



 **Watson
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ECONOMISTS LTD.

Water Ontario Regulation 453/07 Financial Plan

Town of Perth

Financial Plan #160-301

June 1, 2021

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Table of Contents

	Page
1. Introduction.....	1-1
1.1 Study Purpose	1-1
1.2 Background.....	1-1
1.2.1 Financial Plan Defined	1-2
1.2.2 Financial Plan Requirements – Existing System.....	1-2
1.2.3 Financial Plan Requirements – General	1-3
1.2.4 Public Sector Accounting Board (P.S.A.B.) Requirements	1-4
2. Sustainable Financial Planning.....	2-1
2.1 Introduction	2-1
2.2 Sustainable Water and Sewage Systems Act.....	2-2
2.3 Water Opportunities Act, 2010.....	2-2
2.4 Infrastructure for Jobs and Prosperity Act (I.J.P.A.), 2015	2-3
2.5 2021 Water Financial Forecast	2-4
3. Approach.....	3-1
3.1 Overview.....	3-1
3.2 Conversion Process.....	3-1
3.2.1 Calculate Tangible Capital Asset Balances	3-1
3.2.2 Convert Statement of Operations.....	3-2
3.2.3 Convert Statement of Financial Position	3-4
3.2.4 Convert Statement of Cash Flow and Net Financial Assets/Debt.....	3-4
3.2.5 Verification and Note Preparation	3-6
4. Financial Plan	4-1
4.1 Introduction	4-1
4.2 Water Financial Plan.....	4-1
4.2.1 Statement of Financial Position (Table 4-1)	4-1
4.2.2 Statement of Operations (Table 4-2).....	4-2



Table of Contents (Cont'd)

	Page
4.2.3 Statement of Change in Net Financial Assets/Debt (Table 4-3)	4-3
4.2.4 Statement of Cash Flow (Table 4-4)	4-3
5. Process for Financial Plan Approval and Submission to the Province	5-1
6. Recommendations	6-1
Appendix A 2021 Water Financial Forecast	A-1

List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
D.C.	Development Charges
MECP	Ministry of the Environment, Conservation and Parks
MMAH	Ministry of Municipal Affairs and Housing
OCIF	Ontario Community Infrastructure Fund
O. Reg.	Ontario Regulation
PSAB	Public Sector Accounting Board
S.D.W.A.	Safe Drinking Water Act
T.C.A.	Tangible Capital Assets
W.O.A.	Water Opportunities Act

Report



Chapter 1

Introduction



1. Introduction

1.1 Study Purpose

Watson & Associates Economists Ltd. (Watson) was retained by the Town of Perth (the Town) to prepare a water financial plan as part of the five submission requirements for the purposes of renewing the Town's drinking water license as per the *Safe Drinking Water Act, 2002*. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. This detailed financial planning and forecasting in regard to the Town's water system has already been completed and documented by Town staff through the 2021 budget and supplemented with forecasts developed with assistance from Watson (2021 Water Financial Forecast). The objective of the report provided herein is to convert the findings of the 2021 Water Financial Forecast into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation 453/07 (O.Reg. 453/07).

1.2 Background

The Safe Drinking Water Act (S.D.W.A.) was passed in December, 2002 in order to address some of the recommendations made by the Walkerton Inquiry Part II report. One of the main requirements of the Act is the mandatory licensing of municipal water providers. Section 31 (1) specifically states,

"No person shall,

- a) establish a new municipal drinking water system or replace or carry out an alteration to a municipal drinking water system except under the authority of and in accordance with an approval under this Part or a drinking water works permit; or
- b) use or operate a municipal drinking water system that was established before or after this section comes into force except under the authority of and in accordance with an approval under this Part or municipal drinking water licence."



In order to become licensed, a municipality must satisfy five key requirements as per section 44 (1):

1. Obtain a drinking water works permit.
2. Acceptance of the operational plan for the system based on the Drinking Water Quality Management Standard.
3. Accreditation of the Operating Authority.
4. Prepare and provide a financial plan.
5. Obtain permit to take water.

The preparation of a financial plan is a key requirement for licensing and as such, must be undertaken by all water providers.

1.2.1 Financial Plan Defined

Subsection 30 of the Act provides the following definition of financial plans:

"financial plans" means financial plans that satisfy the requirements prescribed by the Minister. 2017, c. 2, Sched. 11, s. 6 (3)

As of time of writing, the *Sustainable Water and Sewage Systems Act, 2002* has been repealed (see Section 2.2 of this report) however, the standards that it directs underpin the specific requirements of s.30 as they are outlined in O. Reg. 453/07 and which will be examined in detail below.

1.2.2 Financial Plan Requirements – Existing System

O.Reg. 453/07 provides the following parameters with regard to s.30 (1) part b of the S.D.W.A. for existing water systems:

- Financial plans must be approved by Council resolution (or governing body);
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period (commencing in the year of licence expiry);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the P.S.A.B.) for each year in which the financial plans apply;



- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the components of a “Statement of Financial Position” as per P.S.A.B.) for each year in which the financial plans apply;
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a “Statement of Cash Flow” as per P.S.A.B.) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plan is to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.3 Financial Plan Requirements – General

Given that the requirements for a financial plan is legislated under the Act, a financial plan is mandatory for water systems. The financial plans shall be for a forecast period of at least six years but longer planning horizons are encouraged. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3 (1) 1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water license renewal (i.e. six months prior to license expiry).

A copy of the financial plan will be submitted to the Ministry of Municipal Affairs and Housing (MMAH) and not the Ministry of the Environment, Conservation, and Parks (MECP); however, the MECP may request it in the course of review of the licence renewal. Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary. The financial plan must contain on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence.



1.2.4 Public Sector Accounting Board (P.S.A.B.) Requirements

The components of the financial plans indicated by the regulation are consistent with the requirements for financial statement presentation as set out in section PS1200 of the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook:

“Financial statements should include a Statement of Financial Position, a Statement of Operations, a Statement of Change in Net Debt, and a Statement of Cash Flow.”

The format required is to conform to the requirements of PS1200 and PS3150. The financial statements are to be reported on a full accrual accounting basis. The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when they are actually paid for. Since an exchange of cash is not necessary to report a financial transaction, the accrual method is meant to provide a more accurate picture of financial position.

