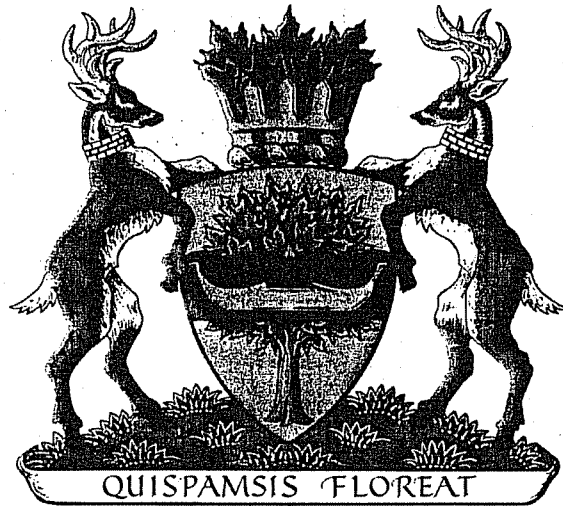


MUNICIPALITY OF QUISPAMISIS

FINANCIAL STATEMENTS

DECEMBER 31, 2010



MUNICIPALITY OF QUISPAMSIS

DECEMBER 31, 2010

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

Independent member of DFK International

INDEPENDENT AUDITORS' REPORT

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

We have audited the balance sheets of the general, utility, land trust, general reserve funds and utility reserve funds of the Municipality of Quispamsis as at December 31, 2010 and the statements of revenue and expenditure, investment in capital assets, capital financing and changes in net assets for the year then ended.

Council and Management's Responsibility for the Financial Statements

Council and management are responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles prescribed for New Brunswick municipalities, and for such internal control as council and management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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



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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2010 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 have been prepared to comply with the accounting principles prescribed for New Brunswick municipalities by the Department of Local Government, and have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles. These financial statements 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.

Teed Saunders Doyle & Co.
CHARTERED ACCOUNTANTS

Saint John, NB
April 19, 2011

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL FUND BALANCE SHEET

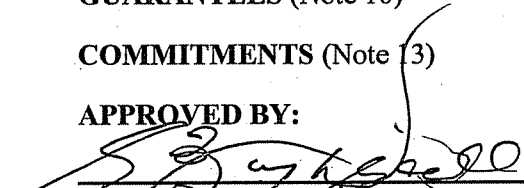
AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
CAPITAL		
Capital assets (Notes 1, 6 and 7)	\$ <u>61,578,082</u>	\$ <u>43,796,326</u>
LIABILITIES AND INVESTMENT IN CAPITAL ASSETS		
CURRENT		
Bank loan (Notes 2 and 3)	\$ 6,100,000	\$ -
Due to own funds (Notes 2 and 4)	<u>8,665,210</u>	<u>4,505,110</u>
	<u>14,765,210</u>	<u>4,505,110</u>
LONG-TERM (Notes 1, 2 and 6)	<u>5,002,497</u>	<u>5,993,223</u>
INVESTMENT IN CAPITAL ASSETS	<u>41,810,375</u>	<u>33,297,993</u>
	<u>\$ 61,578,082</u>	<u>\$ 43,796,326</u>

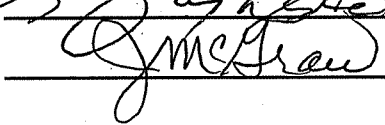
GUARANTEES (Note 10)

COMMITMENTS (Note 3)

APPROVED BY:



Mayor



Treasurer

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
BALANCE AT BEGINNING OF YEAR	\$ <u>33,297,993</u>	\$ <u>26,488,568</u>
ADD:		
Grant from the Government of Canada		
Land and Recreation facilities (Note 7)	300,000	2,700,000
Grants from the Province of New Brunswick		
Land and Recreation facilities (Note 7)	3,000,000	25,000
Contributions from local improvement levy	41,773	45,691
Contributions from public donations (Note 7)	50,608	-
Contributions from own funds		
General Capital Reserve Fund	375,000	620,762
General Revenue Fund		
Capital expenditures	3,788,002	2,465,000
Long-term debt payments	<u>990,726</u>	<u>1,017,972</u>
	<u>8,546,109</u>	<u>6,874,425</u>
LESS:		
Cost of capital assets disposed of during the year	<u>33,727</u>	<u>65,000</u>
BALANCE AT END OF YEAR	\$ <u><u>41,810,375</u></u>	\$ <u><u>33,297,993</u></u>

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
SOURCES		
Transfers from		
Government of Canada		
Land and Recreation facilities	\$ 300,000	\$ 2,700,000
Province of New Brunswick		
Land and Recreation facilities	3,000,000	25,000
Local improvement levy	41,773	45,691
Public donations	50,608	-
Own funds		
General Capital Reserve Fund	375,000	620,762
General Revenue Fund		
Capital expenditures	3,788,002	2,465,000
Long-term debt payments	<u>990,726</u>	<u>1,017,972</u>
	<u>8,546,109</u>	<u>6,874,425</u>
Proceeds from debenture issue (Note 6)	<u>955,000</u>	<u>305,000</u>
Temporary financing at end of year		
Proceeds from short-term bank loan	6,100,000	-
Temporary advances from own funds (Note 4)	<u>8,665,210</u>	<u>4,505,110</u>
	<u>14,765,210</u>	<u>4,505,110</u>
	<u>\$ 24,266,319</u>	<u>\$ 11,684,535</u>
APPLICATION		
Temporary financing at end of previous year		
Temporary advances from own funds	\$ 4,505,110	\$ 783,150
Capital expenditures	17,815,483	9,578,413
Long-term debt payments	<u>1,945,726</u>	<u>1,322,972</u>
	<u>\$ 24,266,319</u>	<u>\$ 11,684,535</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND BALANCE SHEET

