



Consolidated financial statements

Village of New Maryland

December 31, 2017

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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, 2017 and the consolidated results of operations and accumulated surplus, changes in net assets, 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, 2017 and the consolidated results of its operations and accumulated surplus, changes in net assets, and its cash flows for the year ended December 31, 2017 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.

Fredericton, Canada
April 25, 2018



Grant Thornton LLP
Chartered Professional Accountants

Village of New Maryland

Consolidated statement of operations and accumulated surplus

Year Ended December 31

2017

2016

| | (schedule 7) Budget | Actual | Actual |
|---|------------------------|----------------------|----------------------|
| Revenue (schedule 4) | | | |
| Property tax warrant | \$ 4,213,613 | \$ 4,213,613 | \$ 4,135,707 |
| Services to other governments (schedule 2) | 135,750 | 135,750 | 115,401 |
| Other revenue from own source (schedule 2) | 155,080 | 223,116 | 228,570 |
| Unconditional grant | 6,163 | 6,163 | 6,145 |
| Other government transfers | 327,891 | 883,525 | 177,165 |
| Water and sewer user fees (schedule 2) | 1,051,394 | 1,047,675 | 1,019,810 |
| Interest | 20,000 | 82,387 | 80,384 |
| Loss on disposal of tangible capital assets | - | (29,169) | (13,869) |
| Donated capital assets | - | - | 771,740 |
| | <u>5,909,891</u> | <u>6,563,060</u> | <u>6,521,053</u> |
| Expenses (schedules 3 & 4) | | | |
| General government services | 962,655 | 881,509 | 859,337 |
| Protective services | 969,137 | 980,303 | 942,726 |
| Transportation services | 1,238,242 | 1,236,424 | 1,260,606 |
| Environmental health services | 256,500 | 258,164 | 244,358 |
| Environmental development services | 157,332 | 148,069 | 157,165 |
| Recreation and cultural services | 756,155 | 708,691 | 701,539 |
| Water and sewer | <u>1,138,650</u> | <u>1,315,662</u> | <u>1,194,566</u> |
| | <u>5,478,671</u> | <u>5,528,822</u> | <u>5,360,297</u> |
| Annual surplus (schedule 6) | \$ <u>431,220</u> | \$ <u>1,034,238</u> | \$ <u>1,160,756</u> |
| Accumulated surplus, beginning of year | | <u>38,515,268</u> | <u>37,354,512</u> |
| Accumulated surplus, end of year | | <u>\$ 39,549,506</u> | <u>\$ 38,515,268</u> |

See accompanying notes to the consolidated financial statements.

Village of New Maryland

Consolidated statement of financial position

Year Ended December 31

2017

2016

Financial assets

| | | |
|--|-------------------|------------------|
| Cash and cash equivalents | \$ 10,047,550 | \$ 9,530,596 |
| Receivables | | |
| General | 325,960 | 323,338 |
| Federal Government and its agencies (note 3) | 99,646 | 21,986 |
| Province of New Brunswick (note 4) | 6,085 | 6,085 |
| Pension asset (note 9) | 105,200 | 83,100 |
| | <u>10,584,441</u> | <u>9,965,105</u> |

Liabilities

| | | |
|---|------------------|------------------|
| Bank indebtedness (note 5) | 240,000 | 90,000 |
| Payables and accruals (note 6) | 206,522 | 475,885 |
| Deferred revenue (note 7) | 298,177 | 813,965 |
| Long term debt (note 8) | 6,124,000 | 6,297,000 |
| Accrued sick leave obligation (note 10) | 136,800 | 140,700 |
| | <u>7,005,499</u> | <u>7,817,550</u> |

Net assets

| | | |
|--|------------------|------------------|
| | <u>3,578,942</u> | <u>2,147,555</u> |
|--|------------------|------------------|

Non-financial assets

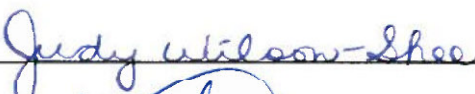
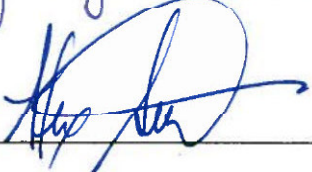
| | | |
|--------------------------------------|-------------------|-------------------|
| Tangible capital assets (schedule 1) | 35,905,929 | 36,303,997 |
| Prepaid expenses | 64,635 | 63,716 |
| | <u>35,970,564</u> | <u>36,367,713</u> |

Accumulated surplus

| | | |
|--|----------------------|----------------------|
| | <u>\$ 39,549,506</u> | <u>\$ 38,515,268</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 assets

