

**Town of Aylmer**  
**Water**  
**Ontario Regulation 453/07**  
**Financial Plan**

**Financial Plan #044-301**

January 22, 2016



Plaza Three  
101-2000 Argentia Rd.  
Mississauga, Ontario  
Canada L5N 1V9

Phone: (905) 272-3600

Fax: (905) 272-3602

e-mail: [info@watson-econ.ca](mailto:info@watson-econ.ca)

[www.watson-econ.ca](http://www.watson-econ.ca)

 **Planning for growth**

---

---

# 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 – New System .....	1-2
1.2.3 Financial Plan Requirements – Existing System .....	1-3
1.2.4 Financial Plan Requirements - General .....	1-4
1.2.5 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 (Bill 72).....	2-2
2.4 Water and Wastewater Rate Study.....	2-3
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
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 – 2015 Water and Wastewater Rate Study – Water Summary Tables .....	A-1

---

## List of Acronyms

O.Reg.	Ontario Regulation
P.S.A.B.	Public Sector Accounting Board
S.D.W.A.	Safe Drinking Water Act
S.W.S.S.A.	Sustainable Water and Sewage Systems Act

---

# 1. Introduction

## 1.1 Study Purpose

Watson & Associates Economists Ltd. (Watson) was retained by the Town of Aylmer (the Town) 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. This detailed financial planning and forecasting in regards to the Town's water system has already been completed and documented by Watson within the "2015 Town of Aylmer Water and Wastewater Rate Study" (2015 Rate Study). The objective of the report provided herein is to convert the findings of the 2015 Rate Study 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; and
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**

Section 30 (1) of the S.D.W.A. provides the following definition of financial plans:

“financial plans’ means,

- a) financial plans that satisfy the requirements of subsection (2), but only if,
  - (i) Bill 175 (Sustainable Water and Sewage Systems Act, 2002, introduced on September 23, 2002) receives Royal Assent, and
  - (ii) sections 3 and 9 of Bill 175 (Sustainable Water and Sewage Systems Act, 2002) are in force, or
- b) financial plans that satisfy the requirements prescribed by the Minister, in any other case. 2002, c. 32, s. 30 (1).”

As of time of writing, the Sustainable Water and Sewage Systems Act, 2002 cited above has been repealed (see Section 2.2 of this report); however, the standards that it directs underpin the specific requirements of s.30 (1) part b as they are outlined in O.Reg. 453/07 and which will be examined in detail below.

### **1.2.2 Financial Plan Requirements – New System**

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

- Financial plans must be approved by Council resolution (or governing body) indicating that the drinking water system is financially viable;
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period (commencing when the system first serves the public);
- 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 Public Sector Accounting Board (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 plans are to be submitted to the Ministry of Municipal Affairs and Housing.

### ***1.2.3 Financial Plan Requirements – Existing System***

O.Reg. 453/07 also provides details with regard to s.30 (1) part b of the S.D.W.A. for existing water systems. The requirements for existing systems are summarized as follows:

- 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 the 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 the 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 plans are to be submitted to the Ministry of Municipal Affairs and Housing.

#### ***1.2.4 Financial Plan Requirements - General***

Given that the legislation falls under the S.D.W.A., a financial plan is mandatory for water systems and encouraged for wastewater 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, approved and submitted at the time of licence renewal (i.e. six months prior to licence expiry). Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary.

The financial plans must contain, on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence document.

#### ***1.2.5 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 Chartered Professional Accountants Canada (previously 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.”

Both the Statement of Financial Position and the Statement of Operations were required for financial reporting purposes in pre-2009 reporting years; however, the format changed in 2009 to conform to the requirements of PS1200 and PS3150 (see Figures 1-1 and 1-2). Financial statements are now reported on a full accrual accounting basis, which will continue in future years. 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. Before 2009, financial results were reported on a modified cash basis of accounting, whereby revenues and expenses are recognized when cash is paid or received and only certain accrual-type items such as payables and receivables are recognized at year-end. The difference between the methods is in the timing of when transactions are reported. This timing difference has impacted the presentation of the statements in that various accounts have been added or deleted in order to properly report the transactions.

Moreover, since the 2009 fiscal year, additional information relating to the accounting treatment of tangible capital assets is included in annual reporting, as indicated by the requirements under section PS3150. Pre-2009, the costs to acquire, develop and/or construct capital assets were expensed in the year in which they occur. Going forward, tangible capital assets are capitalized so as to create an inventory of the assets owned and to account for their ability to provide future benefits. The reporting of tangible capital assets required further changes to the format of existing financial statements. From a financial planning perspective, this change is significant for water assets as they can represent a significant portion of the Town's total assets.

The Statement of Cash Flow and the Statement of Change in Net Financial Assets/Debt (which is a new statement as of 2009) are required statements going forward. 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 (see Figure 1-3). 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 (see Figure 1-4).

It should be noted that the Statement of Reserves and Reserve Funds and the Statement of Capital, as used by the public sector pre-2009, have been eliminated by the new reporting format. The balances and transactions that make up these two statements have been transferred to either the Statement of Operations or the Statement of Financial Position depending on the nature of the account.



