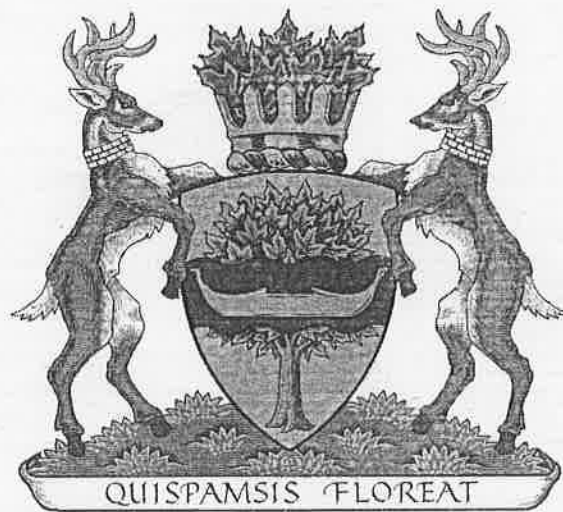


**MUNICIPALITY OF QUISPAMSIS**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**





# **MUNICIPALITY OF QUISPAMISIS**

**DECEMBER 31, 2012**

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**TEED  
SAUNDERS  
DOYLE & CO.**  
**Chartered Accountants**  
Independent member of DFK International

## INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the Municipality of Quispamsis as at December 31, 2012, December 31, 2011, and January 1, 2011 and the consolidated statements of operations, changes in net debt and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 opinions.

Saint John Partners  
Andrew P. Logan Peter L. Logan  
Jean-Marc Poirier



Fredericton Partners  
Brian J. Saunders David H. Bradley  
Jeffrey E. Saunders John H. Landry  
T.J. Smith Kenneth H. Kyle



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

*Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of Quispamsis as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and changes in net debt for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian public sector accounting standards.

  
CHARTERED ACCOUNTANTS

Saint John, NB  
January 21, 2014



# MUNICIPALITY OF QUISPAMSI

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

			Restated
	2012 Budget (Note 27)	2012 Actual	2011 Actual (Note 2)
<b>REVENUE (Note 3)</b>			
Property tax warrant	\$ 18,275,168	\$ 18,275,172	\$ 17,249,403
Unconditional grant	814,852	814,848	831,480
Conditional government transfers (Note 28)	35,000	3,199,696	1,171,111
Services other governments	45,678	46,973	45,621
Other own source (Note 28)	1,319,453	1,428,710	1,138,786
Water and sewer user fees	2,001,549	2,032,180	1,991,743
Public donations and sponsorships	115,945	130,289	433,052
Sundry income	<u>222,556</u>	<u>254,229</u>	<u>319,298</u>
	<u>22,830,201</u>	<u>26,182,097</u>	<u>23,180,494</u>
<b>EXPENDITURE (Notes 3 and 28)</b>			
General government services	2,019,182	1,966,056	1,674,005
Protective services	5,695,878	5,627,778	5,218,135
Transportation services	6,388,298	6,448,094	6,131,098
Environmental health services	155,974	159,657	153,600
Environmental development services	369,735	350,247	325,282
Community services	5,668,526	5,563,269	4,753,141
Utility services	<u>2,070,882</u>	<u>1,881,226</u>	<u>1,752,850</u>
	<u>22,368,475</u>	<u>21,996,327</u>	<u>20,008,111</u>
<b>ANNUAL SURPLUS FOR THE YEAR</b>	\$ <u>461,726</u>	4,185,770	3,172,383
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>		72,154,781	68,928,947
<b>CHANGE IN PERCENTAGE OWNERSHIP OF CONTROLLED ENTITIES</b>		<u>482</u>	<u>53,451</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>		<u>\$ 76,341,033</u>	<u>\$ 72,154,781</u>



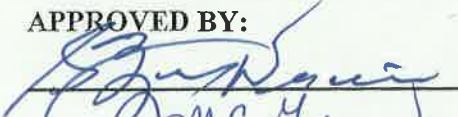
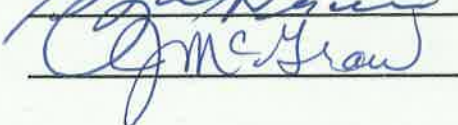
# MUNICIPALITY OF QUISPAMISIS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

	<u>2012</u>	Restated <u>2011</u>	Restated (Note 2) <u>2010</u>
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents (Notes 3, 4 and 5)	\$ 1,187,865	\$ 3,725,141	\$ 1,057,535
Accounts receivable (Notes 3 and 4)			
General	1,162,365	827,036	553,417
Federal Government and its agencies (Note 6)	3,063,542	359,236	737,888
Province of New Brunswick (Note 7)	-	4,584	4,650
Investments (Notes 4 and 9)	<u>265,339</u>	<u>299,777</u>	<u>215,041</u>
	<u>\$ 5,679,111</u>	<u>\$ 5,215,774</u>	<u>\$ 2,568,531</u>
<b>LIABILITIES</b>			
Bank loan (Notes 4 and 17)	\$ 2,000,000	\$ -	\$ 6,100,000
Accounts payable and accrued liabilities (Notes 3 and 4)	5,502,421	\$ 3,922,896	6,630,941
Deferred revenue (Notes 8 and 12)	883,979	1,336,710	1,343,399
Long term debt (Notes 3, 4 and 10)	23,581,072	23,664,088	10,204,378
Accrued pension obligation (Notes 3 and 14)	2,210,188	2,207,404	2,369,785
Accrued sick leave (Notes 3 and 13)	449,435	395,419	328,740
Accrued retirement allowance (Notes 3 and 14)	<u>611,838</u>	<u>570,730</u>	<u>493,763</u>
	<u>35,238,933</u>	<u>32,097,247</u>	<u>27,471,006</u>
<b>NET DEBT</b>	<u>(29,559,822)</u>	<u>(26,881,473)</u>	<u>(24,902,475)</u>
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets (Notes 3 and 19)	148,090,217	136,901,154	128,332,600
Accumulated amortization (Notes 3 and 19)	<u>(42,553,981)</u>	<u>(38,278,959)</u>	<u>(34,803,957)</u>
	105,536,236	98,622,195	93,528,643
Inventory (Note 3)	91,716	85,146	111,753
Prepaid expenses	40,098	72,967	83,044
Unamortized debenture costs	<u>232,805</u>	<u>255,946</u>	<u>107,982</u>
	<u>105,900,855</u>	<u>99,036,254</u>	<u>93,831,422</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 76,341,033</u>	<u>\$ 72,154,781</u>	<u>\$ 68,928,947</u>
<b>CONTINGENT LIABILITY (Note 15)</b>			

APPROVED BY:

 Mayor  
 Treasurer



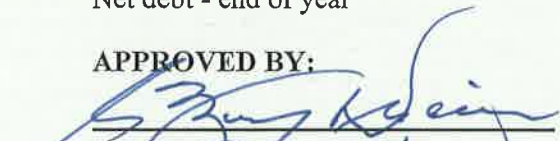
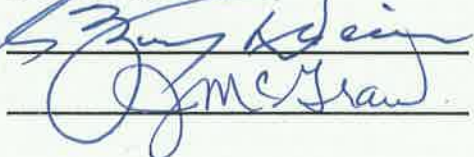
# MUNICIPALITY OF QUISPAMISIS

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

AS AT DECEMBER 31, 2012

	2012	2011
Annual surplus, before restatement	\$ 4,185,770	\$ 7,035,023
Prior period adjustment (amortization)	-	(4,089,360)
Cost of tangible capital assets expensed under PSAS	-	(213,428)
Cost of tangible capital assets previously expensed	-	405,464
Prior period adjustment (sick leave accrual)	-	(47,391)
Prior period adjustment (pension liability)	-	242,913
Cost of tangible capital assets disposed	-	(453,599)
Other asset adjustments	-	(524,704)
Net PSAS adjustment on disposal of tangible capital assets	-	563,966
Contributions from member municipalities	-	302,342
Deferred revenue	-	46,207
Second previous year's surplus	<u>-</u>	<u>(95,050)</u>
Annual surplus (deficit), as restated	4,185,770	3,172,383
Acquisition of tangible capital assets	(11,547,036)	(9,106,321)
Proceeds on disposal of tangible capital assets	6,326	264,731
Amortization of tangible capital assets	4,633,534	4,089,360
Change in percentage ownership of tangible capital assets	(2,828)	(181,952)
Gain on disposal of tangible capital assets	<u>(4,037)</u>	<u>(159,370)</u>
	(2,728,271)	(1,921,169)
Acquisition of inventories	(91,716)	(85,146)
Acquisition of prepaid assets	(40,098)	(72,967)
Acquisition of unamortized debenture costs	(232,805)	(255,946)
Consumption of inventories	85,146	111,753
Use of prepaid assets	72,967	83,044
Consumption of unamortized debenture costs	<u>255,946</u>	<u>107,982</u>
	(2,678,831)	(2,032,449)
Change in percentage ownership	<u>482</u>	<u>53,451</u>
(Increase) decrease in net debt	(2,678,349)	(1,978,998)
Net debt - beginning of year	<u>(26,881,473)</u>	<u>(24,902,475)</u>
Net debt - end of year	<u>\$ (29,559,822)</u>	<u>\$ (26,881,473)</u>

