

MUNICIPALITY OF QUISPAMISIS

FINANCIAL STATEMENTS

DECEMBER 31, 2004



MUNICIPALITY OF QUISPAMSI

DECEMBER 31, 2004

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DOYLE & CO.**
Chartered Accountants

Member of DFK Accountancy Group Inc.
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AUDITORS' REPORT

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

We have audited the balance sheets of the general, utility, land trust and general capital reserve funds of the Municipality of Quispamsis as at December 31, 2004 and the statements of revenue and expenditure, investment in capital assets, capital financing and changes in net assets for the year then ended. The financial statements are the responsibility of the Municipality's Council. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2004 and the results of its operations and changes in its sources and applications of capital financing for the year then ended in accordance with Canadian generally accepted accounting principles adopted for New Brunswick Municipalities.

Teed Saunders Doyle & Co.
CHARTERED ACCOUNTANTS

Saint John, NB
March 4, 2005

Saint John Partners
John H. Teed David L. Doyle
Andrew P. Logan D. Alan Colwell



Fredericton Partners
Brian J. Saunders Ralph D. Gorman
David H. Bradley

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL FUND BALANCE SHEET

AS AT DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CAPITAL		
Capital assets (Notes 1 and 7)	\$ <u>25,099,412</u>	\$ <u>24,100,451</u>
LIABILITIES AND INVESTMENT IN CAPITAL ASSETS		
CURRENT		
Bank loan (Notes 3 and 4)	\$ -	\$ 740,000
Due to own funds (Note 3 and 5)	<u>889,634</u>	<u>223,799</u>
	<u>889,634</u>	<u>963,799</u>
LONG-TERM (Notes 1 and 6)	<u>8,072,000</u>	<u>8,154,000</u>
INVESTMENT IN CAPITAL ASSETS	<u>16,137,778</u>	<u>14,982,652</u>
	\$ <u>25,099,412</u>	\$ <u>24,100,451</u>
COMMITMENTS (Note 12)		
GUARANTEES (Note 11)		
APPROVED BY:		
_____ Mayor		
_____ Treasurer		

MUNICIPALITY OF QUISPAMSI

GENERAL CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
BALANCE AT BEGINNING OF YEAR	\$ <u>14,982,652</u>	\$ <u>14,037,688</u>
ADD:		
Contributions from General Capital Reserve Fund	-	3,964
Contributions from General Revenue Fund		
Other	180,000	-
Long-term debt payments	<u>1,042,000</u>	<u>941,000</u>
	<u>1,222,000</u>	<u>944,964</u>
LESS:		
Cost of capital assets disposed of during the year	<u>66,874</u>	<u>-</u>
BALANCE AT END OF YEAR	\$ <u><u>16,137,778</u></u>	\$ <u><u>14,982,652</u></u>

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
SOURCES		
Transfers from		
General Capital Reserve Fund	\$ -	\$ 3,964
General Revenue Fund		
Other	180,000	-
Long-term debt payments	<u>1,042,000</u>	<u>941,000</u>
	<u>1,222,000</u>	<u>944,964</u>
Proceeds from debenture issue (Note 6)	<u>960,000</u>	<u>1,400,000</u>
Temporary financing at end of period		
Proceeds from short-term bank loan	-	740,000
Temporary advances from own funds (Note 5)	<u>889,634</u>	<u>223,799</u>
	<u>889,634</u>	<u>963,799</u>
	<u>\$ 3,071,634</u>	<u>\$ 3,308,763</u>
APPLICATION		
Temporary financing at end of previous period		
Payment of short-term bank loan	\$ 740,000	\$ 1,400,000
Temporary advances from own funds	<u>223,799</u>	<u>5,034</u>
	963,799	1,405,034
Long-term debt payments	1,042,000	941,000
Capital expenditures	<u>1,065,835</u>	<u>962,729</u>
	<u>\$ 3,071,634</u>	<u>\$ 3,308,763</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND BALANCE SHEET

AS AT DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT		
Cash (Note 3)	\$ 10,117	\$ 24,243
Accounts receivable (Notes 2 and 3)	83,918	92,572
HST recoverable (Note 3)	228,379	62,550
Due from own funds (Notes 3 and 5)	570,990	232,060
Inventories (Note 1)	211,543	171,334
Prepaid expenses	<u>3,473</u>	<u>1,404</u>
	<u>1,108,420</u>	<u>584,163</u>
UNAMORTIZED BOND DISCOUNT (Note 1)	<u>94,775</u>	<u>95,373</u>
	<u>\$ 1,203,195</u>	<u>\$ 679,536</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	<u>\$ 1,196,407</u>	<u>\$ 671,505</u>
SURPLUS		
SURPLUS AT BEGINNING OF YEAR	8,031	3,586
SURPLUS (DEFICIT) FOR THE YEAR	1,040	5,748
TRANSFER OF SECOND PREVIOUS YEAR'S SURPLUS (Note 1)	<u>(2,283)</u>	<u>(1,303)</u>
SURPLUS AT END OF YEAR	<u>6,788</u>	<u>8,031</u>
	<u>\$ 1,203,195</u>	<u>\$ 679,536</u>
COMMITMENTS (Note 12)		
GUARANTEES (Note 11)		
APPROVED BY:		
_____ Mayor		
_____ Treasurer		

