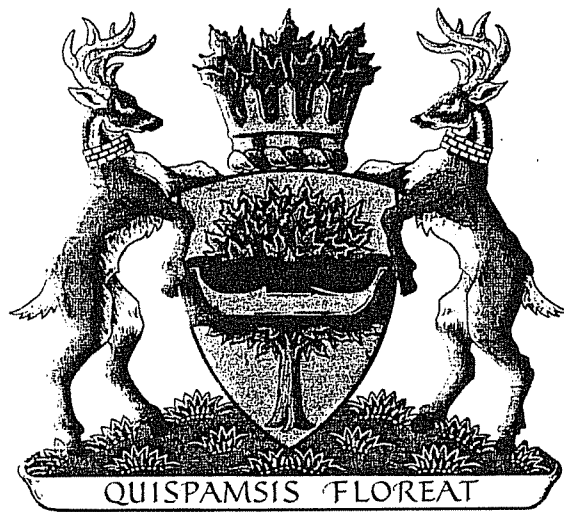


**MUNICIPALITY OF QUISPAMISIS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**



# MUNICIPALITY OF QUISPAMISIS

DECEMBER 31, 2011

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39 Canterbury Street  
P.O. Box 6668  
Saint John  
New Brunswick  
E2L 4S1

Tel (506) 636-9220  
Fax (506) 634-8208  
E-mail tsdsj@tsdca.com

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

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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, 2011 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.

### *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 by the Department of Local Government, and for such internal control as council and management determine 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



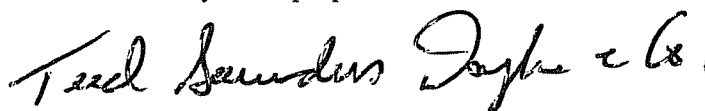
Fredericton Partners  
Brian J. Saunders David H. Bradley  
Jeffrey E. Saunders John H. Landry  
T.J. Smith Kenneth H. Kyle

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

*Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2011 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.



CHARTERED ACCOUNTANTS

Saint John, NB  
April 3, 2012

**MUNICIPALITY OF QUISPAMISIS**

**GENERAL CAPITAL FUND  
BALANCE SHEET**

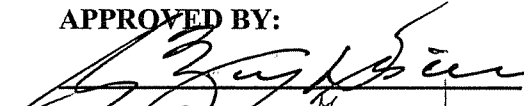
**AS AT DECEMBER 31, 2011**

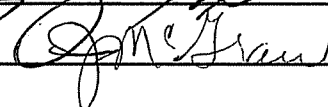
	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CAPITAL ASSETS</b> (Notes 1, 6 and 7)	\$ <u>68,910,960</u>	\$ <u>61,578,082</u>
<b>LIABILITIES AND INVESTMENT IN CAPITAL ASSETS</b>		
<b>CURRENT</b>		
Bank loan (Notes 2 and 3)	\$ -	\$ 6,100,000
Due to own funds (Notes 2 and 4), page 36	<u>1,954,799</u>	<u>8,665,210</u>
	<u>1,954,799</u>	<u>14,765,210</u>
<b>LONG-TERM</b> (Notes 1, 2 and 6)	<u>18,664,910</u>	<u>5,002,497</u>
<b>INVESTMENT IN CAPITAL ASSETS</b>	<u>48,291,251</u>	<u>41,810,375</u>
	<u>\$ 68,910,960</u>	<u>\$ 61,578,082</u>

**GUARANTEES** (Note 10)

**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, 2011

	<u>2011</u>	<u>2010</u>
<b>BALANCE AT BEGINNING OF YEAR</b>	\$ <u>41,810,375</u>	\$ <u>33,297,993</u>
<b>ADD:</b>		
Grant from the Government of Canada		
Land and Recreation facilities (Note 7)	-	300,000
Grants from the Province of New Brunswick		
Land and Recreation facilities (Note 7)	60,000	3,000,000
Contributions from local improvement levy	25,058	41,773
Contributions from public donations (Note 7)	433,052	50,608
Contributions from own funds		
General Capital Reserve Fund	1,330,000	375,000
General Revenue Fund		
Capital expenditures	3,861,948	3,788,002
Long-term debt payments	<u>937,587</u>	<u>990,726</u>
	<u>6,647,645</u>	<u>8,546,109</u>
<b>LESS:</b>		
Cost of capital assets disposed of during the year	<u>166,769</u>	<u>33,727</u>
<b>BALANCE AT END OF YEAR</b>	\$ <u><u>48,291,251</u></u>	\$ <u><u>41,810,375</u></u>

# MUNICIPALITY OF QUISPAMISIS

## GENERAL CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<b>SOURCES</b>		
Transfers from		
Government of Canada		
Land and Recreation facilities (Note 7)	\$ -	\$ 300,000
Province of New Brunswick		
Land and Recreation facilities (Note 7)	60,000	3,000,000
Local improvement levy	25,058	41,773
Public donations (Note 7)	433,052	50,608
Own funds		
General Capital Reserve Fund	1,330,000	375,000
General Revenue Fund		
Capital expenditures	3,861,948	3,788,002
Long-term debt payments	<u>937,587</u>	<u>990,726</u>
	<u>6,647,645</u>	<u>8,546,109</u>
Proceeds from debenture issue (Note 6)	<u>14,840,000</u>	<u>955,000</u>
Temporary financing at end of year		
Proceeds from short-term bank loan	-	6,100,000
Temporary advances from own funds (Note 4)	<u>1,954,799</u>	<u>8,665,210</u>
	<u>1,954,799</u>	<u>14,765,210</u>
	<u>\$ 23,442,444</u>	<u>\$ 24,266,319</u>
<b>APPLICATION</b>		
Temporary financing at end of previous year		
Payment of short-term bank loan	\$ 6,100,000	\$ -
Temporary advances from own funds	<u>8,665,210</u>	<u>4,505,110</u>
	14,765,210	4,505,110
Capital expenditures	7,499,647	17,815,483
Long-term debt payments	<u>1,177,587</u>	<u>1,945,726</u>
	<u>\$ 23,442,444</u>	<u>\$ 24,266,319</u>

