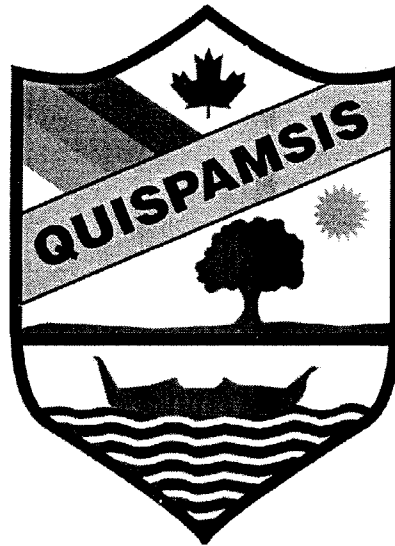


MUNICIPALITY OF QUISPAMISIS

FINANCIAL STATEMENTS

DECEMBER 31, 2005



MUNICIPALITY OF QUISPAMISIS

DECEMBER 31, 2005

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SAUNDERS
DOYLE & CO.**
Chartered Accountants

Member of DFK Accountancy Group Inc.
(Canada) and DFK International

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, general capital reserve funds and utility capital reserve funds of the Municipality of Quispamsis as at December 31, 2005 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, 2005 and the results of its operations and changes in its sources and applications of capital financing for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Municipality of Quispamsis, and the Minister of the Department of Local Government of the Province of New Brunswick, and are not intended to be and should not be used for any other purpose.



CHARTERED ACCOUNTANTS

Saint John, NB
March 31, 2006

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



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

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL FUND BALANCE SHEET

AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
CAPITAL		
Capital assets (Notes 1 and 6)	\$ <u>26,776,440</u>	\$ <u>25,099,412</u>
LIABILITIES AND INVESTMENT IN CAPITAL ASSETS		
CURRENT		
Due to own funds (Note 2 and 4)	___ 518,788	___ 889,634
LONG-TERM (Notes 1 and 5)	___ 7,920,000	___ 8,072,000
INVESTMENT IN CAPITAL ASSETS	___ 18,337,652	___ 16,137,778
	\$ <u>26,776,440</u>	\$ <u>25,099,412</u>

COMMITMENTS (Note 11)

GUARANTEES (Note 10)

APPROVED BY:

_____ Mayor

_____ Treasurer

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
BALANCE AT BEGINNING OF YEAR	\$ <u>16,137,778</u>	\$ <u>14,982,652</u>
ADD:		
Grant from the Government of Canada		
Land and Recreation facilities	451,475	-
Grants from the Province of New Brunswick		
Land and Recreation facilities	10,000	-
Machinery and equipment	18,500	-
Contributions from local improvement levy	88,393	-
Contributions from public donations	15,000	-
Contributions from own funds		
Land Trust Fund	116,000	-
General Revenue Fund		
Capital expenditures	950,000	180,000
Long-term debt payments	<u>1,047,000</u>	<u>1,042,000</u>
	<u>2,696,368</u>	<u>1,222,000</u>
LESS:		
Cost of capital assets disposed of during the year	<u>496,494</u>	<u>66,874</u>
BALANCE AT END OF YEAR	\$ <u>18,337,652</u>	\$ <u>16,137,778</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
SOURCES		
Transfers from		
Government of Canada		
Land and Recreation facilities	\$ 451,475	\$ -
Province of New Brunswick		
Land and Recreation facilities	10,000	-
Machinery and equipment	18,500	-
Local improvement levy	88,393	-
Public donations	15,000	-
Own funds		
Land Trust Fund	116,000	-
General Revenue Fund		
Capital expenditures	950,000	180,000
Long-term debt payments	<u>1,047,000</u>	<u>1,042,000</u>
	<u>2,696,368</u>	<u>1,222,000</u>
Proceeds from debenture issue (Note 5)	<u>895,000</u>	<u>960,000</u>
Temporary financing at end of period		
Temporary advances from own funds (Note 4)	<u>518,788</u>	<u>889,634</u>
	<u>\$ 4,110,156</u>	<u>\$ 3,071,634</u>
APPLICATION		
Temporary financing at end of previous period		
Payment of short-term bank loan	\$ -	\$ 740,000
Temporary advances from own funds	<u>889,634</u>	<u>223,799</u>
	889,634	963,799
Long-term debt payments	1,047,000	1,042,000
Capital expenditures	<u>2,173,522</u>	<u>1,065,835</u>
	<u>\$ 4,110,156</u>	<u>\$ 3,071,634</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND BALANCE SHEET

AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT		
Cash (Note 2)	\$ -	\$ 10,117
Accounts receivable (Note 2)	166,078	83,918
HST recoverable (Note 2)	303,016	228,379
Due from own funds (Notes 2 and 4)	1,023,058	570,990
Due from Government of Canada (Note 2)	131,341	-
Current portion of local improvement levy receivable	8,839	-
Inventories (Note 1)	145,437	211,543
Prepaid expenses	<u>18,524</u>	<u>3,473</u>
	<u>1,796,293</u>	<u>1,108,420</u>
LOCAL IMPROVEMENT LEVY RECEIVABLE (Notes 2 and 12)	<u>79,554</u>	<u>-</u>
UNAMORTIZED BOND DISCOUNT (Note 1)	<u>87,350</u>	<u>94,775</u>
	<u>\$ 1,963,197</u>	<u>\$ 1,203,195</u>
LIABILITIES		
CURRENT		
Cheques issued in excess of funds on deposit (Note 2)	\$ 381,800	\$ -
Accounts payable and accrued liabilities (Note 2)	<u>1,567,645</u>	<u>1,196,407</u>
	<u>1,949,445</u>	<u>1,196,407</u>
SURPLUS		
SURPLUS AT BEGINNING OF YEAR	6,788	8,031
SURPLUS FOR THE YEAR	12,712	1,040
TRANSFER OF SECOND PREVIOUS YEAR'S SURPLUS (Note 1)	<u>(5,748)</u>	<u>(2,283)</u>
SURPLUS AT END OF YEAR	<u>13,752</u>	<u>6,788</u>
	<u>\$ 1,963,197</u>	<u>\$ 1,203,195</u>
COMMITMENTS (Note 11)		
GUARANTEES (Note 10)		
APPROVED BY:		
_____	Mayor	
_____	Treasurer	

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2005

		<u>2005</u> Budget	<u>2005</u> Actual	<u>2004</u> Actual
REVENUE (Note 1)	<u>Page</u>			
Warrant of assessment		\$ 8,921,093	\$ 8,921,093	\$ 7,721,400
Sale of services	7	413,540	341,572	411,595
Services to other governments				
Province of New Brunswick	7	35,834	35,834	35,834
Other revenue from own sources	7	146,240	768,555	425,774
Conditional transfers	7	50,000	66,542	60,382
Unconditional transfers, Provincial		<u>805,590</u>	<u>805,590</u>	<u>803,913</u>
		<u>10,372,297</u>	<u>10,939,186</u>	<u>9,458,898</u>
 EXPENDITURE (Note 1)				
General government services	8	893,336	879,877	766,278
Protective services	9	3,123,854	3,130,702	2,845,526
Transportation services	10	2,264,298	2,325,616	2,135,779
Environmental health services	10	110,400	113,297	110,354
Environmental development services	10	225,465	200,224	129,570
Recreation and cultural services	11	1,646,236	1,533,358	1,525,874
Fiscal services	11	2,114,456	2,749,148	1,946,760
Surplus of second previous year (Note 1)		<u>(5,748)</u>	<u>(5,748)</u>	<u>(2,283)</u>
		<u>10,372,297</u>	<u>10,926,474</u>	<u>9,457,858</u>
 SURPLUS FOR THE YEAR		 <u>\$ -</u>	 <u>\$ 12,712</u>	 <u>\$ 1,040</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	2005 Budget	2005 Actual	2004 Actual
SALE OF SERVICES			
Arena, building and other rentals	\$ 247,100	\$ 237,182	\$ 224,736
Recreational programs	<u>166,440</u>	<u>104,390</u>	<u>186,859</u>
	<u>\$ 413,540</u>	<u>\$ 341,572</u>	<u>\$ 411,595</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	\$ 142,040	\$ 210,049	\$ 204,405
Return on investments	4,200	7,569	5,992
Other	<u>-</u>	<u>550,937</u>	<u>215,377</u>
	<u>\$ 146,240</u>	<u>\$ 768,555</u>	<u>\$ 425,774</u>
CONDITIONAL TRANSFERS			
Recreation grants	<u>\$ 50,000</u>	<u>\$ 66,542</u>	<u>\$ 60,382</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u> Budget	<u>2005</u> Actual	<u>2004</u> Actual
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor's office	\$ 33,570	\$ 27,439	\$ 23,171
Councilors' office	132,855	115,561	89,370
Other	<u>13,200</u>	<u>16,978</u>	<u>19,362</u>
	<u>179,625</u>	<u>159,978</u>	<u>131,903</u>
Administrative			
Manager's office	89,969	85,837	84,346
Clerk's office	81,825	78,874	75,120
Office building	58,162	64,398	51,228
Solicitor	72,000	75,452	73,107
Other	<u>20,000</u>	<u>19,258</u>	<u>7,675</u>
	<u>321,956</u>	<u>323,819</u>	<u>301,476</u>
Financial management			
Administration	136,540	133,413	100,655
External audit	<u>12,500</u>	<u>12,500</u>	<u>11,597</u>
	<u>149,040</u>	<u>145,913</u>	<u>112,252</u>
Other government services			
Civic relations	37,000	29,012	18,593
Public liability insurance	46,429	51,012	45,914
Scholarships and grants	3,596	2,300	3,721
Cost of assessment	144,990	144,990	129,012
Other	<u>10,700</u>	<u>22,853</u>	<u>23,407</u>
	<u>242,715</u>	<u>250,167</u>	<u>220,647</u>
	<u>\$ 893,336</u>	<u>\$ 879,877</u>	<u>\$ 766,278</u>