Year Ended December 31

2017

2016

| | (schedule 7) <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|---|-------------------------------|---------------------|---------------------|
| Annual surplus | \$ 431,220 | \$ 1,034,238 | \$ 1,160,756 |
| Acquisition of tangible capital assets | (1,082,278) | (911,693) | (822,529) |
| Amortization of tangible capital assets | 1,280,592 | 1,280,592 | 1,281,105 |
| Loss on sale of tangible capital assets | - | 29,169 | 13,869 |
| | <u>629,534</u> | <u>1,432,306</u> | <u>1,633,201</u> |
| Acquisition of prepaid assets | - | (64,635) | (63,716) |
| Use of prepaid assets | - | 63,716 | 59,325 |
| | - | (919) | (4,391) |
| Increase in net assets | 629,534 | 1,431,387 | 1,628,810 |
| Net assets, beginning of year | <u>2,147,555</u> | <u>2,147,555</u> | <u>518,745</u> |
| Net assets, end of year | <u>\$ 2,777,089</u> | <u>\$ 3,578,942</u> | <u>\$ 2,147,555</u> |

See accompanying notes to the consolidated financial statements.

Village of New Maryland

Consolidated statement of cash flows

Year Ended December 31

2017

2016

Increase (decrease) in cash and cash equivalents

Operating activities

| | | |
|---|--------------|--------------|
| Annual surplus | \$ 1,034,238 | \$ 1,160,756 |
| Amortization of tangible capital assets | 1,280,592 | 1,281,105 |
| Loss on disposal of tangible capital assets | 29,169 | 13,869 |
| Donated assets | - | (771,740) |
| Change in receivables: | | |
| General | (2,622) | (16,706) |
| Federal government and its agencies | (77,660) | 47,215 |
| Province of New Brunswick | - | (1,402) |
| Change in payables and accruals | (269,363) | 15,477 |
| Change in deferred revenue | (515,788) | 154,819 |
| Change in pension obligation | (22,100) | (49,600) |
| Change in accrued sick leave | (3,900) | (6,800) |

| | | |
|---|------------------|------------------|
| Net cash provided by operating activities | <u>1,452,566</u> | <u>1,826,993</u> |
|---|------------------|------------------|

Capital activities

| | | |
|--|-----------|----------|
| Acquisition of tangible capital assets | (911,693) | (50,789) |
| Change in prepaid expenses | (919) | (4,391) |

| | | |
|--------------------------------------|------------------|-----------------|
| Net cash used for capital activities | <u>(912,612)</u> | <u>(55,180)</u> |
|--------------------------------------|------------------|-----------------|

Financing activities

| | | |
|--------------------------------|-----------|-----------|
| Bank loan proceeds (repayment) | 150,000 | (874,134) |
| Long-term debt proceeds | 376,000 | 624,000 |
| Long-term debt repayment | (549,000) | (477,000) |

| | | |
|--|-----------------|------------------|
| Net cash used for financing activities | <u>(23,000)</u> | <u>(727,134)</u> |
|--|-----------------|------------------|

| | | |
|---------------------------------------|---------|-----------|
| Increase in cash and cash equivalents | 516,954 | 1,044,679 |
|---------------------------------------|---------|-----------|

| | | |
|--|------------------|------------------|
| Cash and cash equivalents at beginning of year | <u>9,530,596</u> | <u>8,485,917</u> |
|--|------------------|------------------|

| | | |
|--|----------------------|---------------------|
| Cash and cash equivalents at end of year | <u>\$ 10,047,550</u> | <u>\$ 9,530,596</u> |
|--|----------------------|---------------------|

See accompanying notes to the consolidated financial statements.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2017

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 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 requirement, 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 December 21, 2016, and the Minister of Local Government on January 18, 2017.

c) **Revenue recognition**

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

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

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

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2017

2. Summary of significant accounting policies (continued)

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.

e) Expense recognition

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

f) 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:

| Asset type | <u>Years</u> |
|--|---------------------|
| 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.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2017

2. Summary of significant accounting policies (continued)

g) Post-employment benefits

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.

In addition to the Municipal Pension Plan, the Village allows a portion of unused sick benefits which have vested to be paid to employees upon retirement or resignation. The costs of these benefits are actuarially determined based on service and best estimate of retirement ages and expected salary increases.

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.

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.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2017

2. Summary of significant accounting policies (continued)

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.

k) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Town is directly responsible, or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

3. Due from federal government and its agencies

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| Canada Revenue Agency (HST rebate) | \$ 84,696 | \$ 21,986 |
| Government contribution for Solar energy project | <u>14,950</u> | <u>-</u> |
| | <u>\$ 99,646</u> | <u>\$ 21,986</u> |

4. Due from Province of New Brunswick

| | <u>2017</u> | <u>2016</u> |
|--|-----------------|-----------------|
| New Brunswick Department of Transportation | <u>\$ 6,085</u> | <u>\$ 6,085</u> |

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2017

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 \$300,000 for the Municipality's operations.