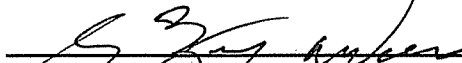
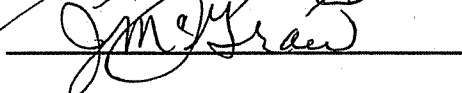
AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT		
Cash (Note 2)	\$ 61,141	\$ 141,668
Accounts receivable (Note 2)	104,578	138,837
HST recoverable	697,815	723,208
Due from own funds (Notes 2 and 4)	5,284,249	2,620,976
Current portion of local improvement levy receivable	53,718	27,452
Inventories (Note 1)	111,753	105,770
Prepaid expenses	<u>18,564</u>	<u>9,490</u>
	<u>6,331,818</u>	<u>3,767,401</u>
LOCAL IMPROVEMENT LEVY RECEIVABLE (Notes 2 and 14)	<u>169,246</u>	<u>185,869</u>
UNAMORTIZED BOND DISCOUNT (Note 1)	<u>68,004</u>	<u>66,764</u>
	<u>\$ 6,569,068</u>	<u>\$ 4,020,034</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 2)	\$ 6,381,179	\$ 3,958,514
Deferred revenue (Note 12)	<u>107,428</u>	<u>59,685</u>
	<u>6,488,607</u>	<u>4,018,199</u>
SURPLUS		
SURPLUS AT BEGINNING OF YEAR	1,835	3,349
SURPLUS FOR THE YEAR	79,016	1,445
TRANSFER OF SECOND PREVIOUS YEAR'S SURPLUS (Note 1)	<u>(390)</u>	<u>(2,959)</u>
SURPLUS AT END OF YEAR	<u>80,461</u>	<u>1,835</u>
	<u>\$ 6,569,068</u>	<u>\$ 4,020,034</u>

GUARANTEES (Note 10)

COMMITMENTS (Note 13)

APPROVED BY:

 Mayor
 Treasurer

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2010

		<u>2010</u> Budget	<u>2010</u> Actual	<u>2009</u> Actual
REVENUE (Note 1)	<u>Page</u>			
Warrant of assessment		\$ 16,358,211	\$ 16,358,214	\$ 14,475,638
Sale of services	8	513,671	359,891	350,446
Services to other governments				
Province of New Brunswick	8	45,701	46,615	45,700
Other revenue from own sources	8	306,939	327,625	354,218
Conditional transfers	8	55,000	90,713	63,453
Unconditional transfers, Provincial		839,880	839,880	839,880
Other transfers	8	-	-	135,000
		<u>18,119,402</u>	<u>18,022,938</u>	<u>16,264,335</u>
 EXPENDITURE (Note 1)				
General government services	9	1,659,334	1,536,820	1,496,141
Protective services	10	4,761,575	4,765,721	4,488,771
Transportation services	11	3,323,207	3,335,033	3,251,760
Environmental health services	11	147,365	146,341	139,755
Environmental development services	11	440,745	359,159	276,355
Recreation and cultural services	12	2,704,591	2,341,283	2,224,586
Fiscal services	12	5,082,975	5,459,955	4,388,481
Surplus of second previous year (Note 1)		<u>(390)</u>	<u>(390)</u>	<u>(2,959)</u>
		<u>18,119,402</u>	<u>17,943,922</u>	<u>16,262,890</u>
 SURPLUS FOR THE YEAR		<u>\$ -</u>	<u>\$ 79,016</u>	<u>\$ 1,445</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u> <u>Budget</u>	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
SALE OF SERVICES			
Arena, building and other rentals	\$ 490,011	\$ 338,177	\$ 325,305
Recreational programs	<u>23,660</u>	<u>21,714</u>	<u>25,141</u>
	<u>\$ 513,671</u>	<u>\$ 359,891</u>	<u>\$ 350,446</u>
SERVICES TO OTHER GOVERNMENTS			
Provincial highways	<u>\$ 45,701</u>	<u>\$ 46,615</u>	<u>\$ 45,700</u>
OTHER REVENUE FROM OWN SOURCES			
Licenses, permits, and fines	\$ 267,660	\$ 232,760	\$ 255,308
Return on investments	6,340	16,102	14,384
Other	<u>32,939</u>	<u>78,763</u>	<u>84,526</u>
	<u>\$ 306,939</u>	<u>\$ 327,625</u>	<u>\$ 354,218</u>
CONDITIONAL TRANSFERS			
Recreation grants	<u>\$ 55,000</u>	<u>\$ 90,713</u>	<u>\$ 63,453</u>
TRANSFERS FROM			
General Operating Reserve Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,000</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u> Budget	<u>2010</u> Actual	<u>2009</u> Actual
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor's office	\$ 41,058	\$ 38,548	\$ 36,118
Councillors' office	168,840	155,638	142,286
Other	<u>24,100</u>	<u>24,500</u>	<u>23,353</u>
	<u>233,998</u>	<u>218,686</u>	<u>201,757</u>
Administrative			
Manager's office	256,011	235,798	227,733
Clerk's office	151,325	135,193	99,814
Office building	100,353	86,338	80,468
Solicitor	91,789	100,920	84,702
Other	<u>47,000</u>	<u>32,424</u>	<u>31,747</u>
	<u>646,478</u>	<u>590,673</u>	<u>524,464</u>
Financial management			
Administration	297,802	251,907	232,632
External audit	<u>15,750</u>	<u>16,741</u>	<u>15,778</u>
	<u>313,552</u>	<u>268,648</u>	<u>248,410</u>
Other government services			
Civic relations	93,000	99,033	169,221
Public liability insurance	92,289	86,352	93,909
Scholarships and grants	2,500	1,600	1,600
Cost of assessment	262,917	262,917	235,568
Other	<u>14,600</u>	<u>8,911</u>	<u>21,212</u>
	<u>465,306</u>	<u>458,813</u>	<u>521,510</u>
	<u>\$ 1,659,334</u>	<u>\$ 1,536,820</u>	<u>\$ 1,496,141</u>