# MUNICIPALITY OF QUISPAMISIS

## GENERAL REVENUE FUND BALANCE SHEET

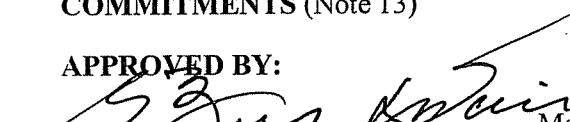
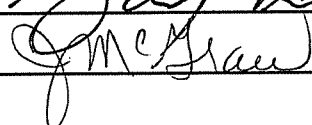
AS AT DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 1,328,307	\$ 61,141
Accounts receivable (Note 2)	378,715	104,578
HST recoverable	271,220	697,815
Due from own funds (Notes 2 and 4), page 36	1,074,369	5,284,249
Current portion of local improvement levy receivable	35,527	53,718
Inventories (Note 1)	85,146	111,753
Prepaid expenses	<u>13,047</u>	<u>18,564</u>
	<u>3,186,331</u>	<u>6,331,818</u>
<b>LOCAL IMPROVEMENT LEVY RECEIVABLE</b> (Notes 2 and 14)	<u>161,698</u>	<u>169,246</u>
<b>UNAMORTIZED BOND DISCOUNT</b> (Note 1)	<u>213,342</u>	<u>68,004</u>
	<u>\$ 3,561,371</u>	<u>\$ 6,569,068</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 2)	\$ 3,480,467	\$ 6,381,179
Deferred revenue (Note 12)	<u>-</u>	<u>107,428</u>
	<u>3,480,467</u>	<u>6,488,607</u>
<b>SURPLUS</b>		
<b>SURPLUS AT BEGINNING OF YEAR</b>	80,461	1,835
<b>SURPLUS FOR THE YEAR</b>	1,888	79,016
<b>TRANSFER OF SECOND PREVIOUS YEAR'S SURPLUS</b> (Note 1)	<u>(1,445)</u>	<u>(390)</u>
<b>SURPLUS AT END OF YEAR</b>	<u>80,904</u>	<u>80,461</u>
	<u>\$ 3,561,371</u>	<u>\$ 6,569,068</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, 2011

		<u>2011</u> Budget	<u>2011</u> Actual	<u>2010</u> Actual
<b>REVENUE (Note 1)</b>	<b><u>Page</u></b>			
Warrant of assessment		\$ 17,249,402	\$ 17,249,403	\$ 16,358,214
Sale of services	8	989,282	853,606	359,891
Services to other governments				
Province of New Brunswick	8	45,701	45,621	46,615
Other revenue from own sources	8	297,232	512,440	327,625
Conditional transfers	8	55,000	72,304	90,713
Unconditional transfers, Provincial		831,481	831,480	839,880
Other transfers	8	<u>225,000</u>	<u>225,000</u>	<u>-</u>
		<u>19,693,098</u>	<u>19,789,854</u>	<u>18,022,938</u>
 <b>EXPENDITURE (Note 1)</b>				
General government services	9	1,873,059	1,811,840	1,536,820
Protective services	10	5,125,150	5,025,963	4,765,721
Transportation services	11	3,336,965	3,574,191	3,335,033
Environmental health services	11	151,606	153,600	146,341
Environmental development services	11	404,187	398,176	359,159
Recreational and cultural services	12	3,372,646	3,304,124	2,341,283
Fiscal services	12	5,430,930	5,521,517	5,459,955
Surplus of second previous year (Note 1)		<u>(1,445)</u>	<u>(1,445)</u>	<u>(390)</u>
		<u>19,693,098</u>	<u>19,787,966</u>	<u>17,943,922</u>
 <b>SURPLUS FOR THE YEAR</b>		 \$ <u>-</u>	 \$ <u>1,888</u>	 \$ <u>79,016</u>



# MUNICIPALITY OF QUISPAMISIS

## GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> <u>Budget</u>	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
<b>SALE OF SERVICES</b>			
Oplex, arena, building and other rentals	\$ 973,042	\$ 838,831	\$ 338,177
Recreational programs	<u>16,240</u>	<u>14,775</u>	<u>21,714</u>
	<u>\$ 989,282</u>	<u>\$ 853,606</u>	<u>\$ 359,891</u>
<b>SERVICES TO OTHER GOVERNMENTS</b>			
Provincial highways	<u>\$ 45,701</u>	<u>\$ 45,621</u>	<u>\$ 46,615</u>
<b>OTHER REVENUE FROM OWN SOURCES</b>			
Licenses, permits, and fines	\$ 259,000	\$ 223,010	\$ 232,760
Return on investments	4,340	18,415	16,102
Other	<u>33,892</u>	<u>271,015</u>	<u>78,763</u>
	<u>\$ 297,232</u>	<u>\$ 512,440</u>	<u>\$ 327,625</u>
<b>CONDITIONAL TRANSFERS</b>			
Recreation grants	<u>\$ 55,000</u>	<u>\$ 72,304</u>	<u>\$ 90,713</u>
<b>TRANSFERS FROM</b>			
General Operating Reserve Fund	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ -</u>