MUNICIPALITY OF QUISPAMISIS

**GENERAL REVENUE FUND
SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u> Budget	<u>2005</u> Actual	<u>2004</u> Actual
PROTECTIVE SERVICES			
Police			
Police department	\$ 1,701,892	\$ 1,701,892	\$ 1,533,252
Crimestoppers/Block parents	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
	<u>1,703,892</u>	<u>1,703,892</u>	<u>1,535,252</u>
 Fire			
Fire department	<u>1,124,822</u>	<u>1,128,107</u>	<u>1,071,487</u>
Emergency measures			
Telephone 911	149,988	149,987	125,838
Emergency measures organization	<u>6,025</u>	<u>9,832</u>	<u>2,901</u>
	<u>156,013</u>	<u>159,819</u>	<u>128,739</u>
 Other			
Animal and pest control	30,600	36,102	29,285
Building inspection	102,445	95,474	75,227
Crosswalk guards	<u>6,082</u>	<u>7,308</u>	<u>5,536</u>
	<u>139,127</u>	<u>138,884</u>	<u>110,048</u>
	<u>\$ 3,123,854</u>	<u>\$ 3,130,702</u>	<u>\$ 2,845,526</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u> Budget	<u>2005</u> Actual	<u>2004</u> Actual
TRANSPORTATION SERVICES			
Common services			
Works office	\$ 27,613	\$ 29,263	\$ 18,224
Engineering	<u>193,449</u>	<u>170,538</u>	<u>163,831</u>
	<u>221,062</u>	<u>199,801</u>	<u>182,055</u>
Roads and Streets			
Winter maintenance	1,201,636	1,306,296	1,192,675
Summer maintenance	<u>695,683</u>	<u>675,976</u>	<u>636,000</u>
	<u>1,897,319</u>	<u>1,982,272</u>	<u>1,828,675</u>
Street lighting	<u>92,812</u>	<u>94,684</u>	<u>87,496</u>
Traffic services			
Street signs	8,500	11,867	7,882
Traffic lane marking	18,000	24,797	19,636
Traffic signals	18,805	3,429	3,810
Railway crossings	<u>7,800</u>	<u>8,766</u>	<u>6,225</u>
	<u>53,105</u>	<u>48,859</u>	<u>37,553</u>
	<u>\$ 2,264,298</u>	<u>\$ 2,325,616</u>	<u>\$ 2,135,779</u>
ENVIRONMENTAL HEALTH SERVICES			
Clean up campaign	<u>\$ 110,400</u>	<u>\$ 113,297</u>	<u>\$ 110,354</u>
ENVIRONMENTAL DEVELOPMENT SERVICES			
Planning Advisory Committee	\$ 73,140	\$ 71,824	\$ 51,277
Enterprise Saint John	64,625	64,625	61,991
Municipal Plan	50,000	27,920	-
Other	<u>37,700</u>	<u>35,855</u>	<u>16,302</u>
	<u>\$ 225,465</u>	<u>\$ 200,224</u>	<u>\$ 129,570</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u> Budget	<u>2005</u> Actual	<u>2004</u> Actual
RECREATIONAL AND CULTURAL SERVICES			
Administration	\$ 197,795	\$ 177,661	\$ 178,170
Beaches	70,456	65,963	65,975
Arena	289,995	312,909	303,799
Parks and playgrounds	392,403	369,354	319,482
Recreation Centre	90,959	92,414	94,101
Civic Centre	61,705	40,566	71,863
Recreation programs	190,539	118,714	199,314
Regional Facilities Commission	249,307	249,307	200,684
Library	51,959	51,959	49,908
Warehouse	6,442	8,228	5,416
Food bank building	6,426	15,128	6,274
Beach House	<u>38,250</u>	<u>31,155</u>	<u>30,888</u>
	<u>\$ 1,646,236</u>	<u>\$ 1,533,358</u>	<u>\$ 1,525,874</u>
FISCAL SERVICES			
Debt charges			
Interest on long-term debt	\$ 472,008	\$ 460,744	\$ 485,184
Long-term debt repayments	1,047,000	1,047,000	1,042,000
Interest on short-term borrowings	19,507	24,998	13,669
Amortization of long-term discounts	<u>9,888</u>	<u>10,353</u>	<u>9,859</u>
	<u>1,548,403</u>	<u>1,543,095</u>	<u>1,550,712</u>
Transfers to (from)			
General Capital Fund	450,000	950,000	180,000
General Capital Reserve Fund	125,000	200,000	225,000
Land Trust Fund	-	65,000	-
Utility Revenue Fund	<u>(8,947)</u>	<u>(8,947)</u>	<u>(8,952)</u>
	<u>566,053</u>	<u>1,206,053</u>	<u>396,048</u>
	<u>\$ 2,114,456</u>	<u>\$ 2,749,148</u>	<u>\$ 1,946,760</u>