**Figure 1-1**  
**Statement of Financial Position**

**OLD FORMAT (PRE-2009)****2009 AND FUTURE**

<b><u>Assets</u></b>
Financial Assets
Cash
Accounts Receivable
Investments
Inventory for resale
Other Assets
Total Financial Assets
<b><u>Non-Financial Assets</u></b>
Inventory of Supplies
Prepaid Expenses
Total Non-Financial Assets
<b><u>Liabilities</u></b>
Accounts Payable & Accrued Liabilities
Debt (Principal only)
Other (DC Reserves-Deferred Revenue)
Total Liabilities
<b>NET ASSETS</b>
<b><u>Municipal Position</u></b>
Fund Balances
Current Fund
Capital Fund
Reserves and Reserve Funds
Amounts to be Recovered
From Future Revenues
From Reserves & Reserve Funds
<b>TOTAL MUNICIPAL POSITION</b>

<b><u>Financial Assets</u></b>
Cash
Accounts Receivable
Investments
Inventory for resale
Other Assets
Total Financial Assets
<b><u>Liabilities</u></b>
Accounts Payable & Accrued Liabilities
Debt (Principal only)
Other (DC Reserves-Deferred Revenue)
Total Liabilities
<b>NET FINANCIAL ASSETS/(DEBT)</b>
<b><u>Non-Financial Assets</u></b>
Tangible Capital Assets
Inventory of Supplies
Prepaid Expenses
Total Non-Financial Assets
<b>ACCUMULATED SURPLUS/(DEFICIT)</b>

**Figure 1-2**  
**Statement of Operations**

**OLD FORMAT (PRE-2009)**

<b><u>Revenues</u></b>
Base Charge Revenue
Rate Based Revenue
Transfers from Reserves
Other Revenue
<b>Total Revenues</b>
<b><u>Expenditures</u></b>
Operating Expenses
Capital
<b>Total Expenditures</b>
Net Revenues for the year
Increase (decrease) in amounts to be recovered
<b>Change in fund balances</b>

**2009 AND FUTURE**

<b><u>Revenue</u></b>
Base Charge Revenue
Rate Based Revenue
Earned DC Revenue
Other Revenue
<b>Total Revenue</b>
<b><u>Expenses</u></b>
Operating Expenses
Interest on Debt
Amortization
Other
<b>Total Expenses</b>
<b>Annual Surplus/(Deficit)</b>
<b>Accum. Surplus/(Deficit), beg. of year</b>
<b>Accum. Surplus/(Deficit), end of year</b>

**Figure 1-3**  
**Statement of Change in Net Financial Assets/Debt**

**2009 AND FUTURE**

Annual Surplus/(Deficit)
Less: Acquisition of tangible capital assets
Add: Amortization of tangible capital assets
(Gain)/Loss on disposal of tangible capital assets
Add: Proceeds on sale of tangible capital assets
Add: Write-downs of tangible capital assets
<b>Sub-total</b>
Less: Acquisition of supplies inventory
Less: Acquisition of prepaid expenses
Add: Consumption of supplies inventory
Add: Use of prepaid expenses
<b>Sub-total</b>
<b>(Increase)/Decrease in net financial assets/net debt</b>
<b>Net financial assets/(net debt), beginning of year</b>
<b>Net financial assets/(net debt), end of year</b>

**Figure 1-4**  
**Statement of Cash Flow<sup>1</sup>**

DIRECT METHOD	INDIRECT METHOD
<u><b>Operating Transactions</b></u> Cash received from: Water Operations Less: Cash paid for: Operating expenses Finance charges	<u><b>Operating Transactions</b></u> Annual Surplus/(Deficit) Add: Amortization of Tangible Capital Assets Loss/(Gain) on sale of Tangible Capital Assets Decrease/(Increase) in Accounts Receivable Increase/(Decrease) in Accounts Payable Decrease/(Increase) in Inventories for sale Other items
<b>Cash provided by operating transactions</b>	<b>Cash provided by operating transactions</b>
<u><b>Capital Transactions</b></u> Proceeds on sale of tangible capital assets Less: Cash used to acquire tangible capital assets	<u><b>Capital Transactions</b></u> Proceeds on sale of tangible capital assets Less: Cash used to acquire tangible capital assets
<b>Cash applied to capital transactions</b>	<b>Cash applied to capital transactions</b>
<u><b>Investing Transactions</b></u> Proceeds from investments Less: Cash used to acquire investments	<u><b>Investing Transactions</b></u> Proceeds from investments Less: Cash used to acquire investments
<b>Cash provided by (applied to) investing transactions</b>	<b>Cash provided by (applied to) investing transactions</b>
<u><b>Financing Transactions</b></u> Proceeds from debt issue Less: Debt repayment (Principal only)	<u><b>Financing Transactions</b></u> Proceeds from debt issue Less: Debt repayment (Principal only)
<b>Cash applied to financing transactions</b>	<b>Cash applied to financing transactions</b>
<b>Increase in cash and cash equivalents</b>	<b>Increase in cash and cash equivalents</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>Cash and cash equivalents, beginning of year</b>
<b>Cash and cash equivalents, end of year</b>	<b>Cash and cash equivalents, end of year</b>

<sup>1</sup> The statement of cash flow can be prepared using either the direct or indirect methods. The indirect method derives cash flow by making adjustments to the net surplus/deficit reported on the statement of operations. The direct method calculates cash flow identifying the direct sources and uses of cash.

---

## 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 Ministry of the Environment released a guideline ("Towards Financially Sustainable Drinking-Water and Wastewater Systems") that provides possible approaches to achieving sustainability. The Province's Principles of Financially Sustainable Water and Wastewater 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 and wastewater services should ultimately be used to meet the needs of those services.
- Principle #4: Lifecycle 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 (Bill 72)

Since the passage of the Safe Drinking Water Act, changes and refinements to the legislation have been introduced, including Bill 72. Bill 72 was introduced into legislation on May 18, 2010 and received Royal Assent on November 29, 2010 as the Water Opportunities Act.

The purposes of the Water Opportunities Act are to foster innovative water, wastewater and storm water technologies, services and practices; to create opportunities for economic development and clean-technology jobs; and to conserve and sustain water resources. To achieve this, Bill 72 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 storm water.

