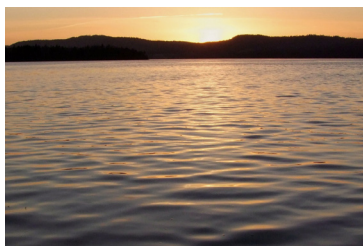


Annual Report

2018





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This annual report is prepared pursuant to Section 105 of the Local Governance Act, and Regulation 2018-54. This report contains general information about Quispamsis such as its tax base, tax rate and user charges, as well as more detailed information regarding town council, the provision of grants, and types and cost of services provided. The 2018 Audited Financial Statements are appended as Appendix V.

Message from the Mayor



Mayor Gary Clark

As the Town of Quispamsis experienced record growth, we realized it was time to launch a branding strategy to help promote ourselves provincially, regionally and nationally. Thanks to an extensive public consultation process, our community developed a tagline that is unique to us:

Quispamsis: There is no other.

It's true. You can travel all over the world and you will never find another Quispamsis. We are a proud community on the shores of the Kennebecasis and Hammond Rivers. Although we enjoy our status as the sixth-largest municipality in New Brunswick, we maintain a cozy charm usually reserved for much smaller towns. A recent poll deemed us to be one of the friendliest towns in Canada. We boast a strong spirit of volunteerism, which was evident during the record flooding in the spring.

In closing, we are pleased to present this Annual Report, and I'd like to thank everyone who contributed to the Town's success in 2018. Once again, it's been an honour to work with, and for, you during the past year.

Sincerely,

Mayor, Town of Quispamsis



Your Council



Mayor Gary Clark



Deputy Mayor
Libby O`Hara



Lisa Loughery



Sean Luck



Kirk Miller



Emil Olsen



Pierre Rioux



Beth Thompson



term
2016-2020

Quispamsis Town Council

Quispamsis Town Council is comprised of the Mayor, Deputy Mayor and six Council members who are elected at large. This is the sixth session of the amalgamated Town of Quispamsis Council.

Council Remuneration

Section 49 of the Local Governance Act states that local governments can provide a salary and allowance to mayors and councillors. Remuneration of Council is authorized in By-Law 18. For 2018 the total remuneration paid totalled \$169,272 and is detailed in the table below.

	Salary and Allowance	MERC*	Expenses	Total
Mayor Clark	\$34,442	\$963	\$7,506	\$42,911
Deputy Mayor O'Hara	\$18,298	\$431	\$4,297	\$23,026
Councillor Loughery	\$15,690	\$345	\$104	\$16,139
Councillor Luck	\$15,690	\$345	\$2,622	\$18,659
Councillor Miller	\$15,690	\$345	\$104	\$16,139
Councillor Olsen	\$15,690	-	\$3,835	\$19,525
Councillor Rioux	\$15,690	\$264	\$104	\$16,058
Councillor Thompson	\$15,690	\$345	\$782	\$16,817
Total	\$146,881	\$3,036	\$19,356	\$169,272

*Mandatory Employer Related Costs

Council Meetings

The Quispamsis Town Council holds its Regular Meetings the first and third Tuesday of each month, with the exception of January, March, June, July and August when Regular Meetings are held on the 3rd Tuesday of the month. Meetings begin at 7 pm and are held in the council chambers of the Quispamsis Town Hall, 12 Landing Court.

Refer to Appendix I - 2018 Council Meeting Dates and Attendance; Appendix II - 2018 Committee of the Whole Meeting Dates and Attendance and Appendix III - 2018 Closed Committee of the Whole Meetings and Types of Matters Discussed (pursuant to Section 68 of the Local Governance Act).

2018 Council Members Serving on Town Committees and Regional Boards

Mayor Gary Clark	EMO Finance Committee Nominating Committee Personnel Committee Enterprise Saint John (ROC) Joint Advisory Committee - Rothesay/Quispamsis Fundy Regional Services Commission (Mayors are mandatory members) NB Municipal Employees Pension Board	Lisa Loughery Sean Luck Kirk Miller Emil Olsen	Scholarship Committee Finance Committee Joint Advisory Committee - Rothesay/Quispamsis Kennebecasis Valley Fire Board Finance Committee Kennebecasis Valley Fire Board Comex - Public Transit Climate Change Committee Personnel Committee Kennebecasis Regional Joint Board of Police Commissioners Comex - Public Transit
Deputy Mayor Libby O'Hara	Climate Change Committee Finance Committee Nominating Committee Personnel Committee Kennebecasis Regional Joint Board of Police Commissioners Regional Facilities Commission Joint Advisory Committee - Rothesay/Quispamsis	Pierre Rioux Beth Thompson	Scholarship Committee Kennebecasis Public Library Board Trade & Convention Centre EMO Joint Advisory Committee - Rothesay/Quispamsis Nominating Committee Personnel Committee

Community Profile



Situated along the breathtaking Kennebecasis and Hammond River waterways.

We are a picturesque suburban community located in southwestern New Brunswick, 22 kilometres northeast of the City of Saint John. The short distance from the Fundy Fog belt and the cool breezes of the Atlantic Ocean provide warmer temperatures during spring and summer.

Quispamsis is a progressive, vibrant community with many attractive residential opportunities for all types of family units. Abundant recreational areas, quality schools, places of worship, retail and professional services are all within the Kennebecasis Valley.

Quispamsis is a forward-thinking community where families enjoy a safe, friendly and active lifestyle.

The original inhabitants were the proud Maliseet First Nation, part of the great Algonquin Federation. The name “Quispamsis” was translated from the Maliseet language and means “little lake”, representing present-day Ritchie Lake. In 1998, Quispamsis amalgamated with the former Village of Gondola Point and a portion of the area formerly known as Wells.



Regional Contributions

The Town of Quispamsis is legislated by the Greater Saint John Regional Facilities Commission Act to contribute a proportionate share of operating costs for the following facilities. In 2018 the Town contributed \$8,886 to the Regional Services Commission to assist with cooperative and regional planning.

Facilities



Harbour Station	\$118,630
Saint John Arts Centre	\$20,877
Imperial Theatre	\$88,506
Saint John Trade & Convention Centre	\$161,090
Canada Games Aquatics Centre*	\$172,319
*includes additional payment of \$54,281 in 2018	

Shared Services

The Town of Quispamsis shares the Kennebecasis Public Library, Kennebecasis Valley Fire Department and Kennebecasis Regional Police Force with the Town of Rothesay. Costs are shared proportionately based on a combination of population, tax base, and kilometers of roads.



Kennebecasis Valley Fire Department



Kennebecasis Public Library



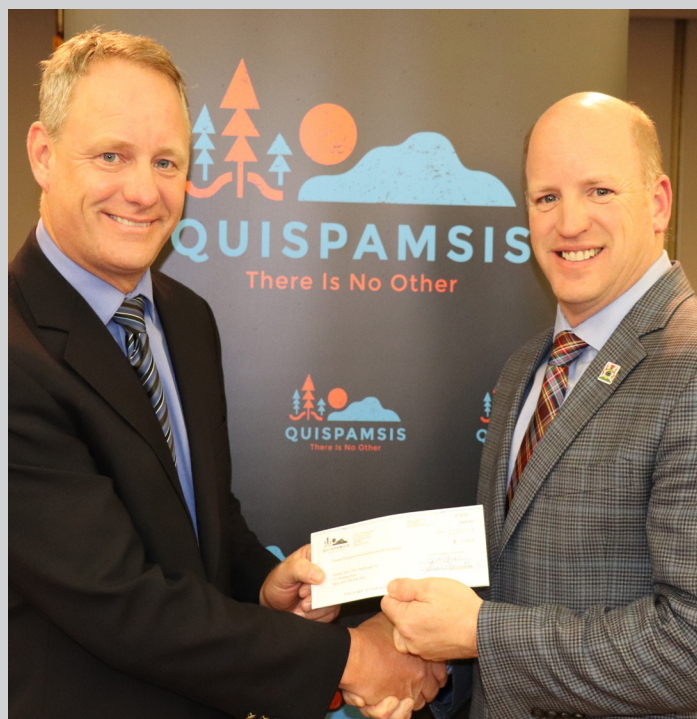
Kennebecasis Regional Police Force

Civic Relations

One of local government's purposes is to foster the economic, social and environmental well-being of its community. Through our Community Grant Application process that was formalized in 2018, we are able to work with various community groups to achieve this purpose.

2018 Grant Recipients

Recipient	Amount
Dalhousie Medicine NB	5,000
Greater Saint John Fieldhouse	7,500
Jeux de L'Acadie	3,333
Cherry Brook Zoo	5,000
KV Oasis Youth Centre	7,500
KV Committee for Disabled Persons	5,000
Saint John Theatre Company	1,500
Key Industries	5,000
Crimestoppers	1,500
Elementary Literacy Friends	1,500
KV Players	1,500
PRO Kids	7,135
55 PLUS Games - (In Kind)	7,505
World U17 Hockey	10,000
Discover Saint John	3,000

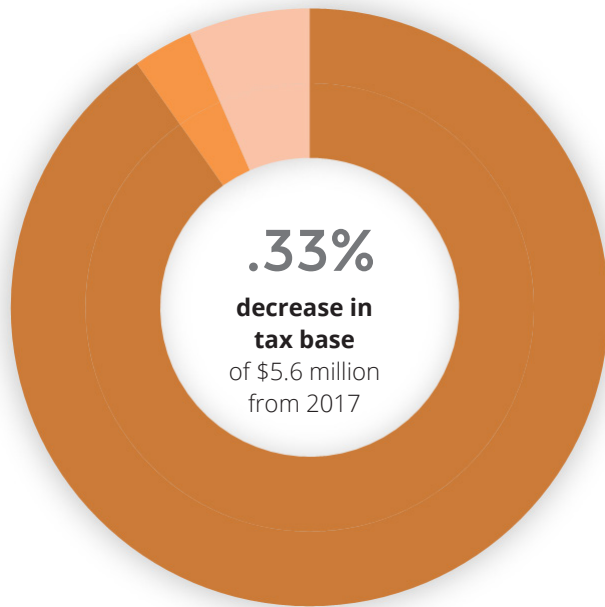


Contribution
\$112,133

Regional Economic Development

In 2018, Quispamsis contributed \$112,133 to Economic Development Greater Saint John to help them achieve consistent, long-term economic growth for the communities of Quispamsis, Grand Bay-Westfield, Rothesay, Saint John and St. Martins.

Town Revenues



- Property Taxes 90%
- Community Funding and Equalization Grant 3%
- Other Municipal Sources 7%

Tax Base \$1.678 Billion

Property Taxes	\$21,650,028
Community Funding and Equalization Grant*	\$782,602
Other Municipal Sources (includes field rentals, facility rentals, building permits, sponsorships)	\$1,639,850

* Received an additional \$356,961 from the province compared to 2017.