MUNICIPALITY OF QUISPAMSIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 Budget	2010 Actual	2009 Actual
PROTECTIVE SERVICES			
Police			
Police department (Note 10)	\$ <u>2,476,265</u>	\$ <u>2,475,575</u>	\$ <u>2,365,099</u>
Fire			
Fire department (Note 10)	1,838,970	1,838,970	1,716,303
Water transfer costs	<u>10,560</u>	<u>10,559</u>	<u>6,240</u>
	<u>1,849,530</u>	<u>1,849,529</u>	<u>1,722,543</u>
Emergency measures			
Telephone 911 (Note 10)	171,624	171,624	179,568
Emergency measures organization	<u>13,921</u>	<u>17,836</u>	<u>6,686</u>
	<u>185,545</u>	<u>189,460</u>	<u>186,254</u>
Other			
Animal control	55,845	62,038	45,973
Building inspection	188,183	184,990	163,184
Crosswalk guards	<u>6,207</u>	<u>4,129</u>	<u>5,718</u>
	<u>250,235</u>	<u>251,157</u>	<u>214,875</u>
	\$ <u>4,761,575</u>	\$ <u>4,765,721</u>	\$ <u>4,488,771</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u> Budget	<u>2010</u> Actual	<u>2009</u> Actual
TRANSPORTATION SERVICES			
Common services			
Works office	\$ 26,330	\$ 21,470	\$ 40,325
Engineering	<u>352,760</u>	<u>353,763</u>	<u>326,044</u>
	<u>379,090</u>	<u>375,233</u>	<u>366,369</u>
Roads and Streets			
Winter maintenance	1,509,303	1,431,937	1,559,578
Summer maintenance	1,016,936	1,050,348	1,002,987
Culverts and drainage ditches	<u>63,000</u>	<u>118,598</u>	<u>72,946</u>
	<u>2,589,239</u>	<u>2,600,883</u>	<u>2,635,511</u>
Street lighting	<u>126,000</u>	<u>121,217</u>	<u>112,339</u>
Traffic services			
Street signs	16,250	19,892	17,146
Traffic lane marking	34,000	21,809	21,938
Traffic signals	19,362	11,243	13,079
Railway crossings	9,600	10,180	8,829
Public transit	<u>149,666</u>	<u>174,576</u>	<u>76,549</u>
	<u>228,878</u>	<u>237,700</u>	<u>137,541</u>
	<u>\$ 3,323,207</u>	<u>\$ 3,335,033</u>	<u>\$ 3,251,760</u>
ENVIRONMENTAL HEALTH SERVICES			
Clean up campaign	\$ 141,365	\$ 143,683	\$ 139,755
Climate protection	<u>6,000</u>	<u>2,658</u>	<u>-</u>
	<u>\$ 147,365</u>	<u>\$ 146,341</u>	<u>\$ 139,755</u>
ENVIRONMENTAL DEVELOPMENT SERVICES			
Planning Advisory Committee	\$ 229,056	\$ 146,154	\$ 119,079
Enterprise Saint John	100,389	100,065	94,281
Active Transportation Plan	60,000	53,719	-
Town Beautification	29,100	32,430	39,922
Other	<u>22,200</u>	<u>26,791</u>	<u>23,073</u>
	<u>\$ 440,745</u>	<u>\$ 359,159</u>	<u>\$ 276,355</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u> Budget	<u>2010</u> Actual	<u>2009</u> Actual
RECREATIONAL AND CULTURAL SERVICES			
Administration	\$ 214,908	\$ 207,923	\$ 189,294
Facilities maintenance	199,601	205,286	179,925
Beaches	77,168	74,870	75,981
Arena	348,683	369,110	330,506
Parks and playgrounds	724,305	659,451	563,963
Recreation Centre	59,681	57,638	55,424
Civic Centre	43,254	43,148	34,326
Recreation programs	87,621	68,190	68,825
Regional Facilities Commission	333,054	333,054	297,387
Library (Note 10)	70,890	66,575	73,933
Warehouse	12,261	9,123	10,419
KV Fields Project	-	-	300,000
Qplex	476,377	196,579	5,624
Food bank building	7,634	5,631	5,960
225 Hampton Road	1,528	807	5,902
Beach House	<u>47,626</u>	<u>43,898</u>	<u>27,117</u>
	<u>\$ 2,704,591</u>	<u>\$ 2,341,283</u>	<u>\$ 2,224,586</u>
FISCAL SERVICES			
Debt charges			
Interest on long-term debt	\$ 284,488	\$ 283,808	\$ 349,124
Long-term debt repayments	990,726	990,726	1,017,972
Interest on short-term borrowings	229,351	49,072	2,447
Amortization of long-term discounts	<u>7,360</u>	<u>7,299</u>	<u>7,890</u>
	<u>1,511,925</u>	<u>1,330,905</u>	<u>1,377,433</u>
Transfers to (from)			
General Capital Fund	3,505,002	3,788,002	2,465,000
General Capital Reserve Fund	75,000	350,000	380,000
General Operating Reserve Fund	-	-	225,000
Utility Revenue Fund	<u>(8,952)</u>	<u>(8,952)</u>	<u>(58,952)</u>
	<u>3,571,050</u>	<u>4,129,050</u>	<u>3,011,048</u>
	<u>\$ 5,082,975</u>	<u>\$ 5,459,955</u>	<u>\$ 4,388,481</u>

