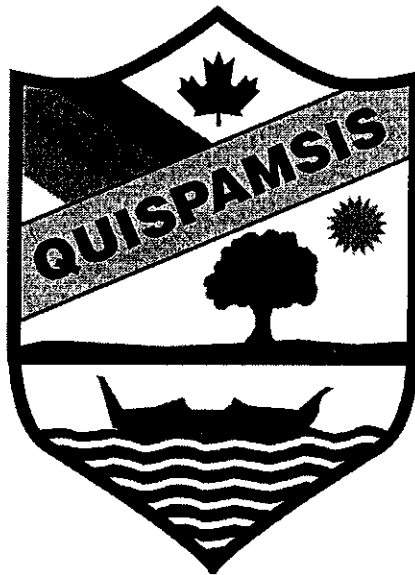


PRESENTATIONS

MUNICIPALITY OF QUISPAMISIS

FINANCIAL STATEMENTS

DECEMBER 31, 2003



MUNICIPALITY OF QUISPAMISIS

DECEMBER 31, 2003

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

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

AUDITORS' REPORT

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

We have audited the balance sheets of the general, utility, land trust and general capital reserve funds of the Municipality of Quispamsis as at December 31, 2003 and the statements of revenue and expenditure, investment in capital assets, capital financing and changes in net assets for the year then ended. The financial statements are the responsibility of the Municipality's Council. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2003 and the results of its operations and changes in its sources and applications of capital financing for the year then ended in accordance with Canadian generally accepted accounting principles adopted for New Brunswick Municipalities.

The comparative figures were audited by another firm of chartered accountants.

Teed Saunders Doyle & Co.
CHARTERED ACCOUNTANTS

Saint John, NB
February 14, 2004

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



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

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL FUND BALANCE SHEET

AS AT DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
ASSETS		
CAPITAL		
Capital assets (Notes 1 and 7)	\$ <u>24,100,451</u>	\$ <u>23,137,722</u>
LIABILITIES AND INVESTMENT IN CAPITAL ASSETS		
CURRENT		
Bank loan (Notes 3 and 4)	\$ 740,000	\$ 1,400,000
Due to own funds (Note 3 and 5)	<u>223,799</u>	<u>5,034</u>
	<u>963,799</u>	<u>1,405,034</u>
LONG-TERM (Notes 1 and 6)	<u>8,154,000</u>	<u>7,695,000</u>
INVESTMENT IN CAPITAL ASSETS	<u>14,982,652</u>	<u>14,037,688</u>
	<u>\$24,100,451</u>	<u>\$23,137,722</u>

COMMITMENTS (Note 13)

GUARANTEES (Note 12)

COMPARATIVE FIGURES (Note 15)

APPROVED BY:

_____ Mayor

_____ Treasurer

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
BALANCE, BEGINNING OF YEAR	\$ <u>14,037,688</u>	\$ <u>12,871,695</u>
ADD:		
Contributions from General Capital Reserve Fund	3,964	196,847
Contributions from Land Trust Fund	-	6,973
Contributions from General Revenue Fund		
Other	-	73,173
Long-term debt payments	<u>941,000</u>	<u>889,000</u>
	<u>944,964</u>	<u>1,165,993</u>
BALANCE, END OF YEAR	\$ <u>14,982,652</u>	\$ <u>14,037,688</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
SOURCES		
Transfers from		
General Capital Reserve Fund	\$ 3,964	\$ 196,847
Land Trust Fund	-	6,973
General Revenue Fund		
Other	-	73,173
Long-term debt payments	<u>941,000</u>	<u>889,000</u>
	<u>944,964</u>	<u>1,165,993</u>
Proceeds from debenture issue (Note 6)	<u>1,400,000</u>	<u>-</u>
Temporary financing at end of period		
Proceeds from short-term bank loan	740,000	1,400,000
Temporary advances from own funds (Note 5)	<u>223,799</u>	<u>5,034</u>
	<u>963,799</u>	<u>1,405,034</u>
	<u>\$ 3,308,763</u>	<u>\$ 2,571,027</u>
APPLICATION		
Temporary financing at end of previous period		
Payment of short-term bank loan	\$ 1,400,000	\$ -
Temporary advances from (to) own funds	<u>5,034</u>	<u>(93,596)</u>
	1,405,034	(93,596)
Long-term debt payments	941,000	889,000
Capital expenditures	<u>962,729</u>	<u>1,775,623</u>
	<u>\$ 3,308,763</u>	<u>\$ 2,571,027</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND BALANCE SHEET

