



 **Watson**  
& Associates  
ECONOMISTS LTD.

# **Water Ontario Regulation 453/07 Financial Plan**

Township of West Lincoln

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Financial Plan #077-301

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# Table of Contents

	Page
<b>1. Introduction.....</b>	<b>1-1</b>
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
<b>2. Sustainable Financial Planning.....</b>	<b>2-1</b>
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 Water Forecast .....	2-4
<b>3. Approach.....</b>	<b>3-1</b>
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 .....	3-5
3.2.4 Convert Statement of Cash Flow and Net Financial Assets/Debt.....	3-5
3.2.5 Verification and Note Preparation .....	3-7
<b>4. Financial Plan .....</b>	<b>4-1</b>
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
<b>5.</b>	<b>Process for Financial Plan Approval and Submission to the Province .....</b>	<b>5-1</b>
<b>6.</b>	<b>Recommendations .....</b>	<b>6-1</b>
	<b>Appendix A Water Budget and Forecast Summary Tables .....</b>	<b>A-1</b>



## 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

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Watson & Associates Economists Ltd. (Watson) was retained by the Township of West Lincoln (the Township) to prepare a water financial plan as part of the five submission requirements for the purposes of obtaining a municipal 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. The detailed financial planning and forecasting regarding the Township's water systems has already been completed based on the Township's 2020 Water and Wastewater Rate Study (2020 Rate Study). The objective of the report provided herein is to convert the details of the 2020 Rate Study into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation 453/07 (O.Reg. 453/07) and project the financial position over a ten-year forecast period.

## 1.2 Background

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The Safe Drinking Water Act (S.D.W.A.), "the Act", 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 Township 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.

For licence renewals, the application must be accompanied by proof that the financial plan meets the prescribed requirements as per the Act s. 32 (5) 2. ii.

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**

The O. Reg. 453/07 provides details with regards to the financial plans for existing water systems. The requirements for existing systems are summarized as follows:

- Financial plans must be approved by resolution of Council (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 PSAB) 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 PSAB) 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 PSAB) 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 ten-year forecast goes above and beyond the minimum requirement. 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 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 ensure an inventory of the assets owned are recorded 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 Township's Financial Plan**

The Township 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 Township's water license expires in 2021, this financial plan provides for a 2021 start year and forecast period to 2030.



# Chapter 2

## Sustainable Financial Planning



## 2. Sustainable Financial Planning

### 2.1 Introduction

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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 Ministry of the Environment 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(s) 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

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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

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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 Township 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**

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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 3 phases that municipalities must meet.

Every Township 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, 2021):
  - 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, 2023):
  - Same steps as Phase 1 but for all assets.
- Phase 3 – Asset Management Plan (by July 1, 2024):
  - 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, 2021 (Phase 1). O.Reg. 588/17 specifies that the Township'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 Township'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 Township will need to consider the impacts during the annual budget and forecast process.

## **2.5 Water Forecast**

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The Township has already completed their financial planning through it's 2020 water budget and a forecasting exercise through the 2020 Rate Study. The budget and rate study are designed to address "full cost" principles and reflect the guiding principles toward sustainable financial planning.

As a result of employing this process, the 2020 Rate Study provides the basis for a financial plan for the Township's water system by assessing:

- A detailed assessment of current and future capital needs including an analysis of potential funding sources;



- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs and system growth;
- An analysis of required water rates that ensure revenues are equitable and sufficient to meet system needs; and
- A public process that involves consultation with the main stakeholders including the Township's 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 water financial plan.





# Chapter 3

## Approach



## 3. Approach

### 3.1 Overview

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The 2020 Rate Study 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

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The conversion from the existing modified cash basis identified in the 2020 Rate Study 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 and summarized by the Township for the purposes of their annual PSAB 3150 compliance process. As required, for PSAB 3150 reporting purposes, the asset inventory listing included historical cost (which is the original cost to purchase, develop, or construct each asset) along with an estimated



useful life for each asset and any anticipated salvage value is recorded. 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 determined and summarized within the 2020 Rate Study. These estimates, however, only represent future assets that the Township anticipates purchasing or constructing without consideration for future assets that may be contributed by developers and other parties (at no or partial cost to the Township). These contributed assets will form part of the infrastructure going forward in terms of the sustainability of the system and despite their non-monetary nature; future financial plans 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		
<b>Revenues</b>					<b>Revenues</b>
Base Charge Revenue	457,838			457,838	Base Charge Revenue
Rate Based Revenue	1,238,924			1,238,924	Rate Based Revenue
Transfers from Reserves	-	-			
			-	-	Earned Development Charges and Gas Tax Revenue
			-	-	Developer Contributions
Contributions from Ratepayers	-	-		-	Interest Earned on Long-term Accounts Receivable
Other Revenue	47,600		-	47,600	Other Revenue
<b>Total Revenues</b>	<b>1,744,362</b>			<b>1,744,362</b>	<b>Total Revenues</b>
<b>Expenditures</b>					<b>Expenses</b>
Operating	1,515,029	51,000		1,566,028	Operating Expenses
Capital					
Transfers to Reserves	229,333		229,333		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	-		-	-	Interest on Debt
		158,457		158,457	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
<b>Total Expenditures</b>	<b>1,744,362</b>			<b>1,724,485</b>	<b>Total Expenses</b>
<b>Net Expenditures</b>	<b>-</b>			<b>19,877</b>	<b>Annual Surplus/(Deficit)</b>
Increase (decrease) in amounts to be recovered	-			9,030,042	Accumulated Surplus/(Deficit), beginning of year
<b>Change in Fund Balances</b>	<b>-</b>	<b>19,877</b>	<b>-</b>	<b>9,049,919</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>229,333</b>	<b>229,333</b>		

