

**TOWN OF ROTHESAY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

# TOWN OF ROTHESAY

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  
Town of Rothesay, New Brunswick

We have audited the balance sheets of the general, water and sewer, and reserve funds of the Town of Rothesay as at December 31, 2010 and the statements of revenue and expenditure, capital assets, investment in capital assets, capital financing and equity 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, 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 Town of  
Rothesay (cont'd)

*Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2010 and the results of its operations and changes in its financial position for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Town of Rothesay, and the Minister 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 11, 2011

# TOWN OF ROTHESAY

## GENERAL CAPITAL FUND BALANCE SHEET

AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>CAPITAL</b>		
Due from General Operating Fund (Notes 2 and 9)	\$ -	\$ 188,911
Capital assets (Note 1), page 4	46,836,949	43,016,049
Fire Department assets (Notes 11 and 12)	<u>1,888,381</u>	<u>1,774,712</u>
	<u>\$ 48,725,330</u>	<u>\$ 44,979,672</u>
<b>LIABILITIES AND INVESTMENT IN CAPITAL ASSETS</b>		
<b>CURRENT</b>		
Due to General Operating Fund (Notes 2, 9 and 10)	\$ <u>221,089</u>	\$ -
<b>DEFERRED RENTAL REVENUE</b> (Note 3)	<u>91,076</u>	<u>258,938</u>
<b>LONG-TERM DEBT</b> (Notes 1, 2 and 4)	<u>5,453,000</u>	<u>6,204,000</u>
<b>INVESTMENT IN CAPITAL ASSETS</b> , page 5	<u>42,960,165</u>	<u>38,516,734</u>
	<u>\$ 48,725,330</u>	<u>\$ 44,979,672</u>
<b>GUARANTEE</b> (Note 11)		

**APPROVED BY:**

W. V. Bishop Mayor  
Susan Johnson Treasurer

# TOWN OF ROTHESAY

## GENERAL CAPITAL FUND STATEMENT OF CAPITAL ASSETS

AS AT DECEMBER 31, 2010

	<b>Land and Buildings</b>	<b>Engineering Structures</b>	<b>Machinery and Equipment</b>	<b>Total</b>
<b>GENERAL GOVERNMENT</b>				
Town Hall	\$ 2,623,391	\$ -	\$ 300,704	\$ 2,924,095
<b>TRANSPORTATION</b>				
Streets and sidewalks	3,776,388	28,607,708	4,060,410	36,444,506
Traffic and street lighting	-	385,548	195,759	581,307
<b>RECREATION AND CULTURAL</b>				
Parks and playgrounds	946,145	2,832,633	28,230	3,807,008
Community centre	338,710	-	-	338,710
Boat Club	20,300	-	-	20,300
Wharf and parking	-	1,550,103	-	1,550,103
Arena	921,493	-	59,904	981,397
<b>OTHER</b>	<u>147,133</u>	<u>-</u>	<u>42,390</u>	<u>189,523</u>
	<u>\$ 8,773,560</u>	<u>\$ 33,375,992</u>	<u>\$ 4,687,397</u>	<u>\$ 46,836,949</u>

# TOWN OF ROTHESAY

## GENERAL CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ <u>38,516,734</u>	\$ <u>35,460,236</u>
Add:		
Transfers from General Operating Fund		
Capital expenditures	2,990,070	1,980,445
Long-term debt repayments	751,000	568,000
Amortization of deferred rental revenue (Note 3)	167,859	150,457
Capital expenditures of Reserve Funds	<u>534,502</u>	<u>382,896</u>
	<u>4,443,431</u>	<u>3,081,798</u>
	42,960,165	38,542,034
Less:		
Cost of capital assets disposed of during the year	<u>-</u>	<u>25,300</u>
Balance, end of year	\$ <u>42,960,165</u>	\$ <u>38,516,734</u>

# TOWN OF ROTHESAY

## GENERAL CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<b>SOURCE</b>		
Unapplied from previous year		
Due from General Operating Fund	\$ 188,911	\$ -
Transfers from		
Own funds:		
General Operating Fund		
Capital expenditures	2,990,070	1,980,445
Long-term debt repayments	751,000	568,000
Amortization of deferred rental revenue (Note 3)	167,859	150,457
Reserve Funds' capital expenditures	<u>534,502</u>	<u>382,896</u>
	<u>4,632,342</u>	<u>3,081,798</u>
Issue of debt debenture (Note 4)	<u>407,000</u>	<u>2,310,000</u>
Temporary financing at end of year		
Due to General Operating Fund	<u>221,089</u>	<u>-</u>
	<u>\$ 5,260,431</u>	<u>\$ 5,391,798</u>
<b>APPLICATION</b>		
Temporary financing, end of previous year		
Bank loan	\$ -	\$ 700,000
Due to General Operating Fund	-	1,173,234
Capital expenditures	3,934,572	2,611,196
Long-term debt repayments	1,158,000	568,000
Amortization of deferred rental revenue (Note 3)	167,859	150,457
Unapplied funds at end of year		
Due from General Operating Fund	<u>-</u>	<u>188,911</u>
	<u>\$ 5,260,431</u>	<u>\$ 5,391,798</u>



# TOWN OF ROTHESAY

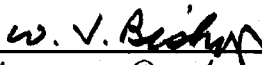
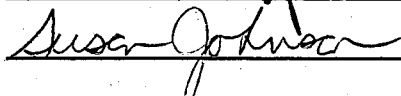
## GENERAL OPERATING FUND BALANCE SHEET

AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 1,088,340	\$ 370,838
Accounts receivable (Note 2)	133,682	128,207
HST recoverable	205,661	309,119
Due from other funds (Notes 2 and 9)		
General Capital Fund	221,089	-
Water and Sewer Operating	-	355,582
Reserve	577,319	262,888
Prepaid expenses	<u>122,185</u>	<u>3,343</u>
	<u>\$ 2,348,276</u>	<u>\$ 1,429,977</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 2)	\$ 1,557,153	\$ 1,107,312
Due to other funds (Notes 2 and 9)		
General Capital Fund	-	188,911
Water and Sewer Operating	<u>462,405</u>	<u>-</u>
	<u>2,019,558</u>	<u>1,296,223</u>
<b>FUTURE EMPLOYEE BENEFITS PAYABLE (Note 16)</b>	<u>176,002</u>	<u>133,192</u>
<b>SURPLUS</b>		
Surplus (deficit), beginning of year	562	(139,714)
Surplus for the year	7,159	145,544
Deficit (surplus) of second previous year transferred to current year	<u>144,995</u>	<u>(5,268)</u>
Surplus, end of year	<u>152,716</u>	<u>562</u>
	<u>\$ 2,348,276</u>	<u>\$ 1,429,977</u>

GUARANTEE (Note 11)

APPROVED BY:

  
 \_\_\_\_\_ Mayor  
  
 \_\_\_\_\_ Treasurer

# TOWN OF ROTHESAY

## GENERAL OPERATING 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
<b>REVENUE (Note 1)</b>			
Warrant of assessment	\$ 12,995,119	\$ 12,995,119	\$ 11,831,828
Sale of services, page 9	631,421	616,139	574,947
Services to other governments			
Province of New Brunswick	67,671	80,795	86,545
Other revenue from own sources, page 9	134,152	203,380	151,180
Unconditional grant	417,721	417,726	417,726
Conditional transfers, page 9	25,500	49,318	38,440
Other transfers, page 9	<u>578,416</u>	<u>578,411</u>	<u>606,095</u>
	<u>14,850,000</u>	<u>14,940,888</u>	<u>13,706,761</u>
<b>EXPENDITURE (Note 1)</b>			
General government services, page 10	1,639,730	1,601,202	1,434,354
Protective services, page 11	3,679,957	3,650,610	3,501,250
Transportation services, page 12	2,894,738	2,571,960	2,867,775
Environmental health services, page 12	547,212	491,762	517,552
Environmental development services, page 13	795,026	636,870	612,054
Recreational and cultural services, page 13	1,261,839	1,245,618	1,076,291
Fiscal services, page 13	<u>4,031,498</u>	<u>4,735,707</u>	<u>3,551,941</u>
	<u>14,850,000</u>	<u>14,933,729</u>	<u>13,561,217</u>
<b>SURPLUS FOR THE YEAR</b>	\$ <u>-</u>	\$ <u>7,159</u>	\$ <u>145,544</u>

# TOWN OF ROTHESAY

## GENERAL OPERATING 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
<b>SALE OF SERVICES</b>			
Community Centre	\$ 25,000	\$ 18,710	\$ 19,495
Town Hall rental	247,859	232,944	204,855
Recreational programs (Note 13)	<u>358,562</u>	<u>364,485</u>	<u>350,597</u>
	<u>\$ 631,421</u>	<u>\$ 616,139</u>	<u>\$ 574,947</u>
<b>OTHER REVENUE FROM OWN SOURCES</b>			
Licenses and permits	\$ 60,000	\$ 46,392	\$ 65,903
Ditch improvement program	16,000	28,920	5,768
Provincial fine sharing	48,611	61,857	55,206
Interest and sundry	5,000	1,974	3,690
Rothesay 150 revenue	-	37,990	-
History books sales	-	9,947	-
Miscellaneous	<u>4,541</u>	<u>16,300</u>	<u>20,613</u>
	<u>\$ 134,152</u>	<u>\$ 203,380</u>	<u>\$ 151,180</u>
<b>CONDITIONAL TRANSFERS</b>			
Canada Day grants	\$ 1,500	\$ 5,000	\$ 5,800
Other	<u>24,000</u>	<u>44,318</u>	<u>32,640</u>
	<u>\$ 25,500</u>	<u>\$ 49,318</u>	<u>\$ 38,440</u>
<b>TRANSFERS FROM</b>			
Water and Sewer Operating Fund	\$ 575,000	\$ 575,000	\$ 575,000
General Operating Reserve	-	-	20,862
Payment in lieu of taxes	3,416	3,411	4,965
Surplus of second previous year	<u>-</u>	<u>-</u>	<u>5,268</u>
	<u>\$ 578,416</u>	<u>\$ 578,411</u>	<u>\$ 606,095</u>

# TOWN OF ROTHESAY

## GENERAL OPERATING 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
<b>GENERAL GOVERNMENT SERVICES</b>			
Legislative			
Mayor	\$ 33,500	\$ 33,919	\$ 31,992
Councillors	95,782	90,971	92,550
Other	<u>18,500</u>	<u>7,433</u>	<u>13,609</u>
	<u>147,782</u>	<u>132,323</u>	<u>138,151</u>
Administrative and financial management			
Administration	793,700	762,712	690,489
Office building	60,000	80,158	52,658
Solicitor	25,000	51,250	27,297
Supplies	94,200	60,590	58,027
External audit	9,500	10,525	11,594
Professional fees	11,200	12,952	2,990
Other	<u>76,133</u>	<u>65,026</u>	<u>58,449</u>
	<u>1,069,733</u>	<u>1,043,213</u>	<u>901,504</u>
Other general government services			
Civic relations	4,000	5,905	4,796
Community communications	8,600	2,642	5,778
Insurance	165,764	173,227	155,754
Property tax - land for public purposes	7,500	9,646	7,348
Grants to organizations	10,000	11,395	28,635
Cultural support	18,000	14,500	-
Cost of assessment	<u>208,351</u>	<u>208,351</u>	<u>192,388</u>
	<u>422,215</u>	<u>425,666</u>	<u>394,699</u>
	<u>\$ 1,639,730</u>	<u>\$ 1,601,202</u>	<u>\$ 1,434,354</u>

