
VILLAGE OF BLACKS HARBOUR

Financial Statements

Year Ended December 31, 2012

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR

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Year Ended December 31, 2012

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Mark H. Porter Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To Her Worship The Mayor and members of the Council of VILLAGE OF BLACKS HARBOUR

Report on the Financial Statements

We have audited the accompanying financial statements of VILLAGE OF BLACKS HARBOUR, which comprise the consolidated statement of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011 and the consolidated statement of operations, consolidated statement of changes in net debt and consolidated statement of 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for the public sector, 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.

Auditor's 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 judgement, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of VILLAGE OF BLACKS HARBOUR as at December 31, 2012, December 31, 2011 and January 1, 2011, and its financial performance, its changes in net debt and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for the public sector.



Mark H Porter, Chartered Accountant

April 17, 2013

St. Stephen, New Brunswick

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Consolidated Statement of Operations
Year Ended December 31, 2012

	2012	Actual	Restated 2011
	(Unaudited)		
	Budget	Actual	Actual
	(Note 25)		
Revenue			
Property tax warrant	\$ 951,465	\$ 951,465	\$ 931,934
Unconditional grant	151,034	151,034	154,116
Services provided to other governments	141,676	146,045	125,057
Sales of services	6,500	-	6,808
Other revenue from own sources	22,148	56,027	95,872
Unconditional transfers from other governments	4,485	4,765	4,721
Conditional transfers	10,000	222,380	27,330
Water and sewer fees	486,595	484,609	491,765
Interest	11,000	9,948	10,875
	<u>1,784,903</u>	<u>2,026,273</u>	<u>1,848,478</u>
Expenditures			
General government services	253,805	234,284	261,581
Protective services	538,785	532,777	514,855
Transportation services	305,342	268,364	286,038
Environmental health services	54,142	50,013	51,582
Environmental development services	50,380	40,678	38,618
Recreational and cultural services	162,617	211,776	191,413
Water & Sewer	656,448	560,227	565,063
Loss on disposal of tangible capital assets	-	7,611	-
	<u>2,021,519</u>	<u>1,905,730</u>	<u>1,909,150</u>
Annual surplus (deficit) (Note 20)	\$ (236,616)	\$ 120,543	\$ (60,672)
Accumulated surplus (deficit), beginning of year	3,941,627	4,002,299	4,002,299
Accumulated surplus (deficit), end of year	<u>\$ 4,062,170</u>	<u>\$ 3,941,627</u>	<u>\$ 3,941,627</u>

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR

Consolidated Statement of Financial Position

As at December 31, 2012

	2012	Restated 2011	Restated As at January 1, 2011
Financial assets			
Cash (Note 4)	\$ 175,165	\$ 89,497	\$ 67,183
Receivables			
General	63,451	72,891	55,627
Contributions	29,000		
Federal government and its agencies (Note 5)	120,045	24,042	43,029
Province of New Brunswick (Note 6)	150,293	11,872	
Canada/NB Municipal Rural Infrastructure Program	106,420		258,747
Loans receivable (Note 7)	13,290	29,969	56,774
Portfolio investments (Note 8)	316,531	191,978	238,134
	<u>974,195</u>	<u>420,249</u>	<u>719,494</u>
Liabilities			
Bank loans		99,361	259,096
Payables and accruals	587,082	169,161	335,510
Holdbacks payable	48,916		82,086
Deferred revenue (Note 9)	146,059	10,813	12,192
Long term debt (Note 10)	1,006,000	1,095,000	1,179,000
Accrued sick leave (Note 11)	33,400	30,500	26,700
Post employment benefits payable (Note 12)	277,600	262,700	260,800
	<u>2,099,057</u>	<u>1,667,535</u>	<u>2,155,384</u>
NET ASSETS (DEBT)	(1,124,862)	(1,247,286)	(1,435,890)
Non-Financial Assets			
Tangible capital assets (Note 19)	10,126,748	9,804,557	9,698,926
Accumulated amortization	<u>(5,033,415)</u>	<u>(4,712,848)</u>	<u>(4,353,614)</u>
	5,093,333	5,091,709	5,345,312
Inventory of supplies	68,993	77,824	73,789
Land inventory for resale	19,180	19,180	13,873
Prepaid expenses	5,526	200	5,215
	<u>5,187,032</u>	<u>5,188,913</u>	<u>5,438,189</u>
ACCUMULATED SURPLUS (Note 20)	\$ 4,062,170	\$ 3,941,627	\$ 4,002,299

On behalf of Council

Approved by:

Mayor 
 Treasurer 

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Consolidated Statement of Change in Net Debt
Year Ended December 31, 2012

	2012	Restated 2011
Annual surplus (deficit), before restatement	\$ 120,543	\$ 304,262
Prior period adjustment (amortization)	-	(359,234)
Prior period adjustment (sick leave)	-	(3,800)
Prior period adjustment (post-employment benefits)	-	(1,900)
Annual surplus (deficit), as restated	<u>120,543</u>	<u>(60,672)</u>
Acquisition of tangible capital assets	(354,951)	(105,631)
Proceeds on disposal of tangible capital assets	-	-
Amortization of tangible capital assets	345,716	359,234
(Gain) loss on sale of tangible capital assets	<u>7,611</u>	<u>-</u>
	<u>118,919</u>	<u>192,931</u>
Acquisition of inventories	-	(4,035)
Acquisition of prepaid assets	(5,326)	-
Acquisition of land inventory for resale	-	(5,307)
Consumption of inventories	8,831	-
Use of prepaid assets	-	5,015
	<u>3,505</u>	<u>(4,327)</u>
(Increase) decrease in Net Assets (Debt)	<u>122,424</u>	<u>188,604</u>
Net Assets (Debt), beginning of the year	(1,247,286)	(1,435,890)
Net Assets (Debt), end of the year	<u>\$ (1,124,862)</u>	<u>\$ (1,247,286)</u>

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Consolidated Statement of Cash Flow
Year Ended December 31, 2012

