

ROTHESAY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

ROTHESAY

DECEMBER 31, 2012

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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
Rothesay, New Brunswick

We have audited the consolidated statement of financial position of Rothesay as at December 31, 2012, December 31, 2011, and January 1, 2011 and the consolidated statements of operations, changes in net debt and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated 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 opinions.

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 Rothesay (cont'd)

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Rothesay as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and changes in net debt for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian public sector accounting standards.

Teed Saunders Doyle et al.

CHARTERED ACCOUNTANTS

Saint John, NB
December 16, 2013

ROTHESAY

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 Budget (Note 30)	2012 Actual	Restated 2011 Actual (Note 2)
REVENUE (Note 3)			
Property tax warrant	\$ 13,886,175	\$ 13,886,175	\$ 13,342,297
Unconditional grant	405,273	405,273	413,544
Conditional government transfers (Note 31)	656,500	763,188	3,172,190
Services other governments	66,306	79,007	79,378
Sale of services (Note 31)	720,453	659,343	538,952
Other own source (Note 31)	107,134	469,035	194,750
Water and sewer user fees	2,116,204	2,155,413	2,099,086
Sundry income	<u>142,710</u>	<u>219,385</u>	<u>282,900</u>
	<u>18,100,755</u>	<u>18,636,819</u>	<u>20,123,097</u>
EXPENDITURE (Notes 3 and 31)			
General government services	1,611,651	1,598,651	1,533,950
Protective services	4,113,107	4,106,934	3,838,480
Transportation services	5,067,369	5,440,766	4,520,030
Environmental health services	822,100	661,786	484,059
Environmental development services	958,246	828,213	688,865
Recreation and cultural services	1,737,543	1,609,438	1,575,865
Water and sewer services	<u>2,267,514</u>	<u>2,524,178</u>	<u>1,967,207</u>
	<u>16,577,530</u>	<u>16,769,966</u>	<u>14,608,456</u>
ANNUAL SURPLUS FOR THE YEAR	\$ <u>1,523,225</u>	1,866,853	5,514,641
ACCUMULATED SURPLUS - BEGINNING OF YEAR		58,161,124	52,699,934
CHANGE IN PERCENTAGE OWNERSHIP OF CONTROLLED ENTITIES		<u>(482)</u>	<u>(53,451)</u>
ACCUMULATED SURPLUS - END OF YEAR		\$ <u>60,027,495</u>	\$ <u>58,161,124</u>

ROTHESAY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

	<u>2012</u>	Restated <u>2011</u>	Restated (Note 2) <u>2010</u>
FINANCIAL ASSETS			
Cash and cash equivalents (Notes 3, 4 and 5)	\$ 5,337,567	\$ 1,843,928	\$ 5,299,196
Guaranteed investment certificate (Notes 4 and 27)	1,006,245	2,004,471	-
Accounts receivable (Notes 3, 4 and 6)	1,232,655	2,283,326	3,971,084
Investments (Notes 4 and 11)	<u>198,297</u>	<u>222,119</u>	<u>171,445</u>
	<u>\$ 7,774,764</u>	<u>\$ 6,353,844</u>	<u>\$ 9,441,725</u>
LIABILITIES			
Accounts payable and accrued liabilities (Notes 3, 4 and 10)	\$ 2,848,380	\$ 2,020,123	\$ 4,185,535
Deferred revenue (Note 9)	2,577,965	2,385,269	1,545,827
Long term debt (Notes 3, 4 and 12)	12,381,309	12,567,580	13,841,119
Accrued pension obligation (Notes 3 and 18)	1,532,412	1,530,796	1,750,215
Accrued sick leave (Notes 3 and 17)	280,665	251,081	241,460
Accrued retirement allowance (Notes 3 and 18)	<u>696,564</u>	<u>692,277</u>	<u>630,162</u>
	<u>20,317,295</u>	<u>19,447,126</u>	<u>22,194,318</u>
NET DEBT	<u>(12,542,531)</u>	<u>(13,093,282)</u>	<u>(12,752,593)</u>
NON-FINANCIAL ASSETS			
Tangible capital assets (Notes 3 and 22)	108,284,835	104,738,093	96,088,483
Accumulated amortization (Notes 3 and 22)	<u>(35,775,761)</u>	<u>(33,593,406)</u>	<u>(30,815,528)</u>
	72,509,074	71,144,687	65,272,955
Inventory (Note 3)	27,027	34,000	-
Prepaid expenses	30,481	71,150	173,619
Unamortized debenture costs	<u>3,444</u>	<u>4,569</u>	<u>5,953</u>
	<u>72,570,026</u>	<u>71,254,406</u>	<u>65,452,527</u>
ACCUMULATED SURPLUS	<u>\$ 60,027,495</u>	<u>\$ 58,161,124</u>	<u>\$ 52,699,934</u>
CONTINGENT LIABILITY (Note 19)			

APPROVED BY:

W. J. Bishop Mayor

Susan Johnson Town Treasurer

ROTHESAY

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

AS AT DECEMBER 31, 2012

	2012	2011
Annual surplus, before restatement	\$ 1,866,853	\$ 9,680,882
Prior period adjustment (amortization)	-	(3,089,564)
Cost of tangible capital asset disposed	-	(202,798)
Cost of tangible capital assets expensed under PSAS	-	355,801
Prior period adjustment (sick leave accrual)	-	(24,601)
Prior period adjustment (pension liability)	-	142,753
Deferred Gas tax revenue	-	(968,712)
Other asset adjustments	-	(398,862)
Loss on disposal of tangible capital assets	-	(66,307)
Contributions from member municipalities	-	233,872
Deferred revenue	-	35,287
Other developers contributions	-	28,486
Second previous year's deficit	-	(211,596)
	1,866,853	5,514,641
Annual surplus (deficit), as restated		
Acquisition of tangible capital assets	(5,452,086)	(9,230,770)
Proceeds on disposal of tangible capital assets	104,821	21,215
Amortization of tangible capital assets	3,450,651	3,089,564
Change in percentage ownership of tangible capital assets	2,828	181,952
Loss on sale of tangible capital assets	529,399	66,307
	502,466	(357,091)
Acquisition of inventories	(27,027)	(34,000)
Acquisition of prepaid assets	(30,481)	(71,150)
Acquisition of unamortized debenture costs	(3,444)	(4,569)
Consumption of inventories	34,000	-
Use of prepaid assets	71,150	173,619
Consumption of unamortized debenture costs	4,569	5,953
	551,233	(287,238)
Change in percentage ownership	(482)	(53,451)
(Increase) decrease in net debt	550,751	(340,689)
Net debt - beginning of year	(13,093,282)	(12,752,593)
Net debt - end of year	\$(12,542,531)	\$(13,093,282)

APPROVED BY:

W. J. Bishop Mayor

Susan Johnson Town Treasurer

ROTHESAY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
OPERATING TRANSACTIONS		
Annual surplus	\$ 1,866,853	\$ 5,514,641
Loss on disposal of tangible capital assets	529,399	66,307
Amortization of tangible capital assets	3,450,651	3,089,564
Accounts receivable	1,050,671	1,687,758
Accounts payable and accrual liabilities	828,257	(2,165,412)
Deferred revenue	192,696	839,442
Accrued sick leave	29,584	9,621
Post employment benefits payable	1,616	(219,419)
Change in accrued retirement allowance	4,287	62,115
Change in inventory/prepaid expenses/unamortized debenture costs	<u>48,767</u>	<u>69,853</u>
	<u>8,002,781</u>	<u>8,954,470</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(5,452,086)	(9,230,770)
Change in percentage ownership of capital assets	2,828	181,952
Proceeds on sale of tangible capital assets	<u>104,821</u>	<u>21,215</u>
	<u>(5,344,437)</u>	<u>(9,027,603)</u>
FINANCING TRANSACTION		
Long term debt	<u>(186,271)</u>	<u>(1,273,539)</u>
INVESTING TRANSACTION		
(Increase) decrease in investments	23,822	(50,674)
Purchase of guaranteed investment certificate	(1,006,245)	(2,004,471)
Sale of guaranteed investment certificate	<u>2,004,471</u>	<u>-</u>
	<u>1,022,048</u>	<u>(2,055,145)</u>
CHANGE IN PERCENTAGE OWNERSHIP	<u>(482)</u>	<u>(53,451)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,493,639	(3,455,268)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,843,928</u>	<u>5,299,196</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,337,567</u>	<u>\$ 1,843,928</u>

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

1. PURPOSE OF THE ORGANIZATION

Rothesay ("the Town") was incorporated as a town by the Province of New Brunswick Municipalities Act on January 1, 1998 and was approved for status as a Municipality effective January 1, 1998 by an amendment of New Brunswick Regulation 85-6 under the Municipalities Act. As a municipality, Rothesay is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act.

2. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2011, the Town has restated its consolidated financial statements to adopt the Public Sector Accounting Standards (PSAS). The changes made were to comply with the provisions of Section 3150, Tangible Capital Assets and to adopt full accrual accounting. Section 3150 has established standards on how to account for, and report, tangible capital assets. Tangible capital assets are a significant economic resource managed by government and a key component in the delivery of many government programs. The standard requires these assets to be recorded at historical cost on the balance sheet and their costs allocated to future accounting periods through annual amortization expenses based on the tangible capital assets estimated useful lives. The Town was required to record the historical cost of their tangible capital assets and accumulated amortization on a retroactive basis with restatement of prior years.

