



**Town of Montague Sewer and Water Collection and Treatment Corporation**

273 Queens Road  
PO Box 546  
Montague, PE C0A 1R0

February 3, 2009

Heather Walker, Research Analyst  
IRAC  
National Bank Tower, Suite 501  
Charlottetown, PE  
C1A 7L1

Dear Ms Walker,

Enclosed please find the Suggested Minimum Filings for the Sewer and Water Rate Increase Application for the Town of Montague Sewer and Water Collection and Treatment Corporation.

1. Background information on the Utility.
2. Statements of financial activities and fund balance - actual 2006 and 2007, forecast 2008, 2009 and 2010 for both the sewer and water accounts.
3. Statements of financial activities - forecast 2009 and 2010 with and without proposed rate increases for both sewer and water accounts.
4. Brief explanation of what is contained in each revenue and expenditure account and why the amount changing.
5. Schedule of depreciation for both the sewer and water accounts.
6. Schedule of long term debt.
7. Summary of Cash Surplus (Deficit).
8. Summary of Projected Revenue with and without rate increase for 2009 and 2010 including breakdown of current number of customers with assigned proportionate units and forecast number of proportionate units for 2009 and 2010.
9. Proposed capital expenditures to the current system in 2010.
10. Proposed rate structure and effective date.
11. Copy of the Resolution from the Town of Montague giving authorization to prepare the rate application.
12. Copy of Town of Montague Sewer and Water Collection and Treatment Corporation Bylaw.
13. Copy of Town of Montague consolidated audited financial statements for the year ended December 31, 2007.

If you need more information, please contact the undersigned at 902-838-2528.

Sincerely,

Andrew C. Daggett, CAO  
Town of Montague

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*Hand*  
FEB 05 2009

The Island Regulatory  
and Appeals Commission

**Town of Montague Sewer and Water  
Collection and Treatment Corporation**

**IRAC Study**

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## **Town of Montague Sewer and Water Collection and Treatment Corporation Sewer and Water Rate Increase – February 2009**

### **Background Information**

The application for a change in the sewer and water rates is a result of changes to the Town of Montague's water system since 2001 with the addition of water service to 589 customers as well as proposed plans to supply water service to the remaining customers inside the town in 2009. In addition the utility operates at a deficit due to increased costs related to the cost of financing the debt repayment, salary increases, fuel and electricity costs and an overall increase in all costs to operate the utility.

The construction of the Town of Montague sewer system began in 1969. The system is comprised of the collection system, piping, manholes, two pumping stations and a sewer treatment plant. The plant is located on the south side of the Montague River and in 2002 there was an upgrade to the system. Currently the treatment plant processes approximately 200,000 - 250,000 thousand US gallons per day (USgpd) and the maximum capacity of the plant is 850,000 (USgpd).

Construction of the Town's water system began in 1993 with continuing additions up to 2008. It is anticipated that all customers will be serviced by water by the end of 2009. The water is serviced by one pumping station with two wells. The system pumps approximately 125,000-130,000 (USgpd) and has the capabilities of providing upwards of 500,000 (USgpd).

Currently the town provides sewer services to 665 customers and water services to 589 customers of which 159 are metered customers.

**Town of Montague Sewage and Water Collection and Treatment Corporation**  
**Statement of Financial Activities and Fund Balance - Water Account**

Year Ended December 31	2006	2007	2008	2009	2010
<b>REVENUE</b>					
Flat rate charges	\$62,936	\$91,619	\$82,902	\$82,902	\$91,936
Metered charges	57,536	58,060	63,667	63,667	65,968
Fire protection	36,117	41,000	44,848	45,738	56,500
Delayed payment charges	7,710	7,174	8,000	8,000	8,000
Insurance proceeds	0	25,690	0	0	0
	<u>164,299</u>	<u>223,543</u>	<u>199,417</u>	<u>200,307</u>	<u>222,404</u>
<b>EXPENDITURES</b>					
<b>OPERATING</b>					
Electricity	27,042	28,423	29,700	31,185	32,744
Operational salaries, wages and benefits	14,563	16,042	14,600	15,330	16,097
Rentals	1,845	1,900	1,900	1,900	1,900
Repairs, maintenance and supplies	4,918	10,344	9,500	9,500	9,500
Truck operation	1,968	1,934	2,500	2,500	2,500
Water tests	2,690	3,210	3,000	3,000	3,000
Wellfield protection plan	17,430	5,806	5,800	0	0
	<u>70,456</u>	<u>67,659</u>	<u>67,000</u>	<u>63,415</u>	<u>65,741</u>
<b>ADMINISTRATIVE</b>					
Accounting	0	1,659	2,000	2,100	2,205
Audit	3,099	4,502	3,500	3,675	3,859
Computer training	0	125	1,000	1,000	1,000
Honoraria	2,500	2,688	2,500	2,500	2,500
Insurance	2,198	2,810	2,200	2,200	2,200
Legal	0	0	1,000	1,000	1,000
Miscellaneous	230	243	1,000	1,000	1,000
Office salaries and benefits	16,766	19,709	18,850	19,793	20,782
Office supplies and expenses	9,502	7,515	11,500	12,075	12,679
Rate study	0	0	4,500	0	0
Rent	3,724	3,950	3,950	3,950	3,950
Regulatory commission fees	1,797	1,827	1,900	1,900	1,900
Telephone	1,457	1,480	1,500	1,500	1,500
	<u>41,273</u>	<u>46,508</u>	<u>55,400</u>	<u>52,693</u>	<u>54,575</u>
<b>OTHER</b>					
Depreciation and amortization	29,536	29,691	30,015	37,611	37,611
Interest on long-term debt	64,293	80,381	76,274	128,780	111,424
	<u>93,829</u>	<u>110,072</u>	<u>106,289</u>	<u>166,391</u>	<u>149,035</u>
<b>TOTAL EXPENDITURES</b>	<u>205,558</u>	<u>224,239</u>	<u>228,689</u>	<u>282,498</u>	<u>269,350</u>
<b>EXCESS EXPENDITURES FOR THE YEAR</b>	<u><u>-\$41,259</u></u>	<u><u>-\$696</u></u>	<u><u>-\$29,272</u></u>	<u><u>-\$82,192</u></u>	<u><u>-\$46,946</u></u>
<hr/>					
Fund balance, beginning of year	\$32,908	(\$8,351)	(\$9,047)	(\$38,319)	(\$120,510)
Net expenditures	<u>(41,259)</u>	<u>(696)</u>	<u>(29,272)</u>	<u>(82,192)</u>	<u>(46,946)</u>
Fund balance, end of year	<u><u>(\$8,351)</u></u>	<u><u>(\$9,047)</u></u>	<u><u>(\$38,319)</u></u>	<u><u>(\$120,510)</u></u>	<u><u>(\$167,457)</u></u>

**Town of Montague Sewage and Water Collection and Treatment Corporation**  
**Statement of Financial Activities and Fund Balance - Sewer Account**