# MUNICIPALITY OF QUISPAMISIS

## GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> Budget	<u>2011</u> Actual	<u>2010</u> Actual
<b>GENERAL GOVERNMENT SERVICES</b>			
Legislative			
Mayor's office	\$ 41,670	\$ 36,558	\$ 38,548
Councillors' office	165,731	126,398	155,638
Other	<u>26,600</u>	<u>30,365</u>	<u>24,500</u>
	<u>234,001</u>	<u>193,321</u>	<u>218,686</u>
Administrative			
Manager's office	294,706	285,667	235,798
Clerk's office	165,952	158,416	135,193
Office building	90,467	85,574	86,338
Solicitor	104,543	110,171	100,920
Other	<u>66,394</u>	<u>79,371</u>	<u>32,424</u>
	<u>722,062</u>	<u>719,199</u>	<u>590,673</u>
Financial management			
Administration	369,939	352,464	251,907
External audit	16,000	15,500	16,741
PSAB implementation (Note 16)	<u>60,000</u>	<u>60,000</u>	<u>-</u>
	<u>445,939</u>	<u>427,964</u>	<u>268,648</u>
Other government services			
Civic relations	89,000	93,327	99,033
Public liability insurance	87,309	88,143	86,352
Scholarships and grants	2,500	1,500	1,600
Cost of assessment	277,248	277,248	262,917
Other	<u>15,000</u>	<u>11,138</u>	<u>8,911</u>
	<u>471,057</u>	<u>471,356</u>	<u>458,813</u>
	<u>\$ 1,873,059</u>	<u>\$ 1,811,840</u>	<u>\$ 1,536,820</u>

# MUNICIPALITY OF QUISPAMISIS

## GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> Budget	<u>2011</u> Actual	<u>2010</u> Actual
<b>PROTECTIVE SERVICES</b>			
Police			
Police department (Note 10)	\$ <u>2,626,457</u>	\$ <u>2,624,954</u>	\$ <u>2,475,575</u>
Fire			
Fire department (Note 10)	1,970,374	1,965,111	1,838,970
Water transfer costs	<u>10,560</u>	<u>10,560</u>	<u>10,559</u>
	<u>1,980,934</u>	<u>1,975,671</u>	<u>1,849,529</u>
Emergency measures			
Telephone 911 (Note 10)	185,904	185,904	171,624
Emergency measures organization	<u>11,496</u>	<u>5,741</u>	<u>17,836</u>
	<u>197,400</u>	<u>191,645</u>	<u>189,460</u>
Other			
Animal control	57,239	59,911	62,038
Building inspection	256,150	169,599	184,990
Crosswalk guards	<u>6,970</u>	<u>4,183</u>	<u>4,129</u>
	<u>320,359</u>	<u>233,693</u>	<u>251,157</u>
	<u>\$ 5,125,150</u>	<u>\$ 5,025,963</u>	<u>\$ 4,765,721</u>

# MUNICIPALITY OF QUISPAMISIS

## GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> Budget	<u>2011</u> Actual	<u>2010</u> Actual
<b>TRANSPORTATION SERVICES</b>			
Common services			
Works office	\$ 30,397	\$ 33,387	\$ 21,470
Engineering	<u>404,193</u>	<u>371,067</u>	<u>353,763</u>
	<u>434,590</u>	<u>404,454</u>	<u>375,233</u>
Roads and Streets			
Winter maintenance	1,460,099	1,652,012	1,431,937
Summer maintenance	1,038,776	1,076,853	1,050,348
Culverts and drainage ditches	<u>66,500</u>	<u>113,342</u>	<u>118,598</u>
	<u>2,565,375</u>	<u>2,842,207</u>	<u>2,600,883</u>
Street lighting	<u>126,000</u>	<u>126,909</u>	<u>121,217</u>
Traffic services			
Street signs	16,200	9,759	19,892
Traffic lane marking	25,000	21,380	21,809
Traffic signals	17,200	9,115	11,243
Railway crossings	9,600	9,899	10,180
Public transit	<u>143,000</u>	<u>150,468</u>	<u>174,576</u>
	<u>211,000</u>	<u>200,621</u>	<u>237,700</u>
	<u>\$ 3,336,965</u>	<u>\$ 3,574,191</u>	<u>\$ 3,335,033</u>
<b>ENVIRONMENTAL HEALTH SERVICES</b>			
Clean up campaign	\$ 145,606	\$ 150,526	\$ 143,683
Climate protection	<u>6,000</u>	<u>3,074</u>	<u>2,658</u>
	<u>\$ 151,606</u>	<u>\$ 153,600</u>	<u>\$ 146,341</u>
<b>ENVIRONMENTAL DEVELOPMENT SERVICES</b>			
Planning Advisory Committee	\$ 233,592	\$ 223,030	\$ 146,154
Enterprise Saint John	103,695	103,695	100,065
Active Transportation Plan	-	-	53,719
Town Beautification	33,200	39,667	32,430
Other	<u>33,700</u>	<u>31,784</u>	<u>26,791</u>
	<u>\$ 404,187</u>	<u>\$ 398,176</u>	<u>\$ 359,159</u>

# MUNICIPALITY OF QUISPAMISIS

## GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> Budget	<u>2011</u> Actual	<u>2010</u> Actual
<b>RECREATIONAL AND CULTURAL SERVICES</b>			
Administration	\$ 170,499	\$ 160,465	\$ 207,923
Facilities maintenance	119,738	129,743	205,286
Beaches	85,160	65,351	74,870
Quispamsis Arena	388,748	389,373	369,110
Qplex	1,085,102	1,136,592	196,579
Parks and playgrounds	778,647	720,158	659,451
Recreation Centre	52,508	53,845	57,638
Civic Centre	48,371	47,815	43,148
Recreation programs	161,208	127,499	68,190
Regional Facilities Commission	353,407	353,407	333,054
Library (Note 10)	68,759	67,357	66,575
Warehouse	11,458	12,211	9,123
Food bank building	11,333	12,572	5,631
225 Hampton Road	602	317	807
Beach House	<u>37,106</u>	<u>27,419</u>	<u>43,898</u>
	<u>\$ 3,372,646</u>	<u>\$ 3,304,124</u>	<u>\$ 2,341,283</u>
<b>FISCAL SERVICES</b>			
Debt charges			
Interest on long-term debt	\$ 532,215	\$ 460,732	\$ 283,808
Long-term debt repayments	937,588	937,587	990,726
Interest on short-term borrowings	69,933	87,591	49,072
Amortization of long-term discounts	<u>8,141</u>	<u>12,611</u>	<u>7,299</u>
	<u>1,547,877</u>	<u>1,498,521</u>	<u>1,330,905</u>
Transfers to (from)			
General Capital Fund	3,892,000	3,861,948	3,788,002
General Capital Reserve Fund	-	170,000	350,000
Utility Revenue Fund	<u>(8,947)</u>	<u>(8,952)</u>	<u>(8,952)</u>
	<u>3,883,053</u>	<u>4,022,996</u>	<u>4,129,050</u>
	<u>\$ 5,430,930</u>	<u>\$ 5,521,517</u>	<u>\$ 5,459,955</u>