The Town determined historical cost based on historical records and discounted replacement costs. If historical cost could not be determined, the asset was recorded at a nominal value.

The Town calculated and recorded liabilities for its sick accrual, defined benefit pension plan and other post employment benefits.

The December 31, 2011 figures presented for comparative purposes have been restated from those previously reported. The following adjustments were made to the prior periods:

Adjustments to annual surplus (deficit)

Annual surplus, as previously reported in the operating fund	\$ 8,348
Annual surplus of other funds	9,672,534
Add: second previous year deficit	(211,596)
Less: sick leave accrual	(24,601)
Add: post employment benefits	142,753
Add: cost of tangible capital asset disposed	(202,798)
Less: cost of tangible capital assets expensed under PSAS	355,801
Other adjustments	(1,136,236)
Less: amortization on tangible capital assets	<u>(3,089,564)</u>
Annual surplus, as restated	\$ <u>5,514,641</u>

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

2. CHANGE IN ACCOUNTING POLICY (cont'd)

Adjustments for net book value of tangible capital assets

As previously reported, December 31, 2010	\$ 80,291,390
Adjustment to historical cost of tangible capital assets, net	24,677,041
Accumulated amortization as at December 31, 2010	(30,734,180)
Amortization expense recorded	<u>(3,089,564)</u>
Adjusted net book value as at December 31, 2011	<u>\$ 71,144,687</u>

See Note 24 for the reconciliation of accumulated surplus (deficit).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local government, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The Town has adopted PSAS as of January 1, 2011.

The focus of PSAS financial statements is on the financial position of the Town and the changes thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Town and its jointly controlled entities.

Significant aspects of the accounting policies adopted by the Town are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net debt and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Town and which are owned or jointly controlled by the Town.

The entities included in the consolidated financial statements are as follows:

- Rothesay
- Rothesay Regional Joint Board of Police Commissions (RRJPC)
- Kennebecasis Valley Fire Department Inc. (KVFD)
- Kennebecasis Public Library

Interdepartmental and organizational transactions and balances are eliminated.

The jointly controlled entities have been proportionately consolidated at the following rates:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Rothsay Regional Joint Board of Police Commissions	42.77%	42.56%	44.36%
Kennebecasis Valley Fire Department Inc.	43.41%	43.63%	47.77%
Kennebecasis Public Library	43.30%	43.30%	44.87%

Changes in ownership percentages have been accounted for as an adjustment to accumulated surplus (deficit).

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Budget

The budget figures contained in these consolidated financial statements were approved by Council on December 12, 2011 and the Minister of Local Government on January 13, 2012.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equity instruments with actively traded markets are reported at fair value, with any unrealized gains losses reported in income. All other financial instruments are reported at amortized costs, and tested for impairment at each reporting date. Transactions costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with banks and short term deposits with original maturities of three months or less.

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.

Other revenue is recorded when it is earned.

Expenditure Recognition

Expenditures are recorded on an accrual basis.

Measurement Uncertainty

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates 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. Actual results may differ from those estimates.

Examples of significant estimates include:

- the allowance for doubtful accounts;
- providing for amortization of tangible capital assets;
- the estimated useful lives of tangible capital assets;
- the recoverability of tangible capital assets; and
- post employment benefits liability.

Inventories

Inventories are valued at the lower of cost and net realizable value with cost being determined on the first in, first out basis.

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Capital Reserves

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

Operating Reserves

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

Tangible Capital Assets

Effective January 1, 2011, the Town adopted the provisions of PSA Section 3150 Tangible Capital Assets. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital asset, less any residual value when applicable, is amortized on a straight-line basis over the estimated useful lives as follows:

<u>Asset Type</u>	<u>Estimated Useful Life</u>
Land improvements	10-75 years
Buildings	20-40 years
Vehicles	3-25 years
Machinery and equipment	3-20 years
Roads and streets	5-75 years
Storm sewer	25-60 years
Water and wastewater networks	30-60 years

Assets under construction are not amortized until the asset is available for productive use.

Segmented Information

The Town is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Town's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments as follows:

General Government Services

This department is responsible for the overall governance and financial administration of the Town. This includes council functions, general and financial management, legal matters and compliance with legislation, as well as civic relations.

Protective Services

This department is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.

Transportation Services

This department is responsible for common services, roads and streets maintenance, street lighting, traffic services, parking and other transportation related functions.

Environmental Health Services

This department is responsible for the provision of waste collection and disposal.

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Segmented Information (cont'd)

Environmental Development Services

This department is responsible for planning and zoning, community development, tourism and other municipal development and promotion services.

Recreation and Cultural Services

This department is responsible for the maintenance and operation of recreational and cultural facilities including the swimming pool, arena, parks and playgrounds and other recreational and cultural facilities.

Water and Sewer Services

This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

The Town has documented a schedule of segmented disclosure in Note 25.

Post Employment Benefits

The Town recognizes its obligations under post employment benefit plans and the related costs, net of plan assets. The Town has a sick leave benefit as documented in Note 17 and a pension plan and retirement allowance as documented in Note 18.

4. FINANCIAL INSTRUMENTS

The Town is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Town's risk exposure and concentration as of December 31, 2012:

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Town is exposed to credit risk from its accounts receivable. The Town minimizes credit risk through ongoing credit management.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, accounts payable and accrued liabilities and other obligations.

Currency Risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Town is not exposed to foreign currency risk as it does not hold foreign currencies.

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

4. FINANCIAL INSTRUMENTS (cont'd)

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities. The Town is not exposed to interest rate risk as its long term debt does not have a variable interest rate.

5. CASH

	2012	2011
Unrestricted	\$ 2,202,298	\$ 849,977
Restricted - reserve funds	2,652,101	804,851
Restricted - controlled entities	<u>483,168</u>	<u>189,100</u>
	<u>\$ 5,337,567</u>	<u>\$ 1,843,928</u>

6. ACCOUNTS RECEIVABLE

	2012	2011
Due from the Federal Government and its agencies (Note 7)	\$ 622,972	\$ 893,646
Due from the Province of New Brunswick (Note 8)	90,810	211,510
Water and sewer	393,355	386,138
Arena	35,483	42,453
Other	<u>90,035</u>	<u>749,579</u>
	<u>\$ 1,232,655</u>	<u>\$ 2,283,326</u>

7. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	2012	2011
Canada Revenue Agency (HST refund)	\$ 622,972	\$ 744,470
Canada-New Brunswick Building Canada Fund	<u>-</u>	<u>149,176</u>
	<u>\$ 622,972</u>	<u>\$ 893,646</u>

8. DUE FROM PROVINCE OF NEW BRUNSWICK

	2012	2011
Canada-New Brunswick Building Canada Fund	\$ -	\$ 149,176
Department of Transportation	90,810	-
Environmental Trust Fund	-	21,434
Youth Capital Assistance Program	<u>-</u>	<u>40,900</u>
	<u>\$ 90,810</u>	<u>\$ 211,510</u>

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

9. DEFERRED REVENUE

	<u>2012</u>	<u>2011</u>
Government transfers - Gas Tax	\$ 2,553,108	\$ 2,358,977
Deferred revenue - K-Park Levy (Note 16)	<u>24,857</u>	<u>26,292</u>
	<u>\$ 2,577,965</u>	<u>\$ 2,385,269</u>

10. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	<u>2012</u>	<u>2011</u>
Accounts payable - trade	\$ 1,789,205	\$ 946,108
Bid Deposits	124,176	111,873
Accrued interest	63,921	96,701
Accrued liabilities	750,970	333,397
Accounts payable - other	<u>120,108</u>	<u>532,044</u>
	<u>\$ 2,848,380</u>	<u>\$ 2,020,123</u>

11. INVESTMENTS

The investments represent the Town's proportionate share of the investments of the RRJPC. The investments consist of short term notes, Canadian equities and foreign equities and are recorded at fair market value. The unrealized loss on the investments at December 31, 2012 was \$1,182 (2011 - \$1,274). The investments are restricted for future payment of retirement benefits.