# TOWN OF ROTHESAY

## GENERAL OPERATING 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
<b>PROTECTIVE SERVICES</b>			
Police			
Police protection contributions to Rothesay Regional Joint Board of Police Commissioners (Note 11)	\$ 1,816,543	\$ 1,816,548	\$ 1,750,488
Crimestoppers	<u>2,000</u>	<u>-</u>	<u>3,000</u>
	<u>1,818,543</u>	<u>1,816,548</u>	<u>1,753,488</u>
Fire			
Fire protection contributions to Kennebecasis Valley Fire Department Inc. (Note 11)	1,490,057	1,484,552	1,418,293
Water cost allocated from Water and Sewer to Operating Fund for fire protection (Note 15)	<u>200,000</u>	<u>200,000</u>	<u>176,500</u>
	<u>1,690,057</u>	<u>1,684,552</u>	<u>1,594,793</u>
Emergency measures			
911 Communications contributions to Rothesay Regional Joint Board of Police Commissioners (Note 11)	<u>131,057</u>	<u>131,058</u>	<u>137,122</u>
Other			
Animal and pest control	14,000	10,352	12,174
Other	<u>26,300</u>	<u>8,100</u>	<u>3,673</u>
	<u>40,300</u>	<u>18,452</u>	<u>15,847</u>
	<u>\$ 3,679,957</u>	<u>\$ 3,650,610</u>	<u>\$ 3,501,250</u>

# TOWN OF ROTHESAY

## GENERAL OPERATING 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
<b>TRANSPORTATION SERVICES</b>			
Common services			
Wages and benefits	\$ 1,447,697	\$ 1,299,429	\$ 1,226,082
Workshop, yard and equipment maintenance	522,850	413,327	540,489
Engineering	<u>13,087</u>	<u>11,087</u>	<u>71,513</u>
	<u>1,983,634</u>	<u>1,723,843</u>	<u>1,838,084</u>
 Roads and Streets			
Roadway surfaces	98,000	102,857	128,043
Crosswalks and sidewalks	45,469	30,318	32,061
Culverts and drainage ditches	14,000	13,118	23,628
Storm sewers	86,000	110,280	83,539
Street cleaning	-	5,951	39,563
Snow and ice removal	<u>433,020</u>	<u>347,163</u>	<u>470,888</u>
	<u>676,489</u>	<u>609,687</u>	<u>777,722</u>
 Street lighting	<u>135,365</u>	<u>135,258</u>	<u>137,797</u>
 Public transit - Comex Service	<u>45,000</u>	<u>45,584</u>	<u>42,000</u>
 Traffic services			
Street signs	15,500	11,818	10,785
Traffic lane marking	12,000	21,090	31,993
Traffic signals and signs	11,000	8,513	11,166
Railway crossing signals	<u>15,750</u>	<u>16,167</u>	<u>18,228</u>
	<u>54,250</u>	<u>57,588</u>	<u>72,172</u>
	<u>\$ 2,894,738</u>	<u>\$ 2,571,960</u>	<u>\$ 2,867,775</u>
 <b>ENVIRONMENTAL HEALTH SERVICES</b>			
Solid waste disposal	\$ 229,500	\$ 217,954	\$ 217,148
Solid waste compost	32,060	30,864	33,417
Solid waste collection	247,148	203,494	224,270
Clean up campaign	<u>38,504</u>	<u>39,450</u>	<u>42,717</u>
	<u>\$ 547,212</u>	<u>\$ 491,762</u>	<u>\$ 517,552</u>

# TOWN OF ROTHESAY

## GENERAL OPERATING 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
<b>ENVIRONMENTAL DEVELOPMENT SERVICES</b>			
Environmental planning and zoning	\$ 328,301	\$ 237,536	\$ 219,169
Beautification	384,930	315,538	313,386
Greater Saint John Economic Development Agency, Inc. (Note 11)	79,295	81,296	76,999
Tourism	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
	<u>\$ 795,026</u>	<u>\$ 636,870</u>	<u>\$ 612,054</u>
<b>RECREATIONAL AND CULTURAL SERVICES</b>			
Administration	\$ 176,881	\$ 166,930	\$ 142,112
Beaches	51,333	38,504	45,848
Rothestay Arena (Note 13)	356,190	362,836	320,837
Memorial Centre	55,200	45,642	51,932
Summer programs	228,400	176,100	164,396
Regional Facilities Commission (Note 11)	279,321	272,043	253,936
Kennebecasis Public Library Inc. (Note 11)	32,214	39,598	67,670
Special events	35,300	38,884	25,572
Rothestay 150	18,000	73,012	-
Living museum	<u>29,000</u>	<u>32,069</u>	<u>3,988</u>
	<u>\$ 1,261,839</u>	<u>\$ 1,245,618</u>	<u>\$ 1,076,291</u>
<b>FISCAL SERVICES</b>			
Debt charges			
Interest	\$ 302,844	\$ 273,058	\$ 260,314
Long-term debt repayments	<u>751,000</u>	<u>751,000</u>	<u>568,000</u>
	<u>1,053,844</u>	<u>1,024,058</u>	<u>828,314</u>
Transfers to			
General Capital Fund for capital expenditures	2,458,800	2,990,070	1,980,445
Reserve Funds	206,000	408,725	592,725
Amortization of deferred rental revenue (Note 3)	167,859	167,859	150,457
Deficit of second previous year	<u>144,995</u>	<u>144,995</u>	<u>-</u>
	<u>2,977,654</u>	<u>3,711,649</u>	<u>2,723,627</u>
	<u>\$ 4,031,498</u>	<u>\$ 4,735,707</u>	<u>\$ 3,551,941</u>

