

TOWN OF HAMPTON

FINANCIAL STATEMENTS

DECEMBER 31, 2011



HAMPTON
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TOWN OF HAMPTON

DECEMBER 31, 2011

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39 Canterbury Street
P.O. Box 6668
Saint John
New Brunswick
E2L 4S1

Tel (506) 636-9220
Fax (506) 634-8208
E-mail tsdsj@tsdca.com

TEED SAUNDERS DOYLE & CO.

Chartered Accountants

Independent member of DFK International

INDEPENDENT AUDITORS' REPORT

To His Worship The Mayor and Members of Council
Town of Hampton, New Brunswick

We have audited the balance sheets of the general, water and sewer and reserve funds of the Town of Hampton as at December 31, 2011 and the statements of revenue and expenditure, capital assets, investment in capital assets, capital financing and changes in net assets for the year then ended. These financial statements have been prepared to comply with the accounting principles prescribed for New Brunswick municipalities by the Department of Local Government.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed for New Brunswick municipalities by the Department of Local Government, 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 auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Saint John Partners
Peter L. Logan
Jean-Marc Poirier



Brian J. Saunders
Jeffrey E. Saunders
T.J. Smith
David H. Bradley
John H. Landry
Kenneth H. Kyle

Independent Auditors' Report to His Worship The Mayor and Members of Council of Town of Hampton
(cont'd)

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2011 and the results of its operations and changes in its financial position for the year then ended in accordance with the basis of accounting described in Note 2 to these financial statements.

These financial statements have been prepared to comply with the accounting principles prescribed for New Brunswick municipalities by the Department of Local Government, and have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles. These financial statements are solely for the information and use of the Town of Hampton, and the Minister of Local Government of the Province of New Brunswick, and are not intended to be and should not be used for any other purpose.

Teed Saunders Doyle & Co.

CHARTERED ACCOUNTANTS

Saint John, NB
March 13, 2012

TOWN OF HAMPTON

**GENERAL CAPITAL FUND
BALANCE SHEET**

AS AT DECEMBER 31, 2011

	2011	2010
ASSETS		
CURRENT		
Due from the Province of New Brunswick (Note 3)	\$ 187,506	\$ 540,488
Accounts receivable (Note 3)	24,478	-
Due from own funds (Notes 3 and 7)		
General Operating Fund	<u>38,731</u>	<u>-</u>
	<u>250,715</u>	<u>540,488</u>
CAPITAL ASSETS (Note 2), page 4	<u>19,007,234</u>	<u>17,959,754</u>
	<u>\$ 19,257,949</u>	<u>\$ 18,500,242</u>
LIABILITIES AND INVESTMENT IN CAPITAL ASSETS		
CURRENT		
Due to own funds (Notes 3 and 7)		
General Operating Fund	\$ <u>-</u>	\$ <u>387,128</u>
LONG-TERM (Notes 2, 3 and 5)	<u>4,187,000</u>	<u>4,259,500</u>
INVESTMENT IN CAPITAL ASSETS, page 5	<u>15,070,949</u>	<u>13,853,614</u>
	<u>\$ 19,257,949</u>	<u>\$ 18,500,242</u>

APPROVED BY:

_____ Mayor

_____ Town Treasurer

TOWN OF HAMPTON
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL ASSETS

AS AT DECEMBER 31, 2011

	Land and Buildings	Engineering Structures	Machinery and Equipment	Total
GENERAL GOVERNMENT				
Office	\$ 354,228	\$ 18,563	\$ 207,303	\$ 580,094
Investment in land	574,055	90,840	-	664,895
Town signage	-	-	7,995	7,995
Service New Brunswick	1,203,274	28,746	463	1,232,483
PROTECTIVE SERVICES				
Fire	1,396,514	68,097	1,604,920	3,069,531
Emergency measures	-	-	19,024	19,024
TRANSPORTATION				
Streets	121,998	6,619,302	1,487,764	8,229,064
Works garage	452,636	-	-	452,636
ENVIRONMENTAL DEVELOPMENT				
Main Street beautification	56,000	69,187	17,178	142,365
ENVIRONMENTAL HEALTH				
Recycling depot	1,820	-	-	1,820
River Centre	753,069	2,513	-	755,582
RECREATION AND CULTURAL				
Arena	1,118,633	81,857	166,685	1,367,175
Parks	175,724	284,473	386,454	846,651
Town Square	267,375	707,824	9,960	985,159
Tennis court	105,030	-	8,996	114,026
Library	-	-	575	575
Pool	528,150	-	10,009	538,159
	<u>\$ 7,108,506</u>	<u>\$ 7,971,402</u>	<u>\$ 3,927,326</u>	<u>\$ 19,007,234</u>

