

**ROTHESAY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

# ROTHESAY

DECEMBER 31, 2016

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## INDEPENDENT AUDITORS' REPORT

To Her Worship The Mayor and Members of Council  
Rothesay, New Brunswick

We have audited the consolidated statement of financial position of Rothesay as at December 31, 2016, and the consolidated statements of operations, 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 Consolidated 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Independent Auditors' Report to Her Worship The Mayor and Members of Council of Rothesay (cont'd)

*Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Rothesay as at December 31, 2016, and the results of its operations and changes in net debt for the year then ended in accordance with Canadian public sector accounting standards.



CHARTERED PROFESSIONAL ACCOUNTANTS

Saint John, NB  
April 10, 2017

# ROTHESAY

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget (Note 27)	2016 Actual	2015 Actual
<b>REVENUE (Note 2)</b>			
Property tax warrant	\$ 14,961,842	\$ 14,961,842	\$ 14,718,978
Unconditional grant	118,987	118,987	116,262
Conditional government transfers (Note 28)	421,500	2,403,277	1,120,193
Services other governments	60,000	89,243	78,237
Sale of services (Note 28)	345,700	328,058	320,036
Other own source (Note 28)	101,553	991,255	566,748
Water and sewer user fees	2,603,000	2,696,571	2,512,438
Sundry income	<u>233,679</u>	<u>472,423</u>	<u>353,582</u>
	<u>18,846,261</u>	<u>22,061,656</u>	<u>19,786,474</u>
<b>EXPENDITURE (Notes 2 and 28)</b>			
General government services	1,816,147	1,754,506	1,656,609
Protective services	4,689,021	4,453,699	4,359,563
Transportation services	4,981,813	5,256,137	5,145,979
Environmental health services	638,000	612,386	659,525
Environmental development services	641,022	547,891	493,057
Recreation and cultural services	2,709,495	2,872,432	2,425,631
Water and sewer services	<u>2,694,962</u>	<u>2,744,280</u>	<u>2,722,677</u>
	<u>18,170,460</u>	<u>18,241,331</u>	<u>17,463,041</u>
<b>ANNUAL SURPLUS FOR THE YEAR</b>	<u>\$ 675,801</u>	3,820,325	2,323,433
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>		66,256,656	63,933,223
<b>CHANGE IN PERCENTAGE OWNERSHIP OF CONTROLLED ENTITIES</b>		<u>(3,328)</u>	<u>-</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>		<u>\$ 70,073,653</u>	<u>\$ 66,256,656</u>

# ROTHESAY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

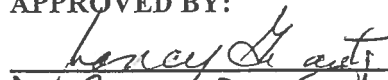
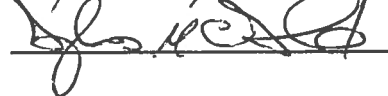
AS AT DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Notes 2, 3 and 4)	\$ 7,265,807	\$ 7,970,752
Accounts receivable (Notes 2, 3 and 5)	3,537,258	1,468,605
Investments (Notes 2, 3 and 10)	<u>348,830</u>	<u>312,645</u>
	<u>\$ 11,151,895</u>	<u>\$ 9,752,002</u>
<b>LIABILITIES</b>		
Bank loan (Note 19)	\$ 700,000	\$ -
Accounts payable and accrued liabilities (Notes 2, 3 and 9)	2,105,498	2,709,821
Deferred revenue (Notes 2 and 8)	4,169,546	3,699,330
Long term debt (Notes 2, 3 and 11)	17,191,733	15,276,092
Accrued pension obligation (Notes 2 and 16)	773,467	1,051,258
Accrued sick leave (Notes 2 and 15)	315,154	305,786
Accrued retirement allowance (Notes 2 and 16)	<u>806,758</u>	<u>798,902</u>
	<u>26,062,156</u>	<u>23,841,189</u>
<b>NET DEBT</b>	<u>(14,910,261)</u>	<u>(14,089,187)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Notes 2 and 21)	132,032,840	124,340,605
Accumulated amortization (Notes 2 and 21)	<u>(47,114,741)</u>	<u>(44,062,668)</u>
	84,918,099	80,277,937
Inventory (Note 2)	32,648	18,624
Prepaid expenses	29,022	44,652
Unamortized debenture costs	<u>4,145</u>	<u>4,630</u>
	<u>84,983,914</u>	<u>80,345,843</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 70,073,653</u>	<u>\$ 66,256,656</u>

CONTINGENT LIABILITY (Note 17)

COMMITMENT (Note 18)

APPROVED BY:

 \_\_\_\_\_ Mayor  
 \_\_\_\_\_ Town Treasurer



# ROTHESAY

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

AS AT DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Annual surplus	\$ 3,820,325	\$ 2,323,433
Acquisition of tangible capital assets	(9,095,076)	(8,340,921)
Proceeds on disposal of tangible capital assets	4,108	2,167
Amortization of tangible capital assets	3,885,389	3,727,912
Change in percentage ownership of tangible capital assets	7,281	-
Loss on disposal of tangible capital assets	<u>558,134</u>	<u>185,343</u>
	(819,839)	(2,102,066)
Acquisition of inventories	(32,646)	(18,624)
Acquisition of prepaid assets	(29,022)	(44,652)
Acquisition of unamortized debenture costs	(4,145)	(4,630)
Consumption of inventories	18,624	23,881
Use of prepaid assets	44,652	37,640
Consumption of unamortized debenture costs	<u>4,630</u>	<u>2,878</u>
	(817,746)	(2,105,573)
Change in percentage ownership	<u>(3,328)</u>	<u>-</u>
Increase in net debt	(821,074)	(2,105,573)
Net debt - beginning of year	<u>(14,089,187)</u>	<u>(11,983,614)</u>
Net debt - end of year	<u>\$ (14,910,261)</u>	<u>\$ (14,089,187)</u>

**APPROVED BY:**

  
 \_\_\_\_\_ Mayor  
  
 \_\_\_\_\_ Town Treasurer

# ROTHESAY

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 3,820,325	\$ 2,323,433
Loss on disposal of tangible capital assets	558,134	185,343
Amortization of tangible capital assets	3,885,389	3,727,912
Accounts receivable	(2,068,653)	(31,253)
Accounts payable and accrual liabilities	(604,323)	537,100
Deferred revenue	470,216	737,356
Accrued sick leave	9,368	18,263
Change in accrued pension obligation	(277,791)	(249,495)
Change in accrued retirement allowance	7,856	41,907
Change in inventory/prepaid expenses/unamortized debenture costs	<u>2,093</u>	<u>(3,507)</u>
	<u>5,802,614</u>	<u>7,287,059</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(9,095,076)	(8,340,921)
Change in percentage ownership of capital assets	7,281	-
Proceeds on disposal of tangible capital assets	<u>4,108</u>	<u>2,167</u>
	<u>(9,083,687)</u>	<u>(8,338,754)</u>
<b>FINANCING TRANSACTION</b>		
Bank loan	700,000	-
Long term debt (net)	<u>1,915,641</u>	<u>1,378,853</u>
<b>INVESTING TRANSACTION</b>		
Increase in investments	<u>(36,185)</u>	<u>(6,724)</u>
<b>CHANGE IN PERCENTAGE OWNERSHIP</b>	<u>(3,328)</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(704,945)	320,434
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>7,970,752</u>	<u>7,650,318</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 7,265,807</u>	<u>\$ 7,970,752</u>



# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 1. PURPOSE OF THE ORGANIZATION

Rothesay ("the Town") was incorporated as a town by the Province of New Brunswick Municipalities Act on January 1, 1998 and was approved for status as a Municipality effective January 1, 1998 by an amendment of New Brunswick Regulation 85-6 under the Municipalities Act. As a municipality, Rothesay is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local government, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of Public Sector Accounting Standard ('PSAS') financial statements is on the financial position of the Town and the changes thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Town and its jointly controlled entities.