AS AT DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT		
Cash (Note 3)	\$ 24,243	\$ 19,693
Accounts receivable (Notes 2 and 3)	92,572	193,283
HST recoverable (Note 3)	62,550	110,030
Due from own funds (Notes 3 and 5)	232,060	73,047
Inventories (Note 1)	171,334	171,692
Prepaid expenses	<u>1,404</u>	<u>8,760</u>
	<u>584,163</u>	<u>576,505</u>
UNAMORTIZED BOND DISCOUNT (Note 1)	<u>95,373</u>	<u>80,895</u>
	<u>\$ 679,536</u>	<u>\$ 657,400</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	\$ <u>671,505</u>	\$ <u>653,814</u>
SURPLUS		
SURPLUS (DEFICIT), BEGINNING OF YEAR	3,586	(94,294)
SURPLUS FOR THE YEAR	5,748	2,283
TRANSFER OF SECOND PREVIOUS YEAR'S DEFICIT (SURPLUS) (Note 1)	<u>(1,303)</u>	<u>95,597</u>
SURPLUS, END OF YEAR	<u>8,031</u>	<u>3,586</u>
	<u>\$ 679,536</u>	<u>\$ 657,400</u>
COMMITMENTS (Note 13)		
GUARANTEES (Note 12)		
COMPARATIVE FIGURES (Note 15)		
APPROVED BY:		
_____	Mayor	
_____	Treasurer	

