

**MUNICIPALITY OF THREE RIVERS  
PROJECTED FINANCIAL INFORMATION  
FOR THE YEARS TO END ONE THROUGH FIVE  
(Unaudited - See Notice to Reader)**

**THIS DOCUMENT WAS USED TO FACILITATE DISCUSSION BETWEEN THE PROVINCE OF PEI AND THE THREE RIVERS STEERING COMMITTEE AND IS BASED ON ASSUMPTIONS PROVIDED BY THE THREE RIVERS STEERING COMMITTEE.**

**THIS DOCUMENT HAS NOT BEEN ADJUSTED TO REFLECT THE TOWN OF GEORGETOWN CEASING INVOLVEMENT IN THE AMALGAMATION PROCESS.**

**PROJECTED FINANCIAL INFORMATION INCLUDES PROPERTY TAX RATES AND OTHER SIGNIFICANT ASSUMPTIONS PROVIDED BY THE THREE RIVERS STEERING COMMITTEE. THESE RATES AND OTHER ASSUMPTIONS MAY CHANGE.**

**THIS PROJECTED FINANCIAL INFORMATION WILL REMAIN AS A DRAFT UNTIL THE STEERING COMMITTEE COMPLETES CONSULTATIONS.**

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## CONTENTS

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	PAGE
NOTICE TO READER	
PROJECTED STATEMENTS OF OPERATIONS – PREPARED ON A CASHFLOW BASIS	1
NOTES TO THE PROJECTED FINANCIAL INFORMATION	2-18
SCHEDULE I – SUMMARY OF NON-FINANCIAL ASSETS AT NET BOOK VALUE	20-21
SCHEDULE II – SUMMARY OF LONG-TERM DEBT	22
NOTES TO SCHEDULE I AND SCHEDULE II	23

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## NOTICE TO READER

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We have compiled a financial projection for Municipality of Three Rivers consisting of Projected Statements of Operations prepared on a cashflow basis for the years ending one to five using assumptions, including the hypotheses set out in Note 2, with an effective date of August 15, 2017 and other information provided by the Three Rivers Steering Committee. Our engagement was performed in accordance with the applicable guidance on compilation of a financial projection set out in the CPA Handbook-Assurance.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions including the hypotheses or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance on the financial projection or assumptions including the hypotheses. Further, since this financial projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material. We have no responsibility to update this communication for events and circumstances occurring after the date of this communication. This projected financial information is intended solely for the purpose of concluding negotiations with the Province of PEI.

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**CHARLOTTETOWN, P.E.I., CANADA**  
**AUGUST 15, 2017**

**MUNICIPALITY OF THREE RIVERS**  
**PROJECTED STATEMENTS OF OPERATIONS**  
**PREPARED ON A CASHFLOW BASIS**  
**FOR THE YEARS TO END ONE TO FIVE**  
**(Unaudited – See Notice to Reader)**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>Revenue</b>					
Property taxes - Note 4(a)	\$ 1,081,300	\$ 1,098,500	\$ 1,116,100	\$ 1,134,000	\$ 1,152,200
Revenue sharing - Province of PEI - Note 4(b)	781,200	782,400	793,000	799,500	799,500
King's Playhouse, Cavendish Farms Wellness Centre, Montague Waterfront Development Corporation - Note 4(l)	362,900	366,500	370,100	373,800	377,600
Other revenue - Note 4(c)	148,700	151,800	154,900	158,000	161,200
Government transfers - Note 4(d)	85,600	85,600	85,600	85,600	85,600
Province of PEI transition funding - Note 4(e)					
-Transitional funding to establish new municipality	586,700	166,700	66,700	-	-
-Long-term sustainability funding	200,000	200,000	200,000	200,000	200,000
	<u>3,246,400</u>	<u>2,851,500</u>	<u>2,786,400</u>	<u>2,750,900</u>	<u>2,776,100</u>
<b>Expenditures</b>					
Administration - Note 4(f)	578,700	612,800	604,900	615,500	604,800
Economic development - Note 4(g)	102,500	105,600	108,800	112,000	115,400
Planning and bylaw enforcement- Note 4(h)	114,300	116,500	117,300	118,100	118,900
Policing - Note 4(i)	130,000	130,000	130,000	130,000	130,000
Streets, street lights, sidewalks - Note 4(j)	358,700	364,900	371,200	377,900	384,600
Facilities and public property - Note 4(k)	150,200	153,200	156,300	159,400	162,500
Recreation and cultural services - Note 4(l)	727,700	741,000	754,400	768,800	784,300
Other municipal services - Note 4(m)	68,200	69,500	70,900	72,300	73,800
Transition expenditures - Note 4(e)					
- Establishment of new municipality	586,700	166,700	66,700	-	-
- Long-term sustainability	200,000	200,000	200,000	200,000	200,000
	<u>3,017,000</u>	<u>2,660,200</u>	<u>2,580,500</u>	<u>2,554,000</u>	<u>2,574,300</u>
<b>Net Revenue (Expenditures) before principal repayment of debt</b>	<b>229,400</b>	<b>191,300</b>	<b>205,900</b>	<b>196,900</b>	<b>201,800</b>
Principal portion of debt repayment - Note 4(n)	74,300	66,100	67,300	22,100	22,000
<b>Net Revenue (Expenditures) after principal repayment of debt</b>	<b>155,100</b>	<b>125,200</b>	<b>138,600</b>	<b>174,800</b>	<b>179,800</b>
<b>Accumulated Surplus - Beginning of Year</b>	<u>-</u>	<u>155,100</u>	<u>280,300</u>	<u>418,900</u>	<u>593,700</u>
<b>Accumulated Surplus - End of Year</b>	<u>\$ 155,100</u>	<u>\$ 280,300</u>	<u>\$ 418,900</u>	<u>\$ 593,700</u>	<u>\$ 773,500</u>

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
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## **1. Basis of Preparation**

The Municipality of Three Rivers will be incorporated under the Municipalities Act of Prince Edward Island. The Municipality is a non-profit organization under the Income Tax Act.

This projected financial information has been prepared for the purpose of amalgamation discussions. The projected financial information has been prepared as of August 15, 2017 using the hypotheses detailed in Note 2 together with assumptions that are based on the Three Rivers Steering Committee's judgment as to the most probable set of economic conditions as well as the entity's planned courses of action for the period covered. Projected financial information is shown on a cash flow basis reflecting the repayment of principal and excluding amortization.

In view of uncertainties inherent in predicting future conditions and actions, actual results achieved for the period will vary from the information presented and the variations may be material.

