Why Is This Important?
- Presents results of financial statement audit work from our audit of the Province of New Brunswick (PNB) and Crown agencies
- Includes our comments on the Province’s financial position
- Reports on accounting for pensions, nursing homes and contingency reserve

What We Found

Overall Conclusions:
Pleased with recent progress on issues:
- clean PNB audit opinion (unqualified)
- consolidation of not-for-profit nursing homes
- contingency reserve presentation in PNB financial statements
- creation of a PNB audit committee
- implementation of prior year financial audit recommendations

Concerns remain, such as:
- growing net debt, now $14 billion
- unfavourable long-term sustainability trends
- renewal of “mission critical” PNB systems
- structure of NBLGC given ongoing issues

PNB Financial Condition:
- 8th consecutive annual deficit
- Deficit of $260.5 million in 2016
- Additional deficits forecasted through March 31, 2020 of $830 million
- Net debt per New Brunswicker is about $18,000 in 2016 (2015- $17,400)
- Two short-term sustainability indicators improved in the last year
- Long-term outlook has remained unfavourable since 2012

Accounting for:
Pensions
- PNB changed its pension accounting policy
- New information available this year
- Opening deficit, net debt, liabilities increased by $224 million

Nursing Homes
- PNB consolidated about 60 not-for-profit nursing homes in 2016
- Opening 2016 net debt increased by $522 million

Contingency Reserve
- No extra funds or reserve of assets involved
- Obscures true deficit, adds complexity
- Not recognized in accounting standards

Other Audit Concerns:
- New SNB audit of amalgamated entity – redundant & inefficient systems in place
- Crown agency financial management/cash
- Crown agency oversight/governance

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