The sustainability plan in Bill 72 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.

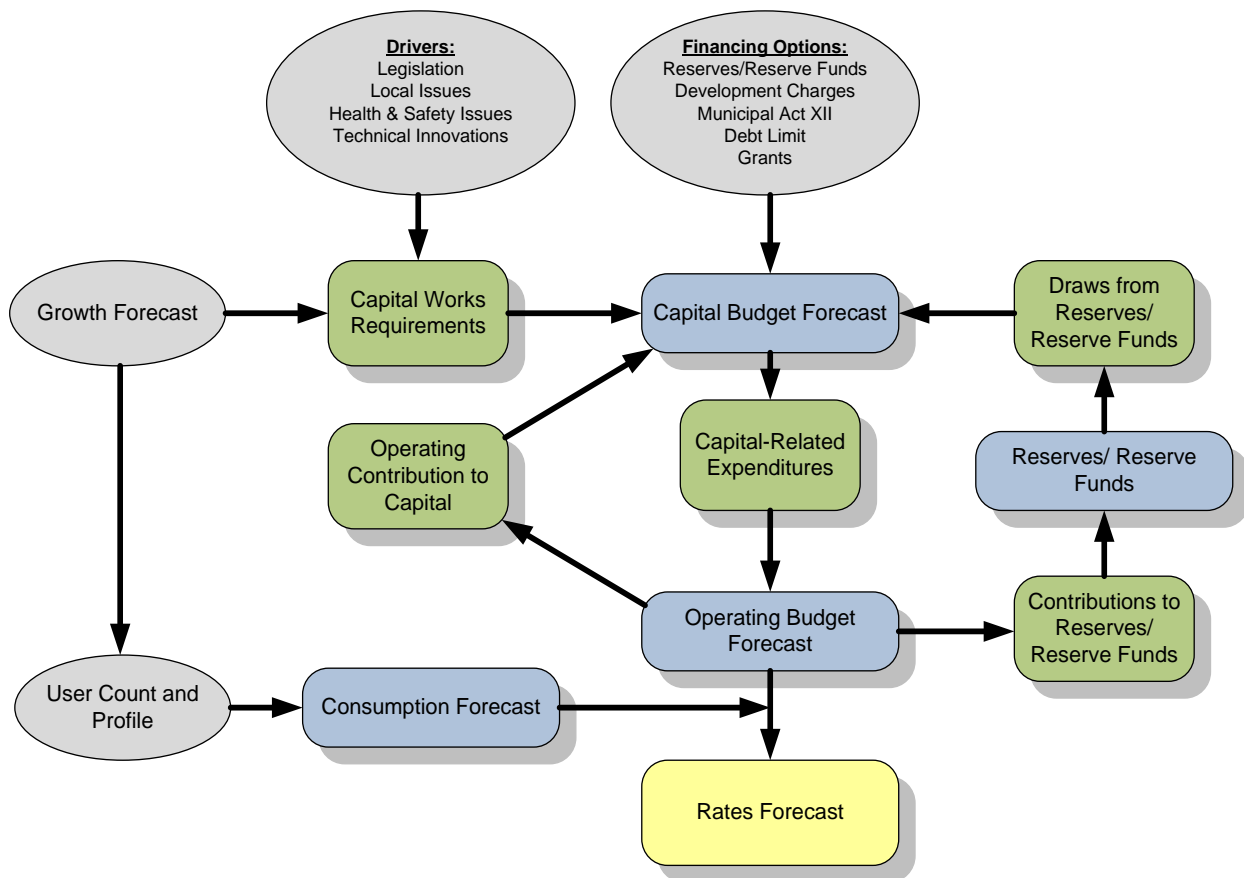
Where a Board has jurisdiction over a service, the plan (and any plan amendments) must be approved by the municipality in which the municipal service is provided, before submission to the Minister. The Minister may also direct preparation of joint or partially joint plans.

Regulations (still forthcoming) will prescribe details with 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 Water and Wastewater Rate Study

As noted above, Watson has already completed extensive financial planning as documented in the 2015 Rate Study conducted on behalf of the Town. The study process was designed to address “full cost” principles and reflect the guiding principles toward sustainable financial planning. Figure 2-1 below summarizes the process.

**Figure 2-1  
Water and Wastewater Rate Calculation Process**



As a result of employing this process, the 2015 Rate Study provides a sound financial plan for the Town’s water system by providing:

- 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 that ensure revenues are equitable and sufficient to meet system needs; and
- A public process that involves ongoing consultation with the main stakeholders including the Town 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.

The details of the financial plan arising from the 2015 Rate Study are contained in Appendix A.



---

## 3. Approach

### 3.1 Overview

The 2015 Rate Study was prepared on a modified cash basis; therefore, a conversion was 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; and
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 within the 2015 Rate Study as well as part of the Town's annual P.S.A.B. 3150 compliance processes. Given the prospective nature of the 2015 Rate Study, 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; and
- Disposals and related gains or losses for each year of the forecast period.

