

**MUNICIPALITY OF QUISPAMISIS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2007**



# MUNICIPALITY OF QUISPAMISIS

DECEMBER 31, 2007

## CONTENTS

	<b>Page</b>
<b>AUDITORS' REPORT</b>	1
<b>GENERAL FUND</b>	
Capital Fund Balance Sheet	2
Statement of Investment in Capital Assets	3
Statement of Capital Financing	4
Revenue Fund Balance Sheet	5
Statement of Revenue and Expenditure	6
Supplementary Schedule of Revenue Accounts	7
Supplementary Schedule of Expenditure Accounts	8 - 11
<b>UTILITY FUND</b>	
Capital Fund Balance Sheet	12
Statement of Investment in Capital Assets	13
Statement of Capital Financing	14
Revenue Fund Balance Sheet	15
Statement of Revenue and Expenditure	16
Supplementary Schedule of Revenue Accounts	17
Supplementary Schedule of Expenditure Accounts	18
<b>LAND TRUST FUND</b>	
Balance Sheet	19
Statement of Changes in Net Assets	20
<b>GENERAL CAPITAL RESERVE FUND</b>	
Balance Sheet	21
Statement of Changes in Net Assets	22
<b>UTILITY RESERVE FUNDS</b>	
Balance Sheet	23
Statement of Changes in Net Assets	24
<b>NOTES TO FINANCIAL STATEMENTS</b>	25 - 32
<b>SCHEDULE OF INTERFUND BALANCES</b>	33

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**TEED  
SAUNDERS  
DOYLE & CO.**  
**Chartered Accountants**

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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, general capital reserve funds and utility capital reserve funds of the Municipality of Quispamsis as at December 31, 2007 and the statements of revenue and expenditure, investment in capital assets, capital financing and changes in net assets for the year then ended. These financial statements have been prepared to comply with the accounting principles prescribed for New Brunswick municipalities by the Department of Local Government. 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, 2007 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  
February 28, 2008

Saint John Partners

John H. Teed      Andrew P. Logan  
Peter L. Logan



Fredericton Partners

Brian J. Saunders      Ralph D. Gorman  
David H. Bradley      John H. Landry  
T.J. Smith

**MUNICIPALITY OF QUISPAMISIS**

**GENERAL CAPITAL FUND  
BALANCE SHEET**

**AS AT DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CAPITAL</b>		
Capital assets (Notes 1 and 8)	\$ <u>31,371,052</u>	\$ <u>29,082,659</u>
<b>LIABILITIES AND INVESTMENT IN CAPITAL ASSETS</b>		
<b>CURRENT</b>		
Due to own funds (Note 2 and 4)	\$ <u>381,028</u>	\$ <u>567,703</u>
<b>LONG-TERM</b> (Notes 1, 2 and 7)	<u>7,508,612</u>	<u>7,857,935</u>
<b>INVESTMENT IN CAPITAL ASSETS</b>	<u>23,481,412</u>	<u>20,657,021</u>
	\$ <u>31,371,052</u>	\$ <u>29,082,659</u>

**GUARANTEES** (Note 12)

**COMMITMENTS** (Note 13)

**APPROVED BY:**

\_\_\_\_\_ Mayor

\_\_\_\_\_ Treasurer

# MUNICIPALITY OF QUISPAMISIS

## GENERAL CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
<b>BALANCE AT BEGINNING OF YEAR</b>	\$ <u>20,657,021</u>	\$ <u>18,337,652</u>
<b>ADD:</b>		
Grant from the Government of Canada		
Land and Recreation facilities	-	36,809
Grants from the Province of New Brunswick		
Land and Recreation facilities (Note 8)	-	50,000
Engineering structures (Note 8)	61,946	13,054
Contributions from local improvement levy	58,699	55,256
Contributions from public donations	200,000	100,000
Contributions from own funds		
Land Trust Fund	-	65,000
General Revenue Fund		
Capital expenditures	1,555,272	1,167,826
Long-term debt payments	<u>1,049,323</u>	<u>1,043,531</u>
	<u>2,925,240</u>	<u>2,531,476</u>
<b>LESS:</b>		
Cost of capital assets disposed of during the year	100,849	193,607
Prior year grant not received	<u>-</u>	<u>18,500</u>
	<u>100,849</u>	<u>212,107</u>
<b>BALANCE AT END OF YEAR</b>	\$ <u><u>23,481,412</u></u>	\$ <u><u>20,657,021</u></u>

# MUNICIPALITY OF QUISPAMISIS

## GENERAL CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
<b>SOURCES</b>		
Transfers from		
Government of Canada		
Land and Recreation facilities	\$ -	\$ 36,809
Province of New Brunswick		
Land and Recreation facilities	-	50,000
Engineering structures	61,946	13,054
Local improvement levy	58,699	55,256
Public donations	200,000	100,000
Own funds		
Land Trust Fund	-	65,000
General Revenue Fund		
Capital expenditures	1,555,272	1,167,826
Long-term debt payments	<u>1,049,323</u>	<u>1,043,531</u>
	<u>2,925,240</u>	<u>2,531,476</u>
Proceeds from debenture issue (Note 7)	<u>700,000</u>	<u>850,000</u>
Proceeds from capital lease (Note 7)	<u>-</u>	<u>131,466</u>
Temporary financing at end of year		
Temporary advances from own funds (Note 4)	<u>381,028</u>	<u>567,703</u>
	<u>\$ 4,006,268</u>	<u>\$ 4,080,645</u>
<b>APPLICATION</b>		
Temporary financing at end of previous year		
Temporary advances from own funds	\$ 567,703	\$ 518,788
Long-term debt payments	1,049,323	1,043,531
Prior year grant not received	-	18,500
Capital expenditures	<u>2,389,242</u>	<u>2,499,826</u>
	<u>\$ 4,006,268</u>	<u>\$ 4,080,645</u>

