



**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**IN THE MATTER OF THE PUBLIC UTILITIES ACT**

**- and -**

**IN THE MATTER OF THE APPLICATION** by the **Village of Canning, on behalf of its Water Utility**, for approval of amendments to its Schedule of Rates and Charges for Water and Water Services and its Schedule of Rules and Regulations

**RESPONSE TO INFORMATION REQUESTS**

**Responses Due by: February 28, 2011**

**Questions:**

**IR-1 Please briefly describe the Utility's current system (i.e. Source of supply, treatment, storage, transmission and distribution).**

The Canning Water Utility serves the Village of Canning and the Kingsport area. Water is supplied from wells located throughout the area. Water from the wells is disinfected and then pumped to a storage reservoir in the Village for distribution. The distribution system consists of 50mm to 250 mm diameter piping. The oldest piping in the system is approximately 60 years old while the newest is less than one year old (Kingsport area).

**IR-2 Please provide the status of the Kingsport expansion project. Please also describe the impact that this project will have on the Utility's current system (i.e. impact on existing customers, source of supply capacity utilization, etc.).**

The Kingsport system is now complete and in service. The development of the Kingsport system included a new well which will supplement the existing supply. The rate structure included in the rate study was based on the new customers served by the Kingsport extension not impacting the rates for the existing customers. To do this the depreciation on the contributed assets for the Kingsport extension has been calculated based on 80% of the value. This

percentage was selected to give comparable rates for the average 5/8" customer to those that were projected without the Kingsport addition. The addition of the Kingsport area will see the fire protection charge apportioned to the Village of Canning decrease.

**IR-3 Please provide the projected operating and capital fund balance sheets for each of the test years of the Rate Study based upon the assumptions of the Rate Study.**

See attached

**IR-4 During the last Rate Application in 2008, reference was made to the Utility's System Assessment Report that specified initiatives needed to meet requirements of the Nova Scotia Department of Environment's *Drinking Water Strategy*, involving capital projects approved by the Board.**

**a) Please provide the status of these initiatives**

Yes, All the identified improvements and SCADA Monitor/UV equipment installation initiatives have been completed.

**b) Have all of the recommendations of the System Assessment Report been addressed at this time? If not, please identify any remaining work to be done (cost, timing).**

See above

**IR-5 Has the Utility received any complaints with respect to water quality and/or water pressure since the last rate application? If so, please provide details of complaints and corrective measures undertaken.**

Residents on North Avenue and Summer Street have complained of low pressure. The new water tank currently being installed should provide increased pressure to this area. If the tank does not increase the pressure the Utility plans on installing a booster station by the tank to increase the pressures for these areas.

**IR-6 Please file a copy of the Utility's financial statements for the year ended March 31, 2010.**

See attached

**IR-7 to IR-10 relate to Worksheet B-1 of the Rate Study:**

**IR-7 Please provide an explanation for each of the following operating expenses:**

- a) **the significant increase in power and pumping expense from \$13,511 in 2009/10 to \$17,012 in 2010/11 (a 25.9% increase);**

This has been anticipated due to the increase in costs for power with the installation of the three monitoring stations and equipment required to be run.

- b) **the significant increase in water treatment expense from \$20,474 in 2009/10 to \$25,858 in 2010/11 (a 26.3% increase);**

The increase is anticipated for the addition of Kingsport Water system

- c) **the increase in transmission and distribution expense from \$25,266 in 2009/10 to \$26,946 in 2010/11 (a 6.7% increase); and**

Replacement of lines required for repairs

- d) **the significant increase in the administration and general expense from \$58,711 in 2009/10 to \$66,797 in 2010/11 ( a 13.8% increase).**

Salary increase and increases in office expenditures with monthly statements as well as increased insurance expenses for the new monitoring stations and monitoring equipment.

**IR-8 a) What does the existing debt relate to?**

This was for the SCADA system

- b) **When will the existing debt be retired? Please provide a debt repayment schedule**

10 years

**IR-9 What is the basis for the amounts of the planned Dividends to Owner of \$8,000 in 2012/13 and \$25,000 in 2013/14?**

These amounts were selected based on moderating the rate of increase to customers. It is understood from the Utility that the Village will use the Dividend to pay off a portion of the existing deficit.

**IR-10 Please provide the Utility's expenditures and revenues thus far in the 2010/11 fiscal year, in a format similar to this worksheet.**

See attached

**IR-11 to IR-13 relate to Worksheet B-2a/2b/2c/2d/2e of the Rate Study:**

**IR-11 Please briefly describe the Utility's current budgeting process.**

The Village of Canning budgets based on previous year with anticipated repairs included. Staff prepares the budget which is then reviewed by the Village Commission who make final adjustments before voting to adopt it.

**IR-12 Please explain how costs are allocated between the Village and the Utility.**

Costs for basic office expenses and clerk's salary are split 1/5 general and 4/5 water.

