

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
FINANCIAL STATEMENTS
DECEMBER 31, 2010**



INDEX

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS:	
General Fund:	
Operating Fund:	
Balance Sheet	3
Statement of Revenue and Expenditure	4
Supplementary Schedule of Revenue Accounts	5
Supplementary Schedule of Expenditure Accounts	6 - 10
Capital Fund:	
Balance Sheet	11
Statement of Capital Assets	12
Statement of investment in Capital Assets	13
Statement of Source and Application of General Capital Financing	14
Utility Fund:	
Operating Fund:	
Balance Sheet	15
Statement of Revenue and Expenditure	16
Supplementary Schedule of Expenditure Accounts	17 - 18
Capital Fund:	
Balance Sheet	19
Statement of Capital Assets	20
Statement of investment in Capital Assets	21
Statement of Source and Application of Utility Capital Financing	22
Balance Sheet - Utility Capital Reserve Fund	23
Reserve Funds:	
Balance Sheet	24
Statement of Reserve Fund Balances	25
Supplementary information:	
Mayor and Council Report	26 - 27
Notes to Financial Statements	28 - 33



INDEPENDENT AUDITORS' REPORT

To Her Worship The Mayor
and Members of the Council of:
The Town of Sackville,

Report on the Financial Statements

We have audited the accompanying financial statements of The Town of Sackville, which comprise the balance sheet as at December 31, 2010, and the statements of revenue, expenditures, surplus and sources and application of capital financing for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles adopted for New Brunswick Municipalities, and for such internal control as 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Town of Sackville as at December 31, 2010, and its financial performance and its source and use of funds for the year then ended in accordance with Canadian generally accepted accounting principles adopted for New Brunswick Municipalities.

Riverview, NB
March 31, 2011


Chartered Accountants

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
GENERAL OPERATING FUND
BALANCE SHEET
DECEMBER 31, 2010**

ASSETS

	2010	2009
Cash in bank	\$ 1,553,853	\$ -
Petty cash	3,400	3,400
Accounts receivable (Notes 2 and 11)	690,745	1,143,731
Due from Utility Operating Fund	960,736	745,048
Due from Gas Tax Reserve Fund	589,532	517,034
Inventories of supplies (Note 1(c))	91,644	141,108
Prepaid expenses	<u>194,597</u>	<u>314,533</u>
	<u>\$ 4,084,507</u>	<u>\$ 2,864,854</u>

LIABILITIES

Bank overdraft (Note 3)	\$ -	\$ 96,731
Payable and accruals	1,139,818	1,304,365
Due to General Capital Fund	2,430,714	1,243,986
Due to Utility Capital Fund	<u>393,031</u>	<u>162,698</u>
	<u>3,963,563</u>	<u>2,807,780</u>

EQUITY

Surplus, beginning of year	57,074	61,496
Add: Surplus for the year (page 4)	79,489	41,453
Deduct: Surplus of second previous year	<u>(15,619)</u>	<u>(45,875)</u>
Surplus, end of year	<u>120,944</u>	<u>57,074</u>
	<u>\$ 4,084,507</u>	<u>\$ 2,864,854</u>

APPROVED ON BEHALF OF THE MUNICIPALITY:

Patricia Estabrook Mayor

Rhonda Dower Clerk or Treasurer

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
GENERAL OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2010**