# MUNICIPALITY OF QUISPAMISIS

## GENERAL REVENUE FUND BALANCE SHEET

AS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 225,311	\$ -
Accounts receivable (Note 2)	127,849	218,088
HST recoverable (Note 2)	351,855	145,105
Due from own funds (Notes 2 and 4)	476,450	982,379
Due from Government of Canada (Note 2)	1,353	-
Current portion of local improvement levy receivable	16,171	10,211
Inventories (Note 1)	53,619	105,807
Prepaid expenses	<u>11,476</u>	<u>13,105</u>
	<u>1,264,084</u>	<u>1,474,695</u>
<b>LOCAL IMPROVEMENT LEVY RECEIVABLE</b> (Notes 2 and 14)	<u>142,959</u>	<u>104,850</u>
<b>UNAMORTIZED BOND DISCOUNT</b> (Note 1)	<u>79,777</u>	<u>84,645</u>
	<u>\$ 1,486,820</u>	<u>\$ 1,664,190</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Cheques issued in excess of funds on deposit (Note 2)	\$ -	\$ 161,918
Accounts payable and accrued liabilities (Note 2)	1,476,990	1,284,318
Deferred revenue (Note 5)	<u>4,030</u>	<u>202,400</u>
	<u>1,481,020</u>	<u>1,648,636</u>
<b>SURPLUS</b>		
<b>SURPLUS AT BEGINNING OF YEAR</b>	15,554	13,752
<b>SURPLUS FOR THE YEAR</b>	2,958	2,842
<b>TRANSFER OF SECOND PREVIOUS YEAR'S SURPLUS</b> (Note 1)	<u>(12,712)</u>	<u>(1,040)</u>
<b>SURPLUS AT END OF YEAR</b>	<u>5,800</u>	<u>15,554</u>
	<u>\$ 1,486,820</u>	<u>\$ 1,664,190</u>

GUARANTEES (Note 12)

COMMITMENTS (Note 13)

APPROVED BY:

\_\_\_\_\_ Mayor

\_\_\_\_\_ Treasurer

**TEED  
SAUNDERS  
DOYLE & CO.**  
Chartered Accountants

# MUNICIPALITY OF QUISPAMISIS

## GENERAL REVENUE FUND STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2007

		<u>2007</u> Budget	<u>2007</u> Actual	<u>2006</u> Actual
<b>REVENUE (Note 1)</b>	<b><u>Page</u></b>			
Warrant of assessment		\$ 11,266,025	\$ 11,266,024	\$ 10,080,521
Sale of services	7	314,253	330,041	314,190
Services to other governments				
Province of New Brunswick	7	44,094	44,094	44,094
Other revenue from own sources	7	166,224	393,353	438,232
Conditional transfers	7	40,000	70,949	67,050
Unconditional transfers, Provincial		<u>823,412</u>	<u>823,412</u>	<u>807,257</u>
		<u>12,654,008</u>	<u>12,927,873</u>	<u>11,751,344</u>
 <b>EXPENDITURE (Note 1)</b>				
General government services	8	1,172,293	1,155,995	1,077,299
Protective services	9	3,715,457	3,596,183	3,349,929
Transportation services	10	2,567,284	2,533,523	2,370,193
Environmental health services	10	130,000	123,061	137,795
Environmental development services	10	219,545	223,385	225,542
Recreation and cultural services	11	2,059,330	1,886,644	1,653,814
Fiscal services	11	2,802,812	3,418,836	2,934,970
Surplus of second previous year (Note 1)		<u>(12,713)</u>	<u>(12,712)</u>	<u>(1,040)</u>
		<u>12,654,008</u>	<u>12,924,915</u>	<u>11,748,502</u>
 <b>SURPLUS FOR THE YEAR</b>		 <u>\$ -</u>	 <u>\$ 2,958</u>	 <u>\$ 2,842</u>



# MUNICIPALITY OF QUISPAMISIS

## GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u> <b>Budget</b>	<u>2007</u> <b>Actual</b>	<u>2006</u> <b>Actual</b>
<b>SALE OF SERVICES</b>			
Arena, building and other rentals	\$ 285,908	\$ 304,685	\$ 294,094
Recreational programs	<u>28,345</u>	<u>25,356</u>	<u>20,096</u>
	<u>\$ 314,253</u>	<u>\$ 330,041</u>	<u>\$ 314,190</u>
<b>SERVICES TO OTHER GOVERNMENTS</b>			
Provincial highways	<u>\$ 44,094</u>	<u>\$ 44,094</u>	<u>\$ 44,094</u>
<b>OTHER REVENUE FROM OWN SOURCES</b>			
Licenses, permits, and fines	\$ 160,224	\$ 254,526	\$ 208,176
Return on investments	6,000	31,089	16,360
Other	<u>-</u>	<u>107,738</u>	<u>213,696</u>
	<u>\$ 166,224</u>	<u>\$ 393,353</u>	<u>\$ 438,232</u>
<b>CONDITIONAL TRANSFERS</b>			
Recreation grants	<u>\$ 40,000</u>	<u>\$ 70,949</u>	<u>\$ 67,050</u>