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

12. LONG TERM DEBT

(a) General Capital Fund

	Balance January 1, 2012	Issued during year	Redeemed during year	Balance December 31, 2012
New Brunswick Municipal Financing Corporation				
Debtentures:				
AM14 3.375% - 5.75%, due 2012, OIC # 01-66, 01-41, 98-54, 99-22	\$ 193,000	\$ -	\$ 193,000	\$ -
AO14 3.05% - 5%, due 2013, OIC # 02-25	106,000	-	52,000	54,000
AQ10 2.75% - 5.50%, due 2014, OIC # 03-52, 99-22	250,000	-	79,000	171,000
AR24 2.75% - 4.80%, due 2014, OIC # 3-88	699,000	-	40,000	659,000
AV31 4.15% - 4.30%, due 2014, OIC # 04-40	167,000	-	53,000	114,000
BD24 1.05% - 2.50%, due 2015, OIC # 99-22	329,000	-	80,000	249,000
BF22 1.35% - 2.2%, due 2016, OIC # 00-18	351,000	-	68,000	283,000
BA17 0.95% - 5.00%, due 2019, OIC # 08-03, 08-63	811,000	-	90,000	721,000
BB26 1.00% - 4.50%, due 2019, OIC # 08-63, 08-82	1,088,000	-	122,000	966,000
BG18 1.65% - 3.80%, due 2027, OIC # 10-0012, 11-0071 & 99-0077	-	1,214,000	-	1,214,000
Refinanced during 2012	<u>669,000</u>	<u>-</u>	<u>669,000</u>	<u>-</u>
	<u>\$ 4,663,000</u>	<u>\$ 1,214,000</u>	<u>\$ 1,446,000</u>	<u>\$ 4,431,000</u>

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

2013 - \$709,000; 2014 - \$1,249,000; 2015 - \$498,000; 2016 - \$428,000; 2017 - \$366,000

In 2014, debenture AR24 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.

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

13. LONG TERM DEBT (cont'd)

	Balance January 1, 2012	Issued during year	Redeemed during year	Balance December 31, 2012
<u>(b) Water and Sewer Capital Fund</u>				
New Brunswick Municipal Financing Corporation				
Debtures:				
AM15 3.375% - 5.75%, due 2012, OIC # 00-18	\$ 732,000	\$ -	\$ 732,000	\$ -
AN18 3.1% - 5.6%, due 2012, OIC # 02-06	8,000	-	8,000	-
AO15 3.05% - 5.0%, due 2013, OIC # 02-62	65,000	-	32,000	33,000
AQ11 2.75% - 5.5%, due 2014, OIC # 03-92	150,000	-	47,000	103,000
AY18 3.30% - 4.85%, due 2018, OIC # 96-60, 96-72	275,000	-	11,000	264,000
AZ29 2.10 - 4.95%, due 2018, OIC # 03-0092	831,000	-	105,000	726,000
BF23 1.35% - 3.45%, due 2021, OIC # 00-18	1,723,000	-	70,000	1,653,000
BG19 1.65 - 3.80%, due 2027, OIC # 11-0045	-	500,000	-	500,000
BH23 1.35 - 3.80%, due 2032, OIC # 00-0018	<u>-</u>	<u>713,000</u>	<u>-</u>	<u>713,000</u>
	<u>3,784,000</u>	<u>1,213,000</u>	<u>1,005,000</u>	<u>3,992,000</u>
Canada Mortgage and Housing Corporation				
CMHC 3.70%, due 2030 OIC # 09-119, 09-139, 10-012	<u>3,378,759</u>	<u>-</u>	<u>125,727</u>	<u>3,253,032</u>
	<u>\$ 7,162,759</u>	<u>\$ 1,213,000</u>	<u>\$ 1,130,727</u>	<u>\$ 7,245,032</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 \$682,517 (2011 - \$702,347) issued to fund local improvement projects. The debt will be repaid over a period of time through the collection of local improvement levies.

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

2013 - \$444,379; 2014 - \$424,203; 2015 - \$384,206; 2016 - \$397,393; 2017 - \$411,773

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

12. LONG TERM DEBT (cont'd)

(c) Jointly Controlled Entity - RRJBPC (proportionate share)

	Balance January 1, 2012	Issued during year	Redeemed during year	Balance December 31, 2012
New Brunswick Municipal Financing Corporation				
Debentures:				
AR52 2.75% - 4.8%, due 2014, OIC # 02-66, 03-53	\$ 256,211	\$ -	\$ 13,706	\$ 242,505
AT63 3.75% - 4.375%, due 2015, OIC # 03-53	<u>485,610</u>	<u>-</u>	<u>22,838</u>	<u>462,772</u>
	<u>\$ 741,821</u>	<u>\$ -</u>	<u>\$ 36,544</u>	<u>\$ 705,277</u>

Principal payments required during the next three years are as follows:

2013 - \$41,487; 2014 - \$254,482; 2015 - \$409,308

In 2014, debenture AR52 will mature with a final amount due of \$227,109, however \$210,856 of this payment is expected to be refinanced during that year. In 2015, debenture AT63 will mature with a final amount due of \$409,308, however, \$380,653 of this payment is expected to be refinanced during that year.

Total Long term debt:

	2012	2011
General Capital Fund	\$ 4,431,000	\$ 4,663,000
Water and Sewer Capital Fund	7,245,032	7,162,759
Controlled Entity - RRJBPC	<u>705,277</u>	<u>741,821</u>
	<u>\$ 12,381,309</u>	<u>\$ 12,567,580</u>

13. 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.

14. SEWER OUTFALL RESERVE

In accordance with an agreement with the Municipality of Quispamsis, Rothesay and the Municipality 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 Rothesay contributing \$1 per unit and the Municipality of Quispamsis contributing \$2 per unit. Any accumulated amounts are transferred to the Water and Sewer Capital Reserve Fund for future capital expenditures.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

15. TOWN HALL RESERVE

In accordance with a lease agreement between the Town and the Province of New Brunswick 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.

16. 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 29 years.

17. ACCRUED SICK LEAVE

Rothesay provides sick leave that accumulates at a rate of 18 hours per month. All employees can accumulate to a maximum of 2,400 hours and can take leave with pay for an amount of time equal to the accumulated sick leave.

KVFD provides sick leave that accumulates at a rate of 18 hours per month while the employees sick bank is below 1,000 hours, and at 13.5 hours per month while the sick bank is above 1,000 hours. All employees can accumulate to a maximum of 2,184 sick leave hours and can take leave with pay for an amount of time equal to the accumulated sick leave.

An actuarial valuation in accordance with PSA 3255, was performed for each plan, the 43 employee plan for Rothesay and the 40 employee plan for KVFD. The actuarial method used was the Projected Unit Credit pro-rated on service to expected usage. The valuation was based on a number of assumptions about future events, such as interest rates, wage and salary increases and employee turnover and retirement. The assumptions used reflect the Town's and KVFD's best estimates.

The following summarizes the major assumptions in the valuation:

- annual salary increase is 3%;
- the discount rate used to determine the accrued benefit obligations is 3.38%;
- retirement age is 60; and
- estimated net excess utilization of rate of sick leave varies with age.

The sick leave is an unfunded benefit and as such, there are no applicable assets. Benefits are paid out of general revenue as they come due.

The consolidated unfunded liability consist of:

	Estimated 2012	2011
Rothesay	\$ 23,200	\$ 21,500
KVFD	<u>257,465</u>	<u>229,581</u>
	<u>\$ 280,665</u>	<u>\$ 251,081</u>

The unfunded liability was \$241,460 on January 1, 2011 and was recorded as a prior period adjustment on the adoption of PSAS.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

18. POST EMPLOYMENT BENEFITS PAYABLE

Retirement Allowance Program

Rothesay's retiring employees are entitled to four weeks' regular salary for every five years of employment to a maximum of 26 weeks. The employee must be 55 years of age to receive the benefit.

The accrued liability is based on an actuarial valuation as at December 31, 2011, which used a discount rate of 3.38% and an annual salary increase rate of 3%. The liability was determined using the projected unit credit method pro-rated on service to the date the maximum benefit is earned.

KVFD's retiring employees are entitled to four weeks' regular salary for every five years of employment to a maximum of 24 weeks based on a minimum of ten years service. The employee must be of retirement age of 55.

The accrued liability is based on an actuarial valuation as at December 31, 2009, which used a discount rate of 6% and an annual salary increase rate of 4%.

RRJBPC's retiring employees are entitled to accumulate the greater of fifty percent of unused sick leave credits or one month's standard salary for every five years, or any part thereof, of service to a maximum of 6 months.

The accrued liability is based on an actuarial valuation as at July 31, 2008, which used a discount rate of 6.35% and an annual salary increase rate of 3%.

The consolidated unfunded liability consist of:

	<u>2012</u>	<u>2011</u>
Rothesay	\$ 234,600	\$ 263,000
KVFD	183,103	149,831
RRJBPC	<u>278,861</u>	<u>279,446</u>
Balance at end of year	<u>\$ 696,564</u>	<u>\$ 692,277</u>

The consolidated accrued liability was \$630,162 on January 1, 2011 was recorded as a prior period adjustment on the adoption of PSA.

Pension Obligation

Employees of Rothesay, KVFD and RRJBPC participate in the New Brunswick Municipal Employees Pension Plan (NBMEPP). The NBMEPP is 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. The NBMEPP provides pensions based on length of service and best average earnings.

Actuarial valuations for funding purposes are performed either annually or triennially depending on the financial position of the NBMEPP (currently annually). In turn, the actuarial valuations for accounting purposes are based on these figures (with adjustments). The most recent actuarial valuation was prepared as at December 31, 2011 and resulted in an overall NBMEPP accrued benefit obligation of \$78,574,700 based on the accounting basis.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

18. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

The actuarial valuation for accounting purposes was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates. The following summarizes the major assumptions in the valuation as at December 31, 2011:

- the expected inflation rate is 2.35% (prior 2.35%);
- the discount rate used to determine the accrued benefit obligation is 5.5% (prior 5.85%);
- the expected rate of return on assets is 5.5% (prior 5.85%);
- retirement age varies by age and employment category; and
- estimated average remaining service life (EARSL) is 15.1 years (prior 15.3 years).