The accounting treatment of tangible capital assets is prescribed under section PS3150. Tangible capital assets are to be capitalized to maintain an inventory of the assets owned and to account for their ability to provide future benefits.

The Statement of Cash Flow and the Statement of Change in Net Financial Assets/Debt are required statements. The Statement of Change in Net Financial Assets/Debt reports on whether enough revenue was generated in a period to cover the expenses in the period and whether sufficient resources have been generated to support current and future activities. The Statement of Cash Flow reports on how activities were financed for a given period providing a measure of the changes in cash for that period.

1.2.5 The Town's Financial Plan

The Town is currently in the process of renewing the drinking water license and the previous version of the financial plan no longer meets the requirements as it must apply to a period of a least six years beginning in the year that the licenses would otherwise expire. As the Town's water license expires in 2021, this financial plan provides for a 2021 start year and forecast period to 2026.



Chapter 2

Sustainable Financial Planning



2. Sustainable Financial Planning

2.1 Introduction

In general, sustainability refers to the ability to maintain a certain position over time. While the S.D.W.A. requires a declaration of the financial plan's sustainability, it does not give a clear definition of what would be considered sustainable. Instead, the MECP released a guideline ("Towards Financially Sustainable Drinking-Water") that provides possible approaches to achieving sustainability. The Province's Principles of Financially Sustainable Water Services are provided below:

Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system to which they relate.

Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.

Principle #3: Revenues collected for the provision of water services should ultimately be used to meet the needs of those services.

Principle #4: Life-cycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.

Principle #5: An asset management plan is a key input to the development of a financial plan.

Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.

Principle #7: Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.

Principle #8: Financial plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.



Principle #9: Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

2.2 Sustainable Water and Sewage Systems Act

The *Sustainable Water and Sewage Systems Act* (S.W.S.S.A.) was passed on December 13, 2002. The intent of the Act was to introduce the requirement for municipalities to undertake an assessment of the “full cost” of providing their water and the wastewater services. In total, there were 40 areas within the Act to which the Minister could have made Regulations. It is noted that, the regulations, which accompany the Act, were not issued and the Act was repealed on December 31, 2012.

2.3 Water Opportunities Act, 2010

Since the passage of the *Safe Drinking Water Act*, changes and refinements to the legislation have been introduced, including the *Water Opportunities Act* (W.O.A). W.O.A. was introduced into legislation on May 18, 2010 and received Royal Assent on November 29, 2010, as the W.O.A.

The purposes of the W.O.A. are to foster innovative water, wastewater and storm water technologies, services, and practices; create opportunities for economic development and clean-technology jobs; and conserve and sustain water resources. To achieve this, the W.O.A. provides for the creation of performance targets (financial, operational and maintenance related), which will vary by service type and location and the required submission of conservation and sustainability plans for water, wastewater, and stormwater.

The sustainability plan in the W.O.A. expands on interim legislation for financial plans included in O.Reg 453/07, to include the following:

- an asset management plan for the physical infrastructure;
- financial plan;
- water conservation plan (for water service only);
- a risk assessment;
- a strategy for maintaining and improving the services; and
- additional information considered advisable.



Where a Board has jurisdiction over a service, the plan (and any plan amendments) must be approved by the municipality in which the municipal service is provided, before submission to the Minister. The Minister may also direct preparation of joint or partially joint plans.

Regulations (still forthcoming) will prescribe details in regard to any time periods or time limits, contents of the plans, identifying which portions of the plan will require certification, the public consultation process (if required), limitations updates and refinements.

2.4 Infrastructure for Jobs and Prosperity Act (I.J.P.A.), 2015

On June 4, 2015, the Province passed the *Infrastructure for Jobs and Prosperity Act* (I.J.P.A.) which, over time, will require municipalities to undertake and implement asset management plans for all infrastructure they own. On December 27, 2017, the Province of Ontario released Ontario Regulation 588/17 under I.J.P.A. which has three phases that municipalities must meet. The timelines associated with the three phases were later extended by Ontario Regulation 193/21 which was filed on March 15, 2021.

Every municipality in Ontario will have to prepare a strategic asset management policy by July 1, 2019. Municipalities will be required to review their strategic asset management policies at least every five years and make updates, as necessary. The subsequent phases are as follows:

- Phase 1 – Asset Management Plan (by July 1, 2022):
 - For core assets – Municipalities must have the following:
 - Inventory of assets;
 - Current levels of service measured by standard metrics; and
 - Costs to maintain levels of service.
- Phase 2 – Asset Management Plan (by July 1, 2024):
 - Same steps as Phase 1 but for all assets.
- Phase 3 – Asset Management Plan (by July 1, 2025):
 - Builds on Phase 1 and 2 by adding:
 - Proposed levels of service; and
 - Lifecycle management and Financial strategy.



In relation to water (which is considered a core asset), municipalities will need to have an asset management plan that addresses the related infrastructure by July 1, 2022 (Phase 1). O.Reg. 588/17 specifies that the Town's asset management plan must include the following for each asset category:

- the current levels of service being provided;
 - determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan.
- the current performance of each asset category;
- a summary of the assets in the category;
- the replacement cost of the assets in the category;
- the average age of the assets in the category, determined by assessing the average age of the components of the assets;
- the information available on the condition of the assets in the category;
- a description of the Town's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate; and
- the lifecycle activities that would need to be undertaken to maintain the current levels of service.

Upon completion of the asset management plan for water, the Town will need to consider the impacts during the annual budget and forecast process.

2.5 2021 Water Financial Forecast

As noted above, Watson has assisted Town staff in completing a 6-year financial forecast for water services (2021 Water Financial Forecast). The 2021 Water Financial Forecast provides the basis for a financial plan for the Town's water system by including:

- An assessment of current and future capital needs including an analysis of potential funding sources;
- Estimates of future operating costs; and



- An analysis of estimated water rate revenues to ensure they are sufficient to meet system needs over the 2021-2026 period.

The 2021 Water Financial Forecast is contained in Appendix A.