# TOWN OF ROTHESAY

## WATER AND SEWER CAPITAL FUND BALANCE SHEET

AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Due from Water and Sewer Operating Fund (Notes 2 and 9)	\$ 945,000	\$ -
<b>CAPITAL ASSETS</b> (Note 1), page 15	<u>29,747,420</u>	<u>23,596,932</u>
	<u>\$ 30,692,420</u>	<u>\$ 23,596,932</u>
<b>LIABILITIES AND INVESTMENT IN CAPITAL ASSETS</b>		
<b>LONG-TERM DEBT</b> (Notes 1, 2 and 4)	\$ <u>7,575,000</u>	\$ <u>4,458,000</u>
<b>INVESTMENT IN CAPITAL ASSETS</b> , page 16	<u>23,117,420</u>	<u>19,138,932</u>
	<u>\$ 30,692,420</u>	<u>\$ 23,596,932</u>
<b>GUARANTEE</b> (Note 11)		

**APPROVED BY:**

W. J. Reilly Mayor  
Susan Johnson Treasurer



# TOWN OF ROTHESAY

## WATER AND SEWER CAPITAL FUND STATEMENT OF CAPITAL ASSETS

AS AT DECEMBER 31, 2010

	<b>Land and Engineering Structures</b>	<b>Machinery and Equipment</b>	<b>Total</b>
<b>WATER SYSTEM</b>	\$ 16,939,490	\$ 1,946,434	\$ 18,885,924
<b>SEWER SYSTEM</b>	<u>8,951,789</u>	<u>1,909,707</u>	<u>10,861,496</u>
	<b>\$ <u>25,891,279</u></b>	<b>\$ <u>3,856,141</u></b>	<b>\$ <u>29,747,420</u></b>

# TOWN OF ROTHESAY

## WATER AND SEWER CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ <u>19,138,932</u>	\$ <u>18,588,857</u>
Add:		
Transfers from Water and Sewer Operating Fund		
Capital expenditures	302,074	184,075
Long-term debt repayments	383,000	366,000
Transfers from		
Canada/New Brunswick Infrastructure Stimulus Fund	2,540,000	-
Canada/New Brunswick Building Canada Fund	<u>753,414</u>	<u>-</u>
	<u>3,978,488</u>	<u>550,075</u>
Balance, end of year	\$ <u>23,117,420</u>	\$ <u>19,138,932</u>

# TOWN OF ROTHESAY

## WATER AND SEWER CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<b>SOURCE</b>		
Transfers from		
Canada/New Brunswick Infrastructure Stimulus Fund	\$ 2,540,000	\$ -
Canada/New Brunswick Building Canada Fund	753,414	-
Own funds		
Water and Sewer Operating Fund		
Capital expenditures	302,074	184,075
Long-term debt repayment	<u>383,000</u>	<u>366,000</u>
	<u>3,978,488</u>	<u>550,075</u>
Proceeds of loan (Note 4)	<u>3,500,000</u>	-
	<u>\$ 7,478,488</u>	<u>\$ 550,075</u>
<b>APPLICATION</b>		
Capital expenditures	\$ 6,150,488	\$ 184,075
Long-term debt repayments	383,000	366,000
Unapplied funds end of year		
Due from Water and Sewer Operating Fund	<u>945,000</u>	-
	<u>\$ 7,478,488</u>	<u>\$ 550,075</u>

# TOWN OF ROTHESAY

## WATER AND SEWER OPERATING FUND BALANCE SHEET

AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 680,675	\$ 498,737
Accounts receivable (Note 2)	3,206,442	377,597
HST recoverable	377,758	32,212
Due from other funds (Notes 2 and 9)		
General operating	<u>462,405</u>	<u>-</u>
	<u>\$ 4,727,280</u>	<u>\$ 908,546</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 2)	\$ 2,471,752	\$ 223,721
Due to other funds (Notes 2 and 9)		
General Operating	-	355,582
Water and Sewer Capital Reserve	<u>945,000</u>	<u>-</u>
	<u>1,210,302</u>	<u>189,572</u>
	<u>4,627,054</u>	<u>768,875</u>
<b>DEFERRED REVENUE (Note 14)</b>	<u>27,727</u>	<u>29,162</u>
<b>SURPLUS</b>		
Surplus, beginning of year	110,509	46,804
Surplus for the year	7,927	64,572
Surplus of previous years transferred to current year	<u>(45,937)</u>	<u>(867)</u>
	<u>72,499</u>	<u>110,509</u>
Surplus, end of year (Note 5)	<u>\$ 4,727,280</u>	<u>\$ 908,546</u>

**GUARANTEE (Note 11)**

**APPROVED BY:**

W. J. Bishop Mayor  
Susan Johnson Treasurer

# TOWN OF ROTHESAY

## WATER AND SEWER OPERATING FUND STATEMENT OF REVENUE AND EXPENDITURE

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>
<b>REVENUE (Note 1)</b>			
Sales of services, page 20	\$ 1,879,904	\$ 1,834,842	\$ 1,932,124
Other own sources, page 20	231,800	231,405	207,287
Other transfers, page 20	<u>81,598</u>	<u>45,937</u>	<u>867</u>
	<u>2,193,302</u>	<u>2,112,184</u>	<u>2,140,278</u>
<b>EXPENDITURE (Note 1)</b>			
Environmental health services:			
Water supply, page 21	538,380	502,823	491,567
Sewer collection and disposal, page 21	680,384	579,879	597,112
Fiscal services, page 21	<u>974,538</u>	<u>1,021,555</u>	<u>987,027</u>
	<u>2,193,302</u>	<u>2,104,257</u>	<u>2,075,706</u>
<b>SURPLUS FOR THE YEAR (Note 5)</b>	\$ <u>-</u>	\$ <u>7,927</u>	\$ <u>64,572</u>