MUNICIPALITY OF QUISPAMISIS

**UTILITY CAPITAL FUND
BALANCE SHEET**

AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT		
Due from Province of New Brunswick (Note 2)	\$ 780,270	\$ 1,054,368
CAPITAL ASSETS (Notes 1 and 6)	<u>19,307,337</u>	<u>16,377,244</u>
	<u>\$ 20,087,607</u>	<u>\$ 17,431,612</u>
LIABILITIES AND INVESTMENT IN CAPITAL ASSETS		
CURRENT		
Bank loans (Notes 2 and 3)	\$ 2,500,000	\$ 2,200,000
Due to own funds (Notes 2 and 4)	<u>1,069,266</u>	<u>257,008</u>
	<u>3,569,266</u>	<u>2,457,008</u>
LONG-TERM (Notes 1, 2 and 5)	<u>2,014,000</u>	<u>2,109,000</u>
INVESTMENT IN CAPITAL ASSETS	<u>14,504,341</u>	<u>12,865,604</u>
	<u>\$ 20,087,607</u>	<u>\$ 17,431,612</u>

COMMITMENTS (Note 11)

GUARANTEES (Note 10)

APPROVED BY:

_____ Mayor
 _____ Treasurer

MUNICIPALITY OF QUISPAMISIS

**UTILITY CAPITAL FUND
STATEMENT OF INVESTMENT IN CAPITAL ASSETS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
BALANCE AT BEGINNING OF YEAR	\$ 12,865,604	\$ 9,883,089
ADD:		
Grant from the Canada/New Brunswick Infrastructure Program for Engineering structures	1,373,737	2,759,515
Contribution from Utility Revenue Fund: Long-term debt repayments	<u>265,000</u>	<u>223,000</u>
BALANCE AT END OF YEAR	<u>\$ 14,504,341</u>	<u>\$ 12,865,604</u>

MUNICIPALITY OF QUISPAMISIS

UTILITY CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
SOURCES		
Unapplied from previous year		
Province of New Brunswick	\$ <u>1,054,368</u>	\$ <u>-</u>
Transfer from		
Canada/New Brunswick Infrastructure Program for Engineering Structures	1,373,737	2,759,515
Less: Account receivable from Canada/New Brunswick Infrastructure Program for Engineering Structures	(780,270)	(1,054,368)
Utility Revenue Fund		
Long-term debt payments	<u>265,000</u>	<u>223,000</u>
	<u>858,467</u>	<u>1,928,147</u>
Proceeds from debenture issue (Note 5)	<u>170,000</u>	<u>431,000</u>
Temporary financing at end of period		
Proceeds from short-term bank loan	2,500,000	2,200,000
Temporary advances from own funds (Note 4)	<u>1,069,266</u>	<u>257,008</u>
	<u>3,569,266</u>	<u>2,457,008</u>
	<u>\$ 5,652,101</u>	<u>\$ 4,816,155</u>
APPLICATION		
Temporary financing at end of previous period		
Bank loan	\$ 2,200,000	\$ -
Temporary advances from own funds (Note 4)	<u>257,008</u>	<u>341,113</u>
	<u>2,457,008</u>	<u>341,113</u>
Capital expenditures	<u>2,930,093</u>	<u>4,171,042</u>
Long-term debt repayments		
Utility revenue fund	265,000	223,000
Debenture refinancing	<u>-</u>	<u>81,000</u>
	<u>265,000</u>	<u>304,000</u>
	<u>\$ 5,652,101</u>	<u>\$ 4,816,155</u>