Year Ended December 31	2006	2007	2008	2009	2010
<b>REVENUE</b>					
Flat rate charges	\$92,371	\$96,042	\$88,871	\$88,764	\$82,721
Metered charges	39,326	40,939	43,254	43,254	43,979
Delayed payment charges	5,289	4,871	5,400	5,400	5,400
	<u>136,986</u>	<u>141,852</u>	<u>137,525</u>	<u>137,418</u>	<u>132,100</u>
<b>EXPENDITURES</b>					
<b>OPERATING</b>					
Electricity	40,549	46,669	44,000	46,200	48,510
Operational salaries, wages and benefits	34,422	38,771	34,500	36,225	38,036
Rentals	1,845	1,900	1,900	1,900	1,900
Repairs, maintenance and supplies	11,797	14,074	25,500	25,500	25,500
Truck operation	1,968	1,934	2,500	2,500	2,500
Trucking sludge	3,150	7,480	30,000	30,000	30,000
Water tests	0	0	1,000	1,000	1,000
	<u>93,731</u>	<u>110,828</u>	<u>139,400</u>	<u>143,325</u>	<u>147,446</u>
<b>ADMINISTRATIVE</b>					
Accounting	0	2,488	2,000	2,100	2,205
Audit	3,100	3,636	3,500	3,675	3,859
Computer training	328	125	1,000	1,000	1,000
Honoraria	2,500	2,688	2,500	2,500	2,500
Insurance	5,843	5,622	6,000	6,000	6,000
Legal	0	280	1,000	1,000	1,000
Miscellaneous	715	1,525	1,000	1,000	1,000
Office salaries and benefits	21,409	25,369	24,200	25,410	26,681
Office supplies and expenses	8,061	8,674	11,500	11,500	11,500
Rate study	0	0	4,500	0	0
Rent	3,710	3,950	3,950	3,950	3,950
Regulatory commission fees	1,797	1,827	1,900	1,900	1,900
Telephone	1,000	1,246	1,000	1,000	1,000
	<u>48,463</u>	<u>57,430</u>	<u>64,050</u>	<u>61,035</u>	<u>62,594</u>
<b>OTHER</b>					
Depreciation and amortization	19,056	19,691	16,979	16,979	16,979
Interest on long-term debt	25,938	39,401	37,441	35,888	34,247
	<u>44,994</u>	<u>59,092</u>	<u>54,419</u>	<u>52,867</u>	<u>51,225</u>
<b>TOTAL EXPENDITURES</b>	<u>187,188</u>	<u>227,350</u>	<u>257,869</u>	<u>257,227</u>	<u>261,266</u>
<b>EXCESS EXPENDITURES FOR THE YEAR</b>	<u>-\$50,202</u>	<u>-\$85,498</u>	<u>-\$120,345</u>	<u>-\$119,809</u>	<u>-\$129,166</u>
<b>Fund Balance</b>					
Fund balance, beginning of year	\$153,487	\$103,285	\$17,787	(\$102,557)	(\$222,366)
Net expenditures	(50,202)	(85,498)	(120,345)	(119,809)	(129,166)
Fund balance, end of year	<u>\$103,285</u>	<u>\$17,787</u>	<u>(\$102,557)</u>	<u>(\$222,366)</u>	<u>(\$351,532)</u>

**Town of Montague Sewage and Water Collection and Treatment Corporation**  
**Statement of Financial Activities Forecast 2009 and 2010 - Water Account**

Year Ended December 31	Without Increase		With Increase	
	2009	2010	2009	2010
	\$	\$	\$	\$
<b>REVENUE</b>				
Flat rate charges	\$82,902	\$91,936	\$124,353	\$137,904
Metered charges	63,667	65,968	95,500	98,952
Fire protection	45,738	56,500	68,607	84,750
Delayed payment charges	8,000	8,000	8,000	8,000
Insurance proceeds	0	0	0	0
	<u>200,307</u>	<u>222,404</u>	<u>296,460</u>	<u>329,606</u>
<b>EXPENDITURES</b>				
<b>OPERATING</b>				
Electricity	31,185	32,744	31,185	32,744
Operational salaries, wages and benefits	15,330	16,097	15,330	16,097
Rentals	1,900	1,900	1,900	1,900
Repairs, maintenance and supplies	9,500	9,500	9,500	9,500
Truck operation	2,500	2,500	2,500	2,500
Water tests	3,000	3,000	3,000	3,000
Wellfield protection plan	0	0	0	0
	<u>63,415</u>	<u>65,741</u>	<u>63,415</u>	<u>65,741</u>
<b>ADMINISTRATIVE</b>				
Accounting	2,100	2,205	2,100	2,205
Audit	3,675	3,859	3,675	3,859
Computer training	1,000	1,000	1,000	1,000
Honoraria	2,500	2,500	2,500	2,500
Insurance	2,200	2,200	2,200	2,200
Legal	1,000	1,000	1,000	1,000
Miscellaneous	1,000	1,000	1,000	1,000
Office salaries and benefits	19,793	20,782	19,793	20,782
Office supplies and expenses	12,075	12,679	12,075	12,679
Rate study	0	0	0	0
Rent	3,950	3,950	3,950	3,950
Regulatory commission fees	1,900	1,900	1,900	1,900
Telephone	1,500	1,500	1,500	1,500
	<u>52,693</u>	<u>54,575</u>	<u>52,693</u>	<u>54,575</u>
<b>OTHER</b>				
Depreciation and amortization	37,611	37,611	37,611	37,611
Interest on long-term debt	128,780	111,424	128,780	111,424
	<u>166,391</u>	<u>149,035</u>	<u>166,391</u>	<u>149,035</u>
<b>TOTAL EXPENDITURES</b>	<u>282,498</u>	<u>269,350</u>	<u>282,498</u>	<u>269,350</u>
<b>EXCESS REVENUE (EXPENDITURES) FOR THE YEAR</b>	<u><u>-\$82,192</u></u>	<u><u>-\$46,946</u></u>	<u><u>\$13,962</u></u>	<u><u>\$60,256</u></u>

**Town of Montague Sewage and Water Collection and Treatment Corporation**  
**Statement of Financial Activities Forecast 2009 and 2010 - Sewer Account**

Year Ended December 31	Without Increase		With Increase	
	2009	2010	2009	2010
<b>REVENUE</b>				
Flat rate charges	\$88,764	\$82,721	\$190,842	\$177,850
Metered charges	43,254	43,979	92,996	94,554
Delayed payment charges	5,400	5,400	5,400	5,400
	<u>137,418</u>	<u>132,100</u>	<u>289,238</u>	<u>277,804</u>
<b>EXPENDITURES</b>				
<b>OPERATING</b>				
Electricity	46,200	48,510	46,200	48,510
Operational salaries, wages and benefits	36,225	38,036	36,225	38,036
Rentals	1,900	1,900	1,900	1,900
Repairs, maintenance and supplies	25,500	25,500	25,500	25,500
Truck operation	2,500	2,500	2,500	2,500
Trucking sludge	30,000	30,000	30,000	30,000
Water tests	1,000	1,000	1,000	1,000
	<u>143,325</u>	<u>147,446</u>	<u>143,325</u>	<u>147,446</u>
<b>ADMINISTRATIVE</b>				
Accounting	2,100	2,205	2,100	2,205
Audit	3,675	3,859	3,675	3,859
Computer training	1,000	1,000	1,000	1,000
Honoraria	2,500	2,500	2,500	2,500
Insurance	6,000	6,000	6,000	6,000
Legal	1,000	1,000	1,000	1,000
Miscellaneous	1,000	1,000	1,000	1,000
Office salaries and benefits	25,410	26,681	25,410	26,681
Office supplies and expenses	11,500	11,500	11,500	11,500
Rate study	0	0	0	0
Rent	3,950	3,950	3,950	3,950
Regulatory commission fees	1,900	1,900	1,900	1,900
Telephone	1,000	1,000	1,000	1,000
	<u>61,035</u>	<u>62,594</u>	<u>61,035</u>	<u>62,594</u>
<b>OTHER</b>				
Depreciation and amortization	16,979	16,979	16,979	16,979
Interest on long-term debt	35,888	34,247	35,888	34,247
	<u>52,867</u>	<u>51,225</u>	<u>52,867</u>	<u>51,225</u>
<b>TOTAL EXPENDITURES</b>	<u>257,227</u>	<u>261,266</u>	<u>257,227</u>	<u>261,266</u>
<b>EXCESS REVENUE (EXPENDITURES) FOR THE YEAR</b>	<u><u>-\$119,809</u></u>	<u><u>-\$129,166</u></u>	<u><u>\$32,011</u></u>	<u><u>\$16,538</u></u>

