

Sewer Rate Application and Study

Town of Niverville

August, 2012

**Water and Sewer Utilities - Minimum Filing Requirements (MFR) for
Municipalities Filing Applications for Revised Rates with the Public Utilities Board
(Board)**

The Application shall include 3 paper copies and an electronic copy which can be forwarded by email.

Application and Financial:

1. Utility rates by-law, after first reading only, detailing rates, billing information, penalties, fees, etc. and rescinding past bylaw..... ☒
2. Rate Study using Board Guidelines as applicable..... ☒
3. Commentary on the reasons for the rate increase. *included in study* ☒
4. Prior year's utility financial statements (audited, if available noting Schedule 9 prepared for the Board's purposes is unaudited), current year's utility budget (page 6*)¹, current year capital plan (page 13*), 5 year utility capital plan (page 14*), utility debenture schedules (page 12*) and operating forecast for the next 2 years..... ☒
*Pages from municipal Financial Plan template.
5. Proposed method of financing 5 Year Capital Plan and details of any capital grant applications being considered or proposed or outstanding Municipal Board approvals..... *included in study* ☒
6. Cost Allocation Policy with respect to shared services and equipment between the utility and general operations²... *included in study* ☒
7. Management Representation Letter with respect allocated costs..... ☒
8. Tangible Capital Asset (TCA) schedule for the utility..... ☒
9. Any changes to the TCA with justification, noting all changes require the Board's approval³..... ☐ N/A
10. Details of other expenses capitalized and amortized with explanations... ☐ N/A
11. Statement on the need for contingency..... *included in study* ☒
12. Statement on the need for reserves, if requested... *included in study* ☒
13. Statement on adequacy of equity position and plans to address if insufficient (below the Board's 20% of prior year's operating expenses⁴ target level)..... *included in study* ☒
14. Summary of operating deficits in the last 5 years i.e. amount and approved method of recovery..... *included in study* ☒
15. If accumulated deficit is being reported as a result of conversion to PSAB, a rate plan is to be submitted with respect to recovery of the deficit..... *included in study* ☒
16. Details of any monies included in the rate proposal for continuing education of operators..... *included in study* ☒
17. Details of any incentives or special rate treatment provided to large volume users with an explanation..... *included in study* ☒
18. If rates are determined on a Residential Equivalent Unit basis, confirmation that the assessments have been reviewed and remain accurate. Comment on the potential use of meters. *included in study* ☒
19. Details of connection charges and developer agreements related to the extension of service..... *included in study* ☒

**Water and Sewer Utilities - Minimum Filing Requirements (MFR) for
Municipalities Filing Applications for Revised Rates with the Public Utilities Board
(Board)**

Details of Operating System (s):

20. Description of the system(s) indicating age, condition and capacity to meet current and future needs of the ratepayers... *included in study* ☒
21. Statement on compliance with drinking water standards including the most recent report form Water Stewardship and commentary on any recommendations therein..... ☐ *N/A*
22. Statement on compliance with Environmental License ☐ *N/A*
23. Statement as to whether there are any color and taste issues with respect to drinking water and plans to address, if any..... ☐ *N/A*
24. A description as to where discharges are made... *included in study* ☒
25. File the Executive Summary and recommendations of the most recent engineering assessment and if not yet done, when it is expected to be done..... ☐ *N/A*
26. Details of operator certifications and whether they meet current requirements and if not, how is it to be addressed... *included in study* ☒
27. Statement as to whether service is extended beyond the municipality or LID boundary and if so, details of any surcharges levied or proposed. *incl.* ☒
28. Details of any plant being decommissioned and any resulting expenses set up as an environmental liability to be collected in rates. *incl. in study* ☒
29. Commentary on unaccounted for water if the amount exceeds 10% and if related to a deteriorating system, provide a plan to address..... ☐ *N/A*
30. File a copy of the rules and regulations bylaw if existing..... ☐

Other:

31. If a declining block rate is used, provide commentary on any consideration given to reducing or eliminating such blocks *incl. in study* ☒
32. Commentary as to whether an increasing block rate has been considered *incl.* ☒
33. Details of any notification of revised rates provided to customers and summary of response..... *none* ☒
34. If utility rates are collected with taxes or on tax bills confirmation that utility operating costs are not being offset by the Education Property Tax Credit..... *included in study* ☒
35. Report of disconnection for non-payment in the past years since the last rate study was filed..... *included in study* ☒
36. If a Special Services Plan hearing is required, details of the hearing and if not held when it will be held..... ☐ *N/A*
37. Details of any advertising and/or promotions conducted related to water conservation and /or sewer discharges..... ☐ *N/A*

Notes:

1. All utility budgets prepared for the Board must be on a PSAB basis, modified in accordance with Board Order No. 93/09.
2. In the Board's Order No. 93/09, the Board referred to a suggested cost allocation matrix to be followed by municipalities noting that once a policy was developed any changes thereto required the Board's approval.
3. In the Board's Order No. 93/09, the Board adopted the TCA schedule for use by utilities with the understanding that any changes thereto will require the Board's approval.
4. Target equity position is determined as per Board Order 93/09

THE TOWN OF NIVERVILLE

BY-LAW NO. 711-12

BEING a By-law of the Town of Niverville to establish sewer rates within the limits of the said Town of Niverville;

WHEREAS the Town of Niverville owns and operates a sewer facility within the limits of the said Town of Niverville;

AND WHEREAS The Municipal Act, S.M. 1996, c. 58, provides in part:

“Section 232(1) A council may pass by-laws for municipal purposes respecting the following matters:

(l) public utilities;

Section 232(2) Without limiting the generality of subsection (1), a council may in a by-law passed under this Division

(d) establish fees or other charges for services, activities or things provided or done by the municipality or for the use of property under the ownership, direction, management or control of the municipality;”

NOW THEREFORE be it and it is hereby passed and enacted as a by-law of the Town of Niverville, in council duly assembled as follows:

- (1) THAT By-Law No. 335-89 enacted by the Town of Niverville on the 6th day of June, A.D., 1989 is hereby repealed.
- (2) THAT all accounts for sewer services as set forth in the schedule of quarterly rates shall be billed quarterly for sewer services for the preceding quarter. Consumers shall pay for sewer service supplied to them by the Town of Niverville at the rates and terms set out in Schedule “A” attached hereto and forming part of this By-law.
- (3) THAT this By-Law shall come into force and become effective on January 1st, 2013 from and after both approval of the Public Utilities Board and receipt of third and final reading thereof.

PASSED AND ENACTED by the Town of Niverville, in council duly assembled this day of , A.D., 2012.

Mayor

Chief Administrative Officer

SCHEDULE "A"
TOWN OF NIVERVILLE
BY-LAW NO. 711-12

SEWER RATES FOR THE TOWN OF NIVERVILLE

Effective January 1st, 2013 or upon approval by Public Utilities Board

1. Assignment of Residential Equivalent units (REU)

A residential equivalent Unit (REU) is the volume of sewage estimated to be emitted by an average single family residence. Units allocated to other customers are based on the estimated sewage they will emit compared to a residence. A residential unit is defined as a single family dwelling which includes the following: mobile home, single commercial business which includes offices, groceries, hardware, banks, credit unions, and garages without wash bays, halls with seating capacity of less than 230 seats, churches and drop-in centres. Apartments will be rated at one equivalent unit for each suite. Buildings with more than one sewer hook-up will be allocated a minimum of 1 unit per hook-up, additional units may be assigned dependant on the type of occupancy.

Description	REU for Sewer Connection/Annual Service Charge	REU for Operations & Maintenance
Residential Unit	1.0	1.0
Duplexes/Multi-plexes		
1 shared Sewer connection	.5 per unit	1 unit per residence
separate sewer connections	1.0	1 unit per residence
Apartment Blocks	1 Unit per hook-up	1 unit per suite
Apartment Blocks Converted to Condominiums	# sewer connections divided by number of units	1 unit per suite
Personal Care Homes		
Single units	1 Unit per hook-up	0.5
Double units		1.0
Office Type Business Buildings/Strip Malls	1 Unit per hook-up	1 unit per suite
Cafes, Bistros or Restaurants	1 Unit per hook-up	1 unit per 20 seats or fraction thereof
Halls/Banquet Facilities	1 Unit per hook-up	1 unit per 230 seats or fraction thereof
Car Wash	1 Unit per hook-up	1.5 units per wash bay
Elementary School	1 Unit per hook-up	.9 units per classroom
Secondary School	1 Unit per hook-up	1.2 units per classroom
Low Pressure System Customers		

2. Quarterly Charges:

Notwithstanding the REU schedule set forth in Section 1 above, all customers connected to or tipping to shall pay the applicable charge set out below:

<u>Year</u>	<u>Operations & Maintenance</u>	<u>Service Charge</u>	<u>Total Quarterly Billing</u>
2013	\$ 59.80	\$ 3.80	\$ 63.60
2014	\$ 60.95	\$ 3.90	\$ 64.85
2015	\$ 62.20	\$ 4.05	\$ 66.25

3. Surcharges for Services Beyond the Town Boundaries:

There are no customers served who are located outside the Town boundaries.

4. Billings and Penalties for Non-payment of Account:

All connected customers shall be billed quarterly and payment shall be due and payable within 21 days after the mailing of the bills. A late payment charge of 1.25% (1¼%) per month shall be charged on the dollar amount owing after the billing due date and a notice to this effect shall be clearly printed on the bills sent to the customers.

5. Disconnection of Service:

The Public Utilities Board has approved the Conditions Precedent to be followed by the municipality with respect to the disconnection of service for non-payment including, such matters, as notice and the right to appeal such action to the Public Utilities Board. A copy of the Conditions Precedent is available for inspection at the Municipality's office.

6. Reconnection of Service:

Any service disconnected, whether due to non-payment of account or for any other reason(s) mutually agreed to by the customer and the Town (i.e., repairs necessitated by negligence of the customer, changes in tenant, vacancy for an extended period of time, etc.) shall not be reconnected until all costs of disconnection and reconnection have been paid. Actual costs may vary depending upon the circumstances.

7. Liability for Charges:

Where charges and penalties pursuant to this by-law are not paid within sixty (60) days from the date when they were incurred said charges and penalties shall be added to the taxes on the property and collected in the same manner as other taxes as per authority of Section 252(2) of The Municipal Act of Manitoba.