It is important to note that this forecast does not represent a comprehensive Rate Study. A comprehensive Rate Study process is designed to address “full cost” principles and embrace the guiding principles of sustainable financial planning. A comprehensive Rate Study would provide the following:

- A detailed assessment of current and future capital needs including an analysis of potential funding sources;
- An analysis of fixed and variable operating costs in order to determine how they will be impacted by evolving infrastructure needs and system growth;
- A review and recommendation on rate structures to ensure user fees are equitable and revenues are sufficient to meet long-term system needs; and
- A public process that involves consultation with the main stakeholders including the staff, Council, the general public (specifically the users of the system) and others, with the aim of gaining input and collaboration on the sustainability of the financial plan.

It is recommended that the Town complete a Water Rate Study in the near future to address the points listed above.



Chapter 3

Approach



3. Approach

3.1 Overview

The 2021 Water Financial Forecast has been used as a starting point to prepare the water financial plan. The Water forecast is prepared on a modified cash basis; therefore, a conversion is required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the financial plan.

3.2 Conversion Process

The conversion from the existing modified cash basis financial plan to the full accrual reporting format required under O.Reg. 453/07 can be summarized in the following steps:

1. Calculate Tangible Capital Asset Balances
2. Convert Statement of Operations
3. Convert Statement of Financial Position
4. Convert Statement of Cash Flow and Net Assets/Debt
5. Verification and Note Preparation

3.2.1 *Calculate Tangible Capital Asset Balances*

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water assets, an inventory has already been compiled as part of the Town's annual P.S.A.B. 3150 compliance processes. Given the prospective nature of the 2021 Water Financial Forecast, replacement cost is provided for each asset. However, historical cost (which is the original cost to purchase, develop, or construct each asset) is required for financial reporting purposes. Once historical cost is established, the following calculations are made to determine net book value:

- Accumulated amortization up to the year prior to the first forecast year.



- Amortization expense on existing assets for each year of the forecast period.
- Acquisition of new assets for each year of the forecast period.
- Disposals and related gains or losses for each year of forecast period.

Future water capital needs have also been identified and summarized within the 2021 Water Financial Forecast. However, these estimates only represent future assets that the Town anticipates purchasing or constructing without consideration for assets that are contributed by developers and other parties (at no or partial cost to the Town). These contributed assets could form a significant part of the infrastructure going forward in terms of the sustainability of the system as a whole and despite their non-monetary nature; the financial plan may need to be adjusted in order to properly account for these transactions. Once the sequence and total asset acquisition has been determined for the forecast period, annual amortization of these assets for each year is calculated in a similar manner as that used for existing assets.

Once the historical cost, accumulated amortization, and amortization expenses are calculated as described above, the total net book value of the tangible capital assets can be determined and recorded on the Statement of Financial Position.

3.2.2 Convert Statement of Operations

A wide range of adjustments will be considered, dependent on the size and complexity of the system, in order to convert from the cash to full accrual basis. For example, debt repayment costs relating to the principal payment portion only needs to be removed under the accrual basis, as they no longer qualify as an expense for reporting purposes. Principal payments are reported as a decrease in debt liability on the Statement of Financial Position. Transfers to and from reserves are removed as these transactions are represented by changes in cash and accumulated surplus. Finally, expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets are reported on the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives and therefore are added in under the accrual basis.



Table 3-1
Conversion Adjustments
Statement of Operations (Water)

Modified Cash Basis	Budget 2021	Adjustments		Full Accrual Budget 2021	Accrual Basis
		DR	CR		
Revenues					Revenues
Billing Revenue	1,589,255			1,589,255	Billing Revenue
Transfers from Reserves	-	-			
Other Revenue	106,000		77,475	183,475	Other Revenue
Total Revenues	1,695,255			1,772,730	Total Revenues
Expenditures					Expenses
Operating	1,224,446	-		1,224,446	Operating Expenses
Capital					
Transfers to Reserves	470,809		470,809		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	-		-	-	Interest on Debt
		348,429		348,429	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
Total Expenditures	1,695,255			1,572,875	Total Expenses
Net Expenditures	-			199,855	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			15,761,006	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	199,855	-	15,960,861	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		548,284	548,284		

Note: The combined adjustments above should be balanced and net to \$0 (i.e. Total DR = Total CR)



3.2.3 Convert Statement of Financial Position

Once the Statement of Operations has been converted and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded (see Figure 3-2). As noted earlier, the applicable balances from the Statement of Capital and the Statement of Reserve and Reserve Funds will need to be transferred to this statement. The opening/actual balances for the remaining accounts such as accounts receivable, inventory, accounts payable, outstanding debt (principal only), are recorded and classified according to the structure of the Statement of Financial Position as outlined in PS1200.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the Town and as such, it may be difficult to isolate the information that is relevant to water. An example of this is accounts receivable, which may be administered centrally by the Finance Department. Ontario Regulation 453/07 allows for the exclusion of these numbers if they are not known at the time of preparing the financial plan. Please refer to the Financial Plan Notes in Chapter 4 for more details.

3.2.4 Convert Statement of Cash Flow and Net Financial Assets/Debt

The Statement of Cash Flow summarizes how the Town financed its activities or in other words, how the costs of providing services were recovered. The statement is derived using comparative Statement of Financial Position, the current Statement of Operations and other available transaction data.

The Statement of Change in Net Financial Assets/Debt is a new statement which reconciles the difference between the surplus or deficit from current operations and the change in net financial assets/debt for the year. This is significant, as net debt provides an indication of future revenue requirements. In order to complete the Statement of Net Financial Assets/Debt, additional information regarding any gains/losses on disposals of assets, asset write-downs, acquisition/use of supplies inventory, and the acquisition use of prepaid expenses is necessary, (if applicable). Although the Statement of Change in Net Financial Assets/Debt is not required under O.Reg. 453/07, it has been included in this report as a further indicator of financial viability.