MUNICIPALITY OF QUISPAMSIS

UTILITY CAPITAL FUND BALANCE SHEET

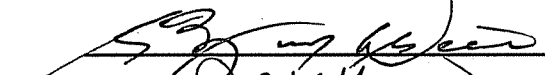
AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT		
Due from own funds (Notes 2 and 4)	\$ <u>1,012,625</u>	\$ <u> </u>
CAPITAL ASSETS (Notes 1, 5 and 7)	<u>24,098,337</u>	<u>23,530,262</u>
	<u>\$ 25,110,962</u>	<u>\$ 23,530,262</u>
LIABILITIES AND INVESTMENT IN CAPITAL ASSETS		
CURRENT		
Due to own funds (Notes 2 and 4)	\$ <u> </u>	\$ <u>105,581</u>
Deferred government grant (Note 5)	<u>1,184,281</u>	<u> </u>
	<u>1,184,281</u>	<u>105,581</u>
LONG-TERM (Notes 1, 2 and 6)	<u>4,182,000</u>	<u>4,265,000</u>
INVESTMENT IN CAPITAL ASSETS	<u>19,744,681</u>	<u>19,159,681</u>
	<u>\$ 25,110,962</u>	<u>\$ 23,530,262</u>

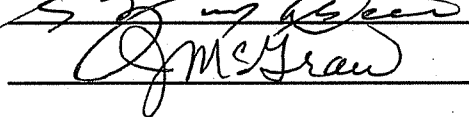
GUARANTEES (Note 10)

COMMITMENTS (Note 13)

APPROVED BY:



Mayor



Treasurer

MUNICIPALITY OF QUISPAMISIS

UTILITY CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
BALANCE AT BEGINNING OF YEAR	\$ <u>19,159,681</u>	\$ <u>17,554,370</u>
ADD:		
Grant from the Canada/New Brunswick Gas Tax Transfer Program for Engineering structures (Note 5)	-	1,121,311
Contribution from Utility Revenue Fund:		
Capital expenditures	202,000	50,000
Long-term debt repayments	<u>383,000</u>	<u>434,000</u>
	<u>585,000</u>	<u>1,605,311</u>
BALANCE AT END OF YEAR	\$ <u><u>19,744,681</u></u>	\$ <u><u>19,159,681</u></u>

MUNICIPALITY OF QUISPAMISIS

UTILITY CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
SOURCES		
Transfer from		
Canada/New Brunswick Gas Tax Transfer Program for Engineering structures (Note 5)	\$ 1,184,281	\$ 1,121,311
Utility Revenue Fund		
Capital expenditures	202,000	50,000
Long-term debt payments	<u>383,000</u>	<u>434,000</u>
	<u>1,769,281</u>	<u>1,605,311</u>
Proceeds from debenture issue (Note 6)	<u>300,000</u>	<u>290,000</u>
Temporary financing at end of year		
Temporary advances from own funds (Note 4)	<u>-</u>	<u>105,581</u>
	<u>\$ 2,069,281</u>	<u>\$ 2,000,892</u>
APPLICATION		
Temporary financing at end of previous year		
Temporary advances from own funds (Note 4)	\$ 105,581	\$ 671,167
Capital expenditures	568,075	895,725
Long-term debt repayments		
Utility revenue fund	383,000	434,000
Unapplied funds at end of year		
Temporary advances to own funds (Note 4)	<u>1,012,625</u>	<u>-</u>
	<u>\$ 2,069,281</u>	<u>\$ 2,000,892</u>

MUNICIPALITY OF QUISPAMISIS

**UTILITY REVENUE FUND
BALANCE SHEET**

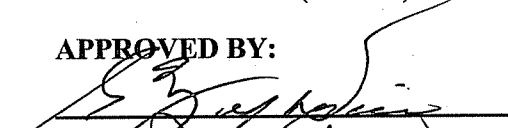
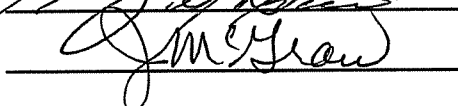
AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT		
Cash (Note 2)	\$ 50,859	\$ 14,702
Accounts receivable (Note 2)	208,129	225,951
Due from own funds (Notes 2 and 4)	<u>-</u>	<u>98,729</u>
	<u>258,988</u>	<u>339,382</u>
UNAMORTIZED BOND DISCOUNT (Note 1)	<u>32,512</u>	<u>32,583</u>
	<u>\$ 291,500</u>	<u>\$ 371,965</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 2)	\$ 48,229	\$ 50,166
Due to own funds (Notes 2 and 4)	<u>77,558</u>	<u>-</u>
	<u>125,787</u>	<u>50,166</u>
SURPLUS		
SURPLUS AT BEGINNING OF YEAR	321,799	434,082
SURPLUS FOR THE YEAR	74,037	91,676
TRANSFER OF SECOND PREVIOUS YEAR'S SURPLUS (Note 1)	<u>(230,123)</u>	<u>(203,959)</u>
SURPLUS AT END OF YEAR	<u>165,713</u>	<u>321,799</u>
	<u>\$ 291,500</u>	<u>\$ 371,965</u>

GUARANTEE (Note 10)

COMMITMENTS (Note 13)

APPROVED BY:


 _____ Mayor

 _____ Treasurer

MUNICIPALITY OF QUISPAMISIS

UTILITY REVENUE FUND STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2010

		<u>2010</u> Budget	<u>2010</u> Actual	<u>2009</u> Actual
REVENUE (Note 1)	<u>Page</u>			
Sales of services	18	\$ 1,863,687	\$ 1,838,150	\$ 1,812,460
Other own sources	18	<u>39,600</u>	<u>75,196</u>	<u>44,934</u>
		<u>1,903,287</u>	<u>1,913,346</u>	<u>1,857,394</u>
EXPENDITURE (Note 1)				
Environmental health services				
Sewer collection and disposal	19	542,295	446,706	419,362
Water supply	19	241,367	197,329	181,044
Administration	19	360,750	344,113	345,844
Fiscal services	19	988,998	1,081,284	1,023,427
Surplus of second previous year (Note 1)		<u>(230,123)</u>	<u>(230,123)</u>	<u>(203,959)</u>
		<u>1,903,287</u>	<u>1,839,309</u>	<u>1,765,718</u>
SURPLUS FOR THE YEAR		<u>\$ -</u>	<u>\$ 74,037</u>	<u>\$ 91,676</u>

