

**COMMUNITY OF VICTORIA
VICTORIA WATER & SEWAGE COMMISSION
P.O. BOX 7
VICTORIA, PE C0A 2G0
Tel No: (902) 658 2541
Fax No: (902) 658 2541
Email: victoriaadmin@eastlink.ca**

November 29, 2012

Ms. Heather Walker
The Island Regulatory & Appeals Commission
Suite 501, 134 Kent Street, P.O. Box 577,
Charlottetown, PE C1A 7L1



Dear Heather:

Proposed rate increases

The Victoria Water & Sewage Commission is submitting the necessary information to apply for an increase in the water rate from \$140.00 per unit per annum to \$210.00 per unit per annum, an increase in the interim sewage rate from \$375.00 per unit per annum to \$390.00 per unit per annum, and the implementation of a service availability charge for vacant lots (to be charged per PID number), and this service availability charge will be 50% of the proposed new water and sewage rates (\$105 for water; \$195 for sewage). The Commission is recommending that these increases be effective January 1, 2013. The Victoria Community Council has reviewed these rates and has agreed to move forward with an application to IRAC. The Community of Victoria property owners have been informed (by letter) of the new rate proposal being submitted to IRAC.

The information being provided to you is as follows:

- Background information on the utility
- Statements of revenue and expenditures for water & sewage – shown with and without proposed rate increases
- Depreciation expense schedule (Schedule 9A)
- Long term amortization schedule
- Breakdown of current number of customers with assigned proportionate units
- Extract from the minutes of the Water & Sewage Commission meeting and Council meeting authorizing the submission of these rate increases
- Copy of the Victoria Water & Sewage Commission Bylaw
- Copy of the most recent audited financial statements
- Letter to utility customers informing them of proposed increases

If you require additional information or clarification on the application, please contact me at the above number.

Sincerely,

Hilary Price
Administrator

Enclosures

COMMUNITY OF VICTORIA
VICTORIA WATER & SEWAGE COMMISSION

BACKGROUND INFORMATION ON UTILITY

Water

The Victoria Water Utility began operation in July 1988 and had 76 customers. A water rate of \$177 per unit per annum was established at that time and that flat rate remained in effect until July 2000. During that period of time the utility was able to make sizeable payments to its bank loan and was operating with a surplus. Effective July 1, 2000 the utility reduced its flat rate to \$72 per unit per annum. Shortly after the rate decrease the utility experienced on-going water quality problems and increased the level of testing along with the installation of two chlorinators, one in 2001 and one in 2002. To help solve the water quality problems the Dept. of Environment recommended installing two new wells to meet the provincial standards. The new wells were installed and were in operation by July 2003. The utility received infrastructure funding for the installation of new wells (2/3 the cost). The utility's share of the project was \$14,791. Over the next several years the utility experienced a rise in expenditures replacing quite a few curb stops and the need to have a certified operator in place greatly increased salary costs. The utility took out an additional loan. In order to cover these additional costs, effective July 2004 the utility increased its flat water rate from \$85 per unit to \$140 per unit per annum and at that time had 80 customers (105.40 proportionate units for residential/commercial). In early 2012 the Community of Victoria council agreed to the utility's recommendation to expand the current pump house facilities and install a third well. The improvements to the pump house included a 21 square metre addition proposed to provide room for additional equipment and future expansion within the community; an HRV system, dehumidifier and sump pit was installed to improve the health and operation conditions within the building. There was also a replacement of all aging equipment within the pump house. The total cost of the project was approximately \$230,000 and was totally funded by the gas tax money received by the municipality. The pump house project has been completed and the utility will be bringing the third well on line in the spring of 2013.

By January 2013, the utility will have 91 customers (102.35 units for residential/commercial). The utility needs to raise the rates at this time due to the fact that it has been running a deficit for several years now and needs to be bring its finances to a break even situation. The utility will incur increased repairs and maintenance expenses over the next few years due to need to replace faulty meters and aging curbstops. The utility has not raised its water rate since 2004. The utility is proposing to raise its rate from \$140.00 per unit per annum to \$210.00 per unit per annum, effective January 1, 2013.

Sewage

The utility installed a central sewage system for the Community of Victoria commencing construction in 2007 and completed the project in May 2008. The central system is a state of art modular packed bed filter system which utilizes non-woven textile fabric for

wastewater treatment. Homes and businesses each have a tank on site which feed into the central system. This system is environmentally friendly and the Community of Victoria won a major national award for sustainable development for installing this system. The total cost of the project was approximately \$2.5 million – funding was received through the Canada/PEI Infrastructure program (two-thirds of the cost) and Federal Greenfunds program which gave the Community a grant of \$851,000 which covered the Community's portion of the costs. The Community did purchase a 26 acre parcel of land for \$68,000. This land was used for the location of the sewage plant. The Community took out a loan to cover the cost of purchase of land. Effective January 1, 2013 there will be \$47,000 outstanding on this loan (currently amortized over 17 years). Effective July 1, 2008 an interim sewage rate of \$375.00 per unit per annum was established and charged to customers hooked up to the central sewage system. The utility has maintained this interim sewage rate for the last 4+ years which has allowed it to get a good handle on its operating costs. The utility currently has 63 customers on the system (73 units for residential/commercial).

In reviewing the revenue and expenditures for year 2012, the utility is projecting a loss and with the projected increases in expenditures for 2013-2015, the utility is recommending a slight increase in the flat rate from \$375.00 per unit per annum to \$390.00 per unit per annum, to be effective January 1, 2013. This will allow the utility to continue to breakeven and build up a small reserve fund in out years.

Service Availability Charge

The utility is proposing an implementation of a Service Availability Charge on vacant lots that have access to service. This charge will not be assessed by length of frontage but will be charged per PID (property identifier) number. Implementing this service availability charge will enable the utility to spread the costs of maintaining the water and sewage systems between all property owners who have access to the system and it will enable the utility to keep the rates at a reasonable level on the customers currently utilizing the system. The utility is recommending a service availability charge at 50% of the proposed water and sewage rates (\$105 for water, \$195 for sewage).

Metered Charge

The utility's customers all have water meters installed. These meters were installed through funding the utility received from Greenfunds (part of the \$851,000 grant). The utility reviewed moving forward with a metered charge but has recommended to not do it at this time because the data that has been completed from the meter readings seems to be inconsistent (believed to be due to some faulty meters) and need to get more accurate data before moving forward on this. The utility will be looking towards having a water metered rate within the next few years.

Effective immediately, the utility is moving to billing on a quarterly basis versus the current semi-annual basis. Billings will go out at the beginning of January, April, July, and October.

Statement of Revenue and Expenditures (WITH RATE CHANGE)

91.00	# of Water Customers
102.35	# of Prop Units Billed
na	# of Feet of Frontage

PER YEAR	Current	Proposed	Diff %	Diff \$
Flat Rate	\$ 140	\$ 210	50	\$ 70.00
Ftg Rate/Ft	na	na	#VALUE!	#VALUE!

	Actual	Actual	Proj	WITH RATE CHANGE					
				2010	2011	2012	Proj 2013	Proj 2014	Proj 2015
REVENUES									
460 Unmetered Water Revenues	\$ 13,858	\$ 14,653	\$ 15,500	\$ 21,914	\$ 22,334	\$ 22,334			
461 Metered Water Revenues	-	-	-	-	-	-			
462 Fire Protection Revenues	-	-	-						
464 Other Sales to Public Authorities	-	-	-						
465 Sales to Irrigation Customers	-	-	-						
470 Delayed Payment Charges	4,628	1,830	1,000	2,000	2,000	2,000			
471 Service Availability Charge	-	-	-	3,780	3,780	3,780			
474 Other Water Revenues	870	556	600	600	600	600			
TOTAL REVENUES	\$ 19,356	\$ 17,039	\$ 17,100	\$ 28,294	\$ 28,714	\$ 28,714			
EXPENDITURES									
Operating									
600 Salaries and Wages – Oper Emp	\$ 8,208	\$ 4,167	\$ 4,350	\$ 6,000	\$ 6,000	\$ 6,000			
605 Materials and Supplies	-	-	-						
610 Repairs and Maintenance	3,108	3,969	5,000	5,000	5,000	5,000			
615 Rentals	-	-	-						
620 Power or Electricity	1,573	1,189	2,500	2,500	2,500	2,500			
625 Chemicals	-	-	-						
630 Water Testing and Analysis	3,763	3,234	3,200	3,200	3,200	3,200			
	16,652	12,559	15,050	16,700	16,700	16,700			
General									
750 Salaries and Wages – Admin Emp	3,563	3,458	3,375	4,000	4,000	4,000			
755 Employee Pensions and Benefits	-	-	-						
760 Office Supplies & Other Office Exp	-	110	100	100	100	100			
761 Interest and Bank Service Charges	168	187	200	200	200	200			
765 Contractual Services	1,247	4,541	3,400	1,750	1,750	1,750			
770 Transportation Expenses	-	128	1,000	1,000	1,000	1,000			
775 Insurance	521	615	700	720	740	740			
780 Amortization – Rate Case Expense	-	-	-						
785 Regulatory Commission Fees	358	358	358	370	370	370			
790 Miscellaneous Expenses	235	204	500	500	500	500			
795 Bad Debt Expense	1,760	1,004	250	250	250	250			
	7,852	10,605	9,883	8,890	8,910	8,910			
Other									
802 Small Tools Written Off	-	-	-						
803 Depreciation Expenses (Sch 9A)	1,112	1,285	1,285	1,285	1,285	1,285			
804 Interest on Long-Term Debt	-	-	-	171	134	97			
	1,112	1,285	1,285	1,456	1,419	1,382			
TOTAL EXPENDITURES	\$ 25,616	\$ 24,449	\$ 26,218	\$ 27,046	\$ 27,029	\$ 26,992			
Net Income (Loss) Year	\$ (6,260)	\$ (7,410)	\$ (9,118)	\$ 1,248	\$ 1,685	\$ 1,722			
Cumulative Surp (Def)	\$ -	\$ (7,410)	\$ (16,528)	\$ (15,281)	\$ (13,596)	\$ (11,874)			

Notes

- 2012 units billed 102.35, 2013 units billed 104.35, 2014 units billed 106.35
- 2012, Line 610 – present \$1500 + \$3000 leak at bridge + \$500 = \$5000
- 2013, Line 610 – allow for new water meters and upgrades to system
- 2013, Line 471 - 36 vacant serviced lots (36 x \$105 = \$3780)
- 2013, Line 600 - Increase in operator's wages to reflect extra work re collection of water meter data
- 2013, Line 750 - Increase in administrative wages to reflect extra work re quarterly billing vs. semi-annual billing
- 2013, Line 804 - Interest in long term debt - reflects 50% interest on water & sewage loan to the Community of Victoria

Statement of Revenue and Expenditures (WITH NO RATE CHANGE)

91.00	# of Water Customers
102.35	# of Prop Units Billed
na	# of Feet of Frontage

PER YEAR	Current	Proposed	Diff %	Diff \$
Flat Rate	\$ 140	\$ 140	0	\$ -
Ftg Rate/Ft	na	na	#VALUE!	#VALUE!