APPROVED BY:

 Mayor  
 Treasurer



# MUNICIPALITY OF QUISPAMISIS

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 4,185,770	\$ 3,172,383
Gain on disposal of tangible capital assets	(4,037)	(159,370)
Amortization of tangible capital assets	4,633,534	4,089,360
Accounts receivable - General	(335,329)	(273,619)
Receivable - Federal Government and its agencies	(2,704,306)	378,652
Receivable - Province of New Brunswick	4,584	66
Accounts payable and accrual liabilities	1,579,525	(2,708,045)
Deferred revenue	(452,731)	(6,689)
Change in a accrued sick leave	54,016	66,679
Change in accrued pension obligation	2,784	(162,381)
Change in accrued retirement allowance	41,108	76,967
Change in inventory/prepaid expenses/unamortized debenture costs	<u>49,440</u>	<u>(111,280)</u>
	<u>7,054,358</u>	<u>4,362,723</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(11,547,036)	(9,106,321)
Change in percentage ownership of capital assets	(2,828)	(181,952)
Proceeds on disposal of tangible capital assets	<u>6,326</u>	<u>264,731</u>
	<u>(11,543,538)</u>	<u>(9,023,542)</u>
<b>FINANCING TRANSACTION</b>		
Bank loan	2,000,000	(6,100,000)
Long term debt	<u>(83,016)</u>	<u>13,459,710</u>
	<u>1,916,984</u>	<u>7,359,710</u>
<b>INVESTING TRANSACTION</b>		
(Increase) decrease in investments	<u>34,438</u>	<u>(84,736)</u>
<b>CHANGE IN PERCENTAGE OWNERSHIP</b>	<u>482</u>	<u>53,451</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,537,276)	2,667,606
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>3,725,141</u>	<u>1,057,535</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,187,865</u>	<u>\$ 3,725,141</u>



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 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. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2011, the Municipality has restated its consolidated financial statements to adopt the Public Sector Accounting Standards (PSAS). The changes made were to comply with the provisions of Section 3150, Tangible Capital Assets and to adopt full accrual accounting. Section 3150 has established standards on how to account for, and report, tangible capital assets. Tangible capital assets are a significant economic resource managed by government and a key component in the delivery of many government programs. The standard requires these assets to be recorded at historical cost on the balance sheet and their costs allocated to future accounting periods through annual amortization expenses based on the tangible capital assets estimated useful lives. The Municipality was required to record the historical cost of their tangible capital assets and accumulated amortization on a retroactive basis with restatement of prior years.

The Municipality determined historical cost based on historical records and discounted replacement costs. If historical cost could not be determined, the asset was recorded at a nominal value.

The Municipality calculated and recorded liabilities for its sick leave accrual, defined benefit pension plan and other post employment benefits.

The December 31, 2011 figures presented for comparative purposes have been restated from those previously reported. The following adjustments were made to the prior periods:

#### Adjustments to annual surplus (deficit)

Annual surplus, as previously reported in the operating fund	\$ 1,888
Annual surplus of other funds	7,033,135
Less: second previous year deficit	(95,050)
Less: sick leave accrual	(47,391)
Less: cost of tangible capital asset disposed and expensed	(667,027)
Add: post employment benefits	242,913
Add: cost of tangible capital assets previously expensed	405,464
Other adjustments	387,811
Less: amortization on tangible capital assets	<u>(4,089,360)</u>
Annual surplus, as restated	<u>\$ 3,172,383</u>



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 2. CHANGE IN ACCOUNTING POLICY (cont'd)

#### Adjustments for net book value of tangible capital assets

As previously reported, December 31, 2010	\$ 90,284,366
Adjustment to historical cost of tangible capital assets, net	47,312,494
Accumulated amortization as at December 31, 2010	(34,885,305)
Amortization expense recorded	<u>(4,089,360)</u>
Adjusted net book value as at December 31, 2011	<u>\$ 98,622,195</u>

See Note 21 for the reconciliation of accumulated surplus (deficit).

### 3. 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 Canadian Institute of Chartered Accountants.

The Municipality has adopted PSAS as of January 1, 2011.

The focus of 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
- Rothesay Regional Joint Board of Police Commissions (RRJPC)
- 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>2012</u>	<u>2011</u>	<u>2010</u>
Rothesay Regional Joint Board of Police Commissions	57.23%	57.44%	55.64%
Kennebecasis Valley Fire Department Inc.	56.59%	56.37%	52.23%
Kennebecasis Public Library	56.70%	56.70%	55.13%

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



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

#### Budget

The budget figures contained in these consolidated financial statements were approved by Council on December 20, 2011 and the Minister of Local Government on February 2, 2012.

#### 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 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.



# MUNICIPALITY OF QUISPAMIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 3. 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

Effective January 1, 2011, the Municipality adopted the provisions of PSA Section 3150 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, 2012

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

#### Segmented Information (cont'd)

##### Environmental Health Services

This department is responsible for the provision of bulky item 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 22.

#### 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 13 and a pension plan and retirement allowance as documented in Note 14.

### 4. 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, 2012:

#### 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, 2012

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

#### 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 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 exposed to interest rate risk as its short term bank loan has a variable interest rate.

### 5. CASH

	<u>2012</u>	<u>2011</u>
Unrestricted	\$ 374,901	\$ 1,646,825
Restricted - reserve funds	159,807	1,839,774
Restricted - controlled entities	<u>653,157</u>	<u>238,542</u>
	<u>\$ 1,187,865</u>	<u>\$ 3,725,141</u>

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

	<u>2012</u>	<u>2011</u>
Canada Revenue Agency (HST refund)	\$ 728,259	\$ 359,236
Canada-New Brunswick Building Canada Fund	<u>2,335,283</u>	<u>-</u>
	<u>\$ 3,063,542</u>	<u>\$ 359,236</u>

### 7. DUE FROM PROVINCE OF NEW BRUNSWICK

	<u>2012</u>	<u>2011</u>
Department of Transportation	\$ <u>-</u>	\$ <u>4,584</u>

### 8. DEFERRED REVENUE

	<u>2012</u>	<u>2011</u>
Government transfers - Gas Tax	\$ 857,556	\$ 1,329,755
Other	<u>26,423</u>	<u>6,955</u>
	<u>\$ 883,979</u>	<u>\$ 1,336,710</u>



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 9. INVESTMENTS

The investments represent the Municipality's proportionate share of the investments of the RRJPC. The investments consist of short term notes, Canadian equities and foreign equities and are recorded at fair market value. The unrealized loss on the investments at December 31, 2012 was \$1,582 (2011 - \$1,713). The investments are restricted for future payment of retirement benefits.