**IR-13 Please provide the same breakdown of operating expenses as presented in this worksheet for 2009/10.**

See Attached

**IR-14 and IR-15 relate to Worksheet B-3 of the Rate Study:**

**IR-14 Please provide project details regarding the Utility's proposed three year capital budget in the amounts of \$2,488,922 in 2011/12, \$12,000 in 2012/13 and \$12,000 in 2013/14.**

**Capital Program 2011/12**

1. New well including screens, casing and testing – Kingsport extension	\$63,791
2. Supply and installation of well pump – Kingsport extension	\$18,449
3. Supply and installation of chlorination equipment – Kingsport extension	\$133,609
4. Supply and installation of 100 mm to 300 mm piping – Kingsport extension	\$1,534,017
5. Replacement of existing valves and associated piping – existing system	\$5,000
6. Replacement existing meters for existing customers	\$3,000
7. Supply and install hydrants – Kingsport extension	\$366,507
8. Supply and install services – Kingsport extension	\$360,549
9. Replace existing services – existing system	\$4,000

**Capital Program 2012/13**

1. Replacement of existing valves and associated piping – existing system	\$5,000
2. Replacement existing meters for existing customers	\$3,000

- |  |         |
|--|---------|
| 3. Replace existing services – existing system | \$4,000 |
|--|---------|

Capital Program 2013/14

- |   |         |
|---|---------|
| 1. Replacement of existing valves and associated piping – existing system | \$5,000 |
| 2. Replacement existing meters for existing customers                     | \$3,000 |
| 3. Replace existing services – existing system                            | \$4,000 |

**IR-15 Please comment on the status of the Utility’s metering program in light of the amounts included in the proposed capital budget and the few remaining unmetered customers.**

The meters included in the capital program are an allowance for replacement of failed units. The Utility currently has three unmetered customers.

**IR-16 relates to Worksheet B-4 of the Rate Study:**

**IR-16 In the Capital Contributions of \$660,000 in 2010/11 and \$2,476,922 in 2011/12, please identify and confirm the source of these amounts.**

Build Canada and Gas Tax through the Municipality of Kings

The Municipality of Kings County is providing all of the \$2,476,922 for the Kingsport Extension.

**IR-17 relates to Worksheet C-1 of the Rate Study:**

**IR-17 Does the Utility currently provide and plan to continue to provide adequate fire protection? If not, please describe any plans to improve the available public fire protection.**

The utility currently provides adequate fire protection.

**IR-18 relates to Worksheet C-2 of the Rate Study:**

**IR-18 Please show the calculations for the line item identified as ‘less unamortized amount of capital contribution for plant in service’ for each of the years indicated.**

2010/11

Contribution from senior levels of government (Reservoir)	<u>\$660,000</u>
Capital Contribution	\$660,000

2011/12

Contribution from senior levels of government (Reservoir)	\$660,000
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Less Depreciation on reservoir (Worksheet B-4)	(\$8,778)
Contribution from senior levels of government (Kingsport Extension)	<u>\$2,476,922</u>
Capital Contribution	\$3,128,144

2012/13

Previous balance from 2011/12	\$3,128,144
Less Depreciation on reservoir (Worksheet B-4)	(\$8,778)
Less Depreciation on Kingsport Extension (Worksheet B-4)	<u>(\$42,005)</u>
Capital Contribution	\$3,077,361

2013/14

Previous balance from 2012/13	\$3,077,144
Less Depreciation on reservoir (Worksheet B-4)	(\$8,778)
Less Depreciation on Kingsport Extension (Worksheet B-4)	<u>(\$42,005)</u>
Capital Contribution	\$3,026,579

**IR-19 relates to Worksheet C-3 of the Rate Study:****IR-19 Are the percentage allocations of cost elements the same as was used in the Utility's last rate study in 2008?**

The methodology used in the last rate study was somewhat different than that contained in the accounting Handbook. The one proposed in this application is based on the accounting handbook and is consistent with the majority of rate studies approved by the Board in recent years. The previous rate study was carried out by a different consultant and comparison of the methods is not easily done given the information available.

**IR-20 relates to Worksheet C-6 of the Rate Study:****IR-20 What is the approximate amount of non-revenue water in the system? Please describe the situation before and after the Kingsport expansion.**

The non-revenue water is approximately 33% before the Kingsport extension. It is projected to be approximately 32% after the Kingsport extension is operational based on a 5% leakage rate in the Kingsport extension and the calculated water needed for flushing.

**IR-21 relates to Worksheet D-1 of the Rate Study:****IR-21 Has the Utility received any feedback from customers with respect to the magnitude of the proposed increases? If so, please detail the feedback received.**

None to date

**IR-22 and IR-23 relate to the proposed Schedule of Rates contained in the Rate Study:**

**IR-22 Please list any new and/or revised charges relative to the current Schedule of Rates and Charges and provide an explanation for each.**

<b>Item No.</b>		<b>Change</b>
1	Rates	Fixture Rates have been replaced by unmetered rate
2	Public fire protection	Payment due date set at September 30
3	Rates for sprinkler service	Revised charge for 6" at \$200.00. Revised charge for 8" at \$250.00
5	Private Hydrant Charge	New
6	Rates for Water Supplied from Fire Hydrants	New
7	Charge for Re-establishing Water Service	Moved from Rules and Regulations and rate changed from \$25.00 to \$50.00 during regular hours and \$150.00 after hours
8	Connection Fee	New - \$50.00
9	Disconnection Fee	New - \$50.00 during regular hours and \$150.00 after hours
10	Special Service Charge	New - \$50.00 during regular hours and \$150.00 after hours
11	Charge for Non Negotiable Cheques	New - \$25.00
12	Charge for Missed Appointments	New