**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). 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 Township and as such, will 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 Township 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 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, 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		
<b>ASSETS</b>					<b>ASSETS</b>
<b>Financial Assets</b>					<b>Financial Assets</b>
Cash	1,170,890			1,170,890	Cash
Accounts Receivable	361,842			361,842	Accounts Receivable
<b>Total Financial Assets</b>	<b>1,532,732</b>			<b>1,532,732</b>	<b>Total Financial Assets</b>
<b>Non-Financial Assets</b>					
Inventory of Supplies	-		-		
Prepaid Expenses	-		-		
<b>Total Non-Financial Assets</b>	<b>-</b>				
<b>LIABILITIES</b>					<b>LIABILITIES</b>
Accounts Payable & Accrued Liabilities	99,436			99,436	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	-			-	Debt (Principal only)
Deferred Revenue	943,315			943,315	Deferred Revenue
Other	-			-	Other
<b>Total Liabilities</b>	<b>1,042,751</b>			<b>1,042,751</b>	<b>Total Liabilities</b>
<b>Net Assets/(Debt)</b>	<b>489,981</b>			<b>489,981</b>	<b>Net Financial Assets/(Debt)</b>
		8,610,938	51,000	8,559,938	<b>Non-Financial Assets</b>
		-		-	Tangible Capital Assets
		-		-	Inventory of Supplies
				-	Prepaid Expenses
				<b>8,559,938</b>	<b>Total Non-Financial Assets</b>
<b>Municipal Position</b>					
Water Reserves	489,981	489,981	-		
Gas Tax Reserve Fund	-	-	-		
Development Charge Reserve Fund	943,315	943,315	-		
Amounts to be Recovered	(943,315)	-	943,315		
<b>Total Municipal Position</b>	<b>489,981</b>		9,049,920	<b>9,049,919</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>10,044,234</b>	<b>10,044,234</b>		

**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 the statements created by the previous steps are in balance. The Statement of Financial Position summarizes the resources and obligations of the Township 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 Township's ledgers. It may not, however, 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 Township's amortization policy.





- 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 the capital asset listing provided.
- d) Contributed Assets – As noted earlier, contributed assets could represent a significant part of the Township'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 minor miscellaneous revenues.



# Chapter 4

## Financial Plan



## 4. Financial Plan

### 4.1 Introduction

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The following tables provide the complete financial plan for the Township'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 Township's water systems. It is not an audited document and it contains various estimates as detailed in the "Notes to the Financial Plan" section below.

### 4.2 Water Financial Plan

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#### ***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 Township's water systems. 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 for 2021, the Township's water system will be in a net financial asset position of approximately \$489,891. However, this net financial asset position becomes a net debt position in 2023 and continues through the forecast to 2029. By 2030, the water system returns to a net financial asset position of \$322,144.

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:

- 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 Township 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 increase by approximately \$6.45 million over the forecast period. This indicates that the Township plans to continue to add to the existing tangible capital 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 at 99% in 2021, decreasing over the forecast period to 82% by 2030. As a result, annual surplus/deficit increases from a surplus of approximately \$19,900 to a surplus of approximately \$585,600 over the forecast period. This is due to a general increasing trend in the revenues anticipated, as provided for in the 2020 rate study. It is important to note that an annual surplus is beneficial to ensure funding is available for 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 \$6.3 million to a 2021 accumulated surplus of approximately \$9.03 million over the forecast



period. The existing accumulated surplus, as indicated in Table 4-2, is predominately made up of reserve 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 in 2020, forecasted annual surplus exceeds forecasted tangible capital asset acquisitions (net of amortization for the year), resulting in an increase in the net financial asset balance. However, beginning in 2022 and throughout the balance of the forecast period to 2030, forecasted tangible capital asset acquisitions (net of amortization for the year) exceeds the forecasted annual surplus, resulting in decreases to the net financial asset balance. This is a result of more significant capital asset acquisitions forecasted allowing for a long-term plan of funding capital through accumulated surplus (i.e. reserves and reserve funds). The ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions is 2.58 in 2021 and decreases to 0.99 over 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 water systems are 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 non-tangible capital asset maintenance) and build internal reserve funds over the forecast period. The financial plan projects the cash position of Town's water system to increase from a balance of approximately \$0.46 million at the beginning of 2021, to just over \$0.72 million by the end of 2030. For further discussions, 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  
2021-2030

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Financial Assets</b>											
Cash	1	1,170,890	915,783	-	-	-	-	-	-	-	723,710
Accounts Receivable	1	361,842	368,600	393,371	420,270	450,062	498,867	519,434	559,741	603,480	650,159
Long-term Accounts Receivable	2	-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Inventory for resale		-	-	-	-	-	-	-	-	-	-
Other - Long-term Receivables	3	-	-	545,542	1,082,402	1,718,157	1,364,687	1,290,311	847,759	386,985	-
<b>Total Financial Assets</b>		<b>1,532,732</b>	<b>1,284,383</b>	<b>938,913</b>	<b>1,502,672</b>	<b>2,168,219</b>	<b>1,863,554</b>	<b>1,809,745</b>	<b>1,407,500</b>	<b>990,465</b>	<b>1,373,869</b>
<b>Liabilities</b>											
Bank Indebtedness		-	-	394,221	652,075	1,846,225	1,351,871	1,663,341	783,728	561,155	-
Accounts Payable & Accrued Liabilities	1	99,436	102,294	106,959	111,917	120,112	130,969	132,131	138,850	146,034	153,610
Debt (Principal only)	2	-	-	726,974	1,070,100	1,029,464	987,507	944,187	899,459	853,277	805,594
Deferred Revenue	3	943,315	1,075,699	-	-	-	-	-	-	-	92,521
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>		<b>1,042,751</b>	<b>1,177,993</b>	<b>1,228,154</b>	<b>1,834,092</b>	<b>2,995,801</b>	<b>2,470,347</b>	<b>2,739,659</b>	<b>1,822,037</b>	<b>1,560,466</b>	<b>1,051,725</b>
<b>Net Financial Assets/(Debt)</b>		<b>489,981</b>	<b>106,390</b>	<b>(289,241)</b>	<b>(331,420)</b>	<b>(827,582)</b>	<b>(606,793)</b>	<b>(929,914)</b>	<b>(414,537)</b>	<b>(570,001)</b>	<b>322,144</b>
<b>Non-Financial Assets</b>											
Tangible Capital Assets	4	8,559,938	9,221,227	11,693,154	12,654,009	14,076,109	13,953,755	14,873,251	14,677,054	15,315,070	15,008,517
Inventory of Supplies		-	-	-	-	-	-	-	-	-	-
Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
<b>Total Non-Financial Assets</b>		<b>8,559,938</b>	<b>9,221,227</b>	<b>11,693,154</b>	<b>12,654,009</b>	<b>14,076,109</b>	<b>13,953,755</b>	<b>14,873,251</b>	<b>14,677,054</b>	<b>15,315,070</b>	<b>15,008,517</b>
<b>Accumulated Surplus/(Deficit)</b>	5	<b>9,049,919</b>	<b>9,327,617</b>	<b>11,403,913</b>	<b>12,322,589</b>	<b>13,248,527</b>	<b>13,346,962</b>	<b>13,943,337</b>	<b>14,262,517</b>	<b>14,745,069</b>	<b>15,330,661</b>
<b>Financial Indicators</b>	<b>Total Change</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
1) Increase/(Decrease) in Net Financial Assets	(58,503)	109,334	(383,591)	(395,631)	(42,179)	(496,162)	220,789	(323,121)	515,377	(155,464)	892,145
2) Increase/(Decrease) in Tangible Capital Assets	6,359,122	(89,457)	661,289	2,471,927	960,855	1,422,100	(122,354)	919,496	(196,197)	638,016	(306,553)
3) Increase/(Decrease) in Accumulated Surplus	6,300,619	19,877	277,698	2,076,296	918,676	925,938	98,435	596,375	319,180	482,552	585,592