		2010		2009
	Page	Budget	Actual	Actual
Revenue				
Warrant of assessment		\$ 7,839,273	\$ 7,839,273	\$ 7,523,938
Unconditional grant from Province		543,944	543,944	533,278
Miscellaneous revenue		-	-	385,000
Revenue from Reserve Funds		-	-	78,000
		<u>8,383,217</u>	<u>8,383,217</u>	<u>8,520,216</u>
Recoveries				
General government	5	34,000	92,707	40,576
Police	5	49,568	41,005	32,927
Fire	5	59,048	60,377	49,341
Transportation	5	87,500	102,662	102,945
Recreation	5	322,500	355,165	353,696
Tourism/Community Development	5	9,192	17,501	14,290
Surplus, second previous year		<u>15,619</u>	<u>15,619</u>	<u>45,875</u>
		<u>577,427</u>	<u>685,036</u>	<u>639,650</u>
Total revenue		<u>8,960,644</u>	<u>9,068,253</u>	<u>9,159,866</u>
Expenditure				
General government	6	1,259,830	1,262,611	1,447,671
Police	7	1,535,857	1,554,412	1,513,982
Fire	7	669,426	655,093	624,641
Environmental health	7	308,642	285,733	286,011
Emergency services	7	16,000	7,881	6,709
Engineering and Public works	8	1,702,668	1,745,716	1,657,271
Recreation, cultural and parks	9	1,088,584	1,022,543	1,032,933
Tourism	10	284,469	302,430	257,616
Community development	9	368,998	363,489	487,902
Fiscal services	10	826,170	840,382	741,955
Capital out of revenue	10	900,000	941,122	1,051,722
Gas Tax Fund expenditures	10	-	7,352	-
Reallocation to Studies	10	-	-	10,000
		<u>8,960,644</u>	<u>8,988,764</u>	<u>9,118,413</u>
Surplus for the year		<u>\$ -</u>	<u>\$ 79,489</u>	<u>\$ 41,453</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
GENERAL OPERATING FUND
SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010		2009
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recoveries:			
General government			
Building permits	\$ 30,000	\$ 78,851	\$ 25,725
Sundry	4,000	10,445	14,846
Interest	-	3,411	5
	<u>\$ 34,000</u>	<u>\$ 92,707</u>	<u>\$ 40,576</u>
Police			
Municipal by-laws	\$ 12,000	\$ 8,900	\$ 6,797
Dog licenses	9,000	5,395	6,111
Provincial fines sharing	<u>28,568</u>	<u>26,710</u>	<u>20,019</u>
	<u>\$ 49,568</u>	<u>\$ 41,005</u>	<u>\$ 32,927</u>
Fire			
Provincial fire protection	\$ 49,048	\$ 46,583	\$ 40,759
Sale of services	<u>10,000</u>	<u>13,794</u>	<u>8,582</u>
	<u>\$ 59,048</u>	<u>\$ 60,377</u>	<u>\$ 49,341</u>
Transportation			
Province - road mileage	\$ 74,000	\$ 76,682	\$ 75,179
- highway markings	5,000	5,129	4,919
- culverts	7,000	12,577	11,517
Other	<u>1,500</u>	<u>8,274</u>	<u>11,330</u>
	<u>\$ 87,500</u>	<u>\$ 102,662</u>	<u>\$ 102,945</u>
Recreation			
Swim program	\$ 12,000	\$ 8,936	\$ 17,370
Summer program registration	21,000	17,125	22,147
Civic Centre	280,000	313,670	303,848
Sundry	<u>9,500</u>	<u>15,434</u>	<u>10,331</u>
	<u>\$ 322,500</u>	<u>\$ 355,165</u>	<u>\$ 353,696</u>
Tourism/Community Development			
Sundry sales	\$ 2,050	\$ 4,648	\$ 4,309
Challenge grant	-	5,392	-
Craft Gallery Rental	<u>7,142</u>	<u>7,461</u>	<u>9,981</u>
	<u>\$ 9,192</u>	<u>\$ 17,501</u>	<u>\$ 14,290</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
GENERAL OPERATING FUND
SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010		2009
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government			
Advertising	\$ 17,000	\$ 13,157	\$ 20,266
Audit	12,500	12,500	12,500
Tantramar District Planning Commission	169,720	169,720	143,295
General administrative services	30,000	16,087	21,913
Grants and donations	48,000	40,050	58,950
Dues and memberships	7,800	6,153	6,209
Legislative salaries and benefits	130,527	121,335	116,383
Insurance - premiums	122,500	136,195	125,853
- claims	10,000	20,053	5,857
Legal	25,000	39,541	70,830
Miscellaneous	40,822	35,126	53,755
Office	22,500	21,822	24,283
Property operating costs	25,000	23,454	22,260
Salaries and employee benefits	376,104	397,079	382,358
Telephone	12,000	12,762	11,310
Training and travel	102,760	92,896	87,686
HST	8,521	5,605	7,603
Assessment costs	99,076	99,076	97,893
Federal Grant Adjustment	-	-	1,591
Bad debts	-	-	176,876
	<u>\$ 1,259,830</u>	<u>\$ 1,262,611</u>	<u>\$ 1,447,671</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
GENERAL OPERATING FUND
SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010		2009
	Budget	Actual	Actual
Protective services:			
RCMP			
RCMP contract	\$ 1,255,000	\$ 1,272,330	\$ 1,219,669
RCMP overtime	20,000	44,139	37,713
RCMP support staff	88,180	89,395	83,359
By-law enforcement salary and benefits	61,376	68,542	73,428
By-law enforcement operating	6,760	8,929	7,789
Jailer, crosswalk guards	31,755	26,626	28,426
Animal control	31,400	25,591	37,323
Property operating costs	<u>41,386</u>	<u>18,860</u>	<u>26,275</u>
	<u>\$ 1,535,857</u>	<u>\$ 1,554,412</u>	<u>\$ 1,513,982</u>
Fire			
Hospital dispatch	\$ 20,000	\$ 20,000	\$ 20,000
Membership dues	500	205	255
Postage and advertising	5,000	7,192	3,462
Property and operating costs	30,850	27,205	33,043
Janitorial salaries and benefits	25,410	15,520	15,013
Supplies	27,050	24,053	52,460
Telephone and mobiles	16,000	23,098	18,495
Training and travel	16,000	20,521	15,119
Vehicle operating and equipment repair	31,000	26,389	34,849
Volunteers and benefits	157,522	150,477	91,171
Water	336,000	336,000	336,000
HST	<u>4,094</u>	<u>4,433</u>	<u>4,774</u>
	<u>\$ 669,426</u>	<u>\$ 655,093</u>	<u>\$ 624,641</u>
Emergency services			
EMO expense	<u>\$ 16,000</u>	<u>7,881</u>	<u>\$ 6,709</u>
Environmental Health			
Westmorland/Albert Solid Waste	\$ 100,095	\$ 109,116	\$ 104,861
Garbage contract	201,545	170,813	174,620
HST	<u>7,002</u>	<u>5,804</u>	<u>6,530</u>
	<u>\$ 308,642</u>	<u>\$ 285,733</u>	<u>\$ 286,011</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
GENERAL OPERATING FUND
SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010		2009
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Engineering and Public Works:			
Public Works			
Equipment operations - fuel	\$ 25,000	\$ 22,707	\$ 25,581
- repairs	43,000	42,506	47,995
Highway markings	12,000	8,661	10,731
Postage and advertising	8,250	10,601	12,098
Property and operating costs	61,000	62,394	64,570
Salaries and employee benefits	787,884	777,148	712,263
Railway crossing repairs	2,000	5,648	5,490
Snow removal	205,000	171,132	210,971
Street - lighting	154,000	155,949	151,717
- maintenance	210,000	295,149	227,226
- railway crossing signals	5,500	1,109	1,098
- signs and signals	13,000	5,378	6,907
Supplies and minor equipment	21,500	19,381	27,251
Telephone and mobiles	7,000	8,609	7,092
Training, travel and sundry	5,300	5,468	5,459
HST	<u>26,291</u>	<u>29,044</u>	<u>29,258</u>
	<u>1,586,725</u>	<u>1,620,884</u>	<u>1,545,707</u>
Engineering			
Salaries and employee benefits	91,926	103,146	91,430
Consulting	10,000	5,200	2,893
HST	797	777	396
Supplies	<u>13,220</u>	<u>15,709</u>	<u>16,845</u>
	<u>115,943</u>	<u>124,832</u>	<u>111,564</u>
Total Engineering and Public Works	<u>\$ 1,702,668</u>	<u>\$ 1,745,716</u>	<u>\$ 1,657,271</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
GENERAL OPERATING FUND
SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010		2009
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recreation, Cultural and Parks:			
Grants and donations	\$ 42,000	\$ 39,980	\$ 36,261
Library (operations)	41,450	28,798	28,673
Parks and playgrounds	88,746	135,348	154,690
Miscellaneous	16,263	1,483	8,796
Postage and advertising	9,000	4,960	7,691
Programs	35,000	33,235	30,389
Property operating costs	22,500	17,850	24,728
Salaries and employee benefits	244,302	200,078	207,669
Telephone	500	4,033	5,641
Training and travel	50,977	20,572	33,419
HST	2,788	1,152	2,400
Civic Centre expenses	<u>535,058</u>	<u>535,054</u>	<u>492,576</u>
	<u>\$ 1,088,584</u>	<u>\$ 1,022,543</u>	<u>\$ 1,032,933</u>
Community Development:			
Advertising and promotion	\$ 30,000	\$ 21,616	\$ 27,279
Salaries and employee benefits	96,420	128,618	140,218
Supplies and sundry	21,700	21,591	23,546
Property operating	60,500	33,002	10,504
Travel and meetings	12,000	5,360	8,595
Fall fair	50,000	57,776	28,532
Enterprise South East	9,900	12,810	10,925
Training	2,000	265	1,828
Renaissance Sackville	50,500	52,830	52,012
Beautification of Town	22,000	22,674	23,104
Committees of Council Work	6,000	2,548	1,481
Cultural capital project	-	-	155,524
HST	<u>7,978</u>	<u>4,399</u>	<u>4,354</u>
	<u>\$ 368,998</u>	<u>\$ 363,489</u>	<u>\$ 487,902</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
GENERAL OPERATING FUND
SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010		2009
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Tourism:			
Advertising and promotion	\$ 25,000	\$ 25,166	\$ 27,801
Supplies and sundry	32,680	32,938	17,958
Christmas lighting	5,500	7,274	4,123
Waterfowl T-shirts	1,500	800	1,267
Travel and meetings	14,000	5,106	10,908
Projects and special events	30,000	20,805	28,402
Property operating costs	42,300	40,442	44,552
Salaries and employee benefits	130,461	167,414	120,031
HST	<u>3,028</u>	<u>2,485</u>	<u>2,574</u>
	\$ <u>284,469</u>	\$ <u>302,430</u>	\$ <u>257,616</u>
Fiscal Services:			
Interest on long-term debt	\$ 157,170	\$ 161,955	\$ 162,834
Principal payments on long-term debt	629,000	629,000	552,000
Interim financing and bank charges	<u>40,000</u>	<u>49,427</u>	<u>27,121</u>
	\$ <u>826,170</u>	\$ <u>840,382</u>	\$ <u>741,955</u>
Capital out of Revenue:			
General - equipment	\$ <u>900,000</u>	\$ <u>941,122</u>	\$ <u>1,051,722</u>
Gas Tax Fund Expenditures	<u>\$ -</u>	<u>7,352</u>	<u>\$ -</u>
Reallocation to Studies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
GENERAL CAPITAL FUND
BALANCE SHEET
DECEMBER 31, 2010**