Table 3-2
Conversion Adjustments
Statements of Financial Position (Water)

Modified Cash Basis	Budget 2021	Adjustments		Full Accrual Budget 2021	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	4,116,483			4,116,483	Cash
Accounts Receivable	140,272			140,272	Accounts Receivable
Total Financial Assets	4,256,755			4,256,755	Total Financial Assets
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	147,784			147,784	Accounts Payable & Accrued Liabilities
Deferred Revenue	157,763			157,763	Deferred Revenue
Total Liabilities	305,547			305,547	Total Liabilities
Net Assets/(Debt)	3,951,208			3,951,208	Net Financial Assets/(Debt)
					Non-Financial Assets
		12,009,653	-	12,009,653	Tangible Capital Assets
				12,009,653	Total Non-Financial Assets
Municipal Position					
Water Reserves	3,951,208	3,951,208	-		
Development Charge Reserve Fund	157,763	157,763	-		
Amounts to be Recovered	(157,763)	-	157,763		
Total Municipal Position	3,951,208		15,960,861	15,960,861	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		16,118,624	16,118,624		

Note: The combined adjustments above should be balanced and net to \$0 (i.e. Total DR = Total CR)



3.2.5 Verification and Note Preparation

The final step in the conversion process is to ensure that all of the statements created by the previous steps are in balance. The Statement of Financial Position summarizes the resources and obligations of the Town at a set point in time. The Statement of Operations summarizes how these resources and obligations changed over the reporting period. To this end, the accumulated surplus/deficit reported on the Statement of Financial Position should equal the accumulated surplus/deficit reported on the Statement of Operations.

The Statement of Change in Net Financial Assets/Debt and the Statement of Financial Position are also linked in terms of reporting on net financial assets/debt. On the Statement of Financial Position, net financial assets/debt is equal to the difference between financial assets and liabilities and should equal net financial assets/debt as calculated on the Statement of Net Financial Assets/Debt.

While not part of the financial plan, the accompanying notes are important to summarize the assumptions and estimates made in preparing the financial plan. Some of the significant assumptions that need to be addressed within the financial plan are as follows:

- a) Opening cash balances – Opening cash balances are necessary to complete the Statement of Cash Flows and balance the Statement of Financial Position. Preferably, opening cash balances should be derived from actual information contained within the Town's ledgers. However, it may not be possible to extract this information from the ledgers for water alone; therefore, a reasonable proxy will be needed. One approach is to assume that opening cash balances equal ending reserve and reserve fund balances from the previous year adjusted for accrual-based transactions reflected by accounts receivable/payable balances. The following equation outlines this approach:

Ending Reserve/Reserve Fund Balance
 Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
 Equals: Approximate Ending Cash Balance



- b) Amortization Expense – The method and timing of amortization should be based on the Town’s amortization policy. Otherwise, an assumption will need to be made and applied consistently throughout the financial plan.
- c) Accumulated Amortization – Will be based on the culmination of accumulated amortization expenses throughout the life of each asset however derived, along with information on construction/acquisition date and useful life obtained from information provided by the Town.
- d) Contributed Assets – As noted earlier, contributed assets could represent a significant part of the Town’s infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation may be required in order to adequately capture these assets. In the case where contributed assets are deemed to be insignificant or unknown, an assumption of “no contributed assets within the forecast period” will be made.
- e) Accumulated Surplus – The magnitude of the surplus in this area may precipitate the need for additional explanation especially in the first year of reporting. This Accumulated Surplus captures the historical infrastructure investment which has not been reported in the past but has accumulated to significant levels. It also includes all water reserve and reserve fund balances.
- f) Other Revenues – Will represent the recognition of revenues previously deferred (i.e. development charge revenues) and/or accrued revenues (developer contributions), and/or other minor miscellaneous revenues.



Chapter 4

Financial Plan



4. Financial Plan

4.1 Introduction

The following tables provide the complete financial plan for the Town's water system. A brief description and analysis of each table is provided below. It is important to note that the financial plan that follows is a forward look at the financial position of the Town's water system. It is not an audited document¹ and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

4.2 Water Financial Plan

4.2.1 *Statement of Financial Position (Table 4-1)*

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the Town's water system. The first important indicator is net financial assets/(debt), which is defined as the difference between financial assets and liabilities. This indicator provides an indication of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. Table 4-1 indicates that at the end 2021, the Town's water system will be in a net financial asset position of approximately \$3.95 million. The Town's net financial asset position is projected to decline to a net debt position of \$940,600 in 2024 and then improve to a net asset position of \$88,400 by the end of the forecast.

Another important indicator on the Statement of Financial Position is the tangible capital asset balance. As noted earlier, providing this information is a requirement for municipalities as part of PS3150 compliance and is significant from a financial planning perspective for the following reasons:

¹ O.Reg. 453/07 does not require an audited financial plan.



- Tangible capital assets such as water mains and treatment plants are imperative to water service delivery.
- These assets represent significant economic resources in terms of their historical and replacement costs. Therefore, ongoing capital asset management is essential to managing significant replacements and repairs.
- The annual maintenance required by these assets has an enduring impact on water operational budgets.

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the municipality or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. A use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows tangible capital assets are expected to grow by approximately \$4.57 million over the forecast period. This indicates that the Town has plans to invest in tangible capital assets in excess of the anticipated use of existing assets over the forecast period.

4.2.2 Statement of Operations (Table 4-2)

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates the ratio of expenses to revenues increasing from 89% to 95% over the forecast period and as a result, an annual surplus position of \$199,900 in 2021 declines to an annual surplus of \$108,400 by the end of the forecast period. It is important to note that an annual surplus is beneficial to ensure funding is available to non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments.

Another important indicator on this statement is accumulated surplus/deficit. An accumulated surplus indicates that the available net resources are sufficient to provide future water services. An accumulated deficit indicates that resources are insufficient to provide future services and that borrowing or rate increases are required to finance



annual deficits. From Table 4-2, the financial plan proposes to add approximately \$873,400 to a 2021 accumulated surplus of \$15.76 million over the forecast period. This accumulated surplus, as indicated in Table 4-2, is predominantly made up of reserve and reserve fund balances as well as historical investments in tangible capital assets.

4.2.3 Statement of Change in Net Financial Assets/Debt (Table 4-3)

The Statement of Change in Net Financial Assets/Debt indicates whether revenue generated was sufficient to cover operating and non-financial asset costs (i.e., inventory supplies, prepaid expenses, tangible capital assets, etc.) and in so doing, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period.