Residential Tax Rate \$1.2900 per \$100 of Assessment
A homeowner with a property assessed at \$234,000 was charged \$3,019 in municipal property taxes.

User Fees

Facilities

Facility	Fee Range
Tennis Courts	\$31 - \$60
Ballfields	\$100 - \$599
Lights	\$18
Beach House	\$113 - \$334
Civic Centre	\$113 - \$501
Parks	\$50-\$150
QMA	
Ice	\$108 - \$165
Floor	\$39 - \$522
Room	\$20
Sign Advertising	\$130 - \$304
QPLEX	
Hourly Ice	\$71 - \$183
Daily Ice/Floor	\$2,172 - \$3,043
Conference Centre	\$27 - \$552
Sign Advertising	\$1,500 - \$2,300
Public Swim	\$2 - \$5
Swim Lessons	\$52 - \$57
Pool	\$16 - \$270

*includes service fee

Utilities

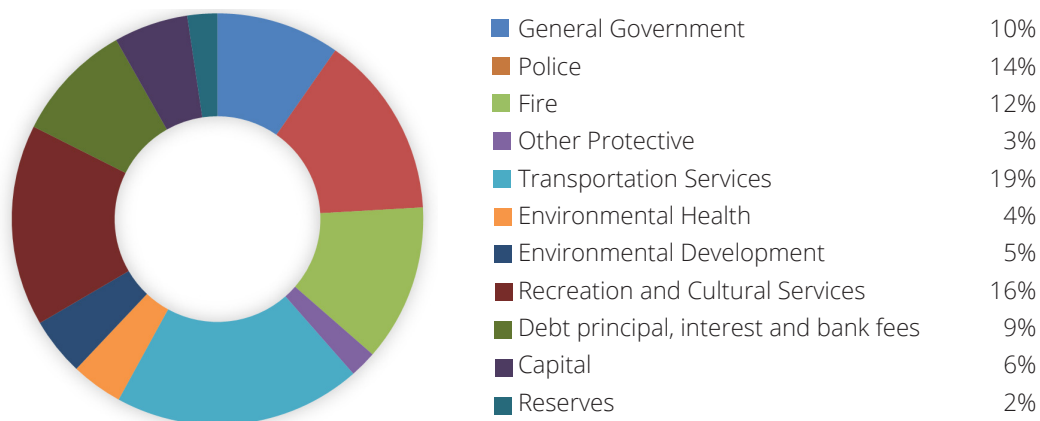
Sewer User Annual Rate	\$420
Residential Water Rates (based on 3/4" meter*)	
Fixed Annual Rate	\$212
Consumption Rate Per Cubic Meter (c.m.) up to 96 c.m. per quarter	\$0.857
Consumption Rate Per Cubic Meter (c.m.) above to 96 c.m. per quarter	\$1.357

*higher size meters have different fixed rates and consumption thresholds.

Municipal Services

Each year the Town of Quispamsis is required to establish a budget for both the general and utility funds and submit it to the Province of New Brunswick for approval.

Expenses



Operating Budget	\$23,593,160
Actual Expenditures	\$24,023,540
Additional Revenue	\$479,319
Surplus	\$48,939

General Government



Category includes expenditures related to administering the Town of Quispamsis; Salaries and Benefits for Mayor and Councillors, Town Administration, Human Resources, Town Clerk, Finance, IT Support and Marketing & Communications. It also includes expenses related to Civic Relations, Solicitor, Association Dues, Labour Relations, Audit Fees, and Cost of Assessments and other corporate expenses.

Protective



Kennebecasis Regional Police Force, Kennebecasis Valley Fire Department, EMO, Telephone 911, Building Inspection and Animal Control. Majority of the expenses are related to the operation of the Police and Fire departments.

Transportation



Public Works, Engineering, Summer and Winter Maintenance, Driveway culverts, Street Lighting, Lane marking and Signs, Public Transit and Traffic signals and crossings.

Environmental Health



Climate Protection as well as all garbage collection expenses.

Recreation and Cultural



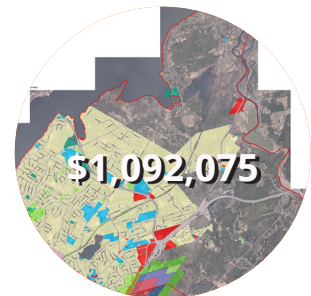
Administration of the Community Services department, Town Facilities, Town Beaches, Town Parks, QMA Arena, qplex, as well as Town Programming.

Fiscal



Interest on short and long-term loans, principal repayment of long-term debt, transfers for the purchase of capital assets and transfers to reserve funds for future expenditures. In 2018, the town had principal repayments of \$1,591,201 and interest payments and bank fees of \$665,823. Transfers were made to reserves totaling \$566,689 and capital projects of \$1,401,330 were financed. For a detailed listing of long term debentures please see Appendix V – 2018 Audited Financial Statements Note 8(a).

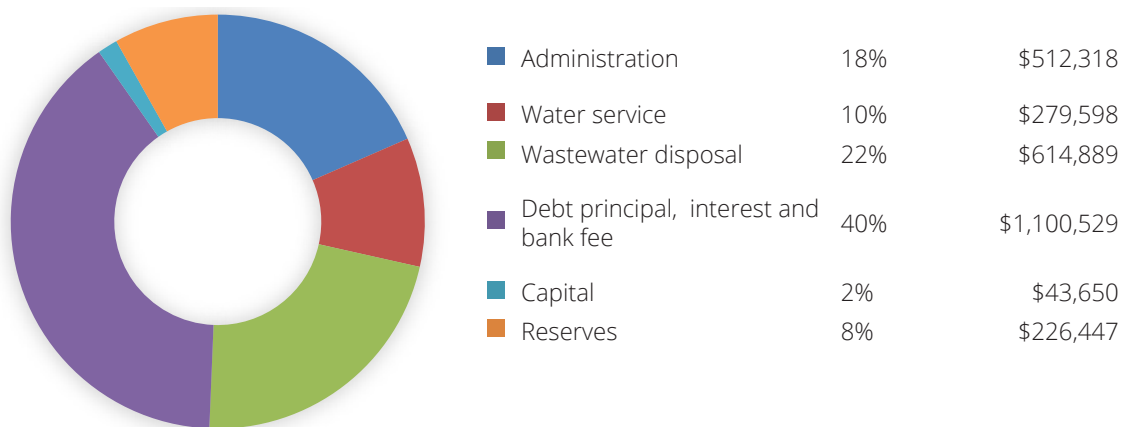
Environmental Development



Municipal planning as well as contributions to Economic Development Greater Saint John, Regional Services Commission, Regional Facilities Commission and the Kennebecasis Public Library.

Water & Wastewater Utility

The town provides water service to 242 properties, and sewer service to 4,850 properties. Properties include residential, commercial and institutional (example: schools).



Operating Budget	\$2,745,553
Actual Expenditures	\$2,777,431
Additional Revenue	\$39,226
Surplus	\$7,349

Total Expenditures: \$2,777,431

Administration	\$330,742 in salaries and benefits
Water Service	Users of the water service receive their water from one of two sources. One is the water tower at 7 Landmark Lane sourced from municipal wells and treated at the Downeast pump station. The second is a community well system sourced and treated at a pump station located at 11 Melanie Drive. The water system contains 12.6 km of distribution lines. The water is tested in accordance with Guidelines of Canadian Drinking Water Quality.
Wastewater Disposal	Sewer collection system, lift stations, and treatment & disposal. The wastewater disposal system consists of 16 lift stations, a 6.2 hectare lagoon (Longwood Drive), and a 0.3 hectare environmental wetland (Wildwood). The sewer disposal system consists of 130.6 km of piping. The outflow from the lagoon is tested to ensure it is operating in accordance with applicable provincial and federal standards.
Fiscal Services	Includes interest on short and long-term loans, principal repayment of long-term debt, the funding of prior year deficits (if applicable), transfers for the purchase of capital assets and transfers to reserve funds for future expenditures. In 2018, the town had principal repayments of \$663,000, and interest payments and bank fees of \$437,528. Transfers were made to reserves totaling \$226,447 and capital projects of \$43,650 were financed. For a detailed listing of long term debentures please see Appendix V – 2018 Audited Financial Statements Note 8(b).

2018 Highlights



Neighbours helping Neighbours

In the spring of 2018, Quispamsis, like many other parts of New Brunswick, endured a difficult few weeks when hit with historic water levels in the Kennebecasis River. It was unprecedented.

But the worst flooding brought out the best in our people. We had an incredible response. As the water rose, many properties were at risk. Dozens of homeowners did not know if their houses would withstand the river's fury.

For many, the nights were long and sleepless, but the people of Quispamsis came to their aid. As a community, we rallied to support those who were directly impacted by the rising waters. Hundreds of folks volunteered their time at the sand station. Old and

young alike came together to bag sand, deliver it, and lug it into position to help protect the property of people they didn't even know.

Complete strangers drove from house to house along the Gondola Point Road, eager to lend a hand. Churches, community groups and organizations, and private businesses came forward to offer whatever assistance they could provide. The compassionate actions of the members of our community proved once again how fortunate we are to live here in Quispamsis.

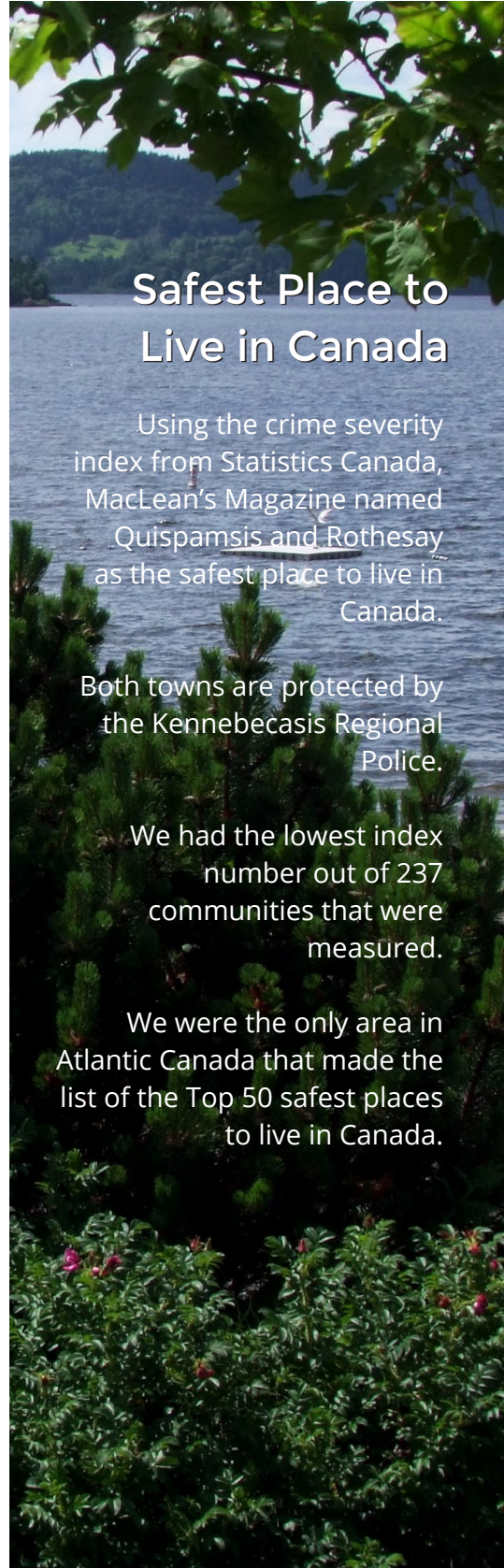
Safest Place to Live in Canada

Using the crime severity index from Statistics Canada, MacLean's Magazine named Quispamsis and Rothesay as the safest place to live in Canada.