**IR-23 Has the Utility received any feedback from customers with respect to the proposed changes? If so, please detail the feedback received.**

None to date

**IR-24 and IR-25 relate to the proposed Schedule of Rules and Regulations contained in the Rate Study:**

**IR-24 The current Schedule of Rules and Regulations have been unchanged since January 1, 2005. Please detail the proposed changes, including deletions and additions, to the current Schedule of Rules and Regulations and provide an explanation for each.**

<b>Item No.</b>	<b>Title</b>	<b>Change</b>
	Definitions	Updated
2	Liability for Payment of Water Bills	Revised
3	Deposits	Deposit set for a three month period with a minimum of \$50.00. Interest rate changed to reflect interest earned on bank deposits
4	Refusal of Service	New
5	Billing	Revised
6	Payment of Bills	Revised
7	Adjustment of Bills	Revised
8	Meter Reading	New



	Resumption of Service	Moved to Rates and Charges
9	Estimated Readings for Billing Purposes	New
10	Suspension of Service for Non Payment of Bills	New
11	Water to be Supplied by Meter	Revised
12	Installation and Removal of Meters	New
13	Meter Readers	New
14	Access to Customer's Premises	Revised
15	Location of Meters	Revised
16	Damage to Water Meters	Revised
17	Meter Testing	Revised wording and revised rate of \$100.
18	Plumbing to be Satisfactory	New
19	Remote Registering Meters	New
21	Alternate Water Supply Prohibited	New
22	Dangerous Connections	New
23	Prohibited Devices	New
24	Improper Use or Waste of Water	Expanded to include further definition
25	New Service Pipes	Revised to make the Applicant responsible for all costs and to allow joint use of excavation with sewer lateral
26	Repairs to Services	New
27	Customer Work Performed by the Utility	New
28	Unauthorized Extension, Additions or Connections	New
30	Private Fire Protection	New
31	Liability of Utility	New
32	Interference with Utility Property	New
33	Suspending Service for Violation	New
34	Resumption of Service	Revised – rate moved to Rates and Charges
35	Sprinkler Service mains and Hydrant system	New
36	Pressure Reducing Valves	New
37	Pressure Relief Valves	New
37	Extensions	New

**IR-25 Has the Utility received any feedback from customers with respect to the proposed changes? If so, please detail the feedback received.**

None to date

**Canning Water Utility**  
**Schedule of Financial Position - Capital Fund**  
**For the year ended March 31**

**IR-2**

18-Feb-11

	<b>2009/10</b>	<b>Projected 2010/11</b>	<b>Projected 2011/12</b>	<b>Projected 2012/13</b>	<b>Projected 2013/14</b>
<b>FINANCIAL ASSETS</b>					
Cash - depreciation	16,553	16,000	16,000	16,000	16,000
Accounts Receivable	21,458	20,000	20,000	20,000	20,000
Due from Water Operating Fund	347,501	10,000	10,000	10,000	10,000
Utility Plant in Service	1,698,838	2,507,838	4,996,760	5,008,760	5,020,760
	<b>2,084,350</b>	<b>2,553,838</b>	<b>5,042,760</b>	<b>5,054,760</b>	<b>5,066,760</b>
<b>LIABILITIES</b>					
Accounts Payable	-	10,000	10,000	10,000	10,000
Long Term Debt	65,784	57,784	49,784	80,697	71,544
Accumulated Depreciation	733,188	796,260	882,532	985,901	1,089,567
	<b>798,972</b>	<b>864,044</b>	<b>942,316</b>	<b>1,076,598</b>	<b>1,171,111</b>
<b>EQUITY</b>					
	<b>1,285,378</b>	<b>1,689,794</b>	<b>4,100,444</b>	<b>3,978,162</b>	<b>3,895,649</b>

**Canning Water Utility**  
**Schedule of Financial Position - Operating Fund**  
**For the year ended March 31**

**IR-2**

18-Feb-11

	2009/10	Projected 2010/11	Projected 2011/12	Projected 2012/13	Projected 2013/14
<b>FINANCIAL ASSETS</b>					
Cash	225,484	10,000	10,000	10,000	10,000
Water rates receivable	40,233	36,250	44,836	50,042	53,597
Other Receivables	4,791	1,500	1,500	1,500	1,500
Inventory of Supplies	7,839	7,000	7,000	7,000	7,000
	<b>278,347</b>	<b>54,750</b>	<b>63,336</b>	<b>68,542</b>	<b>72,097</b>
<b>LIABILITIES</b>					
Payables and accruals	9,508	9,500	9,500	9,500	9,500
Customers' deposits	3,390	3,000	3,000	3,000	3,000
Due to general operating fund	34,261	6,000	6,000	6,000	6,000
Due to water capital fund	347,501	10,000	10,000	10,000	10,000
	<b>394,660</b>	<b>28,500</b>	<b>28,500</b>	<b>28,500</b>	<b>28,500</b>
<b>NET ASSETS</b>					
Equity					
Surplus (Deficit)	<b>(116,313)</b>	<b>26,250</b>	<b>34,836</b>	<b>40,042</b>	<b>43,597</b>