NAME OF MUNICIPALITY AND UTILITY: Town of Niverville - Sewer Utility

SCHEDULE OF UTILITY RATE REQUIREMENTS

Appendix "1"

Projected for the rate year(s)

2013-2015

with comparative numbers for current and past year

	Prior year Actual	Current year Projected	Inflation Rate: 3 %		
			Budget forecasts		
			Next year	Next year+1	Next year+2
General					
<i>Expenses:</i>					
Administration (building, office, staff, etc.)	17,624.00	20,500.00	20,910.00	21,537.30	22,183.42
Billing and collection				-	-
Total general expenses	17,624.00	20,500.00	20,910.00	21,537.30	22,183.42
Equity surcharge (1% of annual expenses)			4,433.10	4,508.82	4,585.32
Deficit Recovery for the year _____					
<i>Revenue:</i>					
Surcharges				-	-
Service charges				-	-
Other	6,063.00	700.00	714.00	715.00	715.00
Penalties					
Total general revenue	6,063.00	700.00	714.00	715.00	715.00
Net revenue general	11,561.00	19,800.00	24,629.10	25,331.12	26,053.73
Water					
<i>Expenses:</i>					
Staffing				-	-
Purification and treatment				-	-
Water purchases				-	-
Service of Supply				-	-
Transmission and Distribution				-	-
Other Water Supply Costs				-	-
Connections - Net Loss				-	-
Amortization/ depreciation				-	-
Interest on long term debt	-	-	-	-	-
Reserves				-	-
Minor capital upgrades				-	-
Contingency				-	-
Sub-total- water expenses	-	-	-	-	-
<i>Revenue:</i>					
Connection Revenue				-	-
Hydrant rentals				-	-
Investment income				-	-
Amortization of capital grants				-	-
Taxation revenues (1)	-	-	-	-	-
Other revenue				-	-
Total non-rate revenue - water	-	-	-	-	-
Net rate revenue - water	-	-	-	-	-
Sewer					
<i>Expenses:</i>					
Staffing				-	-
Sewage Collection System	66,336.00	62,940.00	64,830.00	66,774.90	68,778.15
Sewage Lift Station				-	-
Sewage Treatment and Disposal				-	-
Other Sewage Collection & Disposal Costs				-	-
Connection - Net Loss				-	-
Amortization/ depreciation	77,720.00	77,720.00	216,228.00	216,228.00	216,228.00
Interest on long term debt	526.00	-			
Reserves					
Future Remediation			25,000.00	25,000.00	25,000.00
Capital upgrades - lagoon work			96,342.00	96,342.00	96,342.00
Contingency			20,000.00	25,000.00	30,000.00
Total sewer expenses	144,582.00	140,660.00	422,400.00	429,344.90	436,348.15
<i>Revenue</i>					
Connection Revenue				-	-
Lagoon Tipping Fees				-	-
Investment Income				-	-
Amortization of capital grants	18,165.00	18,165.00	20,847.00	20,847.00	20,847.00
Taxation revenues (2)	6,995.00	-	41,700.00	41,700.00	41,700.00
Other Revenue				-	-
Total non-rate revenue- sewer	25,160.00	18,165.00	62,547.00	62,547.00	62,547.00
Net rate revenue - sewer	119,422.00	122,495.00	359,853.00	366,797.90	373,801.15
(1) Water facility- debt servicing taxation revenues					
Principal					
Interest					
Total	-	-	-	-	-
(2) Sewer facility- debt servicing taxation revenues					
Principal	6,469.00	-	46,342.00	48,659.00	51,092.00
Interest	526.00	-	50,000.00	47,683.00	45,250.00

Town of Niverville
Sewer Utility Rate Study
2012

Prepared by: G. Barron, FCGA

Table of Contents

1.0 INTRODUCTION	3
2.0 BACKGROUND	7
2.1 FINANCIAL REPORTING AND PUBLIC SECTOR ACCOUNTING RULE CHANGES	7
3.0 DESCRIPTION OF THE SEWER SYSTEM	10
3.1 GENERAL	10
3.2 ENVIRONMENTAL LICENSE	15
4.0 REVENUE REQUIREMENTS	15
4.1 CURRENT FINANCIAL POSITION	15
4.2 CAPITAL PLANS (2012 FINANCIAL PLAN)	17
4.3 AMORTIZATION	17
4.4 CONTINGENCY ALLOWANCE	20
4.5 RESERVE PROVISION	21
4.6 ALLOCATION OF SHARED SERVICES AND EQUIPMENT	22
4.7 WORKING CAPITAL SURPLUS	23
4.8 FUTURE LIABILITIES	25
4.9 DEBENTURES	25
4.10 FINANCIAL FORECAST ASSUMPTIONS	25
5.0 RATE DETERMINATION	26
5.1 SEWER RATES	26
5.2 CUSTOMER SERVICE CHARGE	28
5.3 SURCHARGES FOR SERVICES BEYOND THE BOUNDARIES	29
5.4 SEWER SURCHARGES	29
5.5 DISCONNECTION AND RECONNECTION CHARGES	30
5.6 LATE PAYMENT CHARGES	31
5.8 LAGOON TIPPING FEES	32
APPENDIX 1 - REVENUE REQUIREMENTS TABLE	34
APPENDIX 2 - PUB SCHEDULE 9 (2010)	34
APPENDIX 3 - PUB SCHEDULE 9 (2011)	34
APPENDIX 4 - PUB SCHEDULE 9 (2012)	34
APPENDIX 5 - TANGIBLE CAPITAL ASSET CONTINUITY SCHEDULE	34

1.0 Introduction

The Town of Niverville (Town) provides water and sewer services via three (3) utilities operated and accounted for separately; two (2) utilities provide water services and one (1) provides only sewer service.

The central older part of Town is provided sewer service only as these customers are on private wells. The two (2) subdivisions known as Fifth Avenue Estates and Highlands (formerly known as Crow Wing) are provided both water and sewer services.

This rate study covers the Sewer Utility only. The Sewer Utility commenced service in the 1970's and serves currently approximately 1328 customers. All customers of the Sewer Utility pay an annual flat sewer rate using Residential Equivalent Units (REUs).

Customers located in the new developments are billed for water on a metered basis, but those readings are not used for billing sewer.

The Town plans to continue billing on a flat rate basis until consolidation of all utilities is considered. However, the Town is planning to move to quarterly billing

for all customers - both water and sewer customers and sewer only customers.

The sewer rates were last reviewed in 1989 (By-law No. 335-89 approved by the Public Utilities Board (PUB) in Order No. 105/89 dated May 25, 1989). A residential customer is charged \$61.60 annually including an \$11.60 annual service charge and a per REU charge of \$50.00.

Since rates were last reviewed there has been a major change in accounting rules requiring all municipalities to record amortization expense (depreciation) for the first time. Excluding amortization expense, the Sewer Utility has been able to operate with reasonable surpluses as noted below:

2008	\$18,470 (audited)
2009	\$12,708 (audited)
2010	\$ 2,085 (unaudited)
2011	\$ (269) (unaudited)
2012	\$ 0 (Budget)

However, clearly the surpluses have been declining to the point where issues of self-sustainability may arise.

Since the accounting rule changes in 2008, the Sewer Utility has been recording operating losses with the inclusion of approximately \$77,000 of new amortization expense per year rising to \$216,228 (estimated) in 2013 after the inclusion of amortization expense for the lagoon

(not included previously) and the planned lagoon bank stabilization work.

In 2009, the Town transferred \$60,738 from surplus to offset partially the amortization expense resulting in a net shortfall of \$6,036. In 2010, no transfer was made and the net shortfall was \$125,059 (unaudited). These results exclude the amortization expense related to the planned lagoon work.

It is clear that one of the fastest growing communities in Manitoba has been able to cover rising operating costs, since the rates last changed in 1989, by the accelerated growth in revenue due to expansion.

While there have been substantial increases in capital costs with the building of a new lagoon in 2006, these costs were recovered from other sources including taxes.

At current rates, the Town is concerned the operations of the Sewer Utility are no longer sustainable. Furthermore, the Town plans to operate the Utility more on a "user-pay" basis which means, to the extent possible, all capital costs should flow through the rate structure. This includes decommissioning costs of the retired lagoon and bank stabilization. The rates also include a provision for contingencies but not at the level recommended by the PUB of 1% of capital costs. No amount has been included to build the reserve fund in keeping with the PUB's view that

the recovery of amortization expense and the building of a reserve fund are one of the same.

When these matters are considered, a significant increase is required. Currently customers are paying \$15.40 per quarter (billed annually at \$61.60). The "indicated" rates are as follows:

2013: \$59.80

2014: \$60.95

2015: \$62.20

The revised rates include operational and capital costs and a surcharge as required by the PUB to meet the PUB's Working Capital Surplus minimum target.

Including such costs in rates reflects the "user-pay" principle. These costs are not avoidable costs and if not recovered in rates would be recovered by taxes or some other means which would not be transparent nor consistent with the user-pay approach.

For comparative purposes a customer using 35 cubic meters of water in the City of Winnipeg would pay a quarterly sewer bill of \$72.00.

2.0 Background

2.1 Financial Reporting and Public Sector Accounting Rule Changes

Since the Town last made an application to the PUB, the PUB has issued a number of pronouncements covering:

- the financial reporting for utilities including new requirements for reporting operating deficits whether they be budgeted, anticipated mid-year or actual,
- the reporting of transfers to utility operations from a reserve fund or the General Operating Fund,
- minimum utility surplus requirements,
- disconnection and reconnection of services for non-payment, and
- late payment charges.

In addition, the PUB has established reporting deadlines and penalties for failing to meet these deadlines.

Some of these pronouncements are set out in Order 151/08 dated November 7, 2008 and are ones municipalities will have to pay close attention to for reporting in the future.

In Order No. 93/09 dated June 9, 2009, the PUB set out its response to the adoption of the PSAB Accounting Standards for Local Governments. The accounting rule changes are significant and have major implications for the financial reporting of not only utilities but also the entire operations of a municipality. The PUB worked with the

Inter-Governmental Affairs Working Group in developing its response to PSAB.

The PUB noted that the 2009 financial statements are to be prepared in accordance with the new accounting rules and the 2008 financial statements are to be re-stated for comparative purposes.

Of particular note, one of the accounting rule changes requires that certain expenses be capitalized and amortized and if a capital asset, amortized over its useful life.

Municipalities are required to develop a Tangible Capital Asset (TCA) schedule listing the original capital cost of

the asset, the amortization period for each asset category and ultimately an annual amortization expense to be recorded in its financial statements. Depending on the age of the asset and whether it was financed by grants could have a significant impact on the utility financial statements as required by the PUB.

With respect to the rates of amortization, the PUB, in Order No. 93/09, stated that:

"During transition, the Board will accept TCA schedules developed in accordance with the manual (manual developed in conjunction with Inter-Governmental Affairs for all municipalities) for rate setting purposes."

Any changes to these rates require PUB approval. As noted above the PUB indicated that it would accept those rates

initially developed which are subject to review in the auditing process but if changes are made in the future, the municipality must obtain the PUB prior approval. This is because a change in this rate may have a significant impact on the rates charged for services.

The PUB noted that in the past the building of a utility reserve fund through rates might have been a surrogate for amortization expense. However, if the provision was not included in rates or if the ability to add monies to the reserve eroded over time by rising operating costs, amortization will be a new expense for the utility.

According to the new accounting rules, capital grants do not reduce amortization expense. However, for rate setting purposes, the PUB determined capital grants are to be amortized over the same period as the underlying asset.

Similarly, for donated assets, the PUB determined amortization expense is not to be included for ratemaking.

The PUB recognized that for some utilities the recording of amortization expense, even after adjusting for grants, might result in an operating deficit. The PUB stated that if such deficits are not manageable in the short term, municipalities are required to file a long-term rate plan to address the recovery of the operating deficits.

The PUB also required municipalities to develop a policy for the allocation of shared expenses between the utility and general operations of the municipality including personnel (including benefits) and equipment expenses.

This review addresses other PUB pronouncements regarding contingency allowances, future liabilities, reserves and surplus requirements.

3.0 Description of the Sewer System

3.1 General

The Town of Niverville owns and operates a sewer utility which commenced service in the early 1970s and which serves approximately 1328 customers. The Town also owns two (2) water utilities, which are operated separate from the sewer utility.