# MUNICIPALITY OF QUISPAMISIS

## GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u> Budget	<u>2007</u> Actual	<u>2006</u> Actual
<b>GENERAL GOVERNMENT SERVICES</b>			
Legislative			
Mayor's office	\$ 32,819	\$ 27,901	\$ 28,964
Councillors' office	130,246	112,714	108,599
Other	<u>18,000</u>	<u>19,383</u>	<u>19,076</u>
	<u>181,065</u>	<u>159,998</u>	<u>156,639</u>
Administrative			
Manager's office	101,854	85,050	93,159
Clerk's office	90,369	84,737	86,493
Office building	76,847	78,015	73,127
Solicitor	84,000	84,522	83,923
Other	<u>37,000</u>	<u>61,557</u>	<u>59,874</u>
	<u>390,070</u>	<u>393,881</u>	<u>396,576</u>
Financial management			
Administration	193,330	186,532	165,196
External audit	<u>13,959</u>	<u>14,377</u>	<u>12,980</u>
	<u>207,289</u>	<u>200,909</u>	<u>178,176</u>
Other government services			
Civic relations	50,500	44,487	31,713
Public liability insurance	141,541	153,074	133,673
Scholarships and grants	2,500	1,700	1,800
Cost of assessment	178,028	178,028	161,394
Other	<u>21,300</u>	<u>23,918</u>	<u>17,328</u>
	<u>393,869</u>	<u>401,207</u>	<u>345,908</u>
	<u>\$ 1,172,293</u>	<u>\$ 1,155,995</u>	<u>\$ 1,077,299</u>

# MUNICIPALITY OF QUISPAMSIS

## GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u> Budget	<u>2007</u> Actual	<u>2006</u> Actual
<b>PROTECTIVE SERVICES</b>			
Police			
Police department	\$ 1,925,512	\$ 1,925,342	\$ 1,829,265
Crimestoppers/Block parents	<u>2,800</u>	<u>2,800</u>	<u>2,000</u>
	<u>1,928,312</u>	<u>1,928,142</u>	<u>1,831,265</u>
Fire			
Fire department	1,340,818	1,342,371	1,223,758
Water transfer costs	5,760	5,760	-
Fire Department assets (Note 1)	<u>120,762</u>	<u>-</u>	<u>-</u>
	<u>1,467,340</u>	<u>1,348,131</u>	<u>1,223,758</u>
Emergency measures			
Telephone 911	151,228	151,228	160,024
Emergency measures organization	<u>6,923</u>	<u>4,154</u>	<u>7,574</u>
	<u>158,151</u>	<u>155,382</u>	<u>167,598</u>
Other			
Animal and pest control	42,800	45,320	41,777
Building inspection	112,089	112,109	79,015
Crosswalk guards	<u>6,765</u>	<u>7,099</u>	<u>6,516</u>
	<u>161,654</u>	<u>164,528</u>	<u>127,308</u>
	<u>\$ 3,715,457</u>	<u>\$ 3,596,183</u>	<u>\$ 3,349,929</u>

# MUNICIPALITY OF QUISPAMISIS

## GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u> Budget	<u>2007</u> Actual	<u>2006</u> Actual
<b>TRANSPORTATION SERVICES</b>			
Common services			
Works office	\$ 48,552	\$ 28,863	\$ 29,253
Engineering	<u>234,515</u>	<u>208,465</u>	<u>193,299</u>
	<u>283,067</u>	<u>237,328</u>	<u>222,552</u>
 Roads and Streets			
Winter maintenance	1,272,898	1,323,070	1,276,628
Summer maintenance	769,134	741,400	653,969
Culverts and drainage ditches	<u>50,000</u>	<u>58,262</u>	<u>63,372</u>
	<u>2,092,032</u>	<u>2,122,732</u>	<u>1,993,969</u>
 Street lighting	<u>114,462</u>	<u>101,228</u>	<u>94,864</u>
 Traffic services			
Street signs	12,000	24,897	14,086
Traffic lane marking	30,000	26,682	24,221
Traffic signals	27,923	11,734	11,889
Railway crossings	<u>7,800</u>	<u>8,922</u>	<u>8,612</u>
	<u>77,723</u>	<u>72,235</u>	<u>58,808</u>
	<u>\$ 2,567,284</u>	<u>\$ 2,533,523</u>	<u>\$ 2,370,193</u>
 <b>ENVIRONMENTAL HEALTH SERVICES</b>			
Clean up campaign	\$ 130,000	\$ 123,061	\$ 120,471
Climate protection	<u>-</u>	<u>-</u>	<u>17,324</u>
	<u>\$ 130,000</u>	<u>\$ 123,061</u>	<u>\$ 137,795</u>
 <b>ENVIRONMENTAL DEVELOPMENT SERVICES</b>			
Planning Advisory Committee	\$ 83,471	\$ 86,463	\$ 77,248
Enterprise Saint John	80,274	80,274	74,228
Municipal Plan	-	-	27,193
Town Beautification	28,600	29,008	26,501
Other	<u>27,200</u>	<u>27,640</u>	<u>20,372</u>
	<u>\$ 219,545</u>	<u>\$ 223,385</u>	<u>\$ 225,542</u>