MUNICIPALITY OF QUISPAMISIS

UTILITY REVENUE FUND BALANCE SHEET

AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT		
Cash (Note 2)	\$ 12,217	\$ 53,216
Accounts receivable (Note 2)	182,041	217,623
Due from own funds (Notes 2 and 4)	<u>109,677</u>	<u>-</u>
	<u>303,935</u>	<u>270,839</u>
UNAMORTIZED BOND DISCOUNT (Note 1)	<u>18,529</u>	<u>21,049</u>
	<u>\$ 322,464</u>	<u>\$ 291,888</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 2)	\$ 47,848	\$ 46,331
Due to own funds (Notes 2 and 4)	<u>-</u>	<u>5,111</u>
	<u>47,848</u>	<u>51,442</u>
SURPLUS		
SURPLUS AT BEGINNING OF YEAR	240,446	151,341
SURPLUS FOR THE YEAR	102,711	171,905
TRANSFER OF SECOND PREVIOUS YEAR'S SURPLUS (Note 1)	<u>(68,541)</u>	<u>(82,800)</u>
SURPLUS AT END OF YEAR	<u>274,616</u>	<u>240,446</u>
	<u>\$ 322,464</u>	<u>\$ 291,888</u>

COMMITMENTS (Note 11)

GUARANTEE (Note 10)

APPROVED BY:

_____ Mayor

_____ Treasurer

MUNICIPALITY OF QUISPAMISIS

**UTILITY REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURE**

FOR THE YEAR ENDED DECEMBER 31, 2005

		<u>2005</u> Budget	<u>2005</u> Actual	<u>2004</u> Actual
REVENUE	<u>Page</u>			
Sales of services	17	\$ 1,285,460	\$ 1,342,575	\$ 1,232,106
Other own sources	17	<u>27,844</u>	<u>47,987</u>	<u>41,519</u>
		<u>1,313,304</u>	<u>1,390,562</u>	<u>1,273,625</u>
 EXPENDITURE				
Environmental health services				
Sewer collection and disposal	18	448,395	367,942	319,890
Water supply	18	163,924	207,795	111,021
Administration	18	230,185	303,560	362,706
Fiscal services	18	539,341	477,095	390,903
Surplus of second previous year (Note 1)		<u>(68,541)</u>	<u>(68,541)</u>	<u>(82,800)</u>
		<u>1,313,304</u>	<u>1,287,851</u>	<u>1,101,720</u>
 SURPLUS FOR THE YEAR		 <u>\$ -</u>	 <u>\$ 102,711</u>	 <u>\$ 171,905</u>

MUNICIPALITY OF QUISPAMISIS

**UTILITY REVENUE FUND
SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u> Budget	<u>2005</u> Actual	<u>2004</u> Actual
SALES OF SERVICES			
User Fees			
Residential	\$ 1,106,240	\$ 1,125,445	\$ 1,045,267
Commercial	32,000	27,996	28,531
Institutional	86,720	80,960	83,430
Residential water sales	43,000	54,489	40,832
User fee discounts	<u>(25,000)</u>	<u>(27,065)</u>	<u>(27,304)</u>
	<u>1,242,960</u>	<u>1,261,825</u>	<u>1,170,756</u>
 Connection fees			
Water	7,500	15,750	9,750
Sewer	<u>35,000</u>	<u>65,000</u>	<u>51,600</u>
	<u>42,500</u>	<u>80,750</u>	<u>61,350</u>
	<u>\$ 1,285,460</u>	<u>\$ 1,342,575</u>	<u>\$ 1,232,106</u>
 OTHER OWN SOURCES			
Interest on user fees	\$ 24,244	\$ 46,416	\$ 40,426
Interest on current account	<u>3,600</u>	<u>1,571</u>	<u>1,093</u>
	<u>\$ 27,844</u>	<u>\$ 47,987</u>	<u>\$ 41,519</u>