While all residents are connected to the sewer utility, not all residents are water customers. Residents in the older central part of Town have private wells. The Town bills all customers on a flat-rate basis and plans to continue this practice until the utilities are joined.

The Town provides a treated water supply to the residents of two (2) relatively new developments: known as Fifth Avenue Estates to the east and Highlands (formerly Crow Wing) to the west. The two (2) water utilities are not connected to each other and are treated as two separate utilities. The Town may consider, at some future time, the consolidation of these operations.

The Public Utilities Board regulates the rates charged by the three (3) utilities.

The rates charged by the sewer utility, the subject of this rate study, were last amended in 1989. The Town bills all sewer customers on a flat rate basis using Residential Equivalent Units (REU). Residential customers are assigned one (1) REU and larger users are assigned a multiple of REU based on an estimated use of utility services. The number of REUs assigned to the large customers has been determined using Guidelines adopted by the PUB. Currently, there are approximately 1,343 REUs and the Town is expecting this number will grow to 1,627 in 2013. The higher number has been used to calculate revised rates.

The Town bills for sewer services on an annual basis. The current annual charge is \$61.60 (approved by the Board in 1989).

Lagoon

With the rapid growth in the community, a new lagoon was constructed in 2006. The lagoon includes one primary cell and three (3) secondary cells.

The original lagoon was abandoned in place and the Town is in the final stages of decommissioning. Decommissioning costs are estimated at \$750,000 and the Town expects to pay this cost using surplus funds and/or grants and to some extent, through revised rates. The "indicated" revised rates include an amount of \$25,000 to cover in part the decommissioning costs. If the cost is paid by a borrowing debenture, the annual provision in rates could be used to cover the borrowing costs. Once the decommissioning costs are paid the rates should be examined to determine whether a rate reduction is required.

The new lagoon has a capacity to serve a population of 5,000 and based on the 2010 Census, the Town is nearing this capacity. Town advised it may need to add aeration to the primary cell in the next five (5) years.

The Town has an immediate need to stabilize the lagoon banks to prevent erosion. The Town has estimated this cost to be \$1.0 Million and in discussion with the Town's auditor, the Town advises this cost will be capitalized, as it is a "system betterment" and also, will be amortized over the remaining useful life of the lagoon. This is reviewed later in this report.

The Town expects to borrow the funds for bank stabilization and advised that it plans to recover the borrowing costs through revised rates. The only other alternative is to recover the borrowing costs through taxes but this approach deviates from the user pay principle.

The annual estimated borrowing cost is \$96,350 (\$1.0 Million over 15 years using a 5% interest cost). This cost has been included in the revenue requirements for the Utility as reflected in Appendix 1 attached.

As noted earlier, this cost will be capitalized and therefore, amortization expense for the lagoon will increase. The upgrade will be amortized over 24 years (the remaining useful life of the lagoon) and will increase the annual amortization expense by approximately \$41,700 ($\$1,000,000/24$).

Sewer Lines

The Town advised the sewer lines are in good shape although the Town believes provisions ought to be included in the rate proposal for unexpected repairs. This is often referred to as "contingency" and will be reviewed later in this report.

The sewer lines are mostly made of poly with the older part of Town serviced with concrete pipe.

The sewer system is mostly a gravity flow system with a small part being low-pressure. Customers on the low-pressure system are required to arrange pump-outs of their holding tanks with permission to dump in the lagoon. The customers on the low-pressure system pay the haulers directly and also, pay the Town the full annual sewer charge.

The Town has adopted a line-flushing program - all lines are cleaned once every three (3) years. The annual cost in 2011 was \$13,000. This expense has been included in the budgeting process followed by the Town.

Lift Stations

The Sewer Utility has four (4) lift stations. One (1) is called the Primary Lift Station, which has been fully upgraded recently and is in good shape.

There are two (2) lift stations known as the Hespeler Park and Fifth Avenue Estates lift stations. The latter lift

station is in good condition. However, the Hespeler Park lift station requires upgrading to stainless steel components to prevent corrosion. The estimated cost of the upgrading is \$5,110 plus PST.

The fourth (4) lift station is known as the Arena Road lift station. The Town plans to upgrade this lift station at the same time it installs a new force main to serve a new development. This work is in planning stages and the Town expects to recover, in whole or in part, the cost of this upgrade from a Capital Development Fund (developer) as the upgrade will serve approximately 400 new homes. In the 2012 budget, the Town has allocated \$106,529 for the Arena Road lift station work.

The Town advised that lift station repairs are not uncommon (\$15,200 in 2011) and the repairs are typically substantial (\$15,000 to replace one (1) pump). The Town believes some provision should be made to pay these costs through the rate structure as well. Again, such costs are typically recovered in a contingency allowance to be discussed later.

Operator Certification

The Town advises the Utility Operator is duly certified with a Level 1 certification in sewage treatment and Level 2 Collection. These certifications meet the assigned classification of the Town's sewer system. The Town also advised that employee-training allowances are included in its utility budget.

In accordance with the Town's Environmental License, and after testing, discharges from the Town's lagoon are made in the spring, summer and fall seasons into a local drain eventually draining into the Seine River and the Red River.

With the recently constructed reverse osmosis water treatment plant, backwater from the filter cleaning process is pumped into the lagoon increasing substantially the hydraulic loading on the lagoon. As a result, more frequent lagoon releases are required.

The Town is examining re-directing this water, which is "clean" water, to a nearby lake thereby eliminating the hydraulic loading on the lagoon.

4.0 Revenue Requirements

Section 4.0 reviews the financial requirements of the Utility upon which rates are based. Appendix 1 attached sets out the expenditure forecast as required by the PUB and includes the forecast reflected in the Town's 2012 Financial Plan, adjusted as required.

4.1 Current Financial Position

In 2009, all municipalities were required to prepare financial statements on a PSAB basis requiring the recognition of amortization expense for the first time.

In 2009, the Utility incurred an operating deficit (audited) of \$66,774 after recording \$76,999 in amortization expense. Without amortization expense and interest expense (collected by taxes), the Utility would have earned an operating surplus of approximately \$12,708.

In 2010, on an unaudited basis, the Utility incurred a \$76,648 loss after recording \$77,720 in amortization expense. Again excluding an amortization expense and debenture interest (paid by taxes but not recorded as revenue), a small operating surplus of \$2,085 would have been earned.

In 2011, the Utility recorded a small surplus of \$269 (obtained from management statements not reflected on a PSAB basis).

In 2012, again on a non-PSAB basis (not including amortization expense, the Utility is expected to breakeven.

The 2011 and 2012 operating costs as per management statements are as follows:

Expenditure	Budgeted	Actual
	2012	2011
Administration	\$20,500	\$17,624
Sewage Collection	\$62,940	\$66,336
Total	\$83,440	\$83,960

As of December 31, 2010 (again unaudited), the Utility reserve fund balance was \$34,079.

Three (3) Schedule 9's are attached reflecting operating results as required by the PUB. In effect, these schedules include taxation revenue (for debentures) to cover interest expense and the principal amount to cover part of the amortization expense. These schedules are attached as Appendix 2, 3 and 4.

Of note, these Schedules also allow for the amortization of grants to further the reduction of amortization expense, again consistent with the PUB requirements.

4.2 Capital Plans (2012 Financial Plan)

The Town's 5 Year Capital Plan reflects the \$1.0 Million bank stabilization work on the lagoon to be spent in 2013. The cost is to be paid using a debenture as reviewed earlier.

There is no sewer project planned for 2012.

4.3 Amortization

The Town has prepared its Tangible Capital Asset Continuity Schedule and the 2011 TCA Schedule used for the rate study is attached.

The Town has three (3) asset categories *being amortized*: Networks Sewer, Machinery & Equipment and Buildings, Wood Frame that includes the lift stations.

The total 2011 amortization expense and the amortization periods are as follows:

Buildings, Wood Frame:	\$43,430.18 (25 years)
Networks (Sewer):	\$30,903.10 (60 years) ¹
Machinery & Equipment:	<u>\$ 3,005.27 (15 years)</u>
Sub-total:	\$77,338.55 ²

Note 1: No differentiation between concrete or plastic pipe.

Note 2: \$76,999 in 2009 audited statements (last audited).

If the bank stabilization project proceeds in 2013 (to be capitalized), as noted earlier, this will have an amortization expense of \$41,700.

Further, the upgrading of the Hespeler Park Avenue lift station to stainless steel will expand the useful life of the lift station and therefore, may also be capitalized. However, this expense is only some \$5,000. If this costs is paid for by the developer it would be treated as a "donated asset" and the related amortization expense would not be required to be collected in rates, consistent with PUB requirements.

The Town advises that the operation of the lagoon in the past, was not accounted for as part of the Utility but this will be changed going forward.

Using the 2011 TCA Summary information provided by the Town adjusted as noted below, the total original capital cost of the assets related to the sewer utility is as follows:

Schedule:	\$2,530,807
Lagoon:	\$2,904,238
Lagoon Upgrade:	<u>\$1,000,000</u>
Total:	\$6,435,045

This capital cost will be used to determine the amount of contingency allowance to be collected in rates as per the PUB Guidelines.

Pursuant to the directives of the PUB, amortization expense is required to be reduced for those assets either being paid for by debentures (principal amount), paid for by grants (by percentage) or by developers (donated assets).

There are no outstanding debentures (the last being retired in 2011) and therefore there will be no reduction to amortization expense for outstanding debentures. However, the future debenture for the lagoon upgrade has been included.

The total amortization expense on a go forward basis will be approximately:

1. As per financial statements (2010 unaudited)	\$77,720
2. Lagoon	\$96,808
3. Lagoon upgrade	<u>\$41,700</u>
Total	\$216,228

With respect to grants, the 2009 audited statements (last audited) address this matter. Note 15 indicates for sewer services, the annual amortization amount for grants is \$18,165. In the 2010 unaudited statements, this amount is increased to \$20,847. The 2010 amount is used to reduce amortization expense in the rate study, as it is the most recent information.

Using these figures, the net amount of amortization expense to be collected in rates is \$195,381 (\$216,228 - \$20,847).

4.4 Contingency Allowance

A contingency allowance is a provision in rates to recognize that systems do breakdown unexpectedly. This provision is in addition to any amortization or reserve provision as these monies are generally intended to cover expected and normal wear and tear of a system. The amount of contingency included in rates is determined based on the PUB Guidelines and the Utility operating experience.

The PUB Guideline requires a contingency allowance approximating 1% of the historical capital cost of the system. The provision may be increased or decreased dependent on the operating experience of the utility. Newer operating systems tend to have a lower contingency allowance and older systems in a state of disrepair tend to have a higher contingency amount.

As noted earlier, the current rates do not include any amount for contingency and yet a repair can be quite costly.

Using the PUB Guidelines, the recommended contingency provision is 1% of the historical capital costs of the system or \$64,350. The Town believes that a lower amount of \$20,000 in 2013 and rising by \$5,000 in each of 2014 and 2015 is reasonable recognizing the new requirements to collect amortization expense. These amounts have been included in Appendix 1 attached.

4.5 Reserve Provision

Reserve funds typically pay for routine and planned capital expenses.

The PUB indicated that under normal circumstances the provision for amortization negates the need for such reserves. However, the PUB was prepared to consider an inclusion for reserves in rates if the need could be justified.