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2004

		<u>2004</u> Budget	<u>2004</u> Actual	<u>2003</u> Actual
REVENUE				
	<u>Page</u>			
Warrant of assessment		\$ 7,721,400	\$ 7,721,400	\$ 6,991,980
Sale of services	7	456,639	411,595	412,717
Services to other governments				
Province of New Brunswick	7	35,834	35,834	35,834
Other revenue from own sources	7	118,804	425,774	176,886
Conditional transfers	7	50,000	60,382	55,291
Unconditional transfers, Provincial		<u>803,913</u>	<u>803,913</u>	<u>893,237</u>
		<u>9,186,590</u>	<u>9,458,898</u>	<u>8,565,945</u>
EXPENDITURE				
General government services	8	784,634	766,278	713,436
Protective services	9	2,847,302	2,845,526	2,672,359
Transportation services	10	2,118,023	2,135,780	1,946,170
Environmental health services	10	107,100	110,354	104,366
Environmental development services	10	128,799	129,569	118,667
Recreation and cultural services	11	1,520,189	1,525,874	1,369,945
Fiscal services	11	1,682,826	1,946,760	1,636,557
Surplus of second previous year (Note 1)		<u>(2,283)</u>	<u>(2,283)</u>	<u>(1,303)</u>
		<u>9,186,590</u>	<u>9,457,858</u>	<u>8,560,197</u>
SURPLUS (DEFICIT) FOR THE YEAR		\$ <u>-</u>	\$ <u>1,040</u>	\$ <u>5,748</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u> Budget	<u>2004</u> Actual	<u>2003</u> Actual
SALE OF SERVICES			
Arena, building and other rentals	\$ 217,855	\$ 224,736	\$ 214,429
Recreational programs	<u>238,784</u>	<u>186,859</u>	<u>198,288</u>
	<u>\$ 456,639</u>	<u>\$ 411,595</u>	<u>\$ 412,717</u>
SERVICES OTHER GOVERNMENTS			
Provincial highways	<u>\$ 35,834</u>	<u>\$ 35,834</u>	<u>\$ 35,834</u>
OTHER REVENUE FROM OWN SOURCES			
Licenses, permits, and fines	\$ 113,404	\$ 204,405	\$ 166,536
Return on investments	4,200	5,992	7,422
Other	<u>1,200</u>	<u>215,377</u>	<u>2,928</u>
	<u>\$ 118,804</u>	<u>\$ 425,774</u>	<u>\$ 176,886</u>
CONDITIONAL TRANSFERS			
Recreation grants	<u>\$ 50,000</u>	<u>\$ 60,382</u>	<u>\$ 55,291</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u> Budget	<u>2004</u> Actual	<u>2003</u> Actual
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor's office	\$ 24,936	\$ 23,171	\$ 18,667
Councilors' office	99,320	89,370	75,157
Other	<u>20,400</u>	<u>19,362</u>	<u>17,425</u>
	<u>144,656</u>	<u>131,903</u>	<u>111,249</u>
Administrative			
Manager's office	84,233	84,346	78,956
Clerk's office	72,955	75,120	80,074
Office building	59,276	61,228	67,777
Solicitor	72,000	73,107	74,855
Other	<u>10,000</u>	<u>7,675</u>	<u>10,029</u>
	<u>298,464</u>	<u>301,476</u>	<u>311,691</u>
Financial management			
Administration	109,793	100,655	93,944
External audit	<u>12,500</u>	<u>11,597</u>	<u>13,572</u>
	<u>122,293</u>	<u>112,252</u>	<u>107,516</u>
Other government services			
Civic relations	29,800	18,593	14,449
Public liability insurance	42,637	45,914	35,051
Scholarships and grants	2,572	3,721	2,268
Cost of assessment	129,012	129,012	116,824
Other	<u>15,200</u>	<u>23,407</u>	<u>14,388</u>
	<u>219,221</u>	<u>220,647</u>	<u>182,980</u>
	<u>\$ 784,634</u>	<u>\$ 766,278</u>	<u>\$ 713,436</u>