**Town of Montague Sewage and Water Collection and Treatment Corporation**  
**Sewer and Water Rate Increase - February 2009**

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**Brief explanation of what is contained in each revenue and expenditure account and why the amount is changing**

Revenue - Sewer

The projections for the sewer revenue use an increase of 115% in order to maintain a break even cash flow for the utility. This requires the base rate for a single unit sewer service to increase from the current rate of \$129.52 to \$278.47. All sewer services would also need to increase by the same percentage.

Revenue - Water

The projections for the water revenue use an increase of 50% for 2010 in order to maintain a break even cash flow for the utility. This requires the base rate for a single unit water service to increase from the current rate of \$189.52 to \$284.28. All water services would also need to increase by the same percentage.

Expenditures:

We have projected a 5% increase for salaries, electricity and audit and accounting costs. The remaining costs we have estimated based on the 2008 budget.

Interest on long term debt is based on the existing current loan repayment terms and estimates based on financing required to complete the infrastructure upgrades in 2009.

Depreciation and amortization are calculated using IRAC prescribed rates on the straight line basis.

**Town of Montague Sewage and Water Collection and Treatment Corporation**  
**Schedule of Depreciation - Water**

December 31	2006	2007	2008	2009	2010
<b>Capital Assets -Water</b>					
Cost					
Balance, beginning of year	\$3,705,209	\$3,744,132	\$3,759,214	\$3,840,214	\$6,040,214
Additions (disposals)	38,924	15,081	81,000	2,200,000	-
Balance, end of year	3,744,132	3,759,214	3,840,214	6,040,214	6,040,214
Accumulated depreciation					
Balance, beginning of year	434,773	487,642	554,127	621,584	715,441
Depreciation	52,869	66,485	67,457	93,857	93,857
Balance, end of year	487,642	554,127	621,584	715,441	809,298
Net book value	\$3,256,490	\$3,205,087	\$3,218,630	\$5,324,773	\$5,230,916
<b>Capital Grants - Water</b>					
Cost					
Balance, beginning of year	\$2,171,301	\$2,212,869	\$2,215,093	\$2,269,093	\$3,836,093
Additions (disposals)	41,568	2,224	54,000	1,567,000	-
Balance, end of year	2,212,869	2,215,093	2,269,093	3,836,093	3,836,093
Accumulated amortization					
Balance, beginning of year	243,530	280,324	317,118	354,561	410,807
Amortization	36,794	36,794	37,442	56,246	56,246
Balance, end of year	280,324	317,118	354,561	410,807	467,053
Net value	\$1,932,545	\$1,897,974	\$1,914,532	\$3,425,286	\$3,369,039

**Town of Montague Sewage and Water Collection and Treatment Corporation**  
**Schedule of Depreciation - Sewer**

December 31	2006	2007	2008	2009	2010
<b>Capital Assets -Sewer</b>					
Cost					
Balance, beginning of year	\$1,940,270	\$2,060,734	\$2,227,149	\$2,227,149	\$2,227,149
Additions (disposals)	120,464	166,415	-	-	-
Balance, end of year	<u>2,060,734</u>	<u>2,227,149</u>	<u>2,227,149</u>	<u>2,227,149</u>	<u>2,227,149</u>
Accumulated depreciation					
Balance, beginning of year	427,687	470,326	514,473	555,908	597,343
Depreciation	42,639	44,147	41,435	41,435	41,435
Balance, end of year	<u>470,326</u>	<u>514,473</u>	<u>555,908</u>	<u>597,343</u>	<u>638,777</u>
Net book value	<u>\$1,590,408</u>	<u>\$1,712,676</u>	<u>\$1,671,241</u>	<u>\$1,629,806</u>	<u>\$1,588,371</u>
<b>Capital Grants - Sewer</b>					
Cost					
Balance, beginning of year	\$1,130,874	\$1,130,874	\$1,130,874	\$1,130,874	\$1,130,874
Additions (disposals)	-	-	-	-	-
Balance, end of year	<u>1,130,874</u>	<u>1,130,874</u>	<u>1,130,874</u>	<u>1,130,874</u>	<u>1,130,874</u>
Accumulated amortization					
Balance, beginning of year	242,189	266,645	291,101	315,557	340,014
Amortization	24,456	24,456	24,456	24,456	24,456
Balance, end of year	<u>266,645</u>	<u>291,101</u>	<u>315,557</u>	<u>340,014</u>	<u>364,470</u>
Net value	<u>\$864,229</u>	<u>\$839,773</u>	<u>\$815,317</u>	<u>\$790,860</u>	<u>\$766,404</u>