The actuarial valuation prepared as at December 31, 2011 indicated that 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 \$12,629,600, an increase of \$2,926,300 from the December 31, 2010 deficit of \$9,703,300. In response to the deficit increase, effective January 1, 2013, plan benefits were amended and contribution rates were increased. Based on the assumptions as at December 31, 2011, 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 Pensions Benefits Act.

As at December 31, 2011, the NBMEPP provides benefits for 157 retirees. Total benefits payments to retirees and terminating employees during 2012 are estimated to be approximately \$2,816,300 (actual 2011, \$2,747,600) in totality for the NBMEPP.

Employees make contributions using rates that vary by earnings level and employment category, with an overall average contribution rate of approximately 7.6%. Each municipality contributes an amount that equals their employees contributions amounts. Pension fund assets are invested in short term securities, bonds, Canadian equities and foreign equities. Combined employees and municipalities contributions for 2012 are estimated to be approximately \$5,003,000 (actual 2011, \$4,739,300) in totality for the NBMEPP.

The following summarizes the NBMEPP data as it relates to Rothesay:

- The average age of the 23 active employees covered by the NBMEPP is 46.1;
- benefit payments were \$111,700 in 2011 and were estimated to be \$111,600 in 2012; and
- combined contributions were \$315,000 in 2011 and were estimated to be \$348,000 in 2012.

The following summarizes the NBMEPP data as it relates to KVFD:

- The average age of the 37 active employees covered by the NBMEPP is 45.1;
- benefit payments were \$260,200 in 2011 and were estimated to be \$268,500 in 2012; and
- combined contributions were \$365,000 in 2011 and were estimated to be \$403,400 in 2012.

The following summarizes the NBMEPP data as it relates to RRJBPC:

- The average age of the 42 active employees covered by the NBMEPP is 41.7;
- benefit payments were \$281,400 in 2011 and were estimated to be \$292,300 in 2012; and
- combined contributions were \$485,000 in 2011 and were estimated to be \$536,200 in 2012.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

18. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

In addition to determining the position of the NBMEPP as it relates to Rothesay and the other controlled entities as at December 31, 2010 and December 31, 2011, NBMEPP's actuary performed an extrapolation of the December 31, 2011 accounting valuation to determine the estimated position as at December 31, 2012. The extrapolation assumes assumptions used as at December 31, 2012 remain unchanged from December 31, 2011. The extrapolation also assumes assets return 5.5%, net of all fees and expenses. If experience is different than assumed, amounts will be adjusted to reflect actual experience. Results of the extrapolation are as follows:

	Estimated	
	Jan 1, 2012 to	Jan 1, 2011 to
	<u>Dec 31, 2012</u>	<u>Dec 31, 2011</u>
Accrued Benefit Liability		
Accrued benefit liability at beginning of period	\$ 1,530,796	\$ 1,750,215
Change in ownership percentage	45	(76,818)
Pension expense for the year	377,895	197,732
Employer contributions	<u>(376,324)</u>	<u>(340,333)</u>
Accrued benefit liability at end of period	<u>\$ 1,532,412</u>	<u>\$ 1,530,796</u>

In summary, the consolidated accrued benefit liability is estimated to be \$1,532,412 as at December 31, 2012. This compares to \$1,750,215 as at January 1, 2011 and \$1,530,796 as at December 31, 2011. This amount is included in the post employment benefits payable on the consolidated statement of financial position.

	Estimated	
	Jan 1, 2012 to	Jan 1, 2011 to
	<u>Dec 31, 2012</u>	<u>Dec 31, 2011</u>
Rothesay	\$ 446,200	\$ 472,500
KVFD	538,371	518,848
RRJBPC	<u>547,841</u>	<u>539,448</u>
	<u>\$ 1,532,412</u>	<u>\$ 1,530,796</u>

The financial position as it relates to the accrued benefit liability is shown as follows and illustrates the unamortized amounts being recognized in pension expense over time:

	Estimated	
	Jan 1, 2012 to	Jan 1, 2011 to
	<u>Dec 31, 2012</u>	<u>Dec 31, 2011</u>
Reconciliation of Funded Status at End of Period		
Accrued benefit obligation	\$ 10,632,858	\$ 9,854,600
Plan assets	<u>(8,384,168)</u>	<u>(7,557,523)</u>
Plan deficit	2,248,690	2,297,077
Unamortized experience losses	<u>(716,278)</u>	<u>(766,281)</u>
Accrued benefit liability at end of period	<u>\$ 1,532,412</u>	<u>\$ 1,530,796</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

18. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

The following illustrates the reconciliation of accrued benefit obligation from the beginning of period to the end of period:

	Estimated Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation at beginning of period	\$ 9,854,600	\$ 9,417,372
Change in ownership percentage	643	(690,045)
Current service cost	582,451	503,943
Benefits payments	(353,172)	(344,989)
Interest for period	548,336	515,204
Savings of plan amendments	-	(58,643)
Experience loss during period	-	511,758
	<u> </u>	<u> </u>
Accrued benefit obligation at end of period	<u>\$ 10,632,858</u>	<u>\$ 9,854,600</u>

The following illustrates the reconciliation of plan assets from the beginning of period to the end of period:

	Estimated Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011
Reconciliation of Plan Assets		
Plan assets at beginning of period	\$ 7,557,523	\$ 7,482,856
Change in ownership percentage	493	(428,926)
Employer contributions	376,324	340,333
Employee contributions	376,324	340,333
Benefit payments	(353,173)	(344,989)
Return on plan assets during period	426,677	164,949
Experience gain during the year	-	2,967
	<u> </u>	<u> </u>
Plan assets at end of period	<u>\$ 8,384,168</u>	<u>\$ 7,557,523</u>

Total expense related to pensions include the following components:

	Estimated Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011
Pension Expense		
Employer current service cost	\$ 206,127	\$ 163,610
Interest on accrued benefit obligation	548,336	515,204
Expected return on assets	(426,676)	(422,440)
Amortization of unrecognized balances		
Prior service savings	16,600	(58,643)
Experience loss	33,508	-
	<u> </u>	<u> </u>
Pension expense	<u>\$ 377,895</u>	<u>\$ 197,731</u>

The pension expense is included in the statement of operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

19. 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, 2012 cannot be predicted with certainty, it is the opinion of management and council that resolution of these matters will not have a material adverse effect.

20. SHORT TERM BORROWING

Operating Borrowing

As prescribed in the Municipalities Act, borrowing to finance General Operating Fund operations is limited to 4% of the Municipality's budget. Borrowing to finance Water and Sewer Fund operations is limited to 50% of the operating budget for the year. In 2012, the Town has complied with these restrictions.

Capital Funds

At December 31, 2012, there were short-term funds totaling \$1,187,327 (2011 - \$546,089) borrowed from other funds and no short-term funds (2011 - nil) borrowed from a financial institution to provide interim funding for capital projects in the General Capital Fund.

At December 31, 2012, there were short-term funds totaling \$1,186,941 (2011 - \$390,000) borrowed from other funds and no short-term funds (2011 - nil) borrowed from a financial institution to provide interim funding for capital projects in the Water and Sewer Capital Fund.

Interim Borrowing Capital Funds

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

General Capital Fund, OIC # 08-063	\$ 100,000
General Capital Fund, OIC # 09-059	3,000,000
General Capital Fund, OIC # 10-012	2,980,000
General Capital Fund, OIC # 11-071	2,575,000
General Capital Fund, OIC # 13-008	<u>3,005,000</u>
	<u>\$ 11,660,000</u>
Water and Sewer Capital Fund, OIC # 10-012	\$ 77,000
Water and Sewer Capital Fund, OIC # 11-045	<u>1,000,000</u>
	<u>\$ 1,077,000</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

20. SHORT TERM BORROWING (cont'd)

Inter-fund Borrowing

The Municipal Financing Reporting Manual requires that short term inter-fund borrowings be repaid in the next year unless the borrowing is for a capital project. The amounts payable between Funds are in compliance with the requirements.

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.

