

**VILLAGE OF BATH  
FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

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Fred H. M<sup>c</sup>Cain, CA  
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## INDEPENDENT AUDITOR'S REPORT

### TO HIS WORSHIP THE MAYOR AND MEMBERS OF COUNCIL VILLAGE OF BATH

We have audited the balance sheets of the general, utility and reserve funds of the **VILLAGE OF BATH** as at December 31, 2011 and the statements of capital assets, investment in capital assets, changes in capital financing, revenue and expenditure and equity for the year then ended and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared to comply with the accounting principles prescribed for New Brunswick municipalities by the Department of Local Government.

#### **Council and Management's Responsibility for the Financial Statements**

Management and Council are responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed 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.

#### **Auditor's Reasonability**

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 village'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 village's internal control. An audit also includes evaluating the appropriateness of the 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 obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the village as at December 31, 2011 and the results of its operations and the source and application of its capital financing for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements have been prepared to comply with the Municipalities Act of New Brunswick. These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Village of Bath and the Minister of Local Government of the Province of New Brunswick, and are not intended to be and should not be used for any other purpose.

  
CHARTERED ACCOUNTANTS

FLORENCEVILLE-BRISTOL, NB

MAY 11, 2012

**VILLAGE OF BATH  
GENERAL CAPITAL FUND  
BALANCE SHEET  
AS AT DECEMBER 31, 2011**

1.

	2011	2010
<b>ASSETS</b>		
CAPITAL ASSETS (Page 2)	\$ 1,208,846	\$ 1,185,492
<b>LIABILITIES</b>		
BANK LOAN PAYABLE	\$ 23,000	\$
DEBENTURE PAYABLE (Note 2)	290,000	339,000
	313,000	339,000
<b>EQUITY</b>		
INVESTMENT IN CAPITAL ASSETS (Page 3)	895,846	846,492
	\$ 1,208,846	\$ 1,185,492

**APPROVED BY:**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk

May 11, 2012

**VILLAGE OF BATH  
GENERAL CAPITAL FUND  
STATEMENT OF CAPITAL ASSETS  
AS AT DECEMBER 31, 2011**

2.

	Building	Engineering Structures	Machinery & Equipment	2011	2010
<b>GENERAL GOVERNMENT</b>					
Bath Town Hall	\$ 90,867	\$	\$ 22,152	\$ 113,019	\$ 113,019
<b>TRANSPORTATION</b>					
Streets and sidewalks		943,419	2,083	945,502	922,148
Tractor			34,017	34,017	34,017
Community van			28,650	28,650	28,650
		943,419	64,750	1,008,169	984,815
<b>RECREATION AND CULTURAL</b>					
Boardwalk		4,464		4,464	4,464
Swimming pool		48,150	19,995	68,145	68,145
Park and playgrounds			7,949	7,949	7,949
Christmas lights			7,100	7,100	7,100
		52,614	35,044	87,658	87,658
	\$ 90,867	\$ 996,033	\$ 121,946	\$ 1,208,846	\$ 1,185,492

**VILLAGE OF BATH  
GENERAL CAPITAL FUND  
STATEMENT OF INVESTMENT IN CAPITAL ASSETS  
YEAR ENDED DECEMBER 31, 2011**

3.

	2011	2010
<b>INVESTMENT IN CAPITAL ASSETS, beginning of the year</b>	\$ 846,492	\$ 765,594
Asset additions	23,354	225,898
Debenture payment	49,000	11,000
Debenture payable		(156,000)
Bank loan payable	(23,000)	
<b>INVESTMENT IN CAPITAL ASSETS, end of the year</b>	<b>\$ 895,846</b>	<b>\$ 846,492</b>

**VILLAGE OF BATH  
GENERAL CAPITAL FUND  
STATEMENT OF CAPITAL FINANCING  
YEAR ENDED DECEMBER 31, 2011**

4.

	2011	2010
<b>SOURCE</b>		
Transfer from General Operating Fund	\$ 354	\$ 69,898
Bank loan	23,000	
Debenture payable		156,000
	\$ 23,354	\$ 225,898
<b>APPLICATION</b>		
Debenture repayments		
Asset additions	\$ 23,354	\$ 225,898
	\$ 23,354	\$ 225,898

**VILLAGE OF BATH  
GENERAL CAPITAL RESERVE FUND  
BALANCE SHEET  
AS AT DECEMBER 31, 2011**

5.