**Town of Montague Sewage and Water Collection and Treatment Corporation**  
**Schedule of Long Term Debt**

December 31		2006	2007	2008	2009	2010
<b>Sewer</b>						
5.81% Bank of Montreal loan repayable in monthly instalments of \$282 including principal and interest. Due August 2012.	Loan Balance	34,832	33,391	31,853	30,225	28,503
	Principal Payments	1,372	1,441	1,538	1,628	1,722
	Interest Payments	2,012	1,943	1,846	1,756	1,662
5.81% Bank of Montreal loan repayable in monthly instalments of \$2,789 including principal and interest. Due August 2012.	Loan Balance	344,254	329,858	314,934	299,131	282,396
	Principal Payments	13,682	14,396	14,924	15,803	16,735
	Interest Payments	19,306	19,072	18,544	17,665	16,733
5.19% CIBC loan repayable in monthly instalments of \$2,347 including principal and interest. Due in August 2026.	Loan Balance	347,740	337,116	326,003	314,306	301,993
	Principal Payments	2,260	10,624	11,113	11,697	12,312
	Interest Payments	4,620	18,386	17,051	16,467	15,852
<b>Total Sewer</b>	<b>Loan Balance</b>	<b>726,826</b>	<b>700,365</b>	<b>672,790</b>	<b>643,662</b>	<b>612,892</b>
	<b>Principal Payments</b>	<b>17,314</b>	<b>26,461</b>	<b>27,575</b>	<b>29,128</b>	<b>30,769</b>
	<b>Interest Payments</b>	<b>25,938</b>	<b>39,401</b>	<b>37,441</b>	<b>35,888</b>	<b>34,247</b>
<b>Water</b>						
7.82% Bank of Montreal loan repayable in monthly instalments of \$1,788 including principal and interest. Due December 2009.	Loan Balance	127,410	115,400	102,522	88,600	73,549
	Principal Payments	11,019	12,010	12,878	13,922	15,051
	Interest Payments	10,435	9,446	8,578	7,534	6,405
7.05% Bank of Nova Scotia loan repayable in monthly instalments of \$1,236 including principal and interest. Due June 2008.	Loan Balance	112,795	105,077	97,296	88,956	80,018
	Principal Payments	6,086	7,718	7,781	8,340	8,938
	Interest Payments	8,746	7,114	7,051	6,492	5,894
6.31% CIBC loan repayable in monthly instalments of \$3,695 including principal and interest. Due April 2008.	Loan Balance	414,273	395,548	375,602	354,360	331,738
	Principal Payments	17,583	18,725	19,946	21,242	22,622
	Interest Payments	26,757	25,615	24,394	23,098	21,718
5.30% Bank of Nova Scotia loan repayable in monthly instalments of \$636 including principal and interest. Due December 2009.	Loan Balance	88,777	85,528	82,352	79,003	75,473
	Principal Payments	2,608	3,249	3,176	3,349	3,530
	Interest Payments	5,024	4,383	4,456	4,283	4,102
5.40% Bank of Nova Scotia loan repayable in monthly instalments of \$1,689 including principal and interest. Due November 2010 amortized to 2015.	Loan Balance	143,173	130,631	117,068	102,754	87,648
	Principal Payments	12,176	12,542	13,563	14,314	15,106
	Interest Payments	8,092	7,726	6,705	5,954	5,162
5.19% CIBC loan repayable in monthly instalments of \$3,017 including principal and interest. Due in August 2026.	Loan Balance	447,096	433,443	422,330	410,633	398,320
	Principal Payments	2,904	13,653	11,113	11,697	12,312
	Interest Payments	5,239	26,097	25,091	24,507	23,892
7.2% New loan repayable in monthly instalments of \$4,943 including principal and interest. Due in October 2029.	Loan Balance	0	0	0	630,590	615,520
	Principal Payments	0	0	0	2,410	15,070
	Interest Payments	0	0	0	56,912	44,252
<b>Total Water</b>	<b>Loan Balance</b>	<b>1,333,524</b>	<b>1,265,627</b>	<b>1,197,169</b>	<b>1,754,896</b>	<b>1,662,266</b>
	<b>Principal Payments</b>	<b>52,376</b>	<b>67,897</b>	<b>68,458</b>	<b>75,274</b>	<b>92,630</b>
	<b>Interest Payments</b>	<b>64,293</b>	<b>80,381</b>	<b>76,274</b>	<b>128,780</b>	<b>111,424</b>

**Town of Montague Sewage and Water Collection and Treatment Corporation**  
**Summary of Cash Surplus (Deficit)**

December 31	2006	2007	2008	2009	2010
<b>Sewer</b>					
Net revenue (expenditures)	\$ (50,202)	\$ (85,498)	\$ (120,345)	\$ (119,809)	\$ (129,166)
Add: depreciation	19,056	19,691	16,979	16,979	16,979
Less: debt retirement - principal portion	17,314	26,461	27,575	29,128	30,769
<b>Cash surplus (shortfall)</b>	<b>(48,460)</b>	<b>(92,268)</b>	<b>(130,941)</b>	<b>(131,958)</b>	<b>(142,957)</b>
Current revenue	136,986	141,852	137,525	137,418	132,100
<b>Required revenue</b>	<b>\$ 185,446</b>	<b>\$ 234,120</b>	<b>\$ 268,466</b>	<b>\$ 269,376</b>	<b>\$ 275,057</b>

<b>Water</b>					
Net revenue (expenditures)	\$ (41,259)	\$ (696)	\$ (29,272)	\$ (82,192)	\$ (46,946)
Add: depreciation	29,536	29,691	30,015	37,611	37,611
Less: debt retirement - principal portion	52,376	67,897	68,458	75,274	92,630
<b>Cash surplus (shortfall)</b>	<b>(64,099)</b>	<b>(38,902)</b>	<b>(67,715)</b>	<b>(119,855)</b>	<b>(101,965)</b>
Current revenue	164,299	223,543	199,417	200,307	222,404
<b>Required revenue</b>	<b>\$ 228,398</b>	<b>\$ 262,445</b>	<b>\$ 267,132</b>	<b>\$ 320,162</b>	<b>\$ 324,369</b>

See corresponding schedule of projected revenue

Town of Montague Sewage and Water Collection and Treatment Corporation  
 Sewer and Water Rate Increase - February 2009

		Projected Revenue - Without rate increase						Projected Revenue - With rate increase						
		2008		2009		2010		2009		2010		2010		
		# of units 31/12/2009	Total	Sewer	Water	# of units 31/12/2009	Sewer	Water	# of units 31/12/2008	Sewer	Water	# of units 31/12/2009	Sewer	Water
met	metered	320+320+318 159	106,921	43,254	63,667	327	43,979	65,968	318	92,996	95,500	327	94,554	98,952
csw	combined w&s	14	13,691	13,691		14	13,691		14	29,436		14	29,436	
sdic	sewer demand	20	5,741	5,741		0	0		20	12,343		0	0	
sdo	sewer demand outside	8	5,772	5,772		8	5,772		8	12,410		8	12,410	
sew	32.38 sewer residential inside	50	6,476	6,476		0	0		50	13,923		0	0	
fwa	79.76 sewer and water residential inside	424	139,207	56,514	82,693	484	62,688	91,728	424	121,504	124,040	484	134,779	137,592
out	sewer residential outside	3	534	427		3	427		3	919		3	919	
sw0	87.74 sewer and water residential outside	1	351	142	208	1	142	208	1	306	313	1	306	313
			<u>278,693</u>	<u>132,018</u>	<u>146,569</u>	<u>837</u>	<u>126,700</u>	<u>157,904</u>	<u>838</u>	<u>283,838</u>	<u>219,853</u>	<u>837</u>	<u>272,404</u>	<u>236,856</u>

**Proposed Capital Expenditures to the Current System for 2008-2010**

2008 additions will complete Phase 1 of the water upgrade project. This will bring water up the Douses Road to supply larger water lines to facilitate the construction of the Wellness Centre and High School.

The projected cost is \$81,000 and will be cost shared by the Federal and Provincial Governments. The town plans to finance its 1/3 share through the current operating line.

No new units are anticipated from this addition.

The 2009 additions are based on the recently approved Phase 2 project. The total project cost is estimated at \$2.2 million dollars with the towns share of 1/3 to be financed with \$100,000 of gas tax funds and the remaining balance of \$633,000 to be financed.

The expansion will provide water to the remaining sewer only customers. There is no estimated increase in the number of customers and equivalent units and the major construction planned in the next two years will replace current structures.

**Town of Montague Sewage and Water Collection and Treatment Corporation**  
**Sewer and Water Rate Increase - February 2009**

---

**Proposed Rates with effective Date**

We propose the base rate for a single unit sewer service to increase from the current rate of \$129.52 to \$278.47.  
All sewer services would also need to increase by the same percentage. (115%)

We propose the base rate for a single unit water service to increase from the current rate of \$189.52 to \$284.28.  
All water services would also need to increase by the same percentage. (50%)

To achieve these increases and to implement them over a three year period, we are applying for average increases of \$80/unit effective July 1, 2009, \$80/unit effective July 1, 2010, and \$80/unit effective July 1, 2011.