6. Payables and accruals

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|-------------------|-------------------|
| Trade payables and accruals | \$ 121,809 | \$ 255,907 |
| Payable to the Policing Authority | - | 134,365 |
| Interest on long-term debt | 29,319 | 29,319 |
| Local improvement deposits | <u>55,394</u> | <u>56,294</u> |
| | <u>\$ 206,522</u> | <u>\$ 475,885</u> |

7. Deferred revenue

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| Gas Tax funding – Province of New Brunswick | <u>\$ 298,176</u> | <u>\$ 813,965</u> |

8. Long-term debt

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| <u>New Brunswick Municipal Financing Corporation Debentures</u> | | |
| BP33 1.20% - 3.55%, due 2031, OIC #15-0032 | \$ 560,000 | \$ 624,000 |
| BM38 0.95%-2.8%, due 2025, OIC #04-0005 | 1,478,000 | 1,649,000 |
| BN30 1.05%-3.65%, due 2030, OIC #14-0032 | 388,000 | 413,000 |
| BA43 0.95% - 5.00%, due 2019, OIC #08-0067 | 100,000 | 113,000 |
| BE25 1.65% - 4.25%, due 2021, OIC #09-0024 | 1,312,000 | 1,435,000 |
| BE26 1.65% - 4.25%, due 2021, OIC #09-0048 | 763,000 | 805,000 |
| BG42 1.65% - 3.80%, due 2017, OIC #98-0083 | - | 30,000 |
| BH38 1.35% - 3.80%, due 2027, OIC #09-0024 | 700,000 | 760,000 |
| BI42 1.35% - 4.00%, due 2033, OIC #09-0048 | 447,000 | 468,000 |
| BR32 1.65% - 2.9%, due 2027, OIC #17-0014, 17-0062 | <u>376,000</u> | <u>-</u> |
| | <u>\$ 6,124,000</u> | <u>\$ 6,297,000</u> |

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, 2017

8. Long-term debt (continued)

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

| | |
|------|------------|
| 2018 | \$ 566,000 |
| 2019 | 652,000 |
| 2020 | 580,000 |
| 2021 | 1,941,000 |
| 2022 | 368,000 |

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 asset

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 NB MEPP provides 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. 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, 2015 and resulted in an overall NB MEPP accrued benefit obligation of \$106,639,900 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, 2016:

- The expected inflation rate is 2.25%
- The discount rate used to determine the accrued benefit obligation is 5.60% per annum
- The expected rate of return on assets is 5.60% per annum
- Retirement age varies by age and employment category
- Estimated average remaining service life (EARSL) is 14.0 years

The actuarial valuation prepared as at December 31, 2015 indicated that the market value of the net assets available for the accumulated plan benefits were less than the present value of 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 \$1,260,200, a change of \$2,501,800 from the December 31, 2014 surplus of \$1,241,600. Based on the assumptions as at December 31, 2015, 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, 2015, the NB MEPP provides benefits for 218 retirees. Total benefit payments to retirees and terminating employees during 2017 are estimated to be approximately \$3,125,100 (actual 2016 was \$3,930,300) in totality for the NB MEPP.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2017

9. Pension asset (continued)

Employees make contributions using rates that may vary by earnings level and employment category, with an overall average contribution rate of approximately 7.99%. 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 2017 are estimated to be approximately \$6,303,400 (actual 2016 was \$6,187,400) 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 17 active employees covered by the NB MEPP is 45.7 (as at December 31, 2015)
- Benefit Payments were \$45,200 in 2016 and were estimated to be \$21,500 in 2017
- Combined Contributions were \$151,000 in 2016 and were estimated to be \$155,600 in 2017

In addition to determining the position of the NB MEPP as it relates to the Village of New Maryland as at December 31, 2015 and December 31, 2016, NB MEPP's actuary performed an extrapolation of the December 31, 2016 accounting valuation to determine the estimated position as at December 31, 2017. The extrapolation assumes assumptions used as at December 31, 2017 remain unchanged from December 31, 2016. The extrapolation also assumes assets return 5.60% 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:

| Accrued benefit Liability / (Asset) | <u>2017</u> | <u>2016</u> |
|--|---------------------|--------------------|
| Accrued benefit asset at beginning of period | \$ (83,100) | \$ (33,500) |
| Pension expense for the year | 55,700 | 25,500 |
| Less: Employer contributions | <u>(77,800)</u> | <u>(75,100)</u> |
| Accrued benefit asset at end of period | <u>\$ (105,200)</u> | <u>\$ (83,100)</u> |

In summary, the Accrued Benefit Asset as it relates to the Village of New Maryland is estimated to be \$105,200 as at December 31, 2017. This compares to an asset of \$83,100 as at December 31, 2016. 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:

| Reconciliation of funded status at end of period | <u>2017</u> | <u>2016</u> |
|---|---------------------|--------------------|
| Accrued benefit obligation | \$ 1,532,900 | \$ 1,270,500 |
| Plan assets | <u>1,445,100</u> | <u>1,215,800</u> |
| Plan deficit / (surplus) | 87,800 | 54,700 |
| Unamortized experience losses | <u>193,000</u> | <u>137,800</u> |
| Accrued benefit asset at end of period | <u>\$ (105,200)</u> | <u>\$ (83,100)</u> |

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2017

9. Pension asset (continued)

Total expenses related to pensions include the following components:

| Pension expense | 2017 | 2016 |
|--|------------------|------------------|
| Employer current service cost | \$ 35,900 | \$ 20,100 |
| Interest on accrued benefit obligation | 78,800 | 67,900 |
| Expected return on assets | (73,100) | (63,400) |
| Experience loss | <u>14,100</u> | <u>900</u> |
| Pension expense | <u>\$ 55,700</u> | <u>\$ 25,500</u> |

The pension expense is included in the statement of operations.