MUNICIPALITY OF QUISPAMISIS

UTILITY REVENUE FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u> Budget	<u>2010</u> Actual	<u>2009</u> Actual
SALES OF SERVICES			
User Fees			
Residential	\$ 1,483,764	\$ 1,475,351	\$ 1,395,479
Commercial	38,176	39,019	44,777
Institutional	135,458	134,906	113,641
Residential water sales	86,722	84,567	79,939
Commercial water sales	26,600	29,934	19,753
Institutional water sales	12,907	12,763	1,111
Water transfer costs	10,560	10,560	6,240
User fee discounts	<u>(10,000)</u>	<u>(8,700)</u>	<u>(8,130)</u>
	<u>1,784,187</u>	<u>1,778,400</u>	<u>1,652,810</u>
Connection fees			
Water	19,500	8,250	61,650
Sewer	<u>60,000</u>	<u>51,500</u>	<u>98,000</u>
	<u>79,500</u>	<u>59,750</u>	<u>159,650</u>
	<u>\$ 1,863,687</u>	<u>\$ 1,838,150</u>	<u>\$ 1,812,460</u>
OTHER OWN SOURCES			
Interest on user fees	\$ 37,100	\$ 29,498	\$ 38,798
Interest on current account	2,500	2,466	1,683
Miscellaneous	<u>-</u>	<u>43,232</u>	<u>4,453</u>
	<u>\$ 39,600</u>	<u>\$ 75,196</u>	<u>\$ 44,934</u>

MUNICIPALITY OF QUISPAMISIS

UTILITY REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 Budget	2010 Actual	2009 Actual
ENVIRONMENTAL HEALTH SERVICES			
Sewer collection and disposal			
Sewer collection system	\$ 134,470	\$ 98,793	\$ 103,712
Sewer lift stations	247,277	213,173	211,697
Treatment and disposal	<u>160,548</u>	<u>134,740</u>	<u>103,953</u>
	<u>\$ 542,295</u>	<u>\$ 446,706</u>	<u>\$ 419,362</u>
 Water supply			
Treatment	\$ 39,775	\$ 47,987	\$ 38,918
Wellfields	6,500	2,557	9,726
Pump	18,250	2,305	13,268
Infrastructure	<u>176,842</u>	<u>144,480</u>	<u>119,132</u>
	<u>\$ 241,367</u>	<u>\$ 197,329</u>	<u>\$ 181,044</u>
 Administration	<u>\$ 360,750</u>	<u>\$ 344,113</u>	<u>\$ 345,844</u>
FISCAL SERVICES			
Debt charges			
Long-term debt repayments	\$ 383,000	\$ 383,000	\$ 434,000
Interest on long-term debt	196,852	194,989	207,605
Interest on short-term debt	55,170	24,229	26,364
Amortization of long-term debt discounts	<u>3,346</u>	<u>3,114</u>	<u>3,750</u>
	<u>638,368</u>	<u>605,332</u>	<u>671,719</u>
 Transfers to:			
General Revenue Fund	8,952	8,952	58,952
Utility Capital Fund	100,000	202,000	50,000
Utility Capital Reserve Fund	241,678	252,000	230,756
Utility Operating Reserve Fund	<u>-</u>	<u>13,000</u>	<u>12,000</u>
	<u>350,630</u>	<u>475,952</u>	<u>351,708</u>
	<u>\$ 988,998</u>	<u>\$ 1,081,284</u>	<u>\$ 1,023,427</u>


MUNICIPALITY OF QUISPAMISIS

**LAND TRUST FUND
BALANCE SHEET**

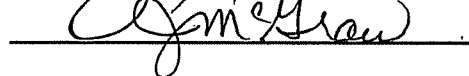
AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT		
Cash (Note 2)	\$ 182,862	\$ 169,873
Due from own funds (Notes 2 and 4)	<u>2,798</u>	<u>1,515</u>
	<u>\$ 185,660</u>	<u>\$ 171,388</u>
NET ASSETS		
NET ASSETS (Note 1)	<u>\$ 185,660</u>	<u>\$ 171,388</u>
GUARANTEES (Note 10)		
COMMITMENTS (Note 13)		

APPROVED BY:



Mayor



Treasurer

MUNICIPALITY OF QUISPAMSIS

**LAND TRUST FUND
STATEMENT OF CHANGES IN NET ASSETS**

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
NET ASSETS AT BEGINNING OF YEAR	\$ <u>171,388</u>	\$ <u>151,123</u>
ADD:		
Lot fees	13,144	19,500
Interest	<u>1,128</u>	<u>765</u>
	<u>14,272</u>	<u>20,265</u>
NET ASSETS AT END OF YEAR	\$ <u><u>185,660</u></u>	\$ <u><u>171,388</u></u>

MUNICIPALITY OF QUISPAMISIS

GENERAL RESERVE FUNDS
BALANCE SHEET

AS AT DECEMBER 31, 2010

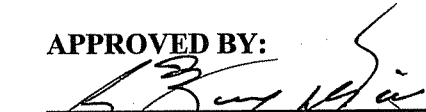
	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT		
Cash (Note 2)	\$ 105,841	\$ 3,685
Due from own funds (Notes 2 and 4)	<u>1,775,528</u>	<u>1,890,684</u>
	<u>\$ 1,881,369</u>	<u>\$ 1,894,369</u>

NET ASSETS		
GENERAL CAPITAL (Note 1)	\$ 1,656,369	\$ 1,669,369
GENERAL OPERATING (Note 1)	<u>225,000</u>	<u>225,000</u>
	<u>\$ 1,881,369</u>	<u>\$ 1,894,369</u>