## **2. Hypotheses**

The projection is based on the following hypotheses:

- It is assumed that existing non-financial assets of each of the incorporated municipalities forming the new Municipality of Three Rivers will be transferred to the new entity at net book value based on audited statements for each former municipality on the date of closing. Schedule I is included for illustrative purposes.
- It is assumed that existing long-term debt of each of the incorporated municipalities forming the new Municipality of Three Rivers will be transferred to the new entity. It is assumed the outstanding balance will be based on audited statements for each former municipality on the date of closing. Schedule II is included for illustrative purposes.
- It is assumed that upon amalgamation a closing statement of financial position will be prepared for each currently incorporated municipality to determine the net financial assets (financial assets less liabilities). It is further assumed that existing net financial assets will be placed in a restricted fund to be used solely for the benefit of that particular community for general purposes, fire services or water and sewer. The amount may vary significantly by community. The purpose of this note is not to provide exact values but to demonstrate that there will be cash set aside for use of each community.
- Water and sewer services are part of the current Town of Montague entity and sewer services are part of the current Town of Georgetown entity, however water and sewer components of these municipalities operate on a user pay system. Capital assets, long-term debt, revenue and expenditures related to water and sewer are excluded from these projections.
- The Cardigan Fire Department is part of the current Village of Cardigan entity and the Georgetown Fire Department is part of the current Town of Georgetown entity, however both of these fire departments serve a larger region than that of the municipality and fire dues are charged to all residents of incorporated and unincorporated areas who fall within the fire department area to cover costs related to operations such as insurance, interest, repairs and maintenance, telephone, honorariums, training, travel, vehicle, etc. The Montague Fire Department is a separate entity operated outside of the Town of Montague municipal entity. Capital assets, long-term debt, revenue and expenditures related to fire services are excluded from these projections.

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
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**2. Hypotheses (continued)**

- For policing services, it is assumed that the Municipality of Three Rivers would negotiate with the Province of PEI to continue under the Provincial Agreement and continue an Extended Service Agreement for the current Town of Montague area for one additional officer. Revenue related to fines issued have not been included in the projected financial information.
- It is assumed that a long-term agreement with the Province of PEI will be established in regards to those points detailed in Note 3.

**3. Summary of Key Components of Long-Term Agreement with the Province of PEI**

- An October 2015 letter from the Province of PEI to the Mayors and Community Chairs of the Three Rivers area commits that the prospective new municipal entity will be provided with at least the equivalent provincial funding (grants and equalization) that the seven partnering municipalities received individually prior to restructuring.
- That transitional funding of \$820,000 will be provided by the Province of PEI over the first three years of amalgamation to assist with the establishment of the new municipality. Funds intended to contribute towards development of an official plan, bylaw and policy development, accounting, audit and legal fees related to establishing the new entity, development of economic development strategy, recreational plan, conducting an assessment of existing infrastructure, and repairs and maintenance to Administrative facilities to meet new standards.
- That transitional funding of \$200,000 per year for the initial five years to be used at the discretion of the new municipality to ensure long-term sustainability. Exact terms and conditions related to eligible expenditures to be negotiated with the Province of PEI.
- That the gas tax allocation be calculated based on the formula for incorporated municipalities who provide sewer or water to their residents. It is assumed that upon amalgamation of the communities in the Three Rivers area, the newly incorporated municipality will qualify to access gas tax under the direct allocation component at a rate of \$95.24 per resident, estimated at a total of \$731,400, based on the current agreement which expires March 31, 2018. It is assumed that under any new agreement the Municipality of Three Rivers will be treated equitably with other communities that provide sewer and/or water to residents. It is understood that funding received under the Gas Tax Fund must be used for eligible infrastructure and capacity building projects as outlined in the Gas Tax Agreement and must be submitted for approval in a Capital Investment Plan which details planned expenditures. It is assumed that projects will proceed based on their own merit based on new council approval and compliance with eligibility criteria and that a portion of the funding will be allocated for water and sewer projects which may not provide benefit to all residents of the new municipality.
- The points noted above have not been formally agreed to by the Province of PEI as the Province has indicated that a decision will not be made on contribution amounts until financial projections for the new municipality are reviewed.

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
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**4. Summary of Significant Assumptions**

**a) Property taxes**

Property tax revenue is a function of both the property assessed value and the property tax rate (commercial and non-commercial). Assessment values used for these financial projections are based on information provided by the Property Taxation Division of the Province of PEI for all incorporated and unincorporated areas as at December 2016. The Province cautioned that the data was not checked for accuracy and that errors might exist, including properties being included or excluded erroneously which may affect the assessment values at various level of aggregation. Assessment values are increased each year for owner-occupied residential properties by the change in All Items PEI Consumer Price Index, from the previous years. Assessment values for owner-occupied residential properties may also increase as a result of improvements and total assessed values may increase as a result of new construction. For all property other than owner-occupied residential property, the taxable value assessment is the market value assessment. For purposes of this projected financial information all assessed values are projected to increase by 1.6% per year based on the 10 Year average historical change in the All Items PEI Consumer Price Index. Due to the difficulty in predicting market value changes in existing properties and estimating new construction, only the 1.6% increase is applied to existing assessment values and assessment value of potential new construction has not been included.

It is worth noting that total assessed values may increase at a rate faster than has been the case historically as there are many commercial and residential construction projects currently in progress or planned for the next two to three years in the Three Rivers region. For this reason, the projected growth in assessed values and related tax revenue appears to be quite conservative.

The property tax rates used in this projection were developed after much discussion and analysis by the Three Rivers Steering Committee.

<b>Area</b>	<b>December 31, 2016</b>		<b>Tax Rates</b>	
	<b>Non-commercial</b>	<b>Commercial</b>	<b>Non-commercial</b>	<b>Commercial</b>
Community of Brudenell	\$ 48,710,100	\$ 6,784,900	0.09	0.38
Village of Cardigan	13,234,154	1,321,000	0.26	0.38
Town of Georgetown	15,514,700	3,004,400	0.67	0.90
Community of Lorne Valley	3,599,900	266,800	0.09	0.38
Lower Montague Community Council	47,889,700	2,070,000	0.09	0.38
The Town of Montague	71,022,900	19,974,500	0.53	0.90
Community of Valleyfield	38,270,100	1,793,100	0.09	0.38
Cardigan fire district - unincorporated	75,210,100	7,565,200	0.05	0.38
Georgetown fire district - unincorporated	46,614,300	2,006,200	0.05	0.38
Montague fire district - unincorporated	104,745,200	5,770,000	0.05	0.38
	<b>\$ 464,811,154</b>	<b>\$ 50,556,100</b>		

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
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**4. Summary of Significant Assumptions (continued)**

**a) Property taxes (continued)**

Based on these property assessment values and assumed property tax rates, annual property tax is projected as follows:

Area	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Community of Brudenell	\$ 70,700	\$ 71,800	\$ 72,900	\$ 74,100	\$ 75,300
Village of Cardigan	40,100	40,700	41,400	42,100	42,800
Town of Georgetown	133,100	135,200	137,400	139,600	141,800
Community of Lorne Valley	4,300	4,400	4,500	4,600	4,700
Lower Montague Community Council	51,800	52,600	53,400	54,300	55,200
The Town of Montague	565,100	574,100	583,300	592,600	602,100
Community of Valleyfield	41,900	42,600	43,300	44,000	44,700
Cardigan fire district - unincorporated	67,400	68,500	69,600	70,700	71,800
Georgetown fire district - unincorporated	31,400	31,900	32,400	32,900	33,400
Montague fire district - unincorporated	75,500	76,700	77,900	79,100	80,400
	<b><u>\$ 1,081,300</u></b>	<b><u>\$ 1,098,500</u></b>	<b><u>\$ 1,116,100</u></b>	<b><u>\$ 1,134,000</u></b>	<b><u>\$ 1,152,200</u></b>

**b) Revenue sharing – Province of PEI**

An October 2015 letter from the Province of PEI to the Mayors and Community Chairs of the current incorporated municipalities in the Three Rivers area commits that the prospective new municipal entity will be provided with at least the equivalent provincial funding (grants and equalization) that the seven partnering municipalities received individually prior to restructuring.

