



Consolidated financial statements

Village of New Maryland

December 31, 2014

# Contents

	<b>Page</b>
Independent auditors' report	1 - 2
Consolidated statement of operations and accumulated surplus	3
Consolidated statement of financial position	4
Consolidated statement of changes in net debt	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7 - 16
Schedule 1: tangible capital assets	17
Schedule 2: consolidated schedule of revenues	18
Schedule 3: consolidated schedule of expenses	19 - 22
Schedule 4: schedule of segment disclosure	23
Schedule 5: schedule of reserve funds	24
Schedule 6: schedule of reconciliation of annual surplus	25
Schedule 7: schedule of operating budget to PSAB budget	26
Schedule 8: reconciliation of funding deficit	27

# Independent auditors' report

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Her 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, 2014 and the consolidated results of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the 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, 2014 and the consolidated results of its operations and accumulated surplus, changes in net debt, and its cash flows for the year ended December 31, 2014 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, 6, and 8 on pages 24, 25, and 27 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  
May 20, 2015

*Grant Thornton LLP*

Grant Thornton LLP  
Chartered Accountants

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# Village of New Maryland

## Consolidated statement of operations and accumulated surplus

Year Ended December 31

2014

2013

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	(schedule 7) <u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b> (schedule 4)			
Property tax warrant	\$ 4,139,771	\$ 4,139,771	\$ 3,936,775
Services to other governments (schedule 2)	103,170	103,148	107,857
Other revenue from own source (schedule 2)	169,530	180,668	179,350
Unconditional grant	69,527	69,527	133,229
Other government transfers	267,200	569,682	311,657
Water and sewer user fees (schedule 2)	987,342	976,177	974,005
Donated tangible capital assets	-	-	685,564
Interest	5,000	79,488	63,271
(Loss) on disposal of tangible capital assets	-	(42,490)	(174,645)
	<u>5,741,540</u>	<u>6,075,971</u>	<u>6,217,063</u>
<b>Expenses</b> (schedules 3 & 4)			
General government services	825,635	857,828	793,401
Protective services	984,781	1,026,018	946,843
Transportation services	1,138,935	1,287,304	1,085,371
Environmental health services	264,000	258,060	242,092
Environmental development services	131,205	135,609	126,577
Recreation and cultural services	760,924	707,331	726,203
Water and sewer	<u>1,126,467</u>	<u>1,217,799</u>	<u>1,135,290</u>
	<u>5,231,947</u>	<u>5,489,949</u>	<u>5,055,777</u>
Annual surplus (schedule 6)	\$ 509,593	\$ 586,022	\$ 1,161,286
Accumulated surplus, beginning of year		<u>36,019,918</u>	<u>34,858,632</u>
Accumulated surplus, end of year		<u>\$ 36,605,940</u>	<u>\$ 36,019,918</u>

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See accompanying notes to the consolidated financial statements.

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# Village of New Maryland

## Consolidated statement of financial position

Year Ended December 31

2014

2013

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### Financial assets

Cash and cash equivalents	\$ 6,868,725	\$ 6,330,007
Receivables		
General	278,707	333,654
Federal Government and its agencies (note 3)	54,063	181,538
Province of New Brunswick (note 4)	146,537	4,682
Pension asset (note 9)	<u>8,800</u>	<u>-</u>

7,356,832                      6,849,881

### Liabilities

Bank indebtedness (note 5)	371,325	36,000
Payables and accruals (note 6)	470,384	539,977
Deferred revenue (note 7)	1,151,313	1,359,321
Long term debt (note 8)	6,148,000	6,953,000
Pension obligation (note 9)	-	19,600
Accrued sick leave obligation (note 10)	<u>131,100</u>	<u>126,300</u>

8,272,122                      9,034,198

### Net debt

(915,290)                      (2,184,317)

### Non-financial assets

Tangible capital assets (schedule 1)	37,463,618	38,150,070
Prepaid expenses	<u>57,612</u>	<u>54,165</u>

37,521,230                      38,204,235

### Accumulated surplus

\$ 36,605,940                      \$ 36,019,918

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Commitments and contingency (note 11)

On behalf of the Council

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See accompanying notes to the consolidated financial statements.