Future water capital needs have also been determined and summarized within the 2015 Rate Study. These estimates, however, 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 cost 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 systems 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***

As per subsection 1.2.5 above, the new Statement of Operations eliminates and/or adds certain transactions that have been reported differently by municipalities since 2009 (see Figure 3-1). A wide range of adjustments will be considered and will depend on the size and complexity of the systems. For example, the revenues and expenses associated with the now obsolete Statement of Capital and Statement of Reserves and Reserve Funds (see subsection 1.2.5) will need to be adjusted for and included within the Statement of Operations. This includes all non-tangible capital asset costs previously included in the capital statement (i.e. expenses related to various studies) while at the same time eliminating all expenditures incurred to acquire tangible capital assets which will now form part of the tangible capital asset balance discussed in subsection 3.2.1. Transfers to and from reserves are no longer explicitly reported on the Statement of Operations. Instead, these transactions are represented by changes in cash and accumulated surplus. Also, debt repayment costs relating to the principal payment portion only need to be removed, as they no longer qualify as an expense for reporting purposes. Principal payments will now be reported as a decrease in debt liability on the Statement of Financial Position. Finally, expenses relating to tangible capital assets, such as amortization, write-offs and (gain)/loss on disposal of assets, will be 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.

**Figure 3-1**  
**Conversion Adjustments**  
**Statement of Operations (Water)**

Modified Cash Basis	Budget 2015	Adjustments		Full Accrual Budget 2015	Accrual Basis
		DR	CR		
<b>Revenues</b>					<b>Revenues</b>
Base Charge Revenue	330,857			330,857	Base Charge Revenue
Rate Based Revenue	1,743,750			1,743,750	Rate Based Revenue
Transfers from Reserves	39,800	39,800			
			1,965	1,965	Earned Development Charges Revenue
Other Revenue	1,000		8,530	9,530	Other Revenue
<b>Total Revenues</b>	<b>2,115,407</b>			<b>2,086,102</b>	<b>Total Revenues</b>
<b>Expenditures</b>					<b>Expenses</b>
Operating	1,536,618			1,536,618	Operating Expenses
Capital					
Transfers to Reserves	578,789		578,789		
		149,079		149,079	Amortization
<b>Total Expenditures</b>	<b>2,115,407</b>			<b>1,685,697</b>	<b>Total Expenses</b>
<b>Net Expenditures</b>	<b>-</b>			<b>400,405</b>	<b>Annual Surplus/(Deficit)</b>
Increase (decrease) in amounts to be recovered	-			9,028,085	Accumulated Surplus/(Deficit), beginning of year
<b>Change in Fund Balances</b>	<b>-</b>	<b>400,405</b>		<b>9,428,490</b>	<b>Accumulated Surplus/(Deficit), end of year</b>

<b>TOTAL ADJUSTMENTS</b>	<b>589,284</b>	<b>589,284</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). 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 and 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, 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 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.

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

Modified Cash Basis	Budget 2015	Adjustments		Full Accrual Budget 2015	Accrual Basis
		DR	CR		
<b><u>ASSETS</u></b>					<b><u>ASSETS</u></b>
<b><u>Financial Assets</u></b>					<b><u>Financial Assets</u></b>
Cash	189,674			189,674	Cash
Accounts Receivable	328,613			328,613	Accounts Receivable
<i>Total Financial Assets</i>	518,287			518,287	<i>Total Financial Assets</i>
<b><u>LIABILITIES</u></b>					<b><u>Liabilities</u></b>
Accounts Payable & Accrued Liabilities	178,601			178,601	Accounts Payable & Accrued Liabilities
Deferred Revenue	46,854			46,854	Deferred Revenue
<i>Total Liabilities</i>	225,455			225,455	<i>Total Liabilities</i>
<b>Net Assets/(Debt)</b>	<b>292,832</b>			<b>292,832</b>	<b>Net Financial Assets/(Debt)</b>
					<b><u>Non-Financial Assets</u></b>
		9,135,658		9,135,658	Tangible Capital Assets
				9,135,658	<b>Total Non-Financial Assets</b>
<b><u>Municipal Position</u></b>					
Water Reserves	292,832	292,832			
Development Charge Reserve Fund	46,854	46,854			
Amounts to be Recovered	(46,854)		46,854		
<b>Total Municipal Position</b>	<b>292,832</b>			<b>9,428,490</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>9,475,344</b>	<b>9,475,344</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 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. It may not be possible, however, 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:

$$\begin{array}{l}
 \text{Ending Reserve/Reserve Fund Balance} \\
 \text{Plus: Ending Accounts Payable Balance} \\
 \text{Less: Ending Accounts Receivable Balance} \\
 \text{Equals: Approximate Ending Cash Balance}
 \end{array}$$

- 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 the 2015 Rate Study.
- 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.

---

## 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 document<sup>1</sup> 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 estimation 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 of 2015, the Town's water system will be in a net financial asset position of approximately \$293,000. From 2016 to 2024, the financial plan forecasts a generally stable net financial asset position with a minimum position of approximately \$72,000 in 2018 and a maximum position of just under \$802,000 by 2024.

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 are imperative to water service delivery;

---

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



- 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; and
- 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 approximately \$3.8 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 remaining relatively constant over the forecast period, increasing slightly from 81% in 2015 to 83% in 2017 and 2018, then improving to 79% by 2024. As a result, annual surplus decreases from just over \$400,000 in 2015 to just over \$392,000 by 2017, then increasing annually thereafter achieving a result of approximately \$604,000 in 2024. 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 \$4.7 million to a 2014 accumulated surplus of approximately \$9.0 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 in 2017, 2018 and 2020, forecasted tangible capital asset acquisitions (net of amortization for the year) exceeds annual surplus resulting in annual decreases in net financial assets for these years. This is a result of more significant capital asset acquisitions forecasted in those years. In each of the other forecast years (i.e. 2015, 2016, 2019 and 2021 to 2024), the forecasted annual surplus exceeds the forecasted tangible capital asset acquisitions (net of amortization for the year) resulting in an increase to net financial assets each year. This reveals the impact of a long-term plan of funding capital through accumulated surplus (i.e. reserves). This is evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions maintaining a value in excess of 1.00 (decreasing from 2.60 in 2015 to 1.15 by 2024).<sup>1</sup>

#### **4.2.4 Statement of Cash Flow (Table 4-4)**

The Statement of Cash Flow summarizes how water system 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 build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Town's water system, although fluctuating, to increase from a balance of just under \$190,000 at the end of 2015 to approximately \$772,000 by 2024. In the years 2017, 2018 and 2020, cash position is forecasted to decrease due to more significant tangible capital asset acquisitions funded by reserves. For further discussions on projected cash balances, please refer to the Notes to the Financial Plan.