Table 4-3 indicates that for all years except 2024, forecasted annual surplus exceeds forecasted tangible capital asset acquisitions (net of amortization for the year), resulting in increases in the net asset position from 2021 to 2023 and decreases in the net debt balance from 2025 to 2026. In 2024, forecasted tangible capital asset acquisitions (net of amortization for the year) exceed the forecasted annual surplus, resulting in a change from a net asset position to a net debt position. This is a result of more significant capital asset acquisitions forecasted for 2024, revealing a long-term plan of funding capital through accumulated surplus (i.e. reserves and reserve funds) and debt financing. The ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions is 1.45 in 2021 which increases to 2.16 by 2023, dropping to 0.31 in 2024, and increasing to 0.47 over the remainder of the forecast period (note: a desirable ratio is 1:1 or better).

4.2.4 Statement of Cash Flow (Table 4-4)

The Statement of Cash Flow summarizes how the water system is expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash- and accrual-based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e., tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period.



The financial plan projects the cash position of the Town's water system to decline from a balance of approximately \$3.90 at the beginning of 2021, to just over \$1.74 million by the end of 2026. For further discussion on projected cash balances please refer to the Notes to the Financial Plan.



Table 4-1
Statement of Financial Position: Water Services
UNAUDITED: For Financial Planning Purposes Only
2021-2026

	Notes	Forecast					
		2021	2022	2023	2024	2025	2026
Financial Assets							
Cash	1	4,116,483	4,494,650	4,925,005	977,620	1,315,604	1,742,026
Accounts Receivable	1	140,272	142,675	145,133	147,623	150,155	152,728
Total Financial Assets		4,256,755	4,637,325	5,070,138	1,125,243	1,465,759	1,894,754
Liabilities							
Bank Indebtedness		-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	147,784	150,771	153,753	156,818	159,968	163,167
Debt (Principal only)	2	-	-	-	1,615,871	1,554,832	1,491,351
Deferred Revenue	3	157,763	196,870	244,087	293,115	222,745	151,866
Total Liabilities		305,547	347,641	397,840	2,065,804	1,937,545	1,806,384
Net Financial Assets/(Debt)		3,951,208	4,289,684	4,672,298	(940,561)	(471,786)	88,370
Non-Financial Assets							
Tangible Capital Assets	4	12,009,653	11,846,611	11,670,201	17,373,282	16,997,738	16,546,013
Total Non-Financial Assets		12,009,653	11,846,611	11,670,201	17,373,282	16,997,738	16,546,013
Accumulated Surplus/(Deficit)	5	15,960,861	16,136,295	16,342,499	16,432,721	16,525,952	16,634,383

Financial Indicators	Total Change	2021	2022	2023	2024	2025	2026
1) Increase/(Decrease) in Net Financial Assets	(3,692,507)	170,331	338,476	382,614	(5,612,859)	468,775	560,156
2) Increase/(Decrease) in Tangible Capital Assets	4,565,884	29,524	(163,042)	(176,410)	5,703,081	(375,544)	(451,725)
3) Increase/(Decrease) in Accumulated Surplus	873,377	199,855	175,434	206,204	90,222	93,231	108,431



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2021-2026

	Notes	Forecast					
		2021	2022	2023	2024	2025	2026
Water Revenue							
Billing Revenue		1,589,255	1,616,200	1,643,700	1,671,600	1,700,000	1,728,800
Earned Development Charges Revenue	3	-	6,365	-	-	118,899	118,899
Other Revenue	6	183,475	192,211	201,914	125,741	135,935	147,975
Total Revenues		1,772,730	1,814,776	1,845,614	1,797,341	1,954,834	1,995,674
Water Expenses							
Operating Expenses	Sch. 4-1	1,224,446	1,276,900	1,273,900	1,338,700	1,325,400	1,351,900
Interest on Debt	2	-	-	-	-	57,859	55,418
Amortization	4	348,429	362,442	365,510	368,419	478,344	479,925
Total Expenses		1,572,875	1,639,342	1,639,410	1,707,119	1,861,603	1,887,243
Annual Surplus/(Deficit)		199,855	175,434	206,204	90,222	93,231	108,431
Accumulated Surplus/(Deficit), beginning of year	5	15,761,006	15,960,861	16,136,295	16,342,499	16,432,721	16,525,952
Accumulated Surplus/(Deficit), end of year		15,960,861	16,136,295	16,342,499	16,432,721	16,525,952	16,634,383
Note 5:							
Accumulated Surplus/(Deficit) Reconciliation:		2021	2022	2023	2024	2025	2026
Reserve Balances							
Reserves: Development Charges		157,763	196,870	244,087	293,115	222,745	151,866
Reserves: Capital/Other		3,951,208	4,289,684	4,672,298	675,310	1,083,046	1,579,721
Total Reserves Balance		4,108,971	4,486,554	4,916,385	968,425	1,305,791	1,731,587
Less: Debt Obligations and Deferred Revenue		(157,763)	(196,870)	(244,087)	(1,908,986)	(1,777,577)	(1,643,217)
Add: Tangible Capital Assets	4	12,009,653	11,846,611	11,670,201	17,373,282	16,997,738	16,546,013
Total Ending Balance		15,960,861	16,136,295	16,342,499	16,432,721	16,525,952	16,634,383
Financial Indicators	Total Change	2021	2022	2023	2024	2025	2026
1) Expense to Revenue Ratio		89%	90%	89%	95%	95%	95%
2) Increase/(Decrease) in Accumulated Surplus	873,377	199,855	175,434	206,204	90,222	93,231	108,431



Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2021-2026

	Notes	Forecast					
		2021	2022	2023	2024	2025	2026
Operating Expenses							
Regular Salaries & Wages		420,675	429,100	437,700	446,400	455,400	464,500
Extra Pay		13,000	13,300	13,500	13,800	14,100	14,400
Employee Allowances		3,000	3,100	3,100	3,200	3,200	3,300
Employee Benefits		117,902	120,300	122,700	125,100	127,600	130,200
Registration Fees		2,900	3,000	3,000	3,100	3,100	3,200
Gen Office Supp & Postage		14,000	14,300	14,600	14,900	15,200	15,500
Chemical Supplies		110,000	112,200	114,400	116,700	119,100	121,400
Clothing Supplies		-	-	-	-	-	-
General Maintenance Supplies		30,000	30,600	31,200	31,800	32,500	33,100
Safety Supplies		4,800	4,900	5,000	5,100	5,200	5,300
Utilities - Hydro		146,000	148,900	151,900	154,900	158,000	161,200
Taxes		39,000	39,800	40,600	41,400	42,200	43,100
Materials and Supplies - Other		60,000	61,200	62,400	63,700	64,900	66,200
Consulting - Audit Fees		8,000	8,200	8,300	8,500	8,700	8,800
Laboratory		30,000	30,600	31,200	31,800	32,500	33,100
Prof Svcs - Other		3,000	3,100	3,100	3,200	3,200	3,300
Electrical		31,000	31,600	32,300	32,900	33,600	34,200
Meter Reading		30,000	30,600	31,200	31,800	32,500	33,100
Contracted Services - Other		20,000	20,400	20,800	21,200	21,600	22,100
Overhead Allocation		141,169	144,000	146,900	149,800	152,800	155,900
Non TCA - Expenses from Capital Budget	7	-	27,700	-	39,400	-	-
TOTAL OPERATING EXPENSES		1,224,446	1,276,900	1,273,900	1,338,700	1,325,400	1,351,900



Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2021-2026

	Notes	Forecast					
		2021	2022	2023	2024	2025	2026
Annual Surplus/(Deficit)		199,855	175,434	206,204	90,222	93,231	108,431
Less: Acquisition of Tangible Capital Assets	4	(377,953)	(199,400)	(189,100)	(6,071,500)	(102,800)	(28,200)
Add: Amortization of Tangible Capital Assets	4	348,429	362,442	365,510	368,419	478,344	479,925
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-
		(29,524)	163,042	176,410	(5,703,081)	375,544	451,725
Less: Acquisition of Supplies Inventory		-	-	-	-	-	-
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-
Add: Consumption of Supplies Inventory		-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-
		-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		170,331	338,476	382,614	(5,612,859)	468,775	560,156
Net Financial Assets/(Net Debt), beginning of year		3,780,877	3,951,208	4,289,684	4,672,298	(940,561)	(471,786)
Net Financial Assets/(Net Debt), end of year		3,951,208	4,289,684	4,672,298	(940,561)	(471,786)	88,370
Financial Indicators		2021	2022	2023	2024	2025	2026
1) Acquisition of Tangible Capital Assets (Cumulative)		377,953	577,353	766,453	6,837,953	6,940,753	6,968,953
2) Annual Surplus/Deficit before Amortization (Cumulative)		548,284	1,086,160	1,657,874	2,116,515	2,688,090	3,276,446
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		1.45	1.88	2.16	0.31	0.39	0.47



Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2021-2026

	Notes	Forecast					
		2021	2022	2023	2024	2025	2026
Operating Transactions							
Annual Surplus/Deficit		199,855	175,434	206,204	90,222	93,231	108,431
Add: Amortization of TCA's	4	348,429	362,442	365,510	368,419	478,344	479,925
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-
Less: Earned Deferred Revenue	3	-	(6,365)	-	-	(118,899)	(118,899)
Less: Developer Contributions		-	-	-	-	-	-
Add: Deferred Revenue Proceeds		43,888	45,472	47,217	49,028	48,529	48,020
Change in A/R (Increase)/Decrease		(2,519)	(2,403)	(2,458)	(2,490)	(2,532)	(2,573)
Change in A/P Increase/(Decrease)		6,872	2,987	2,982	3,065	3,150	3,199
Less: Interest Proceeds		(77,475)	(84,111)	(91,614)	(13,241)	(21,236)	(30,975)
Cash Provided by Operating Transactions		519,050	493,456	527,841	495,003	480,587	487,128
Capital Transactions							
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(377,953)	(199,400)	(189,100)	(6,071,500)	(102,800)	(28,200)
Cash Applied to Capital Transactions		(377,953)	(199,400)	(189,100)	(6,071,500)	(102,800)	(28,200)
Investing Transactions							
Proceeds from Investments		77,475	84,111	91,614	13,241	21,236	30,975
Less: Cash Used to Acquire Investments		-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		77,475	84,111	91,614	13,241	21,236	30,975
Financing Transactions							
Proceeds from Debt Issue	2	-	-	-	1,615,871	-	-
Less: Debt Repayment (Principal only)	2	-	-	-	-	(61,039)	(63,481)
Cash Applied to Financing Transactions		-	-	-	1,615,871	(61,039)	(63,481)
Increase in Cash and Cash Equivalents		218,572	378,167	430,355	(3,947,385)	337,984	426,422
Cash and Cash Equivalents, beginning of year	1	3,897,911	4,116,483	4,494,650	4,925,005	977,620	1,315,604
Cash and Cash Equivalents, end of year	1	4,116,483	4,494,650	4,925,005	977,620	1,315,604	1,742,026



Water

Notes to Financial Plan

The financial plan format as outlined in Chapter 4 closely approximates the full accrual format used by municipalities (2009 onward) on their audited financial statements. However, the financial plan is not an audited document and contains various estimates. In this regard, Section 3 (2) of O.Reg. 453/07 states the following:

“Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared:

1. Sub-subparagraphs 4 i A, B and C of subsection (1)
2. Sub-subparagraphs 4 iii A, C, E and F of subsection (1).”

The information referred to in sub-subparagraphs 4 i A, B and C of subsection (1) includes:

- A. Total financial assets (i.e. cash and receivables);
- B. Total liabilities (i.e. payables, debt and deferred revenue);
- C. Net debt (i.e. the difference between A and B above).

The information referred to in sub-subparagraphs 4 iii A, C, E and F of subsection (1) includes:

- A. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges
- B. Investing transactions that are acquisitions and disposal of investments
- C. Change in cash and cash equivalents during the year
- D. Cash and cash equivalents at the beginning and end of the year

In order to show a balanced financial plan in a full accrual format for the Town, some of the items listed above have been estimated given that the Town does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses).



The assumptions used have been documented below:

1. Cash, Receivables and Payables

It is assumed that the opening cash balances required to complete the financial plan are equal to:

Ending Reserve/Reserve Fund Balance
Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
Equals: Approximate Ending Cash Balance

Receivable and payable balances were estimated for each year of the forecast based on the following factors:

- a) Receivables: Based on historical levels of receivables as a percentage of annual revenue earned (source: 2016 Water Financial Plan); and
- b) Payables: Based on historical levels of payables as a percentage of annual expenditures (source: 2016 Water Financial Plan).