TOWN OF HAMPTON

GENERAL CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
BALANCE AT BEGINNING OF YEAR	\$ <u>13,853,614</u>	\$ <u>12,503,477</u>
ADD:		
Transfer from General Operating Fund		
Capital expenditures	179,993	366,367
Long-term debt repayments	372,500	284,500
Transfer from Reserve Fund		
General Capital	268,398	-
Transfer from Province of New Brunswick		
Infrastructure grants	216,756	758,876
Contributions toward capital projects		
Public donations	177,884	-
Warranty claim	<u>24,478</u>	<u>-</u>
	<u>1,240,009</u>	<u>1,409,743</u>
LESS:		
Cost of capital assets disposed of during the year	<u>22,674</u>	<u>59,606</u>
BALANCE AT END OF YEAR	\$ <u>15,070,949</u>	\$ <u>13,853,614</u>

TOWN OF HAMPTON

GENERAL CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
SOURCE		
Unapplied at the end of the previous year		
Due from Federal Government	\$ -	\$ 29,633
Due from Province of New Brunswick	<u>540,488</u>	<u>116,713</u>
	<u>540,488</u>	<u>146,346</u>
Transfers from		
Province of New Brunswick		
Infrastructure	216,756	758,876
Own funds:		
General Operating Fund		
Capital expenditures	179,993	366,367
Long-term debt repayments	372,500	284,500
Reserve Fund		
General Capital	268,398	-
Contributions towards capital projects		
Public donations	177,884	-
Warranty claim	<u>24,478</u>	<u>-</u>
	<u>1,240,009</u>	<u>1,409,743</u>
Issue of debt debenture (Note 5)	<u>640,000</u>	<u>1,217,000</u>
Temporary financing at end of year		
Due to General Operating Fund	<u>-</u>	<u>387,128</u>
	<u>\$ 2,420,497</u>	<u>\$ 3,160,217</u>
APPLICATION		
Temporary financing at end of previous year		
Bank loan	\$ -	\$ 375,000
Due to General Operating Fund	387,128	222,823
Capital expenditures	1,070,154	1,737,406
Long-term debt repayments	712,500	284,500
Unapplied at the end of the year		
Due from General Operating Fund	38,731	-
Due from Province of New Brunswick	187,506	540,488
Accounts receivable	<u>24,478</u>	<u>-</u>
	<u>\$ 2,420,497</u>	<u>\$ 3,160,217</u>

TOWN OF HAMPTON

GENERAL OPERATING FUND BALANCE SHEET

AS AT DECEMBER 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash (Note 3)	\$ 132,459	\$ -
Accounts receivable (Note 3)	246,670	290,856
Inventory (Note 2)	62,144	44,753
Due from own funds (Notes 3 and 7)		
Water and Sewer Operating Fund	157,026	113,990
General Capital Fund	<u>-</u>	<u>387,128</u>
	<u>\$ 598,299</u>	<u>\$ 836,727</u>
LIABILITIES		
CURRENT		
Cheques issued in excess of funds on deposit (Note 3)	\$ -	\$ 17,086
Accounts payable and accrued liabilities (Note 3)	375,968	548,053
Funds held in trust (Note 3)	42,199	70,475
Due to own funds (Notes 3 and 7)		
General Capital Fund	38,731	-
Deferred revenue (Note 4)	<u>19,074</u>	<u>18,802</u>
	<u>475,972</u>	<u>654,416</u>
LONG TERM SERVICE AWARD PAYABLE (Note 10)	<u>121,555</u>	<u>122,676</u>
SURPLUS		
SURPLUS AT BEGINNING OF YEAR	59,635	70,923
SURPLUS (DEFICIT) FOR THE YEAR	(53,195)	53,968
TRANSFER OF SECOND PREVIOUS YEAR'S SURPLUS (Note 2)	<u>(5,668)</u>	<u>(65,256)</u>
SURPLUS AT END OF YEAR	<u>772</u>	<u>59,635</u>
	<u>\$ 598,299</u>	<u>\$ 836,727</u>

COMMITMENTS (Note 14)

APPROVED BY:

_____ Mayor

_____ Town Treasurer

TOWN OF HAMPTON

GENERAL OPERATING FUND STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 Under (Over)	2011 Budget	2011 Actual	2010 Actual
REVENUE (Note 2)				
Taxation				
Warrant	\$ -	\$ 3,726,354	\$ 3,726,354	\$ 3,567,332
Unconditional grant	<u>-</u>	<u>292,929</u>	<u>292,929</u>	<u>295,888</u>
	-	4,019,283	4,019,283	3,863,220
Fire	(6,037)	173,903	179,940	177,871
Transportation	(8,691)	168,121	176,812	214,611
Building rentals	3,578	195,382	191,804	192,383
Permits and fines	(2,894)	49,350	52,244	72,078
Recreation	30,134	319,712	289,578	331,920
Interest	(2,703)	500	3,203	1,464
Gifts and miscellaneous	-	-	-	2,052
Grants	4,335	60,990	56,655	195,987
Water and Sewer Fund	11,975	61,000	49,025	39,000
Proceeds from sale of capital assets	(34,322)	-	34,322	30,852
Surplus of second previous year (Note 2)	<u>-</u>	<u>5,668</u>	<u>5,668</u>	<u>65,256</u>
	<u>(4,625)</u>	<u>5,053,909</u>	<u>5,058,534</u>	<u>5,186,694</u>
EXPENDITURE (Note 2)				
General Government, page 9	31,251	785,142	753,891	755,332
Protective Services, page 9	(32,943)	950,025	982,968	783,147
Environmental Development, page 10	62,023	349,703	287,680	339,835
Environmental Health, page 10	(55,602)	246,227	301,829	204,122
Transportation, page 10	(48,560)	922,544	971,104	900,526
Recreation, page 11	59,533	1,054,017	994,484	982,842
Fiscal, page 11	<u>(73,522)</u>	<u>746,251</u>	<u>819,773</u>	<u>1,166,922</u>
	<u>(57,820)</u>	<u>5,053,909</u>	<u>5,111,729</u>	<u>5,132,726</u>
SURPLUS (DEFICIT) FOR THE YEAR	<u>\$ 53,195</u>	<u>\$ -</u>	<u>\$ (53,195)</u>	<u>\$ 53,968</u>

TOWN OF HAMPTON

GENERAL OPERATING FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> Under (Over)	<u>2011</u> Budget	<u>2011</u> Actual	<u>2010</u> Actual
GENERAL GOVERNMENT				
Mayor and councillors	\$ -	\$ 39,000	\$ 39,000	\$ 39,000
Administration wages	30,319	278,391	248,072	265,696
Office expenses	8,715	72,500	63,785	72,615
Office building	(10,185)	48,863	59,048	69,433
Jail building	1,046	7,930	6,884	7,246
Provincial building	(2,124)	80,459	82,583	75,436
Town Square	65	2,966	2,901	2,167
Park and ride	302	18,702	18,400	17,463
Solicitor	(21,507)	30,000	51,507	28,692
Audit	6,736	14,000	7,264	7,658
PSAB	(14,615)	15,000	29,615	-
Civic relations	20,163	41,500	21,337	29,279
Delegations and training	2,015	16,300	14,285	10,086
Public liability insurance	249	33,000	32,751	30,438
Cost of assessment	-	57,833	57,833	55,365
Long term service award	10,072	28,698	18,626	15,113
Compensation study	-	-	-	29,645
	<u>\$ 31,251</u>	<u>\$ 785,142</u>	<u>\$ 753,891</u>	<u>\$ 755,332</u>
PROTECTIVE SERVICES				
Fire				
Administration	\$ 3,929	\$ 62,938	\$ 59,009	\$ 52,940
Forces	843	44,300	43,457	37,458
Dispatch/communications	9,488	26,900	17,412	14,087
Investigation	3,282	5,500	2,218	4,725
Water purchased	(300)	10,600	10,900	10,600
Training	(6,169)	36,000	42,169	35,146
Station	(4,349)	99,550	103,899	80,520
Equipment	(23,187)	115,750	138,937	112,003
	<u>(16,463)</u>	<u>401,538</u>	<u>418,001</u>	<u>347,479</u>
Police				
R. C. M. P.	(21,305)	520,187	541,492	415,539
Crossing guard	(25)	5,000	5,025	4,904
	<u>(21,330)</u>	<u>525,187</u>	<u>546,517</u>	<u>420,443</u>
Other				
Emergency measures	4,066	11,800	7,734	5,103
Animal control	784	11,500	10,716	10,122
	<u>4,850</u>	<u>23,300</u>	<u>18,450</u>	<u>15,225</u>
	<u>\$ (32,943)</u>	<u>\$ 950,025</u>	<u>\$ 982,968</u>	<u>\$ 783,147</u>