Both towns are protected by the Kennebecasis Regional Police.

We had the lowest index number out of 237 communities that were measured.

We were the only area in Atlantic Canada that made the list of the Top 50 safest places to live in Canada.



2018 Highlights

Sport Tourism



World Under 17 Hockey Challenge

Canada 55+ Games & World Under 17 Hockey Challenge

It was another great year for sport tourism in Quispamsis as we co-hosted two major events with Saint John. Hundreds of volunteers helped make them memorable for our guests. The local volunteers who give so generously of their time are a critical part of the success of these events. The 55+ Games and U-17 Challenge have further cemented the region as a true sport tourism destination. Bringing people to our community generates a positive impact on the local economy.

The Canada 55+ Games were named economic driver of the year by Hospitality Saint John.

Municipal Plan

Through years of dedication to community engagement and searching out best practices, staff completed a new Municipal Plan through in-house resources communicated through Council. The plan is personal to our community and identifies a new vision for sustainability.



Animal Control

In looking for efficiencies and opportunity for greater compliance we created a new fee schedule for licensing that offers one and three-year options, along with a lifetime option if the animal is microchipped. Proof of current rabies vaccination is required upon payment. This makes the costs of administering less and lifetime tags decrease the cost. We have also negotiated several in-house deeming of fierce or dangerous animals as per our new By-law thereby saving legal costs and in keeping with the safety of our community.

Facility Rentals

We have streamlined the way we rent space in our facilities. Over the years, many community organizations had been using our facilities at no cost to them. There are now nominal fees associated with the rental of our facilities. Staff created an application form and contacted all groups that had been using town facilities for free or at a reduced rate, for either a one-time event or on a regular basis. This has increased revenues.



Habitat for Humanity

As part of an internal continuous improvement initiative to assess excess Town land inventories, our inter-departmental active transportation committee identified a parcel of land that was not immediately needed by the Town. Council rezoned a parcel of land on Leeswood Drive from Parks and Recreation to Rural to allow for the construction of a Habitat for Humanity home for a local family.

Fuel savings through shared services

Town staff initiated a pilot project with the Kennebecasis Valley Fire Department in 2018 for the purchase of fuel from Quispamsis which lead to the purchase of diesel from both Rothesay and Quispamsis municipalities at significant saving.



Digital Council Attendance

Quispamsis also became one of the first municipalities in New Brunswick to hold a Council meeting where a Council member attended electronically. As per the Local Governance Act, we gave public notice on our website prior to the meeting. Councillor Sean Luck's electronic attendance at the December 18, 2018 Regular Meeting went off without a hitch. His attendance could be seen and heard clearly through iPad technology.

Appendixes



Appendix I – 2018 Council Meeting Dates and Attendance

Dates	Meetings	Clark	O'Hara	Luck	Loughery	Miller	Olsen	Rioux	Thompson
2018-01-16	Council Regular	√	√	√	√	√	√	√	√
2018-02-06	Council Regular	√	X	√	√	√	√	√	√
2018-02-20	Council Regular	√	√	√	X	√	√	√	√
2018-03-20	Council Regular	No Meeting / No Quorum							
2018-04-03	Council Regular	√	√	√	√	√	√	√	√
2018-04-17	Council Regular	√	√	√	√	√	√	√	√
2018-05-01	Council Regular	√	√	√	X	√	√	√	√
2018-05-15	Council Regular	√	√	√	√	√	√	√	X
2018-06-19	Council Regular	√	√	√	X	√	√	√	√
2018-07-17	Council Regular	√	√	√	√	√	√	√	√
2018-08-21	Council Regular	√	√	√	√	√	√	√	√
2018-09-04	Council Regular	√	√	√	√	X	√	√	√
2018-09-18	Council Regular	√	√	√	√	√	√	√	√
2018-10-02	Council Regular	√	√	X	X	√	√	√	√
2018-10-16	Council Regular	√	√	√	√	√	√	√	√
2018-11-06	Council Regular	√	√	√	X	√	√	√	√
2018-11-20	Council Regular	√	√	√	√	√	√	√	√
2018-11-24	Special	√	√	√	√	√	√	√	√
2018-12-04	Council Regular	√	√	√	√	√	√	√	√
2018-12-18	Council Regular	√	√	√*	√	√	√	√	√

√ - Present

X - Absent

*Joined via Electronic Means

Appendix II – 2018 Committee of the Whole Meeting Dates and Attendance

Dates	Meetings	Clark	O'Hara	Luck	Loughery	Miller	Olsen	Rioux	Thompson
2018-01-16	Council COW	√	√	√	√	√	√	√	√
2018-02-06	Council COW	√	X	√	X	√	√	√	√
2018-02-20	Council COW	√	√	√	X	√	√	√	√
2018-03-20	Council COW	No Meeting/No Quorum							
2018-04-03	Council COW	√	√	√	√	√	√	√	√
2018-04-17	Council COW	√	√	√	√	√	√	√	√
2018-05-01	Council COW	√	√	√	X	√	√	√	√
2018-05-15	Council COW	√	√	√	√	√	√	√	X
2018-06-19	Council COW	√	√	√	X	√	√	√	√
2018-07-17	Council COW	√	√	√	√	√	√	√	√
2018-08-21	Council COW	√	√	√	√	√	√	√	√
2018-09-04	Council COW	√	√	√	√	X	√	√	√
2018-10-02	Council COW	√	√	X	X	√	√	√	√
2018-10-16	Council COW	√	√	√	√	√	√	√	√
2018-11-06	Council COW	√	√	√	X	√	√	√	√
2018-11-20	Council COW	√	√	√	√	√	√	√	√
2018-12-04	Council COW	√	√	√	√	√	√	√	√
2018-12-18	Council COW	√	√	√*	√	√	√	√	√

P - Present

A - Absent

* - Joined via Electronic Means

Appendix III - 2018 Closed Committee of the Whole Meetings & Types of Matters Discussed (Pursuant to Section 68 of the Local Governance Act)

Dates	Meeting	Personal info defined in RTIPPA	Could cause financial loss or gain to local govt. or person or jeopardize negotiations leading to contract	Proposed or pending acquisition or disposition of land	Legal Opinion or advice or privileged legal communications	Labour and Employment Matters
2018-01-16	Committee of the Whole Closed		√	√		
2018-02-06	Committee of the Whole Closed		√			
2018-02-20	Committee of the Whole Closed		√			
2018-04-03	Committee of the Whole Closed		√	√		
2018-04-17	Committee of the Whole Closed		√		√	√
2018-05-01	Committee of the Whole Closed		√			
2018-05-15	Committee of the Whole Closed		√			√
2018-06-19	Committee of the Whole Closed	√	√	√		√
2018-07-17	Committee of the Whole Closed		√	√		√
2018-08-21	Committee of the Whole Closed		√			
2018-09-04	Committee of the Whole Closed		√	√	√	
2018-09-18	Committee of the Whole Closed		√	√	√	
2018-10-02	Committee of the Whole Closed	√	√			√
2018-10-16	Committee of the Whole Closed	√	√	√		√
2018-11-06	Committee of the Whole Closed		√	√		√
2018-11-20	Committee of the Whole Closed		√	√		√
2018-11-24	Special Meeting Closed					√
2018-12-04	Committee of the Whole Closed				√	
2018-12-18	Committee of the Whole Closed		√			√

Appendix IV - 2018 Pay Structure

Pay Band	Position in Band	
1	Administrative Clerk/Receptionist	
2	Accounts Payable Clerk Accounts Receivable Clerk	Parks and Facilities Administrative Assistant qplex/QMA Office Clerk Web Co-ordinator and Logistics Support
3	Human Resources Administrator	
4	Assistant Town Clerk/Records and Information Management Coordinator Engineering Administrative Assistant/PAC Secretary Procurement Clerk	
5	Administration Services Coordinator Assistant Building Inspector Programming Director Engineering Technologist (3)	Geographic Information System and Planning Technologist Junior Accountant
6	Building Inspector Operations Supervisor – Works Department (2) Operations Supervisor – Fleet Division	Parks and Facilities Operations Supervisor qplex/QMA Superintendent Arenas Operations Supervisor
8	Senior Accountant Communications Manager Engineering Manager Municipal Planning Officer Parks and Facilities Manager	qplex/QMA Manager Town Clerk Utility Superintendent Works Superintendent Human Resources Manager
9	Director of Human Resources	
10	Director of Community Services Town Treasurer	
11	Director of Engineering and Works, Chief Building Inspector and By Law Enforcement Officer, Assistant Planning Officer	
12	Chief Administrative Officer	

Pay Band	Step 1	Step 2	Step 3	Performance Maximum
1	\$ 34,796.79	\$ 37,391.09	\$ 39,359.04	\$ 41,430.56
2	\$ 39,250.01	\$ 41,430.56	\$ 43,611.12	\$ 45,791.68
3	\$ 43,502.09	\$ 45,791.68	\$ 48,081.26	\$ 50,485.33
4	\$ 47,961.06	\$ 50,485.33	\$ 53,009.59	\$ 55,660.08
5	\$ 52,877.07	\$ 55,660.08	\$ 58,443.08	\$ 61,365.23
6	\$ 58,296.97	\$ 61,365.23	\$ 64,433.50	\$ 67,655.17
7	\$ 64,272.41	\$ 67,655.17	\$ 71,037.93	\$ 74,589.83
8	\$ 70,860.33	\$ 74,589.83	\$ 78,319.32	\$ 82,235.28
9	\$ 78,124.22	\$ 82,235.72	\$ 86,347.83	\$ 90,665.22
10	\$ 86,131.96	\$ 90,665.22	\$ 95,198.48	\$ 99,958.41
11	\$ 94,960.49	\$ 99,958.41	\$ 104,956.33	\$ 110,204.14
12	\$ 104,693.93	\$ 110,204.14	\$ 115,714.35	\$ 121,500.06

Appendix V

2018

Audited Financial Statements

MUNICIPALITY OF QUISPAMSIS
CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018