ASSETS

	2010	2009
Due from General Operating Fund	\$ 2,430,714	\$ 1,243,986
Due from Utility Operating Fund	7,921	3,102
Prepaid expenses	-	42,611
Capital assets - page 12	<u>34,755,804</u>	<u>31,156,361</u>
	<u>\$ 37,194,439</u>	<u>\$ 32,446,060</u>

LIABILITIES

Bank overdraft	\$ 2,845,818	\$ 1,874,400
Accounts payable and accruals	1,767,698	86,999
Due to Utility Capital Fund	413,000	-
Long-term debt (Note 4)	<u>3,715,000</u>	<u>3,680,000</u>
	<u>8,741,516</u>	<u>5,641,399</u>

INVESTMENT IN CAPITAL ASSETS

Balance, end of year - page 13	<u>28,452,923</u>	<u>26,804,661</u>
	<u>\$ 37,194,439</u>	<u>\$ 32,446,060</u>

APPROVED ON BEHALF OF THE MUNICIPALITY:

Patricia Estabrook Mayor

Rhonda Jower Clerk or Treasurer

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010			2009	
	Land and Buildings	Engineering Structures	Equipment and Motor Vehicles	Total	Total
General Government	\$ 1,502,528	\$ -	\$ 243,570	\$ 1,746,098	\$ 1,631,736
Police	286,024	-	151,318	437,342	437,342
Fire	4,093,865	-	2,108,971	6,202,836	3,328,323
Public Works	1,016,784	13,322,632	3,208,874	17,548,290	17,129,359
Recreation and Parks	6,635,920	-	331,958	6,967,878	6,826,241
Library	294,201	-	-	294,201	280,704
Tourism	1,348,541	-	121,628	1,470,169	1,438,398
Community Development	<u>88,990</u>	<u>-</u>	<u>-</u>	<u>88,990</u>	<u>84,258</u>
	<u>\$15,266,853</u>	<u>\$13,322,632</u>	<u>\$ 6,166,319</u>	<u>\$34,755,804</u>	<u>\$31,156,361</u>