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.

| | 2017 | 2016 |
|---|-------------------|-------------------|
| Accrued employee benefit obligation: | | |
| Opening balance | \$ 140,700 | \$ 147,500 |
| Current period service cost | 20,200 | 19,000 |
| Accrued interest | 5,400 | - |
| Experience (gain) loss | (4,800) | - |
| Benefit payments | <u>(24,700)</u> | <u>(25,800)</u> |
| Accrued employee benefit obligation | <u>\$ 136,800</u> | <u>\$ 140,700</u> |
| Unfunded obligation: | | |
| Accrued employee benefit obligation | \$ 136,800 | \$ 140,700 |
| Less: funded amount | <u>(136,800)</u> | <u>(140,700)</u> |
| Unfunded accrued employee benefit obligation | <u>\$ -</u> | <u>\$ -</u> |

The accrued sick leave liabilities were valued based on an actuarial calculation as of December 31, 2017. The actuarial method used was the projected benefit method prorated on service to calculate the accrued benefit obligation. The valuation was based on a number of assumptions about future events, such as interest rates, wage and salary increases and employee turnover and retirement. The assumptions used reflect the 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 3.07%;
 - Retirement age is 60; and,
 - Estimated average remaining service life (EARS�) is 12.53 years.
-

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2017

11. Commitments and contingency

- a) The Village has entered into an agreement for solid waste collection at an annual cost of \$167,534 (including HST). The agreement expires December 31, 2020.
 - 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, 2019.
 - c) The Village has entered into three agreements for snow and ice control at an annual cost for 2018 of \$233,864 (including HST). These agreements expire October 2020.
 - 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 for 2018 is \$136,667 (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.
-

12. Short-term borrowing compliance

Capital Funds

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

| | | |
|------------------------------|---------|-----------------------------|
| General Capital Fund | | |
| Ministerial Approval | 17-0014 | \$ 525,000 |
| | | <u> </u> |
| Water and Sewer Capital Fund | | |
| Ministerial Approval | | \$ - |
| | | <u> </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 2017, the Municipality has complied with these restrictions.

Inter-fund borrowing

The Municipal Financial Reporting Manual requires that short-term inter-fund borrowings be repaid in the next year unless the borrowing is for a capital project. In 2017, the Municipality has complied with these restrictions.

13. Capital funds

Current assets exceed current liabilities at December 31, 2017 in both the General Capital Fund and the Water and Sewer Capital Fund. This excess amount represents funds for future capital projects.

Village of New Maryland

Notes to the consolidated financial statements

December 31, 2017

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.

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>2017</u> | <u>2016</u> |
|--------------|--------------------|-----------------|
| 2017 Deficit | \$ (29,096) | \$ - |
| 2016 Surplus | 4,152 | 4,152 |
| 2015 Surplus | <u>-</u> | <u>1,212</u> |
| | <u>\$ (24,944)</u> | <u>\$ 5,364</u> |

16. Comparative figures

Certain of the comparative figures have been reclassified to conform to 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, 2017

| | General capital assets | | | | | | Water and sewer assets | | | | 2017 | 2016 |
|-------------------------------------|------------------------|--------------------------|-----------------------|---------------------------|------------------------|------------------------------------|------------------------|---------------------|-----------------------|---------------------------|----------------------|----------------------|
| | 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 | \$ 1,875,235 | \$ 3,041,502 | \$ 1,835,647 | \$ 71,595 | \$ 1,844,330 | \$ 18,906,753 | \$ 622,519 | \$ 8,771,198 | \$ 14,934,806 | \$ - | \$ 51,903,585 | \$ 51,107,029 |
| Additions and transfers | - | 49,373 | 25,862 | 65,704 | 104,912 | 665,842 | - | - | - | - | 911,693 | 822,529 |
| Disposals and transfers | - | - | (29,684) | - | - | (57,517) | - | - | - | - | 87,201 | (25,973) |
| Closing cost | 1,875,235 | 3,090,875 | 1,831,825 | 137,299 | 1,949,242 | 19,515,078 | 622,519 | 8,771,198 | 14,934,806 | - | 52,728,077 | 51,903,585 |
| Accumulated amortization | | | | | | | | | | | | |
| Opening accumulated Amortization | - | 1,328,785 | 989,205 | - | 1,203,882 | 5,831,296 | - | 2,486,371 | 3,760,049 | - | 15,599,588 | 14,330,587 |
| Amortization | - | 124,754 | 64,534 | - | 103,112 | 504,234 | - | 263,839 | 220,119 | - | 1,280,592 | 1,281,105 |
| Disposals | - | - | (22,699) | - | - | (35,333) | - | - | - | - | (58,032) | (12,104) |
| Closing accum'd amortization | - | 1,453,539 | 1,031,040 | - | 1,306,994 | 6,300,197 | - | 2,750,210 | 3,980,168 | - | 16,822,148 | 15,599,588 |
| Asset net book value | \$ 1,875,235 | \$ 1,637,336 | \$ 800,785 | \$ 137,299 | \$ 642,248 | \$ 13,214,881 | \$ 622,519 | \$ 6,020,988 | \$ 10,954,638 | \$ - | \$ 35,905,929 | \$ 36,303,997 |