	2011	2010
<b>ASSETS</b>		
INVESTMENT IN GIC	\$ 13,175	\$ 13,000
	\$ 13,175	\$ 13,000
<b>EQUITY</b>		
Equity, beginning of the year	\$ 13,000	\$ 13,000
Transfer to General Operating Reserve	175	
Equity, end of the year	\$ 13,175	\$ 13,000



**VILLAGE OF BATH  
GENERAL OPERATING FUND  
BALANCE SHEET  
AS AT DECEMBER 31, 2011**

6.

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 25,734	\$ 17,829
GIC	100,047	
Accounts receivable	159,655	39,064
Prepaid expenses	7,650	6,932
Due from utility operating fund (Note 5)	34,282	18,594
	<u>\$ 327,368</u>	<u>\$ 82,419</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 319,506	\$ 53,415
Due to general operating reserve fund (Note 5)	7,901	30,000
	<u>327,407</u>	<u>83,415</u>
<b>SURPLUS (DEFICIT)</b>		
DEFICIT, beginning of the year	(996)	(566)
Surplus (deficit) for the year (Page 7)	665	(703)
Transfer of surplus second previous year	292	273
	<u>(99)</u>	<u>(996)</u>
<b>SURPLUS (DEFICIT), end of the year</b>	<u>\$ 327,368</u>	<u>\$ 82,419</u>

**APPROVED BY:**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk

May 11, 2012

**VILLAGE OF BATH  
GENERAL OPERATING FUND  
STATEMENT OF REVENUE AND EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011**

7.

	2011 Budget	2011 Actual	2010 Actual
<b>REVENUE</b>			
Warrant	\$ 320,060	\$ 320,064	\$ 303,757
Services to other governments (Page 8)	1,405	2,481	1,406
Sale of services (Page 8)	25,937	28,460	25,516
Other own sources (Page 8)	6,672	5,723	21,502
Unconditional transfer - Province	48,323	48,319	48,811
Conditional Transfer - Gas Tax	39,789	39,789	39,789
Conditional Transfer - Province			70,054
Transfer from Operating Reserve			10,000
	442,186	444,836	520,835
<b>EXPENDITURES</b>			
General government (Page 9)	86,302	84,375	84,902
Protective services (Page 9)	101,024	103,905	100,075
Transportation services (Page 10)	50,760	53,997	56,126
Environmental health services (Page 10)	35,292	37,789	34,792
Environmental development services (Page 10)	38,854	26,410	41,885
Recreation and cultural services (Page 10)	67,884	67,136	80,692
Fiscal services (Page 10)	62,070	70,559	123,066
	442,186	444,171	521,538
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>\$</b>	<b>\$ 665</b>	<b>\$ (703)</b>

**VILLAGE OF BATH  
GENERAL OPERATING FUND  
SUPPLEMENTARY SCHEDULE OF REVENUE ACCOUNTS  
YEAR ENDED DECEMBER 31, 2011**

8.

	2011 Budget	2011 Actual	2010 Actual
<b>SERVICES TO OTHER GOVERNMENTS</b>			
Province - lane marking	\$ 1,405	\$ 2,481	\$ 1,406
	\$ 1,405	\$ 2,481	\$ 1,406
<b>SALE OF SERVICES</b>			
Recreation and culture - pool	\$ 8,685	\$ 9,398	\$ 8,684
- other	5,500	5,862	5,080
Environmental development	11,752	13,200	11,752
	\$ 25,937	\$ 28,460	\$ 25,516
<b>OTHER REVENUE FROM OWN SOURCES</b>			
Construction - building permits	\$ 250	\$ 445	\$ 591
Building rentals	25	25	25
Interest on investments	227	883	
Proceeds on disposal of asset	1,870		
Other	4,300	4,370	20,886
	\$ 6,672	\$ 5,723	\$ 21,502

**VILLAGE OF BATH  
GENERAL OPERATING FUND  
SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS  
YEAR ENDED DECEMBER 31, 2011**

9.

	2011 Budget	2011 Actual	2010 Actual
<b>GENERAL GOVERNMENT</b>			
Legislative			
Mayor	\$ 4,859	\$ 4,859	\$ 4,859
Councilors	8,457	7,540	8,454
Other	1,410	1,591	2,134
	14,726	13,990	15,447
Administrative			
Clerk	38,009	37,009	38,455
Office building	14,867	15,678	14,786
Solicitor		228	
Other	4,768	3,529	2,401
	57,644	56,444	55,642
Financial management			
External audit	3,200	3,200	3,303
Other government services			
Cost of assessment	4,141	4,141	4,106
Public liability insurance	6,591	6,600	6,404
	10,732	10,741	10,510
	\$ 86,302	\$ 84,375	\$ 84,902
<b>PROTECTIVE SERVICES</b>			
Police - R.C.M.P.	\$ 59,392	\$ 59,392	\$ 56,832
Fire - local service district	32,409	32,409	35,839
Water cost		5,000	
Animal control	3,723	3,723	3,726
Building inspections	5,500	3,381	3,678
	\$ 101,024	\$ 103,905	\$ 100,075

**VILLAGE OF BATH  
GENERAL OPERATING FUND  
SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS  
YEAR ENDED DECEMBER 31, 2011**

10.