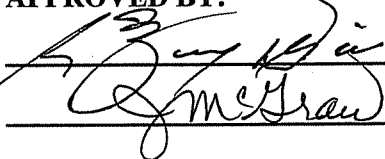
GUARANTEES (Note 10)

COMMITMENTS (Note 13)

APPROVED BY:



Mayor



Treasurer

MUNICIPALITY OF QUISPAMISIS

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

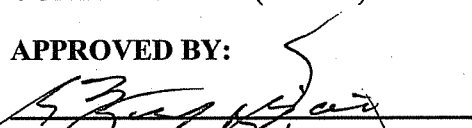
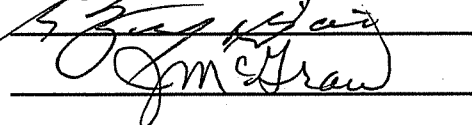
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<u>GENERAL CAPITAL RESERVE</u>		
NET ASSETS AT BEGINNING OF YEAR	\$1,669,369	\$1,900,353
ADD:		
Contributions from General Revenue Fund	350,000	380,000
Interest	<u>12,000</u>	<u>9,778</u>
	<u>362,000</u>	<u>389,778</u>
LESS:		
Contributions to General Capital Fund	<u>375,000</u>	<u>620,762</u>
NET ASSETS AT END OF YEAR	\$ <u>1,656,369</u>	\$ <u>1,669,369</u>
<u>GENERAL OPERATING RESERVE</u>		
NET ASSETS AT BEGINNING OF YEAR	\$ <u>225,000</u>	\$ <u>135,000</u>
ADD:		
Contributions from General Revenue Fund	<u>-</u>	<u>225,000</u>
LESS:		
Contributions to General Revenue Fund	<u>-</u>	<u>135,000</u>
NET ASSETS AT END OF YEAR	\$ <u>225,000</u>	\$ <u>225,000</u>

MUNICIPALITY OF QUISPAMSIS

**UTILITY RESERVE FUNDS
BALANCE SHEET**

AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT		
Cash (Note 2)	\$ 180,678	\$ 580,889
Due from own funds (Notes 2 and 4)	<u>667,568</u>	<u>-</u>
	<u>\$ 848,246</u>	<u>\$ 580,889</u>
LIABILITIES		
CURRENT		
Due to own funds (Notes 2 and 4)	\$ -	\$ 1,213
NET ASSETS		
UTILITY CAPITAL (Note 1)	743,236	488,174
UTILITY OPERATING (Note 1)	<u>105,010</u>	<u>91,502</u>
	<u>848,246</u>	<u>579,676</u>
	<u>\$ 848,246</u>	<u>\$ 580,889</u>
GUARANTEES (Note 10)		
COMMITMENTS (Note 13)		
APPROVED BY:		
 _____	Mayor	
 _____	Treasurer	

MUNICIPALITY OF QUISPAMSIS

UTILITY RESERVE FUNDS STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<u>UTILITY CAPITAL RESERVE</u>		
NET ASSETS AT BEGINNING OF YEAR	\$ <u>488,174</u>	\$ <u>256,161</u>
ADD:		
Contributions from Utility Revenue Fund - Wastewater System Upgrade Projects (Note 1)	32,000	22,000
Contributions from Utility Revenue Fund	220,000	208,756
Interest	<u>3,062</u>	<u>1,257</u>
	<u>255,062</u>	<u>232,013</u>
NET ASSETS AT END OF YEAR	\$ <u>743,236</u>	\$ <u>488,174</u>
<u>UTILITY OPERATING RESERVE</u>		
NET ASSETS AT BEGINNING OF YEAR	\$ <u>91,502</u>	\$ <u>79,114</u>
ADD:		
Contributions from Utility Revenue Fund	13,000	12,000
Interest	<u>508</u>	<u>388</u>
	<u>13,508</u>	<u>12,388</u>
NET ASSETS AT END OF YEAR	\$ <u>105,010</u>	\$ <u>91,502</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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. In addition, 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.

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 agreements with the Province of New Brunswick for the Wastewater System Upgrade Projects. Under the terms of the agreement, the Municipality is required to contribute \$24,000 (2009 - \$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, 2010 a total of \$148,055 (2009 - \$115,808) 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, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

General Operating Reserve Fund

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

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. Proceeds from assets disposed of are recorded as miscellaneous revenue in the Operating 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 the service has been completed and 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.

An example of significant estimates is the allowance for doubtful accounts.

MUNICIPALITY OF QUISPAMSIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

2. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash, accounts receivable, due from own funds, local improvement levy receivable, bank loan, 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.

The Municipality is subject to credit risk through accounts receivable. The Municipality maintains a provision for potential credit losses, and minimizes credit risk through ongoing credit management.

3. SHORT-TERM BORROWING

The Municipality has arranged a revolving operating facility to provide interim financing for capital expenditures. Funds borrowed must be supported by an Order in Council which is authorization for the Municipality to apply for long-term financing from the Municipal Capital Borrowing Board. During 2010, the Municipality borrowed \$6,100,000 (2009 - nil) from the Bank of Montreal for short-term financing of assets under construction.

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

General Capital Fund, OIC # 09-0040	\$ 12,000,000
General Capital Fund, OIC # 09-0075	<u>2,000,000</u>
	\$ <u>14,000,000</u>
Utility Capital Fund, OIC #09-68	\$ 200,000
Utility Capital Fund, OIC #09-93	<u>1,733,000</u>
	\$ <u>1,933,000</u>

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, 2009 were repaid prior to December 31, 2010.

5. CANADA/NEW BRUNSWICK GAS TAX TRANSFER PROGRAM

The Municipality has been granted \$4,737,124 over four years (2010-2013) under the second phase of this program. Under the first phase of the program, the Municipality received \$2,803,280 over four years (2006-2009). The new funds will be spent on capital projects meeting the criteria established by the Federal and Provincial Governments. During the year, the Municipality received \$1,184,281 (2009 - \$1,121,311) under this program. These funds will be spent on qualifying projects in 2011.