MUNICIPALITY OF QUISPAM SIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u> Budget	<u>2004</u> Actual	<u>2003</u> Actual
PROTECTIVE SERVICES			
Police			
Police department	\$ 1,533,252	\$ 1,533,252	\$ 1,444,776
Crimestoppers/Block parents	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
	<u>1,535,252</u>	<u>1,535,252</u>	<u>1,446,776</u>
Fire			
Fire department	<u>1,072,883</u>	<u>1,071,487</u>	<u>1,018,327</u>
Emergency measures			
Telephone 911	125,838	125,838	111,204
Emergency measures organization	<u>2,916</u>	<u>2,901</u>	<u>2,138</u>
	<u>128,754</u>	<u>128,739</u>	<u>113,342</u>
Other			
Animal and pest control	29,004	29,285	25,986
Building inspection	75,409	75,227	61,679
Crosswalk guards	<u>6,000</u>	<u>5,536</u>	<u>6,249</u>
	<u>110,413</u>	<u>110,048</u>	<u>93,914</u>
	<u>\$ 2,847,302</u>	<u>\$ 2,845,526</u>	<u>\$ 2,672,359</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2004

	2004 Budget	2004 Actual	2003 Actual
TRANSPORTATION SERVICES			
Common services			
Works office	\$ 25,336	\$ 18,224	\$ 19,110
Engineering	<u>165,471</u>	<u>163,832</u>	<u>125,277</u>
	<u>190,807</u>	<u>182,056</u>	<u>144,387</u>
Roads and Streets			
Winter maintenance	1,155,321	1,192,675	1,126,442
Summer maintenance	<u>640,231</u>	<u>636,000</u>	<u>551,367</u>
	<u>1,795,552</u>	<u>1,828,675</u>	<u>1,677,809</u>
Street lighting	<u>88,743</u>	<u>87,496</u>	<u>82,085</u>
Traffic services			
Street signs	8,400	7,882	8,574
Traffic lane marking	18,000	19,636	20,613
Traffic signals	10,509	3,810	6,620
Railway crossings	<u>6,012</u>	<u>6,225</u>	<u>6,082</u>
	<u>42,921</u>	<u>37,553</u>	<u>41,889</u>
	<u>\$ 2,118,023</u>	<u>\$ 2,135,780</u>	<u>\$ 1,946,170</u>
ENVIRONMENTAL HEALTH SERVICES			
Clean up campaign	<u>\$ 107,100</u>	<u>\$ 110,354</u>	<u>\$ 104,366</u>
ENVIRONMENTAL DEVELOPMENT SERVICES			
Planning Advisory Committee	\$ 44,808	\$ 51,276	\$ 39,890
Enterprise Saint John	61,991	61,991	66,418
Other	<u>22,000</u>	<u>16,302</u>	<u>12,359</u>
	<u>\$ 128,799</u>	<u>\$ 129,569</u>	<u>\$ 118,667</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u> Budget	<u>2004</u> Actual	<u>2003</u> Actual
RECREATIONAL AND CULTURAL SERVICES			
Administration	\$ 196,499	\$ 178,170	\$ 174,614
Beaches	68,818	65,975	53,830
Arena	303,448	303,799	297,739
Parks and playgrounds	299,072	319,482	266,026
Recreation Centre	83,168	94,101	81,388
Civic Centre	41,210	71,863	28,752
Recreation programs	232,984	199,314	194,840
Regional Facilities Commission	200,684	200,684	175,808
Library	49,908	49,908	50,346
Warehouse	6,500	5,416	6,796
Food bank building	6,108	6,274	6,077
Beach House	<u>31,790</u>	<u>30,888</u>	<u>33,729</u>
	<u>\$ 1,520,189</u>	<u>\$ 1,525,874</u>	<u>\$ 1,369,945</u>
FISCAL SERVICES			
Debt charges			
Interest on long-term debt	\$ 489,504	\$ 485,184	\$ 486,025
Long-term debt repayments	1,041,996	1,042,000	941,000
Interest on short-term borrowings	25,689	13,669	28,781
Amortization of long-term discounts	<u>9,884</u>	<u>9,859</u>	<u>9,703</u>
	<u>1,567,073</u>	<u>1,550,712</u>	<u>1,465,509</u>
Transfers to (from)			
General Capital Fund	-	180,000	-
General Capital Reserve Fund	124,700	225,000	180,000
Utility Revenue Fund	<u>(8,947)</u>	<u>(8,952)</u>	<u>(8,952)</u>
	<u>115,753</u>	<u>396,048</u>	<u>171,048</u>
	<u>\$ 1,682,826</u>	<u>\$ 1,946,760</u>	<u>\$ 1,636,557</u>