MUNICIPALITY OF QUISPAMSIS

DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To His Worship The Mayor and Members of Council
Municipality of Quispamsis, New Brunswick

Opinion

We have audited the consolidated financial statements of the Municipality of Quispamsis, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

(continues)

Independent Auditors' Report to His Worship The Mayor and Members of Council of the Municipality of Quispamsis (cont'd)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



CHARTERED PROFESSIONAL ACCOUNTANTS

Saint John, NB
May 7, 2019

MUNICIPALITY OF QUISPAMISIS

CONSOLIDATED STATEMENT OF OPERATIONS

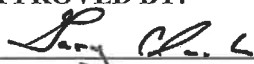

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Budget (Note 22)	2018 Actual	2017 Actual
REVENUE (Note 22)			
Property tax warrant	\$ 21,650,027	\$ 21,650,028	\$ 21,554,031
Unconditional grant	453,656	461,976	105,015
Other own source (Note 23)	1,247,539	1,371,736	1,274,370
Conditional government transfers (Note 23)	27,500	1,580,337	3,441,974
Services to other governments	47,064	47,064	47,064
Water and sewer user fees	2,501,439	2,500,378	2,426,348
Public donations and sponsorships	90,898	103,662	103,662
Sundry income	<u>308,890</u>	<u>441,394</u>	<u>390,054</u>
	<u>26,327,013</u>	<u>28,156,575</u>	<u>29,342,518</u>
EXPENDITURE (Notes 22 and 23)			
General government services	2,512,095	2,429,589	2,330,105
Protective services	7,162,660	7,248,785	6,757,107
Transportation services	7,575,197	7,997,652	7,381,078
Environmental health services	985,000	973,657	961,481
Environmental development services	393,587	382,730	375,330
Community services	6,409,245	6,382,170	6,132,273
Utility services	<u>3,064,715</u>	<u>3,026,442</u>	<u>2,767,237</u>
	<u>28,102,499</u>	<u>28,441,025</u>	<u>26,704,611</u>
ANNUAL SURPLUS (DEFICIT) FOR THE YEAR	\$ <u>(1,775,486)</u>	(284,450)	2,637,907
ACCUMULATED SURPLUS - BEGINNING OF YEAR		88,819,935	86,180,007
CHANGE IN PERCENTAGE OWNERSHIP OF CONTROLLED ENTITIES		<u>65,294</u>	<u>2,021</u>
ACCUMULATED SURPLUS - END OF YEAR		<u>\$ 88,600,779</u>	<u>\$ 88,819,935</u>

MUNICIPALITY OF QUISPAMISIS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	\$ 4,734,559	\$ 2,681,533
Accounts receivable		
General	934,749	777,238
Federal Government and its agencies (Note 5)	357,048	1,172,428
Province of New Brunswick (Note 6)	432,376	887,165
Investments (Note 7)	<u>481,933</u>	<u>1,389,236</u>
	<u>\$ 6,940,665</u>	<u>\$ 6,907,600</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,828,560	\$ 3,513,282
Deferred revenue	47,317	27,733
Long term debt (Note 8)	25,143,037	27,468,970
Accrued pension obligation (Note 11)	418,366	603,230
Accrued sick leave (Note 10)	641,698	499,598
Accrued retirement allowance (Note 11)	<u>671,078</u>	<u>671,479</u>
	<u>29,750,056</u>	<u>32,784,292</u>
NET DEBT	<u>(22,809,391)</u>	<u>(25,876,692)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 16)	182,738,217	180,737,519
Accumulated amortization (Note 16)	<u>(71,799,708)</u>	<u>(66,515,579)</u>
	110,938,509	114,221,940
Inventory	138,254	146,756
Prepaid expenses	75,519	41,026
Unamortized debenture costs	<u>257,888</u>	<u>286,905</u>
	<u>111,410,170</u>	<u>114,696,627</u>
ACCUMULATED SURPLUS	<u>\$ 88,600,779</u>	<u>\$ 88,819,935</u>
CONTINGENT LIABILITY (Note 12)		
COMMITMENTS (Note 13)		
APPROVED BY:		
 _____ Mayor		
 _____ Treasurer		

MUNICIPALITY OF QUISPAMSIS

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

AS AT DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Annual surplus (deficit)	\$ (284,450)	\$ 2,637,907
Acquisition of tangible capital assets	(2,849,289)	(6,674,999)
Proceeds on disposal of tangible capital assets	5,649	28,711
Amortization of tangible capital assets	6,143,760	6,092,616
Change in percentage ownership of tangible capital assets	(79,841)	(5,525)
Loss on disposal of tangible capital assets	<u>63,152</u>	<u>2,948</u>
	2,998,981	2,081,658
Acquisition of inventories	(138,254)	(146,756)
Acquisition of prepaid assets	(75,519)	(41,026)
Acquisition of unamortized debenture costs	(257,888)	(286,905)
Consumption of inventories	146,756	115,571
Use of prepaid assets	41,026	79,645
Consumption of unamortized debenture costs	<u>286,905</u>	<u>297,101</u>
	3,002,007	2,099,288
Change in percentage ownership	<u>65,294</u>	<u>2,021</u>
Decrease in net debt	3,067,301	2,101,309
Net debt - beginning of year	<u>(25,876,692)</u>	<u>(27,978,001)</u>
Net debt - end of year	\$ <u>(22,809,391)</u>	\$ <u>(25,876,692)</u>

APPROVED BY:

 Mayor

K. Brande Treasurer

MUNICIPALITY OF QUISPAMISIS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ (284,450)	\$ 2,637,907
Loss on disposal of tangible capital assets	63,152	2,948
Amortization of tangible capital assets	6,143,760	6,092,616
Accounts receivable - General	(157,511)	(81,446)
Accounts receivable - Federal Government and its agencies	815,380	(131,748)
Accounts receivable - Province of New Brunswick	454,789	(628,315)
Accounts payable and accrued liabilities	(684,722)	(115,021)
Deferred revenue	19,584	27,268
Change in accrued sick leave	142,100	(97,534)
Change in accrued pension obligation	(184,864)	(396,503)
Change in accrued retirement allowance	(401)	12,002
Change in inventory/prepaid expenses/unamortized debenture costs	<u>3,026</u>	<u>17,630</u>
	<u>6,329,843</u>	<u>7,339,804</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(2,849,289)	(6,674,999)
Change in percentage ownership of capital assets	(79,841)	(5,525)
Proceeds on disposal of tangible capital assets	<u>5,649</u>	<u>28,711</u>
	<u>(2,923,481)</u>	<u>(6,651,813)</u>
FINANCING TRANSACTION		
Long term debt	<u>(2,325,933)</u>	<u>(619,163)</u>
INVESTING TRANSACTION		
Increase (decrease) in investments	<u>907,303</u>	<u>(886,887)</u>
CHANGE IN PERCENTAGE OWNERSHIP	<u>65,294</u>	<u>2,021</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,053,026	(816,038)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,681,533</u>	<u>3,497,571</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,734,559</u>	<u>\$ 2,681,533</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. PURPOSE OF THE ORGANIZATION

Quispamsis ("the Municipality") was incorporated as a Municipality 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, Quispamsis 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 Municipality 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 Standards ("PSAS") 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 and its jointly controlled entities.

Significant aspects of the accounting policies adopted by the Municipality 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 Municipality and which are owned or jointly controlled by the Municipality.

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

- Municipality of Quispamsis;
- Kennebecasis Regional Joint Board of Police Commissioners ("KRJBPC");
- Kennebecasis Valley Fire Department Inc. ("KVFD"); and
- Kennebecasis Public Library ("KPL").

Interdepartmental and organizational transactions and balances are eliminated.

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

	<u>2018</u>	<u>2017</u>
Kennebecasis Regional Joint Board of Police Commissioners	59.79%	59.18%
Kennebecasis Valley Fire Department Inc.	59.15%	58.61%
Kennebecasis Public Library	61.01%	59.95%

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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

Budget

The budget figures contained in these consolidated financial statements were approved by Council on December 19, 2017 and the Minister of Local Government on January 28, 2018.

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 and losses reported in annual surplus. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction 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, 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 expenditures 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 expenditures during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results may differ from those estimates.

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.

Inventory

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

MUNICIPALITY OF QUISPAMSIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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 expenditures.

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	10-25 years
Buildings and leasehold improvements	20-40 years
Vehicles	3-25 years
Machinery and equipment	3-20 years
Furniture and fixtures	5-20 years
Roads and streets	5-75 years
Treatment facilities	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 Municipality is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Municipality'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.

MUNICIPALITY OF QUISPAMSI

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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

Segmented Information (cont'd)

Environmental Health Services

This department is responsible for the provision of waste collection and disposal, and a climate change program.

Environmental Development Services

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

Community Services

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

Utility 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 Municipality has documented a schedule of segmented disclosure in Note 18.

Post Employment Benefits

The Municipality recognizes its obligations under post employment benefit plans and the related costs, net of plan assets. The Municipality has a sick leave benefit as documented in Note 10 and a pension plan and retirement allowance as documented in Note 11.

3. FINANCIAL INSTRUMENTS

The Municipality 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 Municipality's risk exposure and concentration as of December 31, 2018:

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Municipality is exposed to credit risk from its accounts receivable. The Municipality 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 Municipality 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.

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

3. FINANCIAL INSTRUMENTS (cont'd)

Currency Risk

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

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 Municipality manages exposure through its normal operating and financing activities. The Municipality is not exposed to interest rate risk as its long term debt does not have a variable interest rate.

4. CASH

	<u>2018</u>	<u>2017</u>
Unrestricted	\$ 2,940,209	\$ 2,478,698
Restricted - reserve funds (Note 20)	1,577,212	5,783
Restricted - controlled entities	<u>217,138</u>	<u>197,052</u>
	<u>\$ 4,734,559</u>	<u>\$ 2,681,533</u>

5. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	<u>2018</u>	<u>2017</u>
Canada Revenue Agency (HST refund)	\$ 357,048	\$ 677,721
Canada-New Brunswick Gas Tax	<u>-</u>	<u>494,707</u>
	<u>\$ 357,048</u>	<u>\$ 1,172,428</u>

6. DUE FROM PROVINCE OF NEW BRUNSWICK

	<u>2018</u>	<u>2017</u>
Small Communities Fund	\$ 336,345	\$ 646,518
NB Emergency Measures Organization - Disaster Recovery	<u>96,031</u>	<u>240,647</u>
	<u>\$ 432,376</u>	<u>\$ 887,165</u>

A claim has been made with the NB EMO Recovery Program for Disaster Financial Assistance to recover costs that were incurred as a result of damages to infrastructure caused by flooding during the year.

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

7. INVESTMENTS

The investments represent the Municipality's proportionate share of the investments of the KRJBPC. In the prior year, the investments also included short term investments of the Municipality reserve funds. The investments of KRJBPC 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, 2018 was (\$23,516) (2017 - \$11,331). The investments are restricted for future payment of retirement benefits.