The Town supports the user-pay system and strongly believes funds should be available to cover planned and unexpected repair costs. However, as amortization expense provides for such costs and as this is the first rate study under the new accounting rules, it may be prudent to set aside such consideration at this time due to rate impacts. The need for the building of a reserve fund in addition to the collection of amortization expense can be re-visited at the

next rate review. Accordingly, with amortization expense, no amount has been included to build a reserve fund.

Of note, reserves are not intended to pay for new capital projects related to expansion, as it is expected that the newly connected customers will pay this cost. Further, reserves typically do not cover costs related to major capital, for example a new treatment plant, as the ability of the rates to support this cost would be difficult. Further, in some cases the cost of large capital projects are better recovered by tax assessment in fairness between small and large customers.

4.6 Allocation of Shared Services and Equipment

Where municipalities have dedicated staff and equipment to operate the utility, it is expected that these costs -will be assigned fully and directly to utility operations.

Where a sharing of staff time and equipment occurs between the utility and the general operations of the municipality or between utilities (in this case between the water and sewer utilities), the PUB determined that a municipality must establish how this cost is allocated in a Shared Cost Allocation Policy.

Further, in the future, a municipality must include a managerial statement confirming that the Policy has been adhered to in the preparation of the financial statements

filed with the PUB. The PUB must approve any change in the allocations.

The managerial statement is not required for the audited financial statements.

The concern is one of fairness. The allocation must reflect the utility's fair share of shared costs to ensure the utility operation is not being subsidized by general operations of the municipality.

The Town advised that this matter has been reviewed and it has been determined a 4% allocation of staff time including benefits, office space costs, utility costs and equipment costs is a reasonable allocation of these costs.

For 2011, this cost amounted to \$17,548 and has been included in Appendix 1 as part of the overall sewer operating expenses.

4.7 Working Capital Surplus

The PUB in Order Nos. 151/08 and 93/09, in its response to the new Public Sector Accounting Board rulemaking, determined new rules working the minimum capital surplus required to utilities. The PUB stated that utilities must carry a minimum of 20% of the prior year's operating expenses in surplus.

The working capital surplus (WCS) excluded capital related items but included reserves as determined as follows:

1.Fund Surplus/deficit (W)

Minus:

2.TCA (X)

Plus:

3.Long term debt (Y)

4.Utility reserves (Z)

In summary, $WCS = W - X + Y + Z$. The figures are typically found in Schedules 6 and 8 of the audited financial statements.

For the Sewer Utility, for the period ending 2009 (last audited), the WCS is as follows:

$$\$2,518,355 - \$2,530,807 + \$12,452 + \$33,882 = \$33,882$$

The WCS for 2011 (unaudited) is \$34,079. This amount is in Appendix 1 (attached).

Appendix 1 (developed by the PUB), uses the existing WCS, and determines if the WCS is above or below the PUB target level) and if below, what if any surcharge is required to be collected in rates to build the WCS. In general, if the WCS falls below the PUB minimum, the PUB requires a minimum of 1% of operating expenses be added into rates until the WCS target is met.

As noted in Appendix 1 a surcharge is required as the existing WCS of \$34,079 falls below the current target level of approximately \$88,662. This is a shortfall of \$54,583. Appendix 1 determines a surcharge of approximately

\$4,400 is required in 2013. At the end of the 3-year rate period there will remain a shortfall of about \$47,849.

Contingencies have been included in operating expenses and in those years such contingency is not required monies may be used to expedite the building of the WCS.

4.8 Future Liabilities

There are no contingent liabilities recognized in the financial statements including the decommissioning cost of the original lagoon.

4.9 Debentures

As noted earlier, there are no outstanding debentures (the last one retired in 2011).

However, the Town may finance the \$1.0 Million lagoon upgrade using debentures. For the purposes of the rate study, the financing costs are flowing through the rate structure as per Appendix 1 and as noted earlier.

4.10 Financial Forecast Assumptions

For ratemaking, Appendix 1 sets out the financial forecast assumptions and revenue requirements for the Utility with the following comments:

1. Operating expenses have been adjusted upward at the industry rate of inflation of 3%. It is recommended that the rate proposal include rates over three years to

provide rate predictability for ratepayers and a predictable cash flow for the Utility.

2. Administration costs reflect the Town's Shared Cost Allocation Policy.
3. Utility cost includes line-flushing costs.
4. Amortization expense includes the estimated amortization expense for the lagoon upgrade. Amortization expense is adjusted for grants pursuant to the requirements of the PUB.
5. No provision for reserves has been included due to the sizeable amount of amortization expense being collected and due to rate shock considerations. Contingency has been included but not at a level recommended by the PUB.
6. The "indicated" rates include the recovery of the borrowing costs for the lagoon upgrade project.
7. \$25,000 has been included for decommissioning the abandoned lagoon. This will not cover the full cost of the work.
8. The current WCS is below the PUB target requiring an amount be included to build the WCS account over time at an amount determined by the PUB Guidelines.

5.0 Rate Determination

5.1 Sewer Rates

Being a sewer only utility and consistent with the Town's plans to continue to bill customers on a flat rate basis, the "indicated" rates are based on "residential equivalent units" (REU).

The REU approach assumes all residential and small commercial customers use of utility services is the same

and is assigned one (1) REU. Larger customers' use is based on an assessment (using the PUB criteria) and is assigned a multiple of the REU based upon expected use of the sewer services. The multiples can be based on classrooms if a school, wash bays if a car wash, wash tubs if a laundromat, etc.

Schedule "A" to By-law #335-89, as approved by the PUB in Order No. 105/89, established the REU multiples.

The Town reviewed the REU assessments and determined that some small changes were required to reflect the current circumstances. Based on this assessment, the total number of REUs is 1,627 and will be used to determine the "indicated" required rate changes.

The Town advised it plans to bill quarterly in the future and therefore, the "indicated" quarterly per REU sewer charge is as follows:

Total operating costs/ Total REU/4 (rounded):

2013: $\$359,853 + \$4,433 / 1,627 / 4 = \$56.00$

2014: $\$366,798 + \$4,509 / 1,627 / 4 = \$57.05$

2015: $\$373,801 + \$4,585 / 1,627 / 4 = \$58.15$

The Town currently charges \$50.00 per year or \$12.50 per quarter.

5.2 Customer Service Charge

The Town currently charges \$11.60 per year for the costs of administering the utility, which equates to \$2.90 per quarter. This charge recovers the cost of administering the utility and typically billing and collection. Administration costs include those costs, which do not vary by the consumption of utility services. For example, the costs of reading a meter or sending out a bill does not vary with consumption.

As noted earlier, the Town is planning to bill quarterly in the future.

Using Appendix 1, the customer service charge is calculated as follows:

Administration costs/Number of customers/4 (rounded):

2013: $\$20,196 / 1328 / 4 = \3.80

2014: $\$20,822 / 1328 / 4 = \3.90

2015: $\$21,468 / 1328 / 4 = \4.05

When the Customer Service Charge is added to the quarterly REU charge the total "indicated" quarterly bill is as follows:

2013: $\$3.80 + \$56.00 = \$59.80$

2014: $\$3.90 + \$57.05 = \$60.95$

2015: $\$4.05 + \$58.15 = \$62.20$

The Town currently charges \$61.60 per year or \$15.40 per quarter.

A customer using 35 cubic meters of water in Winnipeg currently pays approximately \$72.00 per quarter for sewer services.

5.3 Surcharges for Services beyond the Boundaries

No customers are served who are located outside the Town boundaries.

Typically, a surcharge is appropriate to recover some part of the capital costs of a facility from those customers who are located beyond the taxing authority of the municipality. This is a "fairness" issue and is particularly important if the residents in the Town are paying the capital costs of the facility by taxation.

Existing By-law No. 335-89 provides for this service should the Town ever decide to extend its services. The clause should be continued in any amending by-law to avoid having to amend the by-law with PUB approval later.

5.4 Sewer Surcharges

All sewage is considered "domestic sewage" and hence, no surcharges are assessed for "extra-strength" sewage. The Town continues to believe this is appropriate.

The existing by-law includes the clause allowing for the Town to assess such surcharges should they become appropriate. This clause should be continued.

5.5 Disconnection and Reconnection Charges

It is noted that the Town provides water and sewer services to metered customers in Fifth Avenue Estates and the Highlands (with curb stops) which provides an opportunity for the Town to disconnect the water service should the sewer bill not be paid - even though water it is provided by another stand alone water utility.

Sewer only customers have no curb stop and disconnection for non-payment would entail excavations to disconnect the line at some expense.

Accordingly, sewer services are disconnected rarely for non-payment. It is recommended that the Town in its amending by-law for revised rates include the PUB required disconnection clause to cover off the necessary authority to disconnect all customers for non-payment including those where excavations may be required if that is the only remedy available to the Town to effect payment.

The recommended clause is as follows:

"Disconnection

The Public Utilities Board has approved the Conditions Precedent to be followed by the municipality with respect to the disconnection of service for non-payment including, such matters, as notice and the right to appeal such action

to the Public Utilities Board. A copy of the Conditions Precedent is available for inspection at the Municipality's office."

With respect to the service provided to haulers dumping into the Town's lagoon system, the Town advised that service would be denied if the bills were not paid.

5.6 Late Payment Charges

The Town's current by-law does not include the PUB's required late payment charge clause. However, it does include the typical clause allowing for outstanding bills to be added to the tax roll and collected in a like-manner.

Since the Town is moving to a quarterly bill it may be appropriate to include the PUB approved late payment clause as noted below:

"Billings and Penalties

A late payment charge of 1½% shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills."

5.7 Connection Charges

The Town reviews applicable connection charges under any development agreement.

It is generally accepted that the costs of extending utility services to a new development should be the responsibility of the developer. In preparing such

agreements, the appropriateness of a charge to recognize that the existing customers may have paid for the existing collection and lagoon system should be considered. Each case needs to be examined carefully and the charges applicable may vary depending on the circumstances.

The Town currently charges each new customer \$1,152.53 - payment towards the capital cost of the new lagoon.

5.8 Lagoon Tipping Fees

As noted earlier, customers connected to the Town's low-pressure sewer system arrange with private haulers to have their holding tanks pumped-out and dumped into the Town's lagoon. The customers pay this hauling cost and they also, pay the sewer rates of the Town.

No dumping is allowed for residents located outside the Town limits and therefore, no tipping fee is charged.

6.0 Conclusion and Recommendation

The "indicated" revised sewer rates are substantially higher than the existing rates. While prior to PSAB and without amortization expense, the Utility from an operational perspective was not incurring losses, with amortization expense, this is no longer the case. Even without amortization expense, the Utility was becoming less sustainable at the existing rates.

Since the last rate review, the Sewer Utility has undergone several upgrades and additional work is required. While in the past, capital costs have been handled mostly by debentures collected by taxes, consistent with where the industry is moving, the Town advised that it was planning to rely substantially on the rates to recover these costs consistent with the user-pay principle. When the costs to stabilize the lagoon banks, decommission the old lagoon, provide for minor capital upgrades, meet the PUB WCS surplus targets and contingency are considered, a significant increase in rates is required.

The current annual sewer rate is \$61.60 or \$15.40 per quarter and the "indicated" sewer rate per quarter are as follows:

2013	\$59.80
2014	\$60.95
2015	\$62.20

As indicated earlier these are the "user-pay" costs of operating the Utility. If more of the costs are recovered by taxes then the "user-pay" rates will decline but the actual costs of operating the Utility will be less transparent.