MUNICIPALITY OF QUISPAMSI

UTILITY CAPITAL FUND BALANCE SHEET

AS AT DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT		
Due from Province of New Brunswick (Notes 3 and 12)	\$ 1,054,368	\$ -
CAPITAL ASSETS (Notes 1 and 7)	<u>16,377,244</u>	<u>12,206,202</u>
	<u>\$ 17,431,612</u>	<u>\$ 12,206,202</u>
LIABILITIES AND INVESTMENT IN CAPITAL ASSETS		
CURRENT		
Bank loans (Notes 3 and 4)	\$ 2,200,000	\$ -
Due to own funds (Notes 3 and 5)	<u>257,008</u>	<u>341,113</u>
	<u>2,457,008</u>	<u>341,113</u>
LONG-TERM (Notes 1 and 6)	<u>2,109,000</u>	<u>1,982,000</u>
INVESTMENT IN CAPITAL ASSETS	<u>12,865,604</u>	<u>9,883,089</u>
	<u>\$ 17,431,612</u>	<u>\$ 12,206,202</u>
COMMITMENTS (Note 12)		
GUARANTEES (Note 11)		
APPROVED BY:		
_____ Mayor		
_____ Treasurer		

MUNICIPALITY OF QUISPAMISIS

UTILITY CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
BALANCE AT BEGINNING OF YEAR	\$ 9,883,089	\$ 9,614,089
ADD:		
Contribution from Utility Revenue Fund:		
Long-term debt repayments	223,000	269,000
Grants from Province of New Brunswick for Engineering structures	<u>2,759,515</u>	<u>-</u>
BALANCE AT END OF YEAR	<u>\$ 12,865,604</u>	<u>\$ 9,883,089</u>

MUNICIPALITY OF QUISPAMISIS

UTILITY CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
SOURCES		
Transfer from		
Province of New Brunswick for Engineering Structures	\$ 2,759,515	\$ -
Less: Account receivable from Province of		
New Brunswick for Engineering Structures	(1,054,368)	-
Utility Revenue Fund		
Long-term debt payments	223,000	269,000
Proceeds from debenture issue (Note 6)	431,000	120,000
Temporary financing at end of period		
Proceeds from short-term bank loan	2,200,000	-
Temporary advances from own funds (Note 5)	<u>257,008</u>	<u>341,113</u>
	<u>\$ 4,816,155</u>	<u>\$ 730,113</u>
APPLICATION		
Temporary financing at end of previous period		
Temporary advances from own funds (Note 5)	<u>\$ 341,113</u>	<u>\$ 52,852</u>
Capital expenditures	<u>4,171,042</u>	<u>288,261</u>
Long-term debt repayments		
Utility revenue fund	223,000	269,000
Debenture refinancing	<u>81,000</u>	<u>120,000</u>
	<u>304,000</u>	<u>389,000</u>
	<u>\$ 4,816,155</u>	<u>\$ 730,113</u>

MUNICIPALITY OF QUISPAMSI

UTILITY REVENUE FUND BALANCE SHEET

AS AT DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT		
Cash (Note 3)	\$ 53,216	\$ 9,393
Accounts receivable (Notes 2 and 3)	217,623	160,766
Due from own funds (Notes 3 and 5)	<u>-</u>	<u>941</u>
	<u>270,839</u>	<u>171,100</u>
UNAMORTIZED BOND DISCOUNT (Note 1)	<u>21,049</u>	<u>19,871</u>
	<u>\$ 291,888</u>	<u>\$ 190,971</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 46,330	\$ 39,630
Due to own funds (Notes 3 and 5)	<u>5,111</u>	<u>-</u>
	<u>51,441</u>	<u>39,630</u>
SURPLUS		
SURPLUS AT BEGINNING OF YEAR	151,341	81,398
SURPLUS FOR THE YEAR	171,906	68,541
TRANSFER OF SECOND PREVIOUS YEAR'S (SURPLUS) DEFICIT (Note 1)	<u>(82,800)</u>	<u>1,402</u>
SURPLUS AT END OF YEAR	<u>240,447</u>	<u>151,341</u>
	<u>\$ 291,888</u>	<u>\$ 190,971</u>
COMMITMENTS (Note 12)		
GUARANTEE (Note 11)		
APPROVED BY:		
_____ Mayor		
_____ Treasurer		