**Table 4-2**  
**Statement of Operations: Water Services**  
**UNAUDITED: For Financial Planning Purposes Only**  
**2021-2030**

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Water Revenue</b>											
Base Charge Revenue		457,838	493,817	533,320	577,824	627,847	683,947	746,951	815,958	889,998	969,402
Rate Based Revenue		1,238,924	1,320,173	1,407,965	1,504,448	1,610,390	1,726,624	1,854,365	1,992,348	2,139,211	2,296,445
Earned Development Charges Revenue	3	-	160,929	1,914,026	851,500	971,500	24,000	350,500	-	-	-
Developer Contributions	4	-	-	-	-	-	-	-	-	-	-
Interest Earned on Long-term Accounts Receivable	2	-	-	-	-	-	-	-	-	-	-
Other Revenue	6	47,600	47,600	47,600	47,602	47,600	47,601	47,600	47,599	47,600	47,601
<b>Total Revenues</b>		<b>1,744,362</b>	<b>2,022,519</b>	<b>3,902,911</b>	<b>2,981,374</b>	<b>3,257,337</b>	<b>2,482,172</b>	<b>2,999,416</b>	<b>2,855,905</b>	<b>3,076,809</b>	<b>3,313,448</b>
<b>Water Expenses</b>											
Operating Expenses	Sch. 4-1	1,566,028	1,584,110	1,657,542	1,832,926	2,071,721	2,096,925	2,113,443	2,221,842	2,275,041	2,393,572
Interest on Debt	2	-	-	-	23,627	34,778	33,458	32,094	30,686	29,232	27,731
Amortization	4	158,457	160,711	169,073	206,145	224,900	253,354	257,504	284,197	289,984	306,553
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>		<b>1,724,485</b>	<b>1,744,821</b>	<b>1,826,615</b>	<b>2,062,698</b>	<b>2,331,399</b>	<b>2,383,737</b>	<b>2,403,041</b>	<b>2,536,725</b>	<b>2,594,257</b>	<b>2,727,856</b>
<b>Annual Surplus/(Deficit)</b>		<b>19,877</b>	<b>277,698</b>	<b>2,076,296</b>	<b>918,676</b>	<b>925,938</b>	<b>98,435</b>	<b>596,375</b>	<b>319,180</b>	<b>482,552</b>	<b>585,592</b>
Accumulated Surplus/(Deficit), beginning of year	5	9,030,042	9,049,919	9,327,617	11,403,913	12,322,589	13,248,527	13,346,962	13,943,337	14,262,517	14,745,069
Accumulated Surplus/(Deficit), end of year		9,049,919	9,327,617	11,403,913	12,322,589	13,248,527	13,346,962	13,943,337	14,262,517	14,745,069	15,330,661
<b>Note 5:</b>											
<b>Accumulated Surplus/(Deficit) Reconciliation:</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
<b>Reserve Balances</b>											
Reserves: Development Charges		943,315	1,075,699	(545,542)	(1,082,402)	(1,718,157)	(1,364,687)	(1,290,311)	(847,759)	(386,985)	92,521
Reserves: Gas Tax		-	-	-	-	-	-	-	-	-	-
Reserves: Capital/Other		489,981	106,390	437,733	738,680	201,882	380,714	14,273	484,922	283,276	1,127,738
<b>Total Reserves Balance</b>		<b>1,433,296</b>	<b>1,182,089</b>	<b>(107,809)</b>	<b>(343,722)</b>	<b>(1,516,275)</b>	<b>(983,973)</b>	<b>(1,276,038)</b>	<b>(362,837)</b>	<b>(103,709)</b>	<b>1,220,259</b>
Less: Debt Obligations and Deferred Revenue		(943,315)	(1,075,699)	(726,974)	(1,070,100)	(1,029,464)	(987,507)	(944,187)	(899,459)	(853,277)	(898,115)
Add: Long-term Accounts Receivable	3	-	-	545,542	1,082,402	1,718,157	1,364,687	1,290,311	847,759	386,985	-
Add: Tangible Capital Assets	4	8,559,938	9,221,227	11,693,154	12,654,009	14,076,109	13,953,755	14,873,251	14,677,054	15,315,070	15,008,517
<b>Total Ending Balance</b>		<b>9,049,919</b>	<b>9,327,617</b>	<b>11,403,913</b>	<b>12,322,589</b>	<b>13,248,527</b>	<b>13,346,962</b>	<b>13,943,337</b>	<b>14,262,517</b>	<b>14,745,069</b>	<b>15,330,661</b>
<b>Financial Indicators</b>	<b>Total Change</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
1) Expense to Revenue Ratio		99%	86%	47%	69%	72%	96%	80%	89%	84%	82%
2) Increase/(Decrease) in Accumulated Surplus	6,300,619	19,877	277,698	2,076,296	918,676	925,938	98,435	596,375	319,180	482,552	585,592



Schedule 4-1  
Statement of Operating Expenses: Water Services  
UNAUDITED: For Financial Planning Purposes Only  
2021-2030