	2012	Restated 2011
Increase (decrease) in cash and cash equivalents		
Operating transactions		
Annual surplus (deficit)	\$ 120,543	\$ (60,672)
Loss on disposal of tangible capital assets	7,611	-
Amortization of tangible capital assets	345,716	359,234
Receivable - General	9,440	(17,264)
Receivable - Contributions	(29,000)	-
Receivable - Federal Government and its agencies	(96,003)	18,987
Receivable - Province of New Brunswick	(138,421)	(11,872)
Receivable - Canada/NB Municipal Rural Infrastructure Program	(106,420)	258,747
Loans receivable	16,679	26,805
Payables and accruals	417,921	(166,349)
Holdbacks payable	48,916	(82,086)
Deferred revenue	135,246	(1,379)
Accrued sick leave	2,900	3,800
Post employment benefits payable	14,900	1,900
Change in inventory/prepaid expenses	3,505	(4,327)
	<u>753,533</u>	<u>325,524</u>
Capital transactions		
Acquisition of tangible capital assets	(354,951)	(105,631)
Proceeds on sale of tangible capital assets	<u>(354,951)</u>	<u>(105,631)</u>
Financing transactions		
Bank loan	(99,361)	(159,735)
Long-term debt	(89,000)	(84,000)
	<u>(188,361)</u>	<u>(243,735)</u>
Investing transactions		
Investments	(124,553)	46,156
Net (decrease) increase in cash and cash equivalents	85,668	22,314
Cash and cash equivalents		
Beginning of year	\$ 89,497	\$ 67,183
End of year	<u>\$ 175,165</u>	<u>\$ 89,497</u>

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

1. Purpose of the Organization

The Municipality was incorporated as a village by the Province of New Brunswick Municipalities Act on November 1, 1972 and was approved for status as a Municipality effective November 9, 1991 by an amendment of New Brunswick Regulation 85-6 under the Municipalities Act. As a municipality, the Municipality is exempt from income tax under section 149 (1)(c) of the Canadian Income Tax Act. The Municipality provides services pertaining to community development.

2. Change in accounting policy

Effective January 1, 2011, the Municipality has restated its financial statements to adopt the Public Sector Accounting (PSA) standards. 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 Municipality 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 Municipality determined historical cost based on historical accounting records, and discounted replacement costs, if historical cost should not be determined, the asset was recorded at a normal value.

The Municipality 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) for 2011

Annual surplus, as previously reported in the operating fund	\$ 19,425
Annual surplus of other funds	326,274
Less: second previous year surplus	(41,437)
Less: sick leave	(3,800)
Less: Provision or post-employment benefits	(1,900)
Less: amortization on tangible capital assets	(359,234)
Annual deficit, as restated	<u>\$ (60,672)</u>

Adjustments to net book value of tangible capital assets

As previously reported, December 31, 2010	\$ 10,986,081
Adjustment to historical cost of tangible capital assets, net	(5,640,769)
Net additions for 2011	105,631
Amortization expense recorded	(359,234)
Adjusted net book value as at December 31, 2011	<u>\$ 5,091,709</u>

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VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

2. Change in accounting policy (continued)

Adjustments to land inventory for resale

As previously reported, December 31, 2010	\$	13,873
Adjustment to historical cost of tangible capital assets		5,307
Net additions for 2011		19,180
Adjusted net book value as at December 31, 2011	\$	<u>19,180</u>

Adjustments to inventory of supplies

As previously reported, December 31, 2010	\$	45,330
Adjustment to historical cost of tangible capital assets		28,459
Net additions for 2011		4,035
Adjusted net book value as at December 31, 2011	\$	<u>77,824</u>

See Note 20 for the reconciliation of accumulated surplus (deficit).

3. Summary of significant accounting policies

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

The Municipality has adopted PSA as of January 1, 2011.

The focus of PSA financial statements is on the financial position of the Municipality and the changes thereto. The consolidated Statement of Financial Position includes all of the assets and liabilities of the Municipality.

No other entities have been included in these consolidated financial statements.

Significant aspects of the accounting policies adopted by the Municipality 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 Municipality and which are owned or controlled by the Municipality.

Interdepartmental and organizational transactions and balances are eliminated.

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

3. Summary of significant accounting policies (continued)

Budget

The budget figures contained in these financial statements were approved by Council on January 13, 2012 and the Minister of Local Government on January 24, 2012.

Revenue recognition

- (a) 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.
- (b) Other revenue is recorded when it is earned.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles 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 consolidated 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.

Financial instruments

The Municipality's financial instruments consist of cash, short-term investments, accounts receivable, contributions receivable, Canada/NB Municipal Rural Infrastructure Program receivable, due from the Province of New Brunswick, due from the Federal Government, due from own funds, loans receivable, bank loan, payables and accruals, holdbacks payable, deferred revenue, and long-term debt. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Municipality is subject to credit risk through accounts receivable. The Municipality minimizes credit risk through ongoing credit management.

Cash and cash equivalents

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

Tangible capital assets

Effective January 1, 2011, the municipality 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. Donated or contributed tangible capital assets are recorded at their fair market value at the date of construction or contribution. Amortization shall begin in July of the year in which the costs were incurred. No amortization is recorded in the year of disposal. The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

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VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

3. Summary of significant accounting policies (continued)

<u>Asset type</u>	<u>Years</u>
Land improvements	5-25 years
Buildings	40 years
Vehicles	3-5 years
Machinery and equipment	5-15 years
Heavy equipment	10-15 years
Computer hardware & software & communication equipment	3-5 years
Furniture & fixtures	3-5 years
Road surface	5-15 years
Road grade	10-30 years
Water and wastewater networks	15-100 years
Dams and water structures	25-50 years
Leasehold improvements	Over the term of the lease

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

Contributed goods and services

With the exception of tangible capital assets which are recognized at their fair market value, the value of contributed goods and services are not recognized in the financial statements.

Segmented information

The Municipality is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Municipality'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 Municipality. 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.

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VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

3. Summary of significant accounting policies (continued)

Environmental health services

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

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 arena, ballfields, parks and playgrounds and other recreational and cultural facilities.

Water and wastewater systems

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.

Loans receivable

Loans receivable are recorded at face value at the date of issue and discounted by the amount of the grant portion. The grant portion is recorded in expenditures and the loan discount is amortized to revenue using the effective interest rate method. Loans receivable are valued at the lower of cost and net recoverable value. Valuation allowances to reflect collectability and risk of loss are assessed on an individual loan basis.

Inventory of land for resale

Inventory is valued at the lower of cost and estimated net realizable value.

Inventory of supplies

Inventory is valued at the lower of cost and net replacement cost with cost being determined on the average cost basis.

Post-employment benefits

The Municipality recognizes its obligations under post-employment benefit plans and the related costs, net of plan assets. The Municipality has a sick leave benefit as documented in Note 11 and a pension plan as documented in Note 12.