**MUNICIPALITY OF QUISPAMISIS**

**UTILITY CAPITAL FUND  
BALANCE SHEET**

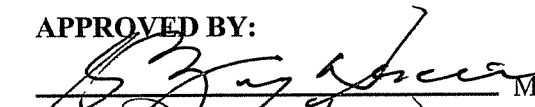
**AS AT DECEMBER 31, 2011**

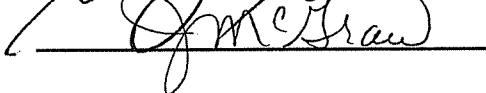
	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Due from own funds (Notes 2 and 4), page 36	\$ <u>962,331</u>	\$ <u>1,012,625</u>
<b>CAPITAL ASSETS</b> (Notes 1, 5, 6 and 7)	<u>25,627,534</u>	<u>24,098,337</u>
	<u>\$ 26,589,865</u>	<u>\$ 25,110,962</u>
<b>LIABILITIES AND INVESTMENT IN CAPITAL ASSETS</b>		
<b>CURRENT</b>		
Deferred government grant (Note 5)	\$ <u>1,329,755</u>	\$ <u>1,184,281</u>
<b>LONG-TERM</b> (Notes 1, 2 and 6)	<u>3,998,000</u>	<u>4,182,000</u>
<b>INVESTMENT IN CAPITAL ASSETS</b>	<u>21,262,110</u>	<u>19,744,681</u>
	<u>\$ 26,589,865</u>	<u>\$ 25,110,962</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, 2011

	<u>2011</u>	<u>2010</u>
<b>BALANCE AT BEGINNING OF YEAR</b>	\$ <u>19,744,681</u>	\$ <u>19,159,681</u>
<b>ADD:</b>		
Grant from the Canada/New Brunswick Gas Tax Transfer Program for Engineering structures (Note 5)	1,038,807	-
Contribution from Utility Reserve Fund	50,000	-
Contribution from Utility Revenue Fund:		
Capital expenditures	85,000	202,000
Long-term debt repayments	<u>384,000</u>	<u>383,000</u>
	<u>1,557,807</u>	<u>585,000</u>
<b>LESS:</b>		
Cost of capital assets disposed of during the year	<u>40,378</u>	<u>-</u>
<b>BALANCE AT END OF YEAR</b>	\$ <u>21,262,110</u>	\$ <u>19,744,681</u>



# MUNICIPALITY OF QUISPAMISIS

## UTILITY CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<b>SOURCES</b>		
Unapplied from previous year		
Due from own funds	\$ <u>1,012,625</u>	\$ _____
Transfer from		
Canada/New Brunswick Gas Tax Transfer Program for Engineering structures (Note 5)	1,184,281	1,184,281
Utility Reserve Fund	50,000	-
Utility Revenue Fund		
Capital expenditures	85,000	202,000
Long-term debt payments	<u>384,000</u>	<u>383,000</u>
	<u>1,703,281</u>	<u>1,769,281</u>
Proceeds from debenture issue (Note 6)	<u>791,000</u>	<u>300,000</u>
	<u>\$ 3,506,906</u>	<u>\$ 2,069,281</u>
<b>APPLICATION</b>		
Temporary financing at end of previous year		
Temporary advances from own funds (Note 4)	\$ -	\$ 105,581
Capital expenditures	1,569,575	568,075
Long-term debt repayments	975,000	383,000
Unapplied funds at end of year		
Temporary advances to own funds (Note 4)	<u>962,331</u>	<u>1,012,625</u>
	<u>\$ 3,506,906</u>	<u>\$ 2,069,281</u>

# MUNICIPALITY OF QUISPAMISIS

## UTILITY REVENUE FUND BALANCE SHEET

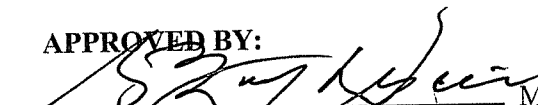
AS AT DECEMBER 31, 2011

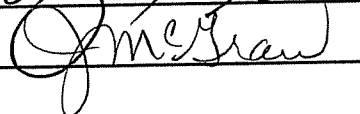
	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 47,921	\$ 50,859
Accounts receivable (Note 2)	<u>244,429</u>	<u>208,129</u>
	<u>292,350</u>	<u>258,988</u>
<b>UNAMORTIZED BOND DISCOUNT (Note 1)</b>	<u>36,437</u>	<u>32,512</u>
	<u>\$ 328,787</u>	<u>\$ 291,500</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 2)	\$ 35,854	\$ 48,229
Due to own funds (Notes 2 and 4), page 36	<u>83,591</u>	<u>77,558</u>
	<u>119,445</u>	<u>125,787</u>
<b>SURPLUS</b>		
<b>SURPLUS AT BEGINNING OF YEAR</b>	165,713	321,799
<b>SURPLUS FOR THE YEAR</b>	135,305	74,037
<b>TRANSFER OF SECOND PREVIOUS YEAR'S SURPLUS (Note 1)</b>	<u>(91,676)</u>	<u>(230,123)</u>
<b>SURPLUS AT END OF YEAR</b>	<u>209,342</u>	<u>165,713</u>
	<u>\$ 328,787</u>	<u>\$ 291,500</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, 2011