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

6. LONG-TERM DEBT

General Capital Fund

	Balance January 1, 2010	Issued during year	Redeemed during year	Balance December 31, 2010
New Brunswick Municipal Financing Corporation Debentures:				
AJ20 6.0 - 6.125%, due December 2020, OIC # 99-72, 99-25	\$ 1,157,000	\$ -	\$ 1,157,000	\$ -
AK12 4.45 - 6.2%, due July 2021, OIC # 99-72, 00-43	470,000	-	112,000	358,000
AL20 2.45 - 5.5%, due November 2011, OIC # 00-43,1-11	233,000	-	113,000	120,000
AO13 3.05 - 5.0%, due July 2013, OIC# 1-11, 2-15, 2-51	938,000	-	87,000	851,000
AQ06 2.75 - 5.5% due July 2014, OIC# 2-51, 3-34	581,000	-	85,000	496,000
AS07 2.85 - 4.35%, due July 2015, OIC # 03-34, 04-08	536,000	-	97,000	439,000
AU09 4.25 - 4.7%, due June 2016, OIC # 05-55	633,000	-	79,000	554,000
AW06 4.3 - 4.55%, due May 2017, OIC # 06-71	545,000	-	83,000	462,000
AY14 3.3 - 4.85%, due May 2018, OIC # 07-12	458,000	-	43,000	415,000
BB23 1.0 - 3.35%, due May 2014, OIC # 99-25	305,000	-	59,000	246,000
BD20 1.5 - 3.85%, due November 2020, OIC # 99-25, 99-72	<u>-</u>	<u>955,000</u>	<u>-</u>	<u>955,000</u>
	<u>5,856,000</u>	<u>955,000</u>	<u>1,915,000</u>	<u>4,896,000</u>
Capital leases:				
HSBC Bank Canada, 5.875%, due March 2013, secured by equipment	65,950	-	19,461	46,489
HSBC Bank Canada, 5.925%, due July 2015, secured by equipment	<u>71,273</u>	<u>-</u>	<u>11,265</u>	<u>60,008</u>
	<u>137,223</u>	<u>-</u>	<u>30,726</u>	<u>106,497</u>
	<u>\$ 5,993,223</u>	<u>\$ 955,000</u>	<u>\$ 1,945,726</u>	<u>\$ 5,002,497</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

6. LONG-TERM DEBT (cont'd)

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

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

2011	\$ 1,177,587
2012	726,560
2013	1,254,423
2014	719,270
2015	452,657

In 2011, debenture AK12 will mature with a final amount due of \$358,000, however \$240,000 of this payment is expected to be refinanced during that year. In 2013, debenture AO13 will mature with a final amount due of \$664,000, however \$564,000 of this payment is expected to be refinanced during that year. In 2014, debenture AQ06 will mature with a final payment of \$213,000, however \$109,000 of this payment is expected to be refinanced during that year.

Utility Capital Fund

	Balance January 1, 2010	Issued during year	Redeemed during year	Balance December 31, 2010
New Brunswick Municipal Financing Corporation Debentures:				
AJ21 6% - 6.125%, due December 2010, OIC # 99-25	\$ 39,000	\$ -	\$ 39,000	\$ -
AK13 4.45 - 6.2%, due July 2021, OIC # 00-43	422,000	-	29,000	393,000
AL21 2.45 - 5.5%, due November 2021, OIC # 00-43, 01-11	283,000	-	27,000	256,000
AQ07 2.75 - 5.5%, due July 2014, OIC # 01-11, 02-15	194,000	-	35,000	159,000
AS08 2.85 - 4.35%, due July 2015, OIC # 02-15	109,000	-	17,000	92,000
AU10 4.25 - 4.7%, due June 2016, OIC # 94-13, 93-22	2,027,000	-	99,000	1,928,000
AW07 4.3 - 4.55%, due November 2017, OIC # 05-55, 05-105, 05-91	790,000	-	91,000	699,000
AY15 3.5 - 4.85%, due May 2018, OIC # 06-71, 07-12	111,000	-	20,000	91,000
BB24 1.0 - 4.50%, due November 2019, OIC # 07-12	290,000	-	26,000	264,000
BD21 1.5 - 3.85%, due November 2020, OIC # 08-42	-	300,000	-	300,000
	<u>\$ 4,265,000</u>	<u>\$ 300,000</u>	<u>\$ 383,000</u>	<u>\$ 4,182,000</u>

MUNICIPALITY OF QUISPAMSIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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 Utility Fund are as follows:

2011	\$ 975,000
2012	327,000
2013	329,000
2014	324,000
2015	293,000

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 \$228,000 (AL21) of these payments will be refinanced during that year.

7. CAPITAL ASSETS

	<u>2010</u>	<u>2009</u>
<u>General Capital Fund</u>		
Land	\$ 1,415,964	\$ 1,415,964
Buildings	5,852,876	5,351,807
Engineering structures	23,605,757	21,201,006
Machinery and equipment	3,794,503	3,472,020
Recreation facilities	24,721,416	10,312,718
Investment in fire department assets	<u>2,187,566</u>	<u>2,042,811</u>
	<u>\$ 61,578,082</u>	<u>\$ 43,796,326</u>

During the year, grants totaling \$3,300,000 (2009 - \$2,725,000) were recorded from the Government of Canada and the Province of New Brunswick for capital assets acquired in the General Capital Fund. In addition, a donation of two vehicles was received from Saint John Toyota totaling \$50,608.