**THE TOWN OF SACKVILLE
 SACKVILLE, NEW BRUNSWICK
 GENERAL CAPITAL FUND
 STATEMENT OF INVESTMENT IN CAPITAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010	2009
Balance, beginning of year	\$ <u>26,804,661</u>	\$ <u>24,683,905</u>
Add: Contributions from General Operating Fund:		
Capital expenditures	941,122	1,051,722
Repayment of long-term debt	629,000	552,000
Gas Tax Fund expenditures	<u>78,140</u>	<u>517,034</u>
	<u>1,648,262</u>	<u>2,120,756</u>
Balance, end of year	\$ <u>28,452,923</u>	\$ <u>26,804,661</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
GENERAL CAPITAL FUND
STATEMENT OF SOURCE AND APPLICATION OF GENERAL CAPITAL FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010	2009
SOURCE:		
Due from previous year:		
Due from - General Operating Fund	\$ 1,243,986	\$ 721,990
- Accounts receivable	42,611	-
- Utility Operating Fund	-	80,990
- Utility Capital Fund	3,102	-
	<u>1,289,699</u>	<u>802,980</u>
Issue of debt: Debenture	<u>664,000</u>	<u>879,000</u>
Transfers from General Operating Fund:		
Capital expenditures	941,122	1,051,722
Transfers from debt retirement	629,000	552,000
Gas Tax Fund Expenditures	<u>78,140</u>	<u>517,034</u>
	<u>1,648,262</u>	<u>2,120,756</u>
Temporary financing, end of year		
Bank overdraft	2,845,818	1,874,400
Accounts payable	1,767,698	86,997
Due to Utility Operating Fund	<u>413,000</u>	<u>-</u>
	<u>5,026,516</u>	<u>1,961,397</u>
	<u>\$ 8,628,477</u>	<u>\$ 5,764,133</u>
APPLICATION:		
Temporary financing, end of previous year:		
Bank overdraft	\$ 1,874,400	\$ 1,834,481
Accounts payable	<u>86,999</u>	<u>130,197</u>
	<u>1,961,399</u>	<u>1,964,678</u>
Capital expenditures	<u>3,599,443</u>	<u>1,957,756</u>
Debt repayment	<u>629,000</u>	<u>552,000</u>
Unapplied, end of year:		
Due from - General Operating Fund	2,430,714	1,243,986
- Prepaid expense	-	42,611
- Utility Capital Fund	<u>7,921</u>	<u>3,102</u>
	<u>2,438,635</u>	<u>1,289,699</u>
	<u>\$ 8,628,477</u>	<u>\$ 5,764,133</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
UTILITY OPERATING FUND
BALANCE SHEET
DECEMBER 31, 2010**

ASSETS		
	2010	2009
Cash in bank	\$ 2,724,212	\$ 742,459
Accounts receivable (Note 11)	564,068	617,223
Inventories (Note 1(c))	<u>160,327</u>	<u>130,490</u>
	<u>\$ 3,448,607</u>	<u>\$ 1,490,172</u>
 LIABILITIES		
Accounts payable and accruals	\$ 295,110	\$ 243,890
Due to General Operating Fund	960,736	745,048
Due to General Capital Fund	7,921	3,102
Due to Utility Capital Fund	<u>2,163,239</u>	<u>482,449</u>
	<u>3,427,006</u>	<u>1,474,489</u>
 EQUITY		
Surplus, beginning of year	15,684	11,863
Add: Surplus for the year (page 16)	12,970	8,626
Deduct: Surplus of second previous year	<u>(7,053)</u>	<u>(4,806)</u>
Surplus, end of year	<u>21,601</u>	<u>15,683</u>
	<u>\$ 3,448,607</u>	<u>\$ 1,490,172</u>

APPROVED ON BEHALF OF THE MUNICIPALITY:

Patricia Stahod Mayor

Rhonda Jowar Clerk or Treasurer

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
UTILITY OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2010**