		<u>2011</u> Budget	<u>2011</u> Actual	<u>2010</u> Actual
<b>REVENUE (Note 1)</b>	<b><u>Page</u></b>			
Sales of services	18	\$ 2,005,133	\$ 2,002,302	\$ 1,838,150
Other own sources	18	<u>30,600</u>	<u>59,977</u>	<u>75,196</u>
		<u>2,035,733</u>	<u>2,062,279</u>	<u>1,913,346</u>
 <b>EXPENDITURE (Note 1)</b>				
Environmental health services				
Sewer collection and disposal	19	535,695	415,052	446,706
Water supply	19	249,532	213,594	197,329
Administration	19	381,683	378,755	344,113
Fiscal services	19	960,499	1,011,249	1,081,284
Surplus of second previous year (Note 1)		<u>(91,676)</u>	<u>(91,676)</u>	<u>(230,123)</u>
		<u>2,035,733</u>	<u>1,926,974</u>	<u>1,839,309</u>
 <b>SURPLUS FOR THE YEAR</b>		 <u>\$ -</u>	 <u>\$ 135,305</u>	 <u>\$ 74,037</u>

# MUNICIPALITY OF QUISPAMISIS

## UTILITY REVENUE FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> Budget	<u>2011</u> Actual	<u>2010</u> Actual
<b>SALES OF SERVICES</b>			
User Fees			
Residential	\$ 1,614,775	\$ 1,604,508	\$ 1,475,351
Commercial	41,096	40,954	39,019
Institutional	150,411	171,325	134,906
Residential water sales	94,900	94,842	84,567
Commercial water sales	26,076	24,248	29,934
Institutional water sales	26,315	26,535	12,763
Water transfer costs	10,560	10,560	10,560
User fee discounts	<u>(10,000)</u>	<u>(8,920)</u>	<u>(8,700)</u>
	<u>1,954,133</u>	<u>1,964,052</u>	<u>1,778,400</u>
Connection fees			
Water	6,000	5,250	8,250
Sewer	<u>45,000</u>	<u>33,000</u>	<u>51,500</u>
	<u>51,000</u>	<u>38,250</u>	<u>59,750</u>
	<u>\$ 2,005,133</u>	<u>\$ 2,002,302</u>	<u>\$ 1,838,150</u>
<b>OTHER OWN SOURCES</b>			
Interest on user fees	\$ 28,600	\$ 28,425	\$ 29,498
Interest on current account	2,000	13,906	2,466
Miscellaneous	<u>-</u>	<u>17,646</u>	<u>43,232</u>
	<u>\$ 30,600</u>	<u>\$ 59,977</u>	<u>\$ 75,196</u>

# MUNICIPALITY OF QUISPAMISIS

## UTILITY REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> Budget	<u>2011</u> Actual	<u>2010</u> Actual
<b>ENVIRONMENTAL HEALTH SERVICES</b>			
Sewer collection and disposal			
Sewer collection system	\$ 138,003	\$ 97,962	\$ 98,793
Sewer lift stations	232,987	191,685	213,173
Treatment and disposal	<u>164,705</u>	<u>125,405</u>	<u>134,740</u>
	<u>\$ 535,695</u>	<u>\$ 415,052</u>	<u>\$ 446,706</u>
 Water supply			
Treatment	\$ 45,031	\$ 55,388	\$ 47,987
Wellfields	6,250	15,349	2,557
Pump	16,350	14,692	2,305
Infrastructure	<u>181,901</u>	<u>128,165</u>	<u>144,480</u>
	<u>\$ 249,532</u>	<u>\$ 213,594</u>	<u>\$ 197,329</u>
 Administration	<u>\$ 381,683</u>	<u>\$ 378,755</u>	<u>\$ 344,113</u>
<b>FISCAL SERVICES</b>			
Debt charges			
Long-term debt repayments	\$ 384,000	\$ 384,000	\$ 383,000
Interest on long-term debt	185,668	184,986	194,989
Interest on short-term debt	90,665	25,938	24,229
Amortization of long-term debt discounts	<u>3,142</u>	<u>3,373</u>	<u>3,114</u>
	<u>663,475</u>	<u>598,297</u>	<u>605,332</u>
 Transfers to:			
General Revenue Fund	8,947	8,952	8,952
Utility Capital Fund	85,000	85,000	202,000
Utility Capital Reserve Fund	203,077	319,000	252,000
Utility Operating Reserve Fund	<u>-</u>	<u>-</u>	<u>13,000</u>
	<u>297,024</u>	<u>412,952</u>	<u>475,952</u>
	<u>\$ 960,499</u>	<u>\$ 1,011,249</u>	<u>\$ 1,081,284</u>

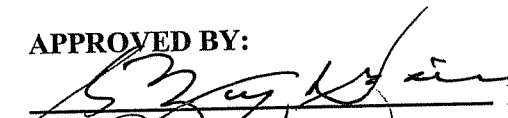
# MUNICIPALITY OF QUISPAMISIS

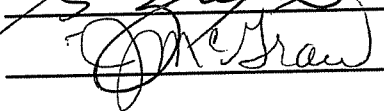
## LAND TRUST FUND BALANCE SHEET

AS AT DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 199,695	\$ 182,862
Due from own funds (Notes 2 and 4), page 36	<u>          -</u>	<u>          2,798</u>
	<u>\$ 199,695</u>	<u>\$ 185,660</u>
<b>NET ASSETS</b>		
<b>NET ASSETS (Note 1)</b>	<u>\$ 199,695</u>	<u>\$ 185,660</u>
<b>GUARANTEES (Note 10)</b>		
<b>COMMITMENTS (Note 13)</b>		