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2003

		<u>2003</u> Budget	<u>2003</u> Actual	<u>2002</u> Actual
REVENUE				
	<u>Page</u>			
Warrant of assessment		\$ 6,991,980	\$ 6,991,980	\$ 6,359,244
Sale of services	7	430,232	412,717	394,463
Services to other governments				
Province of New Brunswick	7	72,936	35,834	74,060
Other revenue from own sources	7	105,432	176,886	175,526
Conditional transfers	7	50,000	55,291	53,998
Unconditional transfers, Provincial		<u>893,237</u>	<u>893,237</u>	<u>893,237</u>
		<u>8,543,817</u>	<u>8,565,945</u>	<u>7,950,528</u>
EXPENDITURE				
General government services	8	710,921	713,436	621,820
Protective services	9	2,668,012	2,672,359	2,509,374
Transportation services	10	1,878,971	1,946,170	1,624,643
Environmental health services	10	102,000	104,366	79,860
Environmental development services	10	120,002	118,667	114,338
Recreation and cultural services	11	1,442,969	1,369,945	1,367,787
Fiscal services	11	1,622,245	1,636,557	1,534,826
Deficit (surplus) of second previous year (Note 1)		<u>(1,303)</u>	<u>(1,303)</u>	<u>95,597</u>
		<u>8,543,817</u>	<u>8,560,197</u>	<u>7,948,245</u>
SURPLUS FOR THE YEAR		<u>\$ -</u>	<u>\$ 5,748</u>	<u>\$ 2,283</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u> Budget	<u>2003</u> Actual	<u>2002</u> Actual
SALE OF SERVICES			
Arena, building and other rentals	\$ 215,580	\$ 214,429	\$ 202,624
Recreational programs	<u>214,652</u>	<u>198,288</u>	<u>191,839</u>
	<u>\$ 430,232</u>	<u>\$ 412,717</u>	<u>\$ 394,463</u>
SERVICES OTHER GOVERNMENTS			
Provincial highways	<u>\$ 72,936</u>	<u>\$ 35,834</u>	<u>\$ 74,060</u>
OTHER REVENUE FROM OWN SOURCES			
Licenses, permits, and fines	\$ 101,032	\$ 166,536	\$ 153,406
Return on investments	3,200	7,422	10,729
Transfer from Land Trust Fund	-	-	10,000
Other	<u>1,200</u>	<u>2,928</u>	<u>1,391</u>
	<u>\$ 105,432</u>	<u>\$ 176,886</u>	<u>\$ 175,526</u>
CONDITIONAL TRANSFERS			
Recreation grants	<u>\$ 50,000</u>	<u>\$ 55,291</u>	<u>\$ 53,998</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u> Budget	<u>2003</u> Actual	<u>2002</u> Actual
GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor's office	\$ 22,342	\$ 18,667	\$ 18,505
Councillors' office	87,321	75,157	67,758
Other	<u>18,200</u>	<u>17,425</u>	<u>15,201</u>
	<u>127,863</u>	<u>111,249</u>	<u>101,464</u>
Administrative			
Manager's office	79,917	78,956	64,707
Clerk's office	84,255	80,074	74,373
Office building	47,377	67,777	46,942
Solicitor	60,000	74,855	67,941
Other	<u>12,000</u>	<u>10,029</u>	<u>10,256</u>
	<u>283,549</u>	<u>311,691</u>	<u>264,219</u>
Financial management			
Administration	96,260	93,944	73,725
External audit	<u>14,500</u>	<u>13,572</u>	<u>15,277</u>
	<u>110,760</u>	<u>107,516</u>	<u>89,002</u>
Other government services			
Civic relations	22,400	14,449	10,464
Public liability insurance	31,729	35,051	33,566
Scholarships and grants	2,596	2,268	2,565
Cost of assessment	116,824	116,824	107,897
Other	<u>15,200</u>	<u>14,388</u>	<u>12,643</u>
	<u>188,749</u>	<u>182,980</u>	<u>167,135</u>
	<u>\$ 710,921</u>	<u>\$ 713,436</u>	<u>\$ 621,820</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u> Budget	<u>2003</u> Actual	<u>2002</u> Actual
PROTECTIVE SERVICES			
Police			
Police department	\$ 1,444,776	\$ 1,444,776	\$ 1,367,100
Crimestoppers/Block parents	<u>2,000</u>	<u>2,000</u>	<u>1,687</u>
	<u>1,446,776</u>	<u>1,446,776</u>	<u>1,368,787</u>
Fire			
Fire department	<u>1,018,313</u>	<u>1,018,327</u>	<u>967,836</u>
Emergency measures			
Telephone 911	111,210	111,204	118,508
Emergency measures organization	<u>2,550</u>	<u>2,138</u>	<u>1,882</u>
	<u>113,760</u>	<u>113,342</u>	<u>120,390</u>
Other			
Animal and pest control	20,100	25,986	12,025
Building inspection	63,063	61,679	34,364
Crosswalk guards	<u>6,000</u>	<u>6,249</u>	<u>5,972</u>
	<u>89,163</u>	<u>93,914</u>	<u>52,361</u>
	<u>\$ 2,668,012</u>	<u>\$ 2,672,359</u>	<u>\$ 2,509,374</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u> Budget	<u>2003</u> Actual	<u>2002</u> Actual
TRANSPORTATION SERVICES			
Common services			
Works office	\$ 18,051	\$ 19,110	\$ -
Engineering	<u>124,133</u>	<u>125,277</u>	<u>99,950</u>
	<u>142,184</u>	<u>144,387</u>	<u>99,950</u>
Roads and Streets			
Winter maintenance	1,036,462	1,126,442	911,409
Summer maintenance	<u>581,277</u>	<u>551,367</u>	<u>493,462</u>
	<u>1,617,739</u>	<u>1,677,809</u>	<u>1,404,871</u>
Street lighting	<u>86,340</u>	<u>82,085</u>	<u>82,847</u>
Traffic services			
Street signs	6,000	8,574	7,381
Traffic lane marking	15,000	20,613	15,112
Traffic signals	5,696	6,620	8,400
Railway crossings	<u>6,012</u>	<u>6,082</u>	<u>6,082</u>
	<u>32,708</u>	<u>41,889</u>	<u>36,975</u>
	<u>\$ 1,878,971</u>	<u>\$ 1,946,170</u>	<u>\$ 1,624,643</u>
ENVIRONMENTAL HEALTH SERVICES			
Clean up campaign	<u>\$ 102,000</u>	<u>\$ 104,366</u>	<u>\$ 79,860</u>
ENVIRONMENTAL DEVELOPMENT SERVICES			
Planning Advisory Committee	\$ 39,084	\$ 39,890	\$ 31,908
Enterprise Saint John	66,418	66,418	72,880
Other	<u>14,500</u>	<u>12,359</u>	<u>9,550</u>
	<u>\$ 120,002</u>	<u>\$ 118,667</u>	<u>\$ 114,338</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u> Budget	<u>2003</u> Actual	<u>2002</u> Actual
RECREATIONAL AND CULTURAL SERVICES			
Administration	\$ 203,426	\$ 174,614	\$ 238,225
Beaches	56,148	53,830	52,310
Arena	277,272	297,739	277,874
Parks and playgrounds	300,055	266,026	240,800
Recreation Centre	74,304	81,388	77,903
Civic Centre	39,721	28,752	43,607
Recreation programs	215,504	194,840	174,678
Regional Facilities Commission	183,196	175,808	165,420
Library	50,346	50,346	45,384
Warehouse	5,313	6,796	4,626
Food bank building	5,597	6,077	4,997
Beach House	<u>32,087</u>	<u>33,729</u>	<u>41,963</u>
	<u>\$ 1,442,969</u>	<u>\$ 1,369,945</u>	<u>\$ 1,367,787</u>
FISCAL SERVICES			
Debt charges			
Interest on long-term debt	\$ 540,192	\$ 486,025	\$ 511,558
Long-term debt repayments	1,020,996	941,000	889,000
Interest on short-term borrowings	10,120	28,781	2,144
Amortization of long-term discounts	<u>9,884</u>	<u>9,703</u>	<u>8,951</u>
	<u>1,581,192</u>	<u>1,465,509</u>	<u>1,411,653</u>
Transfers to (from)			
General Capital Fund	-	-	73,173
General Capital Reserve Fund	50,000	180,000	50,000
Utility Revenue Fund	<u>(8,947)</u>	<u>(8,952)</u>	<u>-</u>
	<u>41,053</u>	<u>171,048</u>	<u>123,173</u>
	<u>\$ 1,622,245</u>	<u>\$ 1,636,557</u>	<u>\$ 1,534,826</u>