---

<sup>1</sup> A desirable ratio is 1:1 or better.

**Table 4-1**  
**Statement of Financial Position: Water Services**  
**UNAUDITED: For Financial Planning Purposes Only**  
**2015-2024**

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Financial Assets</b>											
Cash	1	189,674	516,943	237,855	-	409,545	245,681	428,773	502,845	716,847	771,959
Accounts Receivable	1	328,613	342,963	357,910	373,492	388,082	403,226	418,849	431,236	443,971	457,057
<b>Total Financial Assets</b>		<b>518,287</b>	<b>859,906</b>	<b>595,765</b>	<b>373,492</b>	<b>797,627</b>	<b>648,907</b>	<b>847,622</b>	<b>934,081</b>	<b>1,160,818</b>	<b>1,229,016</b>
<b>Liabilities</b>											
Bank Indebtedness	1	-	-	-	7,887	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	178,601	188,682	199,790	207,852	214,166	220,568	227,023	233,517	240,026	242,106
Deferred Revenue	3	46,854	60,436	70,591	85,555	100,392	116,770	132,590	149,305	166,775	185,024
<b>Total Liabilities</b>		<b>225,455</b>	<b>249,118</b>	<b>270,381</b>	<b>301,294</b>	<b>314,558</b>	<b>337,338</b>	<b>359,613</b>	<b>382,822</b>	<b>406,801</b>	<b>427,130</b>
<b>Net Financial Assets/(Debt)</b>		<b>292,832</b>	<b>610,788</b>	<b>325,384</b>	<b>72,198</b>	<b>483,069</b>	<b>311,569</b>	<b>488,009</b>	<b>551,259</b>	<b>754,017</b>	<b>801,886</b>
<b>Non-Financial Assets</b>											
Tangible Capital Assets	4	9,135,658	9,223,438	9,900,990	10,551,912	10,581,325	11,219,947	11,550,234	12,010,062	12,352,971	12,908,651
<b>Total Non-Financial Assets</b>		<b>9,135,658</b>	<b>9,223,438</b>	<b>9,900,990</b>	<b>10,551,912</b>	<b>10,581,325</b>	<b>11,219,947</b>	<b>11,550,234</b>	<b>12,010,062</b>	<b>12,352,971</b>	<b>12,908,651</b>
<b>Accumulated Surplus/(Deficit)</b>	5	<b>9,428,490</b>	<b>9,834,226</b>	<b>10,226,374</b>	<b>10,624,110</b>	<b>11,064,394</b>	<b>11,531,516</b>	<b>12,038,243</b>	<b>12,561,321</b>	<b>13,106,988</b>	<b>13,710,537</b>
<b>Financial Indicators</b>											
	<b>Total Change</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
1) Increase/(Decrease) in Net Financial Assets	847,238	338,184	317,956	(285,404)	(253,186)	410,871	(171,500)	176,440	63,250	202,758	47,869
2) Increase/(Decrease) in Tangible Capital Assets	3,835,214	62,221	87,780	677,552	650,922	29,413	638,622	330,287	459,828	342,909	555,680
3) Increase/(Decrease) in Accumulated Surplus	4,682,452	400,405	405,736	392,148	397,736	440,284	467,122	506,727	523,078	545,667	603,549

**Table 4-2**  
**Statement of Operations: Water Services**  
**UNAUDITED: For Financial Planning Purposes Only**  
**2015-2024**