TOWN OF HAMPTON

GENERAL OPERATING FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 Under (Over)	2011 Budget	2011 Actual	2010 Actual
ENVIRONMENTAL DEVELOPMENT				
Planning and administration	\$ 57,597	\$ 150,264	\$ 92,667	\$ 153,877
Tourism	2,044	27,727	25,683	20,786
River Centre	(2,958)	96,322	99,280	96,035
Community Development	<u>5,340</u>	<u>75,390</u>	<u>70,050</u>	<u>69,137</u>
	<u>\$ 62,023</u>	<u>\$ 349,703</u>	<u>\$ 287,680</u>	<u>\$ 339,835</u>
ENVIRONMENTAL HEALTH				
Collection	\$ (59,949)	\$ 237,227	\$ 297,176	\$ 200,128
Brush clean up and recycling	<u>4,347</u>	<u>9,000</u>	<u>4,653</u>	<u>3,994</u>
	<u>\$ (55,602)</u>	<u>\$ 246,227</u>	<u>\$ 301,829</u>	<u>\$ 204,122</u>
TRANSPORTATION				
Common				
Administration	\$ (10,736)	\$ 436,410	\$ 447,146	\$ 426,853
General equipment	(61,692)	114,934	176,626	152,438
Work shop	<u>873</u>	<u>22,500</u>	<u>21,627</u>	<u>21,771</u>
	(71,555)	573,844	645,399	601,062
Street maintenance	8,947	85,000	76,053	66,238
Sidewalks	(3,962)	7,500	11,462	-
Culverts	5,253	22,000	16,747	25,854
Storm sewers	8,274	15,000	6,726	13,600
Snow removal	29,055	104,000	74,945	64,502
Street lights	(25,189)	80,700	105,889	97,181
Street signs	495	3,500	3,005	5,803
Traffic lane marking	3,389	18,500	15,111	16,120
Railway crossing	(2,923)	7,000	9,923	6,367
Cross walks	<u>(344)</u>	<u>5,500</u>	<u>5,844</u>	<u>3,799</u>
	<u>\$ (48,560)</u>	<u>\$ 922,544</u>	<u>\$ 971,104</u>	<u>\$ 900,526</u>

TOWN OF HAMPTON

GENERAL OPERATING FUND SUPPLEMENTARY SCHEDULE OF EXPENDITURE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> Under (Over)	<u>2011</u> Budget	<u>2011</u> Actual	<u>2010</u> Actual
RECREATION				
Administration	\$ (25,738)	\$ 162,344	\$ 188,082	\$ 130,612
Pool	15,128	162,672	147,544	137,603
Arena	14,146	341,389	327,243	357,715
Parks	24,071	260,308	236,237	236,281
Tennis	901	2,740	1,839	14,412
Trails	14,034	40,212	26,178	31,220
Fields	17,467	30,022	12,555	26,460
Day camps	(2,875)	27,350	30,225	28,275
Programs	1,454	10,700	9,246	3,542
Libraries	856	5,580	4,724	5,075
Canada Day	<u>89</u>	<u>10,700</u>	<u>10,611</u>	<u>11,647</u>
	<u>\$ 59,533</u>	<u>\$ 1,054,017</u>	<u>\$ 994,484</u>	<u>\$ 982,842</u>
FISCAL				
Debt Charges				
Long-term debt repayments	\$ (900)	\$ 371,600	\$ 372,500	\$ 284,500
Interest on long-term debt	9,831	200,688	190,857	176,301
Debenture discount	893	6,000	5,107	14,348
Interest on short-term loan	9,000	9,000	-	9,151
Bank charges	<u>184</u>	<u>1,500</u>	<u>1,316</u>	<u>668</u>
	<u>19,008</u>	<u>588,788</u>	<u>569,780</u>	<u>484,968</u>
Transfers to				
General Capital Fund	(22,530)	157,463	179,993	366,367
General Capital Reserve Fund	(70,000)	-	70,000	297,587
General Operating Reserve Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
	<u>(92,530)</u>	<u>157,463</u>	<u>249,993</u>	<u>681,954</u>
	<u>\$ (73,522)</u>	<u>\$ 746,251</u>	<u>\$ 819,773</u>	<u>\$ 1,166,922</u>

TOWN OF HAMPTON

**WATER AND SEWER CAPITAL FUND
BALANCE SHEET**

AS AT DECEMBER 31, 2011

	2011	2010
ASSETS		
CAPITAL ASSETS (Note 2), page 13	\$ <u>5,428,300</u>	\$ <u>5,394,723</u>
LIABILITIES AND INVESTMENT IN CAPITAL ASSETS		
CURRENT		
Due to own funds (Notes 3 and 7)		
Water and Sewer Operating Fund	\$ <u>4,526</u>	\$ <u>4,526</u>
LONG-TERM (Notes 2, 3 and 5)	<u>291,000</u>	<u>316,000</u>
INVESTMENT IN CAPITAL ASSETS , page 14	<u>5,132,774</u>	<u>5,074,197</u>
	\$ <u>5,428,300</u>	\$ <u>5,394,723</u>

APPROVED BY:

_____ Mayor

_____ Town Treasurer

TOWN OF HAMPTON

WATER AND SEWER CAPITAL FUND STATEMENT OF CAPITAL ASSETS

AS AT DECEMBER 31, 2011

	Land and Building	Engineering Structures	Machinery and Equipment	Total
WATER SYSTEM	\$ -	\$ 477,855	\$ 27,092	\$ 504,947
SEWER SYSTEM	<u>63,317</u>	<u>4,671,950</u>	<u>188,086</u>	<u>4,923,353</u>
	<u>\$ 63,317</u>	<u>\$ 5,149,805</u>	<u>\$ 215,178</u>	<u>\$ 5,428,300</u>