# Village of New Maryland

## Consolidated statement of changes in net debt

Year Ended December 31

2014

2013

	(schedule 7) <u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 509,593	\$ 586,022	\$ 1,161,286
Acquisition of tangible capital assets	(1,077,641)	(651,506)	(1,064,558)
Donated tangible capital assets	-	-	(685,564)
Proceeds on disposal of tangible capital assets	-	7,695	-
Amortization of tangible capital assets	1,287,773	1,287,773	1,262,540
Loss on sale of tangible capital assets	-	42,490	174,645
	<u>719,725</u>	<u>1,272,474</u>	<u>848,349</u>
Acquisition of prepaid assets	(54,165)	(57,612)	(54,165)
Use of prepaid assets	<u>54,165</u>	<u>54,165</u>	<u>53,766</u>
	-	(3,447)	(399)
Decrease in net debt	719,725	1,269,027	847,950
Net debt, beginning of year	<u>(2,184,317)</u>	<u>(2,184,317)</u>	<u>(3,032,267)</u>
Net debt, end of year	<u>\$ (1,464,592)</u>	<u>\$ (915,290)</u>	<u>\$ (2,184,317)</u>

See accompanying notes to the consolidated financial statements.

# Village of New Maryland

## Consolidated statement of cash flows

Year Ended December 31

2014

2013

### Increase (decrease) in cash and cash equivalents

#### Operating activities

Annual surplus	\$ 586,022	\$ 1,161,286
Amortization of tangible capital assets	1,287,773	1,262,540
Loss on disposal of tangible capital assets	42,490	174,645
Change in receivables:		
General	54,948	376
Federal government and its agencies	127,474	10,238
Province of New Brunswick	(141,855)	4,723
Change in payables and accruals	(69,593)	130,037
Change in deferred revenue	(208,008)	1,239,299
Change in pension obligation	(28,400)	(27,300)
Change in accrued sick leave	4,800	6,400

Net cash provided by operating activities 1,655,651 3,962,244

#### Capital activities

Acquisition of tangible capital assets	(651,506)	(1,064,558)
Donated tangible capital assets	-	(685,564)
Proceeds on disposal of tangible capital assets	7,695	-
Change in prepaid expenses	(3,447)	(399)

Net cash used for capital activities (647,258) (1,750,521)

#### Financing activities

Bank loan proceeds	335,325	36,000
Long-term debt repayment	(805,000)	(233,000)

Net cash used for financing activities (469,675) (197,000)

Increase in cash and cash equivalents 538,718 2,014,723

Cash and cash equivalents at beginning of year 6,330,007 4,315,284

Cash and cash equivalents at end of year \$ 6,868,725 \$ 6,330,007

See accompanying notes to the consolidated financial statements.



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# Village of New Maryland

## Notes to the consolidated financial statements

December 31, 2014

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### 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.

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### 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 CPA Canada.

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.

The focus of Public Sector Accounting (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, expenses, 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 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 15, 2014, and the Minister of Local Government on January 23, 2014.

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 transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

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# Village of New Maryland

## Notes to the consolidated financial statements

December 31, 2014

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

#### 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.

#### i) Tangible capital assets

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful lives as follows:

<b>Asset type</b>	<b>Years</b>
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, at which time they are transferred to their respective tangible capital asset categories.

#### 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 highly liquid 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:

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# Village of New Maryland

## Notes to the consolidated financial statements

December 31, 2014

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

#### i) Segmented information (continued)

##### General government services

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

##### Protective services

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

##### Transportation services

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

##### Environmental health services and development services

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

##### 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.

Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis. Taxation, unconditional grant, fees and user charges are allocated to those segments that are funded by these amounts based on percent of budgeted expense.

#### 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 expenses 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. Significant estimates reported in these financial statements include amortization of tangible capital assets, the pension asset/obligation, and the accrued sick leave obligation. Actual results may differ from those estimates.

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### 3. Due from federal government and its agencies

	<u>2014</u>	<u>2013</u>
Canada Revenue Agency (HST rebate)	\$ 54,063	\$ 118,077
Atlantic Canada Opportunities Agency	<u>-</u>	<u>63,461</u>
	<u>\$ 54,063</u>	<u>\$ 181,538</u>

# Village of New Maryland

## Notes to the consolidated financial statements

December 31, 2014

4. Due from Province of New Brunswick	<u>2014</u>	<u>2013</u>
New Brunswick Department of Transportation	\$ 4,682	\$ 4,682
Gas Tax funding	<u>141,855</u>	<u>-</u>
	<u>\$ 146,537</u>	<u>\$ 4,682</u>

### 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 General Capital Fund at the end of the year. The credit facility with the Municipality's bank has a combined borrowing limit of \$500,000 for the Municipality's operations.