Village of New Maryland

Schedule 2: consolidated schedule of revenues

Year ended December 31, 2017

2017

2017

2016

| | (schedule 7) <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|---------------------------------------|-------------------------------|---------------------|---------------------|
| Services to other governments | | | |
| Fire protection | \$ 135,750 | \$ 135,750 | \$ 115,401 |
| Other revenue from own sources | | | |
| Building rentals | \$ 12,300 | \$ 13,142 | \$ 12,923 |
| Permits and fines | 24,100 | 31,965 | 30,783 |
| Recreation | 103,260 | 105,860 | 120,313 |
| Hookup and surcharges | 13,420 | 9,099 | 10,758 |
| Water meter fee | - | 13,536 | 13,429 |
| Other | 2,000 | 49,514 | 40,364 |
| | <u>\$ 155,080</u> | <u>\$ 223,116</u> | <u>\$ 228,570</u> |
| Water and sewer user fees | | | |
| Water user charges | \$ 286,851 | \$ 275,438 | \$ 274,601 |
| Sewer user charges | 764,543 | 772,237 | 745,209 |
| | <u>\$ 1,051,394</u> | <u>\$ 1,047,675</u> | <u>\$ 1,019,810</u> |

Village of New Maryland

Schedule 3: consolidated schedule of expenses

Year Ended December 31

2017

2017

2016

| | (schedule 7) <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|--|-------------------------------|-------------------|-------------------|
| General government services | | | |
| Legislative | | | |
| Mayor's remuneration and expenses | \$ 17,769 | \$ 17,804 | \$ 17,342 |
| Councillors' remuneration and expenses | 44,799 | 44,139 | 39,662 |
| Development seminars | 6,751 | 16,031 | 4,882 |
| | <u>69,319</u> | <u>77,974</u> | <u>61,886</u> |
| Administrative | | | |
| Manager and clerks | 202,855 | 178,917 | 173,112 |
| Office building | 50,465 | 45,222 | 46,128 |
| Solicitor | 5,000 | 5,838 | 2,517 |
| Other | 157,570 | 130,773 | 156,930 |
| | <u>415,890</u> | <u>360,750</u> | <u>378,687</u> |
| Financial management | | | |
| Administration personnel | 275,695 | 265,542 | 254,670 |
| External audit | 30,000 | 29,634 | 29,427 |
| Accounting and consulting | 3,000 | 2,390 | 1,945 |
| Donations and grants | 4,200 | 3,650 | 17,750 |
| Cost of assessment | 66,346 | 66,346 | 66,344 |
| | <u>379,241</u> | <u>367,562</u> | <u>370,136</u> |
| Other general government services | | | |
| Public liability insurance | 24,644 | 24,637 | 23,990 |
| Pension and sick accrual adjustment | - | (22,143) | (50,815) |
| Interest | 1,500 | 668 | 958 |
| Amortization | 72,061 | 72,061 | 74,495 |
| | <u>98,205</u> | <u>75,223</u> | <u>48,628</u> |
| | <u>\$ 962,655</u> | <u>\$ 881,509</u> | <u>\$ 859,337</u> |

Village of New Maryland

Schedule 3: consolidated schedule of expenses

Year Ended December 31

2017

2017

2016

| | (schedule 7) <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|-----------------------------|-------------------------------|-------------------|-------------------|
| Protective services | | | |
| RCMP | \$ 556,438 | \$ 556,438 | \$ 542,457 |
| Fire | | | |
| Administration | 41,758 | 39,484 | 40,316 |
| Fire department – personnel | 148,908 | 143,587 | 142,383 |
| Training | 10,800 | 5,255 | 8,691 |
| Building maintenance | 31,080 | 30,651 | 30,400 |
| Equipment | 17,300 | 13,171 | 18,649 |
| Vehicle maintenance | 22,598 | 54,121 | 18,108 |
| | <u>272,444</u> | <u>286,269</u> | <u>258,547</u> |
| Other | | | |
| Animal and pest control | 12,150 | 7,511 | 7,443 |
| Building inspections | 61,570 | 64,708 | 65,974 |
| Emergency measures | 11,059 | 9,901 | 7,574 |
| Amortization | 55,476 | 55,476 | 60,731 |
| | <u>140,255</u> | <u>137,596</u> | <u>141,722</u> |
| | <u>\$ 969,137</u> | <u>\$ 980,303</u> | <u>\$ 942,726</u> |