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

#### Reporting Entity

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

The entities included in the consolidated financial statements are as follows:

- Rothesay
- Kennebecasis Regional Joint Board of Police Commissioners (KRJPC)
- Kennebecasis Valley Fire Department Inc. (KVFD)
- Kennebecasis Public Library

Interdepartmental and organizational transactions and balances are eliminated.

The jointly controlled entities have been proportionately consolidated at the following rates:

	<u>2016</u>	<u>2015</u>
Kennebecasis Regional Joint Board of Police Commissioners	40.98%	41.02%
Kennebecasis Valley Fire Department Inc.	41.45%	41.65%
Kennebecasis Public Library	40.05%	40.05%

Changes in ownership percentages have been accounted for as an adjustment to accumulated surplus (deficit).

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Budget

The budget figures contained in these consolidated financial statements were approved by Council on December 18, 2015 and the Director of Community Finances on January 13, 2016.

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equity instruments with actively traded markets are reported at fair value, with any unrealized gains losses reported in income. All other financial instruments are reported at amortized costs, and tested for impairment at each reporting date. Transactions costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with banks and short term deposits with original maturities of three months or less.

#### 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.

#### Expenditure Recognition

Expenditures are recorded on an accrual basis.

#### Measurement Uncertainty

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues 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. Actual results may differ from those estimates.

Examples of significant estimates include:

- the allowance for doubtful accounts;
- providing for amortization of tangible capital assets;
- the estimated useful lives of tangible capital assets;
- the recoverability of tangible capital assets; and
- post employment benefits liability.

#### Inventories

Inventories are valued at the lower of cost and net realizable value with cost being determined on the first in, first out basis.

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Capital Reserves

The use of the Capital Reserve Funds is restricted to capital acquisitions. The intention is to use these funds for future capital acquisitions and reduce future borrowing requirements.

#### Operating Reserves

The use of these funds is restricted to payment of operating expenses.

#### Tangible Capital Assets

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

<u>Asset Type</u>	<u>Estimated Useful Life</u>
Land improvements	10-75 years
Buildings	20-40 years
Vehicles	3-25 years
Machinery and equipment	3-20 years
Roads and streets	5-75 years
Storm sewer	25-60 years
Water and wastewater networks	30-60 years

Assets under construction are not amortized until the asset is available for productive use.

#### Segmented Information

The Town is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Town'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 Town. 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

This department is responsible for the provision of waste collection and disposal.

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Segmented Information (cont'd)

##### Environmental Development Services

This department is responsible for planning and zoning, community development, tourism and other municipal development and promotion services.

##### Recreation and Cultural Services

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

##### Water and Sewer Services

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.

The Town has documented a schedule of segmented disclosure in Note 23.

##### Post Employment Benefits

The Town recognizes its obligations under post employment benefit plans and the related costs, net of plan assets. The Town has a sick leave benefit as documented in Note 15 and a pension plan and retirement allowance as documented in Note 16.

### 3. FINANCIAL INSTRUMENTS

The Town is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Town's risk exposure and concentration as of December 31, 2016:

##### Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Town is exposed to credit risk from its accounts receivable. The Town minimizes credit risk through ongoing credit management.

##### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, accounts payable and accrued liabilities and other obligations.

##### Currency Risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Town is not exposed to foreign currency risk as it does not hold foreign currencies.

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 3. FINANCIAL INSTRUMENTS (cont'd)

#### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities. The Town is not exposed to interest rate risk as its long term debt does not have a variable interest rate.

### 4. CASH

	<u>2016</u>	<u>2015</u>
Unrestricted	\$ 430,353	\$ 549,441
Restricted - reserve funds	6,706,913	7,281,210
Restricted - controlled entities	<u>128,541</u>	<u>140,101</u>
	<u>\$ 7,265,807</u>	<u>\$ 7,970,752</u>

### 5. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Due from the Federal Government and its agencies (Note 6)	\$ 1,454,830	\$ 504,041
Due from the Province of New Brunswick (Note 7)	1,307,973	356,627
Water and sewer	698,611	542,526
Arena	48,705	32,004
Other	<u>27,139</u>	<u>33,407</u>
	<u>\$ 3,537,258</u>	<u>\$ 1,468,605</u>

### 6. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	<u>2016</u>	<u>2015</u>
Canada Revenue Agency (HST refund)	\$ 821,447	\$ 504,041
Small Communities Fund	<u>633,383</u>	<u>-</u>
	<u>\$ 1,454,830</u>	<u>\$ 504,041</u>

### 7. DUE FROM PROVINCE OF NEW BRUNSWICK

	<u>2016</u>	<u>2015</u>
Regional Development Corporation	\$ -	\$ 356,627
Department of Transportation	674,590	-
Small Communities Fund	<u>633,383</u>	<u>-</u>
	<u>\$ 1,307,973</u>	<u>\$ 356,627</u>

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 8. DEFERRED REVENUE

	<u>2016</u>	<u>2015</u>
Government transfers - Gas Tax	\$ 4,081,145	\$ 3,640,193
Deferred revenue - Quispamsis	70,395	37,783
Deferred revenue - K-Park Levy (Note 14)	<u>18,006</u>	<u>21,354</u>
	<u>\$ 4,169,546</u>	<u>\$ 3,699,330</u>

### 9. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	<u>2016</u>	<u>2015</u>
Accounts payable - trade	\$ 1,636,505	\$ 2,303,265
Bid deposits	71,824	20,721
Accrued interest	53,327	59,474
Accrued liabilities	223,032	244,871
Accounts payable - other	<u>120,810</u>	<u>81,490</u>
	<u>\$ 2,105,498</u>	<u>\$ 2,709,821</u>

### 10. INVESTMENTS

The investments represent the Town's proportionate share of the investments of the KRJPC. The investments consist of short term notes, Canadian equities and foreign equities and are recorded at fair market value. The unrealized gain (loss) on the investments at December 31, 2016 was \$18,710 (2015 - (\$1,454)). The investments are restricted for future payment of retirement benefits.

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 11. LONG TERM DEBT

#### (a) General Capital Fund

	Balance January 1, <u>2016</u>	Issued during year	Redeemed during year	Balance December 31, <u>2016</u>
New Brunswick Municipal Financing Corporation				
Debentures:				
BF22 1.35% - 2.2%, due 2016, OIC # 00-18	\$ 73,000	\$ -	\$ 73,000	\$ -
BA17 0.95% - 5.00%, due 2019, OIC # 08-03, 08-63	436,000	-	103,000	333,000
BB26 1.00% - 4.50%, due 2019, OIC # 08-63, 08-82	582,000	-	137,000	445,000
BG18 1.65% - 3.80%, due 2027, OIC # 10-12, 11-71, 99-77	884,000	-	115,000	769,000
BL26 1.2% - 3.7%, due 2034, OIC # 03-88, 11-71, 13-08	3,282,000	-	173,000	3,109,000
BN17 1.05% - 3.15%, due 2025, OIC # 10-12, 13-08	2,150,000	-	229,000	1,921,000
B019 1.45% - 3.50%, due 2031, OIC # 13-08	<u>-</u>	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>
	<u>\$ 7,407,000</u>	<u>\$ 2,400,000</u>	<u>\$ 830,000</u>	<u>\$ 8,977,000</u>

Principal payments required during the next five years for the General Capital Fund are as follows:

2017 - \$985,000; 2018 - \$1,009,000; 2019 - \$1,033,000; 2020 - \$778,000; 2021 - \$735,000

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 11. LONG TERM DEBT (cont'd)