MUNICIPALITY OF QUISPAMISIS

**UTILITY REVENUE FUND
SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u> Budget	<u>2005</u> Actual	<u>2004</u> Actual
ENVIRONMENTAL HEALTH SERVICES			
Sewer collection and disposal			
Sewer collection system	\$ 85,530	\$ 128,528	\$ 73,098
Sewer lift stations	188,104	143,848	146,760
Treatment and disposal	<u>174,761</u>	<u>95,566</u>	<u>100,032</u>
	<u>\$ 448,395</u>	<u>\$ 367,942</u>	<u>\$ 319,890</u>
Water supply	<u>\$ 163,924</u>	<u>\$ 207,795</u>	<u>\$ 111,021</u>
Administration	<u>\$ 230,185</u>	<u>\$ 303,560</u>	<u>\$ 362,706</u>
FISCAL SERVICES			
Debt charges			
Long-term debt repayments	\$ 264,000	\$ 265,000	\$ 223,000
Interest on long-term debt	197,088	119,451	126,767
Interest on short-term debt	44,706	58,619	29,437
Amortization of long-term debt discounts	<u>2,600</u>	<u>3,078</u>	<u>2,747</u>
	<u>508,394</u>	<u>446,148</u>	<u>381,951</u>
Transfers to:			
General Revenue Fund	8,947	8,947	8,952
Utility Capital Replacement Reserve Fund	<u>22,000</u>	<u>22,000</u>	<u>-</u>
	<u>30,947</u>	<u>30,947</u>	<u>8,952</u>
	<u>\$ 539,341</u>	<u>\$ 477,095</u>	<u>\$ 390,903</u>

MUNICIPALITY OF QUISPAMISIS

**LAND TRUST FUND
BALANCE SHEET**

AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT		
Cash (Note 2)	\$ 78,918	\$ 2,431
Due from own funds (Notes 2 and 4)	<u>29,721</u>	<u>120,492</u>
	<u>\$ 108,639</u>	<u>\$ 122,923</u>
NET ASSETS		
NET ASSETS	<u>\$ 108,639</u>	<u>\$ 122,923</u>

COMMITMENTS (Note 11)

GUARANTEES (Note 10)

APPROVED BY:

_____ Mayor

_____ Treasurer

MUNICIPALITY OF QUISPAMISIS
LAND TRUST FUND
STATEMENT OF CHANGES IN NET ASSETS
AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
NET ASSETS AT BEGINNING OF YEAR	\$ <u>122,923</u>	\$ <u>104,318</u>
ADD:		
Lot fees	33,450	23,700
Contributions from General Revenue Fund	65,000	-
Interest	<u>3,266</u>	<u>2,726</u>
	<u>101,716</u>	<u>26,426</u>
LESS:		
Expenditure for development of public land	<u>116,000</u>	<u>7,821</u>
NET ASSETS AT END OF YEAR	\$ <u><u>108,639</u></u>	\$ <u><u>122,923</u></u>

MUNICIPALITY OF QUISPAMISIS

**GENERAL CAPITAL RESERVE FUND
BALANCE SHEET**

AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT		
Cash (Note 2)	\$ 251,047	\$ 5,073
Due from own funds (Notes 2 and 4)	<u>425,598</u>	<u>460,271</u>
	<u>\$ 676,645</u>	<u>\$ 465,344</u>
NET ASSETS		
NET ASSETS	<u>\$ 676,645</u>	<u>\$ 465,344</u>
COMMITMENTS (Note 11)		
GUARANTEES (Note 10)		
APPROVED BY:		
_____	Mayor	
_____	Treasurer	

MUNICIPALITY OF QUISPAMISIS

**GENERAL CAPITAL RESERVE FUND
STATEMENT OF CHANGES IN NET ASSETS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
NET ASSETS AT BEGINNING OF YEAR	\$ <u>465,344</u>	\$ <u>234,904</u>
ADD:		
Contributions from General Revenue Fund	200,000	225,000
Interest	<u>11,301</u>	<u>5,440</u>
	<u>211,301</u>	<u>230,440</u>
NET ASSETS AT END OF YEAR	\$ <u><u>676,645</u></u>	\$ <u><u>465,344</u></u>

MUNICIPALITY OF QUISPAMISIS

**UTILITY CAPITAL REPLACEMENT RESERVE FUND
BALANCE SHEET**

AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT		
Cash (Note 2)	\$ <u>22,000</u>	\$ <u>-</u>
NET ASSETS		
NET ASSETS	\$ <u>22,000</u>	\$ <u>-</u>
COMMITMENTS (Note 11)		
GUARANTEES (Note 10)		

APPROVED BY:

_____ Mayor

_____ Treasurer

MUNICIPALITY OF QUISPAMISIS

**UTILITY CAPITAL REPLACEMENT RESERVE FUND
STATEMENT OF CHANGES IN NET ASSETS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
NET ASSETS AT BEGINNING OF YEAR	\$ <u>-</u>	\$ <u>-</u>
ADD:		
Contributions from Utility Revenue Fund	<u>22,000</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 22,000</u>	<u>\$ -</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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

Utility Capital Replacement Reserve Fund

Under the terms of the funding agreement with the Province of New Brunswick for the Wastewater System Upgrade Project, the Municipality is required to establish and maintain a replacement reserve fund to cover the future replacement costs of short life items. The use and disposition of these funds is subject to approval from the Province of New Brunswick.