# MUNICIPALITY OF QUISPAMSIS

## GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u> Budget	<u>2007</u> Actual	<u>2006</u> Actual
<b>RECREATIONAL AND CULTURAL SERVICES</b>			
Administration	\$ 196,406	\$ 184,909	\$ 169,842
Facilities maintenance	66,920	74,356	172
Beaches	74,377	68,295	61,423
Arena	290,250	297,878	288,854
Parks and playgrounds	698,254	594,165	515,925
Recreation Centre	86,480	63,224	72,964
Civic Centre	55,941	46,837	72,348
Recreation programs	83,318	79,014	58,295
Regional Facilities Commission	355,200	337,530	266,768
Library	79,627	80,259	61,600
Warehouse	8,793	10,449	16,376
Food bank building	7,735	7,613	34,558
225 Hampton Road	4,290	2,161	576
Beach House	<u>51,739</u>	<u>39,954</u>	<u>34,113</u>
	<u>\$ 2,059,330</u>	<u>\$ 1,886,644</u>	<u>\$ 1,653,814</u>
<b>FISCAL SERVICES</b>			
Debt charges			
Interest on long-term debt	\$ 417,720	\$ 425,074	\$ 444,007
Long-term debt repayments	1,033,000	1,049,323	1,043,531
Interest on short-term borrowings	25,509	17,571	28,670
Amortization of long-term discounts	<u>9,530</u>	<u>9,786</u>	<u>9,888</u>
	<u>1,485,759</u>	<u>1,501,754</u>	<u>1,526,096</u>
Transfers to (from)			
General Capital Fund	1,076,000	1,555,272	1,167,826
General Capital Reserve Fund	250,000	370,762	250,000
Utility Revenue Fund	<u>(8,947)</u>	<u>(8,952)</u>	<u>(8,952)</u>
	<u>1,317,053</u>	<u>1,917,082</u>	<u>1,408,874</u>
	<u>\$ 2,802,812</u>	<u>\$ 3,418,836</u>	<u>\$ 2,934,970</u>

# MUNICIPALITY OF QUISPAMISIS

## UTILITY CAPITAL FUND BALANCE SHEET

AS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Due from Province of New Brunswick (Note 2)	\$ 10,801	\$ 98,563
Due from own funds (Notes 2 and 4)	<u>88,916</u>	<u>-</u>
	<u>99,717</u>	<u>98,563</u>
<b>CAPITAL ASSETS</b> (Notes 1, 6 and 8)	<u>22,483,798</u>	<u>21,796,978</u>
	<u>\$ 22,583,515</u>	<u>\$ 21,895,541</u>
<b>LIABILITIES AND INVESTMENT IN CAPITAL ASSETS</b>		
<b>CURRENT</b>		
Bank loan (Notes 2 and 3)	\$ 1,300,000	\$ 1,420,000
Due to own funds (Notes 2 and 4)	<u>-</u>	<u>1,059,876</u>
	<u>1,300,000</u>	<u>2,479,876</u>
<b>LONG-TERM</b> (Notes 1, 2 and 7)	<u>4,697,000</u>	<u>4,057,000</u>
<b>INVESTMENT IN CAPITAL ASSETS</b>	<u>16,586,515</u>	<u>15,358,665</u>
	<u>\$ 22,583,515</u>	<u>\$ 21,895,541</u>
<b>GUARANTEES</b> (Note 12)		
<b>COMMITMENTS</b> (Note 13)		
<b>APPROVED BY:</b>		
_____	Mayor	
_____	Treasurer	

# MUNICIPALITY OF QUISPAMISIS

## UTILITY CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
<b>BALANCE AT BEGINNING OF YEAR</b>	\$ <u>15,358,665</u>	\$ <u>14,504,341</u>
<b>ADD:</b>		
Grant from the Canada/New Brunswick Infrastructure Program for Engineering structures (Note 8)	226,122	98,643
Grant from the Canada/New Brunswick Gas Tax Transfer Program for Engineering structures (Notes 6 and 8)	616,728	504,585
Developer's infrastructure contribution	65,000	-
Contribution from Utility Revenue Fund:		
Capital expenditures	-	50,000
Long-term debt repayments	<u>320,000</u>	<u>257,000</u>
	<u>1,227,850</u>	<u>910,228</u>
<b>LESS:</b>		
Cost of capital assets disposed of during the year	<u>-</u>	<u>55,904</u>
<b>BALANCE AT END OF YEAR</b>	\$ <u>16,586,515</u>	\$ <u>15,358,665</u>

# MUNICIPALITY OF QUISPAMSIS

## UTILITY CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
<b>SOURCES</b>		
Unapplied from previous year		
Province of New Brunswick	\$ <u>98,563</u>	\$ <u>780,270</u>
Transfer from		
Canada/New Brunswick Infrastructure Program		
for Engineering Structures	226,122	98,643
Less: Account receivable from Canada/New Brunswick		
Infrastructure Program for Engineering Structures	(10,801)	(98,563)
Canada/New Brunswick Gas Tax Transfer Program		
for Engineering structures (Note 6)	616,728	504,585
Developer's infrastructure contribution	65,000	-
Utility Revenue Fund		
Capital expenditures	-	50,000
Long-term debt payments	<u>320,000</u>	<u>257,000</u>
	<u>1,217,049</u>	<u>811,665</u>
Proceeds from debenture issue (Note 7)	<u>960,000</u>	<u>2,300,000</u>
Temporary financing at end of year		
Proceeds from short-term bank loan	1,300,000	1,420,000
Temporary advances from own funds (Note 4)	<u>-</u>	<u>1,059,876</u>
	<u>1,300,000</u>	<u>2,479,876</u>
	<u>\$ 3,575,612</u>	<u>\$ 6,371,811</u>
<b>APPLICATION</b>		
Temporary financing at end of previous year		
Bank loan	\$ 1,420,000	\$ 2,500,000
Temporary advances from own funds (Note 4)	<u>1,059,876</u>	<u>1,069,266</u>
	<u>2,479,876</u>	<u>3,569,266</u>
Capital expenditures	<u>686,820</u>	<u>2,545,545</u>
Long-term debt repayments		
Utility revenue fund	<u>320,000</u>	<u>257,000</u>
Unapplied funds at end of year		
Due from own funds (Note 4)	<u>88,916</u>	<u>-</u>
	<u>\$ 3,575,612</u>	<u>\$ 6,371,811</u>