### 10. LONG TERM DEBT

#### (a) General Capital Fund

	Balance January 1, 2012	Issued during year	Redeemed during year	Balance December 31, 2012
New Brunswick Municipal Financing Corporation				
Debentures:				
A013 3.05% - 5.0%, due July 2013, OIC # 01-11, 02-15, 02-51	\$ 760,000	\$ -	\$ 96,000	\$ 664,000
AQ06 2.75% - 5.5%, due July 2014, OIC # 02-51, 03-34	406,000	-	94,000	312,000
AS07 2.85% - 4.35, due July 2015, OIC # 03-34, 04-08	358,000	-	85,000	273,000
AU09 4.25% - 4.7%, due June 2016, OIC # 05-55	472,000	-	86,000	386,000
AW06 4.3% - 4.55%, due May 2017, OIC # 06-71	375,000	-	91,000	284,000
AY14 3.3% - 4.85%, due May 2018, OIC # 07-12	370,000	-	46,000	324,000
BB23 1.0% - 3.35% due May, 2014, OIC # 99-25	187,000	-	61,000	126,000
BD20 1.5% - 3.85% due November, 2020, OIC # 99-25, 99-72	823,000	-	133,000	690,000
BE14 1.65% - 4.25%, due May 2026, OIC # 00-43, 09-40, 09-72	12,240,000	-	678,000	11,562,000
BF19 1.35% - 3.45%, due December 2026, OIC # 11-39	2,600,000	-	221,000	2,379,000
FCM 10092 1-2012 2%, due May 2026, OIC # 09-0075	-	2,000,000	-	2,000,000
	<u>18,591,000</u>	<u>2,000,000</u>	<u>1,591,000</u>	<u>19,000,000</u>



# MUNICIPALITY OF QUISPAMSI

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

#### (a) General Capital Fund (cont'd)

	Balance January 1, 2012	Issued during year	Redeemed during year	Balance December 31, 2012
Capital leases:				
HSBC Bank Canada, 5.875%, due March 2013, secured by equipment	25,853	-	21,881	3,972
HSBC Bank Canada, 5.925%, due July 2015, secured by equipment	48,056	-	12,679	35,377
	73,909	-	34,560	39,349
	<u>\$ 18,664,909</u>	<u>\$ 2,000,000</u>	<u>\$ 1,625,560</u>	<u>\$ 19,039,349</u>

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

2013 - \$2,284,423; 2014 - \$1,771,270; 2015 - \$1,528,657; 2016 - \$1,376,000; 2017 - \$1,293,000

In 2013, debenture AO13 will mature with a final amount due of \$664,000, however it is expected that \$564,000 of this payment will be refinanced during that year. In 2014, debenture AQ06 will mature with a final payment of \$213,000, however \$109,000 of this payment is expected to be refinanced during that year. In 2016, debenture AU09 will mature with a final amount due of \$102,000.

#### (b) Utility Capital Fund

	Balance January 1, 2012	Issued during year	Redeemed during year	Balance December 31, 2012
New Brunswick Municipal Financing Corporation				
Debentures:				
AQ07 2.75% - 5.5% due July, 2014, OIC # 01-11, 02-15	\$ 122,000	\$ -	\$ 38,000	\$ 84,000
AS08 2.85% - 4.35%, due July 2015, OIC # 02-15	75,000	-	18,000	57,000
AU10 4.25% - 4.7%, due June 2016, OIC # 94-13, 93-22	1,825,000	-	96,000	1,729,000
AW07 4.3 - 4.55%, due November due 2017, OIC # 05-55, 05-105, 05-91	604,000	-	99,000	505,000
AY15 3.5% - 4.85%, due May 2018, OIC # 06-71, 07-12	70,000	-	22,000	48,000
BB24 1.0 - 4.5%, due November 2019, OIC # 07-12	238,000	-	27,000	211,000
BD21 1.5% - 3.85%, due November 2020, OIC # 08-42	273,000	-	27,000	246,000
BE15 1.65 - 4.25%, due May 2021, OIC # 00-43, 01-11	591,000	-	52,000	539,000



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

#### (b) Utility Capital Fund (cont'd)

	Balance January 1, 2012	Issued during year	Redeemed during year	Balance December 31, 2012
BF20 1.35 - 3.45%, due December 2021, OIC # 09-68	200,000	-	21,000	179,000
	<u>\$ 3,998,000</u>	<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ 3,598,000</u>

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

2013 - \$403,000; 2014 - \$400,000; 2015 - \$371,000; 2016 - \$1,666,000; 2017 - \$253,000

In 2016, debenture AU10 will mature with a final amount due of \$1,416,000. It is anticipated that \$1,304,000 of this payment will be refinanced during that year.

#### (c) Jointly Controlled Entity - RRJBPC (proportionate share)

	Balance January 1, 2012	Issued during year	Redeemed during year	Balance December 31, 2012
New Brunswick Municipal Financing Corporation				
Debentures:				
AR52 2.75% - 4.8%, due 2014, OIC # 02-66, 03-53	\$ 345,789	\$ -	\$ 21,295	\$ 324,494
AT63 3.75% - 4.375%, due 2015, OIC # 03-53	655,390	-	36,161	619,229
	<u>\$ 1,001,179</u>	<u>\$ -</u>	<u>\$ 57,456</u>	<u>\$ 943,723</u>

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

2013 - \$55,513; 2014 - \$340,519; 2015 - \$547,691

In 2014, debenture AR52 will mature with a final amount due of \$303,891, however \$282,144 of this payment is expected to be refinanced during that year. In 2015, debenture AT63 will mature with a final amount due of \$547,691, however, \$509,347 of this payment is expected to be refinanced during that year.

#### Total Long term debt:

	2012	2011
General Capital Fund	\$ 19,039,349	\$ 18,664,909
Utility Capital Fund	3,598,000	3,998,000
Jointly Controlled Entity - RRJBPC	<u>943,723</u>	<u>1,001,179</u>
	<u>\$ 23,581,072</u>	<u>\$ 23,664,088</u>

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



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 11. 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. Any accumulated amounts are transferred to the Water and Sewer Capital Reserve Fund for future capital expenditures.

### 12. DEFERRED REVENUE

Deferred revenue represents contributions restricted for use in projects that have yet to be started.

### 13. ACCRUED SICK LEAVE

Quispamsis provides sick leave that accumulates at a rate of one and one-half day per month. All employees can accumulate to 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, the 74 employee plan for Quispamsis and the 40 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 Municipality'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 3.38% (prior - 4.26%);
- 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:

	Estimated 2012	2011
Quispamsis	\$ 113,800	\$ 98,800
KVFD	<u>335,635</u>	<u>296,619</u>
	<u>\$ 449,435</u>	<u>\$ 395,419</u>

The consolidated unfunded liability was \$328,740 on January 1, 2011 and was recorded as a prior period adjustment on the adoption of PSAS.



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 14. 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, 2009, which used a discount rate of 6% and an annual salary increase rate of 4%.

RRJBPC'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, 2008, which used a discount rate of 6.35% and an annual salary increase rate of 3%.

The consolidated unfunded liability consist of:

	<u>2012</u>	<u>2011</u>
KVFD	\$ 238,697	\$ 193,582
RRJBPC	<u>373,141</u>	<u>377,148</u>
Balance at end of year	<u>\$ 611,838</u>	<u>\$ 570,730</u>

The consolidated accrued liability was \$493,763 on January 1, 2011, and was recorded as a prior period adjustment on the adoption of PSAS.

#### Pension Obligation

Employees of Quispamsis, KVFD and RRJBPC 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, 2011 and resulted in an overall NBMEPP accrued benefit obligation of \$78,574,700 based on the accounting basis.



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 14. 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, 2011:

- the expected inflation rate is 2.35% (prior 2.35%);
- the discount rate used to determine the accrued benefit obligation is 5.5% (prior 5.85%);
- the expected rate of return on assets is 5.5% (prior 5.85%);
- retirement age varies by age and employment category; and
- estimated average remaining service life (EARS�) is 15.1 years (prior 15.3 years).

The actuarial valuation prepared as at December 31, 2011 indicated that the present value of the accumulated plan benefits exceeded the market value of the net assets available for these benefits. The pension plan has been granted a solvency deficiency exemption by the Province of New Brunswick. On a going concern valuation basis, the actuarial valuation indicated a plan deficit of \$12,629,600, an increase of \$2,926,300 from the December 31, 2010 deficit of \$9,703,300. In response to the deficit increase, effective January 1, 2013, plan benefits were amended and contribution rates were increased. Based on the assumptions as at December 31, 2011, 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, 2011, the NBMEPP provides benefits for 157 retirees. Total benefits payments to retirees and terminating employees during 2012 are estimated to be approximately \$2,816,300 (actual 2011, \$2,747,600) 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 2012 are estimated to be approximately \$5,003,000 (actual 2011, \$4,739,300) in totality for the NBMEPP.

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

- The average age of the 77 active employees covered by the NBMEPP is 44.2;
- benefit payments were \$196,100 in 2011 and were estimated to be \$203,800 in 2012; and
- combined contributions were \$508,600 in 2011 and were estimated to be \$562,200 in 2012.

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

- The average age of the 37 active employees covered by the NBMEPP is 45.1;
- benefit payments were \$260,200 in 2011 and were estimated to be \$268,500 in 2012; and
- combined contributions were \$365,000 in 2011 and were estimated to be \$403,400 in 2012.

