,979

Village of New Maryland

Schedule 6: schedule of reconciliation of annual surplus

December 31, 2013

	General Operating Fund	General Capital Fund	W&S Operating Fund	W&S Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	W&S Operating Reserve Fund	W&S Capital Reserve Fund	Total All Funds
2013 annual surplus (deficit) per PSAB for the year	\$ 1,237,012	\$ (227,571)	\$ 426,834	\$ (325,421)	\$ 2,870	\$ 16,896	\$ 345	\$ 30,321	\$ 1,161,286
Adjustment to annual surplus (deficit) for funding requirements									
Second previous year's surplus	1,266	-	226	-	-	-	-	-	1,492
Long-term debt principal repayment	(548,000)	548,000	(215,000)	215,000	-	-	-	-	-
Water cost transfer	(87,733)	-	87,733	-	-	-	-	-	-
Interfund transfers	(580,854)	738,239	(298,000)	(577,379)	23,821	(379,211)	-	1,073,384	-
Provision for sick liability	6,400	-	-	-	-	-	-	-	6,400
Pension expense	(27,300)	-	-	-	-	-	-	-	(27,300)
Donated tangible assets	-	(371,755)	-	(313,809)	-	-	-	-	(685,564)
Loss on disposal of tangible assets	-	23,325	-	151,320	-	-	-	-	174,645
Amortization of tangible assets	-	772,695	-	489,845	-	-	-	-	1,262,540
Total adjustments	(1,236,221)	1,710,504	(425,041)	(35,023)	23,821	(379,211)	-	1,073,384	732,213
2013 annual fund surplus (deficit)	\$ 791	\$ 1,482,933	\$ 1,793	\$ (360,444)	\$ 26,691	\$ (362,315)	\$ 345	\$ 1,103,705	\$ 1,893,499

Village of New Maryland

Schedule 7: schedule of operating budget to PSAB budget

December 31, 2013

	General operating budget	Water & sewer operating budget	Allocate fiscal services	Amortization of TCA	Pension and sick bank adjustments	Elimination of 2 nd previous years' surplus	Elimination of interfund transfers	Total
Revenue								
Property tax warrant	\$ 3,936,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,936,775
Services to other governments	94,005	-	-	-	-	-	-	94,005
Other revenue from own source	158,200	96,544	-	-	-	-	(96,544)	158,200
Unconditional grant	133,229	-	-	-	-	-	-	133,229
Other government transfers	30,000	-	-	-	-	-	-	30,000
Water and sewer user fees	-	986,862	-	-	-	-	-	986,862
Interest	2,000	3,000	-	-	-	-	-	5,000
Other	-	13,080	-	-	-	-	-	13,080
Second previous years' surplus	1,266	-	-	-	-	(1,266)	-	-
	4,355,475	1,099,486	-	-	-	(1,266)	(96,544)	5,357,151
Expenditure								
General government services	727,637	-	800	68,997	(20,900)	-	-	776,534
Protective services	996,159	-	-	60,292	-	-	(96,544)	959,907
Transportation services	496,692	-	127,650	503,475	-	-	-	1,127,817
Environmental health services	260,000	-	-	-	-	-	-	260,000
Environmental and cultural services	145,921	-	-	-	-	-	-	145,921
Recreation and cultural services	596,316	-	-	139,931	-	-	-	736,247
Water and sewer	-	416,002	148,190	489,845	-	-	-	1,054,037
Fiscal services	676,450	363,190	(276,640)	-	-	-	(763,000)	-
Second previous years' deficit	-	226	-	-	-	(226)	-	-
Transfer to general capital reserve fund	-	83,080	-	-	-	-	(83,080)	-
Transfer to general capital fund	456,300	-	-	-	-	-	(456,300)	-
Transfer to water and sewer capital fund	-	236,988	-	-	-	-	(236,988)	-
	4,355,475	1,099,486	-	1,262,540	(20,900)	(226)	(1,635,912)	5,060,463
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ (1,262,540)	\$ (20,900)	\$ (1,040)	\$ 1,539,368	\$ 296,688