The current revenue sharing framework with the Province consists of a Municipal Support Grant and an Equalization Grant. The minimum revenue sharing from the Province of PEI has been calculated using this framework.

*Municipal Support Grant*

The Municipal Support Grant was meant to cover streets and policing however the original formula based approach has been more arbitrary in recent years. Currently both the Towns of Georgetown and Montague maintain streets, however effective November 2016 the Town of Montague turned their streets over to the Province of PEI for maintenance.

*Equalization Grant*

The Equalization Grant provides funds to municipalities to offer basic services. It is given to municipalities that are not able to collect the same amount of tax revenue as other municipalities due to low assessment values or low population. The grant amount was originally formula based and calculated by subtracting per capita assessment value for the municipality from the per capita assessment value for the entire province using the non-commercial tax assessment value from the previous year and the population figures from the most recent census. This amount was then multiplied by the population of the municipality and then by the non-commercial municipal tax rate. This overall number was then divided by 100 to arrive at the amount of the grant. In 2013 Equalization was frozen and since that point in time the grant has increased by approximately 1% per year.



**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
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**4. Summary of Significant Assumptions (continued)**

**b) Revenue sharing – Province of PEI (continued)**

The information shown below is based on the 2016/17 Municipal Funding Report produced by the Departments of Finance and of Communities, Land and Environment with the Municipal Support Grant adjusted for the removal of the streets component for The Town of Montague. Effective November 2016, the Town of Montague turned their streets over to the Province of PEI for maintenance.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Municipal support grants</i>					
Town of Georgetown	\$ 95,500	\$ 95,500	\$ 95,500	\$ 95,500	\$ 95,500
The Town of Montague	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>
	192,500	192,500	192,500	192,500	192,500
<i>Equalization</i>					
Village of Cardigan	32,600	32,600	32,600	32,600	32,600
Town of Georgetown	216,000	216,000	216,000	216,000	216,000
Community of Lorne Valley	4,100	4,100	4,100	4,100	4,100
The Town of Montague	299,400	299,400	299,400	299,400	299,400
Community of Valleyfield	<u>11,700</u>	<u>11,700</u>	<u>11,700</u>	<u>11,700</u>	<u>11,700</u>
	<u>563,800</u>	<u>563,800</u>	<u>563,800</u>	<u>563,800</u>	<u>563,800</u>
	<b><u>\$ 756,300</u></b>	<b><u>\$ 756,300</u></b>	<b><u>\$ 756,300</u></b>	<b><u>\$ 756,300</u></b>	<b><u>\$ 756,300</u></b>

To be conservative, an annual increase has not been applied to 2016/17 revenue sharing amount; however, as a point of negotiation, the Three Rivers Steering Committee would consider negotiating with the Province of PEI for an annual increase equivalent to the change in All Items PEI Consumer Price Index.

**Comparison to a Proposed Revenue Sharing Model the Province of PEI is Currently Exploring**

The Province of PEI has been exploring a new revenue sharing model with communities. As of the date of preparation of this projected financial information the revenue sharing model has not been finalized. For comparison purposes the revenue sharing under the proposed model is presented. Based on information provided by the Department of Communities, Land and Environment the model proposed by municipal representatives on the Revenue Sharing Committee is being considered as the accepted model. The model proposed by the municipal representatives on the Revenue Sharing Committee consists of a rebate of the provincial portion of the HST on actual municipal capital purchases, a tax transfer system with four components which would be scaled in over a period of four years and equalization calculated net of farm assessments. It is based on the principal that no municipality will receive less revenue than it currently receives. The four components of the proposed municipal tax transfer are:

*i. Police Credit*

A police credit with one tier for the three municipalities that have their own police force and one tier for the municipalities that have direct or extended RCMP contracts. The credit for municipalities that have direct or extended RCMP contracts is equivalent to \$0.075 per \$100 of non-commercial property tax assessment value in year 1 increasing to \$0.079 by year 4.

**MUNICIPALITY OF THREE RIVERS  
NOTES TO THE PROJECTED FINANCIAL INFORMATION  
FOR THE YEARS TO END ONE TO FIVE  
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**4. Summary of Significant Assumptions (continued)**

**b) Revenue sharing – Province of PEI (continued)**

For purposes of estimating the police credit for the Three Rivers area it is assumed that the Municipality of Three Rivers would negotiate with the Province of PEI to continue under the Provincial Agreement with an Extended Service Agreement for the area of the current Town of Montague for one additional officer.

*ii. Streets Credit*

A streets credit for the municipalities that own and maintain their own streets with one tier for cities and one tier for the remaining municipalities that maintain their own streets. The credit for municipalities that maintain their own streets is \$0.183 per \$100 of non-commercial property tax assessment value in year 1 increasing to \$0.193 by year 4.

*iii. Development Credit*

A development credit for the municipalities that provide land use planning and development control and building inspection as one tier and the municipalities that provide land use planning and development control only as another tier. The credit for municipalities that provide land use planning and development control is \$0.011 per \$100 of non-commercial property tax assessment value in year 1 increasing to \$0.012 by year 4.

*iv. Base Credit*

A base credit, set at 40% of the cost of providing local and regional facilities and programs, with one tier for the cities to recognize their higher costs and more regional approach, and one tier for the remaining municipalities. The credit for the remaining municipalities is \$0.043 per \$100 of non-commercial property tax assessment value in year 1 increasing to \$0.045 by year 4.

The equalization component provides funds to municipalities to offer basic services. It is given to municipalities that are not able to collect the same amount of tax revenue as other municipalities due to low assessment values or low population. Under the revenue sharing model proposed by municipal representatives on the Revenue Sharing Committee the equalization component is based on assessment values net of farm assessments. Using the 2016 census data the average municipal per capita tax base calculated by the Department of Communities, Land and Environment was \$71,085. The Equalization estimate is based on:

- the 2016 population estimate of 7,458,
- an assessment value net of farm assessments of \$490,384,497,
- an average non-commercial tax rate of \$0.230 per \$100 of assessed value and
- a tax credit rate of \$0.072 per \$100 of assessed value.

Using this information, a municipal per capita tax base of \$65,753 is calculated for the Municipality of Three Rivers. The difference between the average per capita tax base and the municipal per capita tax base multiplied by the population provides an estimate of \$120,100 in equalization.