	Balance January 1, <u>2016</u>	Issued during year	Redeemed during year	Balance December 31, <u>2016</u>
<u>(b) Water and Sewer Capital Fund</u>				
New Brunswick Municipal Financing Corporation				
Debentures:				
AY18 3.30% - 4.85%, due 2018, OIC # 96-60, 96-72	\$ 227,000	\$ -	\$ 13,000	\$ 214,000
AZ29 2.10 - 4.95%, due 2018, OIC # 03-0092	386,000	-	123,000	263,000
BF23 1.35% - 3.45%, due 2021, OIC # 00-18	1,437,000	-	75,000	1,362,000
BG19 1.65 - 3.80%, due 2027, OIC # 11-0045	467,000	-	12,000	455,000
BH23 1.35 - 3.80%, due 2032, OIC # 00-0018	628,000	-	29,000	599,000
BL27 1.2% - 3.7%, due 2034, OIC # 11-0045	978,000	-	22,000	956,000
BN18 1.05% - 3.15%, due 2025, OIC # 15-38	350,000	-	32,000	318,000
BP21 1.20% - 3.80%, due 2036, OIC # 18-0020	<u>-</u>	<u>850,000</u>	<u>-</u>	<u>850,000</u>
	<u>4,473,000</u>	<u>850,000</u>	<u>306,000</u>	<u>5,017,000</u>

#### Canada Mortgage and Housing Corporation

CMHC 3.70%, due 2030 OIC # 09-119, 09-139, 10-012	<u>2,847,244</u>	<u>-</u>	<u>145,393</u>	<u>2,701,851</u>
	<u>\$ 7,320,244</u>	<u>\$ 850,000</u>	<u>\$ 451,393</u>	<u>\$ 7,718,851</u>

Approval of the Municipal Capital Borrowing Board has been obtained for the long term debt.

The Water and Sewer Capital Fund contains long term debt of \$591,351 (2015 - \$616,054) issued to fund local improvement projects. The debt will be repaid over a period of time through the collection of local improvement levies.

Principal payments required during the next five years for the Water and Sewer Capital Fund are as follows:

2017 - \$486,773; 2018 - \$687,352; 2019 - \$362,137; 2020 - \$375,136; 2021 - \$1,343,357

In 2018, debenture AY18 will mature with a final amount due of \$200,000, however it is expected that \$185,000 of this payment will be refinanced during that year for an additional ten years. In 2021, debenture BF23 will mature with a final amount due of \$1,042,000, however it is expected that \$956,000 of this payment will be refinanced during that year for an additional ten years.



# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 11. LONG TERM DEBT (cont'd)

(c) Jointly Controlled Entity - KRJPC (proportionate share)

	Balance January 1, 2016	Issued during year	Redeemed during year	Balance December 31, 2016
New Brunswick Municipal Financing Corporation				
Debentures:				
BL45 1.2% - 3.1%, due 2024, OIC # 02-66, 03-53	183,769	-	19,022	164,747
BN35 1.05% - 3.15%, due 2025, OIC# 03-53	<u>365,079</u>	<u>-</u>	<u>33,944</u>	<u>331,135</u>
	<u>\$ 548,848</u>	<u>\$ -</u>	<u>\$ 52,966</u>	<u>\$ 495,882</u>

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

2017 - \$53,277; 2018 - \$54,096; 2019 - \$55,326; 2020 - \$56,555; 2021 - \$57,785

Total Long term debt:

	2016	2015
General Capital Fund	\$ 8,977,000	\$ 7,407,000
Water and Sewer Capital Fund	7,718,851	7,320,244
Jointly Controlled Entity - KRJPC	<u>495,882</u>	<u>548,848</u>
	<u>\$ 17,191,733</u>	<u>\$ 15,276,092</u>

### 12. LAND FOR PUBLIC PURPOSES

In accordance with the Community Planning Act, the Town has the authority to set aside up to 10% of any land subdivided, or up to 8% of the monetary value of such land, as a reserve. As well, any proceeds on the sale of public lands must be reserved. These funds can only be used for the purchase or development of public lands and are included in the Reserve Funds (Note 25).

### 13. SEWER OUTFALL RESERVE

In accordance with an agreement with the Municipality of Quispamsis, Rothesay and the Municipality of Quispamsis are required to fund, on an annual basis, an amount to cover the operating and maintenance costs associated with the shared sewer effluent line and outfall pipe. The contributions are made on a per unit basis, with Rothesay contributing \$1 per unit and the Municipality of Quispamsis contributing \$2 per unit. Any accumulated amounts are transferred to the Water and Sewer Capital Reserve Fund for future capital expenditures. At December 31, 2016, the balance in this reserve was \$202,861 (2015 - \$244,282).

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 14. DEFERRED REVENUE

In 2002, the Town issued a special warrant of assessment to the residents of Kennebecasis Park for local improvements made to the area. The assessment will be invoiced annually over a period of 30 years. A number of residents paid the entire levy amount in the first year, and as a result, the prepayment has been recorded as deferred revenue to be amortized over 29 years.

### 15. ACCRUED SICK LEAVE

Rothesay provides sick leave that accumulates at a rate of 18 hours per month. All employees can accumulate to a maximum of 2,400 hours and can take leave with pay for an amount of time equal to the accumulated sick leave.

KVFD provides sick leave that accumulates at a rate of 18 hours per month while the employees sick bank is below 1,000 hours, and at 13.5 hours per month while the sick bank is above 1,000 hours. All employees can accumulate to a maximum of 2,184 sick leave hours and can take leave with pay for an amount of time equal to the accumulated sick leave.

An actuarial valuation in accordance with PSA 3255, was performed for each plan, the 44 employee plan for Rothesay and the 36 employee plan for KVFD. The actuarial method used was the Projected Unit Credit pro-rated on service to expected usage. 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 Town's and KVFD's best estimates.

The following summarizes the major assumptions in the valuation:

- annual salary increase is 3%;
- the discount rate used to determine the accrued benefit obligations is 3.17%;
- retirement age is 60; and
- estimated net excess utilization of rate of sick leave varies with age.

The sick leave is an unfunded benefit and as such, there are no applicable assets. Benefits are paid out of general revenue as they come due.

The consolidated unfunded liability consist of:

	<b>Estimated 2016</b>	<b>2015</b>
Rothesay	\$ 13,300	\$ 17,700
KRJPC	5,450	5,455
KVFD	<u>296,404</u>	<u>282,631</u>
	<u>\$ 315,154</u>	<u>\$ 305,786</u>

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 16. POST EMPLOYMENT BENEFITS PAYABLE

#### Retirement Allowance Program

Rothesay's retiring employees are entitled to four weeks' regular salary for every five years of employment to a maximum of 26 weeks. The employee must be 55 years of age to receive the benefit.

The accrued liability is based on an actuarial valuation as at December 31, 2014, which used a discount rate of 3.17% and an annual salary increase rate of 3%. The liability was determined using the projected unit credit method pro-rated on service to the date the maximum benefit is earned.

KVFD's retiring employees are entitled to four weeks' regular salary for every five years of employment to a maximum of 24 weeks based on a minimum of ten years service. The employee must be of retirement age of 60.

The accrued liability is based on an actuarial valuation as at December 31, 2016, which used a discount rate of 3.3% and an annual salary increase rate of 3%.

KRJBPC's retiring employees are entitled to accumulate the greater of fifty percent of unused sick leave credits or one month's standard salary for every five years, or any part thereof, of service to a maximum of 6 months.

The accrued liability is based on an actuarial valuation as at July 31, 2016, which used a discount rate of 2.86% and an annual salary increase rate of 3%.

The consolidated unfunded liability consist of:

	<u>2016</u>	<u>2015</u>
Rothesay	\$ 346,100	\$ 311,200
KVFD	142,040	153,339
KRJPC	<u>318,618</u>	<u>334,363</u>
Balance at end of year	<u>\$ 806,758</u>	<u>\$ 798,902</u>

KVFD and KRJPC have internally restricted funds for their liabilities

#### Pension Obligation

Employees of Rothesay, KVFD and KRJPC participate in the New Brunswick Municipal Employees Pension Plan (NBMEPP). The NBMEPP 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 NBMEPP 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 NBMEPP (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, 2014 and resulted in an overall NBMEPP accrued benefit obligation of \$96,549,500 based on the accounting basis.