# TOWN OF ROTHESAY

## WATER AND SEWER OPERATING FUND SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 Budget	2010 Actual	2009 Actual
<b>SALES OF SERVICES</b>			
Water			
Residential	\$ 465,366	\$ 462,759	\$ 455,838
Commercial	104,841	99,371	104,966
Institutional	50,115	54,444	49,762
Kennebecasis Valley Fire Department Inc. (Note 11)	19,678	19,678	19,109
Local Improvement Levy	60,704	60,704	60,704
Miscellaneous	<u>7,000</u>	<u>3,725</u>	<u>8,532</u>
	<u>707,704</u>	<u>700,681</u>	<u>698,911</u>
Sewer			
Residential	900,963	905,905	892,410
Commercial	66,887	69,688	66,138
Institutional	<u>75,750</u>	<u>76,250</u>	<u>75,750</u>
	<u>1,043,600</u>	<u>1,051,843</u>	<u>1,034,298</u>
Connections			
Water	86,800	60,041	141,915
Sewer	<u>41,800</u>	<u>22,277</u>	<u>57,000</u>
	<u>128,600</u>	<u>82,318</u>	<u>198,915</u>
	<u>\$ 1,879,904</u>	<u>\$ 1,834,842</u>	<u>\$ 1,932,124</u>
<b>OTHER OWN SOURCES</b>			
Interest and sundry	\$ 2,000	\$ 3,958	\$ 1,890
Surcharges and interest	29,800	27,447	28,897
Water cost allocated to General Operating Fund for fire protection (Note 15)	<u>200,000</u>	<u>200,000</u>	<u>176,500</u>
	<u>\$ 231,800</u>	<u>\$ 231,405</u>	<u>\$ 207,287</u>
<b>OTHER TRANSFERS</b>			
Surplus of second previous year	\$ 45,937	\$ 45,937	\$ 867
Transfer from Utilities Reserve Fund	<u>35,661</u>	<u>-</u>	<u>-</u>
	<u>\$ 81,598</u>	<u>\$ 45,937</u>	<u>\$ 867</u>

# TOWN OF ROTHESAY

## WATER AND SEWER OPERATING 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
<b>ENVIRONMENTAL HEALTH SERVICES</b>			
Water Supply			
Administration			
Transfer to General Operating Fund	\$ 173,680	\$ 173,680	\$ 177,525
Other	24,400	24,212	23,036
Purification maintenance and treatment	136,300	135,908	122,515
Source of supply	89,000	77,408	78,330
Transmission and distribution	60,800	36,780	49,325
Power and pumping	51,200	53,382	38,295
Billing and collecting	<u>3,000</u>	<u>1,453</u>	<u>2,541</u>
	<u>\$ 538,380</u>	<u>\$ 502,823</u>	<u>\$ 491,567</u>
Sewer Collection and Disposal			
Administration			
Transfer to General Operating Fund	\$ 401,320	\$ 401,320	\$ 397,475
Other	20,864	16,921	14,089
Sewer collection system	143,100	77,153	95,617
Sewer lift stations	37,000	21,905	28,644
Treatment and disposal	<u>78,100</u>	<u>62,580</u>	<u>61,287</u>
	<u>\$ 680,384</u>	<u>\$ 579,879</u>	<u>\$ 597,112</u>
<b>FISCAL SERVICES</b>			
Water system debt charges			
Short-term interest	\$ 30,750	\$ -	\$ 1,200
Long-term interest	142,934	178,434	154,145
Long-term debt repayments	<u>326,622</u>	<u>326,622</u>	<u>314,125</u>
	<u>500,306</u>	<u>505,056</u>	<u>469,470</u>
Sewer system debt charges			
Long-term interest	99,554	104,397	101,997
Long-term debt repayments	<u>56,378</u>	<u>56,378</u>	<u>51,875</u>
	<u>155,932</u>	<u>160,775</u>	<u>153,872</u>
Capital expenditures			
Water system	158,700	298,256	160,048
Sewer system	<u>57,000</u>	<u>3,818</u>	<u>24,027</u>
	<u>215,700</u>	<u>302,074</u>	<u>184,075</u>
Transfers to:			
Reserve Funds	<u>102,600</u>	<u>53,650</u>	<u>179,610</u>
	<u>\$ 974,538</u>	<u>\$ 1,021,555</u>	<u>\$ 987,027</u>

# TOWN OF ROTHESAY

## RESERVE FUNDS BALANCE SHEET

AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash (Note 2)	\$ 3,162,652	\$ 3,889,967
Due from other funds (Notes 2 and 9)		
Water and Sewer Operating	<u>1,210,302</u>	<u>189,572</u>
	<u>\$ 4,372,954</u>	<u>\$ 4,079,539</u>
<b>LIABILITIES</b>		
Due to other funds (Notes 2 and 9)		
General Operating	<u>\$ 577,319</u>	<u>\$ 262,888</u>
<b>RESERVE FUND BALANCES</b>		
General Capital (Note 8)	1,610,322	1,713,031
Land for Public Purpose (Note 6)	37,316	36,329
General Operating	539,797	534,891
Water and Sewer Capital (Note 7)	1,512,832	1,437,605
Water and Sewer Operating	<u>95,368</u>	<u>94,795</u>
	<u>3,795,635</u>	<u>3,816,651</u>
	<u>\$ 4,372,954</u>	<u>\$ 4,079,539</u>

GUARANTEE (Note 11)

APPROVED BY:

W. J. Beatty Mayor

Susan Johnson Treasurer



# TOWN OF ROTHESAY

## RESERVE FUNDS STATEMENT OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>General Capital</b>	<b>Land for Public Purposes</b>	<b>General Operating</b>	<b>Water and Sewer Capital</b>	<b>Water and Sewer Operating</b>	<b>Total</b>
Balance, beginning of year	\$1,713,031	\$ 36,329	\$ 534,891	\$1,437,605	\$ 94,795	\$3,816,651
Revenue						
Interest	15,793	237	4,906	12,265	573	33,774
External contributions	7,275	750	-	9,312	-	17,337
Transfers from other funds						
Water and Sewer Operating	-	-	-	53,650	-	53,650
General Operating	<u>408,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408,725</u>
	<u>431,793</u>	<u>987</u>	<u>\$ 4,906</u>	<u>75,227</u>	<u>573</u>	<u>513,486</u>
Expenditure						
Transfers to other funds						
General Capital	<u>534,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>534,502</u>
Balance, end of year	<u>\$1,610,322</u>	<u>\$ 37,316</u>	<u>\$ 539,797</u>	<u>\$1,512,832</u>	<u>\$ 95,368</u>	<u>\$3,795,635</u>

# TOWN OF ROTHESAY

## 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. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles as follows:

- Depreciation is not recorded on capital assets;
- principal repayments on debentures are recorded as an expenditure when paid;
- the surplus (deficit) of the second previous year is recorded as a revenue (expenditure) of the current year;
- purchase of capital assets budgeted for in the operating funds are recorded as a current expenditure;
- transfers to reserve funds for the purchase of future capital assets or for future operating expenditures are recorded as current expenditures;
- funds received through capital assistance programs for the purchase of capital assets are treated as additions to investment in capital assets;
- changes in accounting policies are not to be applied retroactively;
- pension plan accounting for going concern liabilities and disclosures.

#### Capital Assets

Capital assets are stated at cost in the Capital Funds. Funds received from capital assistance programs and cost-sharing arrangements related to capital expenditures are treated as additions to equity. 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.

Costs of assets disposed of are treated as a reduction of equity in the Capital Funds. Proceeds from assets disposed of are recorded as miscellaneous revenue in the Operating Funds.

The Town does not record depreciation on its capital assets. Debt retirement costs, including both principal and interest for expenditures which have been financed through long-term borrowing, are expensed in the operating funds in the period incurred. The principal reduction is added to equity in the Capital Funds.

#### Capital Reserves

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

#### Operating Reserves

The use of these funds is restricted to payment of operating expenses.

#### Revenue Recognition

Unrestricted revenue is recorded on an accrual basis and is recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

# TOWN OF ROTHESAY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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

#### 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 these financial statements 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.

Example of significant estimates include:

- allowance for doubtful accounts; and
- the future employee benefits payable.

### 2. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, accounts receivable, due from other funds, accounts payable and accrued liabilities, due to other funds and long-term debt. Unless otherwise noted, it is management's opinion that the Town 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 Town is subject to credit risk through accounts receivable. The Town minimizes credit risk through ongoing credit management.

### 3. DEFERRED RENTAL REVENUE

School District 6 occupies a significant portion of the Rothesay Town Hall. The terms of occupancy are documented in a lease agreement which expires June 30, 2011.

Deferred rental revenue arose as a result of a lump sum payment received from the Province of New Brunswick representing advance payment of rent for the twenty year term of the lease. This deferred rental revenue is being amortized over the twenty year term of the lease on the sinking fund method. Rental revenue recognized in the General Operating Fund in 2010 was \$167,859 (2009 - \$150,457). Deferred rental revenue carried in the General Capital Fund is amortized by the same amount.

The lease with School District 6 provides that in addition to base rent, the School District is also responsible for its proportionate share of operating expenses including an administration fee of 10% based on those expenses.

# TOWN OF ROTHESAY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 4. LONG-TERM DEBT

#### (a) General Capital Fund

	Balance January 1, 2010	Issued during year	Redeemed during year	Balance December 31, 2010
New Brunswick Municipal Financing Corporation				
Debtures:				
AI11 6.10 - 6.4%, due 2010, OIC # 92-22	\$ 475,000	\$ -	\$ 475,000	\$ -
AK14 4.45 - 6.2%, due 2011, OIC # 99-22, 00-18, 00-55	627,000	-	134,000	493,000
AL24 2.45 - 5.5%, due 2011, OIC # 99-77	772,000	-	50,000	722,000
AM14 3.375 - 5.75% due 2012, OIC # 01-66, 01-41, 98-54, 99-22	380,000	-	91,000	289,000
AO14 3.05 - 5%, due 2013, OIC # 02-25	202,000	-	47,000	155,000
AQ10 2.75 - 5.50%, due 2014, OIC # 03-52, 99-22	397,000	-	72,000	325,000
AR24 2.75 - 4.80%, due 2014, OIC # 3-88	775,000	-	37,000	738,000
AV31 4.15 - 4.30%, due 2014, OIC # 4-40	266,000	-	48,000	218,000
BA17 0.95 - 5.00%, due 2019, OIC # 08-03, 08-63	985,000	-	86,000	899,000
BB26 1.00 - 4.50%, due 2019, OIC # 08-63, 08-82	1,325,000	-	118,000	1,207,000
BD24 1.05 - 2.50%, due 2015, OIC # 99-22	<u>-</u>	<u>407,000</u>	<u>-</u>	<u>407,000</u>
	<u>\$ 6,204,000</u>	<u>\$ 407,000</u>	<u>\$ 1,158,000</u>	<u>\$ 5,453,000</u>

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

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

2011 - \$790,000; 2012 - \$618,000; 2013 - \$532,000; 2014 - \$496,000; 2015 - \$315,000

In 2011, debentures AK14-2001 and AL24-2001 will mature with final amounts due of \$493,000 and \$722,000 respectively. It is expected that \$351,000 (AK14-2001) and \$669,000 (AL24-2001) of these payments will be refinanced during that year for an additional five years. In 2012, debenture AM14-2002 will mature with a final amount due of \$193,000, however \$91,000 of this payment is expected to be refinanced during that year for an additional five years. In 2014, debenture AR24-2004 will mature with a final amount due of \$617,000, however it is expected that \$573,000 of this payment will be refinanced during that year for an additional ten years.