	2011 Budget	2011 Actual	2010 Actual
<b>TRANSPORTATION SERVICES</b>			
Roads and streets			
Summer maintenance	\$ 8,368	\$ 7,882	\$ 12,554
Culverts and drainage	259	209	207
Snow and ice removal	27,668	28,042	26,253
Street lighting	14,400	15,066	14,459
Other	65	2,798	2,653
	<u>\$ 50,760</u>	<u>\$ 53,997</u>	<u>\$ 56,126</u>
<b>ENVIRONMENTAL HEALTH</b>			
Garbage disposal	\$ 35,292	\$ 37,789	\$ 34,792
<b>ENVIRONMENTAL DEVELOPMENT</b>			
Beautification and land rehabilitation	\$ 38,854	\$ 26,410	\$ 41,885
<b>RECREATION AND CULTURAL SERVICE</b>			
Swimming pool	\$ 43,598	\$ 39,845	\$ 46,144
Other	24,286	27,291	34,548
	<u>\$ 67,884</u>	<u>\$ 67,136</u>	<u>\$ 80,692</u>
<b>FISCAL SERVICES</b>			
Principal payments	\$ 49,000	\$ 49,000	\$ 11,000
Interest and service charges	12,777	12,537	11,894
Surplus of second previous year	293	293	274
Asset additions		354	69,898
Transfer to General Capital Reserve Fund		175	
Transfer to General Operating Reserve Fund		8,200	30,000
	<u>\$ 62,070</u>	<u>\$ 70,559</u>	<u>\$ 123,066</u>

**VILLAGE OF BATH  
GENERAL OPERATING RESERVE FUND  
BALANCE SHEET  
AS AT DECEMBER 31, 2011**

11.

	2011	2010
<b>ASSETS</b>		
GIC	\$ 30,299	\$
DUE FROM GENERAL OPERATING FUND (Note 5)	7,901	30,000
	<u>\$ 38,200</u>	<u>\$ 30,000</u>
<b>EQUITY</b>		
Equity, beginning of the year	\$ 30,000	\$ 10,000
Transfers from General Operating Fund		30,000
Transfers to General Operating Fund	8,200	(10,000)
Equity, end of the year	<u>\$ 38,200</u>	<u>\$ 30,000</u>

**VILLAGE OF BATH  
UTILITY CAPITAL FUND  
BALANCE SHEET  
AS AT DECEMBER 31, 2011**

12.

	2011	2010
<b>ASSETS</b>		
CAPITAL ASSETS (Page 13)	\$ 5,148,205	\$ 5,134,772
	\$ 5,148,205	\$ 5,134,772
<b>LIABILITIES</b>		
DEBENTURES PAYABLE (Note 2)	\$ 270,000	\$ 307,000
	270,000	307,000
<b>EQUITY</b>		
INVESTMENT IN CAPITAL ASSETS (Page 14)	4,878,205	4,827,772
	\$ 5,148,205	\$ 5,134,772

**APPROVED BY:**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk

May 11, 2012

**VILLAGE OF BATH  
 UTILITY CAPITAL FUND  
 STATEMENT OF CAPITAL ASSETS  
 AS AT DECEMBER 31, 2011**

13.

	Land	Machinery & Equipment	2011	2010
<b>WATER SUPPLY</b>	\$ 10,445	\$ 1,225,988	\$ 1,236,433	\$ 1,236,434
<b>SEWER SYSTEM</b>	20,000	3,870,920	3,890,920	3,877,486
<b>MAINTENANCE VEHICLE</b>		20,852	20,852	20,852
	<b>\$ 30,445</b>	<b>\$ 5,117,760</b>	<b>\$ 5,148,205</b>	<b>\$ 5,134,772</b>



**VILLAGE OF BATH  
UTILITY CAPITAL FUND  
STATEMENT OF INVESTMENT IN CAPITAL ASSETS  
YEAR ENDED DECEMBER 31, 2011**

14.