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 16. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

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, 2015:

- the expected inflation rate is 2.25% (prior 2.25%);
- the discount rate used to determine the accrued benefit obligation is 5.85% (prior 5.9%);
- the expected rate of return on assets is 5.85% (prior 5.9%);
- retirement age varies by age and employment category; and
- estimated average remaining service life (EARSL) is 14.0 years (prior 14.0 years).

The actuarial valuation prepared as at December 31, 2014 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 surplus of \$1,241,600, an increase of \$6,412,900 from the December 31, 2013 deficit of \$5,171,300. Based on the assumptions as at December 31, 2014, 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 Pensions Benefits Act.

As at December 31, 2014, the NBMEPP provides benefits for 206 retirees. Total benefits payments to retirees and terminating employees during 2016 are estimated to be approximately \$2,799,500 (actual 2015, \$3,806,600) in totality for the NBMEPP.

Employees make contributions using rates that 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 employees contributions amounts. Pension fund assets are invested in short term securities, bonds, Canadian equities and foreign equities. Combined employees and municipalities contributions for 2016 are estimated to be approximately \$5,959,800 (actual 2015, \$5,786,400) in totality for the NBMEPP.

The following summarizes the NBMEPP data as it relates to Rothesay:

- The average age of the 45 active employees covered by the NBMEPP is 46.6 (as at Dec 31, 2014);
- benefit payments were \$166,900 in 2015 and were estimated to be \$61,900 in 2016; and
- combined contributions were \$406,000 in 2015 and were estimated to be \$418,200 in 2016.

The following summarizes the NBMEPP data as it relates to KVFD:

- The average age of the 40 active employees covered by the NBMEPP is 43.1 (2015 - 45.4);
- benefit payments were \$372,600 in 2015 and were estimated to be \$338,500 in 2016; and
- combined contributions were \$524,800 in 2015 and were estimated to be \$540,600 in 2016.

The following summarizes the NBMEPP data as it relates to KRJPC:

- The average age of the 42 active employees covered by the NBMEPP is 41.7;
- benefit payments were \$418,800 in 2015 and were estimated to be \$148,700 in 2016; and
- combined contributions were \$615,500 in 2015 and were estimated to be \$633,800 in 2016.

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 16. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

In addition to determining the position of the NBMEPP as it relates to Rothesay and the other controlled entities as at December 31, 2014 and December 31, 2015, NBMEPP's actuary performed an extrapolation of the December 31, 2015 accounting valuation to determine the estimated position as at December 31, 2016. The extrapolation assumes assumptions used as at December 31, 2016 remain unchanged from December 31, 2015. The extrapolation also assumes assets return 5.85%, 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>Estimated Jan 1, 2016 to Dec 31, 2016</b>	<b>Jan 1, 2015 to Dec 31, 2015</b>
<b>Accrued Benefit Liability</b>		
Accrued benefit liability at beginning of period	\$ 1,048,812	\$ 1,239,699
Change in ownership percentage	-	(2,528)
Adjustment to actual	(45,119)	71,979
Pension expense for the year	220,785	163,021
Employer contributions	<u>(451,011)</u>	<u>(423,359)</u>
Accrued benefit liability at end of period	<u>\$ 773,467</u>	<u>\$ 1,048,812</u>

In summary, the consolidated accrued benefit liability is estimated to be \$773,467 as at December 31, 2016. The December 31, 2015 liability was estimated in the prior year. The actual liability was calculated to be \$1,003,693. The difference of \$45,119 has been recorded in the current year. This amount is included in the post employment benefits payable on the consolidated statement of financial position.

	<b>Estimated Jan 1, 2016 to Dec 31, 2016</b>	<b>Jan 1, 2015 to Dec 31, 2015</b>
Rothesay	\$ 142,000	\$ 239,100
KVFD	324,471	436,784
KRJPC	<u>306,996</u>	<u>375,374</u>
	<u>\$ 773,467</u>	<u>\$ 1,051,258</u>

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>Estimated Jan 1, 2016 to Dec 31, 2016</b>	<b>Jan 1, 2015 to Dec 31, 2015</b>
<b>Reconciliation of Funded Status at End of Period</b>		
Accrued benefit obligation	\$ 14,557,532	\$ 13,376,822
Plan assets	<u>(13,996,000)</u>	<u>(12,601,332)</u>
Plan deficit	561,532	775,490
Unamortized experience losses	<u>211,935</u>	<u>228,203</u>
Accrued benefit liability at end of period	<u>\$ 773,467</u>	<u>\$ 1,003,693</u>

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 16. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

The following illustrates the reconciliation of accrued benefit obligation from the beginning of period to the end of period:

	<b>Estimated</b>	
	<b>Jan 1, 2016 to</b>	<b>Jan 1, 2015 to</b>
	<b><u>Dec 31, 2016</u></b>	<b><u>Dec 31, 2015</u></b>
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued benefit obligation at beginning of period	\$ 13,376,822	\$ 12,144,900
Change in ownership percentage	-	(22,464)
Current service cost	650,026	606,500
Benefits payments	(263,148)	(492,975)
Interest for period	793,832	718,577
Experience loss during period	<u>-</u>	<u>422,284</u>
Accrued benefit obligation at end of period	<u>\$ 14,557,532</u>	<u>\$ 13,376,822</u>

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

	<b>Estimated</b>	
	<b>Jan 1, 2016 to</b>	<b>Jan 1, 2015 to</b>
	<b><u>Dec 31, 2016</u></b>	<b><u>Dec 31, 2015</u></b>
<b>Reconciliation of Plan Assets</b>		
Plan assets at beginning of period	\$ 12,601,332	\$ 11,534,847
Change in ownership percentage	-	(21,582)
Employer contributions	451,011	437,866
Employee contributions	451,011	437,907
Benefit payments	(263,148)	(492,975)
Return on plan assets during period	<u>755,795</u>	<u>705,269</u>
Plan assets at end of period	<u>\$ 13,996,001</u>	<u>\$ 12,601,332</u>

Total expense related to pensions include the following components:

	<b>Estimated</b>	<b>Actual</b>
	<b>Jan 1, 2016 to</b>	<b>Jan 1, 2015 to</b>
	<b><u>Dec 31, 2016</u></b>	<b><u>Dec 31, 2015</u></b>
<b>Pension Expense</b>		
Employer current service cost	\$ 199,015	\$ 168,592
Interest on accrued benefit obligation	793,832	718,577
Expected return on assets	(755,795)	(690,552)
Amortization of unrecognized balances		
Prior service savings	8,700	(3,700)
Experience loss	<u>(24,968)</u>	<u>(24,414)</u>
Pension expense	<u>\$ 220,784</u>	<u>\$ 168,503</u>

The pension expense is included in the statement of operations.

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 17. CONTINGENT LIABILITY

In the normal course of operations, the Town becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at December 31, 2016 cannot be predicted with certainty, it is the opinion of management and council that resolution of these matters will not have a material adverse effect.

### 18. COMMITMENTS

#### Solid Waste Collection and Transportation Services

In 2014, the Town entered into a contract for solid waste collection and transportation services from January 2015 to December 2018. The Town reserves the right to extend contract for an additional two years. The following are minimum annual payments for the next two years.

2017	249,500
2018	249,500

### 19. SHORT TERM BORROWING

#### Operating Borrowing

As prescribed in the Municipalities Act, borrowing to finance General Operating Fund operations is limited to 4% of the Municipality's budget. Borrowing to finance Water and Sewer Fund operations is limited to 50% of the operating budget for the year. In 2016, the Town has complied with these restrictions.