		Actual	Actual	Proj	WITH RATE CHANGE		
		2010	2011	2012	Proj	Proj	Proj
					2013	2014	2015
REVENUES							
460	Unmetered Water Revenues	\$ 13,858	\$ 14,653	\$ 15,500	\$ 14,609	\$ 14,889	\$ 15,169
461	Metered Water Revenues	-	-	-	-	-	-
462	Fire Protection Revenues	-	-	-	-	-	-
464	Other Sales to Public Authorities	-	-	-	-	-	-
465	Sales to Irrigation Customers	-	-	-	-	-	-
470	Delayed Payment Charges	4,628	1,830	1,000	2,000	2,000	2,000
471	Service Availability Charge	-	-	-	-	-	-
474	Other Water Revenues	870	556	600	600	600	600
TOTAL REVENUES		\$ 19,356	\$ 17,039	\$ 17,100	\$ 17,209	\$ 17,489	\$ 17,769
EXPENDITURES							
Operating	600 Salaries and Wages – Oper Emp	\$ 8,208	\$ 4,167	\$ 4,350	\$ 6,000	\$ 6,000	\$ 6,000
	605 Materials and Supplies	-	-	-	-	-	-
	610 Repairs and Maintenance	3,108	3,969	5,000	5,000	5,000	5,000
	615 Rentals	-	-	-	-	-	-
	620 Power or Electricity	1,573	1,189	2,500	2,500	2,500	2,500
	625 Chemicals	-	-	-	-	-	-
	630 Water Testing and Analysis	3,763	3,234	3,200	3,200	3,200	3,200
		16,652	12,559	15,050	16,700	16,700	16,700
General	750 Salaries and Wages – Admin Emp	3,563	3,458	3,375	4,000	4,000	4,000
	755 Employee Pensions and Benefits	-	-	-	-	-	-
	760 Office Supplies & Other Office Exp	-	110	100	100	100	100
	761 Interest and Bank Service Charges	168	187	200	200	200	200
	765 Contractual Services	1,247	4,541	3,400	1,750	1,750	1,750
	770 Transportation Expenses	-	128	1,000	1,000	1,000	1,000
	775 Insurance	521	615	700	720	740	740
	780 Amortization – Rate Case Expense	-	-	-	-	-	-
	785 Regulatory Commission Fees	358	358	358	370	370	370
	790 Miscellaneous Expenses	235	204	500	500	500	500
795 Bad Debt Expense	1,760	1,004	250	250	250	250	
		7,852	10,605	9,883	8,890	8,910	8,910
Other	802 Small Tools Written Off	-	-	-	-	-	-
	803 Depreciation Expenses (Sch 9A)	1,112	1,285	1,285	1,285	1,285	1,285
	804 Interest on Long-Term Debt	-	-	-	171	134	97
		1,112	1,285	1,285	1,456	1,419	1,382
TOTAL EXPENDITURES		\$ 25,616	\$ 24,449	\$ 26,218	\$ 27,046	\$ 27,029	\$ 26,992
Net Income (Loss) Year		\$ (6,260)	\$ (7,410)	\$ (9,118)	\$ (9,837)	\$ (9,540)	\$ (9,223)
Cumulative Surp (Def)		\$ -	\$ (7,410)	\$ (16,528)	\$ (26,365)	\$ (35,905)	\$ (45,128)

Notes

- 2012 units billed 102.35, 2013 units billed 104.35, 2014 units billed 106.35
- 2012, Line 610 – present \$1500 + \$3000 leak at bridge + \$500 = \$5000
- 2013, Line 610 – allow for new water meters and upgrades to system
- 2013, Line 600 - Increase in operator's wages to reflect extra work re collection of water meter data
- 2013, Line 750 - Increase in administrative wages to reflect extra work re quarterly billing vs. semi-annual billing
- 2013, Line 804 - Interest in long term debt - reflects 50% interest on water & sewage loan to the Community of Victoria

Statement of Revenue and Expenditures (WITH RATE CHANGE)

63	# of Sewer Customers
73.00	# of Prop Units Billed
	# of Feet of Frontage

PER YEAR	Current	Proposed	Diff %	Diff \$
Flat Rate	\$ 375	\$ 390	4	\$ 15.00
Ftg Rate/Ft			#DIV/0!	\$ -

		Actual	Actual	Proj	WITH RATE CHANGE		
		2010	2011	2012	Proj	Proj	Proj
					2013	2014	2015
REVENUES							
	521 Flat Rate Revenues	\$ 27,128	\$ 27,593	\$ 26,944	\$ 29,250	\$ 30,030	\$ 30,810
	522 Measured Revenues	-	-	-	-	-	-
	523 Revenues from Public Authorities	-	-	-	-	-	-
	525 Interdepartmental Revenues	-	-	-	-	-	-
	530 Service Availability Charge	-	-	-	2,925	2,925	2,925
	531 Sale of Sludge	-	-	-	-	-	-
	532 Delayed Payment Charges	1,689	1,830	2,000	2,000	2,000	2,000
	534 Rents from Sewer Property	-	-	-	-	-	-
	536 Other Sewer Revenues	-	-	-	-	-	-
	TOTAL REVENUES	\$ 28,817	\$ 29,423	\$ 28,944	\$ 34,175	\$ 34,955	\$ 35,735
EXPENDITURES							
Operating	700 Salaries and Wages – Oper Emp	\$ 9,500	\$ 8,400	\$ 8,400	\$ 10,500	\$ 10,500	\$ 10,500
	705 Materials and Supplies	-	132	300	300	300	300
	710 Repairs and Maintenance	7,802	5,922	8,000	9,000	9,000	9,000
	715 Rentals	-	-	-	-	-	-
	720 Power or Electricity	3,483	3,439	5,100	5,500	5,500	5,500
	725 Chemicals	-	-	-	-	-	-
		20,785	17,893	21,800	25,300	25,300	25,300
General	750 Salaries and Wages – Admin Emp	2,909	3,458	3,375	3,500	4,000	4,000
	755 Employee Pensions and Benefits	-	-	-	-	-	-
	760 Office Supplies and Other	-	-	50	50	50	50
	761 Interest and Bank Service Charges	1,303	187	200	200	200	200
	765 Contractual Services	2,869	1,639	3,400	1,750	1,750	1,750
	770 Transportation Expenses	-	-	-	-	-	-
	775 Insurance	522	615	700	720	740	740
	780 Amortization – Rate Case Expense	-	-	-	-	-	-
	785 Regulatory Commission Fees	358	358	359	370	370	370
	790 Miscellaneous Expenses	3,693	587	500	500	500	500
795 Bad Debt Expense	-	-	250	250	250	250	
		11,654	6,844	8,834	7,340	7,860	7,860
Other	902 Small Tools Written Off	-	-	-	-	-	-
	903 Depreciation Expenses (Sch 9A)	183	193	193	193	193	193
	904 Interest on Long-Term Debt	-	1,285	1,200	1,436	1,337	1,238
		183	1,478	1,393	1,629	1,530	1,431
	TOTAL EXPENDITURES	\$ 32,622	\$ 26,215	\$ 32,027	\$ 34,269	\$ 34,690	\$ 34,591
	Net Income (Loss) Year	\$ (3,805)	\$ 3,208	\$ (3,083)	\$ (94)	\$ 265	\$ 1,144
	Cumulative Surp (Def)	\$ -	\$ 3,208	\$ 125	\$ 31	\$ 296	\$ 1,440

Notes

- 2012 units billed 73, 2013 units billed 75, 2014 units billed 77, 2015 units billed 79
- 2013, Line 530 – 15 vacant lots (15 x \$195.00 = \$2925)
- 2013, Line 700 – Increase in operator’s wages as per contract
- 2013, Line 710 – Increase in repairs & maintenance to incorporate extra maintenance work at the plant plus removal of sludge
- 2013, Line 750 – Increase in administrative wages to reflect extra work for quarterly billing vs. semi annual billing
- 2013, Line 904 – Interest on long term debt – reflects 50% interest on water & sewage loan to the Community of Victoria

Statement of Revenue and Expenditures (WITHOUT RATE CHANGE)

63	# of Sewer Customers
73.00	# of Prop Units Billed
	# of Feet of Frontage

PER YEAR	Current	Proposed	Diff %	Diff \$
Flat Rate	\$ 375	\$ 375	0	\$ -
Ftg Rate/Ft			#DIV/0!	\$ -

			WITH RATE CHANGE			
	Actual 2010	Actual 2011	Proj 2012	Proj 2013	Proj 2014	Proj 2015
REVENUES						
521 Flat Rate Revenues	\$ 27,128	\$ 27,593	\$ 26,944	\$ 28,125	\$ 28,875	\$ 29,625
522 Measured Revenues	-	-	-	-	-	-
523 Revenues from Public Authorities	-	-	-	-	-	-
525 Interdepartmental Revenues	-	-	-	-	-	-
530 Service Availability Charge	-	-	-	-	-	-
531 Sale of Sludge	-	-	-	-	-	-
532 Delayed Payment Charges	1,689	1,830	2,000	2,000	2,000	2,000
534 Rents from Sewer Property	-	-	-	-	-	-
536 Other Sewer Revenues	-	-	-	-	-	-
TOTAL REVENUES	\$ 28,817	\$ 29,423	\$ 28,944	\$ 30,125	\$ 30,875	\$ 31,625
EXPENDITURES						
Operating						
700 Salaries and Wages – Oper Emp	\$ 9,500	\$ 8,400	\$ 8,400	\$ 10,500	\$ 10,500	\$ 10,500
705 Materials and Supplies	-	132	300	300	300	300
710 Repairs and Maintenance	7,802	5,922	8,000	9,000	9,000	9,000
715 Rentals	-	-	-	-	-	-
720 Power or Electricity	3,483	3,439	5,100	5,500	5,500	5,500
725 Chemicals	-	-	-	-	-	-
	20,785	17,893	21,800	25,300	25,300	25,300
General						
750 Salaries and Wages – Admin Emp	2,909	3,458	3,375	3,500	4,000	4,000
755 Employee Pensions and Benefits	-	-	-	-	-	-
760 Office Supplies and Other	-	-	50	50	50	50
761 Interest and Bank Service Charges	1,303	187	200	200	200	200
765 Contractual Services	2,869	1,639	3,400	1,750	1,750	1,750
770 Transportation Expenses	-	-	-	-	-	-
775 Insurance	522	615	700	720	740	740
780 Amortization – Rate Case Expense	-	-	-	-	-	-
785 Regulatory Commission Fees	358	358	359	370	370	370
790 Miscellaneous Expenses	3,693	587	500	500	500	500
795 Bad Debt Expense	-	-	250	250	250	250
	11,654	6,844	8,834	7,340	7,860	7,860
Other						
902 Small Tools Written Off	-	-	-	-	-	-
903 Depreciation Expenses (Sch 9A)	183	193	193	193	193	193
904 Interest on Long-Term Debt	-	1,285	1,200	1,436	1,337	1,238
	183	1,478	1,393	1,629	1,530	1,431
TOTAL EXPENDITURES	\$ 32,622	\$ 26,215	\$ 32,027	\$ 34,269	\$ 34,690	\$ 34,591
Net Income (Loss) Year	\$ (3,805)	\$ 3,208	\$ (3,083)	\$ (4,144)	\$ (3,815)	\$ (2,966)
Cumulative Surp (Def)	\$ -	\$ 3,208	\$ 125	\$ (4,019)	\$ (7,834)	\$ (10,800)