Appendix 1 - Revenue Requirements Table

Appendix 2 - PUB Schedule 9 (2010)

Appendix 3 - PUB Schedule 9 (2011)

Appendix 4 - Pub Schedule 9 (2012)

Appendix 5 - Tangible Capital Asset Continuity Schedule

SCHEDULE OF UTILITY RATE REQUIREMENTS

Appendix "1"

Projected for the rate year(s)	2013-2015	with comparative numbers for current and past year			
			Inflation Rate:	3 %	
	Prior year Actual	Current year Projected	Next year	Budget forecasts Next year+1	Next year+2
General					
<i>Expenses:</i>					
Administration (building, office, staff, etc.)	17,624.00	20,500.00	20,910.00	21,537.30	22,183.42
Billing and collection				-	-
Total general expenses	17,624.00	20,500.00	20,910.00	21,537.30	22,183.42
Equity surcharge (1% of annual expenses)			4,433.10	4,508.82	4,585.32
Deficit Recovery for the year _____					
<i>Revenue:</i>					
Surcharges				-	-
Service charges				-	-
Other	6,063.00	700.00	714.00	715.00	715.00
Penalties					
Total general revenue	6,063.00	700.00	714.00	715.00	715.00
Net revenue general	11,561.00	19,800.00	24,629.10	25,331.12	26,063.73
Water					
<i>Expenses:</i>					
Staffing				-	-
Purification and treatment				-	-
Water purchases				-	-
Service of Supply				-	-
Transmission and Distribution				-	-
Other Water Supply Costs				-	-
Connections - Net Loss				-	-
Amortization/ depreciation					
Interest on long term debt	-	-	-	-	-
Reserves					
Minor capital upgrades				-	-
Contingency					
Sub-total- water expenses	-	-	-	-	-
<i>Revenue:</i>					
Connection Revenue				-	-
Hydrant rentals				-	-
Investment Income					
Amortization of capital grants					
Taxation revenues (1)	-	-	-	-	-
Other revenue				-	-
Total non-rate revenue - water	-	-	-	-	-
Net rate revenue - water	-	-	-	-	-
Sewer					
<i>Expenses:</i>					
Staffing				-	-
Sewage Collection System	66,336.00	62,940.00	64,830.00	66,774.90	68,778.15
Sewage Lift Station				-	-
Sewage Treatment and Disposal				-	-
Other Sewage Collection & Disposal Costs				-	-
Connection - Net Loss				-	-
Amortization/ depreciation	77,720.00	77,720.00	216,228.00	216,228.00	216,228.00
Interest on long term debt	526.00	-			
Reserves					
Future Remediation			25,000.00	25,000.00	25,000.00
Capital upgrades - lagoon work			96,342.00	96,342.00	96,342.00
Contingency			20,000.00	25,000.00	30,000.00
Total sewer expenses	144,582.00	140,660.00	422,400.00	429,344.90	436,348.15
<i>Revenue</i>					
Connection Revenue				-	-
Lagoon Tipping Fees				-	-
Investment Income					
Amortization of capital grants	18,165.00	18,165.00	20,847.00	20,847.00	20,847.00
Taxation revenues (2)	6,995.00	-	41,700.00	41,700.00	41,700.00
Other Revenue				-	-
Total non-rate revenue- sewer	25,160.00	18,165.00	62,547.00	62,547.00	62,547.00
Net rate revenue - sewer	119,422.00	122,495.00	359,853.00	366,797.90	373,801.15
(1) Water facility- debt servicing taxation revenues					
Principal					
Interest					
Total	-	-	-	-	-
(2) Sewer facility- debt servicing taxation revenues					
Principal	6,468.00	-	48,342.00	48,658.00	51,082.00
Interest	526.00	-	50,000.00	47,683.00	45,250.00

SCHEDULE OF UTILITY OPERATIONS - Town of Niverville - Sewer Utility

FOR PUBLIC UTILITIES USE ONLY

December 31, 2010

	<u>Budget</u>	<u>2010</u>	<u>2009</u>
REVENUE			
Water			
Water fees	\$ -	\$ -	\$ -
Bulk Water fees	-	-	-
sub-total- water	-	-	-
Sewer			
Sewer fees	72,721	79,716	79,407
Lagoon tipping fees	-	-	-
sub-total- sewer	72,721	79,716	79,407
Property taxes	6,995	6,995	6,995
Government transfers			
Operating	-	-	-
Capital	-	-	-
sub-total- government transfers	-	-	-
Other			
Hydrant rentals	-	-	-
Connection charges	-	-	-
Installation service	-	-	-
Penalties	-	-	-
Contributed tangible capital assets	-	-	-
Investment income	300	-	346
Administration fees	-	-	-
Gain on sale of tangible capital assets*	-	-	-
Other income	-	-	-
sub-total- other	300	-	346
Total revenue	80,016	86,711	86,748

*Should be shown in appropriate category, i.e. Water or Sewer

TOWN OF NIVERVILLE
SCHEDULE OF UTILITY OPERATIONS (cont'd) - Name of Utility

SCHEDULE 9

FOR PUBLIC UTILITIES USE ONLY
December 31, 2010

	<u>Budget</u>	<u>2010</u>	<u>2009</u>
EXPENSES			
General			
Administration	39,367	28,886	25,116
Training costs	-	-	-
Billing and collection	-	-	-
Utilities (telephone, electricity, etc.)	-	-	-
sub-total- general	<u>39,367</u>	<u>28,886</u>	<u>25,116</u>
Water General			
Purification and treatment	-	-	-
Water purchases	-	-	-
Transmission and distribution	-	-	-
Hydrant maintenance	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
sub-total- water general	<u>-</u>	<u>-</u>	<u>-</u>
Water Amortization & Interest			
Amortization	-	-	-
Interest on long term debt	-	-	-
sub-total- water amortization & interest	<u>-</u>	<u>-</u>	<u>-</u>
Sewer General			
Collection system costs	33,654	39,236	26,055
Treatment and disposal cost	-	-	-
Lift Station costs	-	1,894	3,977
Transportation services - utility costs	-	7,615	10,177
Connection costs	-	-	-
Other sewage & disposal costs- training costs	-	-	1,780
sub-total- sewer general	<u>33,654</u>	<u>48,745</u>	<u>41,989</u>
Sewage Amortization & Interest			
Amortization	77,720	77,720	76,999
Interest on long term debt	1,012	1,012	1,461
sub-total- sewer amortization & interest	<u>78,732</u>	<u>78,732</u>	<u>78,460</u>
Total expenses	<u>151,753</u>	<u>156,363</u>	<u>145,565</u>
Net Revenue before grant adjustment	<u>(71,737)</u>	<u>(69,652)</u>	<u>(58,817)</u>
Deduct Contributed TCAs Current Year (Note 19)	-	-	-
Deduct Capital Grants Current year (Note 19)	-	-	-
Add Amortization of Capital Grants (Note 19)	-	-	-
Add Amortization of Contributed TCAs (Note 19)	-	-	-

NET OPERATING SURPLUS	(71,737)	(69,652)	(58,817)
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TRANSFERS

Transfers from (to) operating fund	-	(48,411)	60,738
Transfers from (to) reserve funds	-	-	-

CHANGE IN UTILITY FUND BALANCE	\$ (71,737)	(118,063)	1,921
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FUND SURPLUS, BEGINNING OF YEAR	2,524,391	2,524,391	2,524,391
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FUND SURPLUS, END OF YEAR	\$ 2,524,391	\$ 2,406,328	\$ 2,526,312
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Notes:

1. Interest expense in 2009 taken from Schedule to By-law No. 522-97. Different from audited

SCHEDULE OF UTILITY OPERATIONS - Town of Niverville - Sewer Utility

FOR PUBLIC UTILITIES USE ONLY

December 31, 2011

	Budget	2011	2010
REVENUE			
Water			
Water fees	\$ -	\$ -	\$ -
Bulk Water fees	-	-	-
sub-total- water	-	-	-
Sewer			
Sewer fees	72,721	79,716	79,716
Lagoon tipping fees	-	-	-
sub-total- sewer	72,721	79,716	79,716
Property taxes	6,995	6,995	6,995
Government transfers			
Operating	-	-	-
Capital	-	-	-
sub-total- government transfers	-	-	-
Other			
Hydrant rentals	-	-	-
Connection charges	-	-	-
Installation service	-	-	-
Penalties	-	-	-
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	-
Gain on sale of tangible capital assets*	-	-	-
Other income	-	6063 ⁰⁰	-
sub-total- other	-	-	-
Total revenue	79,716	86,711	86,711

*Should be shown in appropriate category, i.e. Water or Sewer

TOWN OF NIVERVILLE
SCHEDULE OF UTILITY OPERATIONS (cont'd) - Name of Utility

SCHEDULE 9

FOR PUBLIC UTILITIES USE ONLY
December 31, 2011

	<u>Budget</u>	<u>2011</u>	<u>2010</u>
EXPENSES			
General			
Administration	39,367	36,608 [✓] 28,886	28,886
Training costs	-	-	-
Billing and collection	-	-	-
Utilities (telephone, electricity, etc.)	-	-	-
sub-total- general	<u>39,367</u>	<u>28,886</u>	<u>28,886</u>
Water General			
Purification and treatment	-	-	-
Water purchases	-	-	-
Transmission and distribution	-	-	-
Hydrant maintenance	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
sub-total- water general	<u>-</u>	<u>-</u>	<u>-</u>
Water Amortization & Interest			
Amortization	-	-	-
Interest on long term debt	-	-	-
sub-total- water amortization & interest	<u>-</u>	<u>-</u>	<u>-</u>
Sewer General			
Collection system costs	33,654	31,014 [✓] 39,236	39,236
Treatment and disposal cost	-	8,648 [✓] 1,894	-
Lift Station costs	-	7,615	1,894
Transportation services - utility costs	-	-	7,615
Connection costs	-	-	-
Other sewage & disposal costs	-	-	-
sub-total- sewer general	<u>33,654</u>	<u>48,745</u>	<u>48,745</u>
Sewage Amortization & Interest			
Amortization	77,720	77,720	77,720
Interest on long term debt	526	526	1,012
sub-total- sewer amortization & interest	<u>78,246</u>	<u>78,246</u>	<u>78,732</u>
Total expenses	<u>151,267</u>	<u>155,877</u>	<u>156,363</u>
Net Revenue before grant adjustment	<u>(71,551)</u>	<u>(69,166)</u>	<u>(69,652)</u>
Deduct Contributed TCAs Current Year (Note 19)	-	-	-
Deduct Capital Grants Current year (Note 19)	-	-	-
Add Amortization of Capital Grants (Note 19)	-	-	-
Add Amortization of Contributed TCAs (Note 19)	-	-	-

NET OPERATING SURPLUS	(71,551)	(69,166)	(69,652)
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TRANSFERS

Transfers from (to) operating fund	-	-	(48,411)
Transfers from (to) reserve funds	-	-	-

CHANGE IN UTILITY FUND BALANCE	<u>\$ (71,551)</u>	<u>(69,166)</u>	<u>(118,063)</u>
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FUND SURPLUS, BEGINNING OF YEAR	2,406,328	<u>2,406,328</u>	<u>2,524,391</u>
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FUND SURPLUS, END OF YEAR		<u><u>\$ 2,337,162</u></u>	<u><u>\$ 2,406,328</u></u>
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SCHEDULE OF UTILITY OPERATIONS - Town of Niverville Sewer Utility