4. Cash

Restricted - Reserve Funds
 Unrestricted

	2012	Restated 2011
	\$ 69,537	\$ 27,726
	105,628	61,771
	<u>\$ 175,165</u>	<u>\$ 89,497</u>

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VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

	2012	2011
5. Due from federal government and its agencies		
Canada Revenue Agency (HST refund)	\$ 60,502 \$	24,042
Atlantic Canada Opportunities Agency	59,543	-
	\$ 120,045 \$	24,042
6. Due from Province of New Brunswick		
Department of Environment	\$ - \$	5,019
Family and Youth Capital Assistance Program	29,963	
Environmental Trust Fund	2,299	
Designated Highway Program	118,031	
Efficiency New Brunswick		3,000
Department of Local Government		3,853
	\$ 150,293 \$	11,872
7. Loans receivable		
Fundy Arena Inc., non-interest bearing, discounted at 3.3%, maturing December 15, 2014, monthly repayments of \$ 1,553. At yearend, the loan was eight payments in arrears.	\$ 31,221 \$	29,969
Less: Valuation allowance	17,931	
Net recoverable amount	13,290	29,969
Amount receivable within one year	\$ 13,290	11,660
Long term receivable balance	\$ - \$	18,309
8. Portfolio investments		
Externally restricted - Gas Tax Fund	\$ 144,958 \$	2,962
Externally restricted - Reserve Funds	160,157	162,188
Unrestricted	11,416	26,828
	\$ 316,531 \$	191,978

The investments consist of guaranteed investment certificates with maturity dates in 2013 and interest rates ranging from 0.15% to 1.23%.

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VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

9. Deferred revenue	2012	2011
Unearned building permit fee	\$ -	\$ 6,750

Cans for Kids program

Restricted contributions required to be spent on recreational or cultural programs for children.

Balance, beginning of year	\$ 1,101	\$ 1,206
Contributions for the year	-	-
Transfer to revenue	-	(105)
Balance, end of year	<u>1,101</u>	<u>1,101</u>

Gas Tax Fund

Transfer from the Canada-New Brunswick Agreement on the Transfer of Federal Gas Tax Revenues and the Provincial Gas Tax Top-Up Fund to be applied to the cost of specific capital projects. The unspent balance is invested in portfolio investments and investment income reinvests in the fund.

Balance, beginning of year	2,962	4,236
Contributions for the year	147,968	-
Interest earned	966	17
Transfer to revenue for PSA adoption expenses	(2,962)	-
Transfer to revenue for capital projects	(3,976)	(1,291)
Balance, end of year	<u>144,958</u>	<u>2,962</u>
Total	<u>\$ 146,059</u>	<u>\$ 10,813</u>

10. Long-term debt

New Brunswick Municipal Finance Corporation Debentures:

AC23, 2.75% - 5.5%, due 2014, OIC #02-0021	320,000	343,000
AW21, 4.3% - 4.55%, due 2017, OIC #05-0087	100,000	108,000
AY28, 3.3% - 4.85%, due 2018, OIC #06-0065 & 07-0042	178,000	194,000
BA33, .95% - 5.0%, due 2019, OIC #06-0065	13,000	14,000
BA34, .95% - 5.0%, due 2019, OIC #07-0042 & 07-0089	245,000	251,000
BB38, 1.0% - 4.5%, due 2019, OIC #08-0054	112,000	146,000
BB39, 1.0% - 4.5%, due 2019, OIC #07-0042	38,000	39,000
	<u>\$ 1,006,000</u>	<u>\$ 1,095,000</u>

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

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

10. Long-term debt (continued)

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

2013	\$	92,000
2014		361,000
2015		39,000
2016		39,000
2017		97,000

Principal payments on debenture AQ23 due July 8, 2014 totalling \$ 271,000 can be refinanced in the amount of \$ 47,000 for a term not to exceed 5 years and \$ 224,000 for a term not to exceed 10 years. Principal payments on debenture AW21 due May 25, 2017 totalling \$ 54,000 can be refinanced for a term not to exceed 5 years. Principal payments on debenture AY28 due May 16, 2018 totalling \$ 89,000 can be refinanced for a term not to exceed 5 years. Principal payments on debenture BA33 due June 11, 2019 totalling \$ 6,000 can be refinanced for a term not to exceed 6 years. Principal payments on debenture BA34 due June 11, 2019 totalling \$ 200,000 can be refinanced for a term not to exceed 20 years. Principal payments on debenture BB39 due November 6, 2019 totalling \$ 31,000 can be refinanced for a term not to exceed 20 years.

11. Accrued sick leave

The Municipality provides sick leave that accumulates at 12 hours per month for full-time non-administrative employees and 10.5 hours per month for full-time administrative employees. Full-time non-administrative employees can accumulate a maximum of 1,280 sick leave hours and full-time administrative employees can accumulate a maximum of 1,120 sick leave hours. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave. Accumulated sick leave does not vest.

An actuarial valuation was performed on the 8 employee plan in accordance with PSA 3255. The actuarial method used was the Projected Unit Credit pro-rated on service to expedited 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 Municipality'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 obligation 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. As such, there are no applicable assets. Benefits are paid out of general revenue as they come due.

The unfunded liability was \$ 26,700 on January 1, 2011; \$ 30,500 on December 31, 2011; and \$ 33,400 on December 31, 2012. The liability for January 1, 2011 was recorded as a prior period adjustment on the adoption of PSA standards.

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VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

12. Post employment benefits payable

(a) Pension obligation

The Municipality and its employees participate in the New Brunswick Municipal Employees Pension Plan (NB MEPP). The NB MEPP 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 NB MEPP 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 NB MEPP (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 NB MEPP accrued benefit obligation of \$ 78,574,700 based on the accounting basis.

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
- estimated average remaining service life is (EARS_L) 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 \$ 12,529,600, 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 Pension Benefits Act.

As at December 31, 2011, the NB MEPP provides benefits for 157 retirees. Total benefit 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 NB MEPP.

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 contribution 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 NB MEPP.