Notes

- 2012 units billed 73, 2013 units billed 75, 2014 units billed 77, 2015 units billed 79
- 2013, Line 700 – Increase in operator's wages as per contract
- 2013, Line 710 – Increase in repairs & maintenance to incorporate extra maintenance work at the plant plus removal of sludge
- 2013, Line 750 – Increase in administrative wages to reflect extra work for quarterly billing vs. semi annual billing
- 2013, Line 904 – Interest on long term debt – reflects 50% interest on water & sewage loan to the Community of Victoria

Schedule 9A - Water

Mu Community of Victoria

**Sewer and/or Water Capital and Loan Fund
Analysis of Water System
Schedule of Depreciation
Year Ended December 31, 2011 2011**

	1	2	3	4	5	6	7	8	9	10
				(1 + 2 - 3)		(4 x 5)			(6 + 7 - 8)	(4 - 9)
	Cost	Additions	Deductions	Cost	Depreciation	Depreciation	Depreciation	Deductions	Depreciation	Undepreciated
	January 1			December 31	Rate		Reserve	to	Reserve	Cost
							January 1	Reserve	December 31	December 31
					%					
Source of Supply Plant										
303 Land and Land Rights	\$	\$	\$	\$		\$	\$	\$	\$	\$
304 Structures and Improvements	25,385			25,385	1.20	305	305		610	24,775
305 Collecting & Impounding Reservoirs										
307 Wells and Springs	39,925			39,925	1.20	479	3832		4,311	35,615
309 Supply Mains										
Other (Specify)										
Pumping Plant										
303 Land and Land Rights										
304 Structures and Improvements	51,522			52,522	1.20	618	18,142		18,760	32,762
311 Pumping Equipment										
Other (Specify)										
Water Treatment Plant										
320 Water Treatment Equipment										
Other										
Transmission and Distribution Plant										
303 Land and Land Rights										
331 Transmission & Distribution Mains	162,605			162,605	1.20	1,951	40,266		42,217	120,388
333 Services	27,165			27,165	2.00	543	11,572		12,115	15,050
334 Meters & Meter Installations	25,535			25,535	5.00	1,277	3,831		5,108	20,427
335 Hydrants										
Other (Specify)										
General Plant										
340 Office Furniture and Equipment										
341 Transportation Equipment										
342 Stores Equipment										
343 Tools, Shop and Garage Equipment										
347 Miscellaneous Equipment										
348 Other Tangible Property										
Other (Specify)										
Totals	332,138	\$	\$	332,138	-	5,173	77,948	\$	83,121	249,017

Less: Amortization - Contributions in Aid of Construction
(Taken from Column 6 of Schedule 9B - Water) 3,888

Net Depreciation Line 803 **1,285**

Schedule 9A - Sewer

Mu Community of Victoria

**Sewer and/or Water Capital and Loan Fund
Analysis of Sewer System
Schedule of Depreciation
Year Ended December 2011**

	1	2	3	4	5	6	7	8	9	10
				(1 + 2 -3)		(4 x 5)			(6 + 7 - 8)	(4 - 9)
	Cost		Deductions	Cost	Depreciation	Depreciation	Depreciation	Deductions	Depreciation	Undepreciated
	January 1	Additions		December 31	Rate	Depreciation	Reserve	to	Reserve	Cost
							January 1	Reserve	December 31	December 31
Collection Plant										
	\$	\$	\$	\$	%	\$	\$	\$	\$	\$
353 Land and Land Rights										
354 Structures and Improvements										
360 Collection Sewers, Force, Gravity and Special	597,863			597,863	1.20	7,174	21,458		28,632	569,231
389 Other Miscellaneous Equipment	18,023			18,023	5.00	901	2,708		3,604	14,419
Other (Specify)										
System Pumping Plant										
353 Land and Land Rights	68,000			68,000			0			68,000
354 Structures and Improvements	950,146			950,146	1.20	11,402	34,104		45,506	904,640
371 Pumping Equipment										
389 Other Miscellaneous Equipment										
Other (Specify)										
Treatment and Disposal Plant										
380 Treatment and Disposal Equipment	804,978	49,036		854,014	1.20	10,248	28,892		39,140	814,874
381 Plant Sewers										
382 Outfall Sewer Lines										
389 Other Miscellaneous Equipment	83,860			83,860	5.00	4,193	12,579		16,772	67,088
Other (Specify)										
General Plant										
390 Office Furniture and Equipment										
391 Transportation Equipment										
392 Stores Equipment										
393 Tools, Shop and Garage Equipment										
Other (Specify)										
Totals	2,522,870	49,036		2,571,906		33,918	99,736	\$	133,654	2,438,252

Less: Amortization - Contributions in Aid of Construction

(Taken from Column 6 of Schedule 9B - Sewer) 33,725

Net Depreciation Line 903 193

LONG TERM AMORTIZATION SCHEDULE

Loan for Central Sewage System

Loan amount:

47,000 \$

Amortization Schedule

Loan term:

17 years

Interest rate:

2.75 % current rates

Start date:	Date	Interest	Principal	Balance
Jan 2013	2013	\$1,264.92	\$2,199.32	\$44,800.68
	2014	\$1,203.67	\$2,260.57	\$42,540.11
	2015	\$1,140.71	\$2,323.52	\$40,216.59
	2016	\$1,076.00	\$2,388.23	\$37,828.35
	2017	\$1,009.49	\$2,454.74	\$35,373.61
	2018	\$941.13	\$2,523.11	\$32,850.50
	2019	\$870.86	\$2,593.37	\$30,257.13
	2020	\$798.64	\$2,665.60	\$27,591.53
	2021	\$724.41	\$2,739.83	\$24,851.70
	2022	\$648.10	\$2,816.13	\$22,035.57
	2023	\$569.68	\$2,894.56	\$19,141.01
	2024	\$489.06	\$2,975.17	\$16,165.83
	2025	\$406.21	\$3,058.03	\$13,107.80
	2026	\$321.04	\$3,143.19	\$9,964.61
	2027	\$233.51	\$3,230.73	\$6,733.88
	2028	\$143.53	\$3,320.70	\$3,413.18
	2029	\$51.06	\$3,413.18	\$0.00

Loan to Community of Victoria (split 50% water, 50% sewer)

Loan amount:

25,000 \$

Amortization Schedule

Loan term:

5 years

Interest rate:

1.5 % c

Start date:	Date	Interest	Principal	Balance
Jan 2013	2013	\$341.74	\$4,851.23	\$20,148.77
	2014	\$268.47	\$4,924.50	\$15,224.27
Amortization:	2015	\$194.09	\$4,998.88	\$10,225.40
<input type="radio"/> show by month	2016	\$118.59	\$5,074.38	\$5,151.02
<input checked="" type="radio"/> show by year	2017	\$41.95	\$5,151.02	\$0.00

WATER & SEWAGE COMMISSION
CUSTOMER BILLING LIST - WATER & SEWAGE
RESIDENTIAL/COMMERCIAL OR COMMERCIAL PROPERTIES

<u>Proportionate</u>	<u>Water Charge</u>	<u>Sewer Charge</u>
<u>Rate Charged</u>	<u>(12 mos.)</u>	<u>(12 mos.)</u>
1	210	390
2.05	430.5	799.5
2.5	525	975
.1	210	390
1	210	390
4.05	850.5	1579.5
1	210	390
1	210	390
4.2	882	1638
1	210	390
1	210	0
it 0.75	157.5	292.5
2	420	780
arg 1	210	390
1.3	273	507
1	210	0
<u>25.85</u>	<u>5428.5</u>	<u>9301.5</u>

TOTAL

MUNICIPAL PROPERTIES

<u>Address</u>	<u>PID #</u>	<u>Billing Name</u>	<u>Proportionate Rate Charged</u>	<u>Water Charge (12 mos.)</u>	<u>Sewer Charge (12 mos.)</u>
			1.5	315	0
			1.5	315	585
			1.5	315	585
			1	210	390
			1	210	390
<u>TOTAL</u>			<u>6.5</u>	<u>1365</u>	<u>1950</u>

VICTORIA WATER & SEWAGE COMMISSION
MEETING - FRIDAY, NOVEMBER 2, 2012
9:30 A.M. – VICTORIA GLASS STUDIO BOARDROOM

Present: Chairperson Stephen Hunter
Commissioners Pat Smith, Henry Dunsmore, Nancy Stunden Smith
Consultant (hired to do rate study) – Derek French
Administrator Hilary Price

Absent: Commissioner Ben Smith

Chairperson Stephen Hunter called the meeting to order. Noted that the reason for meeting was to review the proposed rate study. Derek French presented the findings of the study to the Commission. Points reviewed and agreed upon at this meeting were as follows:

Re Water Rate

- Re the water rate – looked at revenues and expenditures for actual years 2010 and 2011 and projected years 2012 through 2015 and noted that need to look at a sizeable increase in the water rate in order to offset continuing deficits. It was agreed to increase the flat rate from \$140 per year per unit to \$210 per year per unit, to be effective January 1, 2013. The Commission noted that the utility's balance sheet for water has been in a deficit position for quite a few years due to not enough revenue coming in to offset expenses and need to start getting back to operating without a deficit. Commission agreed need to do this gradually over the next few years.
- Need to make sure budgeting and projecting for a reasonable amount for repairs and maintenance to the water system over the next few years. Noted that there will be a big expense coming up this year for the water pipe that needs to be fixed on the Causeway (pipe going over the bridge) – this could be around \$3,000. Next year also need to fix, replace and add some water meters to the system. The water system is now 25 years old and can anticipate that in out years that repairs and maintenance to the system will only increase. The projected figures look okay. Other expenditures for water were also reviewed and the Commission agreed with the projected expenditures.
- Also agreed that need to defer going to a metered rate due to the fact that some of the meters are not working, some people do not have meters and the data currently have available is inconsistent. The Commission will review going to a metered rate in 2014. The Commission is hoping that an eventual move to a metered rate will lower water rate charges to property owners who conserve water
- Noted that on the revenue side, projected increasing the number of units charged over the next few years due to new homes being built. There currently are 88 water customers combining for a total of 101.35 commercial and residential units.
- Also on the revenue side, the Commission agreed to implement a Service Availability charge on vacant properties that have access to the water service. This will be a set charge by per individual parcel identifier number and this charge will be 50% of the proposed new flat rate for water i.e. \$105 per year. There are currently 30 serviced vacant properties throughout the community that are serviced for water.
- Derek French noted that when comparing our proposed rate with other Municipalities throughout PEI, we are very comparable. The average water rate as shown by IRAC's data is \$221 per year per unit, approximately 5% higher than our proposed \$210 rate per year per unit.