6. Payables and accruals	<u>2014</u>	<u>2013</u>
Trade payables and accruals	\$ 200,862	\$ 191,199
Payable to the Policing Authority	151,343	146,943
Contractors' holdbacks	41,618	92,864
Interest on long-term debt	54,171	61,993
Local improvement deposits	<u>22,390</u>	<u>46,978</u>
	<u>470,384</u>	<u>\$ 539,977</u>

7. Deferred revenue	<u>2014</u>	<u>2013</u>
Gas Tax funding – Province of New Brunswick	<u>\$ 1,151,313</u>	<u>\$ 1,359,321</u>

8. Long-term debt	<u>2014</u>	<u>2013</u>
<u>New Brunswick Municipal Financing Corporation Debentures</u>		
AS26 2.85% - 4.35%, due 2015, OIC #04-0005	\$ 1,968,000	\$ 2,111,000
AY34 3.30% - 4.85%, due 2014, OIC #08-0005	-	384,000
BA43 0.95% - 5.00%, due 2019, OIC #08-0067	137,000	148,000
BD41 1.50% - 3.85%, due 2015, OIC #97-0060	11,000	22,000
BE25 1.65% - 4.25%, due 2021, OIC #09-0024	1,670,000	1,782,000
BE26 1.65% - 4.25%, due 2021, OIC #09-0048	886,000	925,000
BG42 1.65% - 3.80%, due 2017, OIC #98-0083	89,000	117,000
BH38 1.35% - 3.80%, due 2027, OIC #09-0024	877,000	934,000
BI42 1.35% - 4.00%, due 2033, OIC #09-0048	<u>510,000</u>	<u>530,000</u>
	<u>\$ 6,148,000</u>	<u>\$ 6,953,000</u>

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# Village of New Maryland

## Notes to the consolidated financial statements

December 31, 2014

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

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.

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

2015	\$ 2,255,000
2016	282,000
2017	289,000
2018	269,000
2019	350,000

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.

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### 9. Pension asset/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 14.0 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.

# Village of New Maryland

## Notes to the consolidated financial statements

December 31, 2014

### 9. Pension asset/obligation (continued)

As at December 31, 2012, 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.

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 is 48.1 as at December 31, 2012
- Benefit Payments were estimated to be \$24,200 in 2014 and were actually \$21,900 in 2013
- Contributions were estimated to be \$135,800 in 2014 and were actually \$131,800 in 2013

In addition to determining the position of the NBMEPP as it relates to the Village of New Maryland as at December 31, 2012 and December 31, 2013, NBMEPP's actuary performed an extrapolation of the December 31, 2013 accounting valuation to determine the estimated position as at December 31, 2014. The extrapolation assumes assumptions used as at December 31, 2014 remain unchanged from December 31, 2013. The extrapolation also assumes assets return 5.6% net of all fees and expenses. If experience is different than assumed, amounts will be adjusted to reflect actual experience. Results of the extrapolation are as follows:

<b>Accrued benefit liability</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Accrued benefit liability at beginning of period	\$ 19,600	\$ 46,900
Pension expense for the year	39,500	38,600
Less: Employer contributions	<u>(67,900)</u>	<u>(65,900)</u>
Accrued benefit (asset) liability at end of period	<b><u>\$ (8,800)</u></b>	<b><u>\$ 19,600</u></b>

In summary, the Accrued Benefit Asset as it relates to the Village of New Maryland is estimated to be \$8,800 as at December 31, 2014. This compares to a liability of \$19,600 as at December 31, 2013. This amount is included 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:

<b>Reconciliation of funded status at end of period</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Accrued benefit obligation	\$ 922,200	\$ 806,800
Plan assets	<u>821,200</u>	<u>669,000</u>
Plan deficit / (surplus)	\$ 101,000	\$ 137,800
Unamortized experience losses / (gains)	<u>109,800</u>	<u>118,200</u>
Accrued benefit liability / (asset) at end of period	<b><u>\$ (8,800)</u></b>	<b><u>\$ 19,600</u></b>

# Village of New Maryland

## Notes to the consolidated financial statements

December 31, 2014

### 9. Pension asset/obligation (continued)

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

<b>Reconciliation of accrued benefit obligation</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Accrued benefit obligation at beginning of period	\$ 806,800	\$ 642,900
Current Service Cost	92,500	85,100
Benefit Payments	(24,200)	(21,900)
Interest for Period	47,100	37,300
Experience loss / (gain) during period	<u>-</u>	<u>63,400</u>
Accrued benefit obligation at end of period	<b><u>\$ 922,200</u></b>	<b><u>\$ 806,800</u></b>