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Operating Expenses</b>											
WAT-UTLY-SALARY		100,200	102,200	104,200	148,800	151,800	154,800	157,900	161,100	164,300	167,600
WAT-UTLY-WAGES		93,600	95,500	97,400	99,300	101,300	103,300	105,400	107,500	109,700	111,900
WAT-UTLY-WAGES OT		18,800	19,200	19,600	20,000	20,400	20,800	21,200	21,600	22,000	22,400
WAT-UTLY-CPP		6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,800	6,900	7,000
WAT-UTLY-EI		2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
WAT-UTLY-EHT		3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200
WAT-UTLY-WSIB		4,800	4,900	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700
WAT-UTLY-OMERS		15,300	15,600	15,900	16,200	16,500	16,800	17,100	17,400	17,700	18,100
WAT-UTLY-GROUP BENEFITS		18,800	19,200	19,600	20,000	20,400	20,800	21,200	21,600	22,000	22,400
WAT-UTLY-TRAINING		10,100	10,400	10,700	11,000	11,300	11,600	11,900	12,300	12,700	13,100
WAT-UTLY-OFFICE SUPPLIES		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
WAT-UTLY-POSTAGE		4,800	4,900	5,000	5,200	5,400	5,600	5,800	6,000	6,200	6,400
WAT-UTLY-UNIFORMS		2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100
WAT-UTLY-SMALL TOOLS		3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100
WAT-UTLY-FUEL		1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400
PURCHASED WATER FROM REGION		800,328	850,510	904,542	963,626	1,028,221	1,098,825	1,176,143	1,259,542	1,348,341	1,442,872
WAT-UTLY-R&M EQUIPMENT		2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
WAT-UTLY-R&M ENVIRON INFRSTRCT		32,700	33,700	34,700	35,700	36,800	37,900	39,000	40,200	41,400	42,600
WAT-UTLY-WATER		2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
WAT-UTLY-COMMUNICATION		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
WAT-UTLY-INSURANCE		21,400	22,000	22,700	23,400	24,100	24,800	25,500	26,300	27,100	27,900
WAT-UTLY-SOFTWARE FEES		1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
WAT-UTLY-CONSULTANT FEES		10,700	11,000	11,300	11,600	11,900	12,300	12,700	13,100	13,500	13,900
WAT-UTLY-OUTSIDE SERVICES		24,300	25,000	25,800	26,600	27,400	28,200	29,000	29,900	30,800	31,700
WAT-UTLY-EQUIPMENT ALLOCATIN		22,000	22,700	23,400	24,100	24,800	25,500	26,300	27,100	27,900	28,700
WAT-UTLY-ALLOCTN OF PRGM SUP		296,100	305,000	314,200	323,600	333,300	343,300	353,600	364,200	375,100	386,400
WAT-BLK-R&M FACILITIES		2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
WAT-BLK-R&M ENVIRON INFRSTRCT		2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700
WAT-BLK-HYDRO		2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
WAT-BLK-COMMUNICATION		900	900	900	900	900	900	900	900	900	900
WAT-BLK-OUTSIDE SERVICES		3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400	4,500	4,600
WAT-BLK-EQUIPMENT ALLOCATIN		1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
WAT-UTLY-ADVERTISING		500	500	500	500	500	500	500	500	500	500
WAT-DIST-WATER RATE STUDY & FIN PLAN		-	-	-	-	75,000	-	-	-	-	-
Non TCA - Expenses from Capital Budget	7	51,000	-	-	54,000	132,000	140,000	57,000	59,000	-	-
<b>TOTAL OPERATING EXPENSES</b>		<b>1,566,028</b>	<b>1,584,110</b>	<b>1,657,542</b>	<b>1,832,926</b>	<b>2,071,721</b>	<b>2,096,925</b>	<b>2,113,443</b>	<b>2,221,842</b>	<b>2,275,041</b>	<b>2,393,572</b>





**Table 4-3**  
**Statement of Changes in Net Financial Assets/Debt: Water Services**  
**UNAUDITED: For Financial Planning Purposes Only**  
**2021-2030**

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Surplus/(Deficit)		19,877	277,698	2,076,296	918,676	925,938	98,435	596,375	319,180	482,552	585,592
Less: Acquisition of Tangible Capital Assets	4	(69,000)	(822,000)	(2,641,000)	(1,167,000)	(1,647,000)	(131,000)	(1,177,000)	(88,000)	(928,000)	-
Add: Amortization of Tangible Capital Assets	4	158,457	160,711	169,073	206,145	224,900	253,354	257,504	284,197	289,984	306,553
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		89,457	(661,289)	(2,471,927)	(960,855)	(1,422,100)	122,354	(919,496)	196,197	(638,016)	306,553
Less: Acquisition of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Add: Consumption of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
<b>Increase/(Decrease) in Net Financial Assets/(Net Debt)</b>		<b>109,334</b>	<b>(383,591)</b>	<b>(395,631)</b>	<b>(42,179)</b>	<b>(496,162)</b>	<b>220,789</b>	<b>(323,121)</b>	<b>515,377</b>	<b>(155,464)</b>	<b>892,145</b>
Net Financial Assets/(Net Debt), beginning of year		380,647	489,981	106,390	(289,241)	(331,420)	(827,582)	(606,793)	(929,914)	(414,537)	(570,001)
<b>Net Financial Assets/(Net Debt), end of year</b>		<b>489,981</b>	<b>106,390</b>	<b>(289,241)</b>	<b>(331,420)</b>	<b>(827,582)</b>	<b>(606,793)</b>	<b>(929,914)</b>	<b>(414,537)</b>	<b>(570,001)</b>	<b>322,144</b>

  

Financial Indicators	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1) Acquisition of Tangible Capital Assets (Cumulative)	69,000	891,000	3,532,000	4,699,000	6,346,000	6,477,000	7,654,000	7,742,000	8,670,000	8,670,000
2) Annual Surplus/Deficit before Amortization (Cumulative)	178,334	616,743	2,862,112	3,986,933	5,137,771	5,489,560	6,343,439	6,946,816	7,719,352	8,611,497
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)	2.58	0.69	0.81	0.85	0.81	0.85	0.83	0.90	0.89	0.99