FOR PUBLIC UTILITIES USE ONLY

December 31, 2012

	Budget	2012	2011
REVENUE			
Water			
Water fees	\$ -	\$ -	\$ -
Bulk Water fees	-	-	-
sub-total- water	-	-	-
Sewer			
Sewer fees	83,440	-	79,716
Lagoon tipping fees	-	-	-
sub-total- sewer	83,440	-	79,716
Property taxes	-	-	6,995
Government transfers			
Operating	-	-	-
Capital	-	-	-
sub-total- government transfers	-	-	-
Other			
Hydrant rentals	-	-	-
Connection charges	-	-	-
Installation service	-	-	-
Penalties	-	-	-
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	-
Gain on sale of tangible capital assets*	-	-	-
Other income	-	-	-
sub-total- other	-	-	-
Total revenue	83,440	-	86,711

*Should be shown in appropriate category, i.e. Water or Sewer

TOWN OF NIVERVILLE
SCHEDULE OF UTILITY OPERATIONS (cont'd) - Town of Niverville SewerUtility
FOR PUBLIC UTILITIES USE ONLY
December 31, 2012

SCHEDULE 9

	<u>Budget</u>	<u>2012</u>	<u>2011</u>
EXPENSES			
General			
Administration	20,500	-	28,886
Training costs	-	-	-
Billing and collection	-	-	-
Utilities (telephone, electricity, etc.)	-	-	-
sub-total- general	<u>20,500</u>	<u>-</u>	<u>28,886</u>
Water General			
Purification and treatment	-	-	-
Water purchases	-	-	-
Transmission and distribution	-	-	-
Hydrant maintenance	-	-	-
Transportation services	-	-	-
Connection costs	-	-	-
sub-total- water general	<u>-</u>	<u>-</u>	<u>-</u>
Water Amortization & Interest			
Amortization	-	-	-
Interest on long term debt	-	-	-
sub-total- water amortization & interest	<u>-</u>	<u>-</u>	<u>-</u>
Sewer General			
Collection system costs	62,940	-	39,236
Treatment and disposal cost	-	-	-
Lift Station costs	-	-	1,894
Transportation services - utility costs	-	-	7,615
Connection costs	-	-	-
Other sewage & disposal costs	-	-	-
sub-total- sewer general	<u>62,940</u>	<u>-</u>	<u>48,745</u>
Sewage Amortization & Interest			
Amortization	174,528	-	77,720
Interest on long term debt	-	-	526
sub-total- sewer amortization & interest	<u>174,528</u>	<u>-</u>	<u>78,246</u>
Total expenses	<u>257,968</u>	<u>-</u>	<u>155,877</u>
Net Revenue before grant adjustment	<u>(174,528)</u>	<u>-</u>	<u>(69,166)</u>
Deduct Contributed TCAs Current Year (Note 19)	-	-	-
Deduct Capital Grants Current year (Note 19)	-	-	-
Add Amortization of Capital Grants (Note 19)	-	-	-
Add Amortization of Contributed TCAs (Note 19)	-	-	-

NET OPERATING SURPLUS	(77,720)	-	(69,166)
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TRANSFERS

Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	-	-	-

CHANGE IN UTILITY FUND BALANCE	\$ (77,720)	-	(69,166)
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FUND SURPLUS, BEGINNING OF YEAR	2,337,162	2,259,442	2,406,328
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FUND SURPLUS, END OF YEAR	\$ 2,259,442	\$ 2,337,162	\$ 2,337,162
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Tangible Capital Assets Continuity Schedule
Sewer Infrastructure - Sewer Networks & Equipment
2012-2015

Description	Progr. Allocation	Date Put In Use	Date of Disap/WD	Useful Life (yrs)	Cost	Residual Value	Amount For Amort	Monthly Amort	January 1, 2012				December 31, 2012				December 31, 2013									
									Cost	#Months	Accm Amort	NBV	Addn	Disap/WD	Cost	#Months	Amort	Accm Amort	NBV	Addn	Disposals/WD	Cost	#Months	Amort	Accm Amort	NBV
Sewer Infrastructure 1971	Sewer Utility	01-Jan-71		60	193,540.63	-	193,540.63	268.81	193,540.63	492	(132,246.15)	61,294.48	-	-	193,540.63	12	(3,225.68)	(135,471.82)	58,068.81	-	-	193,540.63	12	(3,225.68)	(138,697.50)	54,843.13
Sewer Infrastructure 1973	Sewer Utility	01-Jan-73		60	19,079.17	-	19,079.17	26.50	19,079.17	468	(12,400.38)	6,678.79	-	-	19,079.17	12	(1,718.36)	(12,718.36)	6,360.81	-	-	19,079.17	12	(1,718.36)	(13,036.35)	6,042.82
Sewer Infrastructure 1981	Sewer Utility	01-Jan-81		60	148,556.81	-	148,556.81	206.33	148,556.81	372	(76,745.89)	71,810.92	-	-	148,556.81	12	(2,475.95)	(79,221.83)	69,334.98	-	-	148,556.81	12	(2,475.95)	(81,697.78)	66,859.03
Sewer Infrastructure 1986	Sewer Utility	01-Jan-86		60	76,716.69	-	76,716.69	106.55	76,716.69	312	(33,240.39)	43,476.30	-	-	76,716.69	12	(1,278.61)	(34,519.00)	42,197.69	-	-	76,716.69	12	(1,278.61)	(35,797.61)	40,919.08
Sewer Infrastructure 1989	Sewer Utility	01-Jan-89		60	8,180.92	-	8,180.92	11.36	8,180.92	278	(3,135.55)	5,045.37	-	-	8,180.92	12	(1,363.35)	(3,271.90)	4,909.02	-	-	8,180.92	12	(1,363.35)	(3,408.25)	4,772.67
Sewer Infrastructure 1995	Sewer Utility	01-Jan-95		60	22,478.12	-	22,478.12	31.22	22,478.12	204	(6,368.02)	16,110.10	-	-	22,478.12	12	(374.64)	(6,742.66)	15,735.46	-	-	22,478.12	12	(374.64)	(7,117.29)	15,360.83
Sewer Infrastructure 1999	Sewer Utility	1-Jan-99		60	14,995.53	-	14,995.53	20.83	14,995.53	156	(3,248.51)	11,747.02	-	-	14,995.53	12	(249.93)	(3,498.44)	11,497.09	-	-	14,995.53	12	(249.93)	(3,748.36)	11,247.17
Sewer Infrastructure 2002	Sewer Utility	1-Jan-02		60	92,647.74	-	92,647.74	128.68	92,647.74	120	(15,437.07)	77,210.67	-	-	92,647.74	12	(1,544.13)	(16,981.20)	75,666.54	-	-	92,647.74	12	(1,544.13)	(18,525.32)	74,122.42
Sewer Infrastructure 2006	Sewer Utility	01-Jan-06		60	188,118.19	-	188,118.19	261.28	188,118.19	72	(18,803.24)	169,314.95	-	-	188,118.19	12	(3,135.30)	(21,938.54)	166,179.65	-	-	188,118.19	12	(3,135.30)	(25,073.84)	163,044.35
Sewer Infrastructure 2008	Sewer Utility	01-May-08		60	158,594.38	-	158,594.38	220.27	158,594.38	44	(9,688.26)	148,906.12	-	-	158,594.38	12	(2,643.24)	(12,331.50)	146,262.88	-	-	158,594.38	12	(2,643.24)	(14,974.74)	143,619.64
Sewer Infrastructure 2008	Sewer Utility	01-May-08		60	931,278.00	-	931,278.00	1,293.44	931,278.00	44	(56,890.18)	874,387.82	-	-	931,278.00	12	(15,521.30)	(72,411.48)	858,866.52	-	-	931,278.00	12	(15,521.30)	(87,932.78)	843,345.22
Edenwiese Lift Station	Sewer Utility	01-Jan-98		25	59,417.00	-	59,417.00	198.06	59,417.00	192	(38,023.63)	21,393.37	-	-	59,417.00	12	(2,376.68)	(40,400.31)	19,016.69	-	-	59,417.00	12	(2,376.68)	(42,776.99)	16,640.01
Fifth Avenue Super Station	Sewer Utility	01-Jan-07		25	405,000.00	-	405,000.00	1,350.00	405,000.00	60	(80,966.73)	324,033.27	-	-	405,000.00	12	(16,200.00)	(97,166.73)	307,833.27	-	-	405,000.00	12	(16,200.00)	(113,366.73)	291,633.27
Hepler Park Super Station	Sewer Utility	01-Jan-07		25	621,337.00	-	621,337.00	2,071.12	621,337.00	60	(124,216.37)	497,120.63	-	-	621,337.00	12	(24,853.48)	(149,069.85)	472,267.15	-	-	621,337.00	12	(24,853.48)	(173,923.33)	447,413.67
Sewage Lift Station	Sewer Utility	13-Mar-09		15	42,404.10	-	42,404.10	235.58	42,404.10	33	(7,770.22)	34,633.88	-	-	42,404.10	12	(2,826.94)	(10,597.16)	31,806.94	-	-	42,404.10	12	(2,826.94)	(13,424.10)	28,980.00
FAE Lift Station	Sewer Utility	04-Feb-09		15	2,675.00	-	2,675.00	14.86	2,675.00	35	(519.89)	2,155.11	-	-	2,675.00	12	(178.33)	(698.23)	1,976.77	-	-	2,675.00	12	(178.33)	(876.56)	1,798.44
FAE - driveway	Sewer Utility	12-Aug-08		30	11,458.00	-	11,458.00	31.83	11,458.00	41	(1,304.41)	10,153.59	-	-	11,458.00	12	(381.93)	(1,686.35)	9,771.65	-	-	11,458.00	12	(381.93)	(2,068.28)	9,389.72
Lagoon - 2006	tsf from EDS 01-01-2013	01-May-08		30	1,799,312.10	-	1,799,312.10	4,998.09	1,799,312.10	44	(219,833.82)	1,579,478.28	-	-	1,799,312.10	12	(59,977.07)	(279,810.89)	1,519,501.21	-	-	1,799,312.10	12	(59,977.07)	(339,787.98)	1,459,524.14
Lagoon - 2007	tsf from EDS 01-01-2013	01-May-08		30	1,081,887.12	-	1,081,887.12	3,005.24	1,081,887.12	44	(132,181.28)	949,705.84	-	-	1,081,887.12	12	(36,062.90)	(168,244.18)	913,642.94	-	-	1,081,887.12	12	(36,062.90)	(204,307.09)	877,580.03
Lagoon - 2008	tsf from EDS 01-01-2013	01-May-08		30	23,038.98	-	23,038.98	64.00	23,038.98	44	(2,814.83)	20,224.15	-	-	23,038.98	12	(767.97)	(3,582.80)	19,456.18	-	-	23,038.98	12	(767.97)	(4,350.76)	18,688.22
Lagoon - 2013	Sewer Utility	01-Jan-13		24	1,000,000.00	-	1,000,000.00	3,472.22	-	-	-	-	-	-	-	-	-	-	1,000,000.00	-	-	1,000,000.00	12	(41,700.00)	(41,700.00)	958,300.00
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SCHEDULE OF UTILITY OPERATIONS - Sewer