#### Capital Funds

At December 31, 2016, there were short-term funds totaling \$700,000 (2015 - \$1,360,762) borrowed from other funds and \$700,000 short-term funds (2015 - nil) borrowed from a financial institution to provide interim funding for capital projects in the General Capital Fund.

At December 31, 2016, there were short-term funds totaling \$625,000 (2015 - \$47,077) borrowed from other funds and no short-term funds (2015 - nil) borrowed from a financial institution to provide interim funding for capital projects in the Water and Sewer Capital Fund.

#### Interim Borrowing Capital Funds

The Town has remaining outstanding authority for short-term borrowings as follows:

General Capital Fund, OIC # 10-0012	\$ <u>1,130,000</u>
Water and Sewer Capital Fund, OIC # 15-0069	\$ 2,500,000
Water and Sewer Capital Fund, OIC # 15-0069 - interim financing	<u>5,000,000</u>
	\$ <u>7,500,000</u>

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 19. SHORT TERM BORROWING (cont'd)

#### Inter-fund Borrowing

The Municipal Financing Reporting Manual requires that short term inter-fund borrowings be repaid in the next year unless the borrowing is for a capital project. The amounts payable between Funds are in compliance with the requirements.

Amounts outstanding at year end are inter fund regular payables or in some cases, a short term loan may exist from the reserve account. Where a loan is in place, interest is paid to the reserve account at a rate that equates what the account would have earned had it been in the bank. These loan amounts are paid off within the following year and council is given a summary at year end to be fully informed of these transactions.

### 20. WATER AND SEWER FUND DEFICIT

The Municipalities Act requires Water and Sewer Fund 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>2016</u>	<u>2015</u>
2016 Surplus	\$ 21,125	\$ -
2015 Surplus	28,535	28,535
2014 Deficit	<u>-</u>	<u>(163,645)</u>
	<u>\$ 49,660</u>	<u>\$ (135,110)</u>



ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

21. SCHEDULE OF TANGIBLE CAPITAL ASSETS

	Land	Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Roads and Streets	Infrastructure			Subtotal	Assets Under Construction	2015	
						Water	Sewer	Storm Sewer			Total	Total
<b>COST</b>												
Balance - beginning of year	\$ 4,823,609	\$ 6,363,998	\$ 10,193,165	\$ 3,070,185	\$ 35,450,456	\$ 18,055,343	\$ 25,202,880	\$ 16,029,252	\$ 122,412,402	\$ 1,928,202	\$ 124,340,604	\$ 116,624,404
Change in percentage ownership	(194)	(21)	(5,591)	(5,820)	(945)	-	-	-	(12,571)	-	(12,571)	-
Add: Net additions during the year	-	1,656,168	587,528	207,380	2,794,933	577,108	954,234	678,682	8,261,737	2,404,621	10,666,358	9,546,466
Less: Disposals during the year	-	(47,443)	(10,724)	(36,553)	(974,345)	(7,846)	(156,797)	(23,943)	(1,279,085)	(1,682,466)	(2,961,551)	(1,830,265)
Balance - end of year	<u>4,823,415</u>	<u>7,972,702</u>	<u>10,764,378</u>	<u>3,388,521</u>	<u>37,271,044</u>	<u>18,624,605</u>	<u>26,000,317</u>	<u>16,683,991</u>	<u>129,382,483</u>	<u>2,650,357</u>	<u>132,032,840</u>	<u>124,340,605</u>
<b>ACCUMULATED AMORTIZATION</b>												
Balance - beginning of year	-	2,209,795	3,171,021	1,689,376	17,068,378	5,849,908	5,722,235	7,340,224	44,062,668	-	44,062,668	40,771,966
Change in percentage ownership	-	(12)	(2,419)	(2,473)	-	-	-	-	(5,290)	-	(5,290)	-
Add: Amortization during the year	-	422,100	327,540	274,819	1,525,494	330,068	486,145	246,823	3,885,389	-	3,885,389	3,727,912
Less: Accumulated amortization on disposals	-	(45,545)	(10,724)	(34,094)	(622,455)	(5,070)	(85,870)	(15,732)	(828,026)	-	(828,026)	(437,210)
Balance - end of year	<u>-</u>	<u>2,586,338</u>	<u>3,485,418</u>	<u>1,925,209</u>	<u>17,971,417</u>	<u>6,174,906</u>	<u>6,122,510</u>	<u>7,571,315</u>	<u>47,114,741</u>	<u>-</u>	<u>47,114,741</u>	<u>44,062,668</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>												
	<u>\$ 4,823,415</u>	<u>\$ 5,386,364</u>	<u>\$ 7,278,960</u>	<u>\$ 1,463,312</u>	<u>\$ 19,299,627</u>	<u>\$ 12,449,699</u>	<u>\$ 19,877,807</u>	<u>\$ 9,112,676</u>	<u>\$ 82,267,742</u>	<u>\$ 2,650,357</u>	<u>\$ 84,918,099</u>	<u>\$ 80,277,937</u>
Consists of:												
General Fund												
Assets	\$ 4,405,177	\$ 5,300,263	\$ 3,132,377	\$ 720,740	\$ 19,299,627	\$ 12,449,699	\$ -	\$ -	\$ 47,564,704	\$ 2,404,621	\$ 49,969,325	\$ 45,947,281
Water & Sewer Fund												
Assets	178,555	-	1,255,310	-	40,561	-	19,877,807	9,112,676	30,464,909	245,736	30,710,645	29,889,835
Controlled Entities	<u>239,683</u>	<u>86,101</u>	<u>2,891,273</u>	<u>742,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,238,129</u>	<u>-</u>	<u>4,238,129</u>	<u>4,440,821</u>
	<u>\$ 4,823,415</u>	<u>\$ 5,386,364</u>	<u>\$ 7,278,960</u>	<u>\$ 1,463,312</u>	<u>\$ 19,299,627</u>	<u>\$ 12,449,699</u>	<u>\$ 19,877,807</u>	<u>\$ 9,112,676</u>	<u>\$ 82,267,742</u>	<u>\$ 2,650,357</u>	<u>\$ 84,918,099</u>	<u>\$ 80,277,937</u>

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

22. SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR JOINTLY CONTROLLED ENTITIES

	Land	Land Improvements	Buildings	Vehicles	Machinery and Equipment	Assets Under Construction	2016 Total	2015 Total
<b>COST</b>								
Balance - beginning of year	\$ 239,877	\$ 123,271	\$ 3,914,473	\$ 1,402,277	\$ 546,155	\$ -	\$ 6,226,053	\$ 6,103,729
Change in percentage ownership	(194)	(21)	(5,591)	(5,820)	(945)	-	(12,571)	-
Add: Net additions during the year	-	-	7,444	66,173	60,451	-	134,068	150,330
Less: Disposals during the year	-	-	-	(36,553)	-	-	(36,553)	(28,006)
Balance - end of year	<u>239,683</u>	<u>123,250</u>	<u>3,916,326</u>	<u>1,426,077</u>	<u>605,661</u>	<u>-</u>	<u>6,310,997</u>	<u>6,226,053</u>
<b>ACCUMULATED AMORTIZATION</b>								
Balance - beginning of year	-	29,393	888,030	616,475	251,334	-	1,785,232	1,503,043
Change in percentage ownership	-	(12)	(2,419)	(2,473)	(386)	-	(5,290)	-
Add: Amortization during the year	-	7,768	139,442	103,597	76,213	-	327,020	307,733
Less: Accumulated amortization on disposals	-	-	-	(34,094)	-	-	(34,094)	(25,544)
Balance - end of year	<u>-</u>	<u>37,149</u>	<u>1,025,053</u>	<u>683,505</u>	<u>327,161</u>	<u>-</u>	<u>2,072,868</u>	<u>1,785,232</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 239,683</u>	<u>\$ 86,101</u>	<u>\$ 2,891,273</u>	<u>\$ 742,572</u>	<u>\$ 278,500</u>	<u>\$ -</u>	<u>\$ 4,238,129</u>	<u>\$ 4,440,821</u>