**APPROVED BY:**

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Treasurer

**MUNICIPALITY OF QUISPAMISIS**

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

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u>	<u>2010</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	\$ <u>185,660</u>	\$ <u>171,387</u>
<b>ADD:</b>		
Lot fees	12,000	13,144
Interest	<u>2,035</u>	<u>1,129</u>
	<u>14,035</u>	<u>14,273</u>
<b>NET ASSETS AT END OF YEAR</b>	\$ <u><u>199,695</u></u>	\$ <u><u>185,660</u></u>

# MUNICIPALITY OF QUISPAMISIS

## GENERAL RESERVE FUNDS BALANCE SHEET

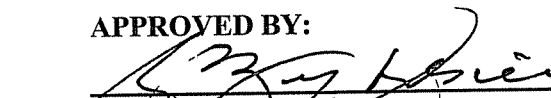
AS AT DECEMBER 31, 2011

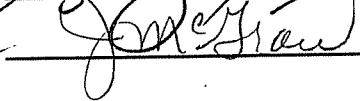
	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 514,699	\$ 105,841
Due from own funds (Notes 2 and 4), page 36	<u>1,606</u>	<u>1,775,528</u>
	<u>\$ 516,305</u>	<u>\$ 1,881,369</u>
<b>NET ASSETS</b>		
GENERAL CAPITAL (Note 1)	\$ 516,305	\$ 1,656,369
GENERAL OPERATING (Note 1)	<u>-</u>	<u>225,000</u>
	<u>\$ 516,305</u>	<u>\$ 1,881,369</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, 2011**

	<u>2011</u>	<u>2010</u>
<b><u>GENERAL CAPITAL RESERVE</u></b>		
<b>NET ASSETS AT BEGINNING OF YEAR</b>	\$1,656,369	\$1,669,370
<b>ADD:</b>		
Contributions from General Revenue Fund	170,000	350,000
Interest	<u>19,936</u>	<u>11,999</u>
	<u>189,936</u>	<u>361,999</u>
<b>LESS:</b>		
Contributions to General Capital Fund	1,330,000	<u>375,000</u>
<b>NET ASSETS AT END OF YEAR</b>	\$ <u>516,305</u>	\$ <u>1,656,369</u>
<b><u>GENERAL OPERATING RESERVE</u></b>		
<b>NET ASSETS AT BEGINNING OF YEAR</b>	\$ <u>225,000</u>	\$ <u>225,000</u>
<b>LESS:</b>		
Contributions to General Revenue Fund	<u>225,000</u>	<u>-</u>
<b>NET ASSETS AT END OF YEAR</b>	\$ <u>-</u>	\$ <u>225,000</u>

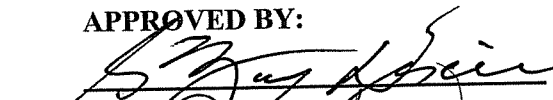
# MUNICIPALITY OF QUISPAMISIS

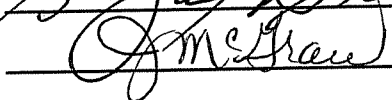
## UTILITY RESERVE FUNDS BALANCE SHEET

AS AT DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 1,125,380	\$ 180,678
Due from own funds (Notes 2 and 4), page 36	<u>84</u>	<u>667,568</u>
	<u>\$ 1,125,464</u>	<u>\$ 848,246</u>
<b>NET ASSETS</b>		
<b>UTILITY CAPITAL (Note 1)</b>		
Unrestricted	\$ 847,021	\$ 595,181
Restricted	<u>172,329</u>	<u>148,055</u>
	<u>1,019,350</u>	<u>743,236</u>
<b>UTILITY OPERATING (Note 1)</b>	<u>106,114</u>	<u>105,010</u>
	<u>\$ 1,125,464</u>	<u>\$ 848,246</u>
<b>GUARANTEES (Note 10)</b>		
<b>COMMITMENTS (Note 13)</b>		

APPROVED BY:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Treasurer

# MUNICIPALITY OF QUISPAMISIS

## UTILITY RESERVE FUNDS STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<b><u>UTILITY CAPITAL RESERVE</u></b>		
NET ASSETS AT BEGINNING OF YEAR	\$ <u>743,236</u>	\$ <u>488,174</u>
<b>ADD:</b>		
Contributions from Utility Revenue Fund - Wastewater System Upgrade Projects (Note 1)	24,000	32,000
Contributions from Utility Revenue Fund	295,000	220,000
Interest	<u>7,114</u>	<u>3,062</u>
	<u>326,114</u>	<u>255,062</u>
<b>LESS:</b>		
Contributions to Utility Capital Fund	<u>50,000</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$1,019,350</u>	<u>\$ 743,236</u>
<b><u>UTILITY OPERATING RESERVE</u></b>		
NET ASSETS AT BEGINNING OF YEAR	\$ <u>105,010</u>	\$ <u>91,502</u>
<b>ADD:</b>		
Contributions from Utility Revenue Fund	-	13,000
Interest	<u>1,104</u>	<u>508</u>
	<u>1,104</u>	<u>13,508</u>
NET ASSETS AT END OF YEAR	<u>\$ 106,114</u>	<u>\$ 105,010</u>

# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

### 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 (2010 - \$24,000) plus interest annually to this reserve to cover the future replacement costs of short life items relating to this project. As at December 31, 2011 a total of \$172,329 (2010 - \$148,055) 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, 2011

### 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 accounting principles prescribed for New Brunswick municipalities by the Department of Local Government 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 QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

### 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 2011, the Municipality borrowed \$ nil (2010 - \$6,100,000) for short-term financing of assets under construction.