8. LONG TERM DEBT

(a) General Capital Fund

	Balance January 1, 2018	Issued during year	Redeemed during year	Balance December 31, 2018
New Brunswick Municipal Financing Corporation				
Debentures:				
AY14 3.3% - 4.85%, due May 2018, OIC # 07-12	\$ 60,000	\$ -	\$ 60,000	\$ -
BD20 1.5% - 3.85% due November, 2020, OIC # 99-25, 99-72	171,000	-	55,000	116,000
BE14 1.65% - 4.25%, due May 2021, OIC # 00-43, 09-40, 09-72	7,936,000	-	782,000	7,154,000
BF19 1.35% - 3.45%, due December 2026, OIC # 11-39	1,220,000	-	247,000	973,000
FCM 10092 1-2012 2%, due May 2027, OIC # 09-75	1,399,000	-	128,000	1,271,000
BJ21 1.25% - 4.4%, due November 2033, OIC # 11-83	2,890,000	-	176,000	2,714,000
BL23 1.20% - 3.70%, due December 2034, OIC # 11-83	354,000	-	16,000	338,000
BP18 1.2% - 2.45%, due December 2023, OIC # 16-39	370,000	-	59,000	311,000
BR19 1.65% - 3.2%, due December 2032, OIC # 17-50	750,000	-	42,000	708,000
	<u>15,150,000</u>	<u>-</u>	<u>1,565,000</u>	<u>13,585,000</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

8. LONG TERM DEBT (cont'd)

(a) General Capital Fund (cont'd)

	Balance January 1, 2018	Issued during year	Redeemed during year	Balance December 31, 2018
Capital leases:				
Caterpillar Financial Services Ltd, 4.45%, due May 2021, secured by equipment	29,939	-	8,521	21,418
HSBC Bank Canada, 3.899%, due September 2020, secured by equipment	<u>48,920</u>	<u>-</u>	<u>17,680</u>	<u>31,240</u>
	<u>78,859</u>	<u>-</u>	<u>26,201</u>	<u>52,658</u>
	<u>\$ 15,228,859</u>	<u>\$ -</u>	<u>\$ 1,591,201</u>	<u>\$ 13,637,658</u>

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

2019 - \$1,579,290; 2020 - \$1,629,170; 2021 - \$6,410,198; 2022 - \$462,000; 2023 - \$477,000

In 2021, debenture BE14 and BF19 will mature with final amounts due of \$5,498,000 and \$457,000, however it is expected that \$4,637,000 and \$187,000 will be refinanced for a period not to exceed five years.

(b) Utility Capital Fund

	Balance January 1, 2018	Issued during year	Redeemed during year	Balance December 31, 2018
New Brunswick Municipal Financing Corporation				
Debentures:				
AY15 3.5% - 4.85%, due May 2018, OIC # 06-71, 07-12	\$ 5,000	\$ -	\$ 5,000	\$ -
BB24 1.0% - 4.5%, due November 2019, OIC # 07-12	66,000	-	32,000	34,000
BD21 1.5% - 3.85%, due November 2020, OIC # 08-42	99,000	-	32,000	67,000

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

8. LONG TERM DEBT (cont'd)

(b) Utility Capital Fund (cont'd)

	Balance January 1, 2018	Issued during year	Redeemed during year	Balance December 31, 2018
BE15 1.65% - 4.25%, due May 2021, OIC # 00-43, 01-11	260,000	-	62,000	198,000
BF20 1.35% - 3.45%, due December 2021, OIC # 09-68	75,000	-	18,000	57,000
BI19 1.35% - 4.0%, due June 2033, OIC # 09-93	1,459,000	-	72,000	1,387,000
BJ22 1.25% - 4.4%, due November 2033, OIC # 11-83	2,325,000	-	111,000	2,214,000
BK10 1.15% - 4.15%, due May 2034, OIC # 12-0079, 12-0091	3,301,000	-	120,000	3,181,000
BL24 1.2% - 3.7%, due December 2034, OIC # 14-0009	1,827,000	-	61,000	1,766,000
BO18 1.45% - 2.9%, due June 2026, OIC # 04-0015	1,184,000	-	121,000	1,063,000
BR20 1.65% - 3.3%, due Dec 2037, OIC # 15-0091	1,000,000	-	29,000	971,000
	<u>\$ 11,601,000</u>	<u>\$ -</u>	<u>\$ 663,000</u>	<u>\$ 10,938,000</u>

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

2019 - \$674,000; 2020 - \$657,000; 2021 - \$641,000; 2022 - \$569,000; 2023 - \$585,000

In 2019, debenture BB24 will mature with a final amount due of \$34,000.

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

	Balance January 1, 2018	Issued during year	Redeemed during year	Balance December 31, 2018
New Brunswick Municipal Financing Corporation				
Debentures:				
BN 35 1.05% - 3.15%, due 2025, OIC # 03-0053	\$ 429,033	\$ -	\$ 45,798	\$ 383,235
BL 45 1.2% - 3.1%, due 2024, OIC# 02-66, 03-53	210,078	-	25,934	184,144
	<u>\$ 639,111</u>	<u>\$ -</u>	<u>\$ 71,732</u>	<u>\$ 567,379</u>

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

2019 - \$80,115; 2020 - \$81,310; 2021 - \$83,702; 2022 - \$85,495; 2023 - \$87,289

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

8. LONG TERM DEBT (cont'd)

Total Long Term Debt:

	<u>2018</u>	<u>2017</u>
General Capital Fund	\$ 13,637,658	\$ 15,228,859
Utility Capital Fund	10,938,000	11,601,000
Jointly Controlled Entity - KRJBPC	<u>567,379</u>	<u>639,111</u>
	<u>\$ 25,143,037</u>	<u>\$ 27,468,970</u>

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

9. SEWER OUTFALL RESERVE

In accordance with an agreement with Rothesay, the Municipality and Rothesay 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.

10. ACCRUED SICK LEAVE

Quispamsis provides sick leave that accumulates at a rate of one and one-half days per month. All employees can accumulate a maximum of 200 days 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 PSAS 3255, was performed for each plan, December 31, 2018 for the Municipality and December 31, 2017 for KVFD, the 83 employee plan for Quispamsis and the 37 employee plan for KVFD. The actuarial method used was the Projected Unit Credit prorated 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 Municipality's and KVFD's best estimates.

The following summarizes the major assumptions in the valuation:

- annual salary increase is 3% for the Municipality and 3% for the KVFD;
- the discount rates used to determine the accrued benefit obligations are 3.31% for the Municipality and 3.07% for KVFD;
- retirement age is 60 for the Municipality and 60 for KVFD; and
- estimated net excess utilization of rate of sick leave is independent of 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.

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

10. ACCRUED SICK LEAVE (cont'd)

The consolidated unfunded liability consist of:

	<u>2018</u>	<u>2017</u>
Quispamsis	\$ 166,500	\$ 60,600
KVFD	466,051	431,128
KRJBPC	<u>9,147</u>	<u>7,870</u>
	<u>\$ 641,698</u>	<u>\$ 499,598</u>

11. POST EMPLOYMENT BENEFITS PAYABLE

Retirement Allowance Program

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. This benefit is available to all employees who have reached the retirement age of 55.

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%.

Both organizations have internally restricted funds for these liabilities. The balance at December 31, 2018 consists of:

	<u>2018</u>	<u>2017</u>
KVFD	\$ 228,821	\$ 213,714
KRJBPC	<u>442,257</u>	<u>457,765</u>
Balance at end of year	<u>\$ 671,078</u>	<u>\$ 671,479</u>

Pension Obligation

Employees of Quispamsis, KVFD and KRJBPC 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 Local Governance 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, 2016 and resulted in an overall NBMEPP accrued benefit obligation of \$115,347,700 based on the accounting basis.

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

11. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

In addition to determining the position of the NBMEPP as it relates to Quispamsis and the other controlled entities as at December 31, 2016 and December 31, 2017, NBMEPP's actuary performed an extrapolation of the December 31, 2017 accounting valuation to determine the estimated position as at December 31, 2018. The extrapolation assumes assumptions used as at December 31, 2018 remain unchanged from December 31, 2017. The extrapolation also assumes assets return 5.5%, 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:

	Estimated Jan 1, 2018 to Dec 31, 2018	Jan 1, 2017 to Dec 31, 2017
Accrued Benefit Liability		
Accrued benefit liability at beginning of period	\$ 603,230	\$ 936,533
Change in ownership percentage	7,308	1,660
Adjustment to actual	80,560	(66,010)
Pension expense for the year	488,939	478,206
Employer contributions	(761,671)	(747,159)
Accrued benefit liability at end of period	\$ <u>418,366</u>	\$ <u>603,230</u>

In summary, the consolidated accrued benefit liability is estimated to be \$418,366 as at December 31, 2018. The December 31, 2017 liability was estimated in the prior year. The actual liability was calculated to be \$683,791. The difference of \$(80,560) has been recorded in the current year. This amount is included in the post employment benefits payable on the consolidated statement of financial position.

	Estimated Jan 1, 2018 to Dec 31, 2018	Jan 1, 2017 to Dec 31, 2017
Quispamsis	\$ (184,500)	\$ (124,100)
KVFD	331,074	399,075
KRJBPC	271,792	328,255
	\$ <u>418,366</u>	\$ <u>603,230</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:

	Estimated Jan 1, 2018 to Dec 31, 2018	Jan 1, 2017 to Dec 31, 2017
Reconciliation of Funded Status at End of Period		
Accrued benefit obligation	\$ 28,446,802	\$ 26,264,445
Plan assets	(27,616,952)	(25,135,501)
Plan deficit	829,850	1,128,944
Unamortized experience losses	(411,484)	(445,154)
2017 adjustment actual to estimate	-	(80,560)
Accrued benefit liability at end of period	\$ <u>418,366</u>	\$ <u>603,230</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

11. 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:

	Estimated Jan 1, 2018 to Dec 31, 2018	Jan 1, 2017 to Dec 31, 2017
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation at beginning of period	\$ 26,264,445	\$ 23,870,059
Change in ownership percentage	146,681	26,629
Current service cost	1,166,405	1,133,123
Benefits payments	(598,949)	(999,021)
Interest for period	1,468,220	1,341,980
Experience gain during period	-	891,675
Accrued benefit obligation at end of period	<u>\$ 28,446,802</u>	<u>\$ 26,264,445</u>

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

	Estimated Jan 1, 2018 to Dec 31, 2018	Jan 1, 2017 to Dec 31, 2017
Reconciliation of Plan Assets		
Plan assets at beginning of period	\$ 25,135,501	\$ 22,547,948
Change in ownership percentage	141,385	25,367
Employer contributions	761,671	736,045
Employee contributions	761,671	736,045
Benefit payments	(598,949)	(999,021)
Return on plan assets during period	1,415,673	2,089,117
Plan assets at end of period	<u>\$ 27,616,952</u>	<u>\$ 25,135,501</u>

Total expense related to pensions include the following components:

	Estimated Jan 1, 2018 to Dec 31, 2018	Jan 1, 2017 to Dec 31, 2017
Pension Expense		
Employer current service cost	\$ 404,734	\$ 397,078
Interest on accrued benefit obligation	1,468,220	1,341,980
Expected return on assets	(1,415,673)	(1,277,328)
Amortization of unrecognized balances		
Prior service savings	46,900	45,400
Experience gain	(15,242)	(12,425)
Pension expense	<u>\$ 488,939</u>	<u>\$ 494,705</u>

The pension expense is included in the statement of operations.