# TOWN OF ROTHESAY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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

#### (b) Water and Sewer Capital Fund

	Balance January 1, 2010	Issued during year	Redeemed during year	Balance December 31, 2010
<b>New Brunswick Municipal Financing Corporation</b>				
<b>Debentures:</b>				
AI12 6.2 - 6.4%, due 2010, OIC # 99-59	\$ 104,000	\$ -	\$ 104,000	\$ -
AK15 4.45 - 6.2%, due 2011, OIC # 99-59, 00-18	1,873,000	-	73,000	1,800,000
AM15 3.375 - 5.75%, due 2012, OIC # 00-18	767,000	-	17,000	750,000
AN18 3.1 - 5.6%, due 2012, OIC # 02-06	23,000	-	7,000	16,000
AO15 3.05 - 5.0%, due 2013, OIC # 02-62	124,000	-	29,000	95,000
AQ11 2.75 - 5.5%, due 2014, OIC # 03-92	238,000	-	43,000	195,000
AY18 3.30 - 4.85%, due 2018, OIC # 96-60, 96-72	297,000	-	11,000	286,000
AZ29 2.10 - 4.95%, due 2018, OIC # 03-0092	<u>1,032,000</u>	<u>-</u>	<u>99,000</u>	<u>933,000</u>
	4,458,000	-	383,000	4,075,000
<b>Canada Mortgage and Housing Corporation</b>				
CMHC 3.70%, due 2030, OIC # 09-119, 09-139, 10-012	<u>-</u>	<u>3,500,000</u>	<u>-</u>	<u>3,500,000</u>
	<u>\$ 4,458,000</u>	<u>\$ 3,500,000</u>	<u>\$ 383,000</u>	<u>\$ 7,575,000</u>

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

The Water and Sewer Capital Fund contains long term debt of \$721,117 (2009 - \$738,883) issued to fund local improvement projects in 2002. The debt is being repaid over a period of thirty years through the collection of local improvement levies.

The CHMC loan is for infrastructure projects. Under the terms of the loan, the project must be completed by March 31, 2012.

# TOWN OF ROTHESAY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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

#### (b) Water and Sewer Capital Fund (cont'd)

Principal payments required during the next five years for the Water and Sewer Capital Fund are as follows:

2011 - \$2,135,241; 2012 - \$1,060,727; 2013 - \$334,379; 2014 - \$313,204; 2015 - \$271,025

In 2011, debenture AK15-2001 will mature with a final amount due of \$1,800,000, however \$1,723,000 of this payment is expected to be refinanced during that year for an additional five years. In 2012, debenture AM15-2002 will mature with a final amount due of \$732,000, however \$713,000 of this payment is expected to be refinanced during that year for an additional five years.

### 5. WATER AND SEWER OPERATING FUND SURPLUS

The Municipalities Act requires that the Water and Sewer Operating Fund surplus or deficit amounts be absorbed into one or more of three operating budgets commencing with the second following year. The balance of the surplus at the end of the year consists of:

Surplus 2009	\$ 64,572
Surplus 2010	<u>7,927</u>
	<u>\$ 72,499</u>

### 6. LAND FOR PUBLIC PURPOSES

In accordance with the Community Planning Act, the Town has the authority 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.

### 7. SEWER OUTFALL RESERVE

In accordance with an agreement with the Town of Quispamsis, the Town of Rothesay and the Town of Quispamsis are required to fund, on an annual basis, an amount to cover the operating and maintenance costs associated with the shared sewer effluent line and outfall pipe. The contributions are made on a per unit basis, with the Town of Rothesay contributing \$1 per unit and the Town of Quispamsis contributing \$2 per unit. Any accumulated amounts are transferred to the Water and Sewer Capital Reserve Fund for future capital expenditures.

### 8. TOWN HALL RESERVE

In accordance with a lease agreement between the Town and the Province of New Brunswick as described in Note 3, the Town and the School District are required to fund, on an annual basis, a minimum reserve of \$7,500 in aggregate. The contributions by the Town and the School District are in proportion to their occupancy. The accumulated funds are intended to cover long-term maintenance and capital costs associated with the Town Hall building. These funds are included in the General Capital Reserve Fund.

# TOWN OF ROTHESAY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 9. INTERFUND BORROWING

The Municipalities Act of New Brunswick requires that short-term interfund borrowings be repaid within the year. The amounts payable between Funds are in compliance with the Act.

Amounts outstanding at year end are inter fund regular payables or in some cases, a short term loan may exist from the reserve account. Where a loan is in place, interest is paid to the reserve account at a rate that equates what the account would have earned had it been in the bank. These loan amounts are paid off within the following year and council is given a summary at year end to be fully informed of these transactions.

### 10. SHORT-TERM BORROWING

#### Operating Funds

As prescribed in the Municipalities Act, borrowing to finance General Operating Fund activities is limited to 4% of the Municipality's budget. Borrowing to finance Water and Sewer Operating Fund activities is limited to 50% of the operating budget for the year.

At December 31, 2010, both the General Operating Fund and the Water and Sewer Operating Fund were in compliance with the Act.

#### Capital Funds

At December 31, 2010, there were short-term funds totaling \$221,089 (2009 - nil) borrowed from other funds and no short-term funds (2009 - nil) borrowed from a financial institution to provide interim funding for capital projects in the General Capital Fund.

At December 31, 2010, there were no short-term funds (2009 - nil) borrowed from other funds or a financial institution (2009 - nil) to provide interim funding for capital projects in the Water and Sewer Capital Fund.

The Town has remaining outstanding authority for the short-term borrowing as follows:

General Capital Fund, OIC #08-63	\$ 395,000
General Capital Fund, OIC #08-82	25,000
General Capital Fund, OIC #09-15	900,000
General Capital Fund, OIC #09-59	<u>3,000,000</u>
	\$ <u>4,320,000</u>
Water and Sewer Capital Fund, OIC #09-119	\$ 5,284,000
Water and Sewer Capital Fund, OIC #10-012	<u>77,000</u>
	\$ <u>5,361,000</u>

Water and Sewer Capital Fund, OIC # 09-119 remaining authority is interim financing for a term not to exceed three years.