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

- The average age of the 42 active employees covered by the NBMEPP is 41.7;
- benefit payments were \$281,400 in 2011 and were estimated to be \$292,300 in 2012; and
- combined contributions were \$485,000 in 2011 and were estimated to be \$536,200 in 2012.



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 14. 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, 2010 and December 31, 2011, NBMEPP's actuary performed an extrapolation of the December 31, 2011 accounting valuation to determine the estimated position as at December 31, 2012. The extrapolation assumes assumptions used as at December 31, 2012 remain unchanged from December 31, 2011. 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:

	<b>Estimated Jan 1, 2012 to Dec 31, 2012</b>	<b>Jan 1, 2011 to Dec 31, 2011</b>
<b>Accrued Benefit Liability</b>		
Accrued benefit liability at beginning of period	\$ 2,207,404	\$ 2,369,785
Change in ownership percentage	(45)	76,818
Pension expense for the year	551,505	257,268
Employer contributions	<u>(548,676)</u>	<u>(496,467)</u>
Accrued benefit liability at end of period	<b><u>\$ 2,210,188</u></b>	<b><u>\$ 2,207,404</u></b>

In summary, the consolidated accrued benefit liability is estimated to be \$2,210,188 as at December 31, 2012. This compares to \$2,369,785 as at January 1, 2011 and \$2,207,404 as at December 31, 2011. This amount is included in the post employment benefits payable on the consolidated statement of financial position.

	<b>Estimated Jan 1, 2012 to Dec 31, 2012</b>	<b>Jan 1, 2011 to Dec 31, 2011</b>
Quispamsis	\$ 775,300	\$ 809,000
KVFD	701,829	670,352
RRJBPC	<u>733,059</u>	<u>728,052</u>
	<b><u>\$ 2,210,188</u></b>	<b><u>\$ 2,207,404</u></b>

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, 2012 to Dec 31, 2012</b>	<b>Jan 1, 2011 to Dec 31, 2011</b>
<b>Reconciliation of Funded Status at End of Period</b>		
Accrued benefit obligation	\$ 15,724,542	\$ 14,594,800
Plan assets	<u>(12,398,032)</u>	<u>(11,192,877)</u>
Plan deficit	3,326,510	3,401,923
Unamortized experience losses	<u>(1,116,322)</u>	<u>(1,194,519)</u>
Accrued benefit liability at end of period	<b><u>\$ 2,210,188</u></b>	<b><u>\$ 2,207,404</u></b>



# MUNICIPALITY OF QUISPAMSIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 14. 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 Jan 1, 2012 to Dec 31, 2012</b>	<b>Jan 1, 2011 to Dec 31, 2011</b>
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued benefit obligation at beginning of period	\$ 14,594,800	\$ 12,359,927
Change in ownership percentage	(643)	400,646
Current service cost	841,949	705,957
Benefits payments	(523,028)	(504,411)
Interest for period	811,464	752,396
Savings of plan amendments	-	(86,957)
Experience loss during period	-	967,242
Accrued benefit obligation at end of period	<u>\$ 15,724,542</u>	<u>\$ 14,594,800</u>

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

	<b>Estimated Jan 1, 2012 to Dec 31, 2012</b>	<b>Jan 1, 2011 to Dec 31, 2011</b>
<b>Reconciliation of Plan Assets</b>		
Plan assets at beginning of period	\$ 11,192,877	\$ 9,990,143
Change in ownership percentage	(493)	323,827
Employer contributions	548,676	496,467
Employee contributions	548,676	496,467
Benefit payments	(523,028)	(504,411)
Return on plan assets during period	631,324	590,951
Experience gain during the year	-	(200,567)
Plan assets at end of period	<u>\$ 12,398,032</u>	<u>\$ 11,192,877</u>

Total expense related to pensions include the following components:

	<b>Estimated Jan 1, 2012 to Dec 31, 2012</b>	<b>Jan 1, 2011 to Dec 31, 2011</b>
<b>Pension Expense</b>		
Employer current service cost	\$ 293,273	\$ 209,490
Interest on accrued benefit obligation	811,464	752,396
Expected return on assets	(631,324)	(617,661)
Amortization of unrecognized balances		
Prior service savings	33,800	(86,957)
Experience loss	44,292	-
Pension expense	<u>\$ 551,505</u>	<u>\$ 257,268</u>

The pension expense is included in the statement of operations.



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 15. 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, 2012 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.

### 16. 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 (2011 - nil) was made. The remaining \$45,000 is payable at \$5,000 per year, over the next 9 years.

#### University of New Brunswick

In 2007, the Municipality committed \$175,000 payable over 10 years to the University. During the year, a payment of \$17,500 (2011 - \$17,500) was made. The remaining \$70,000 is payable at \$17,500 per year, over the next 4 years.

#### Snow clearing

The Municipality has committed to a contractor for snow clearing services for the next 16 months. The future minimum payments over the next two years are as follows:

2013	\$208,026
2014	156,550

#### 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:

2013	\$9,852
2014	7,591
2015	1,287

#### Library expansion

The Municipality has agreed to fund its proportionate share of the Kennebecasis Public Library Inc. expansion project to a maximum of \$3,402,000. During 2012, the Municipality contributed \$2,075,813 (2011 - \$288,489) to this project.



# MUNICIPALITY OF QUISPAMSI

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 17. 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 2012, 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 Utility Capital Fund. The facility is used to provide interim financing for capital expenditures. At December 31, 2012, the Municipality had \$2,000,000 (2011 - nil) borrowed from the facility.

The Municipality has ministerial authority for short-term borrowings as follows:

General Capital Fund, OIC # 11-0083	\$ <u>3,402,000</u>
Utility Capital Fund, OIC # 09-0083	\$ 1,733,334
Utility Capital Fund, OIC # 11-083	2,750,000
Utility Capital Fund, OIC # 12-0079	1,250,000
Utility Capital Fund, OIC # 12-0091	<u>2,400,000</u>
	\$ <u>8,133,334</u>

#### 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.

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.

### 18. WATER AND SEWER FUND SURPLUS

The Municipalities 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:

	<b>2012</b>	<b>2011</b>
2012 Surplus	\$ 129,352	\$ -
2011 Surplus	135,305	135,307
2010 Surplus	<u>-</u>	<u>74,037</u>
	\$ <u>264,657</u>	\$ <u>209,344</u>



# MUNICIPALITY OF QUISPAMSI

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 19. SCHEDULE OF TANGIBLE CAPITAL ASSETS