21. WATER AND SEWER FUND SURPLUS

The Municipalities Act requires Water and Sewer Fund surplus amounts to be absorbed into one or more of four Operating Budgets commencing with the second next ensuing year; the balance of the surplus at the end of the year consists of:

	2012	2011
2012 Deficit	\$ (138,840)	\$ -
2011 Surplus	2,738	2,738
2010 Surplus	<u>-</u>	<u>7,927</u>
	<u>\$ (136,102)</u>	<u>\$ 10,665</u>

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DECEMBER 31, 2012

22. SCHEDULE OF TANGIBLE CAPITAL ASSETS

COST	Land	Land Improvements	Buildings and Leasehold Improvements	Vehicles	Machinery and Equipment	Infrastructure			Sewer	Subtotal	Assets Under Construction	2012 Total	2011 Total
						Roads and Streets	Storm Sewer	Water					
Balance - beginning of year	\$ 2,738,192	\$ 4,841,049	\$ 6,736,064	\$ 2,394,087	\$ 1,327,994	\$ 31,358,712	\$ 15,779,519	\$ 18,332,467	\$ 15,144,190	\$ 98,652,274	\$ 6,085,819	\$ 104,738,093	\$ 96,088,483
Change in percentage ownership	276	117	(503)	(4,655)	114	-	-	-	-	(4,651)	-	(4,651)	(263,300)
Add: Net additions during the year	129,850	360,865	33,300	101,917	46,040	2,499,626	484,676	4,854,485	234,494	8,745,253	2,376,573	11,121,826	14,734,333
Less: Disposals during the year	(13,779)	(18,227)	(41,584)	(14,611)	-	(1,812,103)	(389)	-	-	(1,900,693)	(5,669,740)	(7,570,433)	(5,821,423)
Balance - end of year	<u>2,854,539</u>	<u>5,183,804</u>	<u>6,727,277</u>	<u>2,476,738</u>	<u>1,374,148</u>	<u>32,046,235</u>	<u>16,263,806</u>	<u>23,186,952</u>	<u>15,378,684</u>	<u>105,492,183</u>	<u>2,792,652</u>	<u>108,284,835</u>	<u>104,738,093</u>
ACCUMULATED AMORTIZATION													
Balance - beginning of year	-	1,101,469	2,716,864	1,097,990	466,555	12,975,316	4,714,388	4,028,116	6,492,708	33,593,406	-	33,593,406	30,815,528
Change in percentage ownership	-	40	(800)	(1,272)	209	-	-	-	-	(1,823)	-	(1,823)	(81,348)
Add: Amortization during the year	-	266,405	172,454	204,937	94,782	1,819,292	288,660	367,866	236,255	3,450,651	-	3,450,651	3,089,564
Less: Accumulated amortization on disposals	-	(15,081)	(35,485)	(12,900)	-	(1,202,800)	(207)	-	-	(1,266,473)	-	(1,266,473)	(230,338)
Balance - end of year	<u>-</u>	<u>1,352,833</u>	<u>2,853,033</u>	<u>1,288,755</u>	<u>561,546</u>	<u>13,591,808</u>	<u>5,002,841</u>	<u>4,395,982</u>	<u>6,728,963</u>	<u>35,775,761</u>	<u>-</u>	<u>35,775,761</u>	<u>33,593,406</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS													
	<u>\$ 2,854,539</u>	<u>\$ 3,830,971</u>	<u>\$ 3,874,244</u>	<u>\$ 1,187,983</u>	<u>\$ 812,602</u>	<u>\$ 18,454,427</u>	<u>\$ 11,260,965</u>	<u>\$ 18,790,970</u>	<u>\$ 8,649,721</u>	<u>\$ 69,716,422</u>	<u>\$ 2,792,652</u>	<u>\$ 72,509,074</u>	<u>\$ 71,144,687</u>
Consists of:													
General Fund Assets	\$ 2,506,230	\$ 3,816,557	\$ 2,204,137	\$ 439,179	\$ 670,321	\$ 18,454,427	\$ 11,260,965	\$ 18,790,970	\$ 8,649,721	\$ 66,792,507	\$ 686,706	\$ 67,479,213	\$ 40,153,996
Water & Sewer Fund Assets	95,112	4	187,265	-	10,870	-	-	-	-	293,251	50,695	343,946	28,048,400
Controlled Entities	<u>253,197</u>	<u>14,410</u>	<u>1,482,842</u>	<u>748,804</u>	<u>131,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,630,664</u>	<u>2,055,251</u>	<u>4,685,915</u>	<u>2,942,291</u>
	<u>\$ 2,854,539</u>	<u>\$ 3,830,971</u>	<u>\$ 3,874,244</u>	<u>\$ 1,187,983</u>	<u>\$ 812,602</u>	<u>\$ 18,454,427</u>	<u>\$ 11,260,965</u>	<u>\$ 18,790,970</u>	<u>\$ 8,649,721</u>	<u>\$ 69,716,422</u>	<u>\$ 2,792,652</u>	<u>\$ 72,509,074</u>	<u>\$ 71,144,687</u>

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23. SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR JOINTLY CONTROLLED ENTITIES

	Land	Land Improvements	Buildings	Vehicles	Machinery and Equipment	Assets Under Construction	2012 Total	2011 Total
COST								
Balance - beginning of year	\$ 252,921	\$ 34,733	\$ 2,195,990	\$ 1,229,615	\$ 286,334	\$ 169,720	\$ 4,169,313	\$ 3,982,992
Change in percentage ownership	276	117	(503)	(4,655)	113	-	(4,652)	(263,300)
Add: Net additions during the year	-	-	-	31,339	5,710	1,885,531	1,922,580	552,471
Less: Disposals during the year	-	-	-	(14,611)	-	-	(14,611)	(102,851)
Balance - end of year	<u>253,197</u>	<u>34,850</u>	<u>2,195,487</u>	<u>1,241,688</u>	<u>292,157</u>	<u>2,055,251</u>	<u>6,072,630</u>	<u>4,169,312</u>
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	19,135	646,159	422,751	138,977	-	1,227,022	1,214,710
Change in percentage ownership	-	40	(800)	(1,272)	209	-	(1,823)	(81,348)
Add: Amortization during the year	-	1,265	67,286	84,305	21,560	-	174,416	165,767
Less: Accumulated amortization on disposals	-	-	-	(12,900)	-	-	(12,900)	(72,108)
Balance - end of year	-	<u>20,440</u>	<u>712,645</u>	<u>492,884</u>	<u>160,746</u>	-	<u>1,386,715</u>	<u>1,227,021</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 253,197</u>	<u>\$ 14,410</u>	<u>\$ 1,482,842</u>	<u>\$ 748,804</u>	<u>\$ 131,411</u>	<u>\$ 2,055,251</u>	<u>\$ 4,685,915</u>	<u>\$ 2,942,291</u>

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

24. SCHEDULE OF ACCUMULATED SURPLUS (DEFICIT) RECONCILIATION TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB) REQUIREMENTS

	General Operating Fund	General Capital Fund	Water and Sewer Operating Fund	Water and Sewer Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Water and Sewer Operating Reserve Fund	Water and Sewer Capital Reserve Fund	Jointly Controlled Entities	Total
2011 annual fund surplus (deficit)	\$ 8,348	\$ 5,303,995	\$ 2,738	\$ 3,421,079	\$ 8,117	\$ 847,306	\$ 954	\$ 109,510	\$ (21,165)	\$ 9,680,882
Adjustments to 2011 annual surplus (deficit) for PSAB requirements										
Second previous year's surplus	(145,543)	-	(64,572)	-	-	-	-	-	(1,481)	(211,596)
Transfers between funds										
Transfer elimination	3,343,146	(3,343,146)	-	-	-	-	-	-	-	-
Transfer elimination	91,076	(91,076)	-	-	-	-	-	-	-	-
Transfer elimination	292,725	-	-	-	-	(292,725)	-	-	-	-
Transfer elimination	(675,000)	-	675,000	-	-	-	-	-	-	-
Transfer elimination	(250,000)	-	250,000	-	-	-	-	-	-	-
Transfer elimination	-	(1,079,773)	-	-	-	1,079,773	-	-	-	-
Transfer elimination	-	-	-	(210,000)	-	210,000	-	-	-	-
Transfer elimination	-	-	(83,760)	-	-	-	-	83,760	-	-
Transfer elimination	-	-	530,821	(530,821)	-	-	-	-	-	-
Long term debt principal payment	790,000	(790,000)	412,241	(412,241)	-	-	-	-	-	-
Contributions from member municipalities	4,090,461	-	-	-	-	-	-	-	(3,856,589)	233,872
Provision for pension liability	69,300	-	-	-	-	-	-	-	73,301	142,601
Provision for sick leave accrual	1,708	-	-	-	-	-	-	-	(26,309)	(24,601)
Provision for retirement allowance	(2,600)	-	-	-	-	-	-	-	2,752	152
Deferred Gas tax revenue	-	-	-	-	-	(968,712)	-	-	-	(968,712)
Deferred revenue	-	-	-	-	-	-	-	-	35,287	35,287
Other developers contributions	28,486	-	-	-	-	-	-	-	-	28,486
Proceeds from disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-
Loss on disposal of tangible capital assets	(55,502)	-	(1,303)	-	-	-	-	-	(9,502)	(66,307)
Cost of tangible capital assets expensed	(202,798)	-	-	-	-	-	-	-	-	(202,798)
Cost of tangible capital assets previously expensed	66,155	-	-	-	-	-	-	-	289,646	355,801
Other asset adjustments	(429,043)	-	-	-	-	-	-	-	30,181	(398,862)
Amortization expense	(2,348,394)	-	(575,403)	-	-	-	-	-	(165,767)	(3,089,564)
Total adjustments to 2011 annual surplus (deficit)	4,664,177	(5,303,995)	1,143,024	(1,153,062)	-	28,336	-	83,760	(3,628,481)	(4,166,241)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

26. SCHEDULE OF ACCUMULATED SURPLUS (DEFICIT) RECONCILIATION TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB) REQUIREMENTS (cont'd)