Re Sewer Rate

- Re the sewer rate, the Commission reviewed the revenue and expenditures. It showed the actual financials for 2010 and 2011, and projected financials for 2012 through 2015.

- There are currently 61 sewer customers combining for a total of 73 commercial and residential units. Looking at increasing this number in years 2013 through 2015 reflecting the increase in new homes being built.
- Commission reviewed the proposed increase in revenue and expenditures for the years 2013 and 2015 as presented by Derek French. It was agreed to raise the rate from \$375 per year per unit to \$390 per year per unit, to be effective January 1, 2013.
- It was agreed to charge a service availability charge to owners that have serviced vacant properties throughout the Community, and that vacant properties will be charged by individual parcel identifier (PIDs) numbers. This service availability charge will amount to 50% of proposed new flat rate i.e. \$195 charge per year and will take effect January 1, 2013. There are currently 14 serviced vacant properties throughout the Community for sewer.
- These increases in revenue will help balance our increase in operating expenditures and will project a small budget surplus by 2015.
- When comparing our proposed sewer rate with other municipalities throughout PEI, we are above average. The average sewer rate as shown by data provided by IRAC is \$280 per year per unit, approximately 40% lower than our proposed \$390 per year. The major factor contributing to this high rate is the small population base supporting the sewage system's costs..

Motion moved that recommend to council that we increase the water rate from \$140 per year to \$210 per year effective January 1, 2013 and raise the sewage rate from \$375 per year to \$390 per year effective January 1, 2013. Motion moved by Henry Dunsmore, and seconded by Nancy Stunden. Motion carried.

Motion moved that we recommend to council the implementation of a water service availability charge on individual undeveloped serviced parcels of land with a current PID (parcel identifier) number. This charge will be 50% of the proposed 2013 flat rate for water. Motion moved by Pat Smith, and seconded by Henry Dunsmore. Motion carried.

Motion moved that we recommend to council the implementation of a sewer service availability charge on individual undeveloped serviced parcels of land with a current PID (parcel identifier) number. This charge will be 50% of the proposed 2013 flat rate for sewer. Motion moved by Pat Smith, and seconded by Henry Dunsmore. Motion carried.

On a separate issue, administrator Hilary Price reviewed the overdue customer accounts with the Commission. It was agreed to send out the necessary letters to overdue customers.

Administrator Hilary Price also reviewed the quote received from Toombs Plumbing and Heating regarding the repair to the leak of the waterline on the Causeway Bridge. It was noted that this quote was for \$2,577.75 and was based on 5 hours work. It was pointed out that if this work takes more than 5 hours then the amount would increase by the numbers of extra hours needed to complete the work. The Commission authorized Hilary Price to request that Toombs Plumbing go ahead and do the work.

Meeting adjourned.

Meeting notes prepared by Administrator Hilary Price

COMMUNITY OF VICTORIA
COUNCIL MEETING
MONDAY, NOVEMBER 5, 2012
7:00 P.M. – PALMER ROOM

Present: Chairperson Ben Smith (beginning of the meeting)
Councillors Pat Smith, Henry Dunsmore, Bruce Gough, Stephen Hunter
Administrator Hilary Price

Chairperson Ben Smith called the meeting to order at 7:30 p.m. and noted that he would be leaving the meeting and assigned councillor Pat Smith take over as the chair for the remainder of the meeting.

Approval of Agenda

Add under “New Business” – Green space access by construction workers

Motion moved to accept the agenda for November 5 meeting with the addition of green space access. Motion moved, and seconded. Motion carried.

Approval of Minutes (October 15, 2012)

On page 1 typo under section for Leards Front Range Lighthouse – should read 10.22 a.m. and not p.m.

On page 3 under review meeting with CDC, the following sentence should include the word “it” – “CDC also stated that it still has money available from sale of building on Victoria Wharf and would like to see this money put to good use for a project within Victoria”.

On page 5 under section re payment of invoice add words “they” and “its” that are underlined in the following sentences: “Council members noted that they had never given authorization to pay for a needs assessment and that previous discussion at Council meeting had been to get an estimate for the work that needed to be done. Council had initially provided its own list of work that needed to be done at the Leards Range lighthouse prior to obtaining the lighthouse from the Federal Government...”

Motion moved that we approve the minutes for the October 15 Council meeting with noted additions. Motion moved, and seconded. Motion carried.

Business Arising from Minutes

Discussion with Mallard Painting re repairs and maintenance at Leards Front Range Lighthouse – Administrator Hilary Price noted that she has met with Wade Clements, Mallard painting and noted that Mr. Clements is currently working on another project and would get back to the Community when he would be available to start. Administrator noted that she needs to prepare a contract for this work.

Update on meeting with B. Boyle re Victoria Park/public information meeting (CDC) – Council reviewed the email received from Brenda Boyle noting that the Province would be prepared to demolish or tender the building, remove fence and swings should that be the decision of the Community. The email also noted that the Province is not able to fund additional shoreline protection. In reviewing this memo, Council stated that there had been no mention of the septic system and how this would be decommissioned, and that question would need to be asked once a decision has been made regarding the park. Council also discussed the possibility of having the park land transferred to the Community for \$1.00 with a reversionary clause that the Community could not sell the property but would revert back to the Province if no longer required. Council agreed that needed to have a public meeting to get feedback from residents regarding the Victoria Park, and also some of the other properties that Council will need to make budget decisions on next year such as the Old School and the green space area in the Dunrovin Shore subdivision. It was agreed that Council would meet as a Committee of Whole on November 14 to discuss and prepare talk sheets to review at the December 3 Council meeting regarding future planning on these properties, and at the December 3 meeting Council will open up this discussion for public input from the floor. It was agreed to contact Central Development Corporation to see if personnel wanted to be in attendance at the December 3 meeting to

give a presentation on a proposed legacy fund. It was also agreed that a letter should be sent out to residents informing them of this meeting, and requesting written comments from residents not able to attend the meeting.

Chairman's Report - No report this month.

Committee Reports

Water Test Summary – Councillor Stephen Hunter reviewed the water test summary with councillors and noted that well #2 is still showing high background growth and is being flushed and also indicated there are high residue amounts of chlorine in lines due to flushing. Question was asked on depth of wells. Councillor Hunter noted that well #1 is deeper than well #2. He noted that well #2 has been experiencing problems ever since the pump was pulled for maintenance. He noted that flushing takes place at the well house.

Water & Sewage Commission – Councillor Stephen Hunter, chair of the Water & Sewage Commission noted that at the October 17 Commission meeting it was agreed to delay hooking up the third well until the Spring and look at storm water draining and infilling the ditches close to the wells. He noted that once the third well is hooked up, it will not take a lot of time for the system to come on line, stating that the well needs to be tested, flushed and have two clear tests prior to bringing it on line which should take about a week. He also noted that there has been a leak detected in the water line running across the Causeway bridge and this is going to be fixed.

Water & Sewage Rate Study – application to IRAC. Councillor Hunter noted that the Commission held a meeting on November 2 to review the rate study for proposed increase in the rates. Councillor Hunter stated that the Commission is recommending that the water rate increase from \$140 per unit per year to \$210 per unit per year and that the sewage rate increase from \$375 per unit per year to \$390 per unit per year. The Commission also recommended implementing a service availability charge for vacant properties that have access to water and sewage and that this service availability charge would be 50% of the proposed new water and sewage rates. The Commission is recommending that these rate changes be effective January 1, 2013. Council reviewed the documentation regarding the rate review. Councillor Hunter made the following points:

- The Water & Sewage utility has been operating in a deficit situation for several years and need to look at breaking even.
- The Commission looked at different options regarding increasing the rate on water – go with a one time increase now or have several increases phased in over the next few years – recommendation was to go with one time increase.
- The Commission recommended the implementation of a service availability charge. Under IRAC's rules and regulations a utility can charge a frontage fee on vacant lots that have access to water and sewage services. Frontage fees or service availability charges are in effect in other municipalities. It was recommended by the Commission not to charge based on amount of frontage but just to charge by property identifier number. This was felt to be a fairer way and would not impede development.
- Councillor Hunter reviewed the utility's proposed rates in comparison to other municipal rates across PEI. He noted that the increased rates were still reasonable.
- Long term objective of utility is to maintain a balanced budget.
- It was noted that the Commission looked at introducing a metered rate but decided against it at this time due to problems with some of the water meters not working properly and not having a solid baseline of data on which to base a decision. The Commission will look at introducing a metered rate once it has sufficient solid data on which to base its decision on. The Commission feels that a metered rate would be a good idea as it encourages people to conserve water.

Council was in agreement with these proposed rates and made the following motions to move forward with an application to IRAC.

Motion moved that council make application to IRAC to increase the water rate from \$140 per year to \$210 per year effective January 1, 2013 and raise the sewage rate from \$375 per year to \$390 per year effective January 1, 2013. Motion moved, and seconded. Motion carried.

No further discussion on motion.

Motion moved that council make application to IRAC to implement a water service availability charge on individual undeveloped serviced parcels of land with a current PID (parcel identifier) number. This charge will be 50% of the proposed 2013 flat rate for water, and will be effective January 1, 2013. Motion moved, and seconded. Motion carried.

No further discussion on motion.

Motion moved that council make application to IRAC to implement a sewer service availability charge on individual undeveloped serviced parcels of land with a current PID (parcel identifier) number. This charge will be 50% of the proposed 2013 flat rate for sewer, and will be effective January 1, 2013. Motion moved, and seconded. Motion carried.

No further discussion on motion.

Planning Board – Councillor Bruce Gough, chair of Planning Board gave a report. He noted that an application for a subdivision has only just come to our Development Officer and Council's notice (within the past few days) and, since it concerns the subdivision into more than four lots, it falls under the category of a major development. Councillor Gough stated that he feels that it is best at this time for Planning Board to get together with our Development Officer to study the proposal and make a recommendation to council as to whether a public meeting is needed. Council agreed with Mr. Gough and requested that Planning Board/Development Officer review this subdivision proposal and get back to council with a recommendation.

Public Works – Councillor Pat Smith, chair of Public Works committee, noted that need to acknowledge that previous chairperson Ben Smith did a lot of work around the community on a volunteer basis and now need to get a local person to do all these odd jobs. Also discussed lease situation on some of the community properties and need to review these leases early on in 2013.

Community Events – No report this month.

Alternative Energy Committee – No report this month.

FPEIM – No report this month.

Financial Report – Administrator Hilary Price reviewed the financial report for the community for the month ending September 30, 2012. No questions were asked regarding the report but council did discuss electrical costs and agreed to defer having the street lights turned on in Dunrovin Shores subdivision until the houses being built there are completed and ready to be lived in. Also mentioned that the lights outside the Community Hall, noting that they don't appear to be going on and off at the appropriate times. Council to check the timer on the lights following this meeting.

Motion moved to accept financial report for September 30, 2012. Motion moved, and seconded. Motion carried.