**The Village Commissioners of Canning**

**Consolidated Financial Statements**

**March 31, 2010**

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## Morse Brewster Lake

Chartered Accountants

### Auditor's Report

#### To the Chairman and Members of the Village Commission of Canning

We have audited the consolidated statement of financial position of the **The Village Commissioners of Canning** as at March 31, 2010, and the consolidated statements of financial activities and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the 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. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

As described in Note 1 - Tangible Capital Assets, the Village has not adopted the CICA Handbook section related to Tangible Capital Assets as required by Canadian generally accepted accounting principles. The effect of this departure on the financial statements has not been determined.

In our opinion, except that the Village did not adopt the accounting standards related to Tangible Capital Assets, as described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the **The Village Commissioners of Canning** as at March 31, 2010 and the results of its operations for the year then ended, in accordance with the generally accepted accounting principles disclosed in note 1 to the consolidated financial statements.

Berwick, Nova Scotia  
 May 6, 2010

*Morse Brewster Lake*

Registered Municipal Auditor

# The Village Commissioners of Canning

## Consolidated Statement of Financial Activities Year Ended March 31, 2010

	<u>2010</u>	<u>2009</u>
<b>Revenue</b>		
Taxes	\$ 130,762	\$ 133,580
Water rates	143,538	104,664
Public fire protection	61,332	57,189
Grants and donations		
Municipality of County of Kings	160,932	197,401
Fire Protection Commission Dist of Canning	75,650	54,607
Province of Nova Scotia/Government of Canada	50,260	107,226
Gazette, donations and advertising	12,892	11,970
Interest and other	<u>7,583</u>	<u>7,743</u>
	<u>642,949</u>	<u>674,380</u>
<b>Expenditures</b>		
General government		
Administrative	15,110	14,475
Special events	3,449	3,011
Fire protection water rates	61,332	57,189
Gazette	14,414	14,166
Street lighting	17,634	16,816
Public works	21,445	29,934
Water Utility		
Source and supply	25,175	24,171
Power and pumping	10,648	8,633
Water treatment and testing	6,159	9,436
Transmission and distribution	12,755	13,067
Administrative	41,804	38,879
Insurance	10,421	9,761
Studies and reports	-	399
Fire protection		
Administrative	10,334	7,570
Building expenses	37,569	42,476
Vehicle expenses	43,285	29,298
Insurance	19,643	18,489
Firefighting supplies, etc	54,532	54,918
Interest on long term debt	3,077	3,662
Capital expenditures	<u>351,207</u>	<u>235,231</u>
	<u>759,993</u>	<u>631,581</u>
<b>Operating Surplus (Deficit)</b>	(117,044)	42,799
<b>Proceeds from long term debt</b>	319,048	-
<b>Debt principal repayment</b>	<u>(16,069)</u>	<u>(52,207)</u>
<b>Change in Fund Balance</b>	185,935	(9,408)
<b>Opening Fund Balance</b>	<u>143,919</u>	<u>153,327</u>
<b>Closing Fund Balance</b>	<u>\$ 329,854</u>	<u>\$ 143,919</u>





**The Village Commissioners of Canning**  
**Consolidated Statement of Changes in Financial Position**

**Year Ended March 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>Cash flow from operating activities:</b>		
Operating surplus (deficit)	\$ (117,044)	\$ 42,799
Change in		
Accounts receivable	(12,879)	80,670
Inventory	(1,316)	(2,379)
Payables and accruals	<u>(17,567)</u>	<u>(56,150)</u>
	<u>(148,806)</u>	<u>64,940</u>
<b>Cash flow from financing activities:</b>		
Proceeds from long term debt	348,938	-
Transfer to capital fund	-	72,000
Reduction of long term debt	<u>(21,530)</u>	<u>(52,963)</u>
	<u>327,408</u>	<u>19,037</u>
<b>Cash Increase</b>	178,602	83,977
<b>Cash and Equivalencies, beginning of year</b>	<u>140,851</u>	<u>56,874</u>
<b>Cash and Equivalencies, end of year</b>	<u>\$ 319,453</u>	<u>\$ 140,851</u>

**The Village Commissioners of Canning**  
**Consolidated Statement of Property and Equipment**  
**Year Ended March 31, 2010**