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

<b>Reconciliation of plan assets</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Plan assets at beginning of period	\$ 669,000	\$ 533,200
Employer contributions	67,900	65,900
Employee contributions	67,900	65,900
Benefit payments	(24,200)	(21,900)
Return on Plan assets during the period	<u>40,600</u>	<u>25,900</u>
Plan assets at end of period	<b><u>\$ 821,200</u></b>	<b><u>\$ 669,000</u></b>

Total expenses related to pensions include the following components:

<b>Pension expense</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Employer current service cost	\$ 24,600	\$ 19,200
Interest on accrued benefit obligation	47,100	37,300
Expected return on assets	(40,600)	(31,700)
Experience loss	<u>8,400</u>	<u>13,800</u>
Pension expense	<b><u>\$ 39,500</u></b>	<b><u>\$ 38,600</u></b>

The pension expense is included in the statement of operations.

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# Village of New Maryland

## Notes to the consolidated financial statements

December 31, 2014

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### 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>2014</u>	<u>2013</u>
<b>Accrued employee benefit obligation:</b>		
Opening balance	\$ 126,300	\$ 119,900
Current period service cost	16,800	16,600
Accrued interest	4,000	4,300
Experience (gain) loss	(11,200)	(9,700)
Benefit payments	<u>(4,800)</u>	<u>(4,800)</u>
<b>Accrued employee benefit obligation</b>	<b><u>\$ 131,100</u></b>	<b><u>\$ 126,300</u></b>
<b>Unfunded obligation:</b>		
Accrued employee benefit obligation	\$ 131,100	\$ 126,300
Less: funded amount	<u>(131,100)</u>	<u>-</u>
<b>Accrued employee benefit obligation</b>	<b><u>\$ -</u></b>	<b><u>\$ 126,300</u></b>

The actuarial method used for the valuation as at December 31, 2014 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 3.17%;
- retirement age is 60; and
- Estimated average remaining service life (EARSL) is 14.2 years.

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### 11. Commitments and contingency

- The Village has entered into an agreement for solid waste collection at an annual cost of \$159,320 (including HST). The agreement expires December 31, 2017.
- 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.
- The Village has entered into two agreements for snow and ice control at an annual cost for 2015 of \$221,338 (including HST). The agreement expires October 2017.
- 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 for 2015 is \$137,471 (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.



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# Village of New Maryland

## Notes to the consolidated financial statements

December 31, 2014

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### 11. Commitments and contingency (continued)

- 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.
- 

### 12. Short-term borrowing compliance

#### Capital Funds

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

General Capital Fund			
Ministerial Approval	14-0032	\$	<u>500,000</u>
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 2014, 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.

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### 13. Capital funds

Current assets exceed current liabilities at December 31, 2014 in both the General Capital Fund and the Water and Sewer Capital Fund. This excess amount represents funds for future capital projects.

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### 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 expenses for the population.

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# Village of New Maryland

## Notes to the consolidated financial statements

December 31, 2014

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### 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>2014</u>	<u>2013</u>
2014 Surplus	\$ 2,943	\$ -
2013 Surplus	1,793	1,793
2012 Deficit	-	(46,830)
2011 Surplus	<u>-</u>	<u>452</u>
	<u>\$ 4,736</u>	<u>\$ (44,585)</u>

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### 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.