**Table 4-4**  
**Statement of Cash Flow – Indirect Method: Water Services**  
**UNAUDITED: For Financial Planning Purposes Only**  
**2021-2030**

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Operating Transactions</b>											
Annual Surplus/Deficit		19,877	277,698	2,076,296	918,676	925,938	98,435	596,375	319,180	482,552	585,592
Add: Amortization of TCA's	4	158,457	160,711	169,073	206,145	224,900	253,354	257,504	284,197	289,984	306,553
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Earned Deferred Revenue	3	-	(160,929)	(1,914,026)	(851,500)	(971,500)	(24,000)	(350,500)	-	-	-
Less: Developer Contributions		-	-	-	-	-	-	-	-	-	-
Add: Deferred Revenue Proceeds		260,579	293,314	292,785	314,640	335,745	377,470	424,876	442,552	460,774	479,506
Change in A/R (Increase)/Decrease		361,084	(6,759)	(24,771)	(26,898)	(29,792)	(48,805)	(20,567)	(40,307)	(43,739)	(46,679)
Change in A/P Increase/(Decrease)		(18,489)	2,858	4,665	4,957	8,195	10,857	1,162	6,719	7,184	7,576
Less: Interest Proceeds		-	-	-	-	-	-	-	-	-	-
Cash Provided by Operating Transactions		781,508	566,893	604,022	566,020	493,486	667,311	908,850	1,012,341	1,196,755	1,332,548
<b>Capital Transactions</b>											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(69,000)	(822,000)	(2,641,000)	(1,167,000)	(1,647,000)	(131,000)	(1,177,000)	(88,000)	(928,000)	-
Cash Applied to Capital Transactions		(69,000)	(822,000)	(2,641,000)	(1,167,000)	(1,647,000)	(131,000)	(1,177,000)	(88,000)	(928,000)	-
<b>Investing Transactions</b>											
Proceeds from Investments		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		-	-	-	-	-	-	-	-	-	-
<b>Financing Transactions</b>											
Proceeds from Debt Issue	2	-	-	726,974	369,500	-	-	-	-	-	-
Add: Long-term Accounts Receivable Proceeds (recovery of debt)	2	-	-	-	-	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	-	-	-	(26,374)	(40,636)	(41,957)	(43,320)	(44,728)	(46,182)	(47,683)
Cash Applied to Financing Transactions		-	-	726,974	343,126	(40,636)	(41,957)	(43,320)	(44,728)	(46,182)	(47,683)
Increase in Cash and Cash Equivalents		712,508	(255,107)	(1,310,004)	(257,854)	(1,194,150)	494,354	(311,470)	879,613	222,573	1,284,865
Cash and Cash Equivalents, beginning of year	1	458,382	1,170,890	915,783	(394,221)	(652,075)	(1,846,225)	(1,351,871)	(1,663,341)	(783,728)	(561,155)
Cash and Cash Equivalents, end of year	1	1,170,890	915,783	(394,221)	(652,075)	(1,846,225)	(1,351,871)	(1,663,341)	(783,728)	(561,155)	723,710



## 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 Township, some of the items listed above have been estimated given that the Township 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*

For West Lincoln, receivable and payable balances were estimated for each year of the forecast based on the following factors:

- a) Receivables: Based on the historical levels of water and wastewater receivables as a percentage of annual water and wastewater revenue from user fees earned (as per the 2017 and 2018 Financial Information Returns along with additional data provided by the Township for 2017 through 2019); and
- b) Payables: Based on historical levels of water and wastewater payables as a percentage of annual water and wastewater expenses (as per the 2017 and 2018 Financial Information Returns along with additional data provided by the Township for 2017 through 2019).

## 2. Debt

The Township currently has no outstanding water related debt. There are currently additional debt proceeds anticipated throughout the forecast period. Principal repayments for new debt over the forecast period are scheduled as follows:



Year	Principal Payments
2021	-
2022	-
2023	-
2024	26,374
2025	40,636
2026	41,957
2027	43,320
2028	44,728
2029	46,182
2030	47,683
<b>Total</b>	<b>290,880</b>

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 (D.C.) reserve balances and/or gas tax 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.

In years when the water development charge reserve fund balance is negative, it is shown as an asset ("Other - Long-term receivables") for financial reporting purposes, representing future amounts to be collected from developers. Note that the 2020 Rate Study anticipates that the water D.C. reserve fund will be in a deficit position from 2023 to 2029. Therefore, the deficit balances are being financed internally through the overall general water revenues. In future years, as D.C. revenue is received, there will be an adjustment to refund the overall water account to repay the internal financing.

### 4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
  - i. Land,
  - ii. Facilities;
  - iii. Water Meters;



- iv. Hydrants;
- v. Hydrant Leads;
- vi. Watermains;
- vii. Curb Stops;
- viii. Valves; and
- ix. Vehicles and Equipment

- Amortization is calculated based on the straight-line approach.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net book value basis.
- Gains/losses on disposal are assumed to be \$0.
- Contributed Assets are assumed to be \$0.
- The Township does not have any lead 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	2027	2028	2029	2030
Opening Tangible Capital Asset Balance	11,987,874	12,030,599	12,792,787	15,403,239	16,540,142	18,100,855	18,198,311	19,306,765	19,359,720	20,213,110
Acquisitions	69,000	822,000	2,641,000	1,167,000	1,647,000	131,000	1,177,000	88,000	928,000	-
Disposals	26,275	59,812	30,548	30,097	86,287	33,544	68,546	35,045	74,610	-
<b>Closing Tangible Capital Asset Balance</b>	<b>12,030,599</b>	<b>12,792,787</b>	<b>15,403,239</b>	<b>16,540,142</b>	<b>18,100,855</b>	<b>18,198,311</b>	<b>19,306,765</b>	<b>19,359,720</b>	<b>20,213,110</b>	<b>20,213,110</b>
Opening Accumulated Amortization	3,338,479	3,470,661	3,571,560	3,710,085	3,886,133	4,024,746	4,244,556	4,433,514	4,682,666	4,898,040
Amortization Expense	158,457	160,711	169,073	206,145	224,900	253,354	257,504	284,197	289,984	306,553
Amortization on Disposal	26,275	59,812	30,548	30,097	86,287	33,544	68,546	35,045	74,610	-
<b>Ending Accumulated Amortization</b>	<b>3,470,661</b>	<b>3,571,560</b>	<b>3,710,085</b>	<b>3,886,133</b>	<b>4,024,746</b>	<b>4,244,556</b>	<b>4,433,514</b>	<b>4,682,666</b>	<b>4,898,040</b>	<b>5,204,593</b>
<b>Net Book Value</b>	<b>8,559,938</b>	<b>9,221,227</b>	<b>11,693,154</b>	<b>12,654,009</b>	<b>14,076,109</b>	<b>13,953,755</b>	<b>14,873,251</b>	<b>14,677,054</b>	<b>15,315,070</b>	<b>15,008,517</b>