MUNICIPALITY OF QUISPAMSI

UTILITY REVENUE FUND STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2004

		<u>2004</u> Budget	<u>2004</u> Actual	<u>2003</u> Actual
REVENUE	<u>Page</u>			
Sales of services	17	\$ 1,151,230	\$ 1,232,106	\$ 1,139,732
Other own sources	17	<u>27,960</u>	<u>41,519</u>	<u>43,335</u>
		<u>1,179,190</u>	<u>1,273,625</u>	<u>1,183,067</u>
EXPENDITURE				
Environmental health services				
Sewer collection and disposal	18	616,364	682,594	536,215
Water supply	18	111,195	111,022	147,197
Fiscal services	18	534,431	390,903	429,712
Deficit (surplus) of second previous year (Note 1)		<u>(82,800)</u>	<u>(82,800)</u>	<u>1,402</u>
		<u>1,179,190</u>	<u>1,101,719</u>	<u>1,114,526</u>
SURPLUS FOR THE YEAR		<u>\$ -</u>	<u>\$ 171,906</u>	<u>\$ 68,541</u>

MUNICIPALITY OF QUISPAMSI

UTILITY REVENUE FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u> Budget	<u>2004</u> Actual	<u>2003</u> Actual
SALES OF SERVICES			
User Fees			
Residential	\$ 1,019,700	\$ 1,045,267	\$ 1,009,193
Commercial	29,046	28,531	29,355
Institutional	85,284	83,430	84,975
Residential water sales	33,200	40,832	28,733
User fee discounts	<u>(25,000)</u>	<u>(27,304)</u>	<u>(26,224)</u>
	<u>1,142,230</u>	<u>1,170,756</u>	<u>1,126,032</u>
Connection fees			
Water	1,000	9,750	1,400
Sewer	<u>8,000</u>	<u>51,600</u>	<u>12,300</u>
	<u>9,000</u>	<u>61,350</u>	<u>13,700</u>
	<u>\$ 1,151,230</u>	<u>\$ 1,232,106</u>	<u>\$ 1,139,732</u>
OTHER OWN SOURCES			
Interest on user fees	\$ 24,360	\$ 40,426	\$ 37,748
Interest on current account	<u>3,600</u>	<u>1,093</u>	<u>5,587</u>
	<u>\$ 27,960</u>	<u>\$ 41,519</u>	<u>\$ 43,335</u>

MUNICIPALITY OF QUISPAMSI

UTILITY REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u> Budget	<u>2004</u> Actual	<u>2003</u> Actual
ENVIRONMENTAL HEALTH SERVICES			
Sewer collection and disposal			
Administration	\$ 253,724	\$ 362,705	\$ 240,730
Sewer collection system	75,260	73,097	99,308
Sewer lift stations	137,426	146,760	93,220
Treatment and disposal	<u>149,954</u>	<u>100,032</u>	<u>102,957</u>
	<u>\$ 616,364</u>	<u>\$ 682,594</u>	<u>\$ 536,215</u>
Water supply	<u>\$ 111,195</u>	<u>\$ 111,022</u>	<u>\$ 147,197</u>
FISCAL SERVICES			
Debt charges			
Long-term debt repayments	\$ 222,992	\$ 223,000	\$ 269,000
Interest on long-term debt	127,496	126,767	139,084
Interest on short-term debt	44,400	29,437	10,079
Amortization of long-term debt discounts	<u>3,261</u>	<u>2,747</u>	<u>2,597</u>
	<u>398,149</u>	<u>381,951</u>	<u>420,760</u>
Capital expenditures			
Sewer system	<u>127,335</u>	<u>-</u>	<u>-</u>
Transfers to:			
General Revenue Fund	<u>8,947</u>	<u>8,952</u>	<u>8,952</u>
	<u>\$ 534,431</u>	<u>\$ 390,903</u>	<u>\$ 429,712</u>

MUNICIPALITY OF QUISPAMSI

LAND TRUST FUND BALANCE SHEET

AS AT DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT		
Cash (Note 3)	\$ 2,431	\$ 2,431
Due from own funds (Notes 3 and 5)	<u>120,492</u>	<u>101,887</u>
	<u>\$ 122,923</u>	<u>\$ 104,318</u>
NET ASSETS		
NET ASSETS	<u>\$ 122,923</u>	<u>\$ 104,318</u>

COMMITMENTS (Note 12)

GUARANTEES (Note 11)

APPROVED BY:

_____ Mayor

_____ Treasurer

MUNICIPALITY OF QUISPAM SIS

LAND TRUST FUND STATEMENT OF CHANGES IN NET ASSETS

AS AT DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
NET ASSETS AT BEGINNING OF YEAR	\$ <u>104,318</u>	\$ <u>98,501</u>
ADD:		
Lot fees	23,700	6,401
Interest	<u>2,726</u>	<u>2,374</u>
	<u>26,426</u>	<u>8,775</u>
LESS:		
Expenditure for development of public land	<u>7,821</u>	<u>2,958</u>
NET ASSETS AT END OF YEAR	\$ <u><u>122,923</u></u>	\$ <u><u>104,318</u></u>