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

General Capital Fund, OIC # 09-0075	\$ 2,000,000
General Capital Fund, OIC # 11-0083	<u>3,402,000</u>
	<u>\$ 5,402,000</u>
Utility Capital Fund, OIC #09-93	\$ 1,733,000
Utility Capital Fund, OIC #11-0083	<u>2,750,000</u>
	<u>\$ 4,483,000</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, 2010 were repaid prior to December 31, 2011.

### 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. The funds will be spent on capital projects meeting the criteria established by the Federal and Provincial Governments. During the year, the Municipality spent \$1,038,807 (2010 - \$nil) on qualifying projects in the Utility Capital Fund, and received \$1,184,281 (2010 - \$1,184,281) under this program towards the overall cost of the qualifying projects that have been approved.

# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

### 6. LONG-TERM DEBT

#### General Capital Fund

	<b>Balance January 1, 2011</b>	<b>Issued during year</b>	<b>Redeemed during year</b>	<b>Balance December 31, 2011</b>
New Brunswick Municipal Financing Corporation Debentures:				
AK12 4.45 - 6.2%, due July 2021, OIC # 99-72, 00-43	\$ 358,000	\$ -	\$ 358,000	\$ -
AL20 2.45 - 5.5%, due November 2011, OIC # 00-43,1-11	120,000	-	120,000	-
AO13 3.05 - 5.0%, due July 2013, OIC# 1-11, 2-15, 2-51	851,000	-	91,000	760,000
AQ06 2.75 - 5.5% due July 2014, OIC# 2-51, 3-34	496,000	-	90,000	406,000
AS07 2.85 - 4.35%, due July 2015, OIC # 03-34, 04-08	439,000	-	81,000	358,000
AU09 4.25 - 4.7%, due June 2016, OIC # 05-55	554,000	-	82,000	472,000
AW06 4.3 - 4.55%, due May 2017, OIC # 06-71	462,000	-	87,000	375,000
AY14 3.3 - 4.85%, due May 2018, OIC # 07-12	415,000	-	45,000	370,000
BB23 1.0 - 3.35%, due May 2014, OIC # 99-25	246,000	-	59,000	187,000
BD20 1.5 - 3.85%, due November 2020, OIC # 99-25, 99-72	955,000	-	132,000	823,000
BE14 1.65 - 4.25%, due May 2026, OIC # 00-43, 09-40, 09-72	-	12,240,000	-	12,240,000
BF19 1.35 - 3.45%, due December 2026, OIC # 11-39	<u>-</u>	<u>2,600,000</u>	<u>-</u>	<u>2,600,000</u>
	<u>4,896,000</u>	<u>14,840,000</u>	<u>1,145,000</u>	<u>18,591,000</u>
Capital leases:				
HSBC Bank Canada, 5.875%, due March 2013, secured by equipment	46,489	-	20,636	25,853
HSBC Bank Canada, 5.925%, due July 2015, secured by equipment	<u>60,008</u>	<u>-</u>	<u>11,951</u>	<u>48,057</u>
	<u>106,497</u>	<u>-</u>	<u>32,587</u>	<u>73,910</u>
	<u>\$ 5,002,497</u>	<u>\$14,840,000</u>	<u>\$ 1,177,587</u>	<u>\$18,664,910</u>

# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

### 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:

2012	\$ 1,404,560
2013	1,945,423
2014	1,426,270
2015	1,177,657
2016	1,017,000

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. In 2016, debenture AU09 will mature with a final amount due of \$102,000.

#### Utility Capital Fund

	<b>Balance January 1, 2011</b>	<b>Issued during year</b>	<b>Redeemed during year</b>	<b>Balance December 31, 2011</b>
New Brunswick Municipal Financing Corporation Debentures:				
AK13 4.45 - 6.2%, due July 2021, OIC # 00-43	\$ 393,000	\$ -	\$ 393,000	\$ -
AL21 2.45 - 5.5%, due November 2021, OIC # 00-43, 01-11	256,000	-	256,000	-
AQ07 2.75 - 5.5%, due July 2014, OIC # 01-11, 02-15	159,000	-	37,000	122,000
AS08 2.85 - 4.35%, due July 2015, OIC # 02-15	92,000	-	17,000	75,000
AU10 4.25 - 4.7%, due June 2016, OIC # 94-13, 93-22	1,928,000	-	103,000	1,825,000
AW07 4.3 - 4.55%, due November 2017, OIC # 05-55, 05-105, 05-91	699,000	-	95,000	604,000
AY15 3.5 - 4.85%, due May 2018, OIC # 06-71, 07-12	91,000	-	21,000	70,000
BB24 1.0 - 4.50%, due November 2019, OIC # 07-12	264,000	-	26,000	238,000
BD21 1.5 - 3.85%, due November 2020, OIC # 08-42	300,000	-	27,000	273,000
BE15 1.65 - 4.25%, due May 2021, OIC # 00-43, 01-11	-	591,000	-	591,000
BF20 1.35 - 3.45%, due December 2021, OIC # 09-68	-	200,000	-	200,000
	<u>\$ 4,182,000</u>	<u>\$ 791,000</u>	<u>\$ 975,000</u>	<u>\$ 3,998,000</u>



# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

### 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:

2012	\$ 400,000
2013	403,000
2014	400,000
2015	371,000
2016	1,666,000

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

### 7. CAPITAL ASSETS

	<u>2011</u>	<u>2010</u>
<u>General Capital Fund</u>		
Land	\$ 1,478,841	\$ 1,415,964
Buildings	6,739,734	5,852,876
Engineering structures	26,084,623	23,605,757
Machinery and equipment	4,147,860	3,794,503
Recreation facilities	27,796,401	24,678,324
Investment in Kennebecasis Valley Fire Department Inc. assets	2,415,668	2,187,566
Investment in Kennebecasis Public Library Inc. assets	<u>247,833</u>	<u>43,092</u>
	<u>\$ 68,910,960</u>	<u>\$ 61,578,082</u>

During the year, grants totaling \$60,000 (2010 - \$3,300,000) were recorded from the Government of Canada and the Province of New Brunswick for capital assets acquired in the General Capital Fund. In 2011, donations totaling \$433,052 (2010 - \$50,068) were received for assets in the General Capital Fund.