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# Village of New Maryland

## Schedule 1: tangible capital assets

December 31, 2014

	General capital assets						Water and sewer assets				2014	2013
	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		
<b>Cost</b>												
Opening 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
Additions and transfers	2,806	-	49,878	-	127,593	358,805	29,391	-	83,033	-	651,506	2,277,302
Disposals and transfers	-	-	-	-	(55,512)	(49,249)	-	-	(20,435)	-	(125,196)	(858,554)
<b>Closing cost</b>	<b>\$ 1,875,235</b>	<b>\$ 3,041,502</b>	<b>\$ 1,787,849</b>	<b>\$ 58,869</b>	<b>\$ 1,786,203</b>	<b>\$ 17,824,573</b>	<b>\$ 622,519</b>	<b>\$ 8,771,198</b>	<b>\$ 14,978,940</b>	<b>\$ -</b>	<b>\$ 50,746,888</b>	<b>\$ 50,220,578</b>
<b>Accumulated amortization</b>												
Opening accumulated Amortization	\$ -	\$ 954,526	\$ 792,469	\$ -	\$ 891,459	\$ 4,400,148	\$ -	\$ 1,694,854	\$ 3,337,052	\$ -	\$ 12,070,508	\$ 10,964,697
Amortization	-	124,753	66,817	-	127,065	483,535	-	263,839	221,764	-	1,287,773	1,262,540
Disposals	-	-	-	-	(55,512)	(12,157)	-	-	(7,342)	-	(75,011)	(156,729)
<b>Closing accum'd amortization</b>	<b>\$ -</b>	<b>\$ 1,079,279</b>	<b>\$ 859,286</b>	<b>\$ -</b>	<b>\$ 963,012</b>	<b>\$ 4,871,526</b>	<b>\$ -</b>	<b>\$ 1,958,693</b>	<b>\$ 3,551,474</b>	<b>\$ -</b>	<b>\$ 13,283,270</b>	<b>\$ 12,070,508</b>
<b>Asset net book value</b>	<b>\$ 1,875,235</b>	<b>\$ 1,962,223</b>	<b>\$ 928,563</b>	<b>\$ 58,869</b>	<b>\$ 823,191</b>	<b>\$ 12,953,047</b>	<b>\$ 622,519</b>	<b>\$ 6,812,505</b>	<b>\$ 11,427,466</b>	<b>\$ -</b>	<b>\$ 37,463,618</b>	<b>\$ 38,150,070</b>

# Village of New Maryland

## Schedule 2: consolidated schedule of revenues

Year ended December 31, 2014

	2014	2014	2013
	(Schedule 7)		
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Services to other governments</b>			
Fire protection	\$ 103,170	\$ 103,148	\$ 107,857
<b>Other revenue from own sources</b>			
Building rentals	\$ 21,700	\$ 20,001	\$ 19,155
Permits and fines	20,750	42,517	39,343
Recreation	111,000	87,861	93,143
Hookup and surcharges	13,080	10,310	9,201
Water meter fee	-	13,222	13,075
Other	3,000	6,757	5,433
	<u>\$ 169,530</u>	<u>\$ 180,668</u>	<u>\$ 179,350</u>
<b>Water and sewer user fees</b>			
Water user charges	\$ 273,102	\$ 258,752	\$ 261,173
Sewer user charges	714,240	717,425	712,832
	<u>\$ 987,342</u>	<u>\$ 976,177</u>	<u>\$ 974,005</u>

# Village of New Maryland

## Schedule 3: consolidated schedule of expenses

Year Ended December 31

2014

2014

2013

	(Schedule 7) <u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>General government services</b>			
Legislative			
Mayor's remuneration and expenses	\$ 16,742	\$ 16,540	\$ 16,263
Councillors' remuneration and expenses	42,202	37,972	41,124
Development seminars	14,322	7,737	3,012
	<u>73,266</u>	<u>62,249</u>	<u>60,399</u>
Administrative			
Manager and clerks	164,354	165,260	154,984
Office building	42,584	52,945	43,367
Solicitor	10,000	1,083	7,389
Other	92,426	134,092	137,869
	<u>309,364</u>	<u>353,380</u>	<u>343,609</u>
Financial management			
Administration personnel	232,866	230,231	220,287
External audit	25,000	25,918	30,585
Accounting and consulting	3,000	5,533	1,317
Donations and grants	4,000	1,700	3,115
Cost of assessment	66,527	66,526	64,954
	<u>331,393</u>	<u>329,908</u>	<u>320,258</u>
Other general government services			
Hurricane Arthur cleanup	-	39,793	-
Public liability insurance	21,851	22,770	20,509
Pension and sick accrual adjustment	17,129	(23,600)	(20,900)
Interest	800	1,496	529
Amortization	71,832	71,832	68,997
	<u>111,612</u>	<u>112,291</u>	<u>69,135</u>
	<u>\$ 825,635</u>	<u>\$ 857,828</u>	<u>\$ 793,401</u>