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Water Revenue</b>											
Base Charge Revenue		330,857	339,627	348,615	357,827	367,267	376,943	386,745	396,673	406,844	417,262
Rate Based Revenue		1,743,750	1,825,576	1,910,948	2,000,110	2,082,779	2,168,710	2,257,539	2,325,816	2,396,044	2,468,239
Earned Development Charges and Gas Tax Revenue	3	1,965	312	4,273	153	964	158	161	-	-	-
Other Revenue	6	9,530	18,790	10,476	3,103	15,068	10,076	15,214	17,056	22,961	24,356
<b>Total Revenues</b>		<b>2,086,102</b>	<b>2,184,305</b>	<b>2,274,312</b>	<b>2,361,193</b>	<b>2,466,078</b>	<b>2,555,887</b>	<b>2,659,659</b>	<b>2,739,545</b>	<b>2,825,849</b>	<b>2,909,857</b>
<b>Water Expenses</b>											
Operating Expenses	Sch. 4-1	1,536,618	1,623,349	1,718,916	1,788,279	1,842,607	1,897,687	1,953,219	2,009,095	2,065,091	2,082,988
Amortization	4	149,079	155,220	163,248	175,178	183,187	191,078	199,713	207,372	215,091	223,320
<b>Total Expenses</b>		<b>1,685,697</b>	<b>1,778,569</b>	<b>1,882,164</b>	<b>1,963,457</b>	<b>2,025,794</b>	<b>2,088,765</b>	<b>2,152,932</b>	<b>2,216,467</b>	<b>2,280,182</b>	<b>2,306,308</b>
<b>Annual Surplus/(Deficit)</b>		<b>400,405</b>	<b>405,736</b>	<b>392,148</b>	<b>397,736</b>	<b>440,284</b>	<b>467,122</b>	<b>506,727</b>	<b>523,078</b>	<b>545,667</b>	<b>603,549</b>
Accumulated Surplus/(Deficit), beginning of year	5	9,028,085	9,428,490	9,834,226	10,226,374	10,624,110	11,064,394	11,531,516	12,038,243	12,561,321	13,106,988
Accumulated Surplus/(Deficit), end of year		9,428,490	9,834,226	10,226,374	10,624,110	11,064,394	11,531,516	12,038,243	12,561,321	13,106,988	13,710,537
<b>Note 5:</b>											
<b>Accumulated Surplus/(Deficit) Reconciliation:</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Reserve Balances</b>											
Reserves: Development Charges		46,854	60,436	70,591	85,555	100,392	116,770	132,590	149,305	166,775	185,024
Reserves: Capital/Other		292,832	610,788	325,384	72,198	483,069	311,569	488,009	551,259	754,017	801,886
<b>Total Reserves Balance</b>		<b>339,686</b>	<b>671,224</b>	<b>395,975</b>	<b>157,753</b>	<b>583,461</b>	<b>428,339</b>	<b>620,599</b>	<b>700,564</b>	<b>920,792</b>	<b>986,910</b>
Less: Debt Obligations and Deferred Revenue		(46,854)	(60,436)	(70,591)	(85,555)	(100,392)	(116,770)	(132,590)	(149,305)	(166,775)	(185,024)
Add: Tangible Capital Assets	4	9,135,658	9,223,438	9,900,990	10,551,912	10,581,325	11,219,947	11,550,234	12,010,062	12,352,971	12,908,651
<b>Total Ending Balance</b>		<b>9,428,490</b>	<b>9,834,226</b>	<b>10,226,374</b>	<b>10,624,110</b>	<b>11,064,394</b>	<b>11,531,516</b>	<b>12,038,243</b>	<b>12,561,321</b>	<b>13,106,988</b>	<b>13,710,537</b>
<b>Financial Indicators</b>											
	<b>Total Change</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
1) Expense to Revenue Ratio		81%	81%	83%	83%	82%	82%	81%	81%	81%	79%
2) Increase/(Decrease) in Accumulated Surplus	4,682,452	400,405	405,736	392,148	397,736	440,284	467,122	506,727	523,078	545,667	603,549

**Schedule 4-1**  
**Statement of Operating Expenses: Water Services**  
**UNAUDITED: For Financial Planning Purposes Only**  
**2015-2024**

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Operating Expenses</b>											
Salaries & Benefits		271,800	277,200	282,700	288,400	294,200	300,100	306,100	312,200	318,400	324,800
Association Fees		300	300	300	300	300	300	300	300	300	300
Travel Expenses		200	200	200	200	200	200	200	200	200	200
Tuition Fees, Workshops, Training		10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800	12,000
Stationary, Office Supplies & P		400	400	400	400	400	400	400	400	400	400
Reference Material		500	500	500	500	500	500	500	500	500	500
Advertising		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Telephone		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Cell Phone		700	700	700	700	700	700	700	700	700	700
Computer Hardware & Software		1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Protective Clothing		400	400	400	400	400	400	400	400	400	400
Legal Fees & Expenses		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Engineering		4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000
Consultants		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Gas or Diesel		2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
Vehicles Repairs & Maintenance		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Equipment & Tool Purchases		20,400	20,800	21,200	21,600	22,000	22,400	22,800	23,300	23,800	24,300
Janitorial Supplies		100	100	100	100	100	100	100	100	100	100
Repairs, Alterations, Services		25,500	26,000	26,500	27,000	27,500	28,100	28,700	29,300	29,900	30,500
Meter Services/Repair		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Hydro Costs		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Water Costs		200	200	200	200	200	200	200	200	200	200
Gas/Oil Costs		700	700	700	700	700	700	700	700	700	700
Property Insurance		6,300	6,400	6,500	6,600	6,700	6,800	6,900	7,000	7,100	7,200
Water Testing		10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800	12,000
Water Purchase - Primary/Secondary		1,011,418	1,087,949	1,173,216	1,231,979	1,275,607	1,319,587	1,363,919	1,408,295	1,452,691	1,458,688
Discretionary from Operating		39,800	40,600	41,400	42,200	43,000	43,900	44,800	45,700	46,600	47,500
Erie Thames - Water Billing		114,200	116,500	118,800	121,200	123,600	126,100	128,600	131,200	133,800	136,500
Equipment Rental & Leases		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Lease - Trillium Railway		3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000
Non TCA - Expenses from Capital Budget	7	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>		<b>1,536,618</b>	<b>1,623,349</b>	<b>1,718,916</b>	<b>1,788,279</b>	<b>1,842,607</b>	<b>1,897,687</b>	<b>1,953,219</b>	<b>2,009,095</b>	<b>2,065,091</b>	<b>2,082,988</b>

**Table 4-3**  
**Statement of Changes in Net Financial Assets/Debt: Water Services**  
**UNAUDITED: For Financial Planning Purposes Only**  
**2015-2024**