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

12. CONTINGENT LIABILITY

In the normal course of operations, the Municipality becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at December 31, 2018 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 as the Municipality maintains insurance coverage in amounts considered appropriate.

13. COMMITMENTS

Dalhousie School of Medicine

In 2012, the Municipality committed \$50,000 payable over 10 years to the Dalhousie School of Medicine. During the year, a payment of \$5,000 (2017 - \$5,000) was made. The remaining \$15,000 is payable at \$5,000 per year, over the next 3 years.

Office Equipment

The Municipality has entered into long-term lease agreements for certain office equipment which have been accounted for as operating leases. The future minimum payments over the next three years are as follows:

2019	\$5,095
2020	3,352
2021	1,397

14. SHORT TERM BORROWING

Operating Borrowing

As prescribed in the Local Governance 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 2018, the Municipality has complied with these restrictions.

Interim Borrowing Capital Funds

The Municipality has arranged a revolving operating facility bearing interest at BMO prime minus 1% for the Capital Funds. The facility is used to provide interim financing for capital expenditures. At December 31, 2018, the Municipality had no funds (2017 - nil) borrowed from the facility.

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. The amounts payable between Funds are in compliance with the requirements.

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

14. SHORT TERM BORROWING (cont'd)

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.

The Municipality has no outstanding authority for short-term borrowings on December 31, 2018.

15. WATER AND SEWER FUND SURPLUS

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

	<u>2018</u>	<u>2017</u>
2018 Surplus	\$ 7,349	\$ -
2017 Surplus	18,416	18,416
2016 Surplus	<u>-</u>	<u>686</u>
	<u>\$ 25,765</u>	<u>\$ 19,102</u>

MUNICIPALITY OF QUISPAMIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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16. SCHEDULE OF TANGIBLE CAPITAL ASSETS

COST	Land	Land Improvements	Buildings and Leasehold Improvements	Furniture and Fixtures	Vehicles	Machinery and Equipment	Infrastructure		Subtotal	Assets Under Construction	2018	2017	
							Roads and Streets	Treatment Facilities			Water and Sewer	Total	Total
Balance - beginning of year	\$ 3,440,370	\$ 8,077,146	\$ 34,930,565	\$ 858,348	\$ 3,407,224	\$ 6,931,227	\$ 70,578,217	\$ 34,074,725	\$ 18,354,849	\$ 180,652,671	\$ 84,848	\$ 180,737,519	\$ 174,951,154
Change in percentage ownership	5,088	2,997	80,007	1,210	19,023	10,276	-	-	-	-	118,601	9,396	
Add: Net additions during the year	-	83,157	264,548	19,324	133,029	153,819	1,781,354	-	104,577	2,539,808	313,578	2,853,386	10,693,798
Less: Disposals during the year	-	-	-	-	(43,642)	(198,874)	(724,676)	-	-	(967,192)	(4,097)	(971,289)	(4,916,829)
Balance - end of year	<u>3,445,458</u>	<u>8,163,300</u>	<u>35,275,120</u>	<u>878,882</u>	<u>3,515,634</u>	<u>6,896,448</u>	<u>71,634,895</u>	<u>34,074,725</u>	<u>18,459,426</u>	<u>182,343,888</u>	<u>394,329</u>	<u>182,738,217</u>	<u>180,737,519</u>
ACCUMULATED AMORTIZATION													
Balance - beginning of year	-	3,257,329	8,991,314	395,805	1,919,041	3,769,212	35,727,988	5,387,764	7,067,126	66,515,579	-	66,515,579	61,285,463
Change in percentage ownership	-	1,017	20,090	686	10,011	6,956	-	-	-	38,760	-	38,760	3,871
Add: Amortization during the year	-	409,450	1,013,266	72,807	258,082	553,552	2,716,880	567,754	551,969	6,143,760	-	6,143,760	6,092,616
Less: Accumulated amortization on disposals	-	-	-	-	(38,790)	(198,874)	(660,727)	-	-	(898,391)	-	(898,391)	(866,371)
Balance - end of year	<u>-</u>	<u>3,667,796</u>	<u>10,024,670</u>	<u>469,298</u>	<u>2,148,344</u>	<u>4,130,846</u>	<u>37,784,141</u>	<u>5,955,518</u>	<u>7,619,095</u>	<u>71,799,708</u>	<u>-</u>	<u>71,799,708</u>	<u>66,515,579</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS													
	<u>\$ 3,445,458</u>	<u>\$ 4,495,504</u>	<u>\$ 25,250,450</u>	<u>\$ 409,584</u>	<u>\$ 1,367,290</u>	<u>\$ 2,765,602</u>	<u>\$ 33,850,754</u>	<u>\$ 28,119,207</u>	<u>\$ 10,840,331</u>	<u>\$ 110,544,180</u>	<u>\$ 394,329</u>	<u>\$ 110,938,509</u>	<u>\$ 114,221,940</u>
Consists of:													
General Fund Assets	\$ 2,266,135	\$ 4,388,463	\$ 21,319,565	\$ 364,065	\$ 450,105	\$ 1,951,983	\$ 33,850,754	\$ -	\$ -	\$ 64,591,070	\$ 134,462	\$ 64,725,532	\$ 66,931,246
Utility Fund Assets	821,732	-	-	-	34,256	484,794	-	28,119,207	10,840,331	40,300,320	259,867	40,560,187	41,432,555
Jointly Controlled Entities	357,591	107,041	3,930,885	45,519	882,929	328,825	-	-	-	5,652,790	-	5,652,790	5,858,139
	<u>\$ 3,445,458</u>	<u>\$ 4,495,504</u>	<u>\$ 25,250,450</u>	<u>\$ 409,584</u>	<u>\$ 1,367,290</u>	<u>\$ 2,765,602</u>	<u>\$ 33,850,754</u>	<u>\$ 28,119,207</u>	<u>\$ 10,840,331</u>	<u>\$ 110,544,180</u>	<u>\$ 394,329</u>	<u>\$ 110,938,509</u>	<u>\$ 114,221,940</u>

The Municipality has tangible capital assets under capital leases as follows, included in the amounts listed above:

	Historical Cost	Accumulated Amortization	Net Book Value
Machinery and equipment	\$ 308,256	\$ 205,187	\$ 103,069

MUNICIPALITY OF QUISPAMIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

17. SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR JOINTLY CONTROLLED ENTITIES

	Land	Land Improvements	Buildings	Furniture and Fixtures	Vehicles	Machinery and Equipment	Assets Under Construction	2018 Total	2017 Total
COST									
Balance - beginning of year	\$ 352,503	\$ 183,280	\$ 5,762,035	\$ 117,400	\$ 2,011,863	\$ 824,658	\$ -	\$ 9,251,739	\$ 9,161,262
Change in percentage ownership	5,088	2,997	80,007	1,210	19,023	10,276	-	118,601	9,396
Add: Net additions during the year	-	-	-	-	65,604	119,379	-	184,983	167,899
Less: Disposals during the year	-	-	-	-	(19,476)	-	-	(19,476)	(86,818)
Balance - end of year	<u>357,591</u>	<u>186,277</u>	<u>5,842,042</u>	<u>118,610</u>	<u>2,077,014</u>	<u>954,313</u>	<u>-</u>	<u>9,535,847</u>	<u>9,251,739</u>
ACCUMULATED AMORTIZATION									
Balance - beginning of year	-	66,455	1,683,215	66,475	1,058,804	518,651	-	3,393,600	2,976,248
Change in percentage ownership	-	1,017	20,090	686	10,011	6,956	-	38,760	3,871
Add: Amortization during the year	-	11,764	207,852	5,930	139,894	99,881	-	465,321	471,614
Less: Accumulated amortization on disposals	-	-	-	-	(14,624)	-	-	(14,624)	(58,133)
Balance - end of year	<u>-</u>	<u>79,236</u>	<u>1,911,157</u>	<u>73,091</u>	<u>1,194,085</u>	<u>625,488</u>	<u>-</u>	<u>3,883,057</u>	<u>3,393,600</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 357,591</u>	<u>\$ 107,041</u>	<u>\$ 3,930,885</u>	<u>\$ 45,519</u>	<u>\$ 882,929</u>	<u>\$ 328,825</u>	<u>\$ -</u>	<u>\$ 5,652,790</u>	<u>\$ 5,858,139</u>

MUNICIPALITY OF QUISPAMSIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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18. SCHEDULE OF SEGMENT DISCLOSURE

	General	Protective	Transportation	Environmental Health	Environmental Development	Community Services	Utility Services	2018 Consolidated	2017 Consolidated
REVENUE									
Property tax warrant	\$ 2,645,633	\$ 7,906,591	\$ 4,639,601	\$ 1,076,006	\$ 978,581	\$ 4,403,616	\$ -	\$ 21,650,028	\$ 21,554,031
Services provided to other governments	-	-	47,064	-	-	-	-	47,064	47,064
Other own source	44,553	7,545	-	-	-	1,319,638	-	1,371,736	1,274,370
Unconditional grant	56,453	168,715	99,001	22,960	20,881	93,966	-	461,976	105,015
Conditional government transfers	372,910	-	824,269	-	-	9,340	373,818	1,580,337	3,441,974
Water and sewer user fees	-	-	-	-	-	-	2,500,378	2,500,378	2,426,348
Contributions from public donations and sponsorship	-	-	-	-	-	103,662	-	103,662	103,662
Sundry	77,829	259,110	-	-	-	16,912	87,543	441,394	390,054
	<u>3,197,378</u>	<u>8,341,961</u>	<u>5,609,935</u>	<u>1,098,966</u>	<u>999,462</u>	<u>5,947,134</u>	<u>2,961,739</u>	<u>28,156,575</u>	<u>29,342,518</u>
EXPENDITURE									
Salaries and benefits	54,409	5,824,443	43,746	-	1,643	122,380	15,606	6,062,227	11,743,895
Goods and services	2,292,609	1,084,996	4,644,923	973,657	378,847	4,407,774	1,425,249	15,208,055	7,871,754
Interest	12,784	36,524	42,003	-	-	473,016	399,504	963,831	975,512
Other	-	4,254	58,898	-	-	-	-	63,152	20,834
Amortization	69,787	298,568	3,208,082	-	2,240	1,379,000	1,186,083	6,143,760	6,092,616
	<u>2,429,589</u>	<u>7,248,785</u>	<u>7,997,652</u>	<u>973,657</u>	<u>382,730</u>	<u>6,382,170</u>	<u>3,026,442</u>	<u>28,441,025</u>	<u>26,704,611</u>
Surplus (deficit) for the year	\$ <u>767,789</u>	\$ <u>1,093,176</u>	\$ <u>(2,387,717)</u>	\$ <u>125,309</u>	\$ <u>616,732</u>	\$ <u>(435,036)</u>	\$ <u>(64,703)</u>	\$ <u>(284,450)</u>	\$ <u>2,637,907</u>