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

12. Post employment benefits payable (continued)

The following summarizes the NB MEPP data as it relates to the Village of Blacks Harbour:

- The average age of the 8 active employees covered by the NB MEPP is 50.9
- Benefit payments were \$ 53,800 in 2011 and were estimated to be \$ 58,400 in 2012
- Combined contributions were \$ 49,200 in 2011 and were estimated to be \$ 54,400 in 2012

In addition to determining the position of the NB MEPP as it relates to the Village of Blacks Harbour as at December 31, 2010 and December 31, 2011, NB MEPP'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:

	1-Jan-2011 to 31-Dec-2011	Estimated 1-Jan-2012 to 31-Dec-2012
Accrued Benefit Liability / (Asset)		
Accrued benefit liability / (asset) at beginning of period	\$ 260,800	\$ 262,700
Pension Expense for the year	26,500	39,900
Less Employer contributions	(24,600)	(25,000)
Accrued benefit liability / (asset) at end of period	<u>\$ 262,700</u>	<u>\$ 277,600</u>

In summary, the Accrued Benefit Liability as it relates to the Village of Blacks Harbour is estimated to be \$ 277,600 as at December 31, 2012. This compares to \$ 260,800 as at January 1, 2011 and \$ 262,700 as at December 31, 2011. This amount is included in the Post Employment Benefits Payable on the Consolidated Statement of Financial Position.

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:

	31-Dec-2011	Estimated 31-Dec-2012
Reconciliation of Funded Status at End of Period		
Accrued benefit obligation	\$ 1,628,600	\$ 1,698,300
Plan assets	1,249,000	1,311,400
Plan deficit / (surplus)	<u>379,600</u>	<u>386,900</u>
Unamortized prior service costs / (savings)	-	-
Unamortized experience losses / (gains)	116,900	109,300
Unamortized transitional obligation / (asset)	-	-
Accrued benefit liability / (asset) at end of period	<u>\$ 262,700</u>	<u>\$ 277,600</u>

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

12. Post employment benefits payable (continued)

The following illustrates the reconciliation of Accrued Benefit Obligation from the beginning of period to the end of period:

	1-Jan-2011 to 31-Dec-2011	Estimated 1-Jan-2012 to 31-Dec-2012
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation at beginning of period	\$ 1,360,100	\$ 1,628,600
Current Service Cost	45,700	39,100
Benefit Payments	(53,800)	(58,400)
Interest for Period	79,300	89,000
Cost / (savings) of Plan Amendments	(9,700)	-
Experience loss / (gain) during period	207,000	-
Accrued benefit obligation at end of period	<u>\$ 1,628,600</u>	<u>\$ 1,698,300</u>

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

	1-Jan-2011 to 31-Dec-2011	Estimated 1-Jan-2012 to 31-Dec-2012
Reconciliation of Plan Assets		
Plan assets at beginning of period	\$ 1,099,300	\$ 1,249,000
Employer Contributions	24,600	25,000
Employee Contributions	24,600	27,200
Benefit Payments	(53,800)	(58,400)
Return on Plan assets during period	154,300	68,600
Plan assets at end of year	<u>\$ 1,249,000</u>	<u>\$ 1,311,400</u>

Total expenses related to pensions include the following components:

	1-Jan-2011 to 31-Dec-2011	Estimated 1-Jan-2012 to 31-Dec-2012
Pension Expense		
Employer Current Service Cost	\$ 21,100	\$ 11,900
Interest on Accrued Benefit Obligation	\$ 79,300	\$ 89,000
Expected Return on Assets	\$ (64,200)	\$ (68,600)
Amortization of unrecognized balances	\$ -	\$ -
Prior service costs / (savings)	\$ (9,700)	\$ -
Experience loss / (gain)	\$ -	\$ 7,600
Transitional obligation / (asset)	\$ -	\$ -
Total Amortization	<u>\$ (9,700)</u>	<u>\$ 7,600</u>
Pension Expense	<u>\$ 26,500</u>	<u>\$ 39,900</u>

The Pension Expense is included in the statement of operations.

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VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
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13. Contingencies

In the normal course of operations, the Municipality becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at December 31, 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 as the Municipality maintains insurance coverage in amounts considered appropriate.

14. Short-term borrowings compliance

Interim borrowing for capital

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

Water and Sewer Capital Fund, M.O. # 07-0089 \$ 1,734,000

Operating borrowing

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

Inter-fund borrowing

The Municipal Financial Reporting Manual requires that short-term inter-fund borrowings be repaid in the next year unless the borrowing is for a capital project. The amount payable between the General Operating Fund and Water and Sewer Operating Fund is not in compliance with the requirements but interest is recorded at a rate of 5.5%.

15. Water and Sewer Fund Surplus/Deficit

The Municipalities Act requires Water and Sewer Fund surplus/deficit amounts to be absorbed into one or more of three Operating Budgets commencing with the second following year. In addition, the General Operating Fund is not permitted to accumulate any surplus or deficit except for the current and immediately preceding year. The balance of the surplus/deficit at the end of the year consists of:

General Operating Fund		2012	2011
2012 Deficit	\$	(9,633)	-
2011 Surplus		22,190	22,190
2010 Deficit		-	(2,703)
	\$	<u>12,557</u>	<u>19,487</u>
Water and Sewer Operating Fund		2012	2011
2012 Deficit	\$	(1,468)	-
2011 Deficit		(2,765)	(2,765)
2010 Surplus		-	1,327
	\$	<u>(4,233)</u>	<u>(1,438)</u>

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
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16. Water Cost Transfer

The Municipality's water cost transfer for fire protection is within the maximum allowable by Regulation 81-195 under the Municipalities Act based upon the applicable percentage of water system expenditures for the population.

17. Non-monetary transactions

Connors Bros. supplies potable water at no charge to the Village of Blacks Harbour from its source of supply in Penfield, New Brunswick. The Village does not charge the company for water distributed through waterlines within the Village limits. No revenues or expenses are recorded in the financial statements for these transactions because the fair values are not reliably measurable.

18. Economic dependence

The Village of Blacks Harbour derives a significant portion of its property tax revenues from Connors Bros. and its employees, who reside within the Municipality.

The Village of Blacks Harbour is supplied potable water by Connor Bros. at no charge. The Village has completed potential well site exploration but no viable sources have been identified.