# Village of New Maryland

## Schedule 3: consolidated schedule of expenses

Year Ended December 31

2014

2014

2013

	(Schedule 7) <u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Protective services</b>			
RCMP	\$ 610,374	\$ 610,374	\$ 592,772
Fire			
Administration	39,064	38,387	35,350
Fire department – personnel	126,652	120,131	114,812
Training	10,800	5,618	6,149
Building maintenance	24,032	28,871	28,152
Equipment	17,300	83,684	27,122
Vehicle maintenance	22,360	23,526	19,632
	<u>240,208</u>	<u>300,217</u>	<u>231,217</u>
Other			
Animal and pest control	9,300	7,000	6,248
Building inspections	52,083	38,554	37,245
Emergency measures	11,000	8,057	19,069
Amortization	61,816	61,816	60,292
	<u>134,199</u>	<u>115,427</u>	<u>122,854</u>
	<u>\$ 984,781</u>	<u>\$ 1,026,018</u>	<u>\$ 946,843</u>

# Village of New Maryland

## Schedule 3: consolidated schedule of expenses

Year Ended December 31,	2014	2014	2013
	(Schedule 7)		
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Transportation services</b>			
Common services			
Administration	\$ 123,435	\$ 116,217	\$ 107,103
Engineering services personnel fees	20,000	-	9,824
Vehicle expense	27,670	34,268	18,160
Other	2,200	3,111	6,463
	<u>173,305</u>	<u>153,596</u>	<u>141,550</u>
Road transport			
Culverts and drainage ditches	21,000	54,949	14,812
Sidewalks	2,500	145	-
Storm sewers	5,000	109,717	-
Street cleaning	14,000	23,241	10,068
Snow and ice removal	175,000	213,848	173,674
Summer maintenance	46,670	31,599	39,032
	<u>264,170</u>	<u>433,499</u>	<u>237,586</u>
Street lighting	<u>60,000</u>	<u>62,231</u>	<u>60,037</u>
Traffic services			
Street signs	2,000	2,004	6,180
Crosswalks	4,000	4,120	4,289
Other	4,500	3,303	4,965
	<u>10,500</u>	<u>9,427</u>	<u>15,434</u>
Other			
Interest	108,033	105,624	127,289
Amortization	522,927	522,927	503,475
	<u>630,960</u>	<u>628,551</u>	<u>630,764</u>
	<u>\$ 1,138,935</u>	<u>1,287,304</u>	<u>\$ 1,085,371</u>
<b>Environmental health services</b>			
Garbage and waste collection	<u>\$ 264,000</u>	<u>\$ 258,060</u>	<u>\$ 242,092</u>
<b>Environmental development services</b>			
Beautification and land rehabilitation	\$ 23,800	\$ 20,813	\$ 20,809
Research and planning	<u>107,405</u>	<u>114,796</u>	<u>105,768</u>
	<u>\$ 131,205</u>	<u>\$ 135,609</u>	<u>\$ 126,577</u>

# Village of New Maryland

## Schedule 3: consolidated schedule of expenses

Year Ended December 31,	2014	2014	2013
	(Schedule 7) Budget	Actual	Actual
<b>Recreation and cultural services</b>			
Administration	\$ 119,712	\$ 79,385	\$ 84,717
Gym, Day Camp & Vehicles	46,615	60,271	69,101
New Maryland Centre	134,679	126,690	116,250
Rinks and arenas	2,325	702	1,543
Parks and playgrounds	116,751	106,406	137,619
Special events	46,330	40,051	34,488
Other recreation facilities	148,917	148,231	142,554
Amortization	145,595	145,595	139,931
	<u>\$ 760,924</u>	<u>\$ 707,331</u>	<u>\$ 726,203</u>
<b>Water and sewer</b>			
Water supply			
Administration	\$ 134,854	\$ 110,678	\$ 103,920
Transmission and distribution	9,700	7,595	10,619
Purification	17,950	14,466	15,536
Power and pumping	39,810	24,835	23,742
Repairs and maintenance	2,200	13,484	16,959
Well exploration	-	155,202	74,137
Interest	58,050	56,236	50,335
Amortization	182,476	182,476	188,293
	<u>445,040</u>	<u>564,972</u>	<u>483,541</u>
Sewer collection and disposal			
Administration	153,404	143,055	146,823
Sewer collection system	9,200	9,887	5,277
Sewer lift stations	49,350	44,000	44,512
Sewer treatment and disposal	74,400	64,092	59,324
Interest	91,946	88,666	94,261
Amortization	303,127	303,127	301,552
	<u>681,427</u>	<u>652,827</u>	<u>651,749</u>
	<u>\$ 1,126,467</u>	<u>\$ 1,217,799</u>	<u>\$ 1,135,290</u>