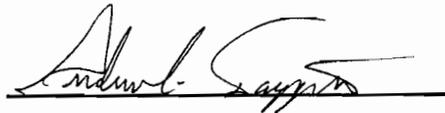
## **RESOLUTION**

Moved by Councillor MacFarlane, seconded by Deputy Mayor Mabon that the Town of Montague send the results of the Water and Sewer Rate Study to IRAC with the recommendations of the W/S Corporation.

**I hereby certify the above to be a true copy of a resolution duly passed by the Town Council for the Town of Montague at a meeting held on the 12<sup>th</sup> day of January, 2009.**



**Pat McGowan  
Mayor**



**Andrew Daggett  
Chief Administrative Officer**

**MONTAGUE WATER & SEWER CORPORATION**  
**MINUTES OF MEETING**  
**Jan. 16, 2009 – 2:00 pm**

A meeting of the Town of Montague Water and Sewer Corporation was held in the Montague Town Chambers on Jan. 16, 2009 at 2:00pm.

Present: John MacFarlane, Chair  
Bernie Crawford  
David Mabon  
Staff: Andrew Daggett, CAO

**Call to Order**

The meeting was called to order by the Chair at 2:14pm.

**Water and Sewer Rate Study -**

**The Rate Study has been completed and Grant Thornton is waiting for direction from Council/Water & Sewer Commission? GT is suggesting that our average rates need to increase from approx. \$320/yr to \$560/yr in order to operate at a breakeven point and pay back the money lost since 2002. Council has passed a motion to send the study to IRAC with the recommendations of the W/S Commission. What is the recommendation?**

Moved by Bernie Crawford, seconded by David Mabon to recommend increasing the average rate by \$80/yr for three years such that the average rate increases from \$320/yr to \$560/yr.

*Motion passed unanimously.*

**Adjournment**

No further business, meeting adjourned at 2:30pm.

  
\_\_\_\_\_  
John MacFarlane (Chair)

TOWN OF MONTAGUE

BY LAW NO. 30

A BYLAW TO ESTABLISH THE TOWN OF MONTAGUE SEWAGE AND WATER COLLECTION AND TREATMENT CORPORATION.

Preamble: **WHEREAS** The Council of the Town of Montague has, pursuant to section 31 (f) (g) and (k) of the Municipalities Act, determined that it will provide sewage and water collection and treatment services.

**THEREFORE**, pursuant to Section 38.1 of the Municipalities Act, supra:

**BE IT ENACTED** by council as follows:

Title: 1. This bylaw may be cited as the Town of Montague Sewerage and Water Collection and Treatment Utility Bylaw, Bylaw Number 29.

Definition: 2. In this bylaw:  
(a) "Council" means the Council of the Town of Montague.  
(b) "Corporation" means the Town of Montague Sewage and Water Collection and Treatment Corporation.

Customer (c) "Customer" means a person, firm or corporation who or which requests or is supplied with sewerage and water.

Director (d) "Director" means a director of the corporation and includes its chairman.

Municipality (e) "Municipality" means the Municipality of the Town of Montague.

Application of bylaw 3. This bylaw applies to the establishment and operation of a sewage and water collection and treatment corporation for the Municipality.

Corporation established 4. (1) There is hereby established the Town of Montague Sewage and Water Collection and Treatment Corporation.

- Composition (2) The Corporation shall be composed of a Board of directors comprised of three or more members appointed from council by the Mayor.
- Chairman (3) One of the Directors shall be appointed by the Mayor as "Chairman" of the Corporation.
- Term of Office (4) The Directors of the Corporation shall have terms of office the same as their Council term at the time of appointment, but may be removed at any time by the Mayor.
- Remuneration (5) The Directors of the Corporation may receive such remuneration as may be determined by Council.
- Meetings, Procedure (6) At meetings of the corporation, two directors *3 = Quora* constitute a quorum over which the Chairman or the Corporation, or in his absence, a Director designated by him shall preside.
- Voting (7) Decisions of the board of directors shall be determined by majority vote.
- Breaking tie vote (8) In the case of an equal division of opinion among the Directors, the matter shall be referred to the Council, whose decision is binding on the Corporation.
- Duties of Chairman (9) The Chairman is the Chief Executive Officer of the Corporation and has supervision over and direction of the work and the staff of the Corporation.
- Functions of the Corporation 5. The Corporation shall have the following functions:  
(a) Constructing, altering, extending, managing and controlling a system for providing the services of sewerage collection and treatment to the residents of the Municipality and, with the approval of Council, residents of areas adjacent to the Municipality;

(b) Acquiring, alienating, holding and disposing of real or personal property;

(c) Engaging and paying personnel;

(d) Financing, with the approval of Council, any of its undertakings, and

(e) Assessing, charging and collecting rates and charges for services provided to any customer.

Rates 6. The Corporation shall levy such user rates or frontage charges as may be approved by the Public Utilities Commission.

Separation of accounts 7. The Corporation shall maintain its accounts separate from the accounts of the Council of the Municipality.

Liability 8. The Directors of the Corporation and any person acting on their instructions or authority are not personally liable for any loss or damage suffered by any person by reason of any act done by any of them in good faith in the exercise or purported exercise of the powers conferred under this bylaw.

Fiscal Year 9. The Fiscal Year of the Corporation shall be from January 1 to December 31.

Commencement 10. This bylaw comes into force on the 10th of August, 1992.

First reading the 13th day of April, A.D., 1992.

Second reading and enacted the 10th day of August, 1992.

\_\_\_\_\_  
Mayor

*Laurel Halstrom*  
\_\_\_\_\_  
Administrator



Consolidated Financial Statements

The Town of Montague

December 31, 2007

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## Auditors' report

Grant Thornton LLP  
1 Bailey Drive, PO Box 70  
Montague, PE  
C0A 1R0  
T (902) 838-4121  
F (902) 838-4802  
www.GrantThornton.ca

To Her Worship the Mayor and members of the Town Council of  
**The Town of Montague**

We have audited the consolidated statements of financial position of **The Town of Montague** as at December 31, 2007 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Town of Montague as at December 31, 2007 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Montague, PE

*Grant Thornton LLP*

March 25, 2008

Chartered accountants



# The Town of Montague

## Consolidated statement of financial position

December 31

2007

2006

### Financial assets

Cash and cash equivalents		
Unrestricted	\$ 118,113	\$ 158,291
Restricted	62,754	82,857
Receivables	277,283	350,743
Long term investments (Note 2)	100,001	100,000
	<u>558,151</u>	<u>691,891</u>

### Liabilities

Bank indebtedness (Note 4)	\$ 141,855	\$ -
Payables and accruals	363,242	322,808
Deferred revenue (Note 6)	62,754	81,169
Long term debt (Note 5)	2,080,115	2,213,667
	<u>2,647,966</u>	<u>2,617,644</u>

**Net debt** (2,089,815) (1,925,753)

### Non-financial assets

Prepays	7,101	70
Tangible capital assets (Note 3)	8,243,691	7,933,028
Contributions in aid of construction	(2,737,748)	(2,796,773)

**Accumulated surplus** \$ 3,423,229 \$ 3,210,572

### Municipal position

Reserve funds (Note 11)	85,000	83,000
Capital fund, investment in tangible capital assets	3,303,322	3,024,332
Operating fund surplus	34,907	103,240

**Accumulated surplus** \$ 3,423,229 \$ 3,210,572

Contingency (Note 12)

On Behalf of the Council

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Councillor

See accompanying notes to the consolidated financial statements.