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Annual Surplus/(Deficit)		400,405	405,736	392,148	397,736	440,284	467,122	506,727	523,078	545,667	603,549
Less: Acquisition of Tangible Capital Assets	4	(211,300)	(243,000)	(840,800)	(826,100)	(212,600)	(829,700)	(530,000)	(667,200)	(558,000)	(779,000)
Add: Amortization of Tangible Capital Assets	4	149,079	155,220	163,248	175,178	183,187	191,078	199,713	207,372	215,091	223,320
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		(62,221)	(87,780)	(677,552)	(650,922)	(29,413)	(638,622)	(330,287)	(459,828)	(342,909)	(555,680)
Increase/(Decrease) in Net Financial Assets/(Net Debt)		338,184	317,956	(285,404)	(253,186)	410,871	(171,500)	176,440	63,250	202,758	47,869
Net Financial Assets/(Net Debt), beginning of year		(45,352)	292,832	610,788	325,384	72,198	483,069	311,569	488,009	551,259	754,017
<b>Net Financial Assets/(Net Debt), end of year</b>		<b>292,832</b>	<b>610,788</b>	<b>325,384</b>	<b>72,198</b>	<b>483,069</b>	<b>311,569</b>	<b>488,009</b>	<b>551,259</b>	<b>754,017</b>	<b>801,886</b>
<b>Financial Indicators</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
1) Acquisition of Tangible Capital Assets (Cumulative)		211,300	454,300	1,295,100	2,121,200	2,333,800	3,163,500	3,693,500	4,360,700	4,918,700	5,697,700
2) Annual Surplus/Deficit before Amortization (Cumulative)		549,484	1,110,440	1,665,836	2,238,750	2,862,221	3,520,421	4,226,861	4,957,311	5,718,069	6,544,938
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		2.60	2.44	1.29	1.06	1.23	1.11	1.14	1.14	1.16	1.15

**Table 4-4**  
**Statement of Cash Flow – Indirect Method: Water Services**  
**UNAUDITED: For Financial Planning Purposes Only**  
**2015-2024**

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Operating Transactions</b>											
Annual Surplus/Deficit		400,405	405,736	392,148	397,736	440,284	467,122	506,727	523,078	545,667	603,549
Add: Amortization of TCA's	4	149,079	155,220	163,248	175,178	183,187	191,078	199,713	207,372	215,091	223,320
Less: Earned Deferred Revenue	3	(1,965)	(312)	(4,273)	(153)	(964)	(158)	(161)	-	-	-
Add: Deferred Revenue Proceeds		13,260	13,894	14,428	15,116	15,800	16,537	15,981	16,715	17,470	18,249
Change in A/R (Increase)/Decrease		(12,987)	(14,350)	(14,947)	(15,581)	(14,589)	(15,145)	(15,623)	(12,387)	(12,735)	(13,086)
Change in A/P Increase/(Decrease)		(412)	10,081	11,108	8,062	6,314	6,402	6,455	6,494	6,509	2,080
Less: Interest Proceeds		(8,529)	(17,790)	(9,477)	(2,103)	(14,070)	(9,075)	(14,214)	(16,056)	(21,962)	(23,356)
Cash Provided by Operating Transactions		538,851	552,479	552,235	578,255	615,962	656,761	698,878	725,216	750,040	810,756
<b>Capital Transactions</b>											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(211,300)	(243,000)	(840,800)	(826,100)	(212,600)	(829,700)	(530,000)	(667,200)	(558,000)	(779,000)
Cash Applied to Capital Transactions		(211,300)	(243,000)	(840,800)	(826,100)	(212,600)	(829,700)	(530,000)	(667,200)	(558,000)	(779,000)
<b>Investing Transactions</b>											
Proceeds from Investments		8,529	17,790	9,477	2,103	14,070	9,075	14,214	16,056	21,962	23,356
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		8,529	17,790	9,477	2,103	14,070	9,075	14,214	16,056	21,962	23,356
<b>Financing Transactions</b>											
Proceeds from Debt Issue	2	-	-	-	-	-	-	-	-	-	-
Add: Long-term Accounts Receivable Proceeds (recovery of debt)	2	-	-	-	-	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	-	-	-	-	-	-	-	-	-	-
Cash Applied to Financing Transactions		-	-	-	-	-	-	-	-	-	-
Increase in Cash and Cash Equivalents		336,080	327,269	(279,088)	(245,742)	417,432	(163,864)	183,092	74,072	214,002	55,112
Cash and Cash Equivalents, beginning of year	1	(146,406)	189,674	516,943	237,855	(7,887)	409,545	245,681	428,773	502,845	716,847
<b>Cash and Cash Equivalents, end of year</b>	<b>1</b>	<b>189,674</b>	<b>516,943</b>	<b>237,855</b>	<b>(7,887)</b>	<b>409,545</b>	<b>245,681</b>	<b>428,773</b>	<b>502,845</b>	<b>716,847</b>	<b>771,959</b>

---

## 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. The financial plan, however, 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); and
- 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; and
- 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 of Aylmer, 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 Town-wide receivables as a percentage of annual revenues, applied to projected water revenues (source: prior years' audited financial statements);
- b) Payables: Based on historical levels of Town-wide payables as a percentage of annual expenses incurred, applied to projected water expenses (source: prior years' audited financial statements).

2. Debt

The Town has no outstanding water related debt at the end of 2014. No debt proceeds are anticipated during the projection period.

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 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. Infrastructure;

- ii. Vehicles and equipment;
  - iii. Land; and
  - iv. Facilities.
- 2015 opening balances are reported in accordance with the 2014 Financial Information Return Schedule 51A closing tangible capital asset balances for water. Tangible capital assets for the Aylmer Area Secondary Board have been excluded from this report.
  - Amortization is calculated based on the straight-line approach.
  - For the purposes of calculating amortization, 2014 Construction in Progress is assumed to be brought into service in 2015.
  - Given the planned asset replacement forecast in the 2015 Rate Study, useful life on acquisitions is assumed to be equal to typical values assigned by the Town for each 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 disposals 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 subsection 3.2.1, are shown as Developer Contributions, a revenue, on the Statement of Operations in the year of contribution, if applicable.
  - The Town is unaware of any specific lead service piping in the Town water system.