Village of New Maryland

Schedule 3: consolidated schedule of expenses

Year Ended December 31, 2017 2017 2016

| | (schedule 7) <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|---|-------------------------------|---------------------|---------------------|
| Transportation services | | | |
| Common services | | | |
| Administration | \$ 155,050 | \$ 144,969 | \$ 139,794 |
| Engineering services personnel fees | 15,000 | 8,802 | 31,980 |
| Vehicle expense | 31,872 | 32,657 | 26,396 |
| Other | <u>1,550</u> | <u>16,908</u> | <u>8,406</u> |
| | <u>203,472</u> | <u>203,336</u> | <u>206,576</u> |
| Road transport | | | |
| Culverts and drainage ditches | 34,550 | 27,689 | 26,420 |
| Sidewalks | 1,500 | 810 | 2,275 |
| Storm sewers | 5,000 | 5,846 | 46,101 |
| Street cleaning | 15,000 | 19,610 | 14,545 |
| Snow and ice removal | 200,660 | 218,300 | 197,950 |
| Summer maintenance | <u>47,018</u> | <u>41,008</u> | <u>39,587</u> |
| | <u>303,728</u> | <u>313,263</u> | <u>326,878</u> |
| Street lighting | <u>62,000</u> | <u>58,498</u> | <u>61,428</u> |
| Traffic services | | | |
| Street signs | 2,500 | 2,814 | 4,570 |
| Crosswalks | 4,500 | 4,770 | 4,715 |
| Other | <u>18,741</u> | <u>6,617</u> | <u>3,930</u> |
| | <u>25,741</u> | <u>14,201</u> | <u>13,215</u> |
| Other | | | |
| Interest | 110,410 | 114,235 | 123,173 |
| Amortization | <u>532,891</u> | <u>532,891</u> | <u>529,336</u> |
| | <u>643,301</u> | <u>647,126</u> | <u>652,509</u> |
| | <u>\$ 1,238,242</u> | <u>\$ 1,236,424</u> | <u>\$ 1,260,606</u> |
| Environmental health services | | | |
| Garbage and waste collection | <u>\$ 256,500</u> | <u>\$ 258,164</u> | <u>\$ 244,358</u> |
| Environmental development services | | | |
| Beautification and land rehabilitation | \$ 121,332 | \$ 114,618 | \$ 32,807 |
| Research and planning | <u>36,000</u> | <u>33,451</u> | <u>124,358</u> |
| | <u>\$ 157,332</u> | <u>\$ 148,069</u> | <u>\$ 157,165</u> |

Village of New Maryland

Schedule 3: consolidated schedule of expenses

| Year Ended December 31, | 2017 | 2017 | 2016 |
|---|------------------------|---------------------|---------------------|
| | (schedule 7) Budget | Actual | Actual |
| Recreation and cultural services | | | |
| Administration | \$ 88,731 | \$ 64,184 | \$ 59,854 |
| Gym, Day Camp & Vehicles | 47,970 | 70,452 | 69,006 |
| New Maryland Centre | 150,392 | 101,013 | 112,392 |
| Rinks and arenas | 1,686 | 680 | 1,377 |
| Parks and playgrounds | 126,684 | 122,532 | 107,183 |
| Special events | 54,840 | 49,820 | 51,235 |
| Other recreation facilities | 149,646 | 163,804 | 164,180 |
| Amortization | 136,206 | 136,206 | 136,312 |
| | <u>\$ 756,155</u> | <u>\$ 708,691</u> | <u>\$ 701,539</u> |
| Water and sewer | | | |
| Water supply | | | |
| Administration | \$ 162,472 | \$ 145,773 | \$ 138,634 |
| Transmission and distribution | 19,200 | 5,958 | 16,272 |
| Purification | 24,800 | 25,494 | 20,244 |
| Power and pumping | 42,500 | 27,254 | 25,817 |
| Repairs and maintenance | 1,850 | 9,272 | 27,456 |
| Well exploration | - | 255,038 | 126,195 |
| Interest | 50,106 | 49,631 | 51,979 |
| Amortization | 184,840 | 184,840 | 182,745 |
| | <u>485,768</u> | <u>703,260</u> | <u>589,342</u> |
| Sewer collection and disposal | | | |
| Administration | 180,727 | 153,603 | 146,824 |
| Sewer collection system | 16,350 | 1,461 | 14,854 |
| Sewer lift stations | 56,750 | 50,542 | 52,151 |
| Sewer treatment and disposal | 65,700 | 74,040 | 58,658 |
| Interest | 34,237 | 33,636 | 35,251 |
| Amortization | 299,118 | 299,118 | 297,486 |
| | <u>652,882</u> | <u>612,400</u> | <u>605,224</u> |
| | <u>\$ 1,138,650</u> | <u>\$ 1,315,662</u> | <u>\$ 1,194,566</u> |