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VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

19. Schedule of Tangible Capital Assets

	Land	Land Improvements	Buildings & Leasehold Improvements	Vehicles	Machinery and Equipment	Infrastructure			Communication & Computer Equipment	Assets Under Construction	2012 Total	2011 Total
						Roads and Street	Treatment Facilities	Water and Sewer				
COST												
Balance, beginning of year	\$ 202,558	\$ 129,336	\$ 2,233,851	\$ 116,314	\$ 1,363,394	\$ 1,387,172	\$ 756,513	\$ 3,554,363	\$ 61,056	\$ -	\$ 9,804,557	\$ 9,698,926
Add:												
Net additions during the year	-	3,976	-	-	-	72,623	-	158,402	-	119,950	354,951	105,631
Less:												
Disposals during the year	-	-	(25,370)	-	(1,509)	(4,500)	-	(1,381)	-	-	(32,760)	-
BALANCE, END OF YEAR	202,558	133,312	2,208,481	116,314	1,361,885	1,455,295	756,513	3,711,384	61,056	119,950	10,126,748	9,804,557
ACCUMULATED AMORTIZATION												
Balance, beginning of year	-	105,036	871,218	77,417	774,354	937,800	488,969	1,397,367	60,687	-	4,712,848	4,353,614
Add:												
Amortization during the year	-	3,647	52,329	20,307	83,157	45,378	31,436	109,093	369	-	345,716	359,234
Less:												
Accumulated amortization on disposals	-	-	(17,759)	-	(1,509)	(4,500)	-	(1,381)	-	-	(25,149)	-
BALANCE, END OF YEAR	-	108,683	905,788	97,724	856,002	978,678	520,405	1,505,079	61,056	-	5,033,415	4,712,848
NET BOOK VALUE OF TANGIBLE CAPITAL	\$ 202,558	\$ 24,629	\$ 1,302,693	\$ 18,590	\$ 505,883	\$ 476,617	\$ 236,108	\$ 2,206,305	\$ -	\$ 119,950	\$ 5,093,333	\$ 5,091,709
Consists of:												
General Fund Assets	\$ 161,738	\$ 24,629	\$ 921,088	\$ 18,590	\$ 335,491	\$ 476,617	-	-	-	\$ 119,950	\$ 2,058,103	\$ 2,025,628
Water & Sewer Fund Assets	40,820	-	381,605	-	170,392	-	236,108	2,206,305	-	-	3,035,230	3,066,081
	\$ 202,558	\$ 24,629	\$ 1,302,693	\$ 18,590	\$ 505,883	\$ 476,617	\$ 236,108	\$ 2,206,305	\$ -	\$ 119,950	\$ 5,093,333	\$ 5,091,709

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

20. Schedule of Accumulated Surplus Reconciliation to Public Sector Accounting Board (PSAB) Requirements

	General Operating Fund	General Capital Fund	Water & Sewer Operating Fund	Water & Sewer Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Water & Sewer Operating Reserve Fund	Water & Sewer Capital Reserve Fund	Total
2011 annual fund surplus (deficit)	\$ 22,190	\$ 177,783	\$ (2,765)	\$ 104,156	\$ 15,145	\$ 15,114	\$ 2	\$ 14,074	345,699
Adjustments to 2011 annual surplus (deficit) for PSAB requirements									
Second previous year's (surplus) deficit	(52,898)	-	11,461	-	-	-	-	-	(41,437)
Transfers between funds									
Transfer elimination	15,000	-	-	-	(15,000)	-	-	-	-
Transfer elimination	15,000	-	-	-	-	(15,000)	-	-	-
Transfer elimination	33,483	(33,483)	-	-	-	-	-	-	-
Transfer elimination	-	-	13,725	-	-	-	-	(13,725)	-
Transfer elimination	-	-	9,865	(9,865)	-	-	-	-	-
Transfer elimination	-	-	87,000	(87,000)	-	-	-	-	-
Long-term debt principal repayment	78,000	(78,000)	6,000	(6,000)	-	-	-	-	-
Provision for sick leave accrual	(3,038)	-	(762)	-	-	-	-	-	(3,800)
Provision or post-employment benefits	(1,519)	-	(381)	-	-	-	-	-	(1,900)
Amortization expense	-	(173,300)	-	(185,934)	-	-	-	-	(359,234)
Total adjustments to 2011 annual surplus (deficit)	84,028	(284,783)	126,908	(288,799)	(15,000)	(15,000)	-	(13,725)	(406,371)
2011 annual surplus (deficit) per PSAB requirements	106,218	(107,000)	124,143	(184,643)	145	114	2	349	(60,672)
Accumulated surplus (deficit) before PPA, beginning of year	50,195	3,610,071	(10,134)	6,092,342	34,695	27,259	499	83,309	9,888,236
Accumulated surplus (deficit) before PPA, end of year	156,413	3,503,071	114,009	5,907,699	34,840	27,373	501	83,658	9,827,564
Prior period adjustments	(215,938)	(2,388,619)	(29,230)	(3,252,150)	-	-	-	-	(5,885,937)
Accumulated surplus (deficit) per PSAB requirements, end of year	\$ (59,525)	\$ 1,114,452	\$ 84,779	\$ 2,655,549	\$ 34,840	\$ 27,373	\$ 501	\$ 83,658	\$ 3,941,627

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

21. Schedule of Segment Disclosure

	General	Protective	Transportation	Environmental Health	Environmental Development	Recreation & Culture	Water & Sewer	2012 Consolidated	2011 Consolidated
Revenues									
Property tax warrant	\$ 210,206	\$ 331,071	\$ 201,155	\$ 46,725	\$ 42,286	\$ 120,022	\$ -	\$ 951,465	\$ 931,934
Unconditional grant	33,368	52,554	31,931	7,417	6,712	19,052	-	151,034	154,116
Services provided to other governments	-	142,260	3,785	-	-	-	-	146,045	125,057
Sale of service, fines and other fees	-	-	-	-	-	-	-	-	6,808
Other revenue from own sources	1,784	3,795	15,498	-	-	34,950	-	56,027	95,872
Unconditional transfers from other governments	-	4,765	-	-	-	-	-	4,765	4,721
Conditional transfers	-	-	52,399	-	12,437	94,557	62,987	222,380	27,330
Water and sewer fees	-	-	-	-	-	-	484,609	484,609	491,765
Interest	5,435	-	-	-	-	-	4,513	9,948	10,875
	250,793	534,445	304,768	54,142	61,435	268,581	552,109	2,026,273	1,848,478
Expenses									
Salaries and benefits	100,060	62,568	92,692	-	-	139,517	120,143	514,980	474,136
Goods and services	118,491	414,703	72,879	50,013	37,687	56,167	231,735	981,675	1,012,572
Amortization	7,262	36,456	94,263	-	2,393	16,092	189,251	345,717	359,235
Interest	8,471	19,050	8,530	-	598	-	19,098	55,747	63,207
Other	-	-	-	-	-	7,611	-	7,611	-
	234,284	532,777	268,364	50,013	40,678	219,387	560,227	1,905,730	1,909,150
Surplus (deficit) for the year	\$ 16,509	\$ 1,668	\$ 36,404	\$ 4,129	\$ 20,757	\$ 49,194	\$ (8,118)	\$ 120,543	\$ (60,672)