	<u>2011</u>	<u>2010</u>
<u>Utility Capital Fund</u>		
Land	\$ 428,183	\$ 424,046
Buildings	9,040	9,040
Engineering structures	21,065,100	19,539,687
Machinery and equipment	<u>4,125,211</u>	<u>4,125,564</u>
	<u>\$ 25,627,534</u>	<u>\$ 24,098,337</u>

# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

### 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, 2010 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 \$9,703,300, a decrease of \$901,400 from the 2009 deficit of \$10,604,700. Of this plan deficit, an estimated \$694,100 relates to the Municipality of Quispamsis. 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, 2010, 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 2011, 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>2011</u>	<u>2010</u>
Kennebecasis Public Library Inc.:		
Library operations	\$ 67,357	\$ 66,575
Library capital	<u>247,833</u>	<u>43,092</u>
	<u>315,190</u>	<u>109,667</u>
Rothesay Regional Joint Board of Police Commissioners:		
Police Protection	2,624,954	2,475,575
911 Communications	<u>185,904</u>	<u>171,624</u>
	<u>2,810,858</u>	<u>2,647,199</u>

# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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

	<u>2011</u>	<u>2010</u>
Kennebecasis Valley Fire Department Inc.		
Contribution for:		
Fire Protection	1,965,111	1,838,970
Fire Department assets	<u>228,102</u>	<u>144,755</u>
	2,193,213	1,983,725
Received for:		
Fire station rentals	(43,436)	(42,580)
Fire administration fee	<u>(32,692)</u>	<u>(31,739)</u>
	<u>2,117,085</u>	<u>1,909,406</u>
	<u>\$ 5,243,133</u>	<u>\$ 4,666,272</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.

At December 31, 2011, the Town has guaranteed its proportional share (54.981%) of the \$1,743,000 outstanding debt incurred by the Rothesay Joint Board of Police Commissioners on the construction of their police station.

Employees of the Kennebecasis Valley Fire Departments Inc. and the Rothesay Regional Joint Board of Police Commissioners are members of the New Brunswick Municipal Employees Pension Plan, a multiple-employer pension plan. An actuarial valuation prepared as at December 31, 2010 indicated both of these employers had going concern liabilities in excess of allocated assets as follows:

Kennebecasis Valley Fire Department Inc.	\$ 918,900
Regional Joint Board of Police Commissioners	993,900

### 11. SICK LEAVE BENEFITS

Sick leave benefits do not vest to employees and accordingly no liability for sick leave exists at December 31, 2011.

### 12. DEFERRED REVENUE

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

# MUNICIPALITY OF QUISPAMISIS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

### 13. COMMITMENTS

#### Snow clearing

The Municipality has committed to a contractor for snow clearing services for the next 28 months. The future minimum payments over the next three years are as follows:

2012	\$ 208,926
2013	208,926
2014	156,550

#### Office equipment

The Municipality has entered into long-term lease agreements for certain office equipment which have been accounted for as operating leases. The future minimum payments over the next four years are as follows:

2012	\$ 10,884
2013	9,852
2014	7,591
2015	1,287

#### Library expansion

The Municipality has agreed to fund its proportionate share of the Kennebecasis Valley Library Inc. expansion project to a maximum of \$3,402,000. During 2011, the Municipality contributed \$247,833 (2010 - \$43,092) to this project.

### 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 (2011 - 2.375%). All payments are due by May 31 each year. The balance consists of:

	<u>2011</u>	<u>2010</u>
Total assessments	\$ 197,225	\$ 222,964
Less: Minimum payments due within one year	<u>35,527</u>	<u>53,718</u>
	<u>\$ 161,698</u>	<u>\$ 169,246</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, 2011 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, 2011

### 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, 2011

	<u>2011</u>	<u>2010</u>
<u>General Capital Fund</u>		
Due to		
General Revenue Fund	\$ <u>(1,954,799)</u>	\$ <u>(8,665,210)</u>
<u>General Revenue Fund</u>		
Due from (to)		
General Capital Fund	\$ 1,954,799	\$ 8,665,210
Utility Revenue Fund	83,591	(124,442)
Utility Capital Fund	(962,331)	(810,625)
Land Trust Fund	-	(2,798)
General Capital Reserve Fund	(1,606)	(1,775,528)
Utility Capital Reserve Fund	<u>(84)</u>	<u>(667,568)</u>
	\$ <u>1,074,369</u>	\$ <u>5,284,249</u>
<u>Utility Capital Fund</u>		
Due from		
General Revenue Fund	\$ 962,331	\$ 810,625
Utility Revenue Fund	<u>-</u>	<u>202,000</u>
	\$ <u>962,331</u>	\$ <u>1,012,625</u>
<u>Utility Revenue Fund</u>		
Due to (from)		
General Revenue Fund	\$ (83,591)	\$ 124,442
Utility Capital Fund	<u>-</u>	<u>(202,000)</u>
	\$ <u>(83,591)</u>	\$ <u>(77,558)</u>
<u>Land Trust Fund</u>		
Due from		
General Revenue Fund	\$ <u>-</u>	\$ <u>2,798</u>
<u>General Capital Reserve Fund</u>		
Due from		
General Revenue Fund	\$ <u>1,606</u>	\$ <u>1,775,528</u>
<u>Utility Reserve Funds</u>		
Utility Capital		
Due from		
General Revenue Fund	\$ <u>84</u>	\$ <u>667,568</u>