## 5. Accumulated Surplus

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

Water	2021 Opening Accumulated Surplus
<b>Reserve Balances</b>	
Reserves: Development Charges	682,736
Reserves: Capital/Other	380,647
<b>Total Reserves Balance</b>	<b>1,063,383</b>
Less: Debt Obligations and Deferred Revenue	(682,736)
Add: Tangible Capital Assets	8,649,395
<b>Total Opening Balance</b>	<b>9,030,042</b>

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

## 6. Other Revenue

Other revenue includes miscellaneous service fees, penalty & interest charges as well as revenues from the bulk water sales.



# 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 Township 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 Township'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 Director of Policy Branch, 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 Township 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 2020 Rate Study. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The Township of West Lincoln Water Financial Plan prepared by Watson & Associates Economists Ltd. dated November 10, 2020 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated November 10, 2020 be submitted to the Ministry of Municipal Affairs and Housing (O.Reg. 453/07, Section 3 (1) 6).
4. The resolution of Council approving the Financial Plan be submitted to the MECP, satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. Section 32 (5) 2. ii.).



# Appendices



# Appendix A

## Water Budget and Forecast Summary Tables



## Appendix A-1 Water Service Capital Forecast 2021-2030

Description	Total	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Capital Expenditures</b>											
<b>Lifecycle:</b>											
Water Meters - Replacement Program	376,000	31,000	52,000	32,000	32,000	55,000	34,000	69,000	35,000	36,000	-
Rolling Stock - 2025 - 3/4 Ton Van - To replace 2007 Chevrolet	43,000	-	-	-	-	43,000	-	-	-	-	-
Main - Replace - Design - 2020 - Brock St - From: RR 20 To: North End	-	-	-	-	-	-	-	-	-	-	-
Facilities - 2027 - Bulk Water Station - Replace roof shingles	11,000	-	-	-	-	-	-	11,000	-	-	-
Main - Upsize and Replace - Constuction - 2020 - Griffin St. N - From: RR20 and RR14 Intersection	-	-	-	-	-	-	-	-	-	-	-
Main - Replace - Construction - 2022 - Brock St - From: RR 20 To: North End	515,000	-	515,000	-	-	-	-	-	-	-	-
Main - Replace - Construction - 2029 - Wade Road N - From: West Street To: South Limit	837,000	-	-	-	-	-	-	-	-	837,000	-
Equipment - Miscellaneous Water Equipment	50,000	5,000	5,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	-
Water Meters - New Installation	369,000	33,000	35,000	37,000	39,000	41,000	43,000	45,000	47,000	49,000	-
Facilities - 2027 - Bulk Water Building - New Building	345,000	-	-	-	-	-	-	345,000	-	-	-
<b>Studies:</b>											
Operating-Study - Water Loss Study	51,000	51,000	-	-	-	-	-	-	-	-	-
Operating-Study - Water Distribution System - Leak detection program	281,000	-	-	-	54,000	55,000	56,000	57,000	59,000	-	-
Operating-Other - Water Loss Program	161,000	-	-	-	-	77,000	84,000	-	-	-	-
<b>Growth Related:</b>											
Main - Replace - Construction - 2020 - West Street - From: South Grimsby Rd 5 To: Wade Rd	-	-	-	-	-	-	-	-	-	-	-
Main - Upsize and Replace - Design - 2022 - Spring Creek Rd - From: Station St To: Hornak Rd	13,000	-	13,000	-	-	-	-	-	-	-	-
Main - New - Design - 2022 - Spring Creek Rd - From: Hornak Rd To: SG Rd 5	66,000	-	66,000	-	-	-	-	-	-	-	-
Main - New - Design - 2022 - Spring Creek Rd - From: SG Rd 5 To: SG Rd 6	40,000	-	40,000	-	-	-	-	-	-	-	-
Main - New - Design - 2022 - South Grimsby Rd 5 - From: Spring Creek Rd To: Northridge Dr	40,000	-	40,000	-	-	-	-	-	-	-	-
Main - Upsize and Replace - Design - 2022 - South Grimsby Rd 5 - From: Northridge Dr To: HWY 20	28,000	-	28,000	-	-	-	-	-	-	-	-
Main - New - Design - 2022 - South Grimsby Rd 6 - Extension - From: Spring Creek Rd To: HWY 20	28,000	-	28,000	-	-	-	-	-	-	-	-
Main - Upsize and Replace - Constuction - 2023 - Sping Creek Rd - From: Station St To: Hornak Rd	125,000	-	-	125,000	-	-	-	-	-	-	-