# The Town of Montague

## Consolidated statement of changes in financial position

Year ended December 31 2007 2006

### Increase (decrease) in cash and cash equivalents

#### Operating activities

Excess revenue (expenditures)	\$ 26,731	\$ (45,251)
Depreciation and amortization	49,382	48,592
Change in reserves	(2,000)	(8,800)
Change in investment in capital assets	<u>278,990</u>	<u>318,052</u>

**353,103** 312,593

#### Change in non-cash working capital

Receivables	73,460	(159,742)
Prepays	(7,031)	3,218
Payables, accruals, and deferred revenue	<u>22,019</u>	<u>165,565</u>

**88,448** 9,041

#### Financing activities

Payment of long term debt	(133,552)	(137,688)
Proceeds from issuance of long term debt	-	800,000
Increase (decrease) in bank indebtedness	<u>141,855</u>	<u>(219,118)</u>

**8,303** 443,194

#### Investing activities

Purchase of tangible capital assets	(512,357)	(1,177,071)
Contributed tangible capital assets	<u>2,222</u>	<u>575,226</u>

**(510,135)** (601,845)

Net (decrease) increase in cash and cash equivalents **(60,281)** 162,983

#### Cash and cash equivalents,

Beginning of year	<u>241,148</u>	<u>78,165</u>
End of year	<b>\$ 180,867</b>	<b>\$ 241,148</b>

See accompanying notes to the consolidated financial statements.

# The Town of Montague

## Notes to the consolidated financial statements

December 31, 2007

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### 1. Summary of significant accounting policies

The consolidated financial statements of The Town of Montague are prepared by management 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. Significant aspects of the accounting policies adopted by the Town are as follows:

#### Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in financial position of the reporting entity. The reporting entity is comprised of all organizations and committees that are accountable to the Town for administration of their financial affairs and resources, and which are owned or controlled by the Town. Interdepartmental and organizational transactions and balances are eliminated.

The financial activities of certain entities associated with the Town of Montague are considered to be separate government business enterprises and are not consolidated. The Town's transactions with these entities are recorded in the Consolidated Statement of Financial Activities. These entities include:

Montague Waterfront Development Corp.  
Montague Volunteer Fire Department  
Garden of the Gulf Museum

#### Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred.

#### Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds for both the general operations and the water and sewer utility. Transfers between funds are recorded as adjustments to the appropriate fund balance.

#### Revenue recognition

The accrual basis of accounting is used for all funds. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are recognized as they are incurred and measurable as a result of legal obligation to pay.

The Town follows the deferral method for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Tangible capital assets

Equipment, furniture, software, buildings, and improvements with a cost in excess of \$500 and an estimated useful life of two years or more are capitalized at cost.

All costs associated with placing an asset in service, including freight, installation costs, site preparation costs, alterations, and professional fees are included in the capitalized value.

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# The Town of Montague

## Notes to the consolidated financial statements

December 31, 2007

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### 1. Summary of significant accounting policies (cont'd)

Interest expense on capital debt incurred during the construction or renovation of an asset are included in the capitalized value.

**a) Tangible capital assets - General**

Capital asset purchases out of current revenue are shown as general revenue contributed to capital expenditures in the current year and recorded in the capital fund along with other capital assets. Capital assets are recorded at their original cost which includes external contributions.

**b) Depreciation - General**

No depreciation is recorded on capital assets for municipal accounting purposes. Depreciation of these assets is expected to be presented in the 2009 financial statements and will be calculated based on the asset's estimated useful life.

**c) Depreciation – Water and Sewer Utility**

Depreciation is recorded on the straight line basis at the following annual rates as directed by the Island Regulatory and Appeals Commission:

Sewer construction	1.2%
Water mains	1.2%
Water services and hydrants	2.0%
Water pumping plant	5.0%
Water plant structures and improvements	1.2%
Motor vehicle	20%
Computer	10%
Sewer treatment plant equipment	5%
Water – equipment	5%

**d) Investment in tangible capital assets**

Infrastructure and other program grants and rebates related to capital asset purchases are recorded as contributions in aid of construction in the capital fund and are amortized using the same method and annual rates as the related assets are depreciated.

#### Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

#### Reserves - General

The reserve funds are credited by specific charges against expenses or as a direct transfer from surplus.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and unrestricted and restricted balances on deposit with banks. Bank borrowings are considered to be financing activities.

# The Town of Montague

## Notes to the consolidated financial statements

December 31, 2007

### 1. Summary of significant accounting policies (cont'd)

#### Use of estimates

In preparing the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from estimates used in these financial statements.

2. Long term investments	<u>2007</u>	<u>2006</u>
Montague Waterfront Development Corporation, 10 common shares, at cost	\$ 100,000	\$ 100,000

### 3. Tangible capital assets

Effective January 1, 2007, the Town adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2007, the Town continued to work towards compliance with the new recommendations for accounting for tangible assets. As of December 31, 2007, the accumulation of data is currently underway and is expected to be completed by December 31, 2008.

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1,532,213		\$ 1,532,213	\$ 1,361,351
Building	746,785	\$ -	746,785	713,459
Equipment	1,046,930	-	1,046,930	1,011,321
Water	3,759,215	554,127	3,205,088	3,256,489
Sewer	2,227,148	514,473	1,712,675	1,590,408
	<u>\$ 9,312,291</u>	<u>\$ 1,068,600</u>	<u>\$ 8,243,691</u>	<u>\$ 7,933,028</u>

# The Town of Montague

## Notes to the consolidated financial statements

December 31, 2007

### 4. Bank indebtedness

The Town of Montague has combined operating lines of credit of \$510,000. At December 31, 2007 no amount was utilized.

	<u>2007</u>	<u>2006</u>
Bank indebtedness consists of:		
Bank balance	\$ 53,541	\$ -
Outstanding cheques	<u>(195,396)</u>	<u>-</u>
	<u>\$ (141,855)</u>	<u>\$ -</u>

### 5. Long-term debt

	<u>2007</u>	<u>2006</u>
--	-------------	-------------

The Town of Montague

5.39% Bank of Montreal loan, maturing in and amortized to March, 2008, payable in monthly instalments of \$688 including principal and interest.	\$ 64,935	\$ 69,565
5.35% Bank of Nova Scotia demand loan, maturing and amortized to October, 2008, payable in bi-weekly instalments of \$503 including principal and interest.	7,310	19,613
5.3% Bank of Nova Scotia demand loan, maturing December, 2009, amortized to 2010, payable in monthly instalments of \$1,161 including principal and interest.	38,690	51,169
6.65% Canadian Imperial Bank of Commerce demand loan, maturing and amortized to April, 2008, payable in monthly instalments of \$784 including principal and interest.	3,188	12,079
Repaid during the year.	<u>-</u>	<u>891</u>
	<u>114,123</u>	<u>153,317</u>

The Town of Montague Water and Sewer Utility

5.81% Bank of Montreal loan, maturing August, 2012, Amortized to 2022, payable in monthly instalments of \$282, including principal and interest.	33,391	34,832
7.82% Bank of Montreal loan, maturing December, 2009, amortized to 2014, payable in monthly instalments of \$1,788, including principal and interest.	115,400	127,410
7.05% Bank of Nova Scotia demand loan, maturing June, 2008, amortized to 2021, payable in monthly instalments of \$1,236, including principal and interest.	105,077	112,795