2. Debt

There was no outstanding water related debt at the end of 2020. It is anticipated that debentures will be required over the forecast period. Principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2021	-
2022	-
2023	-
2024	-
2025	61,039
2026	63,481
Total	124,520

For financial reporting purposes, debt principal payments represent a decrease in debt liability and the interest payments represent a current year operating expense.



3. Deferred Revenue

Deferred revenue is typically made up of water development charge reserve fund balances which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - i. Facilities;
 - ii. Underground Networks; and
 - iii. Equipment and Vehicles.
- Amortization is calculated based on the straight-line approach with no amortization in the year of acquisition or construction.
- Given the planned asset replacement forecast in the 2021 Water Financial Forecast, useful life on acquisitions is assumed to be equal to the weighted average useful life for all assets on hand in each respective asset category.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced, unless the asset is documented as a new asset. The value of each asset disposal is calculated by estimating the original purchase/construction date and deflating current replacement cost values to those estimated dates in order to calculate original historical cost.
- Gains/losses on disposal are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- Residual value is assumed to be \$0 for all assets contained within the forecast period.
- Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant/ unknown during the forecast period and are therefore assumed to be \$0.
- The Town is unaware of any specific lead service piping in the municipal water system.



The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2021	2022	2023	2024	2025	2026
Opening Tangible Capital Asset Balance	17,908,734	18,167,725	18,355,059	18,532,460	24,341,549	24,437,610
Acquisitions	377,953	199,400	189,100	6,071,500	102,800	28,200
Disposals	118,962	12,066	11,699	262,411	6,739	1,858
Closing Tangible Capital Asset Balance	18,167,725	18,355,059	18,532,460	24,341,549	24,437,610	24,463,952
Opening Accumulated Amortization	5,928,605	6,158,072	6,508,448	6,862,259	6,968,267	7,439,872
Amortization Expense	348,429	362,442	365,510	368,419	478,344	479,925
Amortization on Disposal	118,962	12,066	11,699	262,411	6,739	1,858
Ending Accumulated Amortization	6,158,072	6,508,448	6,862,259	6,968,267	7,439,872	7,917,939
Net Book Value	12,009,653	11,846,611	11,670,201	17,373,282	16,997,738	16,546,013

5. Accumulated Surplus

Opening accumulated surplus for the forecast period is reconciled as follows:

Water	2021 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	113,875
Reserves: Capital/Other	3,780,877
Total Reserves Balance	3,894,752
Less: Debt Obligations and Deferred Revenue	(113,875)
Add: Tangible Capital Assets	11,980,129
Total Opening Balance	15,761,006

The accumulated surplus reconciliation for all years within the forecast period is contained in Table 4-2.

6. Other Revenue

Other revenue includes hydrant rentals and other non-operating general revenues.

7. Operating Expenses

Capital expenditures for items not meeting the definition of tangible capital assets have been reclassified as operating expenses and have been expensed in the year in which they occur.



Chapter 5

Process for Financial Plan Approval and Submission to the Province



5. Process for Financial Plan Approval and Submission to the Province

As mentioned in section 1.2, preparation of and approval of a financial plan for water assets that meets the requirements of the Act is mandatory for municipal water providers. Proof of the plan preparation and approval is a key submission requirement for municipal drinking water licensing and, upon completion, must be submitted to the MECP. The process established for plan approval, public circulation and filing is set out in O. Reg. 453/07 and can be summarized as follows:

1. The financial plan must be approved by resolution of Council of the municipality who owns the drinking water system or the governing body of the owner. (O. Reg. 453/07, section 3 (1) 1).
2. The owner of the drinking water system must provide notice advertising the availability of the financial plan. The plans will be made available to the public upon request and without charge. The plans must also be made available to the public on the municipality's website. (O. Reg. 453/07, section 3 (1) 5).
3. The owner of the drinking water system must provide a copy of the financial plan to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, section 3 (1) 6).
4. The owner of the drinking water system must provide proof satisfactory to the Director that the financial plans for the system satisfy the requirements under the *Safe Drinking Water Act*. (S.D.W.A. section 32 (5) 2. ii.).



Chapter 6

Recommendations



6. Recommendations

This report presents the water financial plan for the Town of Perth in accordance with the mandatory reporting formats for water systems as detailed in O.Reg. 453/07. It is important to note that while mandatory, the financial plan is provided for Council's interest and approval however, for decision making purposes, it may be more informative to rely on the information contained within the 2021 Budget and 2021 Water Financial Forecast. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The Town of Perth Water Financial Plan prepared by Watson & Associates Economists Ltd. dated April 2, 2021 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan, and the Council Resolution approving the Financial Plan be submitted to the Ministry of Municipal Affairs and Housing. (O.Reg. 453/07, Section 3 (1) 6)
4. The Council Resolution approving the Financial Plan be submitted to the Ministry of the Environment, Conservation, and Parks satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. Section 32 (5) 2 ii))

Appendices



Appendix A

2021 Water Financial Forecast



Appendix A-1
Water Service Capital Forecast
2021-2026

Description	Total	Budget 2021	Forecast				
			2022	2023	2024	2025	2026
Capital Expenditures							
Water Mains							
Church Street	92,019	92,019	-	-	-	-	-
Cockburn Street	233,200	-	-	-	233,200	-	-
Foster Street	111,927	111,927	-	-	-	-	-
Mary Street	199,400	-	199,400	-	-	-	-
Robinson Street	102,800	-	-	-	-	102,800	-
Stewart Avenue	28,200	-	-	-	-	-	28,200
Thom Street	189,100	-	-	189,100	-	-	-
Equipment							
Cummins Stand-by Water Pump	36,500	-	-	-	36,500	-	-
GAC Replacement - Filter 1 and 2	174,007	174,007	-	-	-	-	-
Scada Software Upgrade	219,700	-	-	-	219,700	-	-
Growth-Related							
Elevated Storage	4,750,700	-	-	-	4,750,700	-	-
Sunset/Highway #7/511 Trunk Upsizing	831,400	-	-	-	831,400	-	-
Infrastructure Master Plan (Water's Share)	39,400	-	-	-	39,400	-	-
Water Flow Modeling	27,700	-	27,700	-	-	-	-
Total Capital Expenditures	7,036,053	377,953	227,100	189,100	6,110,900	102,800	28,200
Capital Financing							
Provincial/Federal Grants	-	-	-	-	-	-	-
Development Charges Reserve Fund	6,365	-	6,365	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-
Growth Related Debenture Requirements	1,615,871	-	-	-	1,615,871	-	-
Operating Contributions	-	-	-	-	-	-	-
Water Reserve Fund	5,413,817	377,953	220,735	189,100	4,495,029	102,800	28,200
Total Capital Financing	7,036,053	377,953	227,100	189,100	6,110,900	102,800	28,200