TOWN OF HAMPTON

WATER AND SEWER CAPITAL FUND STATEMENT OF INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
BALANCE AT BEGINNING OF YEAR	\$ <u>5,074,197</u>	\$ <u>4,950,733</u>
ADD:		
Transfers from Water and Sewer Operating Fund		
Capital expenditures	33,577	76,567
Long-term debt repayments	25,000	25,000
Transfers from Province of New Brunswick		
Infrastructure funds	<u> -</u>	<u>21,897</u>
	<u>58,577</u>	<u>123,464</u>
BALANCE AT END OF YEAR	\$ <u>5,132,774</u>	\$ <u>5,074,197</u>

TOWN OF HAMPTON

WATER AND SEWER CAPITAL FUND STATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
SOURCE		
Unapplied from previous year		
Due from the Province of New Brunswick	\$ -	\$ 17,350
Transfers from		
Province of New Brunswick		
Infrastructure	-	21,897
Own funds		
Water and Sewer Operating		
Capital expenditures	33,577	76,567
Long-term debt repayments	<u>25,000</u>	<u>25,000</u>
	<u>58,577</u>	<u>123,464</u>
Temporary financing at end of year		
Due to Water and Sewer Operating Fund	<u>4,526</u>	<u>4,526</u>
	<u>\$ 63,103</u>	<u>\$ 145,340</u>
APPLICATION		
Temporary financing, end of previous year		
Due to Water and Sewer Operating	\$ 4,526	\$ 21,874
Capital expenditures	33,577	98,466
Long-term debt repayments	<u>25,000</u>	<u>25,000</u>
	<u>\$ 63,103</u>	<u>\$ 145,340</u>

TOWN OF HAMPTON

**WATER AND SEWER OPERATING FUND
BALANCE SHEET**

AS AT DECEMBER 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash (Note 3)	\$ 104,993	\$ 59,698
Accounts receivable (Note 3)	95,098	98,058
Due from own funds (Notes 3 and 7)		
Water and Sewer Capital Fund	<u>4,526</u>	<u>4,526</u>
	<u>\$ 204,617</u>	<u>\$ 162,282</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 9,183	\$ 8,356
Due to own funds (Notes 3 and 7)		
General Operating Fund	157,026	113,990
Deferred revenue (Note 4)	<u>20,000</u>	<u>25,192</u>
	<u>186,209</u>	<u>147,538</u>
LONG TERM SERVICE AWARD PAYABLE (Note 10)	<u>14,058</u>	<u>21,802</u>
SURPLUS		
SURPLUS (DEFICIT) AT BEGINNING OF YEAR	(7,058)	6,508
SURPLUS FOR THE YEAR	3,625	737
TRANSFER OF SECOND PREVIOUS YEAR'S SURPLUS (DEFICIT) (Note 2)	<u>7,783</u>	<u>(14,303)</u>
SURPLUS (DEFICIT) AT END OF YEAR	<u>4,350</u>	<u>(7,058)</u>
	<u>\$ 204,617</u>	<u>\$ 162,282</u>

APPROVED BY:

_____ Mayor

_____ Town Treasurer

TOWN OF HAMPTON

WATER AND SEWER OPERATING FUND STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 Under (Over)	2011 Budget	2011 Actual	2010 Actual
REVENUE (Note 2)				
Sale of services				
Sewer	\$ (15,858)	\$ 254,890	\$ 270,748	\$ 265,056
Water	<u>(8,130)</u>	<u>1,630</u>	<u>9,760</u>	<u>2,080</u>
	<u>(23,988)</u>	<u>256,520</u>	<u>280,508</u>	<u>267,136</u>
Other own sources				
Inspections and connections	(500)	2,000	2,500	2,300
Interest	<u>(6,854)</u>	<u>6,000</u>	<u>12,854</u>	<u>8,436</u>
	<u>(7,354)</u>	<u>8,000</u>	<u>15,354</u>	<u>10,736</u>
Surplus (deficit) from second previous year	<u>15,566</u>	<u>7,783</u>	<u>(7,783)</u>	<u>14,303</u>
	<u>(15,776)</u>	<u>272,303</u>	<u>288,079</u>	<u>292,175</u>
EXPENDITURE (Note 2)				
Water System				
Administration	7,763	27,550	19,787	19,974
System	<u>4,878</u>	<u>8,000</u>	<u>3,122</u>	<u>4,655</u>
	<u>12,641</u>	<u>35,550</u>	<u>22,909</u>	<u>24,629</u>
Sewer System				
Administration	20,935	63,500	42,565	33,857
System	<u>(31,228)</u>	<u>89,561</u>	<u>120,789</u>	<u>90,852</u>
	<u>(10,293)</u>	<u>153,061</u>	<u>163,354</u>	<u>124,709</u>
Fiscal				
Debt charges				
Long-term debt repayments	-	25,000	25,000	25,000
Interest on long-term debt	895	15,192	14,297	15,137
Interest on short term loan	500	500	-	-
Bank charges	683	2,000	1,317	1,396
Debenture discount	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
	4,078	44,692	40,614	41,533
Transfers to				
Water and Sewer Capital Fund	1,423	35,000	33,577	76,567
Water and Sewer Capital Reserve Fund	(20,000)	4,000	24,000	21,500
Water and Sewer Operating Reserve Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
	<u>(14,499)</u>	<u>83,692</u>	<u>98,191</u>	<u>142,100</u>
	<u>(12,151)</u>	<u>272,303</u>	<u>284,454</u>	<u>291,438</u>
SURPLUS FOR THE YEAR	<u>\$ (3,625)</u>	<u>\$ -</u>	<u>\$ 3,625</u>	<u>\$ 737</u>