		2010		2009
	Page	Budget	Actual	Actual
Revenue				
User rate charges:				
- Water		\$ 822,884	\$ 767,965	\$ 763,333
- Sewer		542,561	489,115	484,046
Connection and services		19,000	16,590	17,517
Fire protection charge		336,000	336,000	336,000
Interest - overdue accounts		25,000	39,040	33,617
Sundry		3,000	2,790	5,092
Surplus of the second prior year		<u>7,053</u>	<u>7,053</u>	<u>4,806</u>
		<u>1,755,498</u>	<u>1,658,553</u>	<u>1,644,411</u>
Expenditure				
Administrative and General	17	280,938	247,734	225,370
Water Supply	17	626,963	553,791	574,715
Sewer Collection and Disposal	18	310,661	296,364	290,416
Fiscal Services	18	536,936	547,219	545,063
Capital out of Revenue	18	<u>-</u>	<u>475</u>	<u>221</u>
		<u>1,755,498</u>	<u>1,645,583</u>	<u>1,635,785</u>
Surplus for the year		<u>\$ -</u>	<u>\$ 12,970</u>	<u>\$ 8,626</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
UTILITY OPERATING FUND
SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010		2009
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Administrative and General:			
Audit	\$ 10,000	\$ 10,000	\$ 10,000
Bad debts	-	17,795	1,141
Cash discounts	11,000	13,947	13,924
Consulting fees	6,500	2,603	4,748
General, travel	2,500	764	1,527
Insurance - premiums	40,000	30,000	40,273
- claims	10,000	-	-
Legal	7,000	7,000	6,198
Office	19,100	15,134	17,935
Salaries and employee benefits	170,890	148,343	127,536
Telephone	2,000	1,935	1,848
HST	<u>1,948</u>	<u>213</u>	<u>240</u>
	<u>\$ 280,938</u>	<u>\$ 247,734</u>	<u>\$ 225,370</u>
Water Supply:			
Operating:			
Source of supply			
Water treatment plant	\$ 255,000	\$ 233,138	\$ 249,352
Maintenance	<u>35,000</u>	<u>3,930</u>	<u>17,232</u>
	<u>290,000</u>	<u>237,068</u>	<u>266,584</u>
Transmission/Distribution			
Engineering	65,658	62,653	56,819
Building operating	19,200	19,015	20,035
Equipment operating	16,000	13,620	16,399
Road cuts	15,000	9,229	7,500
Wages and benefits	161,800	158,016	154,773
HST	<u>14,305</u>	<u>10,341</u>	<u>8,338</u>
	<u>291,963</u>	<u>272,874</u>	<u>263,864</u>
Power and Pumping	<u>45,000</u>	<u>43,849</u>	<u>44,267</u>
Total Water Operating	<u>\$ 626,963</u>	<u>\$ 553,791</u>	<u>\$ 574,715</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
UTILITY OPERATING FUND
SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010		2009
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Sewer Collection and Disposal:			
Sewer Lift Stations	\$ <u>44,000</u>	\$ <u>46,422</u>	\$ <u>47,581</u>
Treatment and Disposal			
Building operating	7,300	6,598	6,033
Equipment operating	14,000	14,296	13,803
Road cuts	15,000	10,000	7,500
Sewer maintenance	31,200	29,425	30,245
Engineering	36,521	32,635	33,422
Wages and benefits	158,800	154,249	148,837
HST	<u>3,840</u>	<u>2,739</u>	<u>2,995</u>
	<u>266,661</u>	<u>249,942</u>	<u>242,835</u>
Total Sewer Operating	\$ <u>310,661</u>	\$ <u>296,364</u>	\$ <u>290,416</u>
Fiscal Services:			
Water Supply			
Principal payments on long-term debt	\$ 243,390	\$ 243,390	\$ 225,130
Interest on long-term debt	61,444	66,392	58,431
Interim financing and bank charges	<u>5,500</u>	<u>8,686</u>	<u>7,101</u>
	<u>310,334</u>	<u>318,468</u>	<u>290,662</u>
Sewer Collection and Disposal			
Principal payments on long-term debt	179,610	179,610	188,870
Interest on long-term debt	41,492	40,455	58,430
Interim financing and bank charges	<u>5,500</u>	<u>8,686</u>	<u>7,101</u>
	<u>226,602</u>	<u>228,751</u>	<u>254,401</u>
Total Fiscal Services	\$ <u>536,936</u>	\$ <u>547,219</u>	\$ <u>545,063</u>
Capital out of Revenue	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ 221</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
UTILITY CAPITAL FUND
BALANCE SHEET
DECEMBER 31, 2010**

ASSETS

	2010	2009
Accounts receivable	\$ 535,624	\$ 1,304,508
Due from General Operating Fund	393,031	162,698
Due from General Capital Fund	413,000	-
Due from Utility Operating Fund	2,163,239	482,449
Capital assets - (page 20)	<u>21,428,450</u>	<u>19,003,846</u>
	<u>\$ 24,933,344</u>	<u>\$ 20,953,501</u>

LIABILITIES

Bank overdraft	\$ 4,692,565	\$ 2,161,123
Accounts payable and accruals	194,603	266,808
Long-term debt (Note 5)	<u>2,412,000</u>	<u>2,422,000</u>
	<u>7,299,168</u>	<u>4,849,931</u>

INVESTMENT IN CAPITAL ASSETS

Balance, end of year - (page 21)	<u>17,634,176</u>	<u>16,103,570</u>
	<u>\$ 24,933,344</u>	<u>\$ 20,953,501</u>

APPROVED ON BEHALF OF THE MUNICIPALITY:

Patricia McFarland Mayor

Rhonda Jower Clerk or Treasurer

THE TOWN OF SACKVILLE
 SACKVILLE, NEW BRUNSWICK
 UTILITY CAPITAL FUND
 STATEMENT OF CAPITAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	2010				2009	
	Pre - 1991 Assets	Vehicles	Land and Buildings	Equipment	Engineering Structures	Total
Water	\$ 3,598,288	\$ 172,047	\$ 189,642	\$ 3,908,870	\$ 6,968,044	\$ 12,543,750
Sewer	<u>3,598,288</u>	<u>172,047</u>	<u>108,653</u>	<u>293,685</u>	<u>2,418,886</u>	<u>6,460,096</u>
	<u>\$ 7,196,576</u>	<u>\$ 344,094</u>	<u>\$ 298,295</u>	<u>\$ 4,202,555</u>	<u>\$ 9,386,930</u>	<u>\$ 19,003,846</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
UTILITY CAPITAL FUND
STATEMENT OF INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010	2009
Balance, beginning of year	\$ <u>16,103,570</u>	\$ <u>14,055,841</u>
Add:		
Capital out of revenue	475	221
Repayment of long-term debt	423,000	414,000
Canada NB Infrastructure funding	1,107,131	1,304,508
Transfer from reserve	<u>-</u>	<u>329,000</u>
	<u>1,530,606</u>	<u>2,047,729</u>
Balance, end of year	\$ <u>17,634,176</u>	\$ <u>16,103,570</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
UTILITY CAPITAL FUND
STATEMENT OF SOURCE AND APPLICATION OF UTILITY CAPITAL FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010	2009
SOURCE:		
Due from previous year:		
Due from - General Operating Fund	\$ 162,698	\$ 26,513
- Utility Operating Fund	482,449	-
Accounts receivable	<u>1,304,508</u>	<u>-</u>
	<u>1,949,655</u>	<u>26,513</u>
Issue of debt: Debenture	<u>413,000</u>	<u>371,000</u>
Transfers from debt retirement	<u>423,000</u>	<u>414,000</u>
Transfers from reserve	<u>-</u>	<u>329,000</u>
Canada NB Infrastructure Funding	<u>1,107,131</u>	<u>1,304,508</u>
Transfers from General Operating Fund:		
Capital out of revenue	<u>475</u>	<u>221</u>
Temporary financing, end of year		
Bank overdraft	4,692,565	2,161,123
Accounts payable	<u>194,603</u>	<u>266,807</u>
	<u>4,887,168</u>	<u>2,427,930</u>
	<u>\$ 8,780,429</u>	<u>\$ 4,873,172</u>
APPLICATION:		
Temporary financing, end of previous year:		
Bank overdraft	2,161,123	365,465
Accounts payable	266,808	-
Due to General Capital Fund	-	80,990
Due to Utility Operating Fund	<u>-</u>	<u>16,333</u>
	<u>2,427,931</u>	<u>462,788</u>
Capital expenditures	<u>2,424,604</u>	<u>2,046,729</u>
Debt repayment	<u>423,000</u>	<u>414,000</u>
Unapplied, end of year:		
Due from - General Operating Fund	393,031	162,698
- General Capital Fund	413,000	-
- Utility Operating Fund	2,163,239	482,449
Accounts receivable	<u>535,624</u>	<u>1,304,508</u>
	<u>3,504,894</u>	<u>1,949,655</u>
	<u>\$ 8,780,429</u>	<u>\$ 4,873,172</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
UTILITY CAPITAL RESERVE FUND
BALANCE SHEET
DECEMBER 31, 2010**

	ASSETS	
	2010	2009
Cash and cash equivalents	\$ <u>498</u>	\$ <u>496</u>
	RESERVE	
Reserve	\$ <u>498</u>	\$ <u>496</u>

**STATEMENT OF UTILITY RESERVE FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010	2009
Reserve, beginning of year	\$ 496	\$ 329,293
Add: Interest income	2	203
Deduct Transfer to Utility Capital Fund	<u>-</u>	<u>(329,000)</u>
Reserve, end of year	\$ <u>498</u>	\$ <u>496</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
RESERVE FUNDS
BALANCE SHEET
DECEMBER 31, 2010**

ASSETS		
	2010	2009
General Capital Reserve		
Cash and cash equivalents	\$ <u>167,685</u>	\$ <u>167,122</u>
General Operating Reserve		
Cash and cash equivalents	\$ <u>74,080</u>	\$ <u>73,832</u>
Reserve for Acquiring, Developing of Parkland		
Cash and cash equivalents	\$ <u>87</u>	\$ <u>87</u>
Gas Tax Reserve Fund		
Cash and cash equivalents	\$ 152,565	\$ 152,150
Due to General Operating Fund	(589,532)	(517,034)
Funding receivable	<u>436,967</u>	<u>436,957</u>
	\$ <u>-</u>	\$ <u>72,073</u>
EQUITY - RESERVE FUNDS		
Reserve Funds		
General Capital Reserve	\$ 167,685	\$ 167,122
General Operating Reserve	74,080	73,832
Reserve for Acquiring, Developing of Park Lands	87	87
Gas Tax Reserve Fund	<u>-</u>	<u>72,073</u>
	\$ <u>241,852</u>	\$ <u>313,114</u>

THE TOWN OF SACKVILLE
 SACKVILLE, NEW BRUNSWICK
 RESERVE FUNDS
 STATEMENT OF RESERVE FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2010

	2010				2009	
	Gas Tax Reserve Fund	Acquiring, Developing of Parkland	General Operating Reserve Fund	General Capital Reserve Fund	Total	Total
Balance, beginning of year	\$ 70,364	\$ 87	\$ 73,833	\$ 167,122	\$ 311,406	\$ 470,808
Transfers	-	-	-	-	-	(78,000)
Add: Interest earned	415	-	247	563	1,225	384
Approved expenditures	(70,779)	-	-	-	(70,779)	(517,034)
Receipts/receivable	-	-	-	-	-	436,956
	(70,364)	-	247	563	(69,554)	(157,694)
Balance, end of year	\$ -	\$ 87	\$ 74,080	\$ 167,685	\$ 241,852	\$ 313,114