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

22. Reconciliation of Annual Surplus

	General Operating Fund	General Capital Fund	Water & Sewer Operating Fund	Water & Sewer Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Water & Sewer Operating Reserve Fund	Water & Sewer Capital Reserve Fund	Total
2012 annual surplus (deficit)	\$ 121,466	\$ 6,820	\$ 123,126	\$ (131,246)	\$ 99	\$ 84	\$ 1	\$ 193	\$ 120,543
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's surplus (deficit)	(2,703)	-	1,327	-	-	-	-	-	(1,376)
Transfers between funds	-	-	-	-	-	-	-	-	-
Transfer from general operating fund to the general capital fund	(25,653)	25,653	-	-	-	-	-	-	-
Transfer from general operating fund to the general operating reserve fund	(15,300)	-	-	-	15,300	-	-	-	-
Transfer from general operating fund to the general capital reserve fund	(18,000)	-	-	-	-	18,000	-	-	-
Transfer from water & sewer operating fund to the water & sewer capital fund	-	-	(100,396)	100,396	-	-	-	-	-
Transfer from water & sewer operating fund to the water & sewer capital fund	-	-	(17,668)	17,668	-	-	-	-	-
Transfer from water & sewer operating fund to the water & sewer operating reserve fund	-	-	-	-	-	-	-	-	-
Transfer from water & sewer operating fund to the water & sewer capital reserve fund	-	-	(6,100)	-	-	-	-	6,100	-
Long-term debt principal repayment	(82,000)	82,000	-	-	-	-	-	-	-
Long-term debt principal repayment	-	-	(7,000)	7,000	-	-	-	-	-
Proceeds from disposal of tangible capital assets	-	-	-	-	-	-	-	-	-
Provision for sick leave accrual	2,046	-	854	-	-	-	-	-	2,900
Amortization expense	-	156,465	-	189,251	-	-	-	-	345,716
Loss on disposal of tangible capital assets	-	7,611	-	-	-	-	-	-	7,611
Change in amount recorded under PSA for defined benefit liability	10,511	-	4,389	-	-	-	-	-	14,900
Amount of funding for vested employee benefit liability (Note 24)	-	-	-	-	-	-	-	-	-
Amount of funding for defined benefit liability (Note 24)	-	-	-	-	-	-	-	-	-
Total adjustments to 2012 annual surplus (deficit)	(131,099)	271,729	(124,594)	314,315	15,300	18,000	-	6,100	369,751
2012 annual fund surplus (deficit)	\$ (9,633)	\$ 278,549	\$ (1,468)	\$ 183,069	\$ 15,399	\$ 18,084	\$ 1	\$ 6,293	\$ 490,294

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

23. Statement of Reserves

<u>Assets</u>	General Operating Reserve	General Capital Reserve	Water & Sewer		2012 Total	2011 Total
			Operating Reserve	Capital Reserve		
Cash	\$ 15,300	\$ 18,000	\$ -	\$ 36,237	\$ 69,537	\$ 27,726
Investments	49,892	42,417	502	67,346	160,157	162,188
Accrued interest receivable	47	40		93	180	183
	<u>\$ 65,239</u>	<u>\$ 60,457</u>	<u>\$ 502</u>	<u>\$ 103,676</u>	<u>\$ 229,874</u>	<u>\$ 190,097</u>

Accumulated Surplus

	\$ 65,239	\$ 60,457	\$ 502	\$ 103,676	\$ 229,874	\$ 190,097
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Revenue

Other government transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers from Water and General Operating Funds	15,300	18,000	-	6,100	39,400	43,725
Interest	99	84	1	193	377	610
	<u>15,399</u>	<u>18,084</u>	<u>1</u>	<u>6,293</u>	<u>39,777</u>	<u>44,335</u>

Expenditures

	\$ 15,399	\$ 18,084	\$ 1	\$ 6,293	\$ 39,777	\$ 44,335
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Annual Surplus (Deficit)

Name of Investment
Cashable GIC

	\$ 160,157	0.1500%	April 2, 2013
--	------------	---------	---------------

Principal Amount

	\$ 160,157	0.1500%	April 2, 2013
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Interest Rate

	\$ 160,157	0.1500%	April 2, 2013
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Date of Maturity

The Water and Sewer Capital Reserve Fund includes replacement reserves totalling \$ 83,296. All annual transfers required under the Canada/New Brunswick Infrastructure Program agreement and Canada/New Brunswick Municipal Rural Infrastructure Program agreement have been recorded.

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
 Notes to the Consolidated Financial Statements
 December 31, 2012

23. Statement of Reserves (continued)

Council resolutions regarding transfers to and from reserves:

November 21, 2012 resolution 112112-21

21.2 Transfer to Utility Capital Reserves

MOVED BY: Councillor Mahar, SECONDED BY: Councillor Anthony

Whereas, the Province of New Brunswick requires the municipality to establish a capital reserve for MRIF Project 12760 in the amount of \$36,000, and whereas the municipality has been making the required contributions,

Be it resolved:

That the CAO be authorized to transfer \$1,100 from the Water and Sewer operating fund to the Water and Sewer Capital Reserve fund, thereby fulfilling the required capital reserve of \$36,000.

CARRIED

December 12, 2012 resolution 121212-11

20.1 General Operating Reserve Fund

MOVED BY: Councillor Chase, SECONDED BY: Deputy Mayor Harris

Be it resolved:

That Council instruct the CAO to transfer \$15,300 from the General Operating Fund to the General Operating Reserve Fund.

CARRIED

December 12, 2012 resolution 121212-13

20.3 General Fund Capital Reserve

MOVED BY: Councillor Chase, SECONDED BY: Deputy Mayor Harris

Be it resolved:

That Council instruct the CAO to transfer \$10,000 (for lights in the park) from the General Operating Fund to the General Capital Reserve Fund and \$8,000 (for a LED sign) from the General Operating Fund to the General Capital Reserve Fund.

CARRIED

December 12, 2012 resolution 121212-19

21.2 Transfer to Utility Capital Reserves


MOVED BY: Deputy Mayor Harris, SECONDED BY: Councillor Mahar

Whereas, the Province of New Brunswick requires the municipality to fund a capital reserve for the utility in the amount of \$50,000,

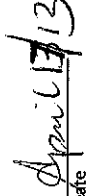
Be it resolved:

That the CAO be authorized to transfer \$5,000 from the Water and Sewer Operating Fund to the Water and Sewer Capital Reserve fund.