	2011	2010
<b>INVESTMENT IN CAPITAL ASSETS, beginning of the year</b>	\$ 4,827,772	\$ 4,757,351
Debenture repayments	37,000	34,000
Debenture payable		(20,000)
Asset additions	13,434	70,420
Asset disposals at cost		(13,999)
<b>INVESTMENT IN CAPITAL ASSETS, end of the year</b>	<b>\$ 4,878,206</b>	<b>\$ 4,827,772</b>

**VILLAGE OF BATH  
UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FINANCING  
YEAR ENDED DECEMBER 31, 2011**

15.

	2011	2010
<b>SOURCE</b>		
Transfer from Utility Operating Fund	\$ 3,998	\$ 38,420
Transfer from Utility Capital Reserve Fund	9,436	12,000
Debenture		20,000
	<u>\$ 13,434</u>	<u>\$ 70,420</u>
<b>APPLICATION</b>		
Asset additions	\$ 13,434	\$ 70,420
	<u>\$ 13,434</u>	<u>\$ 70,420</u>

**VILLAGE OF BATH  
UTILITY CAPITAL RESERVE FUND  
BALANCE SHEET  
AS AT DECEMBER 31, 2011**

16.

	2011	2010
<b>ASSETS</b>		
DUE FROM UTILITY OPERATING FUND (Note 5)	\$ (4,467)	\$ 8,000
INVESTMENT IN GIC	8,031	5,000
	<u>\$ 3,564</u>	<u>\$ 13,000</u>
<b>EQUITY</b>		
Equity, beginning of the year	\$ 13,000	\$ 17,000
Transfers (to) from Utility Operating Fund	(9,436)	(4,000)
Equity, end of the year	<u>\$ 3,564</u>	<u>\$ 13,000</u>

**VILLAGE OF BATH  
UTILITY OPERATING RESERVE FUND  
BALANCE SHEET  
AS AT DECEMBER 31, 2011**

17.

	2011	2010
<b>ASSETS</b>		
INVESTMENT IN GIC	\$	\$ 5,000
DUE FROM UTILITY OPERATING FUND ( Note 5 )		5,000
	\$	\$ 10,000
<b>EQUITY</b>		
Equity, beginning of the year	\$ 10,000	\$ 5,000
Transfers (to) from Utility Operating Fund	(10,000)	5,000
Equity, end of the year	\$	\$ 10,000

**VILLAGE OF BATH  
UTILITY OPERATING FUND  
BALANCE SHEET  
AS AT DECEMBER 31, 2011**

18.

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 3,757	\$ 3,460
Accounts receivable	25,523	40,894
Prepaid expenses	9,775	9,508
Inventory	2,020	5,431
Due from capital reserve fund (Note 5)	4,467	
	<b>\$ 45,542</b>	<b>\$ 59,293</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank loan	\$	\$ 15,000
Accounts payable	11,329	11,814
Due to general operating fund (Note 5)	34,282	18,594
Due to utility capital reserve fund (Note 5)		8,000
Due to utility operating reserve fund (Note 5)		5,000
	<b>45,611</b>	<b>58,408</b>
<b>SURPLUS</b>		
SURPLUS (DEFICIT), beginning of the year	885	55
Transfer of surplus, second previous year	(209)	154
Surplus (deficit) for the year (Page 19)	(745)	676
SURPLUS end of the year (Note 3)	(69)	885
	<b>\$ 45,542</b>	<b>\$ 59,293</b>

**APPROVED BY:**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk

May 11, 2012

**VILLAGE OF BATH  
 UTILITY OPERATING FUND  
 STATEMENT OF REVENUE AND EXPENDITURES  
 YEAR ENDED DECEMBER 31, 2011**

19.

	Budget	2011 Actual	2010 Actual
<b>REVENUE (Page 20)</b>			
Sale of Services			
Water supply	\$ 93,650	\$ 89,076	\$ 92,931
Sewer collection and disposal	93,830	88,857	111,706
Other revenue from own sources			
Transfer from Operating Reserve and from Capital Reserve		19,436	
Interest on investments	1,560	2,842	2,821
Surplus from second previous year	209	209	
Other	1,430	9,499	42,220
	190,679	209,919	249,678
<b>EXPENDITURES (Page 20)</b>			
Water supply	77,697	82,002	86,117
Sewer collection and disposal	61,517	63,894	61,930
Fiscal services	51,465	64,768	100,955
	190,679	210,664	249,002
<b>SURPLUS FOR THE YEAR</b>	\$	\$ (745)	\$ 676