# MUNICIPALITY OF QUISPAMISIS

## UTILITY REVENUE FUND BALANCE SHEET

AS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 402,607	\$ 11,948
Accounts receivable (Note 2)	265,050	270,813
Due from own funds (Notes 2 and 4)	<u>-</u>	<u>30,364</u>
	<u>667,657</u>	<u>313,125</u>
<b>UNAMORTIZED BOND DISCOUNT</b> (Note 1)	<u>37,526</u>	<u>34,639</u>
	<u>\$ 705,183</u>	<u>\$ 347,764</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 2)	\$ 53,615	\$ 51,443
Due to own funds (Notes 2 and 4)	<u>253,997</u>	<u>-</u>
	<u>307,612</u>	<u>51,443</u>
<b>SURPLUS</b>		
<b>SURPLUS AT BEGINNING OF YEAR</b>	296,321	274,616
<b>SURPLUS FOR THE YEAR</b>	203,961	193,610
<b>TRANSFER OF SECOND PREVIOUS YEAR'S SURPLUS</b> (Note 1)	<u>(102,711)</u>	<u>(171,905)</u>
<b>SURPLUS AT END OF YEAR</b>	<u>397,571</u>	<u>296,321</u>
	<u>\$ 705,183</u>	<u>\$ 347,764</u>

GUARANTEE (Note 12)

COMMITMENTS (Note 13)

APPROVED BY:

\_\_\_\_\_ Mayor

\_\_\_\_\_ Treasurer

**MUNICIPALITY OF QUISPAMSIS**

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

**FOR THE YEAR ENDED DECEMBER 31, 2007**

		<u>2007</u> <b>Budget</b>	<u>2007</u> <b>Actual</b>	<u>2006</u> <b>Actual</b>
<b>REVENUE (Note 1)</b>	<b><u>Page</u></b>			
Sales of services	17	\$ 1,520,460	\$ 1,609,039	\$ 1,469,108
Other own sources	17	<u>27,000</u>	<u>96,055</u>	<u>56,560</u>
		<u>1,547,460</u>	<u>1,705,094</u>	<u>1,525,668</u>
 <b>EXPENDITURE (Note 1)</b>				
Environmental health services				
Sewer collection and disposal	18	395,782	366,030	356,894
Water supply	18	269,272	177,353	194,675
Administration	18	329,663	320,394	329,367
Fiscal services	18	655,562	740,067	623,027
Surplus of second previous year (Note 1)		<u>(102,819)</u>	<u>(102,711)</u>	<u>(171,905)</u>
		<u>1,547,460</u>	<u>1,501,133</u>	<u>1,332,058</u>
 <b>SURPLUS FOR THE YEAR</b>		 <u>\$ -</u>	 <u>\$ 203,961</u>	 <u>\$ 193,610</u>

# MUNICIPALITY OF QUISPAMISIS

## UTILITY REVENUE FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u> Budget	<u>2007</u> Actual	<u>2006</u> Actual
<b>SALES OF SERVICES</b>			
User Fees			
Residential	\$ 1,271,940	\$ 1,258,794	\$ 1,201,868
Commercial	34,340	32,347	29,441
Institutional	89,420	87,040	84,549
Residential water sales	72,000	64,619	61,224
Commercial water sales	7,000	11,808	6,442
Water transfer costs	5,760	5,760	-
User fee discounts	<u>(10,000)</u>	<u>(8,960)</u>	<u>(10,834)</u>
	<u>1,470,460</u>	<u>1,451,408</u>	<u>1,372,690</u>
Connection fees			
Water	15,000	63,341	37,918
Sewer	<u>35,000</u>	<u>94,290</u>	<u>58,500</u>
	<u>50,000</u>	<u>157,631</u>	<u>96,418</u>
	<u>\$ 1,520,460</u>	<u>\$ 1,609,039</u>	<u>\$ 1,469,108</u>
<b>OTHER OWN SOURCES</b>			
Interest on user fees	\$ 25,200	\$ 44,579	\$ 36,695
Interest on current account	1,800	6,289	6,626
Miscellaneous	<u>-</u>	<u>45,187</u>	<u>13,239</u>
	<u>\$ 27,000</u>	<u>\$ 96,055</u>	<u>\$ 56,560</u>

# MUNICIPALITY OF QUISPAMSIS

## UTILITY REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u> Budget	<u>2007</u> Actual	<u>2006</u> Actual
<b>ENVIRONMENTAL HEALTH SERVICES</b>			
Sewer collection and disposal			
Sewer collection system	\$ 100,021	\$ 112,617	\$ 111,959
Sewer lift stations	183,972	155,336	161,777
Treatment and disposal	<u>111,789</u>	<u>98,077</u>	<u>83,158</u>
	<u>\$ 395,782</u>	<u>\$ 366,030</u>	<u>\$ 356,894</u>
Water supply			
Treatment	\$ 34,769	\$ 42,745	\$ 150,425
Wellfields	100,400	34,405	17,404
Pump	18,150	18,153	9,192
Infrastructure	<u>115,953</u>	<u>82,050</u>	<u>17,654</u>
	<u>\$ 269,272</u>	<u>\$ 177,353</u>	<u>\$ 194,675</u>
Administration	<u>\$ 329,663</u>	<u>\$ 320,394</u>	<u>\$ 329,367</u>
<b>FISCAL SERVICES</b>			
Debt charges			
Long-term debt repayments	\$ 320,004	\$ 320,000	\$ 257,000
Interest on long-term debt	225,012	223,430	166,170
Interest on short-term debt	76,079	39,828	53,576
Amortization of long-term debt discounts	<u>3,520</u>	<u>3,857</u>	<u>3,329</u>
	<u>624,615</u>	<u>587,115</u>	<u>480,075</u>
Transfers to:			
General Revenue Fund	8,947	8,952	8,952
Utility Capital Fund	-	-	50,000
Utility Capital Reserve Fund	22,000	67,000	84,000
Utility Operating Reserve Fund	<u>-</u>	<u>77,000</u>	<u>-</u>
	<u>30,947</u>	<u>152,952</u>	<u>142,952</u>
	<u>\$ 655,562</u>	<u>\$ 740,067</u>	<u>\$ 623,027</u>