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
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**4. Summary of Significant Assumptions (continued)**

**b) Revenue sharing – Province of PEI (continued)**

Schedule of Proposed Revenue Sharing for the Municipality of Three Rivers							
	Non- commercial Assessment	Tax Credit Rate Range	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Tax Transfer							
i. Police credit	71,022,900	\$0.075 - \$0.079	\$ 53,300	\$ 54,000	\$ 54,700	\$ 56,100	\$ 56,100
ii. Streets credit - Georgetown	15,514,700	\$0.183 - \$0.193	28,400	28,900	29,500	29,900	29,900
iii. Development credit	464,811,154	\$0.011 - \$0.012	51,100	51,100	55,800	55,800	55,800
iv. Base credit	464,811,154	\$0.043 - \$0.045	199,900	199,900	204,500	209,200	209,200
Equalization			120,100	120,100	120,100	120,100	120,100
			<u>\$ 452,800</u>	<u>\$ 454,000</u>	<u>\$ 464,600</u>	<u>\$ 471,100</u>	<u>\$ 471,100</u>

The Steering Committee is recommending an alternative approach to calculating equalization for the Municipality of Three Rivers as they believe the varied non-commercial tax rates proposed throughout the Municipality provide rationale for this revised approach.

The equalization amount being proposed by the Steering Committee is based on the following assumptions:

- the 2016 population estimate of 7,458,
- an assessment value net of farm assessments of \$490,384,497,
- individual non-commercial tax rate including fire dues per \$100 assessed value for each community versus an average rate,
- calculation of a municipal per capita tax base for each community versus the municipality as a whole,
- a tax credit rate of \$0.072 per \$100 of assessed value.

The detailed calculation of equalization is shown below and on the following page:

	Population based on 2016 Census (provided by Department of Community, Land and Environment)	December 2016 municipal assessment (non- farm taxable)	Proposed non- commercial rates	Fire dues	Estimated tax revenue
Community of Brudenell	371	\$ 54,095,100	0.09	0.070	\$ 86,552
Village of Cardigan	269	13,883,500	0.26	0.100	49,981
Town of Georgetown	555	18,519,100	0.67	0.065	136,115
Community of Lorne Valley	95	2,791,200	0.09	0.100	5,303
Lower Montague Community Council	598	48,407,500	0.09	0.070	77,452
The Town of Montague	1,961	90,866,100	0.53	0.070	545,197
Community of Valleyfield	670	34,511,700	0.09	0.070	55,219
Cardigan fire district - unincorporated	1,187	77,375,400	0.05	0.100	116,063
Georgetown fire district - unincorporated	264	48,031,200	0.05	0.065	55,236
Montague fire district - unincorporated	<u>1,488</u>	<u>101,903,700</u>	0.05	0.070	<u>122,284</u>
Municipality of Three Rivers	<u><b>7,458</b></u>	<u><b>\$ 490,384,500</b></u>			<u><b>\$ 1,249,402</b></u>

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
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**4. Summary of Significant Assumptions (continued)**

**b) Revenue sharing – Province of PEI (continued)**

	Non-commercial tax rate /\$100 assessed value including fire dues		Tax credit rate	Average municipal tax base per capita (all)	Municipal tax base per capita	Tax base difference	Tax base deficiency	Equalization based on 2016 population
Community of Brudenell	\$ 0.160	\$ 0.072	\$ 71,085	\$ 145,809	\$ (74,724)	\$ (27,722,565)	\$ (64,200)	
Village of Cardigan	\$ 0.360	\$ 0.072	71,085	51,612	19,473	5,238,365	22,600	
Town of Georgetown	\$ 0.735	\$ 0.072	71,085	33,368	37,717	20,933,075	168,800	
Community of Lorne Valley	\$ 0.190	\$ 0.072	71,085	29,381	41,704	3,961,875	10,400	
Lower Montague Community Council	\$ 0.160	\$ 0.072	71,085	80,949	(9,864)	(5,898,670)	(13,700)	
The Town of Montague	\$ 0.600	\$ 0.072	71,085	46,337	24,748	48,531,585	325,900	
Community of Valleyfield	\$ 0.160	\$ 0.072	71,085	51,510	19,575	13,115,250	30,400	
Cardigan fire district - unincorporated	\$ 0.150	\$ 0.072	71,085	65,186	5,899	7,002,495	15,500	
Georgetown fire district - unincorporated	\$ 0.115	\$ 0.072	71,085	181,936	(110,851)	(29,264,760)	(54,600)	
Montague fire district - unincorporated	\$ 0.120	\$ 0.072	71,085	68,484	2,601	3,870,780	7,400	
Municipality of Three Rivers						<b>\$ 39,767,430</b>	<b>\$ 448,500</b>	

**Schedule of Proposed Revenue Sharing for the Municipality of Three Rivers with Steering Committee Recommended Equalization**

	Non-commercial Assessment	Tax Credit Rate Range	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Tax Transfer							
i. Police credit	71,022,900	\$0.075 - \$0.079	\$ 53,300	\$ 54,000	\$ 54,700	\$ 56,100	\$ 56,100
ii. Streets credit - Georgetown	15,514,700	\$0.183 - \$0.193	28,400	28,900	29,500	29,900	29,900
iii. Development credit	464,811,154	\$0.011 - \$0.012	51,100	51,100	55,800	55,800	55,800
iv. Base credit	464,811,154	\$0.043 - \$0.045	199,900	199,900	204,500	209,200	209,200
Equalization			448,500	448,500	448,500	448,500	448,500
			<b>\$ 781,200</b>	<b>\$ 782,400</b>	<b>\$ 793,000</b>	<b>\$ 799,500</b>	<b>\$ 799,500</b>

**Conclusion:**

The revenue sharing under the model proposed by the municipal representatives of the Revenue Sharing Committee (assuming continuation of the current policing agreement) adjusted for the equalization calculation being recommended by the Steering Committee has been included in the projected financial information.

**c) Other revenue**

Other revenue includes various items such as investment income, sewer administration fee, water commission fee, permit fees, and grants related to special events, estimated based on 2015 actuals and 2% annual increase.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Other revenue	<b>\$ 148,700</b>	<b>\$ 151,800</b>	<b>\$ 154,900</b>	<b>\$ 158,000</b>	<b>\$ 161,200</b>

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
**(Unaudited – See Notice to Reader)**

**4. Summary of Significant Assumptions (continued)**

**d) Government transfers**

Incorporated municipalities apply for Special Projects Program funding from the Employment Development Agency which provides 100 per cent wage support to create temporary employment. Funding may also be available for full or partial wage subsidy to create employment for Island students. Many of the existing communities apply for funding from the Employment Development Agency and it is assumed that funding would continue at the same level in future years.