**VILLAGE OF BATH  
UTILITY OPERATING FUND  
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011**

	2011		2010
	Budget	Actual	Actual
<b>REVENUE</b>			
Water supply			
Residential	\$ 47,125	\$ 45,578	\$ 38,371
Commercial	23,745	24,475	22,166
Institutional	22,780	19,023	32,394
	\$ 93,650	\$ 89,076	\$ 92,931
<b>Sewer collection and disposal</b>			
Residential	\$ 50,405	\$ 48,528	\$ 52,610
Commercial	20,645	21,306	26,702
Institutional	22,780	19,023	32,394
	\$ 93,830	\$ 88,857	\$ 111,706
<b>EXPENDITURE</b>			
Water supply			
Administration and general	\$ 61,742	66,457	69,409
Power and pumping	10,000	\$ 9,590	\$ 10,937
Environmental	3,868	3,868	3,278
Building general fund	2,087	2,087	2,493
	\$ 77,697	\$ 82,002	\$ 86,117
<b>Sewer collection and disposal</b>			
Administration	\$ 51,363	\$ 50,376	\$ 48,101
Sewer lift system	4,200	7,757	8,058
Environmental	3,868	3,868	3,278
Building general fund	2,087	1,893	2,493
	\$ 61,518	\$ 63,894	\$ 61,930
<b>Fiscal services</b>			
Interest payments - water	\$ 9,258	\$ 9,193	\$ 9,518
- sewer	5,207	5,141	5,863
Principal payments - water	23,935	23,935	21,355
- sewer	13,065	13,065	12,645
Asset additions		13,434	38,420
Deficit from second previous year			154
Transfer to utility capital reserve fund			8,000
Transfer to utility operating reserve fund			5,000
	\$ 51,465	\$ 64,768	\$ 100,955

**VILLAGE OF BATH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011**

21.

**1. SIGNIFICANT ACCOUNTING POLICIES**

- a) The Village uses fund accounting to report its financial transactions. Revenue and expenditures are recorded on the accrual basis.
- b) Capital assets are recorded at cost with no provision for amortization. Funds received through capital assistance programs are recorded as additions to investments in capital assets.
- c) Principal repayments on long-term debt are recorded as an expenditure when paid.

**2. DEBENTURES PAYABLE - N.B. MUNICIPAL FINANCE CORPORATION**

	<b>2011</b>	<b>2010</b>
<b>General Capital Fund</b>		
a) 3.3% - 4.85% 10 year debenture (AY 25 ) due May, 2018.	\$ 7,000	\$ 8,000
b) 2.1% - 5.55%, 15 year debenture ( AZ 38 ) due December, 2023.	165,000	175,000
c) 1.5% - 2.25%, 4 year debenture (BD32) due November, 2014.	118,000	156,000
	<b>\$ 290,000</b>	<b>\$ 339,000</b>

<b>Utility Capital Fund</b>		
a) 1.5% - 3.85%, 10 year debenture (BD 33) due November 2020.	\$ 18,000	\$ 20,000
a) 1.0% - 4.50%, 9 year debenture (BB 37) due November, 2019.	36,000	40,000
b) 2.1% - 5.55%, 15 year debenture (AZ 39 ) due November, 2023.	105,000	115,000
c) 3.30% - 4.85%, 10 year debenture (AY 26 ) due May, 2018.	44,000	56,000
d) 3.31% - 5.66%, 10 year debenture ( AN 27 ) due December, 2012; \$57,000 may be refinanced in December, 2012 for a period not exceeding 5 years.	67,000	76,000
	<b>\$ 270,000</b>	<b>\$ 307,000</b>

**Principal payments due during 2012 - 2016**

2012	\$ 146,000
2013	79,000
2014	72,000
2015	35,000
2016	36,000
	<b>\$ 368,000</b>

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



**VILLAGE OF BATH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011**

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**3. UTILITY OPERATING FUND SURPLUS**

The accumulated deficit of this fund at December 31,2011 consists of the following:

2010 surplus	\$	676
2011 ( deficit )		(745)
		<hr/>
	\$	(69)
		<hr/>

**4. WATER COST**

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

**5. INTER-FUND ACCOUNTS**

All amounts owing to or from other funds at December 31, 2011 represent current year transactions and are in compliance with the policy established by the Department of Municipalities, Culture and Housing.

**6. SHORT-TERM BORROWING**

Borrowing to finance the General Fund and Utility Fund current operations is within the limits prescribed by the Municipalities Act.