	<u>Land and Buildings</u>	<u>Plant and Equipment</u>	<u>Other</u>	<u>Total 2010</u>	<u>Total 2009</u>
<b>General Government</b>					
Village Office	\$ 23,874	\$ 2,098	\$ -	\$ 25,972	\$ 25,972
Park land	15,066	-	-	15,066	15,066
Bandstand	17,818	-	-	17,818	17,818
Playground	-	14,606	-	14,606	14,606
Library	55,796	-	-	55,796	55,796
Sidewalks	-	-	25,842	25,842	21,923
<b>Fire Department</b>	101,563	1,244,977	-	1,346,540	1,027,381
<b>Water Utility</b>					
Land	22,107	-	-	22,107	22,107
Structures and improvements	-	466,336	-	466,336	466,158
Equipment	-	383,181	-	383,181	360,977
Mains	-	551,011	-	551,011	548,430
Services	-	160,972	-	160,972	160,828
Meters	-	68,771	-	68,771	66,002
Hydrants	<u>-</u>	<u>46,460</u>	<u>-</u>	<u>46,460</u>	<u>46,460</u>
	<u>\$ 236,224</u>	<u>\$2,938,412</u>	<u>\$ 25,842</u>	<u>\$3,200,478</u>	<u>\$2,849,524</u>

**The Village Commissioners of Canning**  
**Consolidated Statement of Investment in Capital Assets**

**March 31, 2010**

	<u>General</u>	<u>Fire Dept</u>	<u>Water Utility</u>	<u>Total 2010</u>	<u>Total 2009</u>
Balance, beginning of year	\$ 252,745	\$ 925,818	\$ 993,954	\$2,172,517	\$1,938,206
Capital purchases	3,920	319,158	27,877	350,955	260,231
Payment of long term debt	-	16,068	-	16,068	52,077
Depreciation of water utility assets	-	-	(56,181)	(56,181)	(52,997)
Proceeds on sale	-	-	-	-	(25,000)
Long term debt	<u>-</u>	<u>(319,158)</u>	<u>-</u>	<u>(319,158)</u>	<u>-</u>
Balance, end of year	<u>\$ 256,665</u>	<u>\$ 941,886</u>	<u>\$ 965,650</u>	<u>\$2,164,201</u>	<u>\$2,172,517</u>

## The Village Commissioners of Canning

### Consolidated Statement of Reserve Funds

March 31, 2010

	<u>Sidewalk</u>	<u>Capital</u>	<u>2010 Total</u>	<u>2009 Total</u>
<b>Revenue</b>				
Interest	\$ 47	\$ -	\$ 47	\$ 183
 <b>Transfer to general capital fund</b>	 (4,283)	 -	 (4,283)	 (3,330)
 <b>Transfer from general operating fund</b>	 <u>2,500</u>	 <u>-</u>	 <u>2,500</u>	 <u>2,500</u>
 <b>Change in fund balance</b>	 (1,736)	 -	 (1,736)	 (647)
 <b>Opening Fund Balance</b>	 <u>25,157</u>	 <u>6,004</u>	 <u>31,161</u>	 <u>31,808</u>
 <b>Closing Fund Balance</b>	 <u>\$ 23,421</u>	 <u>\$ 6,004</u>	 <u>\$ 29,425</u>	 <u>\$ 31,161</u>

# **The Village Commissioners of Canning**

## **Notes to the Consolidated Financial Statements**

**March 31, 2010**

### **1. Significant Accounting Policies**

#### **Principles and basis of consolidation**

The consolidated financial statements of the Village of Canning are prepared in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and with accounting principles prescribed for water utilities by the Nova Scotia Utility and Review Board.

#### **Tangible Capital Assets**

The Village is required to adopt Section PS 3150 "Tangible Capital Assets" issued by the Canadian Institute of Chartered Accountants. This accounting standard prescribes how to account for and report tangible capital assets in government financial statements. The Village has not adopted this section and accordingly has continued to report capital assets on the same basis as they have historically been reported.

#### **Basis of accounting**

The financial statements have been prepared using the accrual basis of accounting. Revenue is recognized as it becomes available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### **Use of Estimates**

The preparation of the financial statements in conformity with Canadian Generally accepted accounting principals requires management to make estimates that affect the amounts recorded in the financial statements. Actual result could differ from these estimates.

#### **Property and equipment**

Capital assets and projects in progress are expensed in the year of acquisition. The Village also records its capital assets in a separate investment in capital assets fund which consists of the historical cost less the related long term debt. The Village does not record depreciation on its property and equipment, except in the Water Commission where depreciation is calculated based on a formula prescribed by the Nova Scotia Utility and Review Board. The value of the Village's capital assets are written down to NIL at the end of their estimated useful life as a charge against investment in capital assets.

# The Village Commissioners of Canning

## Notes to the Consolidated Financial Statements

March 31, 2010

### 1. Significant Accounting Policies (continued)

#### Water Capital Fund

In the Water Capital fund depreciation is calculated based on a formula prescribed by the Nova Scotia Utility and Review Board. The depreciation charge is transferred to a special bank account which is used to help fund replacement of existing plant and equipment. The Village has not fully funded the depreciation bank account. At March 31, 2009, the Water Operating Fund owed the Water Capital Fund \$266,834.

#### Allocation of municipal cost to water utility fund

Where identifiable, costs incurred by the Village on behalf of the water utility are charged to the utility funds. Salary and wages related costs are allocated in proportion to the time spent performing functions on behalf of the water utility. Administration and general expenses incurred for the benefit of both the Village and the water utility are allocated 20 percent to general operations and 80 percent to the water utility.