	Land	Land Improvements	Buildings and Leasehold Improvement	Furniture and Fixtures	Vehicles	Machinery and Equipment	Roads and Streets	Infrastructure Treatment Facilities	Water and Sewer	Subtotal	Assets Under Construction	2012 Total	2011 Total
<b>COST</b>													
Balance - beginning of year	\$ 2,812,160	\$ 5,531,414	\$ 30,082,217	\$ 303,376	\$ 2,565,965	\$ 3,423,887	\$ 59,721,592	\$ 20,415,471	\$ 10,017,104	\$ 134,873,186	\$ 2,027,968	\$ 136,901,154	\$ 128,332,600
Change in percentage ownership	(276)	(117)	505	(372)	4,655	258	-	-	-	4,651	-	4,651	263,300
Add: Net additions during the year	199,203	400,562	1,225,905	-	108,839	552,582	906,326	-	334,889	3,728,306	7,818,730	11,547,036	9,106,321
Less: Disposals during the year	-	-	-	-	(19,475)	-	(343,149)	-	-	(362,624)	-	(362,624)	(801,067)
Balance - end of year	<u>3,011,087</u>	<u>5,931,859</u>	<u>31,308,625</u>	<u>303,004</u>	<u>2,659,984</u>	<u>3,976,727</u>	<u>60,284,769</u>	<u>20,415,471</u>	<u>10,351,993</u>	<u>138,243,519</u>	<u>9,846,698</u>	<u>148,090,217</u>	<u>136,901,154</u>
<b>ACCUMULATED AMORTIZATION</b>													
Balance - beginning of year	-	1,010,338	3,566,063	169,180	1,105,687	1,643,888	23,290,033	2,522,251	4,971,519	38,278,959	-	38,278,959	34,803,957
Change in percentage ownership	-	(40)	800	(121)	1,272	(88)	-	-	-	1,823	-	1,823	31,348
Add: Amortization during the year	-	306,636	830,193	20,800	225,158	369,872	2,283,935	253,761	343,179	4,633,534	-	4,633,534	4,089,360
Less: Accumulated amortization on disposals	-	-	-	-	(17,186)	-	(343,149)	-	-	(360,335)	-	(360,335)	(695,706)
Balance - end of year	<u>-</u>	<u>1,316,934</u>	<u>4,397,056</u>	<u>189,859</u>	<u>1,314,931</u>	<u>2,613,572</u>	<u>25,230,819</u>	<u>2,776,012</u>	<u>5,314,698</u>	<u>42,553,981</u>	<u>-</u>	<u>42,553,981</u>	<u>38,278,959</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 3,011,087</u>	<u>\$ 4,614,925</u>	<u>\$ 26,911,569</u>	<u>\$ 113,145</u>	<u>\$ 1,345,053</u>	<u>\$ 1,963,055</u>	<u>\$ 35,053,950</u>	<u>\$ 17,639,459</u>	<u>\$ 5,037,295</u>	<u>\$ 95,689,538</u>	<u>\$ 9,846,698</u>	<u>\$ 105,536,236</u>	<u>\$ 98,622,195</u>
Consists of:													
General Fund Assets	\$ 2,130,457	\$ 4,595,642	\$ 24,952,286	\$ 49,717	\$ 314,588	\$ 1,850,536	\$ 35,053,950	\$ -	\$ -	\$ 68,947,176	\$ 646,006	\$ 69,593,182	\$ 70,597,143
Utility Fund Assets	546,852	-	-	-	52,175	2,604	-	17,639,459	5,037,295	23,278,385	6,509,405	29,787,790	24,158,870
Jointly Controlled Entities	333,778	19,283	1,959,283	63,428	978,290	109,915	-	-	-	3,463,977	2,691,287	6,155,264	3,866,182
	<u>\$ 3,011,087</u>	<u>\$ 4,614,925</u>	<u>\$ 26,911,569</u>	<u>\$ 113,145</u>	<u>\$ 1,345,053</u>	<u>\$ 1,963,055</u>	<u>\$ 35,053,950</u>	<u>\$ 17,639,459</u>	<u>\$ 5,037,295</u>	<u>\$ 95,689,538</u>	<u>\$ 9,846,698</u>	<u>\$ 105,536,236</u>	<u>\$ 98,622,195</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	\$ 218,866	\$ (124,783)	\$ 94,083



# MUNICIPALITY OF QUISPAMIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 20. SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR JOINTLY CONTROLLED ENTITIES

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Furniture and Fixtures</u>	<u>Vehicles</u>	<u>Machinery and Equipment</u>	<u>Assets Under Construction</u>	<u>2012 Total</u>	<u>2011 Total</u>
<b>COST</b>									
Balance - beginning of year	\$ 334,054	\$ 46,436	\$ 2,895,837	\$ 101,858	\$ 1,597,590	\$ 276,347	\$ 222,242	\$ 5,474,364	\$ 4,624,925
Change in percentage ownership	(276)	(117)	503	(372)	4,655	259	-	4,652	263,300
Add: Net additions during the year	-	-	-	-	41,765	7,641	2,469,045	2,518,451	720,180
Less: Disposals during the year	-	-	-	-	(19,475)	-	-	(19,475)	(134,040)
Balance - end of year	<u>333,778</u>	<u>46,319</u>	<u>2,896,340</u>	<u>101,486</u>	<u>1,624,535</u>	<u>284,247</u>	<u>2,691,287</u>	<u>7,977,992</u>	<u>5,474,365</u>
<b>ACCUMULATED AMORTIZATION</b>									
Balance - beginning of year	-	25,384	847,543	33,105	551,162	150,989	-	1,608,183	1,402,607
Change in percentage ownership	-	(40)	800	(121)	1,272	(88)	-	1,823	81,348
Add: Amortization during the year	-	1,692	88,714	5,074	110,997	23,431	-	229,908	218,450
Less: Accumulated amortization on disposals	-	-	-	-	(17,186)	-	-	(17,186)	(94,222)
Balance - end of year	-	<u>27,036</u>	<u>937,057</u>	<u>38,058</u>	<u>646,245</u>	<u>174,332</u>	-	<u>1,822,728</u>	<u>1,608,183</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 333,778</u>	<u>\$ 19,283</u>	<u>\$ 1,959,283</u>	<u>\$ 63,428</u>	<u>\$ 978,290</u>	<u>\$ 109,915</u>	<u>\$ 2,691,287</u>	<u>\$ 6,155,264</u>	<u>\$ 3,866,182</u>



# MUNICIPALITY OF QUISPAM SIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 21. SCHEDULE OF ACCUMULATED SURPLUS (DEFICIT) RECONCILIATION TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB) REQUIREMENTS

	<u>General Operating Fund</u>	<u>General Capital Fund</u>	<u>Utility Operating Fund</u>	<u>Utility Capital Fund</u>	<u>General Operating Reserve Fund</u>	<u>General Capital Reserve Fund</u>	<u>Utility Operating Reserve Fund</u>	<u>Utility Capital Reserve Fund</u>	<u>Jointly Controlled Entities</u>	<u>Total</u>
2011 annual fund surplus (deficit)	\$ 1,888	\$ 6,480,876	\$ 135,305	\$ 1,517,429	\$ (225,000)	\$ (1,126,029)	\$ 1,104	\$ 276,114	\$ (26,664)	\$ 7,035,023
Adjustments to 2011 annual surplus (deficit) for PSAB requirements										
Second previous year's surplus	(1,445)	-	(91,676)	-	-	-	-	-	(1,929)	(95,050)
Transfers between funds										
Transfer elimination	-	(1,330,000)	-	-	-	1,330,000	-	-	-	-
Transfer elimination	(225,000)	-	-	-	225,000	-	-	-	-	-
Transfer elimination	3,861,948	(3,861,948)	-	-	-	-	-	-	-	-
Transfer elimination	(8,952)	-	8,952	-	-	-	-	-	-	-
Transfer elimination	170,000	-	-	-	-	(170,000)	-	-	-	-
Transfer elimination	-	-	-	(50,000)	-	-	-	50,000	-	-
Transfer elimination	-	-	85,000	(85,000)	-	-	-	-	-	-
Transfer elimination	-	-	319,000	-	-	-	-	(319,000)	-	-
Long term debt principal payment	937,587	(937,587)	384,000	(384,000)	-	-	-	-	-	-
Contributions from member municipalities	5,408,177	-	-	-	-	-	-	-	(5,105,835)	302,342
Provision for pension liability	125,934	-	16,166	-	-	-	-	-	97,099	239,199
Provision for sick leave accrual	(11,875)	-	(1,525)	-	-	-	-	-	(33,991)	(47,391)
Provision for retirement allowance	-	-	-	-	-	-	-	-	3,714	3,714
Deferred revenue	-	-	-	-	-	-	-	-	46,207	46,207
Net PSAB adjustment on disposal of tangible capital assets	-	601,486	-	-	-	-	-	-	(37,520)	563,966
Cost of tangible capital asset disposed	-	(453,599)	-	-	-	-	-	-	-	(453,599)
Cost of tangible capital assets expensed under PSAS	(213,428)	-	-	-	-	-	-	-	-	(213,428)
Cost of tangible capital assets previously expensed	-	-	-	-	-	-	-	-	405,464	405,464
Other asset adjustments	(564,347)	-	-	-	-	-	-	-	39,643	(524,704)
Amortization expense	-	(3,316,392)	-	(554,518)	-	-	-	-	(218,450)	(4,089,360)
Total adjustments to 2011 annual surplus (deficit)	<u>9,478,599</u>	<u>(9,298,040)</u>	<u>719,917</u>	<u>(1,073,518)</u>	<u>225,000</u>	<u>1,160,000</u>	<u>-</u>	<u>(269,000)</u>	<u>(4,805,598)</u>	<u>(3,862,640)</u>



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

**21. SCHEDULE OF ACCUMULATED SURPLUS (DEFICIT) RECONCILIATION TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB) REQUIREMENTS (cont'd)**