	<u>2010</u>	<u>2009</u>
<u>Utility Capital Fund</u>		
Land	\$ 424,046	\$ 321,817
Buildings	9,040	9,040
Engineering structures	19,539,687	19,130,475
Machinery and equipment	<u>4,125,564</u>	<u>4,068,930</u>
	<u>\$ 24,098,337</u>	<u>\$ 23,530,262</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

8. EMPLOYEE PENSION PLAN

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

An actuarial valuation prepared as at December 31, 2009 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. On a going concern valuation basis, the actuarial valuation indicated a plan deficit of \$10,604,700. Of this deficit, an estimated \$706,800 relates to the Municipality of Quispamsis. The main reason for the significant increase in the plan deficit is the negative investment returns experienced in 2008. In response to the deficit increase, effective January 1, 2010, plan benefits were reduced and contribution rates were increased. Based on the assumptions as at December 31, 2009, the actuary expected the level of employer and employee contributions to be sufficient to fund the deficit in less than fifteen years, as allowed by the Pension Benefits Act.

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 2010, the Municipality has complied with these restrictions.

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:

	<u>2010</u>	<u>2009</u>
Kennebecasis Public Library Inc.:		
Library operations	\$ 66,575	\$ 73,933
Library capital	<u>43,092</u>	<u>-</u>
	<u>109,667</u>	<u>73,933</u>
Rothesay Regional Joint Board of Police Commissioners:		
Police Protection	2,475,575	2,365,099
911 Communications	<u>171,624</u>	<u>179,568</u>
	<u>2,647,199</u>	<u>2,544,667</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

10. RELATED PARTY TRANSACTIONS (cont'd)

Kennebecasis Valley Fire Department Inc.

Contribution for:

Fire Protection	1,838,970	1,716,303
Fire Department assets	<u>144,755</u>	<u>-</u>
	1,983,725	1,716,303

Received for:

Fire station rentals	(42,580)	(41,761)
Fire administration fee	<u>(31,739)</u>	<u>(30,815)</u>
	<u>1,909,406</u>	<u>1,643,727</u>
	<u>\$ 4,666,272</u>	<u>\$ 4,262,327</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, 2010, the Town has guaranteed its proportional share (54.981%) of the \$1,833,000 outstanding debt incurred by the Rothesay Joint Board of Police Commissioners on the construction of their police station.

11. SICK LEAVE BENEFITS

Sick leave benefits do not vest to employees and accordingly no liability for sick leave exists at December 31, 2010.

12. DEFERRED REVENUE

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

13. COMMITMENTS

Construction of Recreation Facility (qplex)

The Municipality has committed \$24,300,000 for construction of the qplex recreation facility of which \$22,000,000 has been spent by December 31, 2010 (2009 - \$7,800,000). During the year, the Municipality received grants totaling \$3,300,000 (2009 - \$2,700,000 million) from the federal and provincial governments for this project. It is anticipated that the project will be completed during 2011.

Snow clearing

The Municipality has committed to a contractor for snow clearing services. The future minimum payment over the following year is \$153,310.

MUNICIPALITY OF QUISPAMSIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

13. 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 four years are as follows:

2011	\$	11,628
2012		6,227
2013		4,704
2014		2,443

14. LOCAL IMPROVEMENT LEVIES

The Municipality has passed seven 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 (2010 - 2.685%). All payments are due by May 31 each year. The balance consists of:

	<u>2010</u>	<u>2009</u>
Total assessments	\$ 222,964	\$ 213,321
Less: Minimum payments due within one year	<u>53,718</u>	<u>27,452</u>
	<u>\$ 169,246</u>	<u>\$ 185,869</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, 2010 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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

16. CHANGE IN ACCOUNTING POLICY

The Municipality currently prepares its financial statements to comply with the accounting principles prescribed for New Brunswick municipalities by the Department of Local Government. The Department has indicated that municipalities will be required to adopt recommendations of the Canadian Institute of Chartered Accountants' Public Sector Accounting Board's new reporting model PS 1000, 1100, 1200 and 3150.

One of the more significant provisions of the new standards requires municipalities to capitalize tangible capital assets at historical costs and amortize these assets over their estimated useful lives. The Town is in the process of compiling a listing of all its roads, vehicles, sewer and water infrastructure, land, buildings, furniture and equipment.

Other key elements of the PSAB requirements include reporting entities, full accruals, employment benefits and financial reporting.

The Department has established an implementation date for these new standards for year ends commencing after January 1, 2012.

MUNICIPALITY OF QUISPAMISIS

SCHEDULE OF INTERFUND BALANCES

AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<u>General Capital Fund</u>		
Due to		
General Revenue Fund	\$ <u>(8,665,210)</u>	\$ <u>(4,505,110)</u>
<u>General Revenue Fund</u>		
Due from (to)		
General Capital Fund	\$ 8,665,210	\$ 4,505,110
Utility Revenue Fund	(124,442)	(98,729)
Utility Capital Fund	(810,625)	105,581
Land Trust Fund	(2,798)	(1,515)
General Capital Reserve Fund	(1,775,528)	(1,890,684)
Utility Capital Reserve Fund	<u>(667,568)</u>	<u>1,213</u>
	\$ <u>5,284,249</u>	\$ <u>2,620,976</u>
<u>Utility Capital Fund</u>		
Due from (to)		
General Revenue Fund	\$ 810,625	\$ (105,581)
Utility Revenue Fund	<u>202,000</u>	<u>-</u>
	\$ <u>1,012,625</u>	\$ <u>(105,581)</u>
<u>Utility Revenue Fund</u>		
Due to (from)		
General Revenue Fund	\$ 124,442	\$ 98,729
Utility Capital Fund	<u>(202,000)</u>	<u>-</u>
	\$ <u>(77,558)</u>	\$ <u>98,729</u>
<u>Land Trust Fund</u>		
Due from		
General Revenue Fund	\$ <u>2,798</u>	\$ <u>1,515</u>
<u>General Capital Reserve Fund</u>		
Due from		
General Revenue Fund	\$ <u>1,775,528</u>	\$ <u>1,890,684</u>
<u>Utility Reserve Funds</u>		
Utility Capital		
Due from (to)		
General Revenue Fund	\$ <u>667,568</u>	\$ <u>(1,213)</u>