**e) Province of PEI transition funding**

The transition funding detailed below has not as yet been agreed to by the Province of PEI. The programs, initiatives and amounts shown below are being proposed by the Steering Committee and incorporated into this projected financial information for eventual review by the Province of PEI and other stakeholders. These costs and initiatives are estimated as follows:

*i. Funding to establish new Municipality*

It is assumed that transitional funding of \$820,000 will be provided by the Province of PEI over the first three years of amalgamation to fund costs and new initiatives associated with the establishment of the new municipality.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Official plan and bylaw/policy development	\$ 66,700	\$ 66,700	\$ 66,700	\$ -	\$ -
Economic development strategy	75,000	-	-	-	-
Recreational plan	50,000	-	-	-	-
Infrastructure assessment	100,000	-	-	-	-
Professional fees (legal, accounting, audit, recruiting)	125,000	-	-	-	-
Repairs and maintenance (upgrades to Admin building)	100,000	100,000	-	-	-
Amalgamation process assistance	70,000	-	-	-	-
	<u>\$ 586,700</u>	<u>\$ 166,700</u>	<u>\$ 66,700</u>	<u>\$ -</u>	<u>\$ -</u>

*ii. Long-term Sustainability Funding*

Additionally, it is assumed that transitional funding of \$200,000 per year for the initial five years will be provided by the Province of PEI to be used at the discretion of the new municipality to ensure long-term sustainability. Exact terms and conditions related to eligible expenditures to be negotiated with the Province of PEI.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Long-term sustainability funding	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
**(Unaudited – See Notice to Reader)**

**4. Summary of Significant Assumptions (continued)**

**f) Administration**

This category of expenditures includes administration salaries, advertising and promotion, donations, council honorariums, dues and fees, insurance, interest and bank charges, office, professional fees, office utilities, and website. It is assumed that expenses other than election costs, council remuneration and professional fees and memberships would remain status quo. Expenditures have been estimated based on a review of December 31, 2015 year end financial statements for each of the incorporated municipalities, discussions with the Chief Administrative Officers of each incorporated municipality, and discussions with the Three Rivers Sub-committee. Expenditures have been recategorized for consistency of presentation amongst the municipalities.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Administration</i>					
Advertising	\$ 20,000	\$ 20,400	\$ 20,800	\$ 21,200	\$ 21,600
Bank charges and interest	10,000	10,200	10,400	10,600	10,800
Election, plebiscites, rate payer meetings	-	24,000	6,000	6,000	6,000
Grants to other organizations and individuals	4,800	4,900	5,000	5,100	5,200
Insurance	19,800	20,200	20,600	21,000	21,400
Interest on long term debt	1,300	1,200	1,000	1,000	800
Mayor/council remuneration (see breakdown below)	71,400	71,400	71,400	71,400	51,200
Mayor/council expenses	5,600	5,700	5,800	5,900	5,000
Miscellaneous	10,700	10,900	11,100	11,300	11,500
Office expenses	44,100	45,000	45,900	46,800	47,700
Professional fees and memberships	50,900	51,900	52,900	54,000	55,100
Training (staff)	3,300	3,400	3,500	3,600	3,700
Travel (staff)	3,300	3,400	3,500	3,600	3,700
Wages and benefits (see breakdown below)	333,500	340,200	347,000	354,000	361,100
	<u>\$ 578,700</u>	<u>\$ 612,800</u>	<u>\$ 604,900</u>	<u>\$ 615,500</u>	<u>\$ 604,800</u>

Mayor and council remuneration is estimated using a rate per resident based on the calculation below. It is assumed that the Mayor will receive remuneration in the amount of \$1.25 per resident, and councilors at the rate of \$0.65 per resident. A population base of 7,800 is assumed and it is assumed that there will be 12 councilors in years 1 to 4, decreasing to 8 in year 5. A Deputy Mayor will be appointed by Council. It is assumed the Deputy Mayor will receive an additional \$0.10 per resident.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Mayor/Council Remuneration</i>					
Mayor	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800
Deputy Mayor - additional amount	800	800	800	800	800
Councilors	60,800	60,800	60,800	60,800	40,600
<b>Total Mayor/Council Remuneration</b>	<u>\$ 71,400</u>	<u>\$ 71,400</u>	<u>\$ 71,400</u>	<u>\$ 71,400</u>	<u>\$ 51,200</u>

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
**(Unaudited – See Notice to Reader)**

**4. Summary of Significant Assumptions (continued)**

**f) Administration (continued)**

It is assumed that Administrative staff will include the following. Wages are assumed to increase by 2% per year and benefits are estimated at 15% of wages.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Wages and benefits</i>					
Chief administrative officer	\$ 85,000	\$ 86,700	\$ 88,400	\$ 90,200	\$ 92,000
Finance clerks (3)	135,000	137,700	140,500	143,300	146,200
Receptionist and administrative support (2)	<u>70,000</u>	<u>71,400</u>	<u>72,800</u>	<u>74,300</u>	<u>75,800</u>
	290,000	295,800	301,700	307,800	314,000
Benefits @ 15%	<u>43,500</u>	<u>44,400</u>	<u>45,300</u>	<u>46,200</u>	<u>47,100</u>
	<b><u>\$ 333,500</u></b>	<b><u>\$ 340,200</u></b>	<b><u>\$ 347,000</u></b>	<b><u>\$ 354,000</u></b>	<b><u>\$ 361,100</u></b>

**g) Economic development**

It is assumed that an Economic Development Officer would be hired to facilitate, promote and ensure community and economic development initiatives are secured to increase local employment opportunities. It is also assumed that existing economic development initiatives such as Artisans on Main Art Trail will continue. A salary of \$50,000 per year is assumed. Benefits are estimated at 15% and a 2% annual increment is assumed.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Economic Development</i>					
Economic development initiatives	\$ 45,000	\$ 46,400	\$ 47,800	\$ 49,200	\$ 50,700
Wages & benefits	<u>57,500</u>	<u>59,200</u>	<u>61,000</u>	<u>62,800</u>	<u>64,700</u>
	<b><u>\$ 102,500</u></b>	<b><u>\$ 105,600</u></b>	<b><u>\$ 108,800</u></b>	<b><u>\$ 112,000</u></b>	<b><u>\$ 115,400</u></b>

**h) Planning and bylaw enforcement**

It is assumed that a Planning Officer will be hired to ensure that any developments occurring in the region make application, are issued proper permits, meet zoning legislation, and carry out development as planned. An annual salary of \$65,000 is assumed. It is also assumed that a Bylaw Enforcement Officer will be hired to enforce non-criminal by-laws enacted by the municipality. An annual salary of \$30,000 is assumed. Benefits are estimated at 15% and a 2% annual increment is assumed.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Planning and Bylaw Enforcement</i>					
Wages & benefits (2 positions)	\$ 109,300	\$ 111,400	\$ 112,100	\$ 112,800	\$ 113,500
Travel	<u>5,000</u>	<u>5,100</u>	<u>5,200</u>	<u>5,300</u>	<u>5,400</u>
	<b><u>\$ 114,300</u></b>	<b><u>\$ 116,500</u></b>	<b><u>\$ 117,300</u></b>	<b><u>\$ 118,100</u></b>	<b><u>\$ 118,900</u></b>

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
**(Unaudited – See Notice to Reader)**

**4. Summary of Significant Assumptions (continued)**

**i) Policing**

Currently policing in the area is provided to the Three Rivers area under a Provincial Agreement at no cost to the municipalities. In addition, The Town of Montague has an Extended Service Agreement to employ an additional officer. A contribution towards the cost of the Extended Service Agreement is provided under the current Municipal Support Grant. Typically, when a municipality grows beyond a population base of 5,000 the municipality enters into its own Municipal Services Agreement with the RCMP where 70% of the cost of policing is the responsibility of the municipality (Federal Government cost shares at 30%), however there is a provision where a request can be made to the Province of PEI for continuation under the Provincial Agreement. It is assumed that the Municipality of Three Rivers would negotiate with the Province of PEI to continue under the Provincial Agreement with an Extended Service Agreement for the current Town of Montague area for one additional officer.