	<u>General Operating Fund</u>	<u>General Capital Fund</u>	<u>Utility Operating Fund</u>	<u>Utility Capital Fund</u>	<u>General Operating Reserve Fund</u>	<u>General Capital Reserve Fund</u>	<u>Utility Operating Reserve Fund</u>	<u>Utility Capital Reserve Fund</u>	<u>Jointly Controlled Entities</u>	<u>Total</u>
2011 annual surplus (deficit) per PSAB requirements	9,480,487	(2,817,164)	855,222	443,911	-	33,971	1,104	7,114	(4,832,262)	3,172,383
Accumulated surplus before prior period adjustments - beginning of year	<u>80,461</u>	<u>41,810,375</u>	<u>165,713</u>	<u>19,744,681</u>	<u>225,000</u>	<u>1,842,029</u>	<u>105,010</u>	<u>743,236</u>	<u>702,263</u>	<u>65,418,768</u>
Accumulated surplus before prior period adjustments - end of year	9,560,948	38,993,211	1,020,935	20,188,592	225,000	1,876,000	106,114	750,350	(4,129,999)	68,591,151
Prior period adjustments	<u>(3,206,369)</u>	<u>7,982,573</u>	<u>-</u>	<u>(1,122,006)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,568)</u>	<u>3,563,630</u>
Accumulated surplus (deficit) per PSAB requirements - end of year	<u>\$ 6,354,579</u>	<u>\$ 46,975,784</u>	<u>\$ 1,020,935</u>	<u>\$ 19,066,586</u>	<u>\$ 225,000</u>	<u>\$ 1,876,000</u>	<u>\$ 106,114</u>	<u>\$ 750,350</u>	<u>\$ (4,220,567)</u>	<u>\$ 72,154,781</u>



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 22. SCHEDULE OF SEGMENT DISCLOSURE

	<u>General</u>	<u>Protective</u>	<u>Transportation</u>	<u>Environmental Health</u>	<u>Environmental Development</u>	<u>Community Services</u>	<u>Utility Services</u>	<u>2012 Consolidated</u>	<u>2011 Consolidated</u>
<b>REVENUE</b>									
Property tax warrant	\$ 1,786,221	\$ 5,113,005	\$ 5,858,286	\$ 145,054	\$ 318,209	\$ 5,054,397	\$ -	\$ 18,275,172	\$ 17,249,403
Services provided to other governments	-	-	46,973	-	-	-	-	46,973	45,621
Other own source	-	-	-	-	-	392,215	1,036,495	1,428,710	1,138,786
Unconditional grant	278,922	213,246	144,147	6,111	17,112	155,310	-	814,848	831,480
Other government transfers	42,215	-	-	-	-	350,000	2,807,481	3,199,696	1,171,111
Water and sewer user fees	-	-	-	-	-	-	2,032,180	2,032,180	1,991,743
Contributions from public donations	-	-	-	-	-	130,289	-	130,289	433,052
Sundry and interest	<u>38,386</u>	<u>156,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,706</u>	<u>55,922</u>	<u>254,229</u>	<u>319,298</u>
	<u>2,145,744</u>	<u>5,482,466</u>	<u>6,049,406</u>	<u>151,165</u>	<u>335,321</u>	<u>6,085,917</u>	<u>5,932,078</u>	<u>26,182,097</u>	<u>23,180,494</u>
<b>EXPENDITURE</b>									
Salaries and benefits	983,884	4,506,523	2,015,583	-	211,006	1,988,146	592,458	10,297,600	9,226,918
Goods and services	922,818	868,987	1,705,737	159,657	134,728	1,917,455	462,246	6,171,628	6,075,967
Interest	13,458	28,581	101,797	-	-	558,076	195,690	897,602	775,236
Other	-	(4,037)	-	-	-	-	-	(4,037)	(159,370)
Amortization	<u>45,896</u>	<u>227,724</u>	<u>2,624,977</u>	<u>-</u>	<u>4,513</u>	<u>1,099,592</u>	<u>630,832</u>	<u>4,633,534</u>	<u>4,089,360</u>
	<u>1,966,056</u>	<u>5,627,778</u>	<u>6,448,094</u>	<u>159,657</u>	<u>350,247</u>	<u>5,563,269</u>	<u>1,881,226</u>	<u>21,996,327</u>	<u>20,008,111</u>
Surplus (deficit) for the year	<u>\$ 179,688</u>	<u>\$ (145,312)</u>	<u>\$ (398,688)</u>	<u>\$ (8,492)</u>	<u>\$ (14,926)</u>	<u>\$ 522,648</u>	<u>\$ 4,050,852</u>	<u>\$ 4,185,770</u>	<u>\$ 3,172,383</u>



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 23. 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
2012 annual surplus (deficit)	\$ 9,791,641	\$(3,411,903)	\$ 841,384	\$ 2,176,648	\$ -	\$ 5,522	\$ 894	\$ 84,817	\$ 11,151	\$(5,314,384)	\$ 4,185,770
Adjustments to annual surplus											
(deficit) for funding requirements											
Second previous year's surplus	79,016	-	74,037	-	-	-	-	-	-	670	153,723
Transfers between funds											
Transfer elimination	-	370,000	-	-	-	(370,000)	-	-	-	(6,361)	(6,361)
Transfer elimination	(2,062,000)	2,062,000	-	-	-	-	-	-	-	-	-
Transfer elimination	(720,000)	-	-	-	-	720,000	-	-	-	-	-
Transfer elimination	(325,000)	-	-	-	325,000	-	-	-	-	-	-
Transfer elimination	8,952	-	(8,952)	-	-	-	-	-	-	-	-
Transfer elimination	-	-	-	73,675	-	-	-	(73,675)	-	-	-
Transfer elimination	-	-	(50,000)	50,000	-	-	-	-	-	-	-
Transfer elimination	-	-	(325,000)	-	-	-	-	325,000	-	-	-
Long term debt principal repayment	(1,625,560)	1,625,560	(400,000)	400,000	-	-	-	-	-	-	-
Provision for Pension liability	(29,885)	-	(3,815)	-	-	-	-	-	-	36,530	2,830
Provision for sick leave accrual	13,302	-	1,698	-	-	-	-	-	-	37,859	52,859
Provision for retirement allowance	-	-	-	-	-	-	-	-	-	(24,759)	(24,759)
Accumulated amortization on disposal of tangible capital assets	-	(343,150)	-	-	-	-	-	-	-	17,186	(325,964)
Cost of tangible capital assets expensed	34,734	-	-	-	-	-	-	-	-	(35,405)	(671)
Revenue adjustment	(5,163,986)	-	-	-	-	-	-	-	-	5,135,621	(28,365)
Unrealized gains on investments	-	-	-	-	-	-	-	-	-	(131)	(131)
Amortization expense	-	3,772,794	-	630,832	-	-	-	-	-	229,908	4,633,534
Total adjustments to 2012 annual surplus (deficit)	(9,790,427)	7,487,204	(712,032)	1,154,507	325,000	350,000	-	251,325	-	5,391,118	4,456,695
2012 annual surplus (deficit) for funding requirements	\$ 1,214	\$ 4,075,301	\$ 129,352	\$ 3,331,155	\$ 325,000	\$ 355,522	\$ 894	\$ 336,142	\$ 11,151	\$ 76,734	\$ 8,642,465



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 24. STATEMENT OF RESERVES

	General Operating Reserve	General Capital Reserve	Utility Operating Reserve	Utility Equipment Replacement Reserve	Utility Capital Reserve	Land Trust Fund	2012 Total	2011 Total
<b>ASSETS</b>								
Cash and short term investments	\$ -	\$ 20,848	\$ -	\$ -	\$ 134,264	\$ 4,695	\$ 159,807	\$ 1,839,774
Accounts receivable from other funds	<u>325,000</u>	<u>850,979</u>	<u>107,008</u>	<u>197,845</u>	<u>1,023,383</u>	<u>206,151</u>	<u>2,710,366</u>	<u>1,690</u>
	<u>\$ 325,000</u>	<u>\$ 871,827</u>	<u>\$ 107,008</u>	<u>\$ 197,845</u>	<u>\$ 1,157,647</u>	<u>\$ 210,846</u>	<u>\$ 2,870,173</u>	<u>\$ 1,841,464</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 325,000</u>	<u>\$ 871,827</u>	<u>\$ 107,008</u>	<u>\$ 197,845</u>	<u>\$ 1,157,647</u>	<u>\$ 210,846</u>	<u>\$ 2,870,173</u>	<u>\$ 1,841,464</u>
<b>REVENUE</b>								
Lot fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,010	\$ -	\$ 12,000
Transfers from General Operating Fund	325,000	720,000	-	24,000	301,000	-	1,370,000	489,000
Interest	<u>-</u>	<u>5,522</u>	<u>894</u>	<u>1,516</u>	<u>9,626</u>	<u>2,141</u>	<u>17,558</u>	<u>30,189</u>
	<u>325,000</u>	<u>725,522</u>	<u>894</u>	<u>25,516</u>	<u>310,626</u>	<u>11,151</u>	<u>1,387,558</u>	<u>531,189</u>
<b>EXPENDITURES</b>								
Transfers to General Operating Fund	-	-	-	-	-	-	-	225,000
Transfers to General Capital Fund	-	370,000	-	-	-	-	370,000	1,330,000
Transfers to Utility Sewer Capital Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
	<u>-</u>	<u>370,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,000</u>	<u>1,605,000</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 325,000</u>	<u>\$ 355,522</u>	<u>\$ 894</u>	<u>\$ 25,516</u>	<u>\$ 310,626</u>	<u>\$ 11,151</u>	<u>\$ 1,017,558</u>	<u>\$ (1,073,811)</u>



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

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

Moved by Councillor Clark and seconded by Councillor Olsen be it resolved that an amount up to \$325,000 be transferred from the 2012 General Revenue Operating Fund to the General Operating Reserve Fund.