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

23. SCHEDULE OF SEGMENT DISCLOSURE

	General	Protective	Transportation	Environmental Health	Environmental Development	Recreation and Culture	Water and Sewer	2016 Consolidated	2015 Consolidated
<b>REVENUE</b>									
Property tax warrant	\$ 1,693,980	\$ 4,299,884	\$ 5,074,608	\$ 591,292	\$ 528,901	\$ 2,773,177	\$ -	\$ 14,961,842	\$ 14,718,978
Sale of service	33,247	-	-	-	-	294,811	-	328,058	320,037
Services provided to other governments	-	-	89,243	-	-	-	-	89,243	78,237
Other own source	875,429	13,741	-	-	102,085	-	-	991,255	566,748
Unconditional grant	13,472	34,196	40,357	4,702	4,206	22,054	-	118,987	116,262
Conditional government transfers	-	-	1,074,590	-	-	61,921	1,266,766	2,403,277	1,120,193
Water and sewer user fees	-	-	-	-	-	-	2,696,571	2,696,571	2,512,438
Sundry and interest	152,934	248,200	-	-	-	7,259	64,030	472,423	353,582
	<u>2,769,062</u>	<u>4,596,021</u>	<u>6,278,798</u>	<u>595,994</u>	<u>635,192</u>	<u>3,159,222</u>	<u>4,027,367</u>	<u>22,061,656</u>	<u>19,786,475</u>
<b>EXPENDITURE</b>									
Salaries and benefits	747,125	3,559,886	1,181,797	-	351,840	649,019	582,738	7,072,405	6,867,353
Goods and services	896,945	666,705	1,489,838	612,386	196,051	1,412,000	991,383	6,265,308	6,189,050
Interest	7,037	23,178	75,530	-	-	138,559	266,371	510,675	467,026
Other	60,645	249	367,563	-	-	-	79,138	507,595	211,706
Amortization	42,754	203,681	2,141,409	-	-	672,854	824,650	3,885,348	3,727,914
	<u>1,754,506</u>	<u>4,453,699</u>	<u>5,256,137</u>	<u>612,386</u>	<u>547,891</u>	<u>2,872,432</u>	<u>2,744,280</u>	<u>18,241,331</u>	<u>17,463,049</u>
Surplus (deficit) for the year	<u>\$ 1,014,556</u>	<u>\$ 142,322</u>	<u>\$ 1,022,661</u>	<u>\$ (16,392)</u>	<u>\$ 87,301</u>	<u>\$ 286,790</u>	<u>\$ 1,283,087</u>	<u>\$ 3,820,325</u>	<u>\$ 2,323,426</u>

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

24. RECONCILIATION OF ANNUAL SURPLUS

	General Operating Fund	General Capital Fund	Water and Sewer Operating Fund	Water and Sewer Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Water and Sewer Operating Reserve Fund	Water and Sewer Capital Reserve Fund	Jointly Controlled Entities	Total
2016 annual surplus (deficit)	\$ 3,135,765	\$ (1,595,906)	\$ 1,446,024	\$ 351,614	\$ 5,843	\$ 439,794	\$ 2,118	\$ 7,191	\$ 27,882	\$ 3,820,325
Adjustments to annual surplus (deficit) for funding requirements										
Second previous year's surplus (deficit)	285,418	-	(163,645)	-	-	-	-	-	96,370	218,143
Transfers between funds										
Transfer elimination	-	421,669	-	788,686	-	(821,669)	-	(388,686)	-	-
Transfer elimination	(2,471,080)	2,471,080	(663,930)	663,930	-	-	-	-	-	-
Transfer elimination	(4,688)	-	(145,931)	-	4,688	-	-	145,931	-	-
Long term debt principal repayment	(830,000)	830,000	(451,393)	451,393	-	-	-	-	-	-
allowance	-	-	-	-	-	-	-	-	(1,133)	(1,133)
Provision for pension liability	(97,100)	-	-	-	-	-	-	-	(178,246)	(275,346)
Provision for sick leave accrual	-	-	-	-	-	-	-	-	15,129	15,129
Accumulated amortization on disposal of capital assets	-	(793,932)	-	-	-	-	-	-	(34,094)	(828,026)
Revenue adjustment	24,902	-	-	-	-	-	-	-	-	24,902
Deferred Gas tax revenue	-	-	-	-	-	440,952	-	-	-	440,952
Unrealized loss on investments	-	-	-	-	-	-	-	-	(20,163)	(20,163)
Amortization expense	-	2,733,718	-	824,650	-	-	-	-	327,021	3,885,389
Total adjustments to 2016 annual surplus (deficit)	(3,092,548)	5,662,535	(1,424,899)	2,728,659	4,688	(380,717)	-	(242,755)	204,884	3,459,847
2016 annual surplus (deficit) for funding requirements	\$ 43,217	\$ 4,066,629	\$ 21,125	\$ 3,080,273	\$ 10,531	\$ 59,077	\$ 2,118	\$ (235,564)	\$ 232,766	\$ 7,280,172

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

25. STATEMENT OF RESERVES

	General Operating Reserve	General Capital Reserve	Water and Sewer Operating Reserve	Water and Sewer Capital Reserve	Land for Public Purpose	2016 Total	2015 Total
<b>ASSETS</b>							
Cash and short term investments	\$ 792,332	\$ 5,245,992	\$ -	\$ 668,589	\$ -	\$ 6,706,913	\$ 7,281,210
Accounts receivable from other funds	<u>5,857</u>	<u>(94,673)</u>	<u>100,217</u>	<u>309,992</u>	<u>93,497</u>	<u>414,890</u>	<u>4,431</u>
	\$ 798,189	\$ 5,151,319	\$ 100,217	\$ 978,581	\$ 93,497	\$ 7,121,803	\$ 7,285,641
<b>ACCUMULATED SURPLUS</b>	\$ 798,189	\$ 5,151,319	\$ 100,217	\$ 978,581	\$ 93,497	\$ 7,121,803	\$ 7,285,641
<b>REVENUE</b>							
Other government transfers	\$ -	\$ 840,952	\$ -	\$ -	\$ -	\$ 840,952	\$ 800,908
Transfers from Operating Funds	-	-	-	145,931	4,688	150,619	1,483,652
Interest	<u>5,329</u>	<u>39,794</u>	<u>2,118</u>	<u>7,191</u>	<u>514</u>	<u>54,946</u>	<u>48,835</u>
	\$ 5,329	\$ 880,746	\$ 2,118	\$ 153,122	\$ 5,202	\$ 1,046,517	\$ 2,333,395
<b>EXPENDITURES</b>							
Transfers to General Operating Fund	-	-	-	-	-	-	1,500
Transfer to General Capital Fund	-	821,669	-	-	-	821,669	-
Transfers to Water and Sewer Capital Fund	-	-	-	388,686	-	388,686	450,000
	-	821,669	-	388,686	-	1,210,355	451,500
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 5,329	\$ 59,077	\$ 2,118	\$ (235,564)	\$ 5,202	\$ (163,838)	\$ 1,881,895

<u>Name of Investment</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>
Cashable GIC	\$ 3,818,048	0.15%	October 21, 2017
Cashable GIC	420,571	0.75%	December 21, 2017

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 25. STATEMENT OF RESERVES (cont'd)

#### Council Resolutions regarding transfers to and from reserves:

Moved by Council. Brenan and seconded by Council. Shea the sum of \$400,000 be transferred from the General Capital Reserve Fund to the General Operating Fund to cover the costs of Capital projects. CARRIED.