Administrator's Report – Administrator Hilary Price gave a report on the following issues:

- Update on green space maintenance/trees – She noted that the green space area has been cleared but she has not yet heard back when the trees will be planted, but noted that if the contractor does not get to planting the trees within the next few weeks then it will be too late and will have to be delayed until next Spring.
- Snow Removal Tender – She noted that Alan MacQuarrie has requested he be able to tender for the snow removal job for the Community buildings, and that he mentioned that Western Fall was no longer doing this business. Administrator has still not received a quote from Alan MacQuarrie but will confirm with council when received. Council requested that the administrator try and get another quote.

- Nominations for Queens Jubilee Medal – It was noted that she had heard back from councillor Bruce Gough regarding a possible nominee for this medal and it was agreed that an application be made to FCM regarding this person. Administrator will prepare application with input from Councillor Gough.

In/Out Correspondence

Council reviewed the in/out correspondence as noted below:

Email from PEI 2014 re fund (9/9) – Council agreed to review the file and discuss possible implementation as it relates to source of funding for Community projects. It was noted that the Victoria Historical Society might consider this as a good source of funding for projects. Councillor Pat Smith to follow up with the Victoria Historical Society.

Email from J. Dewey FPEIM re update on fire services study (10/25) – Administrator Hilary Price noted that the FPEIM has requested that she review the draft terms of reference for the fire services study and requested that councillor Bruce Gough, as council representative with the Fire Department, help her complete this.

Email from K. McGregor re Health PEI's second Annual General Meeting (10/25) – Information only. Notice posted on notice board.

Email from FCM re President's Corner Update (10/25) – Information only.

Email from FCM newsletter for week of October 22 (10/26) – Information only.

Letter sent to Minister Vessey re speeding (10/31) – Information only.

Email from FCM newsletter for week of October 29 (11/2) – Information only.

New Business

Green space access by construction workers – Councillor Pat Smith noted that construction workers have been using the Community's green space to access work that is being done on the house on lot #1 and she enquired as to whether they have received permission to do this. Administrator Hilary Price noted that permission had not been received but that she would follow up with the contractor to make him aware of the situation.

Public Input

The following questions/comments were raised by the public:

- Are the washrooms on the waterfront open year round? It was noted that they are only open during the summer months and that the Community has to drain the system when not in use in order to prevent frozen pipes.
- It was mentioned that the Lighthouse should also be included in the discussion to review future plans for some Community properties at the December 3 meeting. Council noted that would be a good idea and agreed to include it.

Motion moved to adjourn. Motion moved, and seconded. Motion carried.

Meeting adjourned at 9:50 p.m. Next regular council meeting scheduled for Monday, December 3, 2012 at 7:00 p.m. in the Palmer Room.

Submitted – Hilary Price – Administrator

Approved – Pat Smith (acting chairperson)

VICTORIA WATER AND SEWAGE UTILITY BY-LAW

This By-law is made pursuant to Section 38(1) of the *MUNICIPALITIES ACT*, R.S.P.E.I., 1988, Cap. M-13 and amendments thereto.

Whereas the Council of Victoria has determined that it will provide water distribution and purification as well as sewage collection and treatment within and for the Municipality and has determined to make a By-law with respect thereto;

BE IT ENACTED BY THE COUNCIL for the Community of Victoria as follows:

I. TITLE

This By-law shall be known and may be cited as the Victoria Water and Sewage Utility By-law (being By-law #2 of the said Community).

II. DEFINITIONS

In this By-law:

- III. "Corporation" means the Victoria Water and Sewage Commission as established herein;
- IV. "Council" means the Council for the Community of Victoria;
- V. "Customer" means a person, firm or corporation who or which requests, or is supplied with, water and sewage services at a specific location or locations;
- VI. "Director" means a member of the Corporation and includes the Chairman of the Corporation (as designated by paragraph IV(ii)(b) of this By-law);
- VII. "Municipality" means the Municipality or Community of Victoria.

VIII. SCOPE AND APPLICATION

This By-law applies to the establishment of a municipal system for water distribution and purification as well as a municipal system for sewage collection and treatment and the establishment of the Corporation for the Municipality.

IX. THE CORPORATION

- X. There is hereby established a water and sewage utility corporation, the name of which shall be the Victoria Water and Sewage Commission.
- XI. The Corporation shall be accountable to the Council and shall be composed of not less than four members to be appointed by the Council from time to time from amongst the residents of the Municipality.
- XII. One of the members of the Corporation shall be designated as its "Chair"; and such Chair shall be the chief executive officer of the Corporation and shall have supervision over and direction of the work and any staff of the Corporation.

- XIII. At least one member of the Corporation shall also be a member of the Council.
- XIV. The members of the Corporation shall each have a term of office which corresponds to the term(s) of office of the member(s) of Council who is (are) also member(s) of the Council.
- XV. The members of the Corporation shall not receive any remuneration.
- XVI. A quorum for any meeting of the Corporation shall be not less than three members, at least one of whom shall be a Council member.
- XVII. Decisions of members of the Corporation shall be determined by majority vote, and in the event of a tie on any vote of the members, the matter in question shall be referred to the Council for its decision on such matter and which decision of Council shall be binding on the Corporation.
- XVIII. The Corporation shall have the following powers and functions:
 - XIX. Construction, establishing, altering, extending, controlling, operating, managing, and maintaining water distribution and purification and sewage collection and treatment systems for the Municipality;
 - XX. Supplying and distributing water as well as providing sewage collection and treatment to Customers;
 - XXI. Acquiring, alienating, holding, and disposing of real or personal property;
 - XXII. Engaging and paying personnel;
 - XXIII. Financing, but only with the express approval and consent of the Council, any of its undertakings; and
 - XXIV. Assessing, charging, levying and collecting fees, rates and other charges for services to any Customer in accordance with the *Municipalities Act* and the *Water and Sewerage Act*.
 - XXV. The Corporation shall levy such user rates or frontage charges as may be approved by the Island Regulatory and Appeals Commission. The Corporation shall not seek approval of the Island Regulatory and Appeals Commission to change such rates or charges unless the Council expressly directs the Corporation to seek such change.
 - XXVI. The Corporation shall maintain its accounts separate from any accounts of the Council or the Municipality, and shall prepare an annual financial statement of its accounts which shall be submitted to and approved by the Council.
 - XXVII. The fiscal year of the Corporation shall be from January 1 to December 31 in each year.
 - XXVIII. The Directors of the Corporation and any person acting on behalf of the Corporation are not personally liable or responsible 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 By-law.

XXIX. EFFECTIVE DATE

XXX. This By-law shall be effective on and from the 1st day of July, 1988, in the case of the supply and distribution of water to Customers, and be effective immediately upon the enactment hereof in the case of the collection and treatment of sewage;

XXXI. This By-law shall repeal and replace the Victoria Water Utility By-law, as amended, being By-law #2 of the Community of Victoria, and upon enactment hereof shall be known and cited as set forth in paragraph I above.

DATED AND ENACTED at Victoria the 02 day of April, 2007.

J. Meefe
Witness

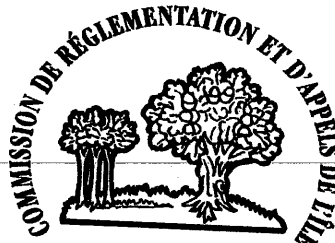
J. Meefe
Witness

R.D. Smith
Councillor
CHAIRMAN
BEN SMITH
P. Smith
Councillor
Patricia Smith

Filed on behalf of the Minister of Community and Cultural Affairs according to section 59 and 60 of the Municipalities Act.

[Signature]
Signed by

16/05/2007
Date



**THE ISLAND REGULATORY AND
APPEALS COMMISSION**
Prince Edward Island
Île-du-Prince-Édouard
CANADA

The Island Regulatory
and Appeals Commission

OCT 29 2012

RECEIVED

**Charlottetown
Prince Edward Island**

ANNUAL REPORT

- OF -

COMMUNITY OF VICTORIA

~~(Municipality/Utility Name)~~

FOR THE YEAR ENDED

DECEMBER 31, 2011

Information on this Form is collected pursuant to the *Water & Sewerage Act* and will be used by the Commission in the administration of the said *Act*. For additional information, contact the Commission at 902-892-3501 or by email at info@irac.pe.ca.

MUNICIPALITY OF COMMUNITY OF VICTORIA

REPORT TO THE ISLAND REGULATORY AND APPEALS COMMISSION

OF PRINCE EDWARD ISLAND

FOR THE YEAR ENDED DECEMBER 31, 2011

GENERAL INSTRUCTIONS

- All questions and financial statements which form part of this report must be completed. Explanations must be provided if information is not given.
- Each municipality/utility should make its report out in duplicate, keeping one copy for reference purposes in case correspondence with regard to this report becomes necessary.
- A copy of the municipality's annual audited financial statement for the last fiscal period should accompany this report.
- This report must be completed and mailed in order to arrive at the Commission not later than the 31st of March.

MUNICIPALITY OF COMMUNITY OF VICTORIA
REPORT TO THE ISLAND REGULATORY AND APPEALS COMMISSION
OF PRINCE EDWARD ISLAND
FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 1

UTILITY INFORMATION

Chairman of Sewer and/or Water Committee: STEPHEN HUNTER

Town/Community Administrator: HILARY PRICE

Office Tel Number: 902 658 2541 Office Fax Number: 902 658 2541

Office Address: P.O. BOX 7, VICTORIA, PE COA 2G0

Office Hours: _____ Email: victoriaadmin@eastlink.ca

Name of Person Making this Report: Len Keefe

Signature

Schedule 2

MODIFICATIONS AND EXTENSIONS

Briefly outline all modifications and extensions carried out during the year including number of feet of sewer line and water mains laid (excluding service connections).