Moved by Councillor Clark and seconded by Councillor Thompson be it resolved that \$370,000 be transferred from the General Capital Reserve Fund to be used for 2012 Capital Expenditures.

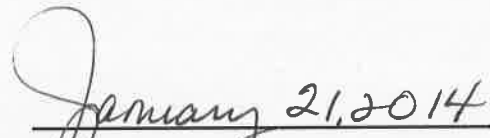
Moved by Councillor Thompson and seconded by Councillor Miller be it resolved that \$720,000 be transferred from the General Operating Fund to the General Capital Reserve Fund.

Moved by Councillor Olsen and seconded by Councillor Thompson be it resolved that \$301,000 be transferred from the Utility Operating Fund to the Utility Capital Reserve Fund.

Moved by Councillor Rioux and seconded by Councillor Clark be it resolved that \$24,000 be transferred from the 2012 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 special meeting of Council on December 18, 2012.

  
Clerk,  
Quispamsis

  
Date



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 25. STATEMENT OF JOINTLY CONTROLLED ENTITIES OPERATIONS

	<u>KV Fire</u>	<u>Police</u>	<u>Library</u>	<u>2012 Total</u>	<u>2011 Total</u>
ASSETS	\$ <u>2,227,390</u>	\$ <u>1,836,391</u>	\$ <u>3,927,630</u>	\$ <u>7,991,411</u>	\$ <u>4,876,573</u>
LIABILITIES	\$ <u>1,377,167</u>	\$ <u>2,184,863</u>	\$ <u>931,323</u>	\$ <u>4,493,353</u>	\$ <u>3,688,965</u>
ACCUMULATED SURPLUS (DEFICIT)	\$ <u>850,223</u>	\$ <u>(348,472)</u>	\$ <u>2,996,307</u>	\$ <u>3,498,058</u>	\$ <u>1,187,608</u>
REVENUE	\$ 2,191,528	\$ 3,038,416	\$ 2,538,436	\$ 7,768,380	\$ 5,635,031
EXPENDITURES	<u>2,369,301</u>	<u>3,011,640</u>	<u>76,989</u>	<u>5,457,930</u>	<u>5,059,118</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>(177,773)</u>	\$ <u>26,776</u>	\$ <u>2,461,447</u>	\$ <u>2,310,450</u>	\$ <u>575,913</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.

### 26. RECONCILIATION OF FUNDING DEFICIT UPON ADOPTION OF PSA

	<u>Defined Benefit Pension Liability</u>	<u>Vested Post Employment Benefits</u>	<u>Sick Leave Accrual</u>
Liability at December 31, 2011 as calculated on adoption of PSAS	\$ 2,207,404	\$ 570,730	\$ 395,419
Amount of December 31, 2011 liability funded in current year	-	-	-
Amounts funded in prior years	-	-	-
Balance to be funded in future years	\$ <u>2,207,404</u>	\$ <u>570,730</u>	\$ <u>395,419</u>



# MUNICIPALITY OF QUISPAMSI

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 27. OPERATING BUDGET TO PSAS BUDGET

	<u>Operating Budget General</u>	<u>Operating Budget Water and Sewer</u>	<u>Amortization and Long Term Accruals</u>	<u>Controlled Entities</u>	<u>Transfers</u>	<u>Total</u>
<b>REVENUE</b>						
Property tax warrant	\$ 18,275,168	\$ -	\$ -	\$ -	\$ -	\$ 18,275,168
Unconditional transfers from other governments	814,852	-	-	-	-	814,852
Conditional transfers from Federal or Provincial governments	35,000	-	-	-	-	35,000
Services other governments	79,350	-	-	-	(33,672)	45,678
Other own source	1,319,453	-	-	-	-	1,319,453
Public donations and sponsorships	115,945	-	-	-	-	115,945
Other transfers	8,947	-	-	-	(8,947)	-
Water and sewer user fees	-	2,014,269	-	-	(12,720)	2,001,549
Sundry income	6,000	77,811	-	138,745	-	222,556
Surplus of second previous year	<u>79,016</u>	<u>74,037</u>	<u>-</u>	<u>-</u>	<u>(153,053)</u>	<u>-</u>
	<u>20,733,731</u>	<u>2,166,117</u>	<u>-</u>	<u>138,745</u>	<u>(208,392)</u>	<u>22,830,201</u>
<b>EXPENDITURES</b>						
General government services	1,962,457	-	43,263	-	13,462	2,019,182
Protective services	5,425,259	-	227,221	5,138,910	(5,095,512)	5,695,878
Transportation services	3,668,685	-	2,617,822	-	101,791	6,388,298
Environmental health services	155,974	-	-	-	-	155,974
Environmental development services	365,976	-	3,759	-	-	369,735
Community services	4,020,946	-	1,094,054	65,756	487,770	5,668,526
Fiscal services						
Long term debt repayments	1,625,560	400,000	-	-	(2,025,560)	-
Interest	701,874	229,507	-	-	(931,381)	-
Transfer from General Operating Fund to General Operating Reserve Fund	2,782,000	-	-	-	(2,782,000)	-
Transfer from General Operating Fund to General Operating Reserve Fund	25,000	-	-	-	(25,000)	-
Transfer from Utility Operating Fund to Utility Capital Reserve Fund	-	240,998	-	-	(240,998)	-
Transfer from Utility Operating Fund to Utility Equipment Replacement Reserve Fund	-	24,000	-	-	(24,000)	-
Transfer from Utility Operating Fund to Utility Capital Fund	-	50,000	-	-	(50,000)	-
Utility services	<u>-</u>	<u>1,221,612</u>	<u>628,715</u>	<u>-</u>	<u>220,555</u>	<u>2,070,882</u>
	<u>20,733,731</u>	<u>2,166,117</u>	<u>4,614,834</u>	<u>5,204,666</u>	<u>(10,350,873)</u>	<u>22,368,475</u>
Surplus (deficit)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(4,614,834)</u>	\$ <u>(5,065,921)</u>	\$ <u>10,142,481</u>	\$ <u>461,726</u>



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 28. REVENUE AND EXPENDITURES SUPPORT

	2012 Budget	2012 Actual	2011 Actual
<b>REVENUE</b>			
Other own source			
Permits and fines	\$ 212,176	\$ 218,929	\$ 223,010
Developers infrastructure contribution	-	73,675	-
Rental revenue	988,532	1,054,206	838,831
Miscellaneous	<u>118,745</u>	<u>81,900</u>	<u>76,945</u>
	<u>\$ 1,319,453</u>	<u>\$ 1,428,710</u>	<u>\$ 1,138,786</u>
Conditional government transfers			
Building Canada and Infrastructure Stimulus Funds	\$ -	\$ 2,335,283	\$ -
Federation of Canadian Municipalities	-	300,000	-
New Brunswick Environmental Trust Fund	-	-	60,000
New Brunswick Family and Youth Capital Assistance Program	-	50,000	-
Gas Tax revenue	-	472,198	1,038,807
Other	<u>35,000</u>	<u>42,215</u>	<u>72,304</u>
	<u>\$ 35,000</u>	<u>\$ 3,199,696</u>	<u>\$ 1,171,111</u>
<b>EXPENDITURE</b>			
General government services			
Legislative			
Mayor	\$ 64,723	\$ 57,928	\$ 36,558
Councilors	<u>167,728</u>	<u>144,160</u>	<u>126,398</u>
	<u>232,451</u>	<u>202,088</u>	<u>162,956</u>
Administrative			
Administration	871,084	836,500	817,346
Office building	117,079	114,765	85,574
Solicitor	105,725	131,780	110,171
Other	<u>115,028</u>	<u>100,677</u>	<u>109,735</u>
	<u>1,208,916</u>	<u>1,183,722</u>	<u>1,122,826</u>
Financial management			
External audit and PSAS conversion	<u>22,750</u>	<u>29,688</u>	<u>75,500</u>