### 2. Long Term Debt

	<u>2010</u>	<u>2009</u>
Municipality of the County of Kings term loan at 3.75%.	\$ 65,785	\$ 71,245
Valley Credit Union term loan at 2.25%.	278,928	-
Valley Credit Union term loan at 2.25%.	24,050	-
Canning Volunteer Fire Fighters	<u>30,000</u>	<u>-</u>
	<u>\$ 398,763</u>	<u>\$ 71,245</u>

### 3. Remuneration

The following amounts were paid on account of remuneration of elected officials and senior staff:

Elected Officials	Nil
Senior Staff	
Ruth Pearson, Clerk/treasurer	\$23,929

**The Village Commissioners of Canning**  
**Schedule of Changes in General Operating Fund**  
**Year Ended March 31, 2010**

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
<b>Revenue</b>			
Property taxes	\$ 113,005	\$ 113,005	\$ 116,810
Rent	11,000	11,000	11,000
Interest earned and other	3,000	2,994	6,476
Donations & advertising, Gazette	11,000	12,892	11,970
Fire protection	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
	<u>143,005</u>	<u>144,891</u>	<u>151,256</u>
<b>Expenditures</b>			
Administrative			
Insurance	3,800	3,016	2,942
Light and heat	3,950	1,492	1,565
Miscellaneous	3,900	2,773	3,605
Salaries and benefits	5,470	5,055	4,373
Special services, audit and legal	<u>2,200</u>	<u>2,774</u>	<u>1,990</u>
	19,320	15,110	14,475
Fire protection water rates	61,332	61,332	57,189
Special events and donations	5,700	3,449	3,011
Gazette	14,200	14,414	14,166
Street lighting	18,000	17,634	16,816
Public works - snow removal	23,000	13,036	21,660
- miscellaneous	<u>12,000</u>	<u>8,409</u>	<u>8,274</u>
<b>Total Expenditures</b>	<u>153,552</u>	<u>133,384</u>	<u>135,591</u>
<b>Net Revenue</b>	(10,547)	11,507	15,665
<b>Transfer to sidewalk reserve (net)</b>	<u>(2,500)</u>	<u>(2,500)</u>	<u>(2,500)</u>
<b>Change in Fund Balance</b>	\$ <u>(13,047)</u>	9,007	13,165
<b>Opening Fund Balance</b>		<u>16,695</u>	<u>3,530</u>
<b>Closing Fund Balance</b>		<u>\$ 25,702</u>	<u>\$ 16,695</u>

## The Village Commissioners of Canning

### Schedule of Changes in Canning Water Utility Operating Fund

Year Ended March 31, 2010

	<u>2010 Budget</u>	<u>2010 Actual</u>	<u>2009 Actual</u>
<b>Revenue</b>			
Operating			
Domestic, commercial and industrial water	\$ 124,372	\$ 143,538	\$ 104,664
Public fire protection	61,322	61,332	57,189
Other	<u>1,300</u>	<u>1,832</u>	<u>611</u>
	<u>186,994</u>	<u>206,702</u>	<u>162,464</u>
<b>Expenditures</b>			
Source of supply	26,300	25,175	24,171
Power and pumping	9,000	10,648	8,633
Water treatment	10,100	6,159	9,436
Transmission and distribution	12,200	12,755	13,067
Administration	61,350	63,225	59,640
Studies and reports	500	-	399
Depreciation	<u>59,048</u>	<u>56,181</u>	<u>52,997</u>
	<u>178,498</u>	<u>174,143</u>	<u>168,343</u>
<b>Operating profit (loss)</b>	<u>8,496</u>	<u>32,559</u>	<u>(5,879)</u>
<b>Non-Operating Expenditures</b>			
Debt charges			
Interest	<u>2,400</u>	<u>2,539</u>	<u>2,440</u>
<b>Excess (deficiency)   of revenue over expenditures</b>	<u>\$ 8,496</u>	30,020	(8,319)
<b>Opening Fund Balance (Deficit)</b>		<u>(146,333)</u>	<u>(138,014)</u>
<b>Closing Fund Balance (Deficit)</b>		<u>\$ (116,313)</u>	<u>\$ (146,333)</u>



## The Village Commissioners of Canning

### Schedule of Changes in Canning Water Utility Capital Fund

March 31, 2010

	<u>2010 Budget</u>	<u>2010 Actual</u>	<u>2009 Actual</u>
<b>Revenue</b>			
Interest	\$ 474	\$ 325	\$ 474
Capital grants	<u>140,089</u>	<u>50,260</u>	<u>158,801</u>
	140,563	50,585	159,275
 <b>Expenditures</b>			
Capital expenditures	(212,395)	(27,876)	(211,772)
 <b>Transfer from Water Operating Fund</b>	<u>-</u>	<u>56,181</u>	<u>52,997</u>
 <b>Change in Fund Balance</b>	<u><u>\$ (71,832)</u></u>	78,890	500
 <b>Opening Fund Balance</b>		<u>240,839</u>	<u>240,339</u>
 <b>Closing Fund Balance</b>		<u><u>\$ 319,729</u></u>	<u><u>\$ 240,839</u></u>