MUNICIPALITY OF QUISPAMISIS

UTILITY CAPITAL FUND BALANCE SHEET

AS AT DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
ASSETS		
CAPITAL ASSETS (Notes 1 and 7)	\$ <u>12,206,202</u>	\$ <u>11,917,941</u>
LIABILITIES AND INVESTMENT IN CAPITAL ASSETS		
CURRENT		
Due to own funds (Notes 3 and 5)	\$ 341,113	\$ 52,852
LONG-TERM (Notes 1 and 6)	1,982,000	2,251,000
INVESTMENT IN CAPITAL ASSETS	<u>9,883,089</u>	<u>9,614,089</u>
	<u>\$12,206,202</u>	<u>\$11,917,941</u>
COMMITMENTS (Note 13)		
GUARANTEES (Note 12)		
COMPARATIVE FIGURES (Note 15)		

APPROVED BY:

_____ Mayor

_____ Treasurer

MUNICIPALITY OF QUISPAMISIS

UTILITY CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
BALANCE, BEGINNING OF YEAR	\$ 9,614,089	\$ 9,360,089
ADD:		
Contribution from Utility Revenue Fund:		
Long-term debt repayments	<u>269,000</u>	<u>254,000</u>
BALANCE, END OF YEAR	<u>\$ 9,883,089</u>	<u>\$ 9,614,089</u>

MUNICIPALITY OF QUISPAMISIS

UTILITY CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
SOURCE		
Transfer from		
Utility Revenue Fund		
Long-term debt payments	\$ 269,000	\$ 254,000
Proceeds from debenture issue (Note 6)	120,000	-
Temporary financing at end of period		
Temporary advances from own funds (Note 5)	<u>341,113</u>	<u>52,852</u>
	<u>\$ 730,113</u>	<u>\$ 306,852</u>
APPLICATION		
Temporary financing at end of previous period		
Temporary advances from (to) own funds (Note 5)	\$ <u>52,852</u>	\$ <u>(103,080)</u>
Capital expenditures	<u>288,261</u>	<u>155,932</u>
Long-term debt repayments		
Utility revenue fund	269,000	254,000
Debenture refinancing	<u>120,000</u>	<u>-</u>
	<u>389,000</u>	<u>254,000</u>
	<u>\$ 730,113</u>	<u>\$ 306,852</u>

MUNICIPALITY OF QUISPAMISIS

UTILITY REVENUE FUND BALANCE SHEET

AS AT DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT		
Cash (Note 3)	\$ 9,393	\$ 5,590
Accounts receivable (Notes 2 and 3)	160,766	154,785
Due from own funds (Notes 3 and 5)	<u>941</u>	<u>-</u>
	<u>171,100</u>	<u>160,375</u>
UNAMORTIZED BOND DISCOUNT (Note 1)	<u>19,871</u>	<u>21,248</u>
	<u>\$ 190,971</u>	<u>\$ 181,623</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 39,630	\$ 43,277
Due to own funds (Notes 3 and 5)	<u>-</u>	<u>56,948</u>
	<u>39,630</u>	<u>100,225</u>
SURPLUS		
SURPLUS, BEGINNING OF YEAR	81,398	139,439
SURPLUS FOR THE YEAR	68,541	82,800
TRANSFER OF SECOND PREVIOUS YEAR'S DEFICIT (SURPLUS) (Note 1)	<u>1,402</u>	<u>(140,841)</u>
SURPLUS, END OF YEAR	<u>151,341</u>	<u>81,398</u>
	<u>\$ 190,971</u>	<u>\$ 181,623</u>
COMMITMENTS (Note 13)		
GUARANTEE (Note 12)		
COMPARATIVE FIGURES (Note 15)		
APPROVED BY:		
_____	Mayor	
_____	Treasurer	