MUNICIPALITY OF QUISPAMIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

19. RECONCILIATION OF ANNUAL SURPLUS

	General Operating Fund	General Capital Fund	Utility Operating Fund	Utility Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Utility Operating Reserve Fund	Utility Capital Reserve Fund	Land Trust Fund	Jointly Controlled Entities	Total
2018 annual surplus (deficit)	\$ 3,295,178	\$ (3,670,412)	\$ 984,783	\$ (862,265)	\$ 9,421	\$ 226,220	\$ 2,116	\$ 9,960	\$ 6,463	\$ (285,914)	\$ (284,450)
Adjustments to annual surplus for funding requirements											
Second previous year's surplus	58,326	-	686	-	-	-	-	-	-	119,410	178,422
Transfers between funds	-	-	(131,575)	-	-	-	-	131,575	-	-	-
Transfer elimination	-	-	(50,000)	-	-	-	-	50,000	-	-	-
Transfer elimination	(1,401,330)	1,401,330	(44,872)	-	-	-	-	44,872	-	-	-
Transfer elimination	(130,000)	-	-	-	130,000	-	-	-	-	-	-
Transfer elimination	(106,557)	-	-	-	106,557	-	-	-	-	-	-
Transfer elimination	(116,000)	-	-	-	116,000	-	-	-	-	-	-
Transfer elimination	(214,132)	-	-	-	-	214,132	-	-	-	-	-
Long term debt principal repayment	(1,591,201)	1,591,201	(663,000)	663,000	-	-	-	-	-	(131,539)	(191,938)
Provision for pension liability	(53,797)	-	(6,602)	-	-	-	-	-	-	32,132	(25,640)
Provision for sick leave accrual	94,320	-	11,579	-	-	-	-	-	-	(3,609)	(3,609)
Provision for retirement allowance	-	-	-	-	-	-	-	-	-	(14,624)	(14,624)
Accumulated amortization on disposal of tangible capital assets	-	(883,767)	-	-	-	-	-	-	-	23,516	23,516
Unrealized gains on investments	-	-	-	-	-	-	-	-	-	465,321	465,321
Amortization expense	-	4,492,356	-	1,186,083	-	-	-	-	-	-	6,143,760
Total adjustments to 2018 annual surplus (deficit)	(3,246,239)	6,601,120	(977,434)	1,942,733	352,557	-	-	226,447	-	490,608	5,226,120
2018 annual surplus (deficit) for funding requirements	\$ 48,939	\$ 2,930,708	\$ 7,349	\$ 1,080,468	\$ 361,978	\$ 226,220	\$ 2,116	\$ 236,407	\$ 6,463	\$ 204,694	\$ 5,105,342

MUNICIPALITY OF QUISPAMIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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20. STATEMENT OF RESERVES

	General Operating Reserve	General Capital Reserve	Utility Operating Reserve	Utility Capital Replacement Reserve	Utility Capital Reserve	Land Trust Fund	2018 Total	2017 Total
ASSETS								
Cash and short term investments	\$ 378,787	\$ 389,159	\$ 132,197	\$ 441,227	\$ 174,658	\$ 61,184	\$ 1,577,212	\$ 905,783
Accounts receivable from other funds	<u>552,088</u>	<u>567,204</u>	<u>752</u>	<u>44,872</u>	<u>191,556</u>	<u>61,626</u>	<u>1,418,098</u>	<u>1,256,343</u>
	\$ <u>930,875</u>	\$ <u>956,363</u>	\$ <u>132,949</u>	\$ <u>486,099</u>	\$ <u>366,214</u>	\$ <u>122,810</u>	\$ <u>2,995,310</u>	\$ <u>2,162,126</u>
ACCUMULATED SURPLUS	\$ <u>930,875</u>	\$ <u>956,363</u>	\$ <u>132,949</u>	\$ <u>486,099</u>	\$ <u>366,214</u>	\$ <u>122,810</u>	\$ <u>2,995,310</u>	\$ <u>2,162,126</u>
REVENUE								
Lot fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ 4,500	\$ 3,000
Transfers from General Operating Fund	352,557	214,132	-	-	-	-	566,689	208,700
Transfers from Utility Operating Fund	-	-	-	44,872	181,575	-	226,447	129,779
Interest	<u>9,421</u>	<u>12,088</u>	<u>2,116</u>	<u>7,022</u>	<u>2,938</u>	<u>1,963</u>	<u>35,548</u>	<u>18,827</u>
	<u>361,978</u>	<u>226,220</u>	<u>2,116</u>	<u>51,894</u>	<u>184,513</u>	<u>6,463</u>	<u>833,184</u>	<u>360,306</u>
EXPENDITURES								
Transfers to Funds	-	-	-	-	-	-	-	-
ANNUAL SURPLUS	\$ <u>361,978</u>	\$ <u>226,220</u>	\$ <u>2,116</u>	\$ <u>51,894</u>	\$ <u>184,513</u>	\$ <u>6,463</u>	\$ <u>833,184</u>	\$ <u>360,306</u>

MUNICIPALITY OF QUISPAMSIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

20. STATEMENT OF RESERVES (cont'd)

Council Resolutions regarding transfers to and from reserves:

Moved by Councillor Miller and seconded by Deputy Mayor O'Hara be it resolved that \$106,557 be transferred from the General Operating Fund to the General Operating Reserve Fund for future expenditures.

Moved by Councillor Miller and seconded by Councillor Olsen be it resolved that \$130,000 be transferred from the General Operating Fund to the General Operating Reserve Fund for future expenditures.

Moved by Councillor Miller and seconded by Councillor Luck be it resolved that \$214,132 be transferred from the General Operating Fund to the General Capital Reserve Fund in preparation for Fire Station No. 2.

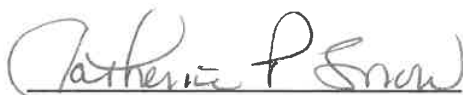
Moved by Councillor Miller and seconded by Councillor Loughery be it resolved that \$116,000 be transferred from the General Operating Fund to the General Operating Reserve Fund for future use.

Moved by Councillor Rioux and seconded by Deputy Mayor O'Hara be it resolved that \$131,575 be transferred from the Utility Operating Fund to the Utility Capital Reserve Fund as per the 2018 Budget.

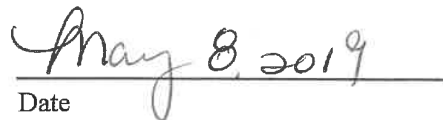
Moved by Councillor Rioux and seconded by Councillor Olsen be it resolved that \$50,000 be transferred from the Utility Operating Fund to the Utility Capital Reserve Fund for purchase of the Utility truck in 2019.

Moved by Councillor Luck and seconded by Councillor Thompson be it resolved that \$44,872 be transferred from the 2018 Utility Operating Fund to the Utility Capital Replacement Reserve Fund to pay for the cost of replacement of capital items for the Wastewater System Upgrades.

I hereby certify that the above are true and exact copies of resolutions adopted at a meeting of Council on December 18, 2018.



Town Clerk,
Town of Quispamsis



Date



MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

21. STATEMENT OF JOINTLY CONTROLLED ENTITIES OPERATIONS

	<u>KVFD</u>	<u>KRJBPC</u>	<u>Library</u>	<u>2018 Total</u>	<u>2017 Total</u>
ASSETS	\$ <u>2,034,582</u>	\$ <u>2,088,013</u>	\$ <u>2,812,544</u>	\$ <u>6,935,139</u>	\$ <u>7,232,763</u>
LIABILITIES	\$ <u>1,238,038</u>	\$ <u>1,533,085</u>	\$ <u>20,660</u>	\$ <u>2,791,783</u>	\$ <u>2,868,790</u>
ACCUMULATED SURPLUS	\$ <u>796,544</u>	\$ <u>554,928</u>	\$ <u>2,791,884</u>	\$ <u>4,143,356</u>	\$ <u>4,363,973</u>
REVENUE	\$ 2,917,031	\$ 3,846,731	\$ 149,867	\$ 6,913,629	\$ 6,667,618
EXPENDITURES	<u>3,067,100</u>	<u>3,810,429</u>	<u>298,498</u>	<u>7,176,027</u>	<u>6,718,759</u>
	(150,069)	36,302	(148,631)	(262,398)	(51,141)
CHANGE IN PERCENTAGE OWNERSHIP	<u>8,674</u>	<u>5,531</u>	<u>51,089</u>	<u>65,294</u>	<u>2,021</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>(141,395)</u>	\$ <u>41,833</u>	\$ <u>(97,542)</u>	\$ <u>(197,104)</u>	\$ <u>(49,120)</u>

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

MUNICIPALITY OF QUISPAMSIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

22. OPERATING BUDGET TO PSAS BUDGET

	Operating Budget General	Operating Budget Water and Sewer	Amortization and Long Term Accruals	Controlled Entities	Transfers	Total
REVENUE	\$ 21,650,027	\$ -	\$ -	\$ -	\$ -	\$ 21,650,027
Property tax warrant	453,656	-	-	-	-	453,656
Unconditional transfers from other governments	27,500	-	-	-	-	27,500
Conditional transfers from Federal or Provincial governments	56,011	-	-	-	(8,947)	47,064
Services other governments	1,242,742	4,797	-	-	-	1,247,539
Other own source	90,898	-	-	-	-	90,898
Public donations and sponsorships	-	203,452	-	-	(203,452)	-
Other transfers	-	2,501,439	-	-	-	2,501,439
Water and sewer user fees	14,000	47,680	-	247,210	-	308,890
Sundry income	58,326	686	-	-	(59,012)	-
Surplus of second previous year	23,593,160	2,758,054	-	247,210	(271,411)	26,327,013