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
MAYOR AND COUNCIL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Description</u>	<u>Budget</u>	<u>Year to Date</u>
Mayor's salary	\$ 12,949	\$ 12,885
Mayor's Per Diem	2,500	-
Mayor's Benefits	7,933	7,331
Mayor's Travel	5,000	26
Mayor's Training	<u>1,000</u>	<u>126</u>
Total Mayor	<u>29,382</u>	<u>20,368</u>
Council Salaries	55,282	55,007
Council Benefits	<u>42,863</u>	<u>41,713</u>
Total Council	<u>98,145</u>	<u>96,720</u>
<u>Council Per Diem</u>		
Deputy Mayor Berry	1,000	900
Councilor Fullerton	1,000	-
Councilor Hammock	1,000	400
Councilor Higham	1,000	-
Councilor O'Neil	1,000	600
Councilor Phinney	1,000	1,000
Councilor Tower	1,000	500
Councilor Tusz-King	1,000	-
FCM Per Diem	<u>1,000</u>	<u>1,000</u>
Total Per Diem	<u>9,000</u>	<u>4,400</u>
<u>Council Travel</u>		
Deputy Mayor Berry	1,000	2,826
Councilor Fullerton	1,000	15
Councilor Hammock	1,000	1,695
Councilor Higham	1,000	-
Councilor O'Neil	1,000	1,321
Councilor Phinney	1,000	1,688
Councilor Tower	1,000	1,144
Councilor Tusz-King	1,000	584
FCM Travel	<u>4,000</u>	<u>3,885</u>
Total Travel	<u>12,000</u>	<u>13,158</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
MAYOR AND COUNCIL REPORT (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budget</u>	<u>Year to Date</u>
<u>Council Training</u>		
Deputy Mayor Berry	500	1,127
Councilor Fullerton	500	160
Councilor Hammock	500	398
Councilor Higham	500	100
Councilor O'Neil	500	405
Councilor Phinney	500	691
Councilor Tower	500	375
Councilor Tusz-King	500	420
FCM Training	1,000	1,630
Previous Council	-	-
Total Training	<u>5,000</u>	<u>5,306</u>
Total Mayor & Council	<u>\$ 153,527</u>	<u>\$ 139,952</u>

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Description of major business activity:

The Town of Sackville, Sackville, New Brunswick is incorporated under the laws governing Municipalities in the Province of New Brunswick.

1. Summary of significant accounting policies:

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 significant accounting policies adopted by the Town include the following:

(a) Revenue recognition -

The major sources of revenue are recognized on the accrual basis. Other sources of revenue are recognized on a cash sale basis such as for licenses and permits. Interest on overdue accounts is recognized as revenue as it is earned. As to the particular funds, revenue is recognized as follows:

General Operating Fund:

Warrant revenue

Warrant revenue is determined on a yearly basis founded on the property tax base within the municipality. Monthly amounts are received from the Province of New Brunswick roughly determined from 1/12th the yearly total. These amounts fluctuate somewhat early in the year and become regular for the months of May to December. Revenue is recognized monthly as the payments are due.

Unconditional grant revenue

The unconditional grant is determined by the Province of New Brunswick each year. Amounts are received each month based on 1/12th of the yearly total. The revenue is recognized monthly as the payments are due.

Other revenues

Other revenue is recorded on the accrual basis except for transfers from other funds. These amounts are recorded as revenue when approved for transfer.

Utility Operating Fund:

Water and sewerage revenue

Water and sewer charges are billed on a quarterly basis in arrears, in April, July, October and January. The effective period of each bill is January to March, April to June, July to September and October to December respectively. Revenue is recognized from this source at the time the residents are billed for the service for the April, July and October billings, and on the accrual basis for amounts billed in January.

Other revenue

Other revenue is recorded on the accrual basis.

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

1. Summary of significant accounting policies: (Cont...)

General and Utility Capital Funds:

Capital asset grants and gas tax fund

Grants and gas tax fund amounts received for the construction of capital assets are recorded in the respective capital funds as a direct increase to investment in capital assets in each fund. These grants and gas tax fund amounts are received for the sole purpose of construction of capital assets and usually an audit or examination of the funds used in order to secure payment or finalize agreements. They are recognized in the funds on receipt of payment. Any excess of the gas tax fund amounts received are transferred to the reserve funds by resolution of town council.

General, Utility and Gas Tax Reserve Funds:

Other revenue

Reserve Fund transfers are required under the Municipalities Act to be recorded in the fiscal year of the transfer. The Town is required to make a motion within the fiscal year of the transfer and actually make the transfer within that year. Other income is recognized on an accrual basis in the reserve funds. It is recognized on the statement of reserve fund balances as a direct credit to the reserve fund balances.

(b) Expenditure recognition -

Expenditures are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

Principal payments of long-term debt are recorded as an expense when repaid. Unmatured interest on long-term debt is accrued at year-end and recorded as an expenditure.

(c) Inventory -

Inventories of supplies on hand are stated at the lower of cost or net realizable value as determined by management. Cost is determined by either actual invoice price for the inventory items, or the average invoice cost for large bulk items being bought and consumed by the town.

(d) Capital assets -

All capital assets are stated at cost. Cost is laid down cost for purchased assets. Cost is estimated fair market value at the time of donation for donated assets with an equivalent amount credited to equity. Cost is construction cost, when available, for assets the construction of which is the responsibility of the developers or the property owners of approved subdivisions with an equivalent amount credited to equity

In accordance with accounting principals generally accepted for municipalities, no depreciation has been provided for against the capital assets. The town has established three reserve funds for the replacement of capital assets. Resources are provided from income from term deposits, appropriations from the operating funds, and proceeds from disposal of capital assets.

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

1. Summary of significant accounting policies: (Cont...)

(e) Application of Second Previous Year's Surplus (Deficit) -

In accordance with the Municipalities Act of New Brunswick (section 189(5), (6)) and its regulations, the general operating fund surplus or deficit of the second preceding year has been included in the general operating fund revenue of the Town for the current year.