MUNICIPALITY OF QUISPAMISIS

UTILITY REVENUE FUND STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2003

		<u>2003</u> Budget	<u>2003</u> Actual	<u>2002</u> Actual
REVENUE				
	<u>Page</u>			
Sales of services	17	\$ 1,117,900	\$ 1,139,732	\$ 942,410
Other own sources	17	<u>27,200</u>	<u>43,335</u>	<u>33,689</u>
		<u>1,145,100</u>	<u>1,183,067</u>	<u>976,099</u>
EXPENDITURE				
Environmental health services				
Sewer collection and disposal	18	533,211	536,215	538,420
Water supply	18	82,117	147,197	74,341
Fiscal services	18	528,370	429,712	421,379
Deficit (surplus) of second previous year (Note 1)		<u>1,402</u>	<u>1,402</u>	<u>(140,841)</u>
		<u>1,145,100</u>	<u>1,114,526</u>	<u>893,299</u>
SURPLUS FOR THE YEAR		<u>\$ -</u>	<u>\$ 68,541</u>	<u>\$ 82,800</u>

MUNICIPALITY OF QUISPAMISIS

UTILITY REVENUE FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u> Budget	<u>2003</u> Actual	<u>2002</u> Actual
SALES OF SERVICES			
User Fees			
Residential	\$ 980,148	\$ 1,009,193	\$ 831,684
Commercial	27,810	29,355	24,181
Institutional	85,902	84,975	73,670
Residential water sales	35,040	28,733	21,115
User fee discounts	<u>(20,000)</u>	<u>(26,224)</u>	<u>(21,840)</u>
	<u>1,108,900</u>	<u>1,126,032</u>	<u>928,810</u>
Connection fees			
Water	1,000	1,400	1,200
Sewer	<u>8,000</u>	<u>12,300</u>	<u>12,400</u>
	<u>9,000</u>	<u>13,700</u>	<u>13,600</u>
	<u>\$ 1,117,900</u>	<u>\$ 1,139,732</u>	<u>\$ 942,410</u>
OTHER OWN SOURCES			
Interest on user fees	\$ 22,400	\$ 37,748	\$ 28,404
Interest on current account	<u>4,800</u>	<u>5,587</u>	<u>5,285</u>
	<u>\$ 27,200</u>	<u>\$ 43,335</u>	<u>\$ 33,689</u>

MUNICIPALITY OF QUISPAMISIS

UTILITY REVENUE FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u> Budget	<u>2003</u> Actual	<u>2002</u> Actual
ENVIRONMENTAL HEALTH SERVICES			
Sewer collection and disposal			
Administration	\$ 222,041	\$ 240,730	\$ 249,573
Sewer collection system	65,053	99,308	48,123
Sewer lift stations	119,220	93,220	114,995
Treatment and disposal	<u>126,897</u>	<u>102,957</u>	<u>125,729</u>
	<u>\$ 533,211</u>	<u>\$ 536,215</u>	<u>\$ 538,420</u>
 Water supply	 <u>\$ 82,117</u>	 <u>\$ 147,197</u>	 <u>\$ 74,341</u>
FISCAL SERVICES			
Debt charges			
Long-term debt repayments	\$ 303,992	\$ 269,000	\$ 254,000
Interest on long-term debt	185,084	139,084	156,985
Interest on short-term debt	27,086	10,079	7,704
Amortization of long-term debt discounts	<u>3,261</u>	<u>2,597</u>	<u>2,690</u>
	<u>519,423</u>	<u>420,760</u>	<u>421,379</u>
 Transfers to:			
General Revenue Fund	<u>8,947</u>	<u>8,952</u>	<u>-</u>
	<u>\$ 528,370</u>	<u>\$ 429,712</u>	<u>\$ 421,379</u>

MUNICIPALITY OF QUISPAMISIS

LAND TRUST FUND BALANCE SHEET

AS AT DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT		
Cash (Note 3)	\$ 2,431	\$ 113,644
Due from own funds (Notes 3 and 5)	<u>101,887</u>	<u>-</u>
	<u>\$ 104,318</u>	<u>\$ 113,644</u>
LIABILITIES		
CURRENT		
Due to own funds (Notes 3 and 5)	\$ -	\$ 15,143
NET ASSETS		
NET ASSETS	<u>104,318</u>	<u>98,501</u>
	<u>\$ 104,318</u>	<u>\$ 113,644</u>