Policing is assumed to cover the cost of one officer.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Extended Services Agreement - RCMP	\$ <u>130,000</u>	\$ <u>130,000</u>	\$ <u>130,000</u>	\$ <u>130,000</u>	\$ <u>130,000</u>

**j) Streets, street lights, sidewalks**

Services in this category are only provided in the municipalities of Montague, Georgetown and Cardigan. Montague discontinued maintaining streets in November 2016 but maintains sidewalks and street lights. Georgetown maintains streets and Cardigan has street lights. Expenditures have been estimated based on a review of December 31, 2015 year end financial statements for each of the incorporated municipalities, discussions with the Chief Administrative Officers of each incorporated municipality, and discussions with the Three Rivers Subcommittee. Expenditures have been recategorized for consistency of presentation amongst the municipalities. Amortization related to streets, street lights, and sidewalks has been excluded from projected expenditures.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Streets, Street lights, Sidewalks</i>					
Interest on long-term debt	\$ 9,700	\$ 9,000	\$ 8,400	\$ 7,900	\$ 7,300
Liability insurance	4,800	4,900	5,000	5,100	5,200
Maintenance	87,500	89,300	91,100	92,900	94,800
Miscellaneous	5,000	5,100	5,200	5,300	5,400
Street lights	106,500	108,600	110,700	113,000	115,300
Street signs	2,400	2,400	2,400	2,400	2,400
Wages and benefits	140,500	143,300	146,100	149,000	151,900
Small tools and supplies	2,300	2,300	2,300	2,300	2,300
	<u>\$ 358,700</u>	<u>\$ 364,900</u>	<u>\$ 371,200</u>	<u>\$ 377,900</u>	<u>\$ 384,600</u>



**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
**(Unaudited – See Notice to Reader)**

**4. Summary of Significant Assumptions (continued)**

**j) Streets, street lights, sidewalks (continued)**

For reference, the following is a breakdown of streets, street lights, and sidewalks in The Town of Montague, Town of Georgetown and Village of Cardigan.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Streets, Street lights, Sidewalks - The Town of Montague</i>					
Interest on long-term debt	\$ 1,000	\$ 800	\$ 700	\$ 700	\$ 600
Street lights	70,000	71,400	72,800	74,300	75,800
Street signs	1,300	1,300	1,300	1,300	1,300
Wages and benefits	114,600	116,900	119,200	121,600	124,000
Small tools and supplies	2,300	2,300	2,300	2,300	2,300
	<u>\$ 189,200</u>	<u>\$ 192,700</u>	<u>\$ 196,300</u>	<u>\$ 200,200</u>	<u>\$ 204,000</u>
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Streets, Street lights, Sidewalks - Town of Georgetown</i>					
Interest on long-term debt	\$ 8,700	\$ 8,200	\$ 7,700	\$ 7,200	\$ 6,700
Liability insurance	4,800	4,900	5,000	5,100	5,200
Maintenance	87,500	89,300	91,100	92,900	94,800
Miscellaneous	5,000	5,100	5,200	5,300	5,400
Street lights	22,000	22,400	22,800	23,300	23,800
Street signs	1,100	1,100	1,100	1,100	1,100
Wages and benefits	25,900	26,400	26,900	27,400	27,900
	<u>\$ 155,000</u>	<u>\$ 157,400</u>	<u>\$ 159,800</u>	<u>\$ 162,300</u>	<u>\$ 164,900</u>
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Streets, Street lights, Sidewalks - Village of Cardigan</i>					
Lighting	<u>\$ 14,500</u>	<u>\$ 14,800</u>	<u>\$ 15,100</u>	<u>\$ 15,400</u>	<u>\$ 15,700</u>
<b>Total - Streets, Street lights, Sidewalks</b>	<u>\$ 358,700</u>	<u>\$ 364,900</u>	<u>\$ 371,200</u>	<u>\$ 377,900</u>	<u>\$ 384,600</u>

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
**(Unaudited – See Notice to Reader)**

**4. Summary of Significant Assumptions (continued)**

**k) Facilities and public property**

Facilities and public property includes costs related to the upkeep of civic centres, schoolhouses, and town halls used for public meeting space. Wages and benefits relate to the maintenance person in Cardigan. It is expected that existing facilities will be repurposed to accommodate the needs of the new municipality. Expenditures have been estimated based on a review of December 31, 2015 year end financial statements for each of the incorporated municipalities, discussions with the Chief Administrative Officers of each incorporated municipality, and discussions with the Three Rivers Sub-committee. Expenditures have been recategorized for consistency of presentation amongst the municipalities. Amortization related to facilities and public property has been excluded from projected expenditures.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Facilities and Public Property</i>					
Fuel	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Insurance	22,900	23,400	23,900	24,400	24,900
Maintenance	66,900	68,200	69,600	71,000	72,400
Property taxes	6,500	6,600	6,700	6,800	6,900
Sewer and taxes	3,700	3,800	3,900	4,000	4,100
Utilities	27,800	28,400	29,000	29,600	30,200
Wages and benefits	20,400	20,800	21,200	21,600	22,000
	<u>\$ 150,200</u>	<u>\$ 153,200</u>	<u>\$ 156,300</u>	<u>\$ 159,400</u>	<u>\$ 162,500</u>

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
**(Unaudited – See Notice to Reader)**

**4. Summary of Significant Assumptions (continued)**

**l) Recreation and cultural services**

Recreational and cultural services include the Cavendish Farms Wellness Centre in Montague, Three Rivers Sportsplex in Georgetown, King's Playhouse, AA MacDonald Memorial Gardens, St. Andrew's Point Park, West Street Beach Park, Montague museum, Montague Waterfront, ball diamonds in Georgetown and various contributions made to local recreational and cultural assets that are contributed to by the communities such as the ball field in Cardigan, soccer complex in Lower Montague, and the library and the pool complex in Montague. Expenditures have been estimated based on a review of December 31, 2015 year end financial statements for each of the incorporated municipalities, discussions with the Chief Administrative Officers of each incorporated municipality, and discussions with the Three Rivers Sub-committee. Expenditures have been recategorized for consistency of presentation amongst the municipalities. Grants include the amount contributed by the Town of Georgetown towards the operation of the Three River Sportsplex. Amortization related to recreation and cultural services has been excluded from projected expenditures.