**MUNICIPALITY OF QUISPAMSIS**

**LAND TRUST FUND  
BALANCE SHEET**

**AS AT DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 102,701	\$ 54,201
Due from own funds (Notes 2 and 4)	<u>          -</u>	<u>      9,229</u>
	<u>\$ 102,701</u>	<u>\$ 63,430</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Due to own funds (Notes 2 and 4)	\$ <u>      292</u>	\$ <u>          -</u>
<b>NET ASSETS</b>		
<b>NET ASSETS</b>	<u>      102,409</u>	<u>      63,430</u>
	<u>\$ 102,701</u>	<u>\$ 63,430</u>

**GUARANTEES** (Note 12)

**COMMITMENTS** (Note 13)

**APPROVED BY:**

\_\_\_\_\_ Mayor

\_\_\_\_\_ Treasurer

# MUNICIPALITY OF QUISPAMISIS

## LAND TRUST FUND STATEMENT OF CHANGES IN NET ASSETS

AS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	\$ <u>63,430</u>	\$ <u>108,639</u>
<b>ADD:</b>		
Lot fees	35,550	12,913
Interest	<u>3,429</u>	<u>6,878</u>
	<u>38,979</u>	<u>19,791</u>
<b>LESS:</b>		
Expenditure for development of public land	<u>-</u>	<u>65,000</u>
<b>NET ASSETS AT END OF YEAR</b>	\$ <u><u>102,409</u></u>	\$ <u><u>63,430</u></u>

**MUNICIPALITY OF QUISPAMISIS**

**GENERAL CAPITAL RESERVE FUND  
BALANCE SHEET**

**AS AT DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 1,361,185	\$ 345,496
Due from own funds (Notes 2 and 4)	<u>-</u>	<u>604,195</u>
	<u>\$ 1,361,185</u>	<u>\$ 949,691</u>

<b>NET ASSETS</b>		
<b>NET ASSETS</b>	<u>\$ 1,361,185</u>	<u>\$ 949,691</u>

**GUARANTEES** (Note 12)

**COMMITMENTS** (Note 13)

**APPROVED BY:**

\_\_\_\_\_ Mayor

\_\_\_\_\_ Treasurer

**MUNICIPALITY OF QUISPAMISIS**

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

**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	\$ <u>949,691</u>	\$ <u>676,645</u>
<b>ADD:</b>		
Contributions from General Revenue Fund	370,762	250,000
Interest	<u>40,732</u>	<u>23,046</u>
	<u>411,494</u>	<u>273,046</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$1,361,185</u>	<u>\$ 949,691</u>



**MUNICIPALITY OF QUISPAMSIS**

**UTILITY RESERVE FUNDS  
BALANCE SHEET**

**AS AT DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 186,000	\$ 106,000
Due from own funds (Notes 2 and 4)	<u>69,951</u>	<u>1,412</u>
	<u>\$ 255,951</u>	<u>\$ 107,412</u>
<b>NET ASSETS</b>		
<b>UTILITY CAPITAL</b> (Note 1)	\$ 178,951	\$ 107,412
<b>UTILITY OPERATING</b>	<u>77,000</u>	<u>-</u>
	<u>\$ 255,951</u>	<u>\$ 107,412</u>
<b>GUARANTEES</b> (Note 12)		
<b>COMMITMENTS</b> (Note 13)		

**APPROVED BY:**

\_\_\_\_\_ Mayor

\_\_\_\_\_ Treasurer

**MUNICIPALITY OF QUISPAMSIS**

**UTILITY RESERVE FUNDS  
STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
<b><u>UTILITY CAPITAL RESERVE</u></b>		
<b>NET ASSETS AT BEGINNING OF YEAR</b>	\$ <u>107,412</u>	\$ <u>22,000</u>
<b>ADD:</b>		
Contributions from Utility Revenue Fund - Wastewater System Upgrade Project (Note 1)	22,000	22,000
Contributions from Utility Revenue Fund	45,000	62,000
Interest	<u>4,539</u>	<u>1,412</u>
	<u>71,539</u>	<u>85,412</u>
<b>NET ASSETS AT END OF YEAR</b>	\$ <u>178,951</u>	\$ <u>107,412</u>
<b><u>UTILITY OPERATING RESERVE</u></b>		
<b>NET ASSETS AT BEGINNING OF YEAR</b>	\$ <u>-</u>	\$ <u>-</u>
<b>ADD:</b>		
Contributions from Utility Revenue Fund	<u>77,000</u>	<u>-</u>
<b>NET ASSETS AT END OF YEAR</b>	\$ <u>77,000</u>	\$ <u>-</u>

# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

### 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 average 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 acquired through public dedication 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. As at December 31, 2007, \$120,762 of this reserve has been committed to purchase equipment for the Kennebecasis Valley Fire Department Inc. in 2008.

#### Utility Capital Reserve Fund

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

A portion of this reserve relates to a funding agreement with the Province of New Brunswick for the Wastewater System Upgrade Project. Under the terms of the agreement, the Municipality is required to contribute \$22,000 plus interest annually to this reserve to cover the future replacement costs of short life items relating to this project. As at December 31, 2007 a total of \$69,331 (2006 - \$45,412) has been accumulated under this agreement. Disbursement of these funds are subject to approval from the Province of New Brunswick.

# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

### 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Utility Operating Reserve Fund

The use of the Utility Operating Reserve Fund is restricted to expenditures of the Utility Revenue Fund.