Moved by Council. Brenan and seconded by Deputy Mayor Alexander Gas Tax Funding in the amount of \$840,952 for the year 2016, be transferred to the General Capital Reserve Fund (Gas Tax). CARRIED.

Moved by Council. Brenan and seconded by Council. Shea the sum of \$421,668.96 be transferred from the General Capital Reserve (Gas Tax) to the General Operating Fund to cover the cost of Capital projects.  
CARRIED

Moved by Council. Brenan and seconded by Council. Shea the sum of \$4,687.60 be transferred from the General Operating Fund to the Land for Public Purposes Reserve Fund for external contributions. CARRIED.

Moved by Council. Brenan and seconded by Deputy Mayor Alexander \$131,375.00 be transferred from the Utility Operating Fund to the Utility Capital Reserve Fund for water and sewer connection fees. CARRIED.

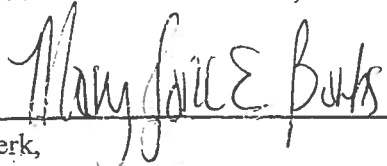
Moved by Council. Brenan and seconded by Council. Shea the sum of \$331,375 be transferred from the Utility Capital Reserve Fund to the Utility Operating Fund to cover cost of Capital projects. CARRIED.


Moved by Council. Brenan and seconded by Deputy Mayor Alexander \$4,000 be transferred from the Utility Operating Fund to the Utility Sewage Outfall Reserve for Rothesay's contribution to the Sewage Outfall Reserve.  
CARRIED.

Moved by Council. Brenan and seconded by Council. Shea \$10,556.00 received from Quispamsis for Sewage Outfall be transferred from the Utility Operating Fund to the Utility Sewage Outfall Reserve Fund.  
CARRIED.

Moved by Council. Brenan and seconded by Council. Shea \$57,310.86 be transferred from the Utility Sewage Outfall Reserve Fund to the Utility Operating Fund to cover repairs to the Sewage Outfall system.  
CARRIED.

I hereby certify that the above are true and exact copies of resolutions adopted at the regular meeting of Council on December 12, 2016.

  
\_\_\_\_\_  
Clerk,  
Rothesay

  
\_\_\_\_\_  
Date

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 26. STATEMENT OF JOINTLY CONTROLLED ENTITIES OPERATIONS

	<u>KV Fire</u>	<u>Police</u>	<u>Library</u>	<u>2016 Total</u>	<u>2015 Total</u>
<b>ASSETS</b>	\$ <u>1,515,643</u>	\$ <u>1,576,222</u>	\$ <u>2,056,924</u>	\$ <u>5,148,789</u>	\$ <u>5,301,579</u>
<b>LIABILITIES</b>	\$ <u>844,505</u>	\$ <u>1,305,495</u>	\$ <u>10,080</u>	\$ <u>2,160,080</u>	\$ <u>2,337,426</u>
<b>ACCUMULATED SURPLUS</b>	\$ <u>671,138</u>	\$ <u>270,727</u>	\$ <u>2,046,844</u>	\$ <u>2,988,709</u>	\$ <u>2,964,153</u>
<b>REVENUE</b>	\$ 1,932,227	\$ 2,586,940	\$ 92,838	\$ 4,612,005	\$ 4,483,349
<b>EXPENDITURES</b>	<u>1,926,627</u>	<u>2,442,224</u>	<u>215,270</u>	<u>4,584,121</u>	<u>4,456,893</u>
	5,600	144,716	(122,432)	27,884	26,456
<b>CHANGE IN PERCENTAGE OWNERSHIP</b>	<u>(3,211)</u>	<u>(117)</u>	<u>-</u>	<u>(3,328)</u>	<u>-</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ <u>2,389</u>	\$ <u>144,599</u>	\$ <u>(122,432)</u>	\$ <u>24,556</u>	\$ <u>26,456</u>

The above noted entities are included in the consolidated financial statements. The above figures do not include the eliminating adjustments and represent Rothesay's proportionate share.

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

27. OPERATING BUDGET TO PSA BUDGET

	Operating Budget General	Operating Budget Water and Sewer	Amortization TCA	Controlled Entities	Transfers	Total
<b>REVENUE</b>						
Property tax warrant	\$ 14,961,842	\$ -	\$ -	\$ -	\$ -	\$ 14,961,842
Unconditional transfers from other governments	118,987	-	-	-	-	118,987
Conditional transfers from Federal or Provincial governments	21,500	-	-	-	400,000	421,500
Services other governments	60,000	-	-	-	-	60,000
Other own source	101,553	-	-	-	-	101,553
Sale of services	345,700	-	-	-	-	345,700
Other transfers	850,000	-	-	-	(850,000)	-
Water and sewer user fees	-	3,010,000	-	-	(407,000)	2,603,000
Sundry income	5,000	40,000	-	188,679	-	233,679
Surplus (deficit) of second previous year	285,418	(163,645)	-	-	(121,773)	-
	<u>16,750,000</u>	<u>2,886,355</u>	<u>-</u>	<u>188,679</u>	<u>(978,773)</u>	<u>18,846,261</u>
<b>EXPENDITURES</b>						
General government services	2,032,455	-	40,000	-	(256,308)	1,816,147
Protective services	4,744,123	-	203,723	4,276,165	(4,534,990)	4,689,021
Transportation services	3,365,331	-	2,140,000	-	(523,518)	4,981,813
Environmental health services	638,000	-	-	-	-	638,000
Environmental development services	641,022	-	-	-	-	641,022
Recreation and cultural services	1,903,676	-	673,298	86,953	45,568	2,709,495
Fiscal services						
Long term debt repayments	830,000	451,393	-	-	(1,281,393)	-
Interest	256,393	319,070	-	-	(575,463)	-
Transfer from General Operating Fund to Transfer from General Operating Fund to General Capital Fund	2,339,000	-	-	-	(2,339,000)	-
Transfer from Water and Sewer Operating Fund to Water and Sewer Capital Reserve Fund	-	90,000	-	-	(90,000)	-
Transfer from Water and Sewer Operating Fund to Water and Sewer Operating Capital Fund	-	475,000	-	-	(475,000)	-
Water and Sewer	-	1,550,892	825,000	-	319,070	2,694,962
	<u>16,750,000</u>	<u>2,886,355</u>	<u>3,882,021</u>	<u>4,363,118</u>	<u>(9,711,034)</u>	<u>18,170,460</u>
Surplus (deficit)	\$ -	\$ -	\$ (3,882,021)	\$ (4,174,439)	\$ 8,732,261	\$ 675,801



# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 28. REVENUE AND EXPENDITURES SUPPORT

	<u>2016</u> Budget	<u>2016</u> Actual	<u>2015</u> Actual
<b>REVENUE</b>			
Sale of services			
Community Centre	\$ 32,100	\$ 26,173	\$ 27,351
Rental revenue	19,600	8,514	8,574
Recreational programs	<u>294,000</u>	<u>293,371</u>	<u>284,111</u>
	<u>\$ 345,700</u>	<u>\$ 328,058</u>	<u>\$ 320,036</u>
Other own source			
Permits and fines	\$ 93,515	\$ 116,066	\$ 196,404
Developers contributions	-	829,848	-
Miscellaneous	<u>8,038</u>	<u>45,341</u>	<u>370,344</u>
	<u>\$ 101,553</u>	<u>\$ 991,255</u>	<u>\$ 566,748</u>
Conditional government transfers			
Canada Day grants	\$ 1,500	\$ 2,500	\$ 2,500
Government of Canada	-	633,383	-
Province of New Brunswick	-	1,307,973	976,980
Gas Tax revenue	400,000	400,000	100,000
Other government grants	<u>20,000</u>	<u>59,421</u>	<u>40,713</u>
	<u>\$ 421,500</u>	<u>\$ 2,403,277</u>	<u>\$ 1,120,193</u>
<b>EXPENDITURE</b>			
General government services			
Legislative			
Mayor	\$ 36,475	\$ 33,252	\$ 33,079
Councilors	104,059	102,690	103,459
Fundy Regional Service Commission	7,500	5,046	6,983
Other	<u>11,000</u>	<u>6,394</u>	<u>5,789</u>
	<u>159,034</u>	<u>147,382</u>	<u>149,310</u>
Administrative			
Administration	730,200	586,450	674,607
Office building	144,100	130,048	128,526
Solicitor	35,000	85,251	33,645
Supplies	97,900	34,036	30,085
Other	<u>67,337</u>	<u>210,067</u>	<u>117,984</u>
	<u>1,074,537</u>	<u>1,045,852</u>	<u>984,847</u>
Financial management			
Professional fees	<u>50,000</u>	<u>38,811</u>	<u>27,450</u>