MUNICIPALITY OF QUISPAMSIS

GENERAL CAPITAL RESERVE FUND BALANCE SHEET

AS AT DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT		
Cash (Note 3)	\$ 5,073	\$ 4,880
Due from own funds (Notes 3 and 5)	<u>460,271</u>	<u>230,024</u>
	<u>\$ 465,344</u>	<u>\$ 234,904</u>
NET ASSETS		
NET ASSETS	<u>\$ 465,344</u>	<u>\$ 234,904</u>
COMMITMENTS (Note 12)		
GUARANTEES (Note 11)		
APPROVED BY:		
_____ Mayor		
_____ Treasurer		

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL RESERVE FUND STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
NET ASSETS AT BEGINNING OF YEAR	\$ <u>234,904</u>	\$ <u>57,493</u>
ADD:		
Contributions from General Revenue Fund	225,000	180,000
Interest	<u>5,440</u>	<u>1,375</u>
	<u>230,440</u>	<u>181,375</u>
LESS:		
Contributions to General Capital Fund	<u>-</u>	<u>3,964</u>
NET ASSETS AT END OF YEAR	\$ <u><u>465,344</u></u>	\$ <u><u>234,904</u></u>

MUNICIPALITY OF QUISPAMSI

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed for New Brunswick Municipalities by the Department of Environment and Local Government.

General Revenue Fund

Inventories

Inventories are valued at the lower of cost and net realizable value.

Annual Surplus/Deficit

The second previous year's surpluses or deficits of the Municipality are included in the operations of the current year.

Utility Revenue Fund

Annual Surplus/Deficit

The second previous year's surpluses or deficits of the Municipality are included in the operations of the current year.

Land Trust Fund

In accordance with the Community Planning Act, the Municipality is required to set aside up to 10% of any land subdivided, or up to 8% of the monetary value of such land, as a reserve. As well, any proceeds on the sale of public lands must be reserved. These funds can only be used for the purchase or development of public lands.

General Capital Reserve Fund

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

Capital Assets

Capital assets are stated at cost in the Capital Funds. The Municipality does not record amortization on its capital assets. Funds received from other levels of government are applied to reduce the cost of the related capital asset. Capital expenditures financed through the Operating Funds are recorded as capital expenditures out of revenue in the Operating Funds and as an addition to equity in the Capital Funds.

The cost of disposed assets is recorded as a reduction of equity in the Capital Funds.

Unamortized Bond Discounts

Bond discounts are amortized over the life of the respective serial debenture.

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition

Revenue is recorded on an accrual basis.

Expenditure Recognition

Expenditures are recorded on an accrual basis.

Principal payments on long-term debt are recorded as an expense of the Operating Funds and as an increase in equity in the Capital Funds when paid. Interest on long-term debt is recorded on the accrual basis.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions 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.

2. CREDIT RISK MANAGEMENT

The Municipality is subject to credit risk through accounts receivable. General Revenue Fund accounts receivable are due from the provincial government and have minimal credit risk. The Municipality has the right to submit Utility Revenue Fund user fees receivable to judgment, which mitigates credit risk. Risk is further reduced by ongoing management of collections. The municipality maintains provisions for potential credit losses and such losses to date have been within management expectations.

3. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, HST recoverable, due from own funds, accounts payable and accrued liabilities, due to own funds and interim financing bank loans is approximately equal to their carrying values due to their short-term maturity date.

4. SHORT TERM BORROWING

The Municipality has arranged a revolving operating facility bearing interest at prime less .60% to provide interim financing for capital expenditures. The borrowing was supported by an Order in Council which authorized the Municipality to apply for long-term financing from the Municipal Capital Borrowing Board. It is the intent of the Municipality to utilize this authority in 2005 to repay this indebtedness.

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

General Capital Fund, OIC # 03-34	\$ 45,000
General Capital Fund, OIC # 04-08	<u>850,000</u>
	<u>\$ 895,000</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

4. SHORT TERM BORROWING (cont'd)

Utility Capital Fund, OIC #04-15	\$ 6,400,000
Utility Capital Fund, OIC #02-15	<u>170,000</u>
	<u>\$ 6,570,000</u>

OIC #04-15 includes \$4,100,000 interim financing, for a term not to exceed three years, and \$2,300,000 in long-term.

5. INTERFUND BORROWING

The Municipalities Act of New Brunswick requires that short-term interfund borrowings, other than those for approved capital projects, be repaid within the next year or be included in the next ensuing year's budget for the respective operating funds. The short-term interfund borrowings for other than approved capital projects at December 31, 2003 were not repaid until February 1, 2005.