TOWN OF HAMPTON

**RESERVE FUNDS
BALANCE SHEET**

AS AT DECEMBER 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash (Note 3)		
Capital Reserve - General Fund	\$ 368,786	\$ 472,324
Short-term investments (Notes 3 and 6)		
Operating Reserve - General Fund	101,156	100,488
Capital Reserve - General Fund	-	92,780
Capital Reserve - Water and Sewer Fund	142,824	118,104
Operating Reserve - Water and Sewer Fund	<u>14,082</u>	<u>14,005</u>
	<u>\$ 626,848</u>	<u>\$ 797,701</u>
NET ASSETS		
GENERAL CAPITAL	\$ 368,786	\$ 565,104
GENERAL OPERATING	101,156	100,488
WATER AND SEWER CAPITAL	142,824	118,104
WATER AND SEWER OPERATING	<u>14,082</u>	<u>14,005</u>
	<u>\$ 626,848</u>	<u>\$ 797,701</u>

APPROVED BY:

_____ Mayor

_____ Town Treasurer

TOWN OF HAMPTON

RESERVE FUNDS STATEMENT OF CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<u>CAPITAL RESERVE - GENERAL FUND</u>		
NET ASSETS AT BEGINNING OF YEAR	\$ <u>565,104</u>	\$ <u>267,058</u>
ADD:		
Transfer from General Operating Fund		
Operating surplus	70,000	204,808
Gas tax rebate	-	92,779
Interest earned	<u>2,080</u>	<u>459</u>
	<u>72,080</u>	<u>298,046</u>
LESS:		
Transfer to General Capital Fund	<u>268,398</u>	<u>-</u>
NET ASSETS AT END OF YEAR	\$ <u>368,786</u>	\$ <u>565,104</u>
<u>OPERATING RESERVE - GENERAL FUND</u>		
NET ASSETS AT BEGINNING OF YEAR	\$ <u>100,488</u>	\$ <u>82,027</u>
ADD:		
Transfer from General Operating Fund	-	18,000
Interest earned	<u>668</u>	<u>461</u>
	<u>668</u>	<u>18,461</u>
NET ASSETS AT END OF YEAR	\$ <u>101,156</u>	\$ <u>100,488</u>
<u>CAPITAL RESERVE - WATER AND SEWER FUND</u>		
NET ASSETS AT BEGINNING OF YEAR	\$ <u>118,104</u>	\$ <u>96,129</u>
ADD:		
Transfer from Water and Sewer Operating Fund	24,000	21,500
Interest earned	<u>720</u>	<u>475</u>
	<u>24,720</u>	<u>21,975</u>
NET ASSETS AT END OF YEAR	\$ <u>142,824</u>	\$ <u>118,104</u>
<u>OPERATING RESERVE - WATER AND SEWER FUND</u>		
NET ASSETS AT BEGINNING OF YEAR	\$ <u>14,005</u>	\$ <u>11,458</u>
ADD:		
Transfer from Water and Sewer Operating Fund	-	2,500
Interest earned	<u>77</u>	<u>47</u>
	<u>77</u>	<u>2,547</u>
NET ASSETS AT END OF YEAR	\$ <u>14,082</u>	\$ <u>14,005</u>

TOWN OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. PURPOSE OF THE ORGANIZATION

The Town of Hampton was incorporated as a Village by the Province of New Brunswick Municipalities Act on November 9, 1966 and was approved for status as a Town effective November 9, 1991 by an amendment of New Brunswick Regulation 85-6 (Hampton) under the Municipalities Act. As a municipality, the Town is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act. The Town has the following vision statement, "The Town of Hampton, is to work in partnership, to serve our customers in an effective, efficient, professional and financially responsible manner. The Town will also facilitate orderly and responsible development while working with our customers to maintain and enhance the high quality of life in our community."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed for New Brunswick Municipalities by the Department of Local Government.