CARRIED


 Heather Chase
 Clerk

Village of Blacks Harbour


 Date April 17/13

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VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

24. Reconciliation of Funding Deficit upon Adoption of PSA

	Defined Benefit Pension Liability	Vested Post Employment benefits	Other liabilities not previously recorded (sick leave)
Liability at December 31, 2011 as calculated on adoption of PSA	262,700	-	30,500
Amount of December 31, 2011 liability funded in current year	-	-	-
Amounts funded in prior years	-	-	-
Balance to be funded in future years	262,700	-	30,500

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

25. Operating Budget to PSA Budget

	Operating Budget General	Operating Budget Water & Sewer	Amortization TCA	Controlled Entities	Transfers	Total
Revenue						
Property tax warrant	\$ 951,465	\$ -	\$ -	\$ -	\$ -	\$ 951,465
Unconditional grant	151,034	-	-	-	-	151,034
Services provided to other governments	141,676	-	-	-	-	141,676
Sales of services	6,500	-	-	-	-	6,500
Other revenue from own sources	22,148	-	-	-	-	22,148
Unconditional transfers from other governments	4,485	-	-	-	-	4,485
Conditional transfers	10,000	-	-	-	-	10,000
Other transfers	-	-	-	-	-	-
Water and sewer fees	-	486,595	-	-	-	486,595
Interest	6,000	5,000	-	-	-	11,000
Surplus/deficit of second previous year	-	1,327	-	-	(1,327)	-
	1,293,308	492,922	-	-	(1,327)	1,784,903
Expenditures						
General government services	237,801	-	7,262	-	8,742	253,805
Protective services	482,891	-	36,456	-	19,438	538,785
Transportation services	202,388	-	94,263	-	8,691	305,342
Environmental health services	54,142	-	-	-	-	54,142
Public health and welfare services	-	-	-	-	-	-
Environmental development services	47,387	-	2,393	-	600	50,380
Recreational and cultural services	146,525	-	16,092	-	-	162,617
Fiscal services						
- Long-term debt repayments	82,000	7,000	-	-	(89,000)	-
- Interest	37,471	18,627	-	-	(56,098)	-
- Deficit of second previous year	2,703	-	-	-	(2,703)	-
- Transfer from the Water & Sewer Operating Fund to the Water & Sewer Capital Fund	-	13,725	-	-	(13,725)	-
- Transfer from the Water & Sewer Operating Fund to the Water & Sewer Operating Reserve Fund	-	5,000	-	-	(5,000)	-
Water & Sewer	-	448,570	189,251	-	18,627	656,448
	1,293,308	492,922	345,717	-	(110,428)	2,021,519
Surplus (Deficit)	\$ -	\$ -	\$ (345,717)	\$ -	\$ 109,101	\$ (236,616)

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

26. Revenue and Expense Support

	2012		2011	
	(Unaudited) Budget	Actual	Actual	Actual
Revenue				
Services provided to other governments				
Province of New Brunswick				
Fire- Local service districts	\$ 137,891	\$ 137,890	\$ 121,272	
Forest fires	-	4,370	-	
Transportation	3,785	3,785	3,785	
	<u>\$ 141,676</u>	<u>\$ 146,045</u>	<u>\$ 125,057</u>	
Sales of services				
Recreation	\$ 6,500	-	\$ 6,808	
Other revenue from own sources				
Licenses and permits	\$ 5,700	\$ 3,795	\$ 5,511	
Rentals	15,498	15,498	15,498	
Miscellaneous	950	5,950	7,838	
Contributions - business and individuals	-	30,784	66,300	
Loan loss provision recovery	-	-	725	
	<u>\$ 22,148</u>	<u>\$ 56,027</u>	<u>\$ 95,872</u>	
Unconditional transfers from other governments				
Municipal fine revenue sharing	\$ 4,485	\$ 4,765	\$ 4,721	
Conditional transfers				
Municipal Rural Infrastructure Fund	-	\$ 106,420	-	
Gas Tax transfer	10,000	6,938	1,291	
Government of Canada				
Environmental development				
Tourism	-	3,200	3,610	
Recreation and culture	-	61,043	1,610	
Province of New Brunswick				
Water and sewer	-	4,981	8,019	
Transportation		3,985		
Environmental development		2,299		
Recreation and culture	-	33,514	12,800	
	<u>\$ 10,000</u>	<u>\$ 222,380</u>	<u>\$ 27,330</u>	

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

26. Revenue and Expense Support (continued)

	2012		2011	
	(Unaudited)			
	Budget	Actual	Budget	Actual
Water and sewer fees				
Water and sewer user fees	\$ 435,695	\$ 434,054	\$ 429,805	\$ 429,805
Connection and service charges	900	555	3,960	3,960
Water supply for fire protection	50,000	50,000	58,000	58,000
	\$ 486,595	\$ 484,609	\$ 491,765	\$ 491,765
Expenditures				
General government services				
Legislative				
Mayor	\$ 9,160	\$ 8,935	\$ 8,982	\$ 8,982
Councillors	24,255	19,309	21,359	21,359
	33,415	28,244	30,341	30,341
Administrative				
Personnel	105,800	100,060	123,996	123,996
Other	22,895	20,091	23,823	23,823
Office building	17,155	12,803	16,537	16,537
Solicitor	1,500	1,138	-	-
	147,350	134,092	164,356	164,356
Financial management				
External audit	13,000	14,790	11,377	11,377
Common services				
Training and development	2,800	872	2,925	2,925
Cost of assessment	11,917	11,917	11,672	11,672
	14,717	12,789	14,597	14,597
Other				
Conventions and delegations	2,500	1,255	2,278	2,278
Public liability	10,770	10,770	7,834	7,834
Grants to organizations	2,500	2,700	2,500	2,500
Other	5,920	6,726	9,944	9,944
Bank service charges	1,750	1,306	2,078	2,078
Payment in lieu of taxes	5,879	5,879	-	-
Amortization	7,262	7,262	7,262	7,262
Interest	8,742	8,471	9,014	9,014
	45,323	44,369	40,910	40,910
Total general government services	\$ 253,805	\$ 234,284	\$ 261,581	\$ 261,581