# Village of New Maryland

## Schedule 4: schedule of segment disclosure

December 31, 2014

	General government	Protection	Transportation	Environmental health & development	Recreation and cultural	Water & sewer	Reserve funds	2014 Consolidated	2013 Consolidated
<b>Revenues</b>									
Property tax warrant	\$ 775,308	\$ 1,175,992	\$ 1,083,543	\$ 401,157	\$ 703,771	\$ -	\$ -	\$ 4,139,771	\$ 3,936,775
Services provided to other governments	-	103,148	-	-	-	-	-	103,148	107,857
Other revenue from own sources	21,959	21,212	21,305	-	87,861	28,331	-	180,668	179,350
Unconditional grant	13,021	19,751	18,198	6,737	11,820	-	-	69,527	143,229
Other government grants	26,816	-	441,838	-	81,028	20,000	-	569,682	301,657
Water and sewer user fees	-	-	-	-	-	976,177	-	976,177	974,005
Loss on disposal	-	-	(29,397)	-	-	(13,093)	-	(42,490)	(174,645)
Contribution of donated assets	-	-	-	-	-	-	-	-	685,564
Interest	12,663	-	-	-	-	14,612	52,213	79,488	63,271
	<u>849,767</u>	<u>1,320,103</u>	<u>1,535,487</u>	<u>407,894</u>	<u>884,480</u>	<u>1,026,027</u>	<u>52,213</u>	<u>6,075,971</u>	<u>6,217,063</u>
<b>Expenses</b>									
Salaries and benefits	450,003	162,023	136,893	83,292	272,093	144,490	-	1,239,184	1,226,344
Goods and services	358,097	802,179	521,860	310,377	289,643	287,602	-	2,586,887	2,241,241
Amortization	71,832	61,816	522,927	-	145,595	485,603	-	1,287,773	1,262,540
Interest	1,496	-	105,624	-	-	144,902	-	252,022	272,415
Pension obligation	(28,400)	-	-	-	-	-	-	(28,400)	(27,300)
Accrued sick leave	4,800	-	-	-	-	-	-	(2,719)	6,400
Well exploration and testing	-	-	-	-	-	155,202	-	155,202	74,137
	<u>857,828</u>	<u>1,026,018</u>	<u>1,287,304</u>	<u>393,669</u>	<u>707,331</u>	<u>1,217,799</u>	<u>-</u>	<u>5,489,949</u>	<u>5,055,777</u>
Surplus (deficit) for the year	\$ (8,061)	\$ 294,085	\$ 248,183	\$ 14,225	\$ 177,149	\$ (191,772)	\$ 52,213	\$ 586,022	\$ 1,161,286

## Village of New Maryland

### Schedule 5: schedule of reserve funds

December 31, 2014

	General Operating Reserve	General Capital Reserve	W&S Operating Reserve	W&S Capital Reserve	2014 Total	2013 Total
<b>Accumulated surplus, beginning of year</b>	\$ 204,878	\$ 651,949	\$ 46,175	\$ 2,690,403	\$ 3,593,405	\$ 2,824,979
Transfers (to) from General Operating Fund	10,329	319,458	-	-	329,787	173,821
Transfers (to) from General Capital Fund	-	66,644	-	-	66,644	(529,211)
Transfers (to) from Water and Sewer Operating Fund	-	-	(10,000)	83,080	73,080	83,000
Transfers (to) from Water & Sewer Capital Fund	-	-	-	-	-	990,384
Interest	2,509	13,883	612	35,209	52,213	50,432
<b>Annual surplus (deficit)</b>	12,838	399,985	(9,388)	118,289	521,724	768,426
<b>Accumulated surplus, end of year</b>	\$ 217,716	\$ 1,051,934	\$ 36,787	\$ 2,808,692	\$ 4,115,129	\$ 3,593,405