6. LONG-TERM DEBT

General Capital Fund

	Balance January 1, <u>2004</u>	Issued during <u>year</u>	Redeemed during <u>year</u>	Balance December 31, <u>2004</u>
New Brunswick Municipal Financing Corporation Debentures:				
X16 7.25 - 9.5%, due December 2004, OIC # 93-22, 94-13	100,000	-	100,000	-
Z20 6.25 - 7.875%, due December 2005, OIC # 94-13, 94-63, 95-08	289,000	-	139,000	150,000
AB23 3.625 - 6.625%, due December 2006, OIC # 95-08, 96-04	250,000	-	78,000	172,000
AD16 4.25 - 5.75%, due December 2007, OIC # 96-13, 96-54, 96-57, 97-10, 97-79	347,000	-	80,000	267,000
AF13 5.125 - 5.5%, due December 2008, OIC # 96-54, 98-29	734,000	-	132,000	602,000
AH19 5.7 - 6.5%, due December 2009, OIC # 98-29, 99-25	989,000	-	112,000	877,000
AJ20 6 - 6.125%, due December 2020, OIC # 99-72, 99-25	2,146,000	-	142,000	2,004,000
AK12 4.45 - 6.2%, due July 2021, OIC # 99-72, 00-43	1,021,000	-	80,000	941,000
AL20 2.45 - 5.5%, due November 2011, OIC # 00-43, 1-11	878,000	-	108,000	770,000
AO13 3.05 - 5.0%, due July 2013, OIC# 1-11, 2-15, 2-51	1,400,000	-	71,000	1,329,000
AQ06 2.75 - 5.5% due July 2014, OIC# 2-51, 3-34	<u>-</u>	<u>960,000</u>	<u>-</u>	<u>960,000</u>
	<u>\$ 8,154,000</u>	<u>\$ 960,000</u>	<u>\$ 1,042,000</u>	<u>\$ 8,072,000</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

6. LONG-TERM DEBT (cont'd)

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

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

2005	\$ 1,047,000
2006	944,000
2007	876,000
2008	823,000
2009	1,003,000

Utility Capital Fund

	Balance January 1, <u>2004</u>	Issued during year	Redeemed during year	Balance December 31, <u>2004</u>
New Brunswick Municipal Financing Corporation Debentures:				
X17 7.25 - 9.5%, due December 2009, OIC # 93-22	\$ 95,000	\$ -	\$ 95,000	\$ -
Z21 6.25 - 7.875%, due December 2005, OIC # 94-13, 93-22	70,000	-	34,000	36,000
AB24 3.625 - 6.625%, due December 2006, OIC # 94-13	96,000	-	30,000	66,000
AH20 5.7 - 6.5%, due December 2009, OIC # 99-25	391,000	-	55,000	336,000
AJ21 6% - 6.125%, due December 2010, OIC # 99-25	228,000	-	27,000	201,000
AK13 4.45 - 6.2%, due July 2021, OIC # 00-43	562,000	-	20,000	542,000
AL21 2.45 - 5.5%, due November 2021, OIC # 00-43, 01-11	420,000	-	21,000	399,000
AP51 2.75 - 4.25%, due December 2008, OIC # 93-22	120,000	-	22,000	98,000
AQ07 2.75 - 5.5%, due July 2014, OIC # 01-11, 02-15	-	350,000	-	350,000
AR22 2.75 - 4.0%, due December 2009, OIC # 93-22	-	81,000	-	81,000
	<u>\$ 1,982,000</u>	<u>\$ 431,000</u>	<u>\$ 304,000</u>	<u>\$ 2,109,000</u>

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

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

2005	\$ 265,000
2006	242,000
2007	218,000
2008	229,000
2009	217,000

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

7. CAPITAL ASSETS

	<u>2004</u>	<u>2003</u>
General Capital Fund		
Land	\$ 744,309	\$ 744,309
Buildings	4,233,626	4,226,213
Engineering structures	15,361,509	14,600,433
Machinery and equipment	2,405,171	2,261,952
Recreation facilities	967,956	880,703
Investment in fire department assets	<u>1,386,841</u>	<u>1,386,841</u>
	<u>\$ 25,099,412</u>	<u>\$ 24,100,451</u>
Utility Capital Fund		
Land	\$ 241,532	\$ 241,532
Engineering structures	12,099,505	7,968,841
Machinery and equipment	<u>4,036,207</u>	<u>3,995,829</u>
	<u>\$ 16,377,244</u>	<u>\$ 12,206,202</u>

During the year, grants totaling \$2,759,515 (2003 - nil) were recorded from the Province of New Brunswick under the Canada/New Brunswick Infrastructure Program for capital assets acquired in the Utility capital Fund.