	General Operating Fund	General Capital Fund	Water and Sewer Operating Fund	Water and Sewer Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Water and Sewer Operating Reserve Fund	Water and Sewer Capital Reserve Fund	Jointly Controlled Entities	Total
2011 annual surplus (deficit) per PSAB requirements	4,672,525	-	1,145,762	2,268,017	8,117	875,642	954	193,270	(3,649,646)	5,514,641
Accumulated surplus before prior period adjustments - beginning of year	<u>152,716</u>	<u>42,960,165</u>	<u>72,499</u>	<u>23,117,420</u>	<u>539,797</u>	<u>1,647,638</u>	<u>95,368</u>	<u>1,512,831</u>	<u>521,323</u>	<u>70,619,757</u>
Accumulated surplus before prior period adjustments - end of year	4,825,241	42,960,165	1,218,261	25,385,437	547,914	2,523,280	96,322	1,706,101	(3,128,323)	76,134,398
Prior period adjustments	<u>(2,020,360)</u>	<u>(10,560,924)</u>	<u>-</u>	<u>(5,355,931)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,059)</u>	<u>(17,973,274)</u>
Accumulated surplus (deficit) per PSAB requirements - end of year	<u>\$ 2,804,881</u>	<u>\$ 32,399,241</u>	<u>\$ 1,218,261</u>	<u>\$ 20,029,506</u>	<u>\$ 547,914</u>	<u>\$ 2,523,280</u>	<u>\$ 96,322</u>	<u>\$ 1,706,101</u>	<u>\$ (3,164,382)</u>	<u>\$ 58,161,124</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

25. SCHEDULE OF SEGMENT DISCLOSURE

	General	Protective	Transportation	Environmental Health	Environmental Development	Recreation and Culture	Water and Sewer	2012 Consolidated	2011 Consolidated
REVENUE									
Property tax warrant	\$ 1,693,008	\$ 4,110,505	\$ 5,123,152	\$ 631,909	\$ 357,294	\$ 1,970,307	\$ -	\$ 13,886,175	\$ 13,342,297
Sale of service	323,766	-	-	-	-	335,577	-	659,343	538,952
Services provided to other governments	-	-	79,007	-	-	-	-	79,007	79,378
Other own source	459,007	-	-	-	-	-	10,028	469,035	194,750
Unconditional grant	50,328	114,670	152,297	18,785	10,621	58,572	-	405,273	413,544
Other government transfers	763,188	-	-	-	-	-	-	763,188	3,172,190
Water and sewer user fees	-	-	-	-	-	-	2,155,413	2,155,413	2,099,086
Sundry and interest	50,332	117,625	-	-	-	2,831	48,590	219,385	282,900
	<u>3,339,636</u>	<u>4,342,800</u>	<u>5,354,456</u>	<u>650,694</u>	<u>367,915</u>	<u>2,367,287</u>	<u>2,214,031</u>	<u>18,636,819</u>	<u>20,123,097</u>
EXPENDITURE									
Salaries and benefits	830,354	3,258,352	1,123,732	-	244,405	233,939	582,738	6,273,520	5,156,428
Goods and services	675,934	655,329	1,406,822	661,786	583,808	1,020,200	1,018,142	6,022,021	5,267,042
Interest	11,058	24,824	86,138	-	-	55,448	285,693	463,161	534,810
Other	36,814	535	523,264	-	-	-	-	560,613	560,612
Amortization	44,491	167,894	2,300,810	-	-	299,851	637,605	3,450,651	3,089,564
	<u>1,598,651</u>	<u>4,106,934</u>	<u>5,440,766</u>	<u>661,786</u>	<u>828,213</u>	<u>1,609,438</u>	<u>2,524,178</u>	<u>16,769,966</u>	<u>14,608,456</u>
Surplus (deficit) for the year	\$ <u>1,740,985</u>	\$ <u>235,866</u>	\$ <u>(86,310)</u>	\$ <u>(11,092)</u>	\$ <u>(460,298)</u>	\$ <u>757,849</u>	\$ <u>(310,147)</u>	\$ <u>1,866,853</u>	\$ <u>5,514,641</u>

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

26. RECONCILIATION OF ANNUAL SURPLUS

	General Operating Fund	General Capital Fund	Water and Sewer Operating Fund	Water and Sewer Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Water and Sewer Operating Reserve Fund	Water and Sewer Capital Reserve Fund	Jointly Controlled Entities	Total
2012 annual surplus (deficit)	\$ 6,222,535	\$ (3,346,140)	\$ 1,327,802	\$ (637,605)	\$ 3,904	\$ 1,645,526	\$ 963	\$ 203,182	\$ (3,553,321)	\$ 1,866,853
Adjustments to annual surplus (deficit) for funding requirements										
Second previous year's surplus	7,164	-	7,927	-	-	-	-	-	514	15,605
Transfers between funds										
Transfer elimination	(2,629,336)	2,629,336	-	-	-	-	-	-	-	-
Transfer elimination	-	782,482	-	-	-	(782,482)	-	-	(4,879)	(4,879)
Transfer elimination	682,540	-	(682,540)	-	-	-	-	-	-	-
Transfer elimination	250,000	-	(250,000)	-	-	-	-	-	-	-
Transfer elimination	(200,000)	-	-	-	200,000	(76,546)	-	-	-	-
Transfer elimination	-	-	(124,309)	76,546	-	-	-	-	-	-
Transfer elimination	-	-	-	124,309	-	-	-	-	-	-
Transfer elimination	-	-	-	447,454	-	-	-	(447,454)	-	-
Long term debt principal repayment	(777,000)	777,000	(417,727)	417,727	-	-	-	-	-	-
Contributions from member municipalities	-	-	-	-	-	-	-	-	-	-
Provision for Pension liability	(26,300)	-	-	-	-	-	-	-	27,870	1,570
Provision for sick leave accrual	1,700	-	-	-	-	-	-	-	29,041	30,741
Provision for retirement allowance	(40,090)	-	-	-	-	-	-	-	(18,504)	(58,594)
Proceeds from disposal of tangible capital assets	100,000	-	-	-	-	-	-	-	4,821	104,821
Loss (gain) on disposal of tangible capital assets	-	528,864	-	-	-	-	-	-	535	529,399
Cost of tangible capital assets expensed	-	-	-	-	-	-	-	-	(26,462)	(26,462)
Cost of tangible capital assets disposed	-	(1,887,793)	-	-	-	-	-	-	(12,900)	(1,900,693)
Revenue adjustment	(3,439,110)	-	-	-	-	-	-	-	3,436,402	(2,708)
Deferred Gas tax revenue	-	180,356	-	-	-	-	-	-	-	180,356
Unrealized gains on investments	-	-	-	-	-	-	-	-	(98)	(98)
Amortization expense	-	2,638,631	-	637,605	-	-	-	-	174,415	3,450,651
Total adjustments to 2012 annual surplus (deficit)	(6,070,432)	5,648,876	(1,466,649)	1,703,641	200,000	(859,028)	-	(447,454)	3,610,755	2,319,709

2012 annual surplus (deficit) for funding requirements \$ 152,103 \$ 2,302,736 \$ (138,840) \$ 1,066,036 \$ 203,904 \$ 786,498 \$ 963 \$ (244,272) \$ 57,434 \$ 4,186,562

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

27. STATEMENT OF RESERVES

	<u>General Operating Reserve</u>	<u>General Capital Reserve</u>	<u>Water and Sewer Operating Reserve</u>	<u>Water and Sewer Capital Reserve</u>	<u>Land for Public Purpose</u>	<u>2012 Total</u>	<u>2011 Total</u>
ASSETS							
Cash and short term investments	\$ 751,818	\$ 1,164,416	\$ 97,285	\$ 638,582	\$ -	\$ 2,652,101	\$ 804,851
Guaranteed investment certificate	-	1,006,245	-	-	-	1,006,245	2,004,471
Accounts receivable from other funds	-	1,065,861	-	739,487	44,920	1,850,268	1,952,199
	<u>\$ 751,818</u>	<u>\$ 3,236,522</u>	<u>\$ 97,285</u>	<u>\$ 1,378,069</u>	<u>\$ 44,920</u>	<u>\$ 5,508,614</u>	<u>\$ 4,761,521</u>
ACCUMULATED SURPLUS	<u>\$ 751,818</u>	<u>\$ 3,236,522</u>	<u>\$ 97,285</u>	<u>\$ 1,378,069</u>	<u>\$ 44,920</u>	<u>\$ 5,508,614</u>	<u>\$ 4,761,521</u>
REVENUE							
Other government transfers	\$ -	\$ 911,631	\$ -	\$ 10,028	\$ 6,945	\$ 928,604	\$ 1,825,803
Transfers from General Operating Fund	200,000	692,725	-	179,770	-	1,072,495	376,395
Interest	6,404	33,826	963	13,384	399	54,976	53,462
	<u>206,404</u>	<u>1,638,182</u>	<u>963</u>	<u>203,182</u>	<u>7,344</u>	<u>2,056,075</u>	<u>2,255,660</u>
EXPENDITURES							
Transfers to General Operating Fund	2,500	-	-	-	-	2,500	1,289,773
Transfers to General and Water and Sewer Capital Funds	-	859,028	-	447,454	-	1,306,482	-
	<u>2,500</u>	<u>859,028</u>	<u>-</u>	<u>447,454</u>	<u>-</u>	<u>1,308,982</u>	<u>1,289,773</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 203,904</u>	<u>\$ 779,154</u>	<u>\$ 963</u>	<u>\$ (244,272)</u>	<u>\$ 7,344</u>	<u>\$ 747,093</u>	<u>\$ 965,887</u>

Name of Investment

<u>Name of Investment</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>
Cashable GIC	\$ 1,509,745	1.36%	March 27, 2013
Cashable GIC	1,006,245	1.36%	June 26, 2013

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Chartered Accountants

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

27. STATEMENT OF RESERVES (cont'd)

Council Resolutions regarding transfers to and from reserves:

Moved by Counc. MacDonald and seconded by Deputy Mayor Grant resolved that the sum of \$549,182 be transferred from the General Capital Reserve fund to the General Capital Fund to cover the costs of Capital Equipment purchases..