## The Village Commissioners of Canning

### Schedule of Changes in Fire Department Operating Fund

March 31, 2010

	<u>2010</u>	<u>2009</u>
<b>Revenue</b>		
Grants and donations		
Municipality of the County of Kings	\$ 160,932	\$ 146,102
Province of Nova Scotia, Hst rebate	<u>2,385</u>	<u>-</u>
Total Revenue	<u>163,317</u>	<u>146,102</u>
<b>Expenditures</b>		
Administrative		
Audit services	1,034	1,283
Office supplies and miscellaneous	8,545	5,532
Salary	<u>755</u>	<u>755</u>
	<u>10,334</u>	<u>7,570</u>
Building expenses		
Fuel	6,525	7,916
Light and power	5,084	5,629
Snow removal	1,367	3,522
Repairs and maintenance	<u>24,593</u>	<u>25,409</u>
	<u>37,569</u>	<u>42,476</u>
Vehicle expenses		
Gas and oil	5,839	6,077
Repairs and maintenance	<u>37,446</u>	<u>23,221</u>
	<u>43,285</u>	<u>29,298</u>
Insurance		
Building	6,947	6,685
Vehicles	9,912	8,852
Personnel	2,115	2,432
Directors and officers	<u>669</u>	<u>520</u>
	<u>19,643</u>	<u>18,489</u>
Other		
First aid	1,561	2,862
Hose, nozzle and appliances	13,165	11,614
Alarm systems and telephones	2,058	1,958
Firefighting clothing	14,259	14,314
Training	5,982	8,727
Firefighting chemicals	2,236	2,043
Radios & pagers, leasing and maintenance	<u>15,271</u>	<u>13,400</u>
	<u>54,532</u>	<u>54,918</u>
	<u>165,363</u>	<u>152,751</u>
<b>Change in Fund Balance</b>	(2,046)	(6,649)
<b>Opening Fund Balance</b>	<u>(16,298)</u>	<u>(9,649)</u>
<b>Closing Fund Balance</b>	<u>\$ (18,344)</u>	<u>\$ (16,298)</u>

**The Village Commissioners of Canning**  
**Schedule of Changes in Fire Department Capital Fund**

**March 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>Revenue</b>		
Village of Canning, Taxes	\$ 17,757	\$ 16,770
Fire Protection Commission District of Canning	70,650	49,607
Proceeds on sale of pumper	-	25,000
	<u>88,407</u>	<u>91,377</u>
<b>Expenditures</b>		
Fire truck	319,048	45,406
Interest and bank charges	<u>538</u>	<u>1,222</u>
	<u>319,586</u>	<u>46,628</u>
<b>Net revenue</b>	(231,179)	44,749
<b>Long term debt</b>	319,048	-
<b>Debt principal repayments</b>	<u>(16,069)</u>	<u>(52,207)</u>
<b>Change in Fund Balance</b>	71,800	(7,458)
<b>Opening Fund Balance</b>	<u>17,855</u>	<u>25,313</u>
<b>Closing Fund Balance</b>	<u>\$ 89,655</u>	<u>\$ 17,855</u>

# The Village Commissioners of Canning

## Schedule of Financial Position Canning Water Utility Operating Fund

March 31, 2010

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 225,484	\$ 99,011
Accounts receivable		
Rates, less allowance for doubtful accounts	40,233	31,150
Other	4,791	1,611
Inventory	<u>7,839</u>	<u>6,523</u>
	<u>\$ 278,347</u>	<u>\$ 138,295</u>
<b>Liabilities</b>		
<b>Current</b>		
Payables and accruals	\$ 9,508	\$ 9,508
Consumer deposits	3,390	3,000
Due to general operating fund	34,261	5,286
Due to water capital fund	<u>347,501</u>	<u>266,834</u>
	394,660	284,628
<b>Surplus (Deficit)</b>		
<b>Operating Deficit</b>	<u>(116,313)</u>	<u>(146,333)</u>
	<u>\$ 278,347</u>	<u>\$ 138,295</u>

On behalf of the Commission

\_\_\_\_\_, Chairman \_\_\_\_\_, Commissioner

## The Village Commissioners of Canning

### Statement of Financial Position Canning Water Utility Capital Fund

March 31, 2010

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
<b>Current</b>		
Cash - depreciation	\$ 16,553	\$ 16,230
Accounts receivable	<u>21,458</u>	<u>63,834</u>
	38,011	80,064
 <b>Due from Water Operating Fund</b>	 347,501	 266,834
<b>Utility Plant in Service</b>	1,698,838	1,670,961
<b>Accumulated depreciation</b>	<u>(733,188)</u>	<u>(677,007)</u>
	 <u>\$ 1,351,162</u>	 <u>\$ 1,340,852</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	\$ -	\$ 34,814
 <b>Long Term Debt</b>	 <u>65,784</u>	 <u>71,245</u>
	<u>65,784</u>	<u>106,059</u>
<b>Equity</b>		
<b>Capital Fund</b>	319,729	240,839
<b>Investment in Capital Assets</b>	<u>965,649</u>	<u>993,954</u>
	<u>1,285,378</u>	<u>1,234,793</u>
	 <u>\$ 1,351,162</u>	 <u>\$ 1,340,852</u>