8. EMPLOYEE PENSION PLAN

The Municipality and its employees participate in a multi-employer defined benefit pension plan administered by a board elected by the members under the provisions of the Municipalities Act of New Brunswick. Pensions are provided based on length of service and best average earnings.

An actuarial valuation prepared as at December 31, 2003 indicated the present value of the accumulated plan benefits exceeded the market value of the net assets available for these benefits. The actuarial valuation report does not provide sufficient information to fully apply defined benefit plan accounting to individual employers and therefore, the pension plan expense is determined based on the Municipality's annual contributions to the plan.

9. OPERATING BORROWING COMPLIANCE

As prescribed in the Municipalities Act, borrowing to finance General Revenue Fund operations is limited to 4% of the Municipality's budget. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2004, the Municipality has complied with these restrictions.

10. SICK LEAVE BENEFITS

Sick leave benefits do not vest to employees and accordingly no liability for sick leave exists at December 31, 2004.

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

11. RELATED PARTY TRANSACTIONS

The Municipality funds certain community organizations of which it has influence over their budgets and limited influence over their operations. The organizations and the amounts paid to (received from) these organizations include:

	<u>2004</u>	<u>2003</u>
Kennebecasis Public Library Inc.	\$ <u>49,908</u>	\$ <u>50,346</u>
Rothsay Regional Joint Board of Police Commissioners:		
Police Protection	1,533,252	1,444,776
911 Communications	<u>125,838</u>	<u>111,204</u>
	<u>1,659,090</u>	<u>1,555,980</u>
Rothsay Regional Fire Department Inc.		
Contribution for:		
Fire Protection	1,071,487	1,018,327
Fire Department assets	<u>-</u>	<u>23,465</u>
	1,071,487	1,041,792
Received for:		
Fire station rentals	<u>(23,400)</u>	<u>(23,400)</u>
	<u>1,048,087</u>	<u>1,018,392</u>
	<u>\$ 2,757,085</u>	<u>\$ 2,624,718</u>

The Municipality has agreed to pay its proportionate share of any operating deficit and to guarantee its proportionate share of any liabilities of the above organizations. In addition, the Municipality has guaranteed its proportionate share of any debt incurred for capital projects for the Rothsay Regional Joint Board of Police Commissioners and the Kennebecasis Public Library Inc.

At December 31, 2004, the Municipality has guaranteed its proportional share (54.981%) of any debt incurred by the Rothsay Joint Board of Police Commissioners on the construction of the new police station up to the budgeted cost of \$2,900,000.

12. COMMITMENTS

Infrastructure Projects

During the year the Municipality committed \$5,625,663 towards the design and construction work of the Longwood Lagoon Upgrade Infrastructure Project of which \$1,350,575 remains to be spent in 2005. There has been an additional commitment of \$574,337 towards the Eastern Collector Sewer Line Project for 2005.

During the year, the Municipality received funding approval from the Federal and Provincial Governments to cover approximately 67% of the total estimated cost of \$6,200,000 for these projects. As at December 31, 2004, \$1,705,147 was received and \$1,054,368 was receivable for this project.

MUNICIPALITY OF QUISPAMSIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

12. COMMITMENTS (cont'd)

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 five years are as follows:

2005	\$ 10,392
2006	7,902
2007	2,709
2008	504
2009	504

13. 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, 2004 cannot be predicted with certainty, it is the opinion of management that resolution of these matters will not have a material adverse effect as the Municipality maintains insurance coverage in amounts considered appropriate.

MUNICIPALITY OF QUISPAMSI

SCHEDULE OF INTERFUND BALANCES

AS AT DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
General Capital Fund		
Due to		
General Revenue Fund	\$ <u>(889,634)</u>	\$ <u>(223,799)</u>
General Revenue Fund		
Due from (to)		
General Capital Fund	\$ 889,634	\$ 223,799
Utility Revenue Fund	5,111	(941)
Utility Capital Fund	257,008	341,113
Land Trust Fund	(120,492)	(101,887)
General Capital Reserve Fund	<u>(460,271)</u>	<u>(230,024)</u>
	\$ <u>570,990</u>	\$ <u>232,060</u>
Utility Capital Fund		
Due to		
General Revenue Fund	\$ <u>(257,008)</u>	\$ <u>(341,113)</u>
Utility Revenue Fund		
Due from		
General Revenue Fund	\$ <u>(5,111)</u>	\$ <u>941</u>
Land Trust Fund		
Due from		
General Revenue Fund	\$ <u>120,492</u>	\$ <u>101,887</u>
General Capital Reserve Fund		
Due from		
General Revenue Fund	\$ <u>460,271</u>	\$ <u>230,024</u>