It is assumed that a Recreation Director at a salary of \$40,000 would be hired to coordinate recreational activities within the Three Rivers area and promote the area for sports events. Benefits are estimated at 15% and a 2% annual increment is assumed.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Recreation and Cultural Services</i>					
Grants	\$ 89,500	\$ 91,300	\$ 93,100	\$ 95,000	\$ 96,900
Interest on long-term debt	3,300	2,000	700	-	-
Libraries	14,000	14,300	14,600	14,900	15,200
Museums, art galleries, etc.	35,500	36,200	36,900	37,600	38,400
King's Playhouse (see revenue amount below)	219,900	224,300	228,800	233,400	238,100
Cavendish Farms Wellness Centre (see revenue amount below)	78,900	80,500	82,100	83,700	85,400
Pool complex	25,000	25,500	26,000	26,500	27,000
Montague Waterfront Development Corporation (see revenue amount below)	163,600	166,900	170,200	173,600	177,100
Maintenance	9,400	9,600	9,800	10,000	10,200
Insurance	27,600	28,200	28,800	29,400	30,000
Recreation Director	46,000	46,900	47,800	48,800	49,800
Programs	15,000	15,300	15,600	15,900	16,200
	<u>\$ 727,700</u>	<u>\$ 741,000</u>	<u>\$ 754,400</u>	<u>\$ 768,800</u>	<u>\$ 784,300</u>

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
**(Unaudited – See Notice to Reader)**

**4. Summary of Significant Assumptions (continued)**

**l) Recreation and cultural services (continued)**

The King's Playhouse began operations under a Board of Management in 2007 and is under the authority of the Georgetown Council which is ultimately responsible for the Playhouse's operation. Revenue is projected for the King's Playhouse based on the 2015 actual results.

Revenue is projected for the Montague Waterfront Development Corporation and the Cavendish Farms Wellness Centre based on the 2015 actual results.

Revenue for these three facilities is estimated as follows:

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
King's Playhouse	\$ 209,100	\$ 211,200	\$ 213,300	\$ 215,400	\$ 217,600
Cavendish Farms Wellness Centre	40,200	40,600	41,000	41,400	41,800
Montague Waterfront Development Corporation	<u>113,600</u>	<u>114,700</u>	<u>115,800</u>	<u>117,000</u>	<u>118,200</u>
	<b><u>\$ 362,900</u></b>	<b><u>\$ 366,500</u></b>	<b><u>\$ 370,100</u></b>	<b><u>\$ 373,800</u></b>	<b><u>\$ 377,600</u></b>

**m) Other municipal services**

Other municipal services include pest control and special events. A pest control program for black flies exists in Brudenell and Valleyfield. Expenditures have been estimated based on a review of December 31, 2015 year end financial statements for each of the incorporated municipalities, discussions with the Chief Administrative Officers of each incorporated municipality, and discussions with the Three Rivers Sub-committee. Expenditures have been recategorized for consistency of presentation amongst the municipalities.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<i>Other Municipal Services</i>					
Administration	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800
Pest control	27,100	27,600	28,200	28,800	29,400
Special events	<u>40,300</u>	<u>41,100</u>	<u>41,900</u>	<u>42,700</u>	<u>43,600</u>
	<b><u>\$ 68,200</u></b>	<b><u>\$ 69,500</u></b>	<b><u>\$ 70,900</u></b>	<b><u>\$ 72,300</u></b>	<b><u>\$ 73,800</u></b>

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO THE PROJECTED FINANCIAL INFORMATION**  
**FOR THE YEARS TO END ONE TO FIVE**  
**(Unaudited – See Notice to Reader)**

**4. Summary of Significant Assumptions (continued)**

**n) Long-term debt**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>General</b>					
<i>The Town of Montague</i>					
2.87% Bank of Montreal loan, maturing in December 2019, amortized to 2026, payable in prorated monthly instalments of \$466, including principal and interest - 3.615% of consolidated loan is general.	\$ 43,500	\$ 39,100	\$ 34,600	\$ 29,900	\$ 25,200
<b>Streets, Street Lights, Sidewalks</b>					
<i>Town of Georgetown</i>					
Loan, prime + 1%, secured by general security agreement, maturing December 2019, amortized to December 2035, in monthly installments of \$1,106, plus interest.	227,900	214,600	201,300	188,000	174,800
<i>The Town of Montague</i>					
2.35% Bank of Montreal loan, maturing in April 2020, amortized to 2026, payable in monthly instalments of \$390, including principal and interest.	<u>37,300</u>	<u>33,500</u>	<u>29,600</u>	<u>25,500</u>	<u>21,400</u>
Total long-term debt - Streets, Street lights, Sidewalks	<u>265,200</u>	<u>248,100</u>	<u>230,900</u>	<u>213,500</u>	<u>196,200</u>
<b>Recreation and Cultural Services</b>					
<i>The Town of Montague</i>					
2.87% Bank of Montreal loan, maturing in December 2019, amortized to 2019, payable in monthly instalments of \$3,885, including principal and interest.	<u>90,200</u>	<u>45,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 398,900</u>	<u>\$ 332,800</u>	<u>\$ 265,500</u>	<u>\$ 243,400</u>	<u>\$ 221,400</u>
Principal portion of long-term debt repayment	<u>\$ 74,300</u>	<u>\$ 66,100</u>	<u>\$ 67,300</u>	<u>\$ 22,100</u>	<u>\$ 22,000</u>

Principal portion of term debt is scheduled to be repaid over the next five years as follows:

Year 6	\$ 22,400
Year 7	22,700
Year 8	23,000
Year 9	23,200
Year 10	22,700

**ADDITIONAL FINANCIAL INFORMATION**

**SCHEDULE I – SUMMARY OF NON-FINANCIAL ASSETS AT NET BOOK VALUE**

**SCHEDULE II – SUMMARY OF LONG-TERM DEBT**

**NOTES TO SCHEDULE I AND II**

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**MUNICIPALITY OF THREE RIVERS**  
**SCHEDULE I – SUMMARY OF NON-FINANCIAL ASSETS**  
**AT NET BOOK VALUE**  
**(Unaudited – See Notice to Reader)**  
**Page 1 of 2**

<u>Asset Class and Description</u>	<u>Original Cost</u>	<u>Net Book Value</u>
(A) Total general capital	\$ 2,087,600	\$ 1,446,700
(B) Total recreational and cultural services	11,885,800	8,115,400
(C) Total streets, streetlights, sidewalks	3,537,800	1,678,900
Town of Georgetown - deferred government assistance	(2,557,600)	(1,359,600)
<b>Total tangible capital assets</b>	<b><u>\$ 14,953,600</u></b>	<b><u>\$ 9,881,400</u></b>
<b>Detailed breakdown as follows:</b>		
<b>(A) General Capital</b>		
<b>Land</b>		
Community of Brudenell - schoolhouse land	\$ 1,000	\$ 1,000
Village of Cardigan - fire hall/civic centre lot, park behind fire hall, Farmer's market land, tennis court, wharf and parcel of land along the bridge, marina land	98,900	98,900
Town of Georgetown - lots, Sportsplex land, Kings Playhouse lot, Civic Centre lot, dump	89,800	89,800
Community of Lorne Valley - schoolhouse land	-	-
Lower Montague Community Council - schoolhouse land plus approximately 8 acres to river, green spaces in subdivisions, St. Andrews Point Park	20,000	20,000
The Town of Montague	<u>448,000</u>	<u>448,000</u>
	657,700	657,700
<b>Land improvements</b>		
Village of Cardigan - one-third of paving allocated to Civic Centre	\$ 4,400	\$ 3,900
The Town of Montague - land improvements	<u>352,900</u>	<u>68,900</u>
	357,300	72,800
<b>Buildings</b>		
Community of Brudenell - schoolhouse	\$ 80,500	\$ 65,600
Village of Cardigan - Civic Centre, Farmer's Market, Crawford House	155,000	91,600
Town of Georgetown - Civic Centre	161,700	59,900
Community of Lorne Valley - schoolhouse	60,200	27,300
Lower Montague Community Council - park and schoolhouse	19,100	17,400
The Town of Montague - Town Hall, maintenance building	<u>517,600</u>	<u>418,200</u>
	994,100	680,000
<b>Machinery &amp; equipment</b>		
Village of Cardigan	44,800	29,500
<b>Computer hardware</b>		
Village of Cardigan	\$ 6,200	\$ 1,700
Town of Georgetown	9,200	2,900
Lower Montague Community Council	<u>900</u>	<u>-</u>
	16,300	4,600
<b>Furniture and fixtures</b>		
Village of Cardigan	<u>17,400</u>	<u>2,100</u>
<b>Total general capital</b>	<b><u>\$ 2,087,600</u></b>	<b><u>\$ 1,446,700</u></b>

(The accompanying notes form an integral part of the projected financial information.)