Village of New Maryland

Schedule 4: schedule of segment disclosure

December 31, 2017

| | General government | Protection | Transportation | Environmental health & development | Recreation and cultural | Water & sewer | 2017 Consolidated | 2016 Consolidated |
|--|-----------------------|-------------------|---------------------|--|----------------------------|-------------------|----------------------|----------------------|
| Revenues | | | | | | | | |
| Property tax warrant | \$ 890,015 | \$ 1,146,811 | \$ 1,076,988 | \$ 410,110 | \$ 689,689 | \$ - | \$ 4,213,613 | \$ 4,135,707 |
| Services provided to other governments | - | 135,750 | - | - | - | - | 135,750 | 115,401 |
| Other revenue from own sources | 58,995 | 2,735 | 29,230 | - | 105,860 | 26,296 | 223,116 | 228,570 |
| Unconditional grant | 1,302 | 1,677 | 1,575 | 600 | 1,009 | - | 6,163 | 6,145 |
| Other government grants | 22,754 | - | 14,950 | - | - | 845,821 | 883,525 | 177,165 |
| Water and sewer user fees | - | - | - | - | - | 1,047,675 | 1,047,675 | 1,019,810 |
| Loss on disposal | - | - | (29,169) | - | - | - | (29,169) | (13,869) |
| Contribution of donated assets | - | - | - | - | - | - | - | 771,740 |
| Interest | 37,252 | - | - | - | - | 45,135 | 82,387 | 80,384 |
| | <u>1,010,318</u> | <u>1,286,973</u> | <u>1,093,574</u> | <u>410,710</u> | <u>796,558</u> | <u>1,964,927</u> | <u>6,563,060</u> | <u>6,521,053</u> |
| Expenses | | | | | | | | |
| Salaries and benefits | 480,631 | 211,352 | 175,577 | 89,574 | 269,309 | 199,284 | 1,425,727 | 1,381,225 |
| Goods and services | 350,293 | 713,475 | 413,721 | 316,659 | 303,176 | 377,382 | 2,474,706 | 2,411,226 |
| Amortization | 72,061 | 55,476 | 532,891 | - | 136,206 | 483,958 | 1,280,592 | 1,281,105 |
| Interest | 667 | - | 114,235 | - | - | - | 114,902 | 211,361 |
| Pension obligation* | (22,100) | - | - | - | - | - | (22,100) | (44,015) |
| Accrued sick leave* | (43) | - | - | - | - | - | (43) | (6,800) |
| Well exploration and testing | - | - | - | - | - | 255,038 | 255,038 | 126,195 |
| | <u>881,509</u> | <u>980,303</u> | <u>1,236,424</u> | <u>406,233</u> | <u>708,691</u> | <u>1,315,662</u> | <u>5,528,822</u> | <u>5,360,297</u> |
| Surplus (deficit) for the year | \$ 128,809 | \$ 306,670 | \$ (142,850) | \$ 4,477 | \$ 87,867 | \$ 649,265 | \$ 1,034,238 | \$ 1,160,756 |

*Annual cash contributions made by the Village are recorded in salaries and benefits costs in each of the departments. The change in the obligations is recorded in the general government department.

Village of New Maryland

Schedule 5: schedule of reserve funds

December 31, 2017

| | General Operating Reserve | General Capital Reserve | W&S Operating Reserve | W&S Capital Reserve | 2017 Total | 2016 Total |
|---|---------------------------------|-------------------------------|-----------------------------|---------------------------|---------------|---------------|
| Accumulated surplus, beginning of year | \$ 154,495 | \$ 1,867,803 | \$ 47,502 | \$ 3,149,704 | \$ 5,219,504 | \$ 4,545,626 |
| Transfers from General Operating Fund | 29,000 | 327,953 | - | - | 356,953 | 416,014 |
| Transfers to General Capital Fund | - | (219,532) | - | - | (219,532) | 1,450 |
| Transfers from Water and Sewer Operating Fund | - | - | - | 272,895 | 272,895 | 213,162 |
| Transfers from Water and Sewer Capital Fund | - | - | - | 900,000 | 900,000 | - |
| Transfers from Water and Sewer Capital Reserve Fund | - | - | - | - | - | 10,000 |
| Transfers to Water and Sewer Operating Reserve Fund | - | - | - | - | - | (10,000) |
| Interest | 1,399 | 24,426 | 428 | 36,580 | 62,833 | 43,252 |
| Annual surplus | 30,399 | 132,847 | 428 | 1,209,475 | 1,373,149 | 673,878 |
| Accumulated surplus, end of year | \$ 184,894 | \$ 2,000,650 | \$ 47,930 | \$ 4,359,178 | \$ 6,592,653 | \$ 5,219,504 |