A similar application of the utility operating fund surplus or deficit has been made in the utility operating fund for the current year.

2 Civic Centre receivable:

Since May 31, 2007, the Town has had control of the operations of the Civic Centre. In previous years, advances had been made to the Civic Centre to provide for certain facilities and these were shown as receivable from the centre. These amounts were based upon future fund raising efforts to pay for the cost of the facilities.

At year-end, the Town has a balance of \$50,000 in outstanding amounts related to the Civic Centre construction. This receivable is included with other accounts receivable for the General Operating Fund. The Town is planning to organize more formal future fundraising activities. Any eventual shortfall in fundraising efforts will be realized as a charge to the General Operating Fund in the period such determination is made.

3. Operating Funds Borrowing:

Borrowing in the operating funds at at December 31, 2010 is within the limits prescribed by the Municipal Borrowing Act. Lending limits for the General Funds imposed by the municipality's bank stand at \$1,500,000 and carry an interest rate at bank prime plus .75%.

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

4. Long-term debt - General Capital Fund:

	Debenture #	2010	2009
Debentures and certificates of indebtedness, repayable in varying annual instalments and rates of interest			
6.40% maturing 2010	AI-13	\$ -	\$ 25,000
6.2% maturing 2011	AK-16	59,000	115,000
5.75% maturing 2012	AM-16	35,000	51,000
4.75% maturing 2013	AO-16	366,000	478,000
5.125% maturing 2014	AR-25	381,000	466,000
4.40% maturing 2014	AQ-12	232,000	283,000
4.125% maturing 2015	AT-28	205,000	273,000
4.40% maturing 2016	AU-11	265,000	304,000
4.35% maturing 2017	AW-10	487,000	549,000
3.85% maturing 2018	AY-19	233,000	257,000
1.75% maturing 2019	BA-18	788,000	879,000
1.5% maturing 2020	BC-12	<u>664,000</u>	<u>-</u>
		<u>\$ 3,715,000</u>	<u>\$ 3,680,000</u>

Approval of the Municipal Capital Borrowing Board has been obtained for the long-term debt reported on the General Capital Fund Balance Sheet.

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

5. Long-term debt - Utility Capital Fund:

	Debenture #	2010	2009
Debentures and certificates of indebtedness, repayable in varying annual instalments and rates of interest			
6.40% maturing 2010	AI-14	\$ -	\$ 58,000
6.2% maturing 2011	AK-17	19,000	37,000
5.75% maturing 2012	AM-17	63,000	92,000
4.75% maturing 2013	AO-17	135,000	176,000
5.125% maturing 2014	AQ-13	146,000	178,000
4.125% maturing 2015	AT-29	125,000	153,000
4.40% maturing 2016	AU-12	278,000	325,000
4.35% maturing 2017	AW-11	529,000	606,000
3.850% maturing 2018	AY-20	375,000	426,000
1.75% maturing 2019	BA-19	329,000	371,000
1.5% maturing 2020	BC-13	<u>413,000</u>	<u>-</u>
		<u>\$ 2,412,000</u>	<u>\$ 2,422,000</u>

Approval of the Municipal Capital Borrowing Board has been obtained for the long-term debt reported on the Utility Capital Fund Balance Sheet.

6. Long-term Debt Repayment:

Principal amounts due within each of the next five years on long-term debt is as follows:

	<u>General Capital Fund</u>	<u>Utility Capital Fund</u>
2011	\$ 661,000	\$ 336,000
2012	625,000	296,000
2013	628,000	238,000
2014	520,000	208,000
2015	340,000	187,000

**THE TOWN OF SACKVILLE
SACKVILLE, NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

7. Accumulated Sick Leave:

Under the terms of the contract with the employees, the Town is required to pay each employee a percentage of their accumulated sick leave up to a maximum of 120 days, on termination of employment. The amount of this sick leave, which has vested to the employees, is as follows:

	2010	2009
General Operating Fund	\$ 278,073	\$ 232,002
Utility Operating Fund	<u>162,342</u>	<u>150,315</u>
Total	<u>\$ 440,415</u>	<u>\$ 382,317</u>

8. Employee Retirement Allowances:

Under the retirement allowances benefit plans, employees contributions are matched by the Town and fully funded in the year the obligations are incurred. The Town has no other obligations in the future under this plan.

9. Employment Contract:

The Town has been a party in a collective agreement with its unionized employees over the years. The current collective agreement expired on December 31, 2010 and the Town is now in contract negotiations. At this time the results of these negotiations are unknown.

10. Purchase commitment:

The Town has entered into a contract with Veolia Water Canada, Inc. for operating the municipal water systems. The contract began on May 1, 2007 and has an initial period of 84 months with subsequent renewal periods to be negotiated at that time. The annual charge for the contract is \$177,600 with yearly CPI increases for the initial term. Current year's expenditures amounted to \$183,279.

11. Credit risk:

Credit risk arises from the potential that a debtor will be unable to meet its obligations. The municipality conducts a periodic assessment of its debtors and actively monitors the activity of its accounts on a continuing basis. As determined by management, the accounts receivable net of applicable provisions for losses, approximates fair market value.

12. Future Accounting Changes:

Effective January 1, 2009 the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) made changes in the CICA Handbook governing accounting rules for Canadian municipalities. The Province of New Brunswick has not required the Municipalities of New Brunswick to adopt these changes as at December 31, 2010. The Province has notified the municipality that the anticipated adoption date will be during the year ended December 31, 2012. As such, these financial statements do not conform to the CICA recommendations for public sector accounting.