**MUNICIPALITY OF THREE RIVERS**  
**SCHEDULE I – SUMMARY OF NON-FINANCIAL ASSETS**  
**AT NET BOOK VALUE**  
**(Unaudited – See Notice to Reader)**  
**Page 2 of 2**

<u>Asset Class and Description</u>	<u>Original Cost</u>	<u>Net Book Value</u>
<b>(B) Recreational and Cultural Services</b>		
<b>Ball field project</b>		
Village of Cardigan	\$ 182,100	\$ 81,100
<b>Machinery &amp; equipment</b>		
The Town of Montague - waterfront assets	1,061,700	480,600
<b>Buildings</b>		
Town of Georgetown - Kings Playhouse and Three Rivers Sportsplex	2,532,800	1,002,400
The Town of Montague - Waterfront building and Cavendish Farms Wellness Centre	<u>8,109,200</u>	<u>6,551,300</u>
	10,642,000	7,553,700
<b>Total recreational and cultural services</b>	<b><u>\$ 11,885,800</u></b>	<b><u>\$ 8,115,400</u></b>
<b>(C) Streets, street lights, sidewalks</b>		
<b>Land improvements</b>		
Town of Georgetown - streets and paving	\$ 1,491,300	\$ 645,700
The Town of Montague - streets and sidewalks	<u>1,268,700</u>	<u>865,700</u>
	2,760,000	1,511,400
<b>Machinery &amp; equipment</b>		
Town of Georgetown	460,700	24,000
The Town of Montague - maintenance related equipment	<u>317,100</u>	<u>143,500</u>
	777,800	167,500
<b>Total streets, streetlights, sidewalks</b>	<b><u>\$ 3,537,800</u></b>	<b><u>\$ 1,678,900</u></b>

(The accompanying notes form an integral part of the projected financial information.)



**MUNICIPALITY OF THREE RIVERS**  
**SCHEDULE II – SUMMARY OF LONG-TERM DEBT**  
**(Unaudited – See Notice to Reader)**

<u>Description</u>	<u>Outstanding Principal</u>
<b>(A) General</b>	
The Town of Montague - 1.89% Bank of Montreal loan, maturing in October 2017, amortized to 2017, payable in monthly instalments of \$321, including principal and interest - EMO generator.	\$ 6,900
The Town of Montague - 2.87% Bank of Montreal loan, maturing in December 2019, amortized to 2026, payable in prorated monthly instalments of \$466, including principal and interest - 3.615% of consolidated loan is general.	<u>52,000</u>
<b>Total long-term debt - General</b>	<b><u>58,900</u></b>
<b>(B) Recreation and Cultural Services</b>	
The Town of Montague - 2.87% Bank of Montreal loan, maturing in December 2019, amortized to 2019, payable in monthly instalments of \$3,885, including principal and interest - Cavendish Farms Wellness Centre.	<u>175,700</u>
<b>(C) Streets, Street Lights, Sidewalks</b>	
Town of Georgetown - prime + 1%, secured by general security agreement, maturing December 2019, amortized to December 2035, in monthly installments of \$1,106, plus interest - Water Street reconstruction.	254,400
The Town of Montague - 1.89% Bank of Montreal loan, maturing in October 2017, amortized to 2017, payable in monthly instalments of \$653, including principal and interest - Maintenance Department Dodge truck.	14,100
The Town of Montague - 2.35% Bank of Montreal loan, maturing in April 2020, amortized to 2026, payable in monthly instalments of \$390, including principal and interest - maintenance building extension.	<u>44,800</u>
<b>Total long-term debt - Streets, Street lights, Sidewalks</b>	<b><u>313,300</u></b>
	<b><u>\$ 547,900</u></b>

*(The accompanying notes form an integral part of the projected financial information.)*

**MUNICIPALITY OF THREE RIVERS**  
**NOTES TO SCHEDULE I AND SCHEDULE II**  
**(Unaudited – See Notice to Reader)**

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**1. Purpose**

Schedule I – Summary of Non-Financial Assets is included to provide an overview of all non-financial assets at original cost and net book value. Schedule II – Summary of Long-Term Debt is included to provide an overview of all the long-term debt. It is assumed that existing non-financial assets of each of the incorporated municipalities forming the new Municipality of Three Rivers will be transferred to the new entity at net book value and that existing long-term debt of each of the incorporated municipalities forming the new Municipality of Three Rivers will be transferred to the new entity at the outstanding value, based on audited statements for each former municipality on the date of closing.

**2. Basis of preparation**

The schedules of non-financial assets and of long-term debt have been prepared based on review of the December 31, 2015 financial statements of incorporated municipalities and discussions with the Chief Administrative Officers.

**3. Deferred government assistance**

Net book value does not represent fair market value or replacement cost, both of which could be significantly higher for assets such as land and buildings. Amounts are recorded net of government assistance, with the exception of the Town of Georgetown. Deferred government assistance for the Town of Georgetown has been allocated 20% to sewer assets, 8% to fire services assets and the balance to general, recreational and cultural services, and streets, streetlights, sidewalks categories of assets.

**4. Exclusion of streets from The Town of Montague's assets**

Assets related to streets have been removed from The Town of Montague's assets as street maintenance was transferred to the Province of PEI in November 2016.

**5. Exclusion of non-financial assets and long-term debt related to water and sewer**

The incorporated municipalities of The Town of Montague and Town of Georgetown include non-financial assets and long-term debt related to the operation of water and/or sewer, however these services are provided to users within the municipalities on a user pay system. For purposes of the preparation of projected financial information, non-financial assets and long-term debt for non-financial assets related to water and/or sewer operations have been excluded.

**6. Exclusion of non-financial assets and long-term debt related to fire services**

The incorporated municipalities of the Village of Cardigan and the Town of Georgetown include non-financial assets and long-term debt related to the operation of district fire departments; however, the fire departments serve a larger region than that of the municipality and fire dues are charged to all residents of incorporated and unincorporated areas who fall within the fire department area to cover costs related to operations such as insurance, interest, repairs and maintenance, telephone, honorariums, training, travel, vehicle, etc. The Montague Fire Department is a separate entity operated outside of The Town of Montague municipal entity.