## Appendix A-1 (Continued)

### Water Service Capital Forecast 2021-2030

Description	Total	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Main - New - Construction - 2023 - SG RD 5 - From: Spring Creek Rd To: Northridge Dr	468,000	-	-	468,000	-	-	-	-	-	-	-
Main - Upsize and Replace - Construction - 2023 - SG RD 5 - From: Northridge Dr To: HWY 20	334,000	-	-	334,000	-	-	-	-	-	-	-
Main - New - Construction - 2023 - Spring Creek Rd - From: Hornak Rd To: SG Rd 5	805,000	-	-	805,000	-	-	-	-	-	-	-
Main - New - Construction - 2023 - Spring Creek Rd - From: SG Rd 5 To: SG Rd 6	416,000	-	-	416,000	-	-	-	-	-	-	-
Main - New - Construction - 2023 - SG RD 6 - From: Spring Creek Rd To: HWY 20	377,000	-	-	377,000	-	-	-	-	-	-	-
Main - Upsize and Replace - Design - 2023 - Van Woudenberg Way - From: Station St To: West Boundary Limits	42,000	-	-	42,000	-	-	-	-	-	-	-
Main - Upsize and Replace - Construction - 2024 - Van Woudenberg Way - From: Station St To: West Boundary Limits	383,000	-	-	-	383,000	-	-	-	-	-	-
Main - Upsize and Replace - Design - 2024 - St. Catherines St - From: Industrial Park Rd To: Frank St	71,000	-	-	-	71,000	-	-	-	-	-	-
Main - New - Design - 2024 - St. Catherines St - From: Frank St To: Griffin St	8,000	-	-	-	8,000	-	-	-	-	-	-
Main - Upsize and Replace - Design - 2024 - Griffin St. N - From: Griffin St To: Station & West St	17,000	-	-	-	17,000	-	-	-	-	-	-
Main - New - Construction - 2024 - Industrial Park Rd - From: London Rd To: Spring Creek Rd	612,000	-	-	-	612,000	-	-	-	-	-	-
Main - Upsize and Replace - Construction - 2025 - St. Catherines St. - From: Industrial Park Rd To: Frank St	794,000	-	-	-	-	794,000	-	-	-	-	-
Main - New - Construction - 2025 - St. Catherines St. - From: Frank St To: Griffin St	119,000	-	-	-	-	119,000	-	-	-	-	-
Main - Upsize and Replace - Construction - 2025 - Griffin St. N - From: Griffin St To: Station St	148,000	-	-	-	-	148,000	-	-	-	-	-
Main - New - Construction - 2025 - Industrial Park Rd - From: Pearson Rd To: Urban Boundary	441,000	-	-	-	-	441,000	-	-	-	-	-
Main - Replace - Design - 2026 - Colver St - From: RR14 To: Wade Rd	48,000	-	-	-	-	-	48,000	-	-	-	-
Main - Replace - Construction - 2027 - Colver St - From: RR14 To: Wade Rd	701,000	-	-	-	-	-	-	701,000	-	-	-
<b>Total Capital Expenditures</b>	<b>9,163,000</b>	<b>120,000</b>	<b>822,000</b>	<b>2,641,000</b>	<b>1,221,000</b>	<b>1,779,000</b>	<b>271,000</b>	<b>1,234,000</b>	<b>147,000</b>	<b>928,000</b>	<b>-</b>
<b>Capital Financing</b>											
Provincial/Federal Grants	-										
Development Charges Reserve Fund	4,272,456	-	160,929	1,914,026	851,500	971,500	24,000	350,500	-	-	-
Non-Growth Related Debenture Requirements	1,096,474	-	-	726,974	369,500	-	-	-	-	-	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Water Reserve	3,794,071	120,000	661,071	-	-	807,500	247,000	883,500	147,000	928,000	-
<b>Total Capital Financing</b>	<b>9,163,000</b>	<b>120,000</b>	<b>822,000</b>	<b>2,641,000</b>	<b>1,221,000</b>	<b>1,779,000</b>	<b>271,000</b>	<b>1,234,000</b>	<b>147,000</b>	<b>928,000</b>	<b>-</b>



## Appendix A-2 Schedule of Non-Growth-Related Debenture Repayments 2021-2030

Debenture Year	Principal (Inflated)	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-
2023	726,974	-	-	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000
2024	369,500	-	-	-	-	25,414	25,414	25,414	25,414	25,414	25,414
2025	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-
<b>Total Annual Debt Charges</b>	<b>1,096,474</b>	-	-	-	50,000	75,414	75,414	75,414	75,414	75,414	75,414

## Appendix A-3 Water Reserve Continuity 2021-2030

Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Balance	380,647	489,981	106,390	437,733	738,680	201,882	380,714	14,273	484,922	283,276
Transfer from Operating	229,333	277,480	331,343	300,947	345,702	425,832	517,059	617,649	726,354	844,462
Transfer to Capital	120,000	661,071	-	-	807,500	247,000	883,500	147,000	928,000	-
Transfer to Operating	-	-	-	-	75,000	-	-	-	-	-
<b>Closing Balance</b>	<b>489,981</b>	<b>106,390</b>	<b>437,733</b>	<b>738,680</b>	<b>201,882</b>	<b>380,714</b>	<b>14,273</b>	<b>484,922</b>	<b>283,276</b>	<b>1,127,738</b>





# Appendix A-4 Water Development Charges Reserve Fund Continuity 2021-2030

Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Balance	682,736	943,315	1,075,700	(545,541)	(1,082,401)	(1,718,156)	(1,364,685)	(1,290,309)	(847,756)	(386,982)
Development Charge Proceeds	242,083	272,222	303,482	335,864	369,434	404,229	450,176	459,175	468,362	477,692
Transfer to Capital	-	160,929	1,914,026	851,500	971,500	24,000	350,500	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>924,819</b>	<b>1,054,608</b>	<b>(534,844)</b>	<b>(1,061,177)</b>	<b>(1,684,467)</b>	<b>(1,337,926)</b>	<b>(1,265,009)</b>	<b>(831,134)</b>	<b>(379,394)</b>	<b>90,710</b>
Interest	18,496	21,092	(10,697)	(21,224)	(33,689)	(26,759)	(25,300)	(16,623)	(7,588)	1,814
Required from Development Charges	-	160,929	1,914,026	851,500	971,500	24,000	350,500	-	-	-