Moved by Counc. MacDonald and seconded by Deputy Mayor Grant resolved that the sum of \$10,000 be transferred from the General Operating Fund to the Capital Reserve Fund (Town Hall) for the year 2012 (\$7,275 from District 6).

Moved by Counc. MacDonald and seconded by Deputy Mayor Grant resolved that Gas Tax Funding in the amount of \$904,356 for the year 2012, be transferred to the General Capital Reserve Fund.

Moved by Counc. MacDonald and seconded by Counc. Wells resolved that the sum of \$200,000 be transferred from the General Capital Reserve Fund (Gas Tax) to the General Capital Fund to cover the costs of the Capital Works projects.

Moved by Counc. MacDonald and seconded by Counc. McGuire resolved that the sum of \$33,300 be transferred from the Town Hall Reserve Fund to the General Capital Fund to cover the costs of the new roof on the Town Hall.

Moved by Counc. MacDonald and seconded by Counc. Lewis resolved that the sum of \$200,000 be transferred from the General Operating Fund to the General Operating Reserve Fund for the year 2012.

Moved by Counc. MacDonald and seconded by Counc. Wells resolved that the sum of \$400,000 be transferred from the General Operating Fund to the General Capital Reserve Fund for the year 2012.

Moved by Counc. MacDonald and seconded by Counc. Wells resolved that the sum of \$290,000 be transferred from the General Operating Fund to the General Capital Reserve Fund for the year 2012, as per the departments' budgets - Transportation - \$125,000; Fire Fighting Equipment - \$25,000; Computer Equipment - \$20,000; Recreation Equipment - \$20,000; Transfer Finance - \$100,000.

Moved by Counc. MacDonald and seconded by Counc. Alexander resolved that \$66,000 be transferred from the Utility Operating Fund to the Utility Capital Reserve Fund for water and sewer connection fees.

Moved by Counc. MacDonald and seconded by Counc. Wells resolved that \$110,000 be transferred from the Utility Operating Fund to the Utility Capital Reserve Fund for projected surplus.

Moved by Counc. MacDonald and seconded by Counc. Wells resolved that \$447,454 be transferred from the Utility Capital Reserve Fund (Gas Tax) to the Utility Capital Fund to cover project costs.

Moved by Counc. MacDonald and seconded by Counc. Alexander resolved that \$76,546 be transferred from the General Capital Reserve Fund (Gas Tax) Utility Capital Fund to cover project costs.

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

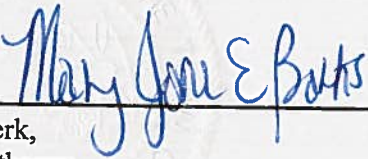
DECEMBER 31, 2012

27. STATEMENT OF RESERVES (cont'd)


Moved by Counc. MacDonald and seconded by Counc. Wells resolved that \$3,770 be transferred from the Utility Operating Fund to the Utility Capital Reserve Fund for Rothesay's contribution to the Sewage Outfall Reserve.

Moved by Counc. MacDonald and seconded by Counc. Wells resolved that \$10,028 received from Quispamsis for Sewage Outfall be transferred to the Utility Capital Reserve Fund.

I hereby certify that the above are true and exact copies of resolutions adopted at a special meeting of Council on December 18, 2012.



Clerk,
Rothesay



Date

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

28. STATEMENT OF JOINTLY CONTROLLED ENTITIES OPERATIONS

	<u>KV Fire</u>	<u>Police</u>	<u>Library</u>	<u>2012 Total</u>	<u>2011 Total</u>
ASSETS	\$ <u>1,708,622</u>	\$ <u>1,372,401</u>	\$ <u>2,999,408</u>	\$ <u>6,080,431</u>	\$ <u>3,701,733</u>
LIABILITIES	\$ <u>1,056,420</u>	\$ <u>1,632,826</u>	\$ <u>711,222</u>	\$ <u>3,400,468</u>	\$ <u>2,775,654</u>
ACCUMULATED SURPLUS (DEFICIT)	\$ <u>652,202</u>	\$ <u>(260,425)</u>	\$ <u>2,288,186</u>	\$ <u>2,679,963</u>	\$ <u>926,079</u>
REVENUE	\$ 1,681,114	\$ 2,270,814	\$ 1,938,524	\$ 5,890,452	\$ 2,117,567
EXPENDITURES	<u>1,824,574</u>	<u>2,253,200</u>	<u>58,794</u>	<u>4,136,568</u>	<u>1,710,277</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>(143,460)</u>	\$ <u>17,614</u>	\$ <u>1,879,730</u>	\$ <u>1,753,884</u>	\$ <u>407,290</u>

The above noted entities are included in the consolidated financial statements. The above figures do not include the eliminating adjustments and represent Rothesay's proportionate share.

29. RECONCILIATION OF FUNDING DEFICIT UPON ADOPTION OF PSA

	<u>Defined Benefit Pension Liability</u>	<u>Vested Post Employment Benefits</u>	<u>Sick Leave Accrual</u>
Liability at December 31, 2011 as calculated on adoption of PSA	\$ 1,530,796	\$ 692,277	\$ 251,081
Amount of December 31, 2011 liability funded in current year	-	-	-
Amounts funded in prior years	-	-	-
Balance to be funded in future years	\$ <u>1,530,796</u>	\$ <u>692,277</u>	\$ <u>251,081</u>

ROTHESAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

30. OPERATING BUDGET TO PSA BUDGET

	Operating Budget General	Operating Budget Water and Sewer	Amortization TCA	Controlled Entities	Transfers	Total
REVENUE						
Property tax warrant	\$ 13,886,175	\$ -	\$ -	\$ -	\$ -	\$ 13,886,175
Unconditional transfers from other governments	405,273	-	-	-	-	405,273
Conditional transfers from Federal or Provincial governments	26,500	-	-	-	630,000	656,500
Services other governments	66,306	-	-	-	-	66,306
Other own source	107,134	-	-	-	-	107,134
Sale of services	720,453	-	-	-	-	720,453
Other transfers	675,000	-	-	-	(675,000)	-
Water and sewer user fees	-	2,393,204	-	-	(277,000)	2,116,204
Sundry income	6,000	32,090	-	104,710	-	142,710
Surplus of second previous year	7,152	7,927	-	-	(15,086)	-
	<u>15,900,000</u>	<u>2,433,131</u>	<u>-</u>	<u>104,710</u>	<u>(337,086)</u>	<u>18,100,755</u>
EXPENDITURES						
General government services	1,784,505	-	44,491	-	(217,345)	1,611,651
Protective services	4,116,536	-	167,894	3,884,912	(4,056,235)	4,113,107
Transportation services	3,192,773	-	2,300,810	-	(426,214)	5,067,369
Environmental health services	822,100	-	-	-	-	822,100
Environmental development services	958,246	-	-	-	-	958,246
Recreation and cultural services	1,398,368	-	299,851	50,215	(10,891)	1,737,543
Fiscal services						
Long term debt repayments	844,300	417,727	-	-	(1,262,027)	-
Interest	163,447	316,081	-	-	(479,528)	-
Transfer from General Operating Fund to General Capital Reserve Fund	290,000	-	-	-	(290,000)	-
Transfer from General Operating Fund to General Operating Reserve Fund	2,725	-	-	-	(2,725)	-
Transfer from General Operating Fund to General Capital Fund	2,327,000	-	-	-	(2,327,000)	-
Transfer from Water and Sewer Operating Fund to Water and Sewer Reserve Fund	-	165,203	-	-	(165,203)	-
Transfer from Water and Sewer Operating Fund to Water and Sewer Capital Fund	-	200,000	-	-	(200,000)	-
Water and Sewer	-	1,334,120	637,605	-	295,789	2,267,514
	<u>15,900,000</u>	<u>2,433,131</u>	<u>3,450,651</u>	<u>3,935,127</u>	<u>(9,141,379)</u>	<u>16,577,530</u>
Surplus (deficit)	\$ -	\$ -	\$ (3,450,651)	\$ (3,830,417)	\$ 8,804,293	\$ 1,523,225