#### 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.

#### 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 debt. Unless otherwise noted, it is management's opinion that the Municipality 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, 2007

### 3. SHORT TERM BORROWING

The Municipality has arranged a revolving operating facility 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 2008 to repay this indebtedness.

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

General Capital Fund, OIC # 07-12	\$ <u>500,000</u>
Utility Capital Fund, OIC #06-71	\$ 1,793,687
Utility Capital Fund, OIC #07-12	<u>305,000</u>
	\$ <u>2,098,687</u>

OIC #06-71 includes \$1,678,687 interim financing, for a term not to exceed five years, and \$115,000 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, 2006 were repaid prior to December 31, 2007.

### 5. DEFERRED REVENUE

Deferred revenue represents contributions to projects that have yet to be started or completed.

### 6. CANADA/NEW BRUNSWICK GAS TAX TRANSFER PROGRAM

The Municipality has been granted \$2,803,280 over five years under this program. The funds will be spent on capital projects meeting the criteria established by the Federal and Provincial Governments. During the year, the Municipality spent \$325,886 (2006 - \$1,682,212) on the water reservoir, a qualifying capital project, and \$616,728 (2006 - \$504,585) was received through this program towards the overall cost of the project. The additional costs associated with this project are being funded with interim financing and will be repaid as additional funds are received under this program.

# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

### 7. LONG-TERM DEBT

#### General Capital Fund

	Balance January 1, <u>2007</u>	Issued during year	Redeemed during year	Balance December 31, <u>2007</u>
New Brunswick Municipal Financing Corporation Debentures:				
AD16 4.25 - 5.75%, due December 2007, OIC # 96-13, 96-54, 96-57, 97-10, 97-79	\$ 94,000	\$ -	\$ 94,000	\$ -
AF13 5.125 - 5.5%, due December 2008, OIC # 96-54, 98-29	317,000	-	154,000	163,000
AH19 5.7 - 6.5%, due December 2009, OIC # 98-29, 99-25	669,000	-	114,000	555,000
AJ20 6 - 6.125%, due December 2020, OIC # 99-72, 99-25	1,695,000	-	169,000	1,526,000
AK12 4.45 - 6.2%, due July 2021, OIC # 99-72, 00-43	768,000	-	94,000	674,000
AL20 2.45 - 5.5%, due November 2011, OIC # 00-43,1-11	541,000	-	98,000	443,000
AO13 3.05 - 5.0%, due July 2013, OIC# 1-11, 2-15, 2-51	1,181,000	-	78,000	1,103,000
AQ06 2.75 - 5.5% due July 2014, OIC# 2-51, 3-34	816,000	-	75,000	741,000
AS07 2.85 - 4.35%, due July 2015, OIC # 03-34, 04-08	809,000	-	88,000	721,000
AS07 2.85 - 4.35%, due July 2015, OIC # 03-34, 04-08	850,000	-	69,000	781,000
AW06 4.30 - 4.55%, due November 2017, OIC # 06-71	<u>-</u>	<u>700,000</u>	<u>-</u>	<u>700,000</u>
	<u>7,740,000</u>	<u>700,000</u>	<u>1,033,000</u>	<u>7,407,000</u>
HSBC Bank Canada				
Capital lease:				
5.875%, due March 2013, secured by equipment.	<u>117,935</u>	<u>-</u>	<u>16,323</u>	<u>101,612</u>
	<u>\$ 7,857,935</u>	<u>\$ 700,000</u>	<u>\$ 1,049,323</u>	<u>\$ 7,508,612</u>

Approval of the Municipal Capital Borrowing Board has been obtained for the Corporate debentures.

# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

### 7. LONG-TERM DEBT (cont'd)

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

2008	\$ 1,079,309
2009	1,270,353
2010	1,832,461
2011	929,635
2012	473,881

In 2009, debenture AH19 will mature with a final amount due of \$434,000, however \$305,000 of this payment is expected to be refinanced during that year. In 2010, debenture AJ20 will mature with a final amount due of \$1,157,000, however \$955,000 of this payment is expected to be refinanced during that year. In 2011, debenture AK21 will mature with a final amount due of \$358,000, however \$240,000 of this payment is expected to be refinanced during that year.

#### Utility Capital Fund

	Balance January 1, 2007	Issued during year	Redeemed during year	Balance December 31, 2007
New Brunswick Municipal Financing Corporation Debentures:				
AH20 5.7 - 6.5%, due December 2009, OIC # 99-25	\$ 214,000	\$ -	\$ 67,000	\$ 147,000
AJ21 6% - 6.125%, due December 2010, OIC # 99-25	142,000	-	32,000	110,000
AK13 4.45 - 6.2%, due July 2021, OIC # 00-43	498,000	-	24,000	474,000
AL21 2.45 - 5.5%, due November 2021, OIC # 00-43, 01-11	356,000	-	23,000	333,000
AP51 2.75 - 4.25%, due December 2008, OIC # 93-22	51,000	-	25,000	26,000
AQ07 2.75 - 5.5%, due July 2014, OIC # 01-11, 02-15	291,000	-	31,000	260,000
AR22 2.75 - 4.0%, due December 2009, OIC # 93-22	50,000	-	16,000	34,000
AS08 2.85 - 4.35%, due July 2015, OIC # 02-15	155,000	-	15,000	140,000
AU10 4.25 - 4.70%, due June 2016, OIC # 94-13, 93-22	2,300,000	-	87,000	2,213,000
AW07 4.30 - 4.55%, due November 2017, OIC # 05-55, 05-105, 05-91	-	960,000	-	960,000
	<u>\$ 4,057,000</u>	<u>\$ 960,000</u>	<u>\$ 320,000</u>	<u>\$ 4,697,000</u>

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

# MUNICIPALITY OF QUISPAMSIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

### 7. LONG-TERM DEBT (cont'd)

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

2008	\$ 418,000
2009	415,000
2010	337,000
2011	901,000
2012	251,000

In 2011, debentures AK13 and AL21 will mature with final amounts due of \$393,000 and \$256,000 respectively. It is anticipated that \$363,000 (AK13) and \$256,000 (AL21) of these payments will be refinanced during that year.