General Operating Fund

Inventory

Inventory consists of sand and salt and is valued at the lower of cost and net realizable value using a first in first out (FIFO) inventory method.

Annual Surplus/Deficit

The second previous year's surpluses or deficits of the Town are included in the operations of the current year.

Water and Sewer Operating Fund

Annual Surplus/Deficit

The second previous year's surpluses or deficits of the Town are included in the operations of the current year.

Capital Reserves

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

Operating Reserves

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

TOWN OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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

Capital Assets

Capital assets are stated at cost in the Capital Funds. Funds received from capital assistance programs and cost-sharing arrangements related to capital expenditures are treated as additions to investment in capital assets. Capital expenditures financed through the Operating Funds are recorded as expenditures out of revenue in the Operating Funds and as an addition to investment in capital assets in the Capital Funds.

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

Revenue Recognition

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

Expenditure Recognition

Expenditures are recorded on an accrual basis.

Principal payments on long-term debt are recorded as an expense of the Operating Funds and as an increase in equity in the Capital Funds when paid. Interest on long-term debt is recorded on the accrual basis.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Examples of significant estimates include:

- the recoverability of tangible assets;
- long term service award liability.

3. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, short-term investments, accounts receivable, due from the Province of New Brunswick, due from own funds, cheques issued in excess of funds on deposit, accounts payable and accrued liabilities, funds held in trust, due to own funds and long-term debt. Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

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

TOWN OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

4. DEFERRED REVENUE

General Operating Fund

Deferred revenue consists of January 2012 rental revenue received in December 2011.

Water and Sewer Fund

The deferred revenue represents funds received in advance for future maintenance.

5. LONG-TERM DEBT

General Capital Fund

	Balance January 1, 2011	Issued during year	Redeemed during year	Balance December 31, 2011
New Brunswick Municipal Financing Corporation				
Debentures:				
AL18 2.45% - 5.5%, due 2011, OIC # 93-40	\$ 402,000	\$ -	\$ 402,000	\$ -
AM11 3.375% - 5.75%, due 2012, OIC # 00-39	249,000	-	31,000	218,000
AN14 3.1% - 5.6%, due 2012, OIC # 02-38 & 02-61	568,000	-	36,000	532,000
AO11 3.05% - 5.0%, due 2013, OIC # 02-61	360,000	-	21,000	339,000
AP19 2.75% - 5.125%, due 2013, OIC # 03-10	31,000	-	10,000	21,000
AR20 2.75% - 4.80%, due 2014, OIC # 04-11	238,000	-	27,000	211,000
AT24 3.75% - 4.375%, due 2016, OIC # 05-40	98,000	-	18,000	80,000
AV25 4.30% - 4.45%, due 2016, OIC # 05-40	158,000	-	12,000	146,000
AX24 4.45% - 4.85%, due 2017, OIC # 07-04	340,000	-	22,000	318,000
AZ21 2.10% - 4.95%, due 2018, OIC # 08-0025	280,000	-	31,000	249,000
BA15 0.95% - 5.0%, due 2019, OIC # 09-0013	284,000	-	16,000	268,000
BD18 1.5% - 3.85%, due 2020, OIC # 10-0009	500,000	-	28,000	472,000
BC10 1.5% - 4.55%, due 2020, OIC # 09-0013	717,000	-	47,000	670,000
BF15 1.35% - 3.45%, due 2021, OIC # 00-39 & 11-29	-	640,000	-	640,000
	<u>\$ 4,225,000</u>	<u>\$ 640,000</u>	<u>\$ 701,000</u>	<u>\$ 4,164,000</u>

TOWN OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

5. LONG-TERM DEBT (cont'd)

General Capital Fund (cont'd)

	Balance January 1, 2011	Issued during year	Redeemed during year	Balance December 31, 2011
Province of New Brunswick				
Mortgage payable, non-interest bearing, due 2012	34,500	-	11,500	23,000
	<u>\$ 4,259,500</u>	<u>\$ 640,000</u>	<u>\$ 712,500</u>	<u>\$ 4,187,000</u>

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

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

2012	\$ 1,080,000
2013	638,000
2014	440,000
2015	295,000
2016	353,000

In 2012, debentures AM11 and AN14 will mature with final amounts due of \$218,000 and \$532,000 respectively. These debentures will be refinanced for \$185,000 and \$494,000 respectively during that year. In 2013, debenture AO11 will mature with a final amount due of \$318,000, however \$295,000 of this payment is expected to be refinanced during that year. In 2014, debenture AR20 will mature with a final amount due of \$154,000, however \$123,000 of this payment is expected to be refinanced during that year.