On behalf of the Commission

\_\_\_\_\_, Chairman \_\_\_\_\_, Commissioner

<b>Canning Water Utility</b> <b>Year to Date Statement of Operations</b> to January 31, 2011	
	<b>2010/11</b> <b>Year to date</b>
<b>OPERATING REVENUES</b>	
Flat Rate Sales	0
Metered Sales	120,835
Public Fire Protection	61,332
Sprinkler Service and Private Hydrants	0
Miscellaneous	456
Other	202
<b>Total</b>	<b>182,825</b>
<b>OPERATING EXPENDITURES</b>	
Source of Supply	0
Power and Pumping	12,119
Water Treatment	19,820
Transmission and Distribution	33,420
Administration and General	44,849
Depreciation	0
Other - Studies and Reports	0
Taxes	0
<b>Total</b>	<b>110,209</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>72,616</b>
<b>NON-OPERATING REVENUES</b>	
Interest and other income	0
Depreciation Fund	0
Other- connection charge	0
<b>Total</b>	<b>0</b>
<b>NON-OPERATING EXPENDITURES</b>	
Debt Charges - Principal and Interest	0
Debt Charges - Interest	0
New Debt - Principal	0
New Debt - Interest	0
Permit Fee	0
Debt Charges	0
Capital out of Revenue	0
Dividend to Owner	0
<b>Total</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>72,616</b>
<b>SURPLUS AT BEGINNING OF YEAR</b>	<b>0</b>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<b>72,616</b>

<b>Canning Water Utility Statement of Operating Expenditures</b>	
	<b>2009/10 Actual</b>
<b>SOURCE OF SUPPLY</b>	
Supervision and Engineering	0
Operation Labour	0
Pump Septic system	0
Vehicals Maintenance and leasing	0
Operation Supplies & Expenses	0
<b>Maintenance of Source of Supply Plant</b>	0
Maintenance of Impounding Reservoirs	0
Maintenance of Intakes	0
Maintenance of Wells and Springs	0
Maintenance of Other Source Structures	0
<b>Base Rate</b>	0
<b>Rents</b>	0
<b>Other</b>	0
<b>TOTAL SOURCE OF SUPPLY</b>	<b>0</b>
<b>POWER AND PUMPING</b>	
Supervision and Engineering	0
Operation Labour	2,863
Fuel	0
Power and pumping	10,648
<b>Maintenance of Pumping Plant</b>	0
Maintenance of Structures	0
Maintenance of Equipment	0
<b>Supplies and Expenses</b>	0
<b>Other - Roads and snow removal</b>	0
<b>TOTAL POWER AND PUMPING</b>	<b>13,511</b>
<b>WATER TREATMENT</b>	
Supervision and Engineering	0
Operation Labour	14,315
Power	0
<b>Operation Supplies and Expenses</b>	0
Chemical Additives	2,542
CO2 Bulk Storage Rental	0
<b>Maintenance of Treatment Plant</b>	0
Maintenance of Structures	0
Maintenance of Equipment	0
Snow removal	0
Supplies and Expenses	0
<b>Other - Water Testing</b>	3,617
<b>TOTAL WATER TREATMENT</b>	<b>20,474</b>

<b>TRANSMISSION AND DISTRIBUTION</b>	
Supervision and Engineering	0
Maps and Records	0
Operation Labour	11,452
Operation Labour-Mains	0
Operation Labour-Meters	0
Operation Labour-Services	0
Operation Labour-Hydrants	0
<b>Maintenance of Transmission and Dist.</b>	0
Maintenance of Dist. Reservoirs & Standpipes	0
Maintenance - Structures	0
Maintenance of Mains	2,110
Maintenance of Other Dist Plant	0
Maintenance of Services	9,294
Maintenance of Meters	239
Maintenance of Hydrants	1,528
<b>Transportation Expenses</b>	0
<b>Leak Testing</b>	0
<b>Testing</b>	0
<b>Shop Expenses</b>	643
<b>Other</b>	0
<b>TOTAL TRANSMISSION AND DISTRIBUTION</b>	<b>25,266</b>
<b>ADMINISTRATION AND GENERAL</b>	
<b>Consumer Accounting and Collection</b>	
Supervision	0
Meter Reading	840
Consumer Billing and Accounting	0
Collection	901
Uncollectible Accounts	
Other - Contract Services	0
<b>Salaries</b>	0
Officers and Executive Salaries	0
General Office Salaries	19,679
Secretary Salary	0
Water Department Sick time	0
Pension - Eckler	0
WCB	0
CPP	0
EI	0
Group Insurance	0
<b>General Office Expense</b>	0
General Officers Expense	11,356
General Office Employees Expense	0
General Office Expense and Supplies	0
Training, Travel and Memberships	0
Advertising	0
Telephone/cell phone	0
<b>Professional Fees</b>	0
Auditors	5,825
Legal	0
Bank Charges	0
<b>Regulatory Expenses</b>	0
<b>Insurance</b>	10,421
<b>Rents of General Property</b>	11,000
<b>Misc and General -</b>	5
<b>Other - Write off Ship supplies</b>	-1,316
<b>TOTAL ADMINISTRATION AND GENERAL</b>	<b>58,711</b>