COMMITMENTS (Note 13)

GUARANTEES (Note 12)

COMPARATIVE FIGURES (Note 15)

APPROVED BY:

_____ Mayor

_____ Treasurer

MUNICIPALITY OF QUISPAMISIS

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

AS AT DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
NET ASSETS, BEGINNING OF YEAR	\$ <u>98,501</u>	\$ <u>77,807</u>
ADD:		
Lot fees	6,401	43,085
Sale of vacant land	-	2,000
Interest	<u>2,374</u>	<u>2,027</u>
	<u>8,775</u>	<u>47,112</u>
LESS:		
Transfers to		
General Revenue Fund	-	10,000
General Capital fund	-	6,973
Expenditure for development public land	<u>2,958</u>	<u>9,445</u>
	<u>2,958</u>	<u>26,418</u>
NET ASSETS, END OF YEAR	<u>\$ 104,318</u>	<u>\$ 98,501</u>

MUNICIPALITY OF QUISPAMISIS

GENERAL CAPITAL RESERVE FUND BALANCE SHEET

AS AT DECEMBER 31, 2003

	2003	2002
ASSETS		
CURRENT		
Cash (Note 3)	\$ 4,880	\$ 563
Due from own funds (Notes 3 and 5)	<u>230,024</u>	<u>56,930</u>
	<u>\$ 924,904</u>	<u>\$ 1,412,493</u>

NET ASSETS

NET ASSETS	<u>\$ 234,904</u>	<u>\$ 57,493</u>
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COMMITMENTS (Note 13)

GUARANTEES (Note 12)

COMPARATIVE FIGURES (Note 15)

APPROVED BY:

_____ Mayor

_____ Treasurer

MUNICIPALITY OF QUISPAMISIS

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

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
NET ASSETS, BEGINNING OF YEAR	\$ <u>57,493</u>	\$ <u>200,969</u>
ADD:		
Contributions from General Revenue Fund	180,000	50,000
Interest	<u>1,375</u>	<u>3,371</u>
	<u>181,375</u>	<u>53,371</u>
LESS:		
Contributions to General Capital Fund	<u>3,964</u>	<u>196,847</u>
NET ASSETS, END OF YEAR	\$ <u><u>234,904</u></u>	\$ <u><u>57,493</u></u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

General Revenue Fund

Inventories

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

Annual Surplus/Deficit

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

Utility Revenue Fund

Annual Surplus/Deficit

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

Land Trust Fund

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

General Capital Reserve Fund

The use of the General Capital Reserve Fund is restricted to capital expenditures. The intention is to use these funds for future expenditures and reduce future borrowing requirements. During the year, the council approved a transfer to the General Capital Fund in connection with furnishings for the new town hall.

Capital Assets

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

The cost of assets disposed are treated as a reduction of equity in the Capital Funds.

Unamortized Bond Discounts

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

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition

Revenue is recorded on an accrual basis.

Expenditure Recognition

Expenditures are recorded on an accrual basis.

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

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. CREDIT RISK MANAGEMENT

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

3. FINANCIAL INSTRUMENTS

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

4. SHORT TERM BORROWING

During the year, the Municipality arranged a revolving operating facility bearing interest at prime less .60% to provide interim financing for capital expenditures. The borrowing was supported by an Order in Council which authorized the Municipality to apply for long-term financing from the Municipal Capital Borrowing Board. It is the intent of the Municipality to utilize this authority in 2004 to repay this indebtedness.

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

General Capital Fund, OIC # 02-51	\$ 155,000
General Capital Fund, OIC # 03-3	<u>850,000</u>
	<u>\$ 1,005,000</u>

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

4. SHORT TERM BORROWING (cont'd)

Utility Capital Fund, OIC #01-11	\$ 170,000
Utility Capital Fund, OIC #02-15	<u>350,000</u>
	<u>\$ 520,000</u>

5. INTERFUND BORROWING

The Municipalities Act of New Brunswick requires that short-term interfund borrowings, other than those for approved capital projects, be repaid within the next year or be included in the next ensuing year's budget for the respective operating funds. The amounts payable between Funds are in compliance with the Act.