### 8. CAPITAL ASSETS

	<u>2007</u>	<u>2006</u>
General Capital Fund		
Land	\$ 1,201,627	\$ 958,550
Buildings	5,196,546	5,079,387
Engineering structures	18,480,248	17,136,064
Machinery and equipment	2,710,540	2,722,171
Recreation facilities	2,395,250	1,799,646
Investment in fire department assets	<u>1,386,841</u>	<u>1,386,841</u>
	<u>\$ 31,371,052</u>	<u>\$ 29,082,659</u>

During the year, grants totaling \$61,946 (2006 - \$63,054) were recorded from the Province of New Brunswick for capital assets acquired in the General Capital Fund.

	<u>2007</u>	<u>2006</u>
Utility Capital Fund		
Land	\$ 317,680	\$ 317,680
Engineering structures	18,097,188	17,410,368
Machinery and equipment	<u>4,068,930</u>	<u>4,068,930</u>
	<u>\$ 22,483,798</u>	<u>\$ 21,796,978</u>

During the year, grants totaling \$226,122 (2006 - \$98,643) were recorded from the Province of New Brunswick under the Canada/New Brunswick Infrastructure Program for capital assets acquired in the Utility Capital Fund. Further, grants totaling \$616,728 (2006 - \$504,585) were recorded from the Canada/New Brunswick Gas Tax Transfer Program for capital assets acquired in the Utility Capital Fund.



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

### 9. 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, 2006 indicated 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. 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.

### 10. 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 2007, the Municipality has complied with these restrictions.

### 11. SICK LEAVE BENEFITS

Sick leave benefits do not vest to employees and accordingly no liability for sick leave exists at December 31, 2007.

### 12. 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>2007</u>	<u>2006</u>
Kennebecasis Public Library Inc.	\$ 80,259	\$ 61,600
Rothesay Regional Joint Board of Police Commissioners:		
Police Protection	1,925,342	1,829,265
911 Communications	<u>151,228</u>	<u>160,024</u>
	<u>2,076,570</u>	<u>1,989,289</u>
Kennebecasis Valley Fire Department Inc.		
Contribution for:		
Fire Protection	1,342,371	1,223,758
Received for:		
Fire station rentals	<u>(40,942)</u>	<u>(40,942)</u>
	<u>1,301,429</u>	<u>1,182,816</u>
	<u>\$ 3,458,258</u>	<u>\$ 3,233,705</u>

# MUNICIPALITY OF QUISPAMSIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

### 12. RELATED PARTY TRANSACTIONS (cont'd)

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.

At December 31, 2007, the Town has guaranteed its proportional share (54.981%) of the \$2,081,000 outstanding debt incurred by the Rothesay Joint Board of Police Commissioners on the construction of their police station.

### 13. COMMITMENTS

Kennebecasis Valley High School Fields Project

The Municipality has committed \$135,000 to the Kennebecasis Valley High School Fields Project, contingent upon the project proceeding with all other required funding having been secured.

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 four years are as follows:

2008	\$	11,596
2009		11,596
2010		6,199
2011		4,408

### 14. LOCAL IMPROVEMENT LEVIES

The Municipality has passed three 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 by equal annual installments over ten years including interest equal to the rate paid by the Municipality for its most recent debenture sale (2007 - 4.375%). All payments are due by May 31 each year. The balance consists of:

	2007	2006
Total assessments	\$ 159,130	\$ 115,061
Less: Minimum payments due within one year	<u>16,171</u>	<u>10,211</u>
	<u>\$ 142,959</u>	<u>\$ 104,850</u>

### 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, 2007 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 QUISPAMISIS

## SCHEDULE OF INTERFUND BALANCES

AS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
General Capital Fund		
Due to		
General Revenue Fund	\$ <u>(381,028)</u>	\$ <u>(567,703)</u>
General Revenue Fund		
Due from (to)		
General Capital Fund	\$ 381,028	\$ 567,703
Utility Revenue Fund	176,997	(30,364)
Utility Capital Fund	(88,916)	1,059,876
Land Trust Fund	292	(9,229)
General Capital Reserve Fund	-	(604,195)
Utility Capital Reserve Fund	<u>7,049</u>	<u>(1,412)</u>
	<u>\$ 476,450</u>	<u>\$ 982,379</u>
Utility Capital Fund		
Due from (to)		
General Revenue Fund	\$ <u>88,916</u>	\$ <u>(1,059,876)</u>
Utility Revenue Fund		
Due from (to)		
General Revenue Fund	\$ (176,997)	\$ 30,364
Utility Operating Reserve Fund	<u>(77,000)</u>	<u>-</u>
	<u>\$ (253,997)</u>	<u>\$ 30,364</u>
Land Trust Fund		
Due from (to)		
General Revenue Fund	\$ <u>(292)</u>	\$ <u>9,229</u>
General Capital Reserve Fund		
Due from		
General Revenue Fund	\$ <u>-</u>	\$ <u>604,195</u>
Utility Reserve Funds		
Utility Capital		
Due from (to)		
General Revenue Fund	\$ (7,049)	\$ 1,412
Utility Operating		
Due from		
Utility Revenue Fund	<u>77,000</u>	<u>-</u>
	<u>\$ 69,951</u>	<u>\$ 1,412</u>