# Village of New Maryland

## Schedule 6: schedule of reconciliation of annual surplus

December 31, 2014

	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
<b>2014 annual surplus (deficit) per PSAB for the year</b>	\$ (770,268)	\$ (461,512)	\$ (400,988)	\$ 1,212,555	\$ 38,167	\$ 786,087	\$ (19,388)	\$ 201,369	\$ 586,022
<b>Adjustment to annual surplus (deficit) for funding requirements</b>									
Second previous year's surplus (deficit)	121,428	-	(46,378)	-	-	-	-	-	75,050
Long-term debt principal repayment	564,000	(564,000)	241,000	(241,000)	-	-	-	-	-
Water cost transfer	(101,431)	-	101,431	-	-	-	-	-	-
Interfund transfers	344,622	634,058	107,878	(609,547)	(17,829)	(386,102)	10,000	(83,080)	-
Provision for sick liability	(126,300)	-	-	-	-	-	-	-	(126,300)
Pension expense	(28,400)	-	-	-	-	-	-	-	(28,400)
Loss on disposal of tangible assets	-	29,397	-	13,093	-	-	-	-	42,490
Proceeds from disposal of tangible assets	-	7,695	-	-	-	-	-	-	7,695
Amortization of tangible assets	-	802,170	-	485,603	-	-	-	-	1,287,773
<b>Total adjustments</b>	<b>773,919</b>	<b>909,320</b>	<b>403,931</b>	<b>(351,851)</b>	<b>(17,829)</b>	<b>(386,102)</b>	<b>10,000</b>	<b>(83,080)</b>	<b>1,258,308</b>
<b>2014 annual fund surplus (deficit)</b>	<b>\$ 3,651</b>	<b>\$ 447,808</b>	<b>\$ 2,943</b>	<b>\$ 860,704</b>	<b>\$ 20,338</b>	<b>\$ 399,985</b>	<b>\$ (9,388)</b>	<b>\$ 118,289</b>	<b>\$ 1,844,330</b>

# Village of New Maryland

## Schedule 7: schedule of operating budget to PSAB budget

December 31, 2014

	General operating budget	Water & sewer operating budget	Capital budget	Allocate fiscal services	Amortization of TCA	Elimination of 2 <sup>nd</sup> previous years' surplus	Elimination of interfund transfers	Total
<b>Revenue</b>								
Property tax warrant	\$ 4,139,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,139,771
Services to other governments	103,170	-	-	-	-	-	-	103,170
Other revenue from own source	156,450	124,158	-	-	-	-	(111,078)	169,530
Unconditional grant	69,527	-	-	-	-	-	-	69,527
Other government transfers	50,000	-	217,200	-	-	-	-	267,200
Water and sewer user fees	-	987,342	-	-	-	-	-	987,342
Interest	2,000	3,000	-	-	-	-	-	5,000
Second previous years' surplus	121,428	452	-	-	-	(121,880)	-	-
	<b>4,642,346</b>	<b>1,114,952</b>	<b>217,200</b>	<b>-</b>	<b>-</b>	<b>(121,880)</b>	<b>(111,078)</b>	<b>5,741,540</b>
<b>Expenditure</b>								
General government services	753,003	-	-	800	71,832	-	-	825,635
Protective services	1,034,043	-	-	-	61,816	-	(111,078)	984,781
Transportation services	507,975	-	-	108,033	522,927	-	-	1,138,935
Environmental health services	264,000	-	-	-	-	-	-	264,000
Environmental and cultural services	131,205	-	-	-	-	-	-	131,205
Recreation and cultural services	615,329	-	-	-	145,595	-	-	760,924
Water and sewer	-	490,868	-	149,996	485,603	-	-	1,126,467
Fiscal services	672,833	390,996	-	(258,829)	-	-	(805,000)	-
Second previous years' deficit	-	46,830	-	-	-	(46,830)	-	-
Transfer to water and sewer capital reserve fund	-	83,080	(93,305)	-	-	-	10,225	-
Transfer to general capital fund	663,958	-	(663,958)	-	-	-	-	-
Transfer to water and sewer capital fund	-	103,178	(103,178)	-	-	-	-	-
	<b>4,642,346</b>	<b>1,114,952</b>	<b>(860,441)</b>	<b>-</b>	<b>1,287,773</b>	<b>(46,830)</b>	<b>(905,853)</b>	<b>5,231,947</b>
Surplus (deficit) for the year	\$ -	\$ -	\$ 1,077,641	\$ -	\$ (1,287,773)	\$ (75,050)	\$ 794,775	\$ 509,593

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## Village of New Maryland

### Schedule 8: reconciliation of funding deficit

December 31, 2014

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#### Reconciliation of funding deficit:

	<u>Vested post employment benefits</u>
Liability at December 31, 2014	\$ 131,100
Amount of December 31, 2014 liability funded in the current year	(131,100)
Amounts funded in prior years	<u>-</u>
Balance to be funded in future years	<u>\$ -</u>

The Village has a vesting post-employment liability of \$131,100 that is fully funded at December 31, 2014. There is presently no agreement between the Village of New Maryland and the Province of New Brunswick regarding the funding of this liability.

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