# The Town of Montague

## Notes to the consolidated financial statements

December 31, 2007

5. Long-term debt (cont'd)	<u>2007</u>	<u>2006</u>
6.31% Canadian Imperial Bank of Commerce demand loan, maturing in April, 2008, amortized to 2021, payable in monthly instalments of \$3,695, including principal and interest.	395,548	414,273
5.81% Bank of Montreal loan, maturing August, 2012, Amortized to 2022, payable in monthly instalments of \$2,789, including principal and interest.	329,858	344,254
5.3% Bank of Nova Scotia demand loan, maturing December, 2009, amortized to 2024, payable in monthly instalments of \$636, including principal and interest.	85,528	88,777
5.19% Canadian Imperial Bank of Commerce demand loan, maturing April, 2008, amortized to 2020, payable in monthly instalments of \$3,017, including principal and interest.	433,443	447,096
5.19% Canadian Imperial Bank of Commerce demand loan, maturing in April, 2008, amortized to 2026, payable in monthly instalments of \$2,347 including principal and interest.	337,116	347,740
5.4% Bank of Nova Scotia demand loan, maturing November, 2010, amortized to 2015, payable in monthly instalments of \$1,689, including principal and interest.	<u>130,631</u>	<u>143,173</u>
	<u>1,965,992</u>	<u>2,060,350</u>
	<u>\$ 2,080,115</u>	<u>\$ 2,213,667</u>

Debt due on demand has extended repayment terms as disclosed above. For these loans the Town has assumed the bank will not demand payment in the current year. Therefore, based on current repayment amounts, principal repayments in each of the next five years are due as follows:

	<u>General</u>	<u>Water &amp; Sewer</u>	<u>Total</u>
2008	\$ 27,545	\$ 98,959	\$ 126,504
2009	17,977	105,080	123,057
2010	19,105	111,588	130,693
2011	5,725	118,508	124,233
2012	<u>6,042</u>	<u>125,867</u>	<u>131,909</u>
	<u>\$ 76,394</u>	<u>\$ 560,002</u>	<u>\$ 636,396</u>

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# The Town of Montague

## Notes to the consolidated financial statements

December 31, 2007

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### 6. Deferred revenue

	<u>2007</u>	<u>2006</u>
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During the year the Town was allocated \$73,036 under the New Deal Gas Tax Funding for Incorporated Communities agreement. The Town must use their allocation of the New Deal Gas Tax funds for eligible infrastructure and capacity building projects as outlined in the agreement dated November 22, 2005. These funds earned interest of \$3,810 during the year, which is also deferred.

Deferred, beginning of year	\$ 81,169	\$ 54,777
Allocation received and interest earned during the year	76,846	54,777
Eligible expenditures incurred	<u>(95,261)</u>	<u>(28,385)</u>
Deferred, end of year	<u>\$ 62,754</u>	<u>\$ 81,169</u>

Under the Agreement on the Transfer of Federal Gas Tax Revenues through the New Deal for Cities and Communities, the Town has received funds which are restricted for expenditure on eligible projects. During the year, \$95,261 was spent on eligible expenditures. The Town has prepared, and the governmental regulating body has accepted, a Capital Investment Plan which details determined expenditures.

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### 7. Rate regulation

The Town is subject to rate regulation on the sewerage and water utilities provided to residents in Prince Edward Island under the *Island Regulatory Appeals Commission Act*. The purpose of this Act, which is administered by the Island Regulatory and Appeals Commission (IRAC), is to regulate the rate municipalities may charge for water and sewer utilities provided to residents within Prince Edward Island and to ensure at all times a just and reasonable price for sewerage and water utilities. Changes in water and sewer utility rates can only be implemented with the approval from IRAC.

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### 8. Financial instruments

The Town's financial instruments consist of cash, receivables, investments, bank indebtedness, payables and accruals, deferred revenue and long-term debt. Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

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### 9. Budget

The budget figures have not been audited and have been included on the financial statements for comparative purposes only.

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# The Town of Montague

## Notes to the consolidated financial statements

December 31, 2007

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### 10. Comparative figures

Certain of the figures on the 2006 financial statements have been reclassified to conform to the 2007 financial statement presentation.

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11. Reserve funds	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 83,000	\$ 74,200
Allocation from (to) revenue	<u>2,000</u>	<u>8,800</u>
Balance, end of year	<u>\$ 85,000</u>	<u>\$ 83,000</u>

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### 12. Contingency

The Town has guaranteed loans in the name of the Community Welfare League relating to the construction and operations of the Bowling Lanes. The balances outstanding at December 31, 2007 total \$176,475 (2006 - \$241,798).

**The Town of Montague**  
**General account**  
**Schedule of financial activities**

Year ended December 31	Budget	2007	2006
<b>Revenue</b>			
Administrative services	\$ 4,900	\$ 4,707	\$ 4,662
Building permit fees	10,000	5,058	5,175
Bylaw enforcement	16,000	-	11,515
Dog licenses	500	322	180
Federal grant	-	4,056	10,546
Fines	25,000	21,482	25,191
Grants	-	6,000	-
Grants in lieu	20,000	20,000	20,000
Other Provincial grants	14,000	13,317	16,572
Provincial grants	195,779	239,724	195,779
Property taxes	775,220	733,533	703,393
Rentals	11,700	11,900	11,110
Return on Investments	15,000	6,644	14,443
Sales of services	1,700	400	1,682
Sub-Division/zoning fees	700	300	100
Sundry income	2,500	71	2,323
	<u>1,092,999</u>	<u>1,067,514</u>	<u>1,022,671</u>
<b>Expenditures (Pages 13 to 16)</b>			
General government	208,200	222,528	186,332
Transportation services	275,700	223,005	258,976
Protective services	404,300	358,793	365,094
Fiscal services	11,859	9,390	14,507
Environmental and development services	55,500	53,514	56,838
Environmental health services	3,600	2,623	2,840
Recreation and cultural services	87,000	84,736	91,874
	<u>1,046,159</u>	<u>954,589</u>	<u>976,461</u>
<b>Net revenue</b>	<b>\$ 46,840</b>	<b>\$ 112,925</b>	<b>\$ 46,210</b>

**The Town of Montague**  
**General government**  
**Schedule of expenditures**

Year ended December 31	2007		2006
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>General government</b>			
Administrative salaries	\$ 72,750	\$ 78,759	\$ 68,644
Advertising	700	5,202	2,478
Audit and accounting fees	8,200	19,167	7,346
Election	2,000	2,000	6,020
Employee benefits	8,500	7,828	8,568
General government	24,200	17,665	10,906
Legal	4,000	5,901	3,441
Mayor and council honoraria	27,500	24,125	24,500
Mayor and council expenses	6,500	3,396	5,442
Moving expenses	2,000	1,450	-
Office supplies	16,000	19,869	14,004
Tax billing and collection fee	10,650	10,492	10,261
Telephone	5,000	6,722	4,917
Town hall – operating costs	<u>20,200</u>	<u>19,952</u>	<u>19,805</u>
	<u>\$ 208,200</u>	<u>\$ 222,528</u>	<u>\$ 186,332</u>