## Appendix A-5 Water Operating Forecast 2021-2030

Description	Forecast									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Expenditures</b>										
<b>Operating Costs</b>										
WAT-UTLY-SALARY	100,200	102,200	104,200	148,800	151,800	154,800	157,900	161,100	164,300	167,600
WAT-UTLY-WAGES	93,600	95,500	97,400	99,300	101,300	103,300	105,400	107,500	109,700	111,900
WAT-UTLY-WAGES OT	18,800	19,200	19,600	20,000	20,400	20,800	21,200	21,600	22,000	22,400
WAT-UTLY-CPP	6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,800	6,900	7,000
WAT-UTLY-EI	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
WAT-UTLY-EHT	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200
WAT-UTLY-WSIB	4,800	4,900	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700
WAT-UTLY-OMERS	15,300	15,600	15,900	16,200	16,500	16,800	17,100	17,400	17,700	18,100
WAT-UTLY-GROUP BENEFITS	18,800	19,200	19,600	20,000	20,400	20,800	21,200	21,600	22,000	22,400
WAT-UTLY-TRAINING	10,100	10,400	10,700	11,000	11,300	11,600	11,900	12,300	12,700	13,100
WAT-UTLY-OFFICE SUPPLIES	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
WAT-UTLY-POSTAGE	4,800	4,900	5,000	5,200	5,400	5,600	5,800	6,000	6,200	6,400
WAT-UTLY-UNIFORMS	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100
WAT-UTLY-SMALL TOOLS	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100
WAT-UTLY-FUEL	1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400
PURCHASED WATER FROM REGION	800,328	850,510	904,542	963,626	1,028,221	1,098,825	1,176,143	1,259,542	1,348,341	1,442,872
WAT-UTLY-R&M EQUIPMENT	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
WAT-UTLY-R&M ENVIRON INFRSTRCT	32,700	33,700	34,700	35,700	36,800	37,900	39,000	40,200	41,400	42,600
WAT-UTLY-WATER	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
WAT-UTLY-COMMUNICATION	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
WAT-UTLY-INSURANCE	21,400	22,000	22,700	23,400	24,100	24,800	25,500	26,300	27,100	27,900
WAT-UTLY-SOFTWARE FEES	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
WAT-UTLY-CONSULTANT FEES	10,700	11,000	11,300	11,600	11,900	12,300	12,700	13,100	13,500	13,900
WAT-UTLY-OUTSIDE SERVICES	24,300	25,000	25,800	26,600	27,400	28,200	29,000	29,900	30,800	31,700
WAT-UTLY-EQUIPMENT ALLOCATIN	22,000	22,700	23,400	24,100	24,800	25,500	26,300	27,100	27,900	28,700
WAT-UTLY-ALLOCTN OF PRGM SUP	296,100	305,000	314,200	323,600	333,300	343,300	353,600	364,200	375,100	386,400
WAT-BLK-R&M FACILITIES	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
WAT-BLK-R&M ENVIRON INFRSTRCT	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700
WAT-BLK-HYDRO	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
WAT-BLK-COMMUNICATION	900	900	900	900	900	900	900	900	900	900
WAT-BLK-OUTSIDE SERVICES	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400	4,500	4,600
WAT-BLK-EQUIPMENT ALLOCATIN	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
WAT-UTLY-ADVERTISING	500	500	500	500	500	500	500	500	500	500
WAT-DIST-WATER RATE STUDY & FIN PL	-	-	-	-	75,000	-	-	-	-	-
<b>Sub Total Operating</b>	<b>1,515,028</b>	<b>1,584,110</b>	<b>1,657,542</b>	<b>1,778,926</b>	<b>1,939,721</b>	<b>1,956,925</b>	<b>2,056,443</b>	<b>2,162,842</b>	<b>2,275,041</b>	<b>2,393,572</b>



## Appendix A-5 Continued Water Operating Budget and Forecast 2021-2030

Description	Forecast									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Capital-Related</b>										
Existing Debt (Principal) - Growth Related										
Existing Debt (Interest) - Growth Related										
New Growth Related Debt (Principal)	-	-	-	-	-	-	-	-	-	-
New Growth Related Debt (Interest)	-	-	-	-	-	-	-	-	-	-
Existing Debt (Principal) - Non-Growth Related										
Existing Debt (Interest) - Non-Growth Related										
New Non-Growth Related Debt (Principal)	-	-	-	26,374	40,636	41,957	43,320	44,728	46,182	47,683
New Non-Growth Related Debt (Interest)	-	-	-	23,627	34,778	33,458	32,094	30,686	29,232	27,731
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	229,333	277,480	331,343	300,947	345,702	425,832	517,059	617,649	726,354	844,462
<b>Sub Total Capital Related</b>	<b>229,333</b>	<b>277,480</b>	<b>331,343</b>	<b>350,947</b>	<b>421,116</b>	<b>501,246</b>	<b>592,473</b>	<b>693,064</b>	<b>801,768</b>	<b>919,876</b>
<b>Total Expenditures</b>	<b>1,744,362</b>	<b>1,861,590</b>	<b>1,988,885</b>	<b>2,129,873</b>	<b>2,360,837</b>	<b>2,458,171</b>	<b>2,648,916</b>	<b>2,855,906</b>	<b>3,076,809</b>	<b>3,313,447</b>
<b>Revenues</b>										
Base Charge	457,838	493,817	533,320	577,824	627,847	683,947	746,951	815,958	889,998	969,402
Other Revenue	-	-	-	-	-	-	-	-	-	-
WAT-UTLY-P&I										
WAT-UTLY-WATER SERVICES FEES	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600	47,600
WAT-BLK-VARIABLE CHARGES	382,764	402,392	423,003	444,595	467,168	490,723	515,259	540,776	567,275	595,737
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-	-
Contributions from Reserves / Reserve Funds	-	-	-	-	75,000	-	-	-	-	-
<b>Total Operating Revenue</b>	<b>888,201</b>	<b>943,809</b>	<b>1,003,922</b>	<b>1,070,019</b>	<b>1,217,614</b>	<b>1,222,270</b>	<b>1,309,810</b>	<b>1,404,334</b>	<b>1,504,873</b>	<b>1,612,740</b>
<b>Water Billing Recovery - Total</b>	<b>856,160</b>	<b>917,781</b>	<b>984,962</b>	<b>1,059,854</b>	<b>1,143,223</b>	<b>1,235,901</b>	<b>1,339,106</b>	<b>1,451,572</b>	<b>1,571,936</b>	<b>1,700,708</b>

## Appendix A-6 Water Rate Budget and Forecast 2021-2030

Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Water Billing Recovery	856,160	917,781	984,962	1,059,854	1,143,223	1,235,901	1,339,106	1,451,572	1,571,936	1,700,708
<b>Water Rates (\$/m<sup>3</sup>)</b>										
Constant Rate (m <sup>3</sup> ) - January to June	1.41	1.48	1.55	1.63	1.71	1.80	1.89	1.98	2.08	2.19
Constant Rate (m <sup>3</sup> ) - July to December	1.48	1.55	1.63	1.71	1.80	1.89	1.98	2.08	2.19	2.30
<b>Annual Percentage Change</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>