# TOWN OF ROTHESAY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 11. RELATED PARTY TRANSACTIONS

The Town 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 and/or received from these organizations include:

	Paid to		Received from	
	2010	2009	2010	2009
Rothesay Regional Joint Board of Police Commissioners:				
Police Protection	\$ 1,816,548	\$ 1,750,488	\$ -	\$ -
911 Communications	131,058	137,122	-	-
	\$ 1,947,606	\$ 1,887,610	\$ -	\$ -
Kennebecasis Valley Fire Department Inc.				
Contribution for:				
Fire Protection	\$ 1,484,552	\$ 1,418,293	\$ 19,678	\$ 19,109
Fire Department assets	113,669	247,855	-	-
	\$ 1,598,221	\$ 1,666,148	\$ 19,678	\$ 19,109

The Town has agreed to pay its proportionate share of any operating deficit and to guarantee its proportionate share of any liabilities of the above organizations subject to Council approval. In addition, the Town has guaranteed its proportionate share of any debt incurred for capital projects for the Rothesay Regional Joint Board of Police Commissioners.

At December 31, 2010, the Town has guaranteed its proportional share (45.019%) of the \$1,833,000 outstanding debt incurred by the Rothesay Joint Board of Police Commissioners on the construction of their police station.

The Town contributes a proportionate share of funds to certain organizations and commissions of which it has limited influence over their operations. The organizations and commissions include:

	Paid to	
	2010	2009
Regional Facilities Commission	\$ 272,043	\$ 253,936
Kennebecasis Public Library Inc.	39,598	67,670
Greater Saint John Economic Development Agency, Inc.	81,296	76,999
	\$ 392,937	\$ 398,605

The contribution to the Regional Facilities Commission is governed by Provincial legislation. The Town has agreed to guarantee its proportionate share of any debts relating to capital expenditures of the Kennebecasis Public Library Inc.



# TOWN OF ROTHESAY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 12. INVESTMENT IN FIRE DEPARTMENT ASSETS

The Town and the Town of Quispamsis have invested in the assets of the Kennebecasis Valley Fire Department Inc., each investing in proportion to a combination of 50% population and 50% of the value of the assessment. The investment is being treated as a capital asset in the General Capital Fund. During the year, \$113,669 (2009 - \$247,855) was contributed towards the purchase of two new vehicles. The contribution represents the Town's total estimated allocation for the balance on the purchase of service and rescue vehicles.

### 13. ROTHESAY ARENA

Details of the gross sale of services and expenditures reported in the financial statements and related to the arena are as follows:

	<u>2010</u> Budget	<u>2010</u> Actual	<u>2009</u> Actual
Sale of services	\$ 271,062	\$ 275,705	\$ 265,111
Expenditure			
Operating	356,190	362,836	320,837
Fiscal services			
Long-term debt repayments	24,239	24,239	22,792
Interest	<u>7,020</u>	<u>7,020</u>	<u>8,399</u>
	<u>387,449</u>	<u>394,095</u>	<u>352,028</u>
Deficiency of revenue over expenditure	\$ <u>(116,387)</u>	\$ <u>(118,390)</u>	\$ <u>(86,917)</u>

### 14. DEFERRED REVENUE

In 2002, the Town issued a special warrant of assessment to the residents of Kennebecasis Park for local improvements made to the area. The assessment will be invoiced annually over a period of 30 years. A number of residents paid the entire levy amount in the first year, and as a result, the prepayment has been recorded as deferred revenue to be amortized over the remaining 29 years.

### 15. WATER COST TRANSFER

The Town's water cost transfer is within the maximum allowable by regulation based on applicable percentage of water system expenditures for the population.

### 16. FUTURE EMPLOYEE BENEFITS PAYABLE

In 2006, the Town implemented an employee retirement allowance policy whereby eligible employees will be entitled to receive a cash payment upon their retirement from the Town. Town employees are entitled to the allowance if they are eligible for pension benefits under the New Brunswick Municipal Employees Pension Plan and have a minimum of ten years of service with the Town. Eligible employees will be paid for each five years of service or any part thereof, an equivalent of 4 weeks salary or wage at their regular rate at the time of retirement to a maximum of twenty six weeks. During the year, the Town recorded an expenditure of \$42,810 (2009 - \$40,365) in the General Operating Fund pertaining to these future liabilities.

# TOWN OF ROTHESAY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 17. EMPLOYEE PENSION PLAN

The Town 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 that the accrued benefits were not fully funded on a solvency valuation basis, however the plan was 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 plan deficit, an estimated \$429,300 relates to the Town of Rothesay. 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 permitted by the Pension Benefit Act.

### 18. CONTINGENT LIABILITY

In the normal course of operations, the Town 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 Town maintains insurance coverage in amounts considered appropriate.

### 19. CHANGE IN ACCOUNTING POLICY

The Town 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 ("PSAB") 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.

# TOWN OF ROTHESAY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 20. COMMITMENT

In 2009, the Town was granted funding totaling \$5,540,000 under the Canada Infrastructure Stimulus Fund and Building Canada Fund to complete an expansion of the Rothesay water system. Under the terms of the funding agreement, the Town's portion of the project cost was budgeted to be \$2,730,000, or 33% of the total budgeted project cost of \$8,270,000. The project will be completed in 2011 at a total estimated cost of \$9,600,000, with the Town's portion now estimated at \$4,030,000.

During the year, \$5,721,972 was spent on this project and \$3,293,414 was received or is receivable from the Canada Infrastructure Stimulus Fund and Building Canada Fund.