EXPENDITURES

General government services	2,422,588	-	76,865	-	12,642	2,512,095
Protective services	7,243,486	-	299,788	-	(6,910,716)	7,162,660
Transportation services	4,249,831	-	3,224,930	-	100,436	7,575,197
Environmental health services	985,000	-	-	-	-	985,000
Environmental development services	896,844	-	3,883	-	(507,140)	393,587
Community services	4,034,871	-	1,392,734	140,134	841,506	6,409,245
Fiscal services						
Long term debt repayments	1,593,201	664,000	-	-	(2,257,201)	-
Interest	558,086	442,939	-	-	(1,001,025)	-
Transfer from General Operating Fund to Utility Operating Fund	91,923	-	-	-	(91,923)	-
Transfer from Utility Operating Fund to General Operating Fund	-	8,952	-	-	(8,952)	-
Transfer from Utility Operating Fund to Utility Capital Replacement Reserve Fund	-	176,447	-	-	(176,447)	-
Transfer from General Operating Fund to General Capital Fund	1,401,330	-	-	-	(1,401,330)	-
Transfer from Utility Operating Fund to Utility Capital Fund	-	35,000	-	-	(35,000)	-
Transfer from General Operating Fund to General Capital Reserve Fund	116,000	-	-	-	(116,000)	-
Utility services	23,593,160	2,758,054	6,189,260	6,670,236	(11,108,211)	28,102,499
Surplus (deficit)	\$ -	\$ -	\$ (6,189,260)	\$ (6,423,026)	\$ 10,836,800	\$ (1,775,486)

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

23. REVENUE AND EXPENDITURES SUPPORT

	<u>2018</u> Budget	<u>2018</u> Actual	<u>2017</u> Actual
REVENUE			
Other own source			
Permits and fines	\$ 108,800	\$ 164,422	\$ 104,578
Rental revenue	1,121,942	1,160,900	1,126,641
Miscellaneous	<u>16,797</u>	<u>46,414</u>	<u>43,151</u>
	<u>\$ 1,247,539</u>	<u>\$ 1,371,736</u>	<u>\$ 1,274,370</u>
Conditional government transfers			
Government of Canada			
Clean Water Wastewater	\$ -	\$ 50,438	\$ 38,046
Province of New Brunswick			
Small Communities Fund	-	323,380	2,129,472
Canada 150 Mural	-	-	15,000
Emergency Measures Organization	-	273,276	-
Regional Development Corporation	-	-	60,000
Trans Canada Trail	-	-	21,228
Contributions by developers	-	52,284	-
Gas Tax revenue	-	824,269	1,120,000
Other	<u>27,500</u>	<u>56,690</u>	<u>58,228</u>
	<u>\$ 27,500</u>	<u>\$ 1,580,337</u>	<u>\$ 3,441,974</u>
EXPENDITURE			
General government services			
Legislative			
Mayor	\$ 49,450	\$ 44,359	\$ 42,513
Councillors	<u>163,612</u>	<u>136,557</u>	<u>138,494</u>
	<u>213,062</u>	<u>180,916</u>	<u>181,007</u>
Administrative			
Administration	1,138,945	1,127,321	1,118,435
Office building	131,829	130,681	156,263
Solicitor	125,000	141,274	155,352
Other	<u>273,932</u>	<u>221,417</u>	<u>176,777</u>
	<u>1,669,706</u>	<u>1,620,693</u>	<u>1,606,827</u>
Financial management			
External audit	<u>20,860</u>	<u>21,447</u>	<u>21,170</u>

MUNICIPALITY OF QUISPAMSIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

23. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2018</u> Budget	<u>2018</u> Actual	<u>2017</u> Actual
General government services (cont'd)			
Other			
Civic relations	94,293	83,008	71,862
Marketing	1,500	1,574	2,510
Insurance	97,367	97,128	93,196
Cost of assessment	325,600	325,600	326,686
Other	200	9,574	9,011
Interest	12,642	12,784	10,088
Pension recovery	(9,283)	(9,283)	(35,776)
Sick leave expense (recovery)	16,361	16,361	(17,616)
Amortization	<u>69,787</u>	<u>69,787</u>	<u>61,140</u>
	<u>608,467</u>	<u>606,533</u>	<u>521,101</u>
	<u>\$ 2,512,095</u>	<u>\$ 2,429,589</u>	<u>\$ 2,330,105</u>
Protective services			
Fire			
Administration	\$ 402,527	\$ 390,545	\$ 370,903
Firefighting force	2,133,498	2,189,500	2,019,636
Telecommunications	6,388	4,210	5,115
Insurance	20,725	19,210	20,132
Prevention and training	28,393	17,748	17,609
Facilities	123,230	130,705	115,915
Fleet	52,379	81,146	57,653
Operations	31,055	31,257	29,201
Water costs	17,582	17,582	16,824
Retirement allowance	31,764	31,764	33,055
Other	1,775	1,075	1,388
Loss on disposal of tangible capital assets	-	-	7,145
Amortization	<u>158,512</u>	<u>158,512</u>	<u>154,241</u>
	<u>3,007,828</u>	<u>3,073,254</u>	<u>2,848,817</u>
Police			
Crime control		2,593,454	2,583,197
2,460,138			
Vehicle fleet	131,228	113,809	106,826
Property	118,940	127,844	112,097
Administration	565,442	626,025	544,304
Retirement allowance	48,157	39,525	38,794
Communications	219,311	217,777	204,471
Loss on disposal of tangible capital assets	4,254	4,254	12,056
Amortization	<u>140,056</u>	<u>140,056</u>	<u>131,567</u>
	<u>3,820,842</u>	<u>3,852,487</u>	<u>3,610,253</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

23. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2018</u> Budget	<u>2018</u> Actual	<u>2017</u> Actual
Protective services (cont'd)			
Other			
Emergency measures	16,354	16,933	15,950
Animal control	77,356	69,410	67,451
Building inspection	195,066	191,130	187,370
Crosswalk guards	7,874	7,827	7,256
Interest	36,120	36,524	28,822
Pension recovery	(1,595)	(1,595)	(5,905)
Sick leave expense (recovery)	<u>2,815</u>	<u>2,815</u>	<u>(2,907)</u>
	<u>333,990</u>	<u>323,044</u>	<u>298,037</u>
	<u>\$ 7,162,660</u>	<u>\$ 7,248,785</u>	<u>\$ 6,757,107</u>
Transportation services			
Common			
Workshop, yard and equipment maintenance	\$ 56,108	\$ 63,775	\$ 68,178
Engineering	<u>456,974</u>	<u>457,690</u>	<u>456,848</u>
	<u>513,082</u>	<u>521,465</u>	<u>525,026</u>
Roads and streets			
Culverts and drainage ditches	86,000	70,397	103,351
Summer maintenance	1,264,057	1,280,256	1,271,689
Flood damage	-	273,276	-
Snow and ice removal	2,017,162	2,160,723	1,951,790
Street lighting	144,000	150,859	141,021
Street signs	12,800	11,504	10,367
Traffic lane marking	30,000	25,902	36,271
Traffic signals and signs	9,400	9,665	14,328
Railway crossing signals	10,100	8,734	9,535
Public transit - Comex Service	163,230	159,040	147,906
Pension recovery	(22,038)	(22,038)	(82,039)
Sick leave expense (recovery)	38,886	38,886	(40,395)
Interest	41,538	42,003	33,145
Loss on disposal of tangible capital assets	58,898	58,898	1,633
Amortization	<u>3,208,082</u>	<u>3,208,082</u>	<u>3,257,450</u>
	<u>7,062,115</u>	<u>7,476,187</u>	<u>6,856,052</u>
	<u>\$ 7,575,197</u>	<u>\$ 7,997,652</u>	<u>\$ 7,381,078</u>
Environmental health services			
Waste collection and disposal	\$ 983,000	\$ 973,193	\$ 951,807
Climate protection	<u>2,000</u>	<u>464</u>	<u>9,674</u>
	<u>\$ 985,000</u>	<u>\$ 973,657</u>	<u>\$ 961,481</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

23. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2018</u> Budget	<u>2018</u> Actual	<u>2017</u> Actual
Environmental development services			
Administration	\$ 263,435	\$ 257,108	\$ 264,472
Municipal plan	5,250	720	-
Enterprise Saint John	112,133	112,133	112,133
Regional Services Commission	8,886	8,886	6,058
Pension recovery	(2,148)	(2,148)	(7,917)
Sick leave expense (recovery)	3,791	3,791	(3,898)
Amortization	<u>2,240</u>	<u>2,240</u>	<u>4,482</u>
	<u>\$ 393,587</u>	<u>\$ 382,730</u>	<u>\$ 375,330</u>
Community services			
Administration	\$ 193,610	\$ 186,403	\$ 206,522
Facilities maintenance	373,771	446,727	347,063
Parks office	72,844	68,209	75,830
Beaches	71,403	69,522	64,666
Quispamsis Arena	365,476	371,724	358,096
Qplex	1,698,938	1,682,756	1,542,877
Parks and playgrounds	922,939	779,390	881,948
Civic Centre	48,294	45,253	61,456
Recreation programs	77,700	67,202	72,994
Regional Facilities Commission	507,140	561,421	530,189
Library	140,134	150,596	130,113
Warehouse	17,235	17,714	7,924
Food bank building	9,147	8,731	6,645
Beach house	50,094	60,772	37,411
Pension recovery	(18,733)	(18,733)	(66,855)
Sick leave expense (recovery)	32,467	32,467	(32,919)
Interest	467,786	473,016	512,326
Amortization	<u>1,379,000</u>	<u>1,379,000</u>	<u>1,395,987</u>
	<u>\$ 6,409,245</u>	<u>\$ 6,382,170</u>	<u>\$ 6,132,273</u>
Utility services			
Water System			
Treatment	\$ 67,784	\$ 44,083	\$ 64,710
Wellfields	3,750	2,570	1,251
Pump	6,650	47,168	6,498
Infrastructure	151,202	185,777	134,756
Pension recovery	(1,041)	(1,041)	(4,080)
Interest and bank charges	30,144	29,072	29,460
Sick leave expense (recovery)	<u>1,837</u>	<u>1,837</u>	<u>(2,009)</u>
	<u>260,326</u>	<u>309,466</u>	<u>230,586</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

23. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2018</u> Budget	<u>2018</u> Actual	<u>2017</u> Actual
Sewer System			
Sewer collection system	142,146	119,172	121,362
Sewer lift stations	271,383	277,560	255,789
Treatment and disposal	237,640	218,158	208,888
Pension recovery	(2,492)	(2,492)	(9,352)
Sick leave expense (recovery)	4,398	4,398	(4,605)
Interest and bank charges	412,795	399,504	391,131
Loss on disposal of tangible capital asset	-	-	1,341
Amortization	<u>1,186,083</u>	<u>1,186,083</u>	<u>1,087,748</u>
	<u>2,251,953</u>	<u>2,202,383</u>	<u>2,052,302</u>
Administration			
Administration	550,161	512,318	501,477
Pension recovery	(3,069)	(3,069)	(11,477)
Sick leave expense (recovery)	<u>5,344</u>	<u>5,344</u>	<u>(5,651)</u>
	<u>552,436</u>	<u>514,593</u>	<u>484,349</u>
	<u>\$ 3,064,715</u>	<u>\$ 3,026,442</u>	<u>\$ 2,767,237</u>



2018

ANNUAL REPORT

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