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 28. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
General government services (cont'd)			
Other			
Civic relations	4,000	5,858	3,109
Community communications	7,000	5,610	5,513
Insurance	157,000	162,197	145,993
Property tax - land for public purposes	10,000	7,681	7,537
Grants to organizations	67,000	51,440	37,312
Cost of assessment	239,884	239,884	237,957
Interest	7,692	7,037	2,756
Amortization	<u>40,000</u>	<u>42,754</u>	<u>54,825</u>
	<u>532,576</u>	<u>522,461</u>	<u>495,002</u>
	<u>\$ 1,816,147</u>	<u>\$ 1,754,506</u>	<u>\$ 1,656,609</u>
Protective services			
Fire			
Administration	\$ 258,905	\$ 278,014	\$ 263,803
Firefighting force	1,401,216	1,363,882	1,340,616
Telecommunications	8,651	4,867	7,381
Insurance	13,886	13,673	13,219
Prevention and training	18,445	17,171	16,792
Facilities	91,486	81,429	85,461
Fleet	42,459	41,734	36,896
Operations	19,233	21,100	19,840
Water costs	11,559	11,559	11,240
Retirement allowance	19,592	19,592	19,551
Other	829	893	694
Amortization	<u>112,522</u>	<u>112,480</u>	<u>108,172</u>
	<u>1,998,783</u>	<u>1,966,394</u>	<u>1,923,665</u>
Crimestoppers	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>
Police			
Crime Control	1,744,313	1,571,609	1,505,861
Vehicle Fleet	97,220	75,857	92,469
Property	84,322	76,850	97,385
Administration	315,669	346,381	292,918
Retirement allowance	32,294	25,947	29,518
Communications	136,000	134,754	129,067
Other	(20,163)	(20,163)	14,962
Loss on disposal of tangible capital assets	249	249	295
Amortization	<u>91,201</u>	<u>91,201</u>	<u>76,854</u>
	<u>2,481,105</u>	<u>2,302,685</u>	<u>2,239,329</u>

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 28. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2016</u> Budget	<u>2016</u> Actual	<u>2015</u> Actual
Protective services (cont'd)			
Other			
Emergency measures	158,758	141,202	131,405
Animal control	9,500	8,834	6,662
Interest	23,075	23,178	26,306
Other	<u>15,000</u>	<u>8,606</u>	<u>29,396</u>
	<u>206,333</u>	<u>181,820</u>	<u>193,769</u>
	<u>\$ 4,689,021</u>	<u>\$ 4,453,699</u>	<u>\$ 4,359,563</u>
Transportation services			
Common			
Wages and benefits	\$ 1,189,982	\$ 1,181,797	\$ 1,095,793
Workshop, yard and equipment maintenance	572,500	551,096	536,924
Engineering	<u>5,000</u>	<u>59,628</u>	<u>5,215</u>
	<u>1,767,482</u>	<u>1,792,521</u>	<u>1,637,932</u>
Roads and Streets			
Roadway surfaces	83,000	78,785	142,872
Crosswalks and sidewalks	14,349	20,661	15,052
Culverts and drainage ditches	10,000	10,004	28,191
Storm sewers	50,000	49,230	20,816
Street cleaning	35,000	34,838	41,634
Snow and ice removal	512,000	420,350	505,313
Street lighting	146,000	136,545	138,585
Street signs	10,000	4,612	13,233
Traffic lane marking	26,000	21,875	20,038
Traffic signals and signs	25,000	18,059	26,361
Railway crossing signals	18,000	20,918	18,317
Public transit - Comex Service	65,500	63,237	81,095
KV committee for the disabled	-	-	2,500
Interest	79,482	75,530	56,075
Loss on disposal of tangible capital assets	-	367,563	169,921
Amortization	<u>2,140,000</u>	<u>2,141,409</u>	<u>2,228,044</u>
	<u>3,214,331</u>	<u>3,463,616</u>	<u>3,508,047</u>
	<u>\$ 4,981,813</u>	<u>\$ 5,256,137</u>	<u>\$ 5,145,979</u>

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 28. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2016</u> Budget	<u>2016</u> Actual	<u>2015</u> Actual
Environmental health services			
Solid waste disposal	\$ 210,000	\$ 186,817	\$ 205,642
Solid waste compost	28,000	25,240	27,447
Solid waste collection	260,000	260,635	258,055
Curbside recycling	90,000	92,134	113,907
Clean up campaign	<u>50,000</u>	<u>47,560</u>	<u>54,474</u>
	<u>\$ 638,000</u>	<u>\$ 612,386</u>	<u>\$ 659,525</u>
Environmental development services			
Environmental planning and zoning	\$ 551,400	\$ 458,366	\$ 403,531
Greater Saint John Economic Development Agency, Inc.	86,422	86,422	86,423
Tourism	<u>3,200</u>	<u>3,103</u>	<u>3,103</u>
	<u>\$ 641,022</u>	<u>\$ 547,891</u>	<u>\$ 493,057</u>
Recreation and cultural services			
Administration	\$ 242,315	\$ 269,403	\$ 245,872
Beaches	57,784	49,413	51,040
Rothesay Arena	261,381	271,221	281,984
Memorial Centre	63,000	61,874	57,623
Summer programs	164,049	149,394	189,857
Rothesay Common	36,600	57,405	9,940
Parks and gardens	546,400	565,010	489,162
Regional Facilities Commission	390,071	390,133	350,472
Kennebecasis Public Library Inc	86,953	97,835	74,035
Special events	36,500	36,169	35,053
Big Rothesay read	1,000	-	1,868
Living museum	4,000	1,978	996
Apartment buildings	-	-	120
Loss on disposal of capital assets	-	111,184	-
Interest	146,144	138,559	118,236
Amortization	<u>673,298</u>	<u>672,854</u>	<u>519,373</u>
	<u>\$ 2,709,495</u>	<u>\$ 2,872,432</u>	<u>\$ 2,425,631</u>
Water and sewer services			
Water System			
Administration	\$ 285,000	\$ 278,275	\$ 257,635
Purification maintenance and treatment	304,000	272,266	359,128
Source of supply - purchase of water	1,000	621	388
Transmission and distribution	97,000	201,789	199,948
Power and pumping	47,000	40,264	46,010
Billing and collecting	<u>3,000</u>	<u>1,170</u>	<u>4,303</u>
	<u>737,000</u>	<u>794,385</u>	<u>867,412</u>

# ROTHESAY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 28. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2016</u> Budget	<u>2016</u> Actual	<u>2015</u> Actual
Sewer System			
Administration	630,892	637,954	580,671
Sewer collection system	86,000	64,375	176,867
Sewer lift stations	29,000	16,874	26,184
Treatment and disposal	68,000	60,533	52,120
Loss on disposal of tangible capital asset		-	79,138
_____ 15,127		_____	_____
	813,892	858,874	850,969
Interest	319,070	266,371	263,652
Amortization	825,000	824,650	740,644
	1,144,070	1,091,021	1,004,296
	\$ 2,694,962	\$ 2,744,280	\$ 2,722,677