**The Town of Montague**  
**Transportation services and protective services**  
**Schedule of expenditures**

Year ended December 31 2007 2006

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Transportation services</b>			
Holder	\$ 3,500	\$ 2,043	\$ 3,022
Insurance - vehicles	1,500	2,332	-
Maintenance building – operating costs	10,550	10,628	9,939
Salaries	87,000	85,940	79,750
Employee benefits	10,150	9,195	9,404
Signs	1,000	2,326	2,218
Snow removal, sanding and salting	55,000	44,496	49,873
Street lighting	44,000	50,884	40,088
Streets and sidewalk repair	50,000	2,768	52,906
Small tools and supplies	7,000	3,426	6,945
Tractor	2,000	5,223	899
Truck	<u>4,000</u>	<u>3,744</u>	<u>3,932</u>
	<u>\$ 275,700</u>	<u>\$ 223,005</u>	<u>\$ 258,976</u>
<b>Protective services</b>			
Animal control	\$ 600	\$ 2,388	\$ 545
By-law officer, salary	20,000	-	14,860
By-law officer, other	6,600	350	4,937
Fire alarm	3,600	3,232	4,250
Fire hall – operating costs	39,500	29,766	20,777
Firemen's group insurance	7,800	7,598	6,698
Firemen's honoraria	8,300	7,200	7,300
Fire fighting equipment - insurance	6,700	6,339	6,594
Fire fighting equipment – repairs & maintenance	200	557	201
Police protection – RCMP	270,000	260,363	262,815
Water supply and hydrants	<u>41,000</u>	<u>41,000</u>	<u>36,117</u>
	<u>\$ 404,300</u>	<u>\$ 358,793</u>	<u>\$ 365,094</u>

**The Town of Montague**  
**Fiscal services and environmental and development**  
**Services and environmental health services**  
**Schedule of expenditures**

Year ended December 31	2007		2006
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Fiscal services</b>			
Interest and bank charges	\$ 4,500	\$ 3,216	\$ 3,868
Interest on long term debt	<u>7,359</u>	<u>6,174</u>	<u>10,639</u>
	\$ <u>11,859</u>	\$ <u>9,390</u>	\$ <u>14,507</u>
<b>Environmental and development services</b>			
Beautification	\$ 5,000	\$ 4,246	\$ 2,043
Business promotion and special projects	6,000	7,499	9,146
Community festivals	4,500	9,987	4,747
Economic development	10,000	-	11,750
Heritage Rivers	2,500	2,500	1,000
Planning	3,500	1,243	7,449
Public receptions	2,000	2,533	2,469
Tourism promotion	2,500	3,906	1,670
Town sign	5,000	5,350	75
Waterfront development	<u>14,500</u>	<u>16,250</u>	<u>16,489</u>
	\$ <u>55,500</u>	\$ <u>53,514</u>	\$ <u>56,838</u>
<b>Environmental health services</b>			
Waste removal	\$ <u>3,600</u>	\$ <u>2,623</u>	\$ <u>2,840</u>

**The Town of Montague  
Recreation and cultural services  
Schedule of expenditures**

Year ended December 31

**2007**

2006

<b>Recreation and cultural services</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Community parks	\$ 1,500	\$ 2,281	\$ 6,222
Community welfare league	45,000	44,424	44,258
Museum – operation	32,500	29,065	32,988
Recreation activities	1,500	3,712	2,171
The Station	<u>6,500</u>	<u>5,254</u>	<u>6,235</u>
	<u>\$ 87,000</u>	<u>\$ 84,736</u>	<u>\$ 91,874</u>

**The Town of Montague**  
**Sewer account**  
**Schedule of financial activities**

Year ended December 31	Budget	2007	2006
<b>Revenue</b>			
Flat rate and meter charges	\$ 133,000	\$ 136,981	\$ 131,697
Delayed payment charges	5,400	4,871	5,289
	<u>138,400</u>	<u>141,852</u>	<u>136,986</u>
<b>Expenditures</b>			
<b>Operating</b>			
Electricity	44,000	46,669	40,549
Operational salaries, wages and benefits	34,500	38,771	34,422
Rentals	1,900	1,900	1,845
Repairs, maintenance and supplies	26,500	14,074	11,797
Truck operation	2,500	1,934	1,968
Trucking sludge	30,000	7,480	3,150
	<u>139,400</u>	<u>110,828</u>	<u>93,731</u>
<b>Administrative</b>			
Accounting	2,000	2,488	-
Audit	3,500	3,636	3,100
Computer training	1,000	125	328
Honoraria	2,500	2,688	2,500
Insurance	6,000	5,622	5,843
Legal	1,000	280	-
Miscellaneous	1,000	1,525	715
Office salaries and benefits	24,200	25,369	21,409
Office supplies and expenses	11,000	8,674	8,061
Rate study	4,500	-	-
Rent	3,950	3,950	3,710
Regulatory commission fees	1,900	1,827	1,797
Telephone	1,000	1,246	1,000
	<u>63,550</u>	<u>57,430</u>	<u>48,463</u>
<b>Other</b>			
Depreciation and amortization	19,500	19,691	19,056
Interest on long term debt	39,000	39,401	25,938
	<u>58,500</u>	<u>59,092</u>	<u>44,994</u>
	<u>261,450</u>	<u>227,350</u>	<u>187,188</u>
<b>Net expenditures</b>	<b>\$ (123,050)</b>	<b>\$ (85,498)</b>	<b>\$ (50,202)</b>

**The Town of Montague**  
**Water account**  
**Schedule of financial activities**

Year ended December 31	Budget	2007	2006
<b>Revenue</b>			
Flat rate and meter charges	\$ 131,000	\$ 149,679	\$ 120,472
Fire protection	41,000	41,000	36,117
Delayed payment charges	8,000	7,174	7,710
Insurance proceeds	-	25,690	-
	<u>180,000</u>	<u>223,543</u>	<u>164,299</u>
<b>Expenditures</b>			
<b>Operating</b>			
Electricity	29,700	28,423	27,042
Operational salaries and wages	14,600	16,042	14,563
Rentals	1,900	1,900	1,845
Repairs, maintenance and supplies	9,500	10,344	4,918
Truck operation	2,500	1,934	1,968
Water tests	3,000	3,210	2,690
Well field protection plan	5,800	5,806	17,430
	<u>67,000</u>	<u>67,659</u>	<u>70,456</u>
<b>Administrative</b>			
Accounting	2,000	1,659	-
Audit	4,000	4,502	3,099
Honoraria	2,500	2,688	2,500
Insurance	2,200	2,810	2,198
Legal	1,000	-	-
Miscellaneous	1,000	243	230
Office salaries	18,850	19,709	16,766
Office supplies and expenses	11,500	7,515	9,502
Rate study	4,500	-	-
Rent	3,950	3,950	3,724
Regulatory commission fees	1,900	1,827	1,797
Telephone	1,500	1,480	1,457
Training	1,000	125	-
	<u>55,900</u>	<u>46,508</u>	<u>41,273</u>
<b>Other</b>			
Depreciation and amortization	30,000	29,691	29,536
Interest on long term debt	80,000	80,381	64,293
	<u>110,000</u>	<u>110,072</u>	<u>93,829</u>
	<u>232,900</u>	<u>224,239</u>	<u>205,558</u>
<b>Net expenditures</b>	<b>\$ (52,900)</b>	<b>\$ (696)</b>	<b>\$ (41,259)</b>