Village of New Maryland

Schedule 6: schedule of reconciliation of annual surplus

December 31, 2017

| | 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 |
|--|------------------------------|----------------------------|--------------------------|------------------------|---|---------------------------------------|-------------------------------------|-----------------------------------|-----------------------|
| 2017 annual surplus (deficit) per PSAB for the year | \$ (928,988) | \$ 1,193,290 | \$ (500,033) | \$ (1,413,496) | \$ 59,399 | \$ 241,268 | \$ 428 | \$ 2,382,370 | \$ 1,034,238 |
| Adjustment to annual surplus for funding requirements | | | | | | | | | |
| Second previous year's surplus | 1,673 | - | 1,212 | - | - | - | - | - | 2,885 |
| Long-term debt principal repayment | 285,000 | (285,000) | 264,000 | (264,000) | - | - | - | - | - |
| Water cost transfer | (97,868) | - | 97,868 | - | - | - | - | - | - |
| Interfund transfers | 762,597 | (715,176) | 107,857 | 1,155,038 | (29,000) | (108,421) | - | (1,172,895) | - |
| Pension expense | (22,100) | - | - | - | - | - | - | - | (22,100) |
| Loss on disposal of tangible assets | - | 29,169 | - | - | - | - | - | - | 29,169 |
| Amortization of tangible assets | - | 796,634 | - | 483,958 | - | - | - | - | 1,280,592 |
| Total adjustments | 929,302 | (174,373) | 470,937 | 1,374,996 | (29,000) | (108,421) | - | (1,172,895) | 1,290,546 |
| 2017 annual fund surplus (deficit) | \$ 314 | \$ 1,018,917 | \$ (29,096) | \$ (38,500) | \$ 30,399 | \$ 132,847 | \$ 428 | \$ 1,209,475 | \$ 2,324,784 |

Village of New Maryland

Schedule 7: schedule of operating and capital budgets to PSAB budget

December 31, 2017

| | General operating budget | Water & sewer operating budget | Capital budget | Allocate fiscal services | Amortization of TCA | Elimination of 2 nd previous years' surplus | Elimination of interfund transfers | Total |
|--|--------------------------------|--------------------------------------|---------------------|--------------------------------|------------------------|--|--|-------------------|
| Revenue | | | | | | | | |
| Property tax warrant | \$ 4,213,613 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,213,613 |
| Services to other governments | 135,750 | - | - | - | - | - | - | 135,750 |
| Other revenue from own source | 141,660 | 126,979 | - | - | - | - | (113,559) | 155,080 |
| Unconditional grant | 6,163 | - | - | - | - | - | - | 6,163 |
| Other government transfers | 30,000 | - | 297,891 | - | - | - | - | 327,891 |
| Water and sewer user fees | - | 1,051,394 | - | - | - | - | - | 1,051,394 |
| Interest | 8,000 | 12,000 | - | - | - | - | - | 20,000 |
| Second previous years' surplus | 1,673 | 1,212 | - | - | - | (2,885) | - | - |
| | <u>4,536,859</u> | <u>1,191,585</u> | <u>297,891</u> | <u>-</u> | <u>-</u> | <u>(2,885)</u> | <u>(113,559)</u> | <u>5,909,891</u> |
| Expenditure | | | | | | | | |
| General government services | 889,094 | - | - | 1,500 | 72,061 | - | - | 962,655 |
| Protective services | 1,027,220 | - | - | - | 55,476 | - | (113,559) | 969,137 |
| Transportation services | 594,941 | - | - | 110,410 | 532,891 | - | - | 1,238,242 |
| Environmental health services | 256,500 | - | - | - | - | - | - | 256,500 |
| Environmental and cultural services | 157,332 | - | - | - | - | - | - | 157,332 |
| Recreation and cultural services | 619,949 | - | - | - | 136,206 | - | - | 756,155 |
| Water and sewer | - | 570,349 | - | 84,343 | 483,958 | - | - | 1,138,650 |
| Fiscal services | 396,910 | 348,342 | - | - | - | - | (745,252) | - |
| Transfer to water and sewer capital reserve fund | - | 83,420 | - | - | - | - | (83,420) | - |
| Transfer to general capital fund | 594,913 | - | (594,913) | - | - | - | - | - |
| Transfer to water and sewer capital fund | - | 189,474 | (189,474) | - | - | - | - | - |
| | <u>4,536,859</u> | <u>1,191,585</u> | <u>(784,387)</u> | <u>196,253</u> | <u>1,280,592</u> | <u>-</u> | <u>(942,231)</u> | <u>5,478,671</u> |
| Surplus (deficit) for the year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,082,278</u> | <u>\$ (196,253)</u> | <u>\$ (1,280,592)</u> | <u>\$ (2,885)</u> | <u>\$ 828,672</u> | <u>\$ 431,220</u> |

Village of New Maryland

Schedule 8: reconciliation of funding deficit

December 31, 2017

Reconciliation of funding deficit:

| | <u>Vested post employment benefits</u> |
|--|--|
| Liability at December 31, 2017 | \$ 136,800 |
| Amount of December 31, 2017 liability funded in the current year | - |
| Amounts funded in prior years | <u>(136,800)</u> |
| Balance to be funded in future years | <u>\$ -</u> |

The Village has a vesting post-employment liability of \$136,800 that is fully funded at December 31, 2017.

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 \$1,260,200, a change of \$2,501,800 from the December 31, 2014 surplus of \$1,241,600. Based on the assumptions as at December 31, 2015, 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.