For the Year Ended December 31, 2011

	Internal Draft 2011 Budget	2011 Actual	2010 Actual
REVENUE			
Water fees	\$ -	\$ -	\$ -
Sewer fees	-	-	-
Property taxes	72,721	79,716	79,716
Bulk Water fees	-	-	-
Lagoon tipping fees	-	-	-
Hydrant rentals	-	-	-
Connection charges	-	-	-
Penalties	-	-	-
Government transfers - operating	-	-	-
Government transfers - capital grants	-	-	-
Investment income	300	-	-
Administration fees	-	-	-
Other income	-	6,063	-
Total revenue	<u>73,021</u>	<u>85,778</u>	<u>79,716</u>
EXPENSES			
General			
Administration	39,367	29,954	28,886
Training costs	-	-	-
Billing and collection	-	-	-
Utilities (telephone, electricity, etc.)	-	6,653	7,615
sub-total- general	<u>39,367</u>	<u>36,608</u>	<u>36,501</u>
Water			
Purification and treatment	-	-	-
Transmission and distribution	-	-	-
Transportation services	-	-	-
Water purchases	-	-	-
Connection costs	-	-	-
Amortization	-	-	-
Interest on long term debt	-	-	-
sub-total- water	<u>-</u>	<u>-</u>	<u>-</u>
Sewer			
Collection system costs	33,654	38,629	39,236
Treatment and disposal cost	-	-	-
Lift Station costs	-	8,648	1,894
Transportation services	-	-	-
Water purchases	-	-	-
Connection costs	-	-	-
Amortization	-	77,720	77,339
Interest on long term debt	-	526	1,012
sub-total- sewer	<u>33,654</u>	<u>125,523</u>	<u>119,481</u>
Total expenses	<u>73,021</u>	<u>162,130</u>	<u>155,982</u>
NET REVENUES	-	(76,352)	(76,266)
TRANSFERS			
Transfers from (to) operating fund	-	(64,871)	(6,007)
Transfers from (to) reserve funds	-	-	-
CHANGE IN UTILITY FUND BALANCE	-	(141,223)	(82,273)
FUND SURPLUS, BEGINNING OF YEAR	<u>2,436,082</u>	<u>2,436,082</u>	<u>2,518,355</u>
FUND SURPLUS, END OF YEAR	<u>\$ 2,436,082</u>	<u>\$ 2,294,859</u>	<u>\$ 2,436,082</u>

SCHEDULE OF UTILITY OPERATIONS - Sewer

For the Year Ended December 31, 2010

Audit in progress

	2010 Budget	2010 Actual	2009 Actual
REVENUE			
Water fees	\$ -	\$ -	\$ -
Sewer fees	-	-	-
Property taxes	72,721	79,716	79,407
Bulk Water fees	-	-	-
Lagoon tipping fees	-	-	-
Hydrant rentals	-	-	-
Connection charges	-	-	-
Penalties	-	-	-
Government transfers - operating	-	-	-
Government transfers - capital grants	-	-	-
Investment income	300	-	346
Administration fees	-	-	-
Other income	-	-	-
Total revenue	73,021	79,716	79,753
EXPENSES			
General			
Administration	39,367	28,886	25,116
Training costs	-	-	1,780
Billing and collection	-	-	-
Utilities (telephone, electricity, etc.)	-	7,615	10,177
sub-total- general	39,367	36,501	37,073
Water			
Purification and treatment	-	-	-
Transmission and distribution	-	-	-
Transportation services	-	-	-
Water purchases	-	-	-
Connection costs	-	-	-
Amortization	-	-	-
Interest on long term debt	-	-	-
sub-total- water	-	-	-
Sewer			
Collection system costs	33,654	39,236	26,055
Treatment and disposal cost	-	-	-
Lift Station costs	-	1,894	3,977
Transportation services	-	-	-
Water purchases	-	-	-
Connection costs	-	-	-
Amortization	-	77,339	76,999
Interest on long term debt	-	1,012	2,423
sub-total- sewer	33,654	119,481	109,454
Total expenses	73,021	155,982	146,527
NET REVENUES	-	(76,266)	(66,774)
TRANSFERS			
Transfers from (to) operating fund	-	(6,007)	60,738
Transfers from (to) reserve funds	-	-	-
CHANGE IN UTILITY FUND BALANCE	-	(82,273)	(6,036)
FUND SURPLUS, BEGINNING OF YEAR	2,518,355	2,518,355	2,524,391
FUND SURPLUS, END OF YEAR	\$ 2,518,355	\$ 2,436,082	\$ 2,518,355



THE EXCHANGE

chartered accountants LLP

AUDITOR'S REPORT

To the Mayor and members of Council of the
Town of Niverville

We have audited the consolidated statement of financial position of the Town of Niverville as of December 31, 2009 and the consolidated statement of operations, cash flows and change in net financial assets for the year then ended. These consolidated financial statements are the responsibility of the Municipality's management. 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. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Niverville at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP

Winnipeg, Canada
June 7, 2010

SCHEDULE OF UTILITY OPERATIONS - Sewer
Year Ended December 31, 2009
Audited

	2009 Budget	2009 Actual	2008 Actual
REVENUE			
Water fees	\$ -	\$ -	\$ -
Sewer fees	-	-	-
Property taxes	69,395	79,407	76,001
Bulk Water fees	-	-	-
Lagoon tipping fees	-	-	-
Hydrant rentals	-	-	-
Connection charges	-	-	-
Penalties	-	-	-
Government transfers - operating	-	-	-
Government transfers - capital grants	-	-	1,089,872
Investment income	-	346	7,839
Administration fees	-	-	-
Other income	2,000	-	2,553
Total revenue	<u>71,395</u>	<u>79,753</u>	<u>1,176,265</u>
EXPENSES			
General			
Administration	19,000	25,116	16,517
Training costs	-	1,780	-
Billing and collection	-	-	-
Utilities (telephone, electricity, etc.)	-	10,177	17,136
sub-total- general	<u>19,000</u>	<u>37,073</u>	<u>33,653</u>
Water			
Purification and treatment	-	-	-
Transmission and distribution	-	-	-
Transportation services	-	-	-
Water purchases	-	-	-
Connection costs	-	-	-
Amortization	-	-	-
Interest on long term debt	-	-	-
sub-total- water	<u>-</u>	<u>-</u>	<u>-</u>
Sewer			
Collection system costs	52,395	26,055	27,385
Treatment and disposal cost	-	-	-
Lift Station costs	-	3,977	6,885
Transportation services	-	-	-
Water purchases	-	-	-
Connection costs	-	-	-
Amortization	-	76,999	68,278
Interest on long term debt	-	2,423	3,708
sub-total- sewer	<u>52,395</u>	<u>109,454</u>	<u>106,256</u>
Total expenses	<u>71,395</u>	<u>146,527</u>	<u>139,909</u>
NET OPERATING SURPLUS (DEFICIT)	-	(66,774)	1,036,356
TRANSFERS			
Transfers from (to) operating fund	-	60,738	(59,461)
Transfers from (to) reserve funds	-	-	1,991
CHANGE IN UTILITY FUND BALANCE	-	(6,036)	978,886
FUND SURPLUS, BEGINNING OF YEAR	<u>2,524,392</u>	<u>2,524,392</u>	<u>1,545,506</u>
FUND SURPLUS, END OF YEAR	<u>\$ 2,524,392</u>	<u>\$ 2,518,355</u>	<u>\$ 2,524,392</u>

TOWN OF NIVERVILLE

By-Law No. 707-12

Financial Plan for 2012

WHEREAS Sections 162 and 567 of The Municipal Act requires every municipal corporation on or before the 15th day of May in each year to adopt a Financial Plan for the year and by by-law;

- (a) set a rate or rates of tax sufficient to raise
 - (i) the revenue to be raised by property taxes as set out in the operating budget, and
 - (ii) the revenue to be raised in the year to pay for a local improvement or special service and to pay the requisitions payable by the municipality;
- (b) impose taxes
 - (i) in accordance with the tax rate or rates set under clause (a) on the portioned value of each assessable property in the municipality that is liable under The Municipal Assessment Act to that tax, and
 - (ii) where the tax is in respect of a local improvement or special service, in accordance with the local improvement or special services by-law; and
- (c) set a due date for payment of the taxes.

and further, in accordance with Section 306 of The Municipal Act;

- (a) set a business tax rate for the year, to be applied to the annual rental value of premises as assessed;
- (b) impose a tax for the year on each business for which a business assessment was made; and
- (c) set a due date for payment of the tax.

AND WHEREAS the Town of Niverville has made estimates of all sums required by the corporation for the year 2012, which estimates are attached hereto as Schedule "A", and form part of this by-law;

AND WHEREAS it is necessary by by-law or by-laws to levy a rate or rates of so much on the dollar upon the assessed value of all rateable property liable therefore in the municipality as the Council deems sufficient to raise the sums required for the lawful purposes of the corporation as shown by the said estimates;

AND WHEREAS the assessed value of the whole rateable property within the Town of Niverville according to the latest revised roll for school purposes is \$132,044,840; for special purposes is \$146,134,090; and for general purposes at large is \$134,029,040.

AND WHEREAS it is necessary to fix the rates of taxation for the purposes aforesaid and the time for the payment of all rates and taxes so fixed and levied;

AND THEREFORE the Council of the Town of Niverville in open Council assembled enacts as follows:

ESTIMATES

1. THAT the estimates of the Town of Niverville of all sums required for the lawful purposes of the corporation for the year 2012 as set forth in Schedule A" hereto attached and identified by the signatures of the Head of Council, and the Administrator, are hereby approved and adopted.
2. THAT the following respective rates of so much on the dollar be and hereby are levied for the year 2012 upon the assessed value of all the rateable property in the municipality respectively liable therefore according to the latest revised assessment roll of general and personal property thereof, to raise the sums required for the uncontrollable purposes of the corporation, which said rates, assessed values and sums required are set out in Schedule "A", viz:
 - a) The following respective Education Support Levy rates of so many mills on the dollar, levied under Section 516 and 519 of "The Public Schools Act", viz:

SCHOOL DIVISION	FARM/RESIDENT RATE	OTHER RATE	SPECIAL RATE
Hanover S.D. #15	0 mills	11.36 mills	16.410 mills

to provide for payments to each of the said School Divisions the amount required for school purposes.

- b) A general rate .433 mills on the dollar to provide for the payment of the amount mentioned and apportioned to the municipality in the statement or certificate of the Minister of Municipal Affairs Act, dated the 28th day of February, A.D. 2012.
- c) A special variable rate upon properties in Local Improvement District No. 2 with building services connected to the sewer mains to provide an amount of \$82,740.45 sufficient for utility maintenance expenditures, in the year 2012, the maintenance rates set forth by Schedule "A" of By-law No.335-89.
- d) A special rate of 2.85 mills on the dollar assessment upon the whole rateable property in the corporation to provide an amount as authorized by By-law No. 354-90 pursuant to Section 891 of "The Municipal Act".
- e) A special rate of \$107.34 per lot on all rateable property in LID #6 as authorized by By-law No. 537-99 as amended by By-law No. 550-00.
- f) A special rate of \$230.57 per lot on all rateable property in LID#7 as authorized by By-Law No. 558-2001 as amended by By-Law No. 570-02.
- g) A special rate of \$485.59 per lot on all rateable property in LID#8 as authorized by By-law No. 573-02 as amended by By-law No. 585-02.