Appendix A-2
Schedule of Non-Growth-Related Debenture Repayments
2021-2026

Debenture Year	Principal (Inflated)	Budget 2021	Forecast				
			2022	2023	2024	2025	2026
2021	-		-	-	-	-	-
2022	-			-	-	-	-
2023	-				-	-	-
2024	-					-	-
2025	-						-
2026	-						-
Total Annual Debt Charges	-	-	-	-	-	-	-

Appendix A-3
Schedule of Growth-Related Debenture Repayments
2021-2026

Debenture Year	Principal (Inflated)	Budget 2021	Forecast				
			2022	2023	2024	2025	2026
2021	-		-	-	-	-	-
2022	-			-	-	-	-
2023	-				-	-	-
2024	1,615,871					118,899	118,899
2025	-						-
2026	-						-
Total Annual Debt Charges	1,615,871	-	-	-	-	118,899	118,899



Appendix A-4
Water Reserve Fund Continuity
2021-2026

Description	2021	2022	2023	2024	2025	2026
Opening Balance	3,780,877	3,951,208	4,289,684	4,672,298	675,310	1,083,046
Transfer from Operating	470,809	475,100	480,100	484,800	489,300	493,900
Transfer to Capital	377,953	220,735	189,100	4,495,029	102,800	28,200
Transfer to Operating	-	-	-	-	-	-
Closing Balance	3,873,733	4,205,573	4,580,684	662,069	1,061,810	1,548,746
Interest	77,475	84,111	91,614	13,241	21,236	30,975

Appendix A-5
Water Development Charges Reserve Fund Continuity
2021-2026

Description	2021	2022	2023	2024	2025	2026
Opening Balance	113,875	157,763	196,871	244,088	293,116	222,746
Development Charge Proceeds	40,795	41,612	42,431	43,281	44,161	45,042
Transfer to Capital	-	6,365	-	-	-	-
Transfer to Operating	-	-	-	-	118,899	118,899
Closing Balance	154,670	193,010	239,302	287,369	218,378	148,889
Interest	3,093	3,860	4,786	5,747	4,368	2,978
Required from Development Charges	-	6,365	-	1,615,871	-	-



Appendix A-6
Water Operating Forecast
2021-2026

Description	Budget	Forecast				
	2021	2022	2023	2024	2025	2026
Expenditures						
<u>Operating Costs</u>						
Regular Salaries & Wages	420,675	429,100	437,700	446,400	455,400	464,500
Extra Pay	13,000	13,300	13,500	13,800	14,100	14,400
Employee Allowances	3,000	3,100	3,100	3,200	3,200	3,300
Employee Benefits	117,902	120,300	122,700	125,100	127,600	130,200
Registration Fees	2,900	3,000	3,000	3,100	3,100	3,200
Gen Office Supp & Postage	14,000	14,300	14,600	14,900	15,200	15,500
Chemical Supplies	110,000	112,200	114,400	116,700	119,100	121,400
Clothing Supplies	-	-	-	-	-	-
General Maintenance Supplies	30,000	30,600	31,200	31,800	32,500	33,100
Safety Supplies	4,800	4,900	5,000	5,100	5,200	5,300
Utilities - Hydro	146,000	148,900	151,900	154,900	158,000	161,200
Taxes	39,000	39,800	40,600	41,400	42,200	43,100
Materials and Supplies - Other	60,000	61,200	62,400	63,700	64,900	66,200
Consulting - Audit Fees	8,000	8,200	8,300	8,500	8,700	8,800
Laboratory	30,000	30,600	31,200	31,800	32,500	33,100
Prof Svcs - Other	3,000	3,100	3,100	3,200	3,200	3,300
Electrical	31,000	31,600	32,300	32,900	33,600	34,200
Meter Reading	30,000	30,600	31,200	31,800	32,500	33,100
Contracted Services - Other	20,000	20,400	20,800	21,200	21,600	22,100
Overhead Allocation	141,169	144,000	146,900	149,800	152,800	155,900
Total Operating Costs	1,224,446	1,249,200	1,273,900	1,299,300	1,325,400	1,351,900
<u>Capital-Related Costs</u>						
New Growth Related Debt (Principal)	-	-	-	-	61,039	63,481
New Growth Related Debt (Interest)	-	-	-	-	57,859	55,418
New Non-Growth Related Debt (Principal)	-	-	-	-	-	-
New Non-Growth Related Debt (Interest)	-	-	-	-	-	-
Transfer to Capital	-	-	-	-	-	-
Transfer to Water Reserve Fund	470,809	475,100	480,100	484,800	489,300	493,900
Total Capital-Related Costs	470,809	475,100	480,100	484,800	608,199	612,799
Total Expenditures	1,695,255	1,724,300	1,754,000	1,784,100	1,933,599	1,964,699



Appendix A-6 (continued)
Water Operating Forecast
2021-2026

Description	Budget	Forecast				
	2021	2022	2023	2024	2025	2026
Revenues						
<u>Operating Revenues</u>						
Other Revenue	46,000	46,900	47,900	48,800	49,800	50,800
Distribution - Hydrant Rental	60,000	61,200	62,400	63,700	64,900	66,200
Contributions from Development Charges Reserve Fund	-	-	-	-	118,899	118,899
Contributions from Water Reserve Fund	-	-	-	-	-	-
Total Operating Revenues	106,000	108,100	110,300	112,500	233,599	235,899
<u>Billing Revenues</u>						
Metered Billing	1,589,255	1,616,200	1,643,700	1,671,600	1,700,000	1,728,800
Total Billing Revenues	1,589,255	1,616,200	1,643,700	1,671,600	1,700,000	1,728,800
Total Revenues	1,695,255	1,724,300	1,754,000	1,784,100	1,933,599	1,964,699