6. LONG-TERM DEBT

(a) General Capital Fund

	Balance January 1, <u>2003</u>	Issued during year	Redeemed during year	Balance December 31, <u>2003</u>
New Brunswick Municipal Financing Corporation Debentures:				
V23 4.75 - 7.5%, due December 2003, OIC # 93-22	\$ 25,000	\$ -	\$ 25,000	\$ -
X16 7.25 - 9.5%, due December 2004, OIC # 93-22, 94-13	192,000	-	92,000	100,000
Z20 6.25 - 7.875%, due December 2005, OIC # 94-13, 94-63,95-08	418,000	-	129,000	289,000
AB23 3.625 - 6.625%, due December 2006, OIC # 95-08, 96-04	323,000	-	73,000	250,000
AD16 4.25 - 5.75%, due December 2007, OIC # 96-13, 96-54, 96-57, 97-10, 97-79	423,000	-	76,000	347,000
AF13 5.125 - 5.5%, due December 2008, OIC # 96-54, 98-29	859,000	-	125,000	734,000
AH19 5.7 - 6.5%, due December 2009, OIC # 98-29, 99-25	1,095,000	-	106,000	989,000
AJ20 6 - 6.125%, due December 2020, OIC # 99-72, 99-25	2,280,000	-	134,000	2,146,000
AK12 4.45 - 6.2%, due July 2021, OIC # 99-72, 00-43	1,097,000	-	76,000	1,021,000
AL20 2.45 - 5.5%, due November 2011, OIC # 00-43,1-11	983,000	-	105,000	878,000
AO13 3.05 - 5.0%, due July 2013, OIC# 1-11, 2-15, 2-51	<u>-</u>	<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>
	<u>\$ 7,695,000</u>	<u>\$ 1,400,000</u>	<u>\$ 941,000</u>	<u>\$ 8,154,000</u>

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

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

6. LONG-TERM DEBT (cont'd)

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

2004	\$ 1,042,000
2005	976,000
2006	871,000
2007	801,000
2008	745,000

(b) Utility Capital Fund

	Balance January 1, 2003	Issued during year	Redeemed during year	Balance December 31, 2003
New Brunswick Municipal Financing Corporation Debentures:				
U23 5.5 - 7.875%, due July 2003, OIC # 92-441	\$ 41,000	\$ -	\$ 41,000	\$ -
V24 4.75 - 7.5%, due December 2003, OIC # 93-22, 92-441	160,000	-	160,000	-
X17 7.25 - 9.5%, due December 2009, OIC # 93-22	108,000	-	13,000	95,000
Z21 6.25 - 7.875%, due December 2005, OIC # 94-13, 93-22	101,000	-	31,000	70,000
AB24 3.625 - 6.625%, due December 2006, OIC # 94-13	124,000	-	28,000	96,000
AH20 5.7 - 6.5%, due December 2009, OIC # 99-25	443,000	-	52,000	391,000
AJ21 6% - 6.125%, due December 2010, OIC # 99-25	253,000	-	25,000	228,000
AK13 4.45 - 6.2%, due July 2021, OIC # 00-43	581,000	-	19,000	562,000
AL21 2.45 - 5.5%, due November 2021, OIC # 00-43, 01-11	440,000	-	20,000	420,000
AP51 2.75 - 4.25%, due December 2008, OIC # 93-22	-	120,000	-	120,000
	<u>\$ 2,251,000</u>	<u>\$ 120,000</u>	<u>\$ 389,000</u>	<u>\$ 1,982,000</u>

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

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

2004	\$ 304,000
2005	221,000
2006	196,000
2007	171,000
2008	180,000

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

7. CAPITAL ASSETS

	<u>2003</u>	<u>2002</u>
General Capital Fund		
Land	\$ 744,309	\$ 744,309
Buildings	5,426,213	5,341,223
Engineering structures	14,600,433	13,996,560
Machinery and equipment	2,448,793	2,276,450
Recreation facilities	<u>880,703</u>	<u>779,180</u>
	<u>\$24,100,451</u>	<u>\$23,137,722</u>
Utility Capital Fund		
Land	\$ 241,532	\$ 241,532
Engineering structures	7,968,841	7,703,830
Machinery and equipment	<u>3,995,829</u>	<u>3,972,579</u>
	<u>\$12,206,202</u>	<u>\$11,917,941</u>

During the year there were no grants received from the Province of New Brunswick for capital assets (2002 - \$108,000).

8. INVESTMENT IN FIRE DEPARTMENT ASSETS

The Municipality and the Town of Rothesay have invested in the fire hall and new equipment of the Rothesay Regional Fire Department, each investing in proportion to the value of the current year's assessment. The investment is being treated as a capital asset in the General Capital Fund.