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

26. Revenue and Expense Support (continued)

	2012		2011	
	(Unaudited) Budget	Actual	Actual	Actual
Protective services				
Fire				
Administration - personnel	\$ 16,714	\$ 16,714	\$ 16,714	\$ 16,291
Administration - other	5,610	4,066	4,066	3,576
Firefighting force	52,455	45,854	45,854	41,468
Alarm systems	11,016	9,539	9,539	12,676
Investigation and prevention	-	1,127	1,127	935
Water purchased	50,000	50,000	50,000	58,000
Training and development	8,600	4,956	4,956	6,692
Station	22,289	15,629	15,629	18,378
Fire fighting equipment	56,427	75,424	75,424	55,877
Amortization	36,456	36,456	36,456	41,307
Interest	19,438	19,050	19,050	20,339
	<u>279,005</u>	<u>278,815</u>		<u>275,539</u>
Police				
R.C.M.P.	228,000	228,000	228,000	217,000
Emergency measures				
1,400	1,400	1,967	-	-
Other				
Building inspector	28,230	23,892	23,892	21,875
Animal control	2,150	103	103	441
	<u>30,380</u>	<u>23,995</u>		<u>22,316</u>
Total protective services	<u>\$ 538,785</u>	<u>\$ 532,777</u>	<u>\$ 514,855</u>	
Transportation services				
Common				
Personnel	\$ 51,200	\$ 60,288	\$ 47,485	\$ 47,485
Administration	5,089	4,444	4,444	2,340
General equipment	23,170	12,538	12,538	21,207
Workshop, yard and other buildings	6,835	4,769	4,769	5,700
	<u>86,294</u>	<u>82,039</u>		<u>76,732</u>
Road transport				
Roads and streets	12,130	13,464	13,464	9,033
Snow and ice removal				
Personnel	57,600	32,404	32,404	49,811
Department of Transportation	5,314	5,348	5,348	5,314
Salt and sand	10,000	2,012	2,012	12,611
	<u>85,044</u>	<u>53,228</u>		<u>76,769</u>

Mark H. Porter Professional Corporation

VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

26. Revenue and Expense Support (continued)

	2012		2011	
	(Unaudited) Budget	Actual	Actual	Actual
Other				
Street lighting	27,200	25,930	25,971	25,971
Traffic services	3,850	4,374	6,180	6,180
Amortization	94,263	94,263	90,930	90,930
Interest	8,691	8,530	9,456	9,456
	<u>134,004</u>	<u>133,097</u>	<u>132,537</u>	<u>132,537</u>
Total transportation services	\$ 305,342	\$ 268,364	\$ 286,038	\$ 286,038
Environmental health services				
Solid waste collection	\$ 27,892	\$ 27,923	\$ 27,855	\$ 27,855
Solid waste disposal	26,250	22,090	23,727	23,727
Total environmental health services	\$ 54,142	\$ 50,013	\$ 51,582	\$ 51,582
Environmental development services				
Community planning	\$ 20,550	\$ 11,361	\$ 10,742	\$ 10,742
Community development	3,692	1,884	4,158	4,158
Other environmental development services				
Tourist bureau				
Personnel	4,900	9,796	8,431	8,431
Other	5,385	2,547	3,502	3,502
Camps and parks	2,160	2,147	2,483	2,483
Other	10,700	9,952	6,488	6,488
Amortization	2,393	2,393	2,195	2,195
Interest	600	598	619	619
Total environmental development services	\$ 50,380	\$ 40,678	\$ 38,618	\$ 38,618
Recreation and cultural services				
Administration	\$ 2,300	\$ -	\$ 7,954	\$ 7,954
Rinks and arenas				
Personnel	76,800	94,934	81,505	81,505
Other	19,670	18,148	22,207	22,207
Exhibition and fairs	1,500	4,547	6,249	6,249
Parks and playgrounds				
Personnel	22,400	39,864	14,788	14,788
Other	3,950	5,040	3,166	3,166
Other recreation facilities				
Personnel	3,260	4,719	14,353	14,353
Other	7,925	2,947	4,756	4,756
Other recreation and cultural services	8,720	8,585	4,828	4,828
Provision for loss on loan receivable	-	16,900	-	-
Amortization	16,092	16,092	31,607	31,607
Total recreation and cultural services	\$ 162,617	\$ 211,776	\$ 191,413	\$ 191,413

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VILLAGE OF BLACKS HARBOUR
Notes to the Consolidated Financial Statements
December 31, 2012

26. Revenue and Expense Support (continued)

	2012		2011	
	(Unaudited) Budget	Actual	Budget	Actual
Water and Sewer				
Water supply				
Administration				
Personnel	\$ 30,050	\$ 16,342	\$ 6,416	\$ 6,416
Other	15,169	8,067	4,857	4,857
Purification and treatment	9,300	7,384	7,598	7,598
Transmission and distribution				
Personnel	54,400	41,037	40,231	40,231
Solicitor	35,785	35,633	2,327	2,327
Other	14,000	7,509	15,350	15,350
Power and pumping	7,917	5,026	4,506	4,506
Billing and collection				
Personnel	11,750	10,144	5,613	5,613
Other	400	316	1,052	1,052
Seniors discounts	2,250	1,997	2,013	2,013
Workshop and equipment	19,590	16,159	18,780	18,780
Amortization	98,868	98,868	95,543	95,543
Interest	7,828	8,081	12,027	12,027
	<u>307,307</u>	<u>256,563</u>	<u>216,313</u>	<u>216,313</u>
Sewer collection and disposal				
Administration				
Personnel	30,050	16,531	6,416	6,416
Other	15,169	8,610	4,857	4,857
Sewage collection system				
Personnel	19,200	25,828	17,332	17,332
Other	2,000	20	1,176	1,176
Sewage lift stations	14,700	19,282	23,454	23,454
Sewage treatment and disposal	127,850	99,394	171,800	171,800
Billing and collection				
Personnel	11,750	10,261	-	-
Other	400	316	-	-
Seniors discounts	2,250	1,997	2,013	2,013
Workshop and equipment	24,590	16,059	18,780	18,780
Provision for loss on accounts receivable	-	3,966	779	779
Amortization	90,383	90,383	90,391	90,391
Interest	10,799	11,017	11,752	11,752
	<u>349,141</u>	<u>303,664</u>	<u>348,750</u>	<u>348,750</u>
Total water and sewer	<u>\$ 656,448</u>	<u>\$ 560,227</u>	<u>\$ 565,063</u>	<u>\$ 565,063</u>

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