Schedule 3

CUSTOMERS

	Sewer	Water
Number of Customers	<u>61</u>	<u>88</u>
Number of Proportionate Units Billed	<u>73</u>	<u>100.35</u>
Number of Metered Customers	<u>0</u>	<u> </u>
Number of Feet on Which Frontage Rates are Charged	<u>0</u>	<u> </u>

Schedule 4 - Sewer

MUNICIPALITY OF COMMUNITY OF VICTORIA

**STATEMENT OF REVENUE AND EXPENDITURES - SEWER
YEAR ENDED DECEMBER 31, 2011**

Operating		
Revenues		
521	Flat Rate Revenues	\$27,593
522	Measured Revenues	
523	Revenues from Public Authorities	
525	Interdepartmental Revenues	
530	Frontage Rates	
531	Sale of Sludge	
532	Delayed Payment Charges	1,830
534	Rents from Sewer Property	
536	Other Sewer Revenues	
		\$29,423
Operating Expenses		
700	Salaries and Wages - Operational Employees	8,408
705	Materials and Supplies	
710	Repairs and Maintenance	5,922
715	Rentals	
720	Power or Electricity	3,439
725	Chemicals	132
		17,893
General Expenses		
750	Salaries and Wages - Administrative Employees	3,458
755	Employee Pensions and Benefits	
760	Office Supplies and Other Office Expenses	
761	Interest and Bank Service Charges	187
765	Contractual Services	1,639
770	Transportation Expenses	
775	Insurance	615
780	Amortization - Rate Case Expense	
785	Regulatory Commission Fees	358
790	Miscellaneous Expenses	587
795	Bad Debt Expense	
		6,844
Operating Income (Loss)		\$4,686
Non-Operating Income and Expenses		
902	Small Tools Written Off During the Year	
903	Depreciation Expenses - Schedule 9A	\$193
904	Interest on Long-Term Debt	
		\$1,285
Other Income (See Guide)		
Net Income (Loss)		\$3,208
Surplus (Deficit) January 1		-\$250
Surplus (Deficit) December 31		\$2,958

Schedule 4 - Water

MUNICIPALITY OF COMMUNITY OF VICTORIA

**STATEMENT OF REVENUE AND EXPENDITURES - WATER
YEAR ENDED DECEMBER 31, 2011**

Operating		
Revenues		
460	Unmetered Water Revenues	\$14,653
461	Metered Water Revenues	
462	Fire Protection Revenues	
464	Other Sales to Public Authorities	
465	Sales to Irrigation Customers	
470	Delayed Payment Charges	1,830
471	Miscellaneous Service Revenues	
474	Other Water Revenues	556
		<u>\$17,039</u>
Operating Expenses		
600	Salaries and Wages - Operational Employees	4,167
605	Materials and Supplies	
610	Repairs and Maintenance	3,278
615	Rentals	
620	Power or Electricity	1,189
625	Chemicals	691
630	Water Testing and Analysis	3,234
		<u>12,559</u>
General Expenses		
650	Salaries and Wages - Administrative Employees	3,458
655	Employee Pensions and Benefits	
660	Office Supplies and Other Office Expenses	110
661	Interest and Bank Service Charges	187
665	Contractual Services	4,541
670	Transportation Expenses	128
675	Insurance	615
680	Amortization - Rate Case Expense	
685	Regulatory Commission Fees	358
690	Miscellaneous Expenses	204
695	Bad Debt Expense	1,004
		<u>10,605</u>
Operating Income (Loss)		<u>-\$6,125</u>
Non-Operating Income and Expenses		
802	Small Tools Written Off During the Year	
803	Depreciation Expenses - Schedule 9A	\$1,285
804	Interest on Long-Term Debt	
		<u>1,285</u>
Other Income (See Guide)		<u></u>
Net Income (Loss)		<u>-\$7,410</u>
Surplus (Deficit) January 1		<u>\$42,688</u>
Surplus (Deficit) December 31		<u><u>\$35,278</u></u>

Schedule 7

MUNICIPALITY OF COMMUNITY OF VICTORIA

**SEWER AND/OR WATER REVENUE FUND
BALANCE SHEET
YEAR ENDED DECEMBER 31, 2011**

ASSETS

Cash		-1,868
Investments (temporary)		
Customer accounts receivable - arrears, Schedule 6	17,342	
Less: Allowance for uncollectable accounts		17,342
	<hr/>	
Other accounts receivable		8,637
Due from other funds Water & Sewer Capital Fund		73,993
Plant materials and supplies		
Prepaid expenses		
Deferred charges		
Other assets (specify)		
		<hr/>
		<u>98,104</u>

LIABILITIES AND SURPLUS

Bank loans and overdrafts		10,750
Accounts payable		24,396
Accrued liabilities		
Due to other funds (sq General Revenue Fund)		24,722
Other liabilities		
		<hr/>
	Subtotal	59,868
Surplus (Deficit)		<hr/>
		<u>38,236</u>
		<hr/>
		<u>98,104</u>

MUNICIPALITY OF COMMUNITY OF VICTORIASEWER AND/OR WATER CAPITAL AND LOAN FUND
BALANCE SHEETYEAR ENDED DECEMBER 31, 2011ASSETS

Cash		\$
Due from other funds (specify)		
Other (specify)		
	Subtotal	<u> </u>
Sewer system - undepreciated cost - Schedule 9A		2,438,252
Water system - undepreciated cost - Schedule 9A		249,017
	Subtotal	<u> </u>
		<u>2,687,269</u>

LIABILITIES AND CONTRIBUTIONS IN AID OF CONSTRUCTION

Long-term debt - Schedule 10		48,457
Bank loans		
Accounts payable		
Due to other funds (specify)		73,993
	Subtotal	<u> </u>
		122,450
Sewer system - contributions in aid of construction - Schedule 9B		2,389,381
Water system - contributions in aid of construction - Schedule 9B		175,438
	Subtotal	<u> </u>
		<u>2,564,819</u>
		<u>2,687,269</u>

Schedule 9A - Sewer

Mu Community of Victoria

Sewer and/or Water Capital and Loan Fund
 Analysis of Sewer System
 Schedule of Depreciation
 Year Ended December 2011

	1	2	3	4	5	6	7	8	9	10
				(1 + 2 - 3)		(4 x 5)			(6 + 7 - 8)	(4 - 9)
	Cost			Cost	Depreciation	Depreciation	Depreciation	Deductions	Depreciation	Undepreciated
	January 1	Additions	Deductions	December 31	Rate	Depreciation	Reserve	to	Reserve	Cost
							January 1	Reserve	December 31	December 31
Collection Plant										
					%					
353 Land and Land Rights	\$	\$	\$	\$		\$	\$	\$	\$	\$
354 Structures and Improvements										
360 Collection Sewers, Force, Gravity and Special	597,863			597,863	1.20	7,174	21,458		28,632	569,231
389 Other Miscellaneous Equipment	18,023			18,023	5.00	901	2,708		3,604	14,419
Other (Specify)										
System Pumping Plant										
353 Land and Land Rights	68,000			68,000			0			68,000
354 Structures and Improvements	950,146			950,146	1.20	11,402	34,104		45,508	904,640
371 Pumping Equipment										
389 Other Miscellaneous Equipment										
Other (Specify)										
Treatment and Disposal Plant										
380 Treatment and Disposal Equipment	804,978	49,036		854,014	1.20	10,248	28,892		39,140	814,874
381 Plant Sewers										
382 Outfall Sewer Lines										
389 Other Miscellaneous Equipment	83,860			83,860	5.00	4,193	12,579		16,772	67,088
Other (Specify)										
General Plant										
390 Office Furniture and Equipment										
391 Transportation Equipment										
392 Stores Equipment										
393 Tools, Shop and Garage Equipment										
Other (Specify)										
Totals	2,522,870	49,036		2,571,906		33,918	99,736	\$	133,654	2,438,252

Less: Amortization - Contributions in Aid of Construction

(Taken from Column 6 of Schedule 9B - Sewer)

33,725

Net Depreciation

Line 903

193

Mu Community of Victoria

Schedule 9B - Sewer

Sewer and/or Water Capital and Loan Fund
 Analysis of Sewer System
 Contributions in Aid of Construction
 Year Ended December 2011

	1	2	3	4	5	6	7	8	9	10
	Contributions	Additions	Deductions	Contributions	Amortization	Amortization	Amortization	Deductions	Amortization	Net
	January 1			December 31	Rate	Amortization	Reserve	to	Reserve	Contributions
					%		January 1	Reserve	December 31	December 31
	\$	\$	\$	\$		\$	\$	\$	\$	\$
Collection Plant										
353 Land and Land Rights										
354 Structures and Improvements										
360 Collection Sewers, Force, Gravity and Special	595,166			595,166	1.20	7,142	21,458			
389 Other Miscellaneous Equipment	18,023			18,023	5.00	901	2,703		28,600	566,566
Other (Specify)									3,604	14,419
System Pumping Plant										
353 Land and Land Rights	34,821			34,821						
354 Structures and Improvements	940,439			940,439	1.20	11,285	33,997		45,282	895,157
371 Pumping Equipment										
389 Other Miscellaneous Equipment										
Other (Specify)										
Treatment and Disposal Plant										
380 Treatment and Disposal Equipment	801,346	49,036		850,382	1.20	10,204	28,848		39,052	811,330
381 Plant Sewers										
382 Outfall Sewer Lines										
389 Other Miscellaneous Equipment	83,860			83,860	5.00	4,193	12,579		16,772	67,088
Other (Specify)										
General Plant										
390 Office Furniture and Equipment										
391 Transportation Equipment										
392 Stores Equipment										
393 Tools, Shop and Garage Equipment										
Other (Specify)										
Totals	2,476,655	49,036	\$	2,522,691	-	33,725	99,736	\$	133,310	2,389,381

Schedule 9A - Sewer

Schedule 9A - Water

Mu Community of Victoria
Sewer and/or Water Capital and Loan Fund
Analysis of Water System
Schedule of Depreciation
Year Ended December 31, 2011 2011

	1	2	3	4	5	6	7	8	9	10
	Cost	Additions	Deductions	(1 + 2 - 3)	Depreciation	(4 x 5)	Depreciation	Deductions	(6 + 7 - 8)	(4 - 9)
	January 1			December 31	Rate	Depreciation	January 1	to	Depreciation	Undepreciated
								Reserve	Reserve	Cost
									December 31	December 31
Source of Supply Plant										
303 Land and Land Rights	\$	\$	\$	\$		\$	\$	\$	\$	\$
304 Structures and Improvements	25,385			25,385	1.20	305	305		610	24,775
305 Collecting & Impounding Reservoirs										
307 Wells and Springs	39,925			39,925	1.20	479	3832		4,311	35,615
309 Supply Mains										
Other (Specify)										
Pumping Plant										
303 Land and Land Rights										
304 Structures and Improvements	51,522			52,522	1.20	618	18,142		18,760	32,762
311 Pumping Equipment										
Other (Specify)										
Water Treatment Plant										
320 Water Treatment Equipment										
Other										
Transmission and Distribution Plant										
303 Land and Land Rights										
331 Transmission & Distribution Mains	162,605			162,605	1.20	1,951	40,266		42,217	120,388
333 Services	27,165			27,165	2.00	543	11,572		12,115	15,050
334 Meters & Meter Installations	25,535			25,535	5.00	1,277	3,831		5,108	20,427
335 Hydrants										
Other (Specify)										
General Plant										
340 Office Furniture and Equipment										
341 Transportation Equipment										
342 Stores Equipment										
343 Tools, Shop and Garage Equipment										
347 Miscellaneous Equipment										
348 Other Tangible Property										
Other (Specify)										
Totals	332,138	\$	\$	332,138	-	5,173	77,948	\$	83,121	249,017

Less: Amortization - Contributions in Aid of Construction
(Taken from Column 6 of Schedule 9B - Water) 3,888

Net Depreciation Line 803 1,285

Schedule 9B - Water

Community of Victoria

**Sewer and/or Water Capital and Loan Fund
Analysis of Water System
Contributions in Aid of Construction
Year Ended December 31, 2011**