9. EMPLOYEE PENSION PLAN

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

An actuarial valuation prepared as at January 1, 2001 indicated the market value of the net assets available for these benefits exceeded the present value of the accumulated plan benefits. The actuarial valuation report does not provide sufficient information to fully apply defined benefit plan accounting to individual employers and therefore, the pension plan expense is determined based on the Municipality's annual contributions to the plan.

10. OPERATING BORROWING COMPLIANCE

As prescribed in the Municipalities Act, borrowing to finance General Revenue Fund operations is limited to 4% of the Municipality's budget. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2003, the Municipality has complied with these restrictions.

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

11. SICK LEAVE BENEFITS

Sick leave benefits do not vest to employees and accordingly no liability for sick leave exists at December 31, 2003.

12. RELATED PARTY TRANSACTIONS

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

	<u>2003</u>	<u>2002</u>
Kennebecasis Public Library Inc.	\$ <u>50,346</u>	\$ <u>45,384</u>
Rothesay Regional Joint Board of Police Commissioners:		
Police Protection	1,444,776	1,367,100
911 Communications	<u>111,204</u>	<u>118,508</u>
	<u>1,555,980</u>	<u>1,485,608</u>
Rothesay Regional Fire Department Inc.		
Contribution for:		
Fire Protection	1,018,327	967,836
Fire Department assets	<u>23,465</u>	<u>-</u>
	1,041,792	967,836
Received for:		
Fire station rentals	<u>(23,400)</u>	<u>(23,562)</u>
	<u>1,018,392</u>	<u>944,274</u>
	<u>\$ 2,624,718</u>	<u>\$ 2,475,266</u>

The Municipality has agreed to pay its proportionate share of any operating deficit and to guarantee its proportionate share of any and all debts and other liabilities of the Rothesay Regional Joint Board of Police Commissioners and the Rothesay Regional Fire Department Inc. The Municipality has agreed to guarantee its proportionate share of any debt obtained for capital expenditures of the Kennebecasis Public Library Inc.

At December 31, 2003, the Municipality has guaranteed its proportional share (54.46%) of loans made to the Rothesay Regional Joint Board of Police Commissioners in the amount of \$98,573 (2002 - \$98,573).

13. COMMITMENTS

Rothesay Arena

The Municipality has committed to subsidize operating costs of the Rothesay Arena ending in May 2004.

MUNICIPALITY OF QUISPAMISIS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

13. COMMITMENTS (cont'd)

Longwood Lagoon Upgrade Infrastructure Project

During the year the Municipality committed \$316,000 towards the pre-design work of the Longwood Lagoon Upgrade Infrastructure Project of which \$168,000 remains to be spent in 2004.

Subsequent to yearend, the Municipality received funding approval from the Federal and Provincial Governments to cover approximately 67% of the total estimated project cost of \$6,100,000.

Office equipment

The Municipality has entered into agreements to lease certain office equipment. The future minimum lease payments over the next five years are as follows:

2004	\$	10,008
2005		10,008
2006		6,492
2007		5,993
2008		504

14. 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, 2003 cannot be predicted with certainty, it is the opinion of management that resolution of these matters will not have a material adverse effect on the Municipality which maintains insurance coverage in amounts considered appropriate.

15. COMPARATIVE FIGURES

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

MUNICIPALITY OF QUISPAMISIS

SCHEDULE OF INTERFUND BALANCES

AS AT DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
General Capital Fund		
Due from (to)		
General Revenue Fund	\$ <u>(223,799)</u>	\$ <u>(5,034)</u>
General Revenue Fund		
Due from (to)		
General Capital Fund	\$ 223,799	\$ 5,034
Utility Revenue Fund	(941)	56,948
Utility Capital Fund	341,113	52,852
Land Trust Fund	(101,887)	15,143
General Capital Reserve Fund	<u>(230,024)</u>	<u>(56,930)</u>
	\$ <u>232,060</u>	\$ <u>73,047</u>
Utility Capital Fund		
Due from (to)		
General Revenue Fund	\$ <u>(341,113)</u>	\$ <u>(52,852)</u>
Utility Revenue Fund		
Due from (to)		
General Revenue Fund	\$ <u>941</u>	\$ <u>(56,948)</u>
Land Trust Fund		
Due from (to)		
General Revenue Fund	\$ <u>101,887</u>	\$ <u>(15,143)</u>
General Capital Reserve Fund		
Due from (to)		
General Revenue Fund	\$ <u>230,024</u>	\$ <u>56,930</u>