Capital Assets

Capital assets are stated at cost in the Capital Funds. The Municipality does not record amortization on its capital assets. 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.

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Unamortized Bond Discounts

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

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.

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. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash, accounts receivable, HST recoverable, due from own funds, due from Government of Canada, due from Province of New Brunswick, local improvement levy receivable, cheques issued in excess of funds on deposit, bank loans, accounts payable and accrued liabilities, due to own funds and long-term. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

3. 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 2006 to repay this indebtedness.

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

General Capital Fund, OIC # 05-55	\$ <u>850,000</u>
Utility Capital Fund, OIC #04-15	\$ 6,400,000
Utility Capital Fund, OIC #05-55	640,000
Utility Capital Fund, OIC #05-91	220,000
Utility Capital Fund, OIC #05-105	<u>100,000</u>
	\$ <u>7,360,000</u>

OIC #04-15 includes \$4,133,333 interim financing, for a term not to exceed three years, and \$2,266,666 in long-term.

4. 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, 2004 were repaid prior to December 31, 2005.

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

5. LONG-TERM DEBT

General Capital Fund

	Balance January 1, <u>2005</u>	Issued during year	Redeemed during year	Balance December 31, <u>2005</u>
New Brunswick Municipal Financing Corporation Debentures:				
Z20 6.25 - 7.875%, due December 2005, OIC # 94-13, 94-63,95-08	\$ 150,000	\$ -	\$ 150,000	\$ -
AB23 3.625 - 6.625%, due December 2006, OIC # 95-08, 96-04	172,000	-	83,000	89,000
AD16 4.25 - 5.75%, due December 2007, OIC # 96-13, 96-54, 96-57, 97-10, 97-79	267,000	-	84,000	183,000
AF13 5.125 - 5.5%, due December 2008, OIC # 96-54, 98-29	602,000	-	139,000	463,000
AH19 5.7 - 6.5%, due December 2009, OIC # 98-29, 99-25	877,000	-	101,000	776,000
AJ20 6 - 6.125%, due December 2020, OIC # 99-72, 99-25	2,004,000	-	150,000	1,854,000
AK12 4.45 - 6.2%, due July 2021, OIC # 99-72, 00-43	941,000	-	84,000	857,000
AL20 2.45 - 5.5%, due November 2011, OIC # 00-43,1-11	770,000	-	112,000	658,000
AO13 3.05 - 5.0%, due July 2013, OIC# 1-11, 2-15, 2-51	1,329,000	-	73,000	1,256,000
AQ06 2.75 - 5.5% due July 2014, OIC# 2-51, 3-34	960,000	-	71,000	889,000
AS07 2.85 - 4.35%, due July 2015, OIC # 03-34, 04-08	-	895,000	-	895,000
	<u>\$ 8,072,000</u>	<u>\$ 895,000</u>	<u>\$ 1,047,000</u>	<u>\$ 7,920,000</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 General Capital Fund are as follows:

2006	\$ 1,030,000
2007	964,000
2008	914,000
2009	792,000
2010	1,001,000

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

5. LONG-TERM DEBT (cont'd)

Utility Capital Fund

	Balance January 1, <u>2005</u>	Issued during year	Redeemed during year	Balance December 31, <u>2005</u>
New Brunswick Municipal Financing Corporation Debentures:				
Z21 6.25 - 7.875%, due December 2005, OIC # 94-13, 93-22	\$ 36,000	\$ -	\$ 36,000	\$ -
AB24 3.625 - 6.625%, due December 2006, OIC # 94-13	66,000	-	32,000	34,000
AH20 5.7 - 6.5%, due December 2009, OIC # 99-25	336,000	-	59,000	277,000
AJ21 6% - 6.125%, due December 2010, OIC # 99-25	201,000	-	29,000	172,000
AK13 4.45 - 6.2%, due July 2021, OIC # 00-43	542,000	-	21,000	521,000
AL21 2.45 - 5.5%, due November 2021, OIC # 00-43, 01-11	399,000	-	21,000	378,000
AP51 2.75 - 4.25%, due December 2008, OIC # 93-22	98,000	-	23,000	75,000
AQ07 2.75 - 5.5%, due July 2014, OIC # 01-11, 02-15	350,000	-	29,000	321,000
AR22 2.75 - 4.0%, due December 2009, OIC # 93-22	81,000	-	15,000	66,000
AS08 2.85 - 4.35%, due July 2015, OIC # 02-15	<u>-</u>	<u>170,000</u>	<u>-</u>	<u>170,000</u>
	<u>\$ 2,109,000</u>	<u>\$ 170,000</u>	<u>\$ 265,000</u>	<u>\$ 2,014,000</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:

2006	\$ 257,000
2007	233,000
2008	244,000
2009	233,000
2010	703,000

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

6. CAPITAL ASSETS

	<u>2005</u>	<u>2004</u>
General Capital Fund		
Land	\$ 866,613	\$ 744,309
Buildings	4,678,407	4,233,626
Engineering structures	15,962,691	15,361,509
Machinery and equipment	2,538,416	2,405,171
Recreation facilities	1,343,472	967,956
Investment in fire department assets	<u>1,386,841</u>	<u>1,386,841</u>
	<u>\$26,776,440</u>	<u>\$25,099,412</u>

During the year, grants totaling \$28,500 (2004 -nil) were recorded from the Province of New Brunswick under the Environmental Trust Fund for capital assets acquired in the General Capital Fund. Grants totaling \$451,475 were recorded from the Government of Canada under the Atlantic Canada Opportunities Agency program for the Arts and Culture Park.

Utility Capital Fund

Land	\$ 241,532	\$ 241,532
Engineering structures	15,004,106	12,099,505
Machinery and equipment	<u>4,061,699</u>	<u>4,036,207</u>
	<u>\$19,307,337</u>	<u>\$16,377,244</u>

During the year, grants totaling \$1,373,737 (2004 -\$2,759,515) were recorded from the Province of New Brunswick under the Canada/New Brunswick Infrastructure Program for capital assets acquired in the Utility Capital Fund.

7. 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.

8. 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 2005, the Municipality has complied with these restrictions.

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

9. SICK LEAVE BENEFITS

Sick leave benefits do not vest to employees and accordingly no liability for sick leave exists at December 31, 2005.

10. 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:

	2005	2004
Kennebecasis Public Library Inc.	\$ <u>51,959</u>	\$ <u>49,908</u>
Rothesay Regional Joint Board of Police Commissioners:		
Police Protection	1,701,892	1,533,252
911 Communications	<u>149,987</u>	<u>125,838</u>
	<u>1,851,879</u>	<u>1,659,090</u>
Rothesay Regional Fire Department Inc.		
Contribution for:		
Fire Protection	1,128,107	1,071,487
Received for:		
Fire station rentals	<u>(29,772)</u>	<u>(23,400)</u>
	<u>1,098,335</u>	<u>1,048,087</u>
	<u>\$ 3,002,173</u>	<u>\$ 2,757,085</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 Rothesay Regional Joint Board of Police Commissioners and the Kennebecasis Public Library Inc.

At December 31, 2005, the Town has guaranteed its proportional share (54.981%) of the \$2,234,000 debt incurred by the Rothesay Joint Board of Police Commissioners on the construction of their police station.

11. COMMITMENTS

Infrastructure Projects

During the year the Municipality committed \$432,521 towards the construction of the Vincent Road Extension project of which \$201,100 remains to be spent in 2006.

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

11. 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 two years are as follows:

2006	\$	8,404
2007		3,074

12. LOCAL IMPROVEMENT LEVY

During the year, the Municipality passed two by-laws for separate special warrants of assessment to certain residents for local improvements made to municipally owned land which fronts their properties. The assessment can be paid in a lump sum or over ten years. The lump sum payment and/or first annual payments are due by May 31, 2006. The balance consists of:

Total assessment	\$	88,393
Less: Minimum payments due within one year		<u>8,839</u>
	\$	<u>79,554</u>

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, 2005 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.

14. COMPARATIVE FIGURES

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

MUNICIPALITY OF QUISPAMISIS

SCHEDULE OF INTERFUND BALANCES

AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
General Capital Fund		
Due to		
General Revenue Fund	\$ <u>(518,788)</u>	\$ <u>(889,634)</u>
General Revenue Fund		
Due from (to)		
General Capital Fund	\$ 518,788	\$ 889,634
Utility Revenue Fund	(109,677)	5,111
Utility Capital Fund	1,069,266	257,008
Land Trust Fund	(29,721)	(120,492)
General Capital Reserve Fund	<u>(425,598)</u>	<u>(460,271)</u>
	<u>\$ 1,023,058</u>	<u>\$ 570,990</u>
Utility Capital Fund		
Due to		
General Revenue Fund	\$ <u>(1,069,266)</u>	\$ <u>(257,008)</u>
Utility Revenue Fund		
Due from (to)		
General Revenue Fund	\$ <u>109,677</u>	\$ <u>(5,111)</u>
Land Trust Fund		
Due from		
General Revenue Fund	\$ <u>29,721</u>	\$ <u>120,492</u>
General Capital Reserve Fund		
Due from		
General Revenue Fund	\$ <u>425,598</u>	\$ <u>460,271</u>