Water and Sewer Capital Fund

	Balance January 1, 2011	Issued during year	Redeemed during year	Balance December 31, 2011
New Brunswick Municipal Financing Corporation				
Debentures:				
AX25 4.45% - 4.85%, due 2017, OIC # 07-20	\$ 230,000	\$ -	\$ 9,000	\$ 221,000
AZ22 2.10 - 4.45%, due 2015, OIC # 08-0025	86,000	-	16,000	70,000
	<u>\$ 316,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 291,000</u>

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

TOWN OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

5. LONG-TERM DEBT (cont'd)

Water and Sewer Capital Fund (cont'd)

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

2012	\$	27,000
2013		27,000
2014		29,000
2015		29,000
2016		11,000

6. SHORT-TERM INVESTMENTS

The short term investments consist of guaranteed investment certificates with maturity dates ranging from April 14, 2012 to December 29, 2012 and interest rates ranging from 0.74% to 0.85%.

7. INTERFUND BORROWING

The Municipalities Act of New Brunswick requires that short-term interfund borrowings be repaid within the year unless the borrowing is for a capital project. The amounts payable between Funds are in compliance with the Act.

8. SHORT-TERM BORROWING

Capital Funds

The Town has arranged a revolving operating facility bearing interest at 2.75% for the General Fund. The facility is used to provide interim financing for capital expenditures.

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

Water and Sewer Capital Fund, OIC # 07-20	\$	95,000
General Capital Fund, OIC # 11-13		<u>550,000</u>
	\$	<u>645,000</u>

9. OPERATING BORROWING COMPLIANCE

As prescribed in the Municipalities Act, borrowing to finance General Operating Fund operations is limited to 4% of the Municipality's budget. Borrowing to finance Water and Sewer Fund operations is limited to 50% of the operating budget for the year. In 2011, the Town has complied with these restrictions.

TOWN OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

10. LONG TERM SERVICE AWARD

Employees of the Town become eligible for this award after five years of full-time consecutive service. Qualifying employees are entitled to five days of regular pay for each full year of continuous employment to a maximum of 125 days. The accrued benefit becomes payable in the year the employee ceases working for the Town, either by retirement or leaving in good standing. There was \$27,491 in long term service awards paid out during the year (2010 - nil).

11. EMPLOYEE PENSION PLAN

The Town and its employees participate in a multiple employer defined benefit pension plan administered by a board elected by the members under the provisions of the Municipalities Act of New Brunswick. Pensions are provided based on length of service and best average earnings.

An actuarial valuation prepared as at December 31, 2010 indicated 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 \$9,703,300. Of this deficit, an estimated \$212,900 relates to the Town of Hampton. The main reason for the significant increase in the plan deficit is the negative investment returns experienced over the past few years. In response to the deficit increase, effective January 1, 2010, plan benefits were reduced and contribution rates were increased. Based on the assumptions as at December 31, 2010, 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.

12. SICK LEAVE BENEFITS

Sick leave benefits do not vest to employees and accordingly no liability for sick leave exists at December 31, 2011.

13. CONTINGENT LIABILITY

In the normal course of operations, the Town becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at December 31, 2011 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 Town maintains insurance coverage in amounts considered appropriate.

14. COMMITMENTS

University of New Brunswick Saint John

In 2006, the Town committed \$55,000 payable over 10 years to the University. During the year a payment of \$5,500 (2010 - \$5,500) was made. The remaining \$22,000 is payable over the next four years.

New Brunswick Community College

In 2006, the Town committed \$25,000 payable over five years to the New Brunswick Community College. During the year the final payment of \$5,000 (2010 - \$5,000) was made.

TOWN OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

15. CHANGE IN ACCOUNTING POLICY

The Town currently prepares its financial statements to comply with the accounting principles prescribed for New Brunswick municipalities by the Department of Local Government. The Department has indicated that municipalities will be required to adopt recommendations of the Canadian Institute of Chartered Accountants' Public Sector Accounting Board's (PSAB) new reporting model PS 1000, 1100, 1200 and 3150.

One of the more significant provisions of the new standards requires municipalities to capitalize tangible capital assets at historical costs and amortize these assets over their estimated useful lives. The Town is in the process of compiling a listing of all its roads, vehicles, sewer and water infrastructure, land, buildings, furniture and equipment.

Other key elements of the PSAB requirements will impact reporting entities, recognition of liabilities, employment benefits and financial reporting.

The Department has established an implementation date for these new standards for year ends commencing after January 1, 2012.

The Town continues the process of preparing for the implementation of the PSAB reporting standards. During the prior year, the Town adopted a Tangible Capital Asset policy. The objective of this policy is to prescribe the accounting treatment for tangible capital assets and to provide guidance for all departments to assist them in assessing their physical resources in order to provide the information necessary to prepare financial statements.