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

31. REVENUE AND EXPENDITURES SUPPORT

	<u>2012</u> Budget	<u>2012</u> Actual	<u>2011</u> Actual
REVENUE			
Sale of services			
Community Centre	\$ 15,000	\$ 21,535	\$ 15,755
Rental revenue	249,000	302,231	189,436
Recreational programs	<u>456,453</u>	<u>335,577</u>	<u>333,761</u>
	<u>\$ 720,453</u>	<u>\$ 659,343</u>	<u>\$ 538,952</u>
Other own source			
Permits and fines	\$ 96,500	\$ 196,186	\$ 108,736
Contributions by developers	-	-	28,486
Miscellaneous	<u>10,634</u>	<u>272,849</u>	<u>57,528</u>
	<u>\$ 107,134</u>	<u>\$ 469,035</u>	<u>\$ 194,750</u>
Conditional government transfers			
Canada Day grants	\$ 1,500	\$ 3,050	\$ 5,000
Building Canada and Infrastructure Stimulus Funds	-	-	2,246,584
New Brunswick Environmental Trust Fund	-	-	21,433
Gas Tax revenue	630,000	724,000	840,000
Other	<u>25,000</u>	<u>36,138</u>	<u>59,173</u>
	<u>\$ 656,500</u>	<u>\$ 763,188</u>	<u>\$ 3,172,190</u>
EXPENDITURE			
General government services			
Legislative			
Mayor	\$ 34,725	\$ 34,465	\$ 32,811
Councilors	100,103	95,732	93,485
Other	<u>13,500</u>	<u>4,504</u>	<u>12,688</u>
	<u>148,328</u>	<u>134,701</u>	<u>138,984</u>
Administrative			
Administration	649,401	647,886	594,430
Office building	51,678	69,720	45,336
Solicitor	50,000	56,349	54,551
Supplies	-	23,054	81,786
Other	<u>268,211</u>	<u>135,550</u>	<u>83,566</u>
	<u>1,019,290</u>	<u>932,559</u>	<u>859,669</u>
Financial management			
External audit and PSAS conversion	<u>33,000</u>	<u>63,130</u>	<u>110,847</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

31. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2012</u> Budget	<u>2012</u> Actual	<u>2011</u> Actual
General government services (cont'd)			
Other			
Civic relations	21,500	18,022	4,114
Community communications	-	3,150	2,391
Insurance	107,213	105,504	100,222
Property tax - land for public purposes	-	11,302	17,626
Grants to organizations	-	19,109	8,105
Cultural support	-	20,000	26,000
Cost of assessment	226,380	226,380	217,513
Interest	11,449	11,058	15,357
Loss on disposal of tangible capital assets	-	9,245	-
Amortization	<u>44,491</u>	<u>44,491</u>	<u>33,122</u>
	<u>411,033</u>	<u>468,261</u>	<u>424,450</u>
	<u>\$ 1,611,651</u>	<u>\$ 1,598,651</u>	<u>\$ 1,533,950</u>
Protective services			
Fire			
Administration	\$ 204,673	\$ 203,179	\$ 187,522
Firefighting force	1,293,360	1,265,312	1,142,915
Telecommunications	6,294	6,974	7,259
Insurance	15,628	15,081	15,222
Prevention and training	12,155	8,683	11,887
Facilities	88,449	89,351	91,887
Fleet	49,821	53,735	52,171
Operations	27,398	33,772	33,449
Water costs	10,361	10,361	9,727
Retirement allowance	15,628	34,028	16,691
Other	651	472	601
Loss (gain) on disposal of tangible capital assets	-	(3,645)	10,346
Amortization	<u>95,408</u>	<u>95,408</u>	<u>86,613</u>
	<u>1,819,826</u>	<u>1,812,711</u>	<u>1,666,290</u>
Crimestoppers	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>
Police			
Crime Control	1,512,641	1,486,069	1,365,097
Vehicle Fleet	108,633	126,689	111,884
Property	105,788	101,479	100,863
Administration	312,564	303,792	290,226
Retirement allowance	-	32,506	24,930
Communications	120,868	128,807	137,469
Other	-	(98)	7,942
Loss (gain) on disposal of tangible capital assets	-	535	(844)
Amortization	<u>72,486</u>	<u>72,486</u>	<u>72,140</u>
	<u>2,232,980</u>	<u>2,252,265</u>	<u>2,109,707</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

31. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2012</u> Budget	<u>2012</u> Actual	<u>2011</u> Actual
Protective services (cont'd)			
Other			
Animal control	14,000	10,831	9,934
Interest	25,701	24,824	44,701
Other	<u>17,800</u>	<u>3,503</u>	<u>5,048</u>
	<u>57,501</u>	<u>39,158</u>	<u>59,683</u>
	<u>\$ 4,113,107</u>	<u>\$ 4,106,934</u>	<u>\$ 3,838,480</u>
Transportation services			
Common			
Wages and benefits	\$ 1,438,959	\$ 1,123,732	\$ 923,478
Workshop, yard and equipment maintenance	271,559	560,506	489,490
Engineering	<u>6,000</u>	<u>7,601</u>	<u>6,248</u>
	<u>1,716,518</u>	<u>1,691,839</u>	<u>1,419,216</u>
Roads and Streets			
Roadway surfaces	60,000	71,322	78,655
Crosswalks and sidewalks	10,000	17,948	(17,230)
Culverts and drainage ditches	48,000	13,886	34,487
Storm sewers	60,000	61,216	55,559
Street cleaning	25,000	22,185	12,120
Snow and ice removal	452,000	389,353	411,996
Street lighting	142,100	136,342	136,532
Street signs	15,000	9,244	9,834
Traffic lane marking	38,759	13,657	13,119
Traffic signals and signs	12,000	16,578	9,401
Railway crossing signals	24,000	13,035	22,147
Public transit - Comex Service	74,000	73,949	49,448
Interest	89,182	86,138	180,715
Loss on disposal of tangible capital assets	-	523,264	55,502
Amortization	<u>2,300,810</u>	<u>2,300,810</u>	<u>2,048,529</u>
	<u>3,350,851</u>	<u>3,748,927</u>	<u>3,100,814</u>
	<u>\$ 5,067,369</u>	<u>\$ 5,440,766</u>	<u>\$ 4,520,030</u>
Environmental health services			
Solid waste disposal	\$ 296,100	\$ 212,887	\$ 219,954
Solid waste compost	-	25,604	30,053
Solid waste collection	526,000	395,370	298,066
Less: recovery of letter of credit	-	-	(86,650)
Clean up campaign	<u>-</u>	<u>27,925</u>	<u>22,636</u>
	<u>\$ 822,100</u>	<u>\$ 661,786</u>	<u>\$ 484,059</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

31. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2012</u> Budget	<u>2012</u> Actual	<u>2011</u> Actual
Environmental development services			
Environmental planning and zoning	\$ 366,400	\$ 289,133	\$ 266,651
Beautification	506,313	454,026	338,243
Greater Saint John Economic Development Agency, Inc.	82,533	81,951	81,356
Tourism	<u>3,000</u>	<u>3,103</u>	<u>2,615</u>
	<u>\$ 958,246</u>	<u>\$ 828,213</u>	<u>\$ 688,865</u>
Recreation and cultural services			
Administration	\$ 149,700	\$ 182,219	\$ 182,905
Beaches	37,648	42,753	44,242
Rothesay Arena	356,400	278,936	338,341
Memorial Centre	56,600	60,337	49,568
Summer programs	356,728	204,968	202,089
Regional Facilities Commission	290,494	289,102	280,080
Kennebecasis Public Library Inc	50,215	52,640	49,575
Special events	39,000	41,608	41,213
Living museum	4,000	1,635	1,247
Apartment buildings	39,500	99,941	2,588
Interest	57,407	55,448	110,260
Amortization	<u>299,851</u>	<u>299,851</u>	<u>273,757</u>
	<u>\$ 1,737,543</u>	<u>\$ 1,609,438</u>	<u>\$ 1,575,865</u>
Water and sewer services			
Water System			
Administration	\$ 247,400	\$ 226,780	\$ 275,371
Purification maintenance and treatment	193,200	164,903	158,373
Source of supply - purchase of water	-	200,000	12,516
Transmission and distribution	120,000	123,279	33,538
Power and pumping	60,900	37,356	48,046
Billing and collecting	<u>3,000</u>	<u>1,014</u>	<u>1,352</u>
	<u>624,500</u>	<u>753,332</u>	<u>529,196</u>
Sewer System			
Administration	514,050	601,924	507,047
Sewer collection system	64,800	141,302	76,648
Sewer lift stations	49,400	54,173	23,106
Treatment and disposal	81,370	50,149	70,727
Loss on disposal of tangible capital asset	<u>-</u>	<u>-</u>	<u>1,303</u>
	<u>709,620</u>	<u>847,548</u>	<u>678,831</u>
Interest	295,789	285,693	183,777
Amortization	<u>637,605</u>	<u>637,605</u>	<u>575,403</u>
	<u>933,394</u>	<u>923,298</u>	<u>759,180</u>
	<u>\$ 2,267,514</u>	<u>\$ 2,524,178</u>	<u>\$ 1,967,207</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

32. COMPARATIVE FIGURES

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