- h) A special rate of \$64.07 per lot on all rateable property in LID#9 as authorized by By-law No. 577-02 as amended by By-laws No. 586-02 and By-law No. 649-07.
- i) A special rate of \$218.39 per lot on all rateable property in LID #10 as authorized by By-Law No. 595-03 as amended by By-Law No. 601-03.
- j) A special variable rate upon all rateable properties in the Town receiving waste collection, recycling, disposal and scavenging services in the year 2012, the maintenance rates set forth in Schedule "A" of By-law No.668-09
- l) A special variable rate on all rateable property in LID#14 as authorized by By-law No. 647-07 in the amount of \$66,094.63.
- m) A special rate of \$198.19 per lot on all rateable property in LID #12 as authorized by By-law No. 609-04 as amended by By-law No. 659-08.
- n) A special rate of \$654.76 per lot on all rateable property in LID #13 as authorized by By-law No. 608-04 as amended by By-law No. 658-08.
- o) A special rate of \$164.47 per lot on all rateable property in LID #15 as authorized by By-law No. 630-06 as amended by By-law No. 653-07.

CONTROLLABLE PURPOSES

- 3. a) THAT a general rate of 5.899 mills on the dollar be and hereby is levied for the year 2012 upon the assessed value of all the rateable property in the municipality liable therefore, according to the latest revised general and personal property assessment rolls thereof to provide for the payment of the amount estimated as required for the general controllable purposes of the corporation.
- b) A special rate of 1.5 mills on the dollar assessed on the assessed value of all rateable property in the corporation liable therefore to produce an amount to be deposited in the year 2012 in the General Reserve Fund.
- c) A special rate of 1.0 mills on the dollar assessed upon the assessed value of all rateable property in the corporation liable therefore to produce an amount to be deposited in the year 2012 in the Machinery Reserve Fund.
- d) A special rate of 0.5 mills on the dollar assessed upon the assessed value of all rateable property in the corporation liable therefore to produce an amount to be deposited in the year 2012 in the Recreation Reserve Fund.

PAYMENT OF TAXES

4. a) THAT all taxes and rates imposed and levied in the Town of Niverville for 2011 shall be deemed to have been imposed and to be due and payable by 5:00 p.m. on the 28th day of September A.D. 2012.
- b) THAT the 2012 levy shall not be subject to any prepayment discount.
- c) THAT on the first day of each month after the due date a penalty of 1.25% per month will be added to the outstanding taxes on the roll until paid or sold for taxes.

DONE AND PASSED in Council assembled at the Council Chambers of the Town of Niverville, in the Province of Manitoba this 1st day of May, A.D. 2012.

Mayor

Administrator

Given 1st Reading this 17th day of April A.D. 2012.

Given 2nd Reading this 17th day of April A.D. 2012.

Given 3rd Reading this 1st day of May A.D. 2012.

Certified a true copy of By-law No. 707-12
of the Town of Niverville, given third reading
on the 1st day of May A.D. 2012

Chief Administrative Officer

**UTILITY OPERATING FUND - SEWER
BUDGETED REVENUE AND EXPENDITURE**

Town Of Niverville

For the Year 2012

REVENUE	2011 Last Year Actual	2011 Last Year Budgeted	2012 This Year Budgeted	2013 Next Year Budgeted
WATER CONSUMER SALES - Residential		0.00	0.00	0.00
- Commercial and Bulk		0.00	0.00	0.00
- Industrial		0.00	0.00	0.00
- Federal and Provincial		0.00	0.00	0.00
- Municipal and Schools		0.00	0.00	0.00
SEWER SERVICE CHARGES - Residential		0.00	0.00	0.00
- Commercial		0.00	0.00	0.00
SERVICE CHARGE		0.00	0.00	0.00
Discounts, Refunds and Cancellations				
Net Consumer Revenue - Sub Total	0.00	0.00	0.00	0.00
Penalties				
Hydrant Rentals				
Installation Service				
Connection Revenue - Net				
Provincial Grants				
Other Revenue	6,062.50	700.00	700.00	714.00
Transfer from Revenue Fund - Page 5	78,166.74	78,166.74	82,740.45	84,396.00
Transfer from Reserves - Utility - Page 13	0.00	0.00	0.00	0.00
Transfer from Accumulated Surplus				
TOTAL REVENUE	84,229.24	78,866.74	83,440.45	85,110.00

EXPENDITURE				
WATER SUPPLY				
Administration				
Customer Billings and Collections			0.00	0.00
Purification and Treatment			0.00	0.00
Wells			0.00	0.00
Service of Supply - Garage and Equipment			0.00	0.00
Transmissions and Distribution			0.00	0.00
Other Water Supply Costs			0.00	0.00
Connections - Water			0.00	0.00
TOTAL	0.00	0.00	0.00	0.00
SEWAGE COLLECTION AND DISPOSAL				
Administration	17,624.08	16,975.00	20,500.00	20,910.00
Sewage Collection System	66,336.28	61,891.74	62,940.45	63,792.00
Sewage Lift Station				
Sewage Treatment and Disposal				
Other Sewage Collection and Disposal Costs				
Connections - House Sewer				
TOTAL	83,960.36	78,866.74	83,440.45	84,702.00
TRANSFER TO CAPITAL - Page 13				
TRANSFERS TO RESERVES				
_____ B/L _____				
_____ B/L _____				
TOTAL	0.00	0.00	0.00	0.00
DEBENTURE DEBT CHARGES - Page 12				
OTHER LONG-TERM DEBT CHARGES - Page 12				
TRANSFERS				
Deferred Surplus re Deficit, 2003 - Page 9				
Deferred Surplus re By-Law Obligation				
Transfer to General Reserve - Utility				
TOTAL	0.00	0.00	0.00	0.00
TOTAL EXPENDITURE	83,960.36	78,866.74	83,440.45	84,702.00
NET OPERATING (SURPLUS) DEFICIT	-268.88	0.00	0.00	-408.00

Town Of Niverville

Part 1 - Debenture Debt Charges

1,619,399.24	119,152.04	1,500,247.20	88,947.86	212,136.65
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Area to be Levied	Taxable Assessment	Otherwise Exempt Assessment	Grant Assessment	Total Assessment
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Total Requirement	212,136.65

	Raised by Mill Rate

1001

CAPITAL BUDGET

Town Of Niverville

For the Year 2012

Part 1 - CAPITAL EXPENDITURES

Particulars of Expenditure	Estimated Total Cost	Borne by General Fund	Borne by Utility Fund	Borne by Reserves	Borne by Borrowing
Water Infrastructure	680,231			680,231	
Administration Office	35,993			35,993	
Public Works	120,614			120,614	
Protective Equipment	88,490			88,490	
Economic Development	666,471			666,471	
Recreation/Park Development	440,000			440,000	
Roads/Sidewalks	245,000			245,000	
Niverville Fair	83,942			83,942	
Remembrance Memorial	892			892	
Trust Accounts - W. Church	450			450	
Fifth Avenue Development	166,110			166,110	
				0	
				0	
				0	
				0	
	2,528,193				
TOTAL		0			
		Page 5	0		
			Page 6	2,528,193	
				Part 2	0
					Part 3

PART 2. GENERAL AND SPECIFIC RESERVE FUND WITHDRAWALS

Reserve Name and By-Law No.	General Fund Transfers		Utility Fund Transfers		Cash Resources
	To Operating	To Capital	To Operating	To Capital	
General Reserve	619,569				619,569
Machinery	120,614				120,614
Protective	88,490				88,490
Recreation	235,771				235,771
Admin & Furniture	35,993				35,993
Road	292,743				292,743
Capital	370,221				370,221
Heritage	0				0
Gas Tax	406,869				406,869
Fifth Avenue Development	166,110				166,110
Fair	83,942				83,942
Remembrance	892				892
W. Church	450				450
Sewer	106,529				106,529
	2,528,193				
	Page 2	0			
		Part 1	0		
			Page 6	0	
				Part 1	

PART 3. BORROWING (Subject to Municipal Board Approval)

PROPOSAL	TEMPORARY FINANCING			REPAYMENT	
	Bank Loan	Revenue Loan	Reserve Loan	Amount	Term
TOTAL - Part 1				\$ -	

Departmental Use Only	Adopted by Resolution of Council
	(Head of Council)
	20 (Chief Administrative Officer)

FIVE YEAR CAPITAL EXPENDITURE PROGRAM
Town Of Niverville

PURPOSE	CAPITAL EXPENDITURE (Mark Priority 1, 2, 3, etc.)						SOURCE OF FUNDS			
	2013	2014	2015	2016	2017	Total	Operating	Reserves	Debtenture Sales	Other
Recreation			5,500,000			5,500,000		500,000	5,000,000	0
						0		300,000		0
Protection		100,000		200,000		300,000				
						0				
Road Reconstruction	200,000	400,000	300,000	5,000,000	300,000	6,200,000	500,000	750,000	4,950,000	0
						0				
Sidewalks	50,000		50,000			100,000	100,000	0		0
						0				
Industrial Park	300,000	50,000	50,000			400,000	100,000	300,000		0
						0				
Public Works & Facilities Equipment	60,000	60,000	60,000	60,000	60,000	300,000		300,000		0
						0				
Water Utility	500,000					500,000		500,000		0
						0				
Sewer Utility	1,000,000					1,000,000			1,000,000	0
						0				
						0				
	2,110,000	610,000	5,960,000	5,260,000	360,000	14,300,000	700,000	2,650,000	10,950,000	0
SOURCE OF FUNDS - ANNUAL						TOTAL				
OPERATING	150,000	150,000	200,000	100,000	100,000	700,000				
RESERVES	960,000	460,000	760,000	210,000	260,000	2,650,000				
DEBTENTURE SALES	1,000,000	0	5,000,000	4,950,000	0	10,950,000				
OTHER	0	0	0	0	0	0				
	2,110,000	610,000	5,960,000	5,260,000	360,000	14,300,000				

Departmental Use Only	Adopted by Resolution of Council
	(Head of Council) _____
	_____ 20 _____
	(Chief Administrative Officer) _____

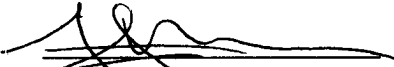
Management Statement of Responsibility
The Town of Niverville

The appended Sewer Utility Financial Statements of the Town of Niverville have been prepared under my direction and fairly represent the financial position and results of the Town, and specifically those utilities under its jurisdiction.

It is management's responsibility to assure that the cost allocation methodologies, as have been approved by the Public Utilities Board (or as attached), have been applied consistently in the determination of the schedules to the Financial Statements, as well as the special purpose schedule(s) prepared specifically for the use of the Public Utilities Board.

It is understood that the audit opinion accompanying these statements has been rendered based on the materiality levels determined for the town as a whole. It is further understood that this opinion does not extend to the testing of the application or reasonability of the cost allocation methodologies as may have been approved from time to time by the Public Utilities Board for the utility owned and operated by the Town.

This statement represents my assurance as the responsible financial official for the Town that the cost allocation methodologies as have been approved by the Public Utilities Board or attached hereto, have been applied appropriately and result in no significant misstatement of the financial position or results of the Utility.


(Signature)

G. Jim Buys, CAO
(Name and Title)

August 2, 2012
(date)