	1	2	3	4	5	6	7	8	9	10
	Contributions January 1	Additions	Deductions	Contributions December 31 (1 + 2 - 3)	Amortization Rate	Amortization (4 x 5)	Amortization Reserve January 1	Deductions to Reserve	Amortization Reserve December 31 (6 + 7 - 8)	Net Contributions December 31 (4 - 9)
Source of Supply Plant										
303 Land and Land Rights	\$		\$	\$	%	\$	\$	\$	\$	\$
304 Structures and Improvements	63,579			63,579	1.20	763	3,051		3,814	59,765
305 Collecting & Impounding Reservoirs										
307 Wells and Springs										
309 Supply Mains										
Other (Specify)										
Pumping Plant										
303 Land and Land Rights										
304 Structures and Improvements	26,222			26,222	1.20	315	8,236		8,551	17,671
311 Pumping Equipment	8,190			8,190			8,190		8,190	0
Other (Specify)										
Water Treatment Plant										
320 Water Treatment Equipment										
Other										
Transmission and Distribution Plant										
303 Land and Land Rights										
331 Transmission & Distribution Mains	94,471			94,471	1.20	1,134	26,646		27,780	66,691
333 Services	19,928			19,928	2.00	399	9,536		9,935	9,993
334 Meters & Meter Installations	25,535			25,535	5.00	1,277	2,940		4,217	21,318
335 Hydrants										
Other (Specify)										
General Plant										
340 Office Furniture and Equipment										
341 Transportation Equipment										
342 Stores Equipment										
343 Tools, Shop and Garage Equipment										
347 Miscellaneous Equipment										
348 Other Tangible Property										
Other (Specify)										
Totals	237,925	\$	\$	237,925	-	3,888	58,599		62,487	175,438

MUNICIPALITY OF COMMUNITY OF VICTORIA

SEWER AND/OR WATER CAPITAL AND LOAN FUND
 ANALYSIS OF LONG-TERM DEBT
 YEAR ENDED DECEMBER 31, 2011

Description of Each Loan or Debenture Issue	Outstanding January 1	Add New Debt Incurred	Subtotal	Deduct Repayments	Outstanding December 31
<u>Sewer</u> Bank of Nova Scotia	\$ 49,668	\$	\$	\$ 1,211	\$ 48,457

Water

Totals	49,668	\$	\$	1,211	48,457
--------	--------	----	----	-------	--------

Consolidated Financial Statements of

COMMUNITY OF VICTORIA

Year ended December 31, 2011



Tel: 902 436 2171
Fax: 902 436 0960
www.bdo.ca

BDO Canada LLP
107 Walker Avenue
PO Box 1347
Summerside PE C1N 4K2 Canada

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Community of Victoria

We have audited the accompanying consolidated financial statements of Community of Victoria, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated 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 presentation of the consolidated financial statements.

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Community of Victoria as of December 31, 2011, and their financial performance and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Summerside, Prince Edward Island
March 28, 2012

COMMUNITY OF VICTORIA

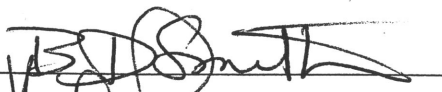
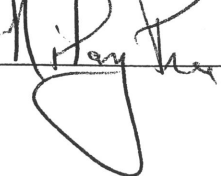
Consolidated Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
Financial Assets		
Cash	\$ 6,132	\$ 7,042
Restricted cash - New Deal Gas Tax	112,388	71,261
Accounts receivable	24,151	55,474
	<u>142,671</u>	<u>133,777</u>
Liabilities		
Bank advances	30,612	36,358
Accounts payable and accrued liabilities	962	24,189
Deferred revenue - New Deal Gas Tax	112,388	71,261
Long-term debt (note 2)	48,458	49,668
	<u>192,420</u>	<u>181,476</u>
Net debt	(49,749)	(47,699)
Non-financial Assets		
Tangible capital assets (Schedule 4)	3,208,676	3,179,321
Accumulated surplus (note 4)	\$ 3,158,927	\$ 3,131,622

See accompanying notes to consolidated financial statements.

On Behalf of the Council:

 Councillor Chairman
 Councillor Administrator

COMMUNITY OF VICTORIA

Consolidated Statement of Operations

Year ended December 31, 2011, with comparative figures for 2010

	2011 Budget (note 6)	2011	2010
Revenue:			
Municipal property tax	\$ 65,007	\$ 71,079	\$ 58,357
Victoria Water and Sewage Commission (Schedule 1)	-	46,462	73,573
Donations and other	1,350	180	20,650
Government transfers for operations (note 5)	9,974	12,722	17,531
Community Centre Rentals	4,740	4,025	4,740
Old School Rentals	400	100	2,070
Development Permits	700	254	709
Interest	150	136	-
	82,321	134,958	177,630
Expenses:			
Victoria Water and Sewage Commission (Schedule 1)	-	88,286	125,459
General Government (Schedule 2)	34,707	36,194	33,348
Fire Department (Schedule 2)	11,909	13,769	16,656
Community Centre (Schedule 2)	9,565	15,900	17,135
Old School (Schedule 3)	3,476	4,543	5,656
General Maintenance (Schedule 3)	8,329	8,146	6,640
Victoria Park (Schedule 3)	7,297	7,497	7,390
Planning (Schedule 3)	7,000	8,277	17,187
Heritage Site (Schedule 3)	-	7,869	7,096
New Deal Gas Tax expenses	-	213	6,543
	82,283	190,694	243,110
Excess of revenue over expenses			
(expenses over revenue) - before other	38	(55,736)	(65,480)
Other:			
Government transfers for capital (note 5)	-	34,005	209,505
Contributions for capital (Schedule 1)	-	49,036	-
Annual surplus	38	27,305	144,025
Accumulated surplus, beginning of year	3,131,622	3,131,622	2,987,597
Accumulated surplus, end of year	\$ 3,131,660	\$ 3,158,927	\$ 3,131,622

See accompanying notes to consolidated financial statements.

COMMUNITY OF VICTORIA

Consolidated Statement of Changes in Net Debt

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Annual surplus	\$ 27,305	\$ 144,025
Acquisition of tangible capital assets	(83,041)	(209,505)
Amortization of tangible capital assets	53,686	53,099
	(29,355)	(156,406)
Decrease (increase) in net debt	(2,050)	(12,381)
Net debt, beginning of year	(47,699)	(35,318)
Net debt, end of year	\$ (49,749)	\$ (47,699)

See accompanying notes to consolidated financial statements.

COMMUNITY OF VICTORIA

Consolidated Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash receipts from property owners and grants	\$ 203,612	\$ 165,920
Cash paid to suppliers and employees	(157,712)	(166,272)
Interest received	3,796	2,559
Interest paid	(2,523)	(2,684)
	47,173	(477)
Cash flows from capital activities:		
Purchase of tangible capital assets	(83,041)	(209,505)
Contributions for capital	49,036	-
Government transfers for capital	34,005	209,505
	-	-
Cash flows from financing activities:		
Repayment of long-term debt	(1,210)	(1,297)
	(1,210)	(1,297)
Increase in cash position	45,963	(1,774)
Cash, beginning of year	41,945	43,719
Cash, end of year	\$ 87,908	\$ 41,945
Represented by:		
Cash	\$ 6,132	\$ 7,042
Restricted cash	112,388	71,261
Bank advances	(30,612)	(36,358)
	\$ 87,908	\$ 41,945

See accompanying notes to consolidated financial statements.

COMMUNITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended December 31, 2011

The Community of Victoria was incorporated in 1951 under the Prince Edward Island Municipalities Act. Its principal activities include the provision of local government services to residents of the incorporated area, including community development, sewer utility and additional municipal services. The Community is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements of the Community of Victoria are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(b) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Community and are, therefore, accountable to the Community Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Community of Victoria
Victoria Water and Sewage Commission

Interdepartmental and organizational transactions and balances are eliminated.

COMMUNITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended December 31, 2011

1. Significant accounting policies (continued):

(c) Tangible capital assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Asset	Rate
Community:	
Buildings	40 years
Land improvements	20 years
Water Utility:	
Water system	83 1/3 years
Services	50 years
Equipment	20 years
Sewer Utility:	
Sewer system	83 1/3 years
Equipment	20 years

(d) Government transfers:

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates on the amounts can be determined.

COMMUNITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended December 31, 2011

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for the use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net debt for the year.

(f) Revenue recognition:

The Community follows the deferral method of accounting 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.

(g) Financial instruments:

The Community's financial instruments consist of cash, accounts receivable, accounts payable, and long-term debt. Unless otherwise noted, it is management's opinion that the Community is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(h) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

COMMUNITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended December 31, 2011

2. Long-term debt:

	2011	2010
Bank of Nova Scotia, 2.75%, payable in monthly installments of \$ 214. including interest, maturing 2014, amortized to 2028.	\$ 48,458	\$ 49,668

The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 2011 are as follows: 2012 - \$ 1,358.; 2013 - \$ 1,289.; 2014 - \$ 45,811.

The aggregate maturities of long-term debt as noted above have been calculated in accordance with Canadian generally accepted accounting principles which reflect the ability of creditors to request full repayment of debt. Management assumes that long-term debt renewals will occur under similar terms and conditions as currently outstanding debts. Additionally, management assumes that demand installment loans will be repaid over the scheduled repayment terms. The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 2011, calculated in accordance with management assumptions, are as follows: 2012 - \$ 1,358.; 2013 - \$ 1,289.; 2014 - \$ 1,325.; 2015 - \$ 1,362.; and 2016 - \$ 1,400.

3. Equity in tangible capital assets:

	2011	2010
Tangible capital assets (Schedule 4)	\$ 3,652,942	\$ 3,569,901
Accumulated amortization (Schedule 4)	(444,266)	(390,580)
Long-term debt (note 2)	(48,458)	(49,668)
	\$ 3,160,218	\$ 3,129,653

COMMUNITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended December 31, 2011

4. Accumulated surplus:

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2011	2010
Deficit	\$ (26,291)	\$ (23,031)
Appropriated	25,000	25,000
Equity in tangible capital assets	3,160,218	3,129,653
	<u>\$ 3,158,927</u>	<u>\$ 3,131,622</u>

COMMUNITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended December 31, 2011

5. Government transfers for operations:

	Budget (note 6)	2011	2010
New Deal Gas Tax - retrofits	\$ -	\$ 213	\$ 6,543
Employment development grant	5,377	5,140	4,960
Provincial equalization grant	408	408	2,039
Other grants	1,750	4,492	1,550
Provincial grant in lieu of taxes	1,439	1,469	1,439
Victoria Park grant	1,000	1,000	1,000
	\$ 9,974	\$ 12,722	\$ 17,531

Government transfer for capital:

	Budget (note 6)	2011	2010
Water and Sewage Commission:			
New Deal Gas Tax - Water Utility	-	34,005	25,385
PEI Department of Tourism	-	-	4,600
	-	34,005	29,985
Community:			
Innovative Communities Fund	-	-	150,356
New Deal Gas Tax - Waterfront Heritage Site	-	-	24,164
Community Development Bureau	-	-	5,000
	-	-	179,520
	\$ -	\$ 34,005	\$ 209,505

COMMUNITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended December 31, 2011

6. Budget:

The columns presented as budget on the consolidated statement of operations and statement of changes in net debt were not subject to audit or review by the external auditor.