# MUNICIPALITY OF QUISPAMSI

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

	2012 Budget	2012 Actual	2011 Actual
General government services (cont'd)			
Other			
Civic relations	104,600	99,204	93,327
Insurance	88,704	86,016	88,143
Cost of assessment	293,736	293,736	277,248
Other	11,300	14,881	12,638
Interest	13,462	13,458	10,762
Pension expense (recovery)	(4,745)	(4,745)	(21,246)
Sick leave expense	2,112	2,112	2,003
Gain on disposal of tangible capital assets	-	-	(190,498)
Amortization	<u>45,896</u>	<u>45,896</u>	<u>40,346</u>
	<u>555,065</u>	<u>550,558</u>	<u>312,723</u>
	<u>\$ 2,019,182</u>	<u>\$ 1,966,056</u>	<u>\$ 1,674,005</u>
Protective services			
Fire			
Administration	\$ 233,144	\$ 229,960	\$ 206,759
Firefighting force	1,686,046	1,649,482	1,476,648
Telecommunications	8,206	9,091	9,379
Insurance	20,372	19,659	19,667
Prevention and training	15,845	11,319	15,359
Facilities	115,303	116,480	118,719
Fleet	64,948	70,050	67,404
Operations	35,716	44,026	43,217
Water costs	13,507	13,507	12,568
Retirement allowance	20,372	44,359	21,565
Other	849	615	777
Loss (gain) on disposal of tangible capital assets	-	(4,752)	13,366
Amortization	<u>124,375</u>	<u>124,375</u>	<u>111,903</u>
	<u>2,338,683</u>	<u>2,328,171</u>	<u>2,117,331</u>
Police			
Crime Control	2,024,046	1,988,491	1,842,367
Vehicle Fleet	145,360	169,520	151,002
Property	141,554	135,787	136,127
Administration	409,019	406,500	391,696
Retirement allowance	9,219	43,497	33,647
Communications	161,732	172,354	185,531
Loss (gain) on disposal of tangible capital assets	-	715	(1,138)
Amortization	<u>96,993</u>	<u>96,993</u>	<u>97,362</u>
	<u>2,987,923</u>	<u>3,013,857</u>	<u>2,836,594</u>



# MUNICIPALITY OF QUISPAMSI

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

	<u>2012</u> Budget	<u>2012</u> Actual	<u>2011</u> Actual
Protective services (cont'd)			
Other			
Emergency measures	6,156	8,183	5,738
Animal control	59,196	65,749	59,911
Building inspection	265,930	172,904	169,599
Crosswalk guards	3,558	4,480	4,183
Interest	28,579	28,581	22,840
Pension expense (recovery)	(907)	(907)	(4,028)
Sick leave expense	404	404	380
Amortization	<u>6,356</u>	<u>6,356</u>	<u>5,587</u>
	<u>369,272</u>	<u>285,750</u>	<u>264,210</u>
	<u>\$ 5,695,878</u>	<u>\$ 5,627,778</u>	<u>\$ 5,218,135</u>
Transportation services			
Common			
Workshop, yard and equipment maintenance	\$ 39,465	\$ 47,193	\$ 33,387
Engineering	<u>409,251</u>	<u>420,923</u>	<u>371,067</u>
	<u>448,716</u>	<u>468,116</u>	<u>404,454</u>
Roads and Streets			
Culverts and drainage ditches	66,500	105,634	113,342
Summer maintenance	1,154,275	1,205,173	1,268,980
Snow and ice removal	1,632,994	1,615,580	1,652,012
Street lighting	126,000	130,388	126,909
Street signs	16,200	5,170	9,759
Traffic lane marking	30,000	24,033	21,380
Traffic signals and signs	17,200	3,951	9,115
Railway crossing signals	9,600	9,992	9,899
Public transit - Comex Service	167,200	160,438	150,468
Pension expense (recovery)	(12,894)	(12,894)	(56,997)
Sick leave expense	5,739	5,739	5,375
Interest	101,791	101,797	81,351
Loss on disposal of tangible capital assets	-	-	27,624
Amortization	<u>2,624,977</u>	<u>2,624,977</u>	<u>2,307,427</u>
	<u>5,939,582</u>	<u>5,979,978</u>	<u>5,726,644</u>
	<u>\$ 6,388,298</u>	<u>\$ 6,448,094</u>	<u>\$ 6,131,098</u>
Environmental health services			
Clean up campaign	\$ 149,974	\$ 158,700	\$ 150,526
Climate protection	<u>6,000</u>	<u>957</u>	<u>3,074</u>
	<u>\$ 155,974</u>	<u>\$ 159,657</u>	<u>\$ 153,600</u>



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

	<b>2012 Budget</b>	<b>2012 Actual</b>	<b>2011 Actual</b>
Environmental development services			
Planning Advisory Committee	\$ 233,888	\$ 239,400	\$ 223,030
Enterprise Saint John	107,088	107,088	103,695
Municipal plan	25,000	-	-
Pension expense (recovery)	(1,359)	(1,359)	(5,973)
Sick leave expense	605	605	563
Amortization	<u>4,513</u>	<u>4,513</u>	<u>3,967</u>
	<u>\$ 369,735</u>	<u>\$ 350,247</u>	<u>\$ 325,282</u>
Community services			
Administration	\$ 168,812	\$ 163,993	\$ 160,465
Facilities maintenance	250,896	255,292	129,743
Beaches	74,542	74,287	65,351
Quispamsis Arena	406,853	390,099	389,373
Qplex	1,465,314	1,471,835	1,136,592
Parks and playgrounds	876,549	818,714	791,608
Parks office	106,859	97,647	53,845
Civic Centre	51,323	47,300	47,815
Recreation programs	103,675	95,179	127,499
Regional Facilities Commission	378,660	378,660	353,407
Library	65,756	68,449	64,825
Warehouse	16,054	13,978	12,211
Food bank building	8,421	6,317	12,572
225 Hampton Road	-	-	317
Beach house	42,716	29,389	27,419
Pension expense (recovery)	(9,980)	(9,980)	(37,690)
Sick leave expense	4,442	4,442	3,554
Interest	558,042	558,076	445,985
Amortization	<u>1,099,592</u>	<u>1,099,592</u>	<u>968,250</u>
	<u>\$ 5,668,526</u>	<u>\$ 5,563,269</u>	<u>\$ 4,753,141</u>
Utility services			
Water System			
Treatment	\$ 50,591	\$ 54,641	\$ 55,386
Wellfields	5,750	3,420	15,348
Pump	15,600	2,384	14,692
Infrastructure	178,589	140,122	128,165
Pension expense (recovery)	(684)	(684)	(2,653)
Sick leave expense	<u>305</u>	<u>305</u>	<u>250</u>
	<u>250,151</u>	<u>200,188</u>	<u>211,188</u>



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

	<b>2012 Budget</b>	<b>2012 Actual</b>	<b>2011 Actual</b>
Sewer System			
Sewer collection system	140,346	116,474	97,963
Sewer lift stations	247,846	206,208	191,685
Treatment and disposal	176,640	148,562	125,405
Pension expense (recovery)	(1,393)	(1,393)	(5,522)
Sick leave expense	620	620	521
Interest and bank charges	230,555	195,690	214,298
Gain on disposal of tangible capital asset	-	-	(8,724)
Amortization	<u>630,832</u>	<u>630,832</u>	<u>554,518</u>
	<u>1,425,446</u>	<u>1,296,993</u>	<u>1,170,144</u>
Administration			
Administration	396,250	385,010	378,755
Pension expense	(1,738)	(1,738)	(7,991)
Sick leave expense	<u>773</u>	<u>773</u>	<u>754</u>
	<u>395,285</u>	<u>384,045</u>	<u>371,518</u>
	<u>\$ 2,070,882</u>	<u>\$ 1,881,226</u>	<u>\$ 1,752,850</u>

### 29. COMPARATIVE FIGURES

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.