A reconciliation of the 2011 fiscal budget prepared by Council to the budget figures disclosed in the financial statements is as follows:

	2011
Community of Victoria budgeted annual surplus	\$ 38
Less: Capital expenditures included in budget	(146,261)
Plus: Government transfers for capital expenditures	146,261
	<hr/> \$ 38 <hr/>

COMMUNITY OF VICTORIA

Schedule of Victoria Water and Sewage Commission Operations

Year ended December 31, 2011, with comparative figures for 2010

Schedule 1

	2011		2010
Revenue:			
Water rate assessments	\$ 14,653	\$	13,858
Sewer rate assessments	27,593		27,128
Government transfer for operations - Green Fund Environmental Study	-		30,000
Interest on overdue accounts	3,660		2,559
Other revenue	556		28
	<u>46,462</u>		<u>73,573</u>
Expenses:			
Water:			
Amortization of tangible capital assets	5,173		5,173
Bad debt	1,004		1,760
Contracted services - operational	7,026		8,208
Electricity	1,189		1,573
Interest and bank charges	374		300
IRAC fees	717		717
Insurance	1,231		1,043
Professional fees	1,639		1,248
Repairs, materials and supplies	7,517		7,108
Salary - administration	6,916		3,054
Travel and training	171		516
	<u>32,957</u>		<u>30,700</u>
Sewer:			
Amortization of tangible capital assets	33,917		33,330
Contracted services - operational	8,400		9,500
Electricity	2,634		2,850
Green Fund Environmental Study	-		33,150
Interest and bank charges	1,243		1,172
Professional fees	1,639		2,869
Property taxes	496		499
Repairs, materials and supplies	6,195		7,846
Salary - administration	-		2,910
Telephone	805		633
	<u>55,329</u>		<u>94,759</u>
Total expenses	<u>88,286</u>		<u>125,459</u>
Excess expenses over revenue - before other	<u>(41,824)</u>		<u>(51,886)</u>
Government transfers for capital (note 5)	34,005		29,985
Contributions for capital	49,036		49,036
Excess of expenses over revenue	<u>\$ 41,217</u>	<u>\$</u>	<u>(21,901)</u>

See accompanying notes to consolidated financial statements.

COMMUNITY OF VICTORIA

Schedule of Expenses

December 31, 2011, with comparative figures for 2010

Schedule 2

	Budget (Note 6)	2011	2010
General Government			
Advertising	\$ 600	\$ 401	\$ 364
Donations	250	60	210
Dues	750	705	740
Electricity		313	324
Honorarium	3,525	3,525	3,525
Insurance	2,322	2,238	2,299
Interest and bank charges	700	1,265	1,214
Miscellaneous	500	871	315
Office supplies	2,450	1,464	2,406
Professional fees	5,600	4,916	5,596
Recreation and Canada Day	2,550	1,419	1,814
Rent	2,400	2,400	2,400
Telephone	600	513	600
Travel	1,485	4,777	1,696
Wages and benefits	10,975	11,327	9,845
	\$ 34,707	\$ 36,194	\$ 33,348
Fire Department			
Community grant	\$ 2,500	\$ 3,600	\$ 2,500
Electricity	940	920	1,044
Heat	1,200	1,416	1,157
Insurance	1,545	839	1,530
Insurance - truck	793	1,530	785
Property taxes	566	579	566
Repairs and maintenance	500	818	5,241
Telecommunications	3,350	3,552	3,318
Water and sewer	515	515	515
	\$ 11,909	\$ 13,769	\$ 16,656
Community Centre			
Amortization of tangible capital assets	\$ -	\$ 7,500	\$ 7,500
Electricity	898	657	998
Heat	1,500	1,305	1,489
Insurance	1,755	1,880	1,738
Property taxes	1,223	1,243	1,223
Repairs and maintenance	3,675	2,711	3,673
Water and sewer	514	604	514
	\$ 9,565	\$ 15,900	\$ 17,135

See accompanying notes to consolidated financial statements.

COMMUNITY OF VICTORIA

Schedule of Expenses

December 31, 2011, with comparative figures for 2010

Schedule 3

	Budget (Note 6)	2011	2010
Old School			
Electricity	\$ 500	\$ 562	\$ 933
Heat	1,000	1,116	755
Insurance	577	610	571
Property taxes	384	395	384
Repairs and maintenance	500	1,345	2,306
Telephone	-	-	192
Water and sewer	515	515	515
	\$ 3,476	\$ 4,543	\$ 5,656
General Maintenance			
Garbage removal	\$ 350	\$ 469	\$ 347
Repairs and maintenance	2,473	2,956	1,576
Streetlights	3,553	2,415	2,749
Wages and benefits	1,953	2,306	1,968
	\$ 8,329	\$ 8,146	\$ 6,640
Victoria Park			
Cleaning supplies	\$ -	\$ -	\$ 527
Repairs and maintenance	1,500	2,423	1,653
Wages	5,377	4,864	5,210
Water and sewer	420	210	-
	\$ 7,297	\$ 7,497	\$ 7,390
Planning			
Legal and development officer fees	\$ 7,000	\$ 8,277	\$ 17,187
Victoria Waterfront Heritage Site			
Amortization of tangible capital assets	\$ -	\$ 7,096	\$ 7,096
Water and sewer	-	773	-
	\$ -	\$ 7,869	\$ 7,096

See accompanying notes to consolidated financial statements.

COMMUNITY OF VICTORIA

Schedule of Tangible Capital Assets

December 31, 2011, with comparative figures for 2010

Schedule 4

	Cost Beginning of Year	Additions	Disposals and Write- downs	Cost End of Year	Accumulated Amortization Beginning of Year	Disposals and Write- downs	Amortization	Accumulated Amortization End of Year	Net Book Value 2011	Net Book Value 2010
Community:										
Land	\$ 53,000	\$ -	\$ -	\$ 53,000	\$ -	\$ -	\$ -	\$ -	\$ 53,000	\$ 53,000
Community Centre	368,000	-	-	368,000	120,500	-	7,500	128,000	240,000	247,500
Old School	33,600	-	-	33,600	33,600	-	-	33,600	-	-
Fire Hall	51,700	-	-	51,700	51,700	-	-	51,700	-	-
Waterfront Heritage Site	133,325	-	-	133,325	3,333	-	3,333	6,666	126,659	129,992
Land improvements	75,269	-	-	75,269	3,763	-	3,763	7,526	67,743	71,506
Water utility:										
Water system	279,438	34,005	-	313,443	62,545	-	3,353	65,898	247,545	216,893
Services	27,165	-	-	27,165	11,572	-	543	12,115	15,050	15,593
Equipment	25,535	-	-	25,535	3,831	-	1,277	5,108	20,427	21,704
Sewer utility:										
Land	68,000	-	-	68,000	-	-	-	-	68,000	68,000
Sewer system	2,352,986	49,036	-	2,402,022	84,454	-	28,823	113,277	2,288,745	2,268,532
Equipment	101,883	-	-	101,883	15,282	-	5,094	20,376	81,507	86,601
	\$ 3,569,901	\$ 83,041	\$ -	\$ 3,652,942	\$ 390,580	\$ -	\$ 53,686	\$ 444,266	\$ 3,208,676	\$ 3,179,321

See accompanying notes to consolidated financial statements.

**COMMUNITY OF VICTORIA
VICTORIA WATER & SEWAGE COMMISSION
P.O. BOX 7
VICTORIA, PE C0A 2G0
Tel No: (902) 658 2541
Fax No: (902) 658 2541
Email: victoriaadmin@eastlink.ca**

November 16, 2012

Dear Property Owners in Victoria:

Re: Proposed Changes to Water & Sewage Rates and Implementation of Service Availability Charge

For several years, the Victoria Water & Sewage Commission (the Utility) has been operating with a deficit. Over the past few months, the Utility has undertaken a review of its water and sewage rates and has looked at several options to bring the rates to a level where the Utility can work within its operational budget and start to pay off the accumulated debt.

Key points of the review of rates are the following:

- The Utility continues to see a rise in water and sewage maintenance costs but has not seen a comparable increase in revenue.
- The Utility has not raised its water rate since 2004.
- The sewage rate established in 2008 when the sewage system was installed was an interim rate based on the Utility's best judgement of operating costs.
- There is a need to share the cost of the Utility's infrastructure with all property owners within the Community

Based on this review, the Victoria Water & Sewage Commission has recommended to Council and Council has agreed with the rate changes outlined below. At the Council meeting held on November 5, 2012, Council approved a motion to make application to the Island Regulatory and Appeals Commission (IRAC) to approve these new rates. If these rates are approved by IRAC, **they will take effect on January 1, 2013.** Here are the proposed new rates:

1. **Water Rate** – The utility is recommending an increase in the water rate from \$140.00 to \$210.00 per unit per year. There will be 91 customers, combining for a total of 102.35 commercial/residential units, on our central water system. Of note, single family residential properties are charged one unit, whereas commercial enterprises are charged dependent upon the type of business that is being operated. The increased revenue will help balance our yearly operating expenditures and create a small surplus which will be applied to our cumulative deficit, taking it to a zero balance within fifteen years.

The proposed water rate of \$210.00 per unit per year is comparable with other municipalities across PEI. According to IRAC, the average water rate is \$221.00 per unit per year, approximately 5% higher than our proposed rate.

The Utility continues to look at the implementation of a metered water charge but is unable to do so at this time due to the fact that the metered readings appear to be giving faulty readings.

2. **Sewage Rate** – The utility is recommending an increase in the sewage rate from \$375.00 per unit per year to \$390.00 per unit per year. There will be 63 customers on the central sewage system for a total of 73 commercial/residential units. This increase will help balance our operating expenditures and, by 2015, create a small surplus. The proposed sewage rate is higher than the average rate of municipalities across PEI. According to IRAC, the average sewage rate is \$280.00 per unit per year, approximately 40% lower than our proposed \$390.00 per unit per year. The major factor contributing to Victoria's higher rate is the small population base supporting the sewage system's costs.

Note: While the Utility feels it is useful to inform property owners of average utility rates across PEI, it also needs to remind property owners that rates for each area are designed specifically based on the costs to provide the service to that area.

3. **Service Availability Charge** – The Utility is recommending the implementation of a Service Availability Charge (SAC). The SAC charge will be billed to property owners who have serviced, vacant properties within the Community boundaries. Charges will not be assessed on frontage but will be assessed by Individual Parcel Identifiers (PIDs). For example, a property owner who has several vacant lots listed under one PID will be charged one fee and not one fee per vacant lot. The SAC for vacant properties with access to the central water system will be \$105.00 per year i.e. 50% of the flat rate. There are currently 30 vacant properties with unused water access within the Community. The SAC for vacant properties with access to the central sewage system will be \$195.00 per year i.e. 50% of the flat rate. There are currently 14 vacant properties serviced with unused sewage access within the Community. It should be noted that quite a few communities across PEI have implemented a frontage or service availability charge.

As of the beginning of 2013, the Utility will begin quarterly instead of semi-annual billing and you will be notified once the Utility has received approval from IRAC. If you have any questions or would like more information, please contact the Community administrator Hilary Price at 658 2541 or victoriaadmin@eastlink.ca.

Sincerely,



Stephen Hunter – ^{as it is} Chair-Victoria Water & Sewage Commission