The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Tangible Capital Asset Balance	12,543,229	12,753,414	12,991,436	13,830,469	14,610,172	14,782,551	15,576,286	16,081,453	16,718,536	17,249,358
Acquisitions	211,300	243,000	840,800	826,100	212,600	829,700	530,000	667,200	558,000	779,000
Disposals	1,115	4,978	1,767	46,397	40,221	35,965	24,833	30,117	27,178	35,523
<b>Closing Tangible Capital Asset Balance</b>	<b>12,753,414</b>	<b>12,991,436</b>	<b>13,830,469</b>	<b>14,610,172</b>	<b>14,782,551</b>	<b>15,576,286</b>	<b>16,081,453</b>	<b>16,718,536</b>	<b>17,249,358</b>	<b>17,992,835</b>
Opening Accumulated Amortization	3,469,792	3,617,756	3,767,998	3,929,479	4,058,260	4,201,226	4,356,339	4,531,219	4,708,474	4,896,387
Amortization Expense	149,079	155,220	163,248	175,178	183,187	191,078	199,713	207,372	215,091	223,320
Amortization on Disposal	1,115	4,978	1,767	46,397	40,221	35,965	24,833	30,117	27,178	35,523
<b>Ending Accumulated Amortization</b>	<b>3,617,756</b>	<b>3,767,998</b>	<b>3,929,479</b>	<b>4,058,260</b>	<b>4,201,226</b>	<b>4,356,339</b>	<b>4,531,219</b>	<b>4,708,474</b>	<b>4,896,387</b>	<b>5,084,184</b>
<b>Net Book Value</b>	<b>9,135,658</b>	<b>9,223,438</b>	<b>9,900,990</b>	<b>10,551,912</b>	<b>10,581,325</b>	<b>11,219,947</b>	<b>11,550,234</b>	<b>12,010,062</b>	<b>12,352,971</b>	<b>12,908,651</b>

## 5. Accumulated Surplus

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

Water	2015 Opening Accumulated Surplus
<b>Reserve Balances</b>	
Reserves: Development Charges	35,558
Reserves: Capital/Other	(45,352)
<b>Total Reserves Balance</b>	<b>(9,794)</b>
Less: Debt Obligations and Deferred Revenue	(35,558)
Add: Tangible Capital Assets	9,073,437
<b>Total Opening Balance</b>	<b>9,028,085</b>

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

## 6. Other Revenue

Other revenue includes time and materials charged out, interest and other non-operational 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.

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

As mentioned in Section 1.2, the requirement to prepare the financial plan is provided in Section 32 (5) 2 ii of the S.D.W.A. Proof of the preparation of a financial plan is one of the submission requirements for municipal drinking water licensing and, upon completion, must be submitted to the Ministry of the Environment. As part of O.Reg. 453/07, the process established for plan approval, public circulation and filing is set out as follows:

1. The financial plan must be approved by resolution 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 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 Ministry of the Environment 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)

## 6. Recommendations

This report presents the water financial plan for the Town of Aylmer 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 2015 Rate Study. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The Town of Aylmer Water Financial Plan prepared by Watson & Associates Economists Ltd. dated January 22, 2016 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 Financial Plan and the Council Resolution approving the Financial Plan be submitted to the Ministry of the Environment, satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. Section 32 (5) 2 ii)).

## **Appendix A – 2015 Water and Wastewater Rate Study – Water Summary Tables**

**Table A-1**  
**Town of Aylmer**  
**Water Service**  
**Capital Budget Forecast**  
 Inflated \$

Description	Total	Budget 2014	Forecast									
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Capital Expenditures</b>												
John St. Watermain Replacement Project Mill Funded	2,425,000	2,425,000	-	-	-	-	-	-	-	-	-	-
Water St. Project	160,100	-	-	160,100	-	-	-	-	-	-	-	-
Talbot St W. Project	595,300	-	-	-	595,300	-	-	-	-	-	-	-
Cedar St. Project	268,300	-	-	-	-	-	268,300	-	-	-	-	-
Victoria St. North Project	155,100	-	-	-	-	-	-	-	155,100	-	-	-
Victoria St. South Project	184,000	-	-	-	-	-	-	-	-	-	-	184,000
Roof Replacement - Water Tower Building	15,000	15,000	-	-	-	-	-	-	-	-	-	-
Purchase/Installation Smart Meters	260,000	130,000	130,000	-	-	-	-	-	-	-	-	-
Install By-Pass at Dingle St Meter Chamber	15,000	-	15,000	-	-	-	-	-	-	-	-	-
Install By-Pass at Talbot St.E. Meter Chamber	15,300	-	-	15,300	-	-	-	-	-	-	-	-
Recoat & Paint Water Tower (Standpipe)	130,100	-	-	130,100	-	-	-	-	-	-	-	-
Booster Pumping System Upgrades	53,100	-	-	-	53,100	-	-	-	-	-	-	-
Public Works and Water - Replace Video Camera	19,500	-	-	-	-	19,500	-	-	-	-	-	-
<b>Discretionary Expenditures:</b>												
Valve Servicing Program 70 Valves/Year (350 Total)	30,200	10,000	10,000	10,200	-	-	-	-	-	-	-	-
Hydrant Conversion (2 Hydrants/Year)	42,100	5,000	5,000	5,100	5,200	5,300	5,400	5,500	5,600	-	-	-
Other Discretionary Capital	718,006	51,306	51,300	52,300	63,600	64,900	66,200	67,500	68,900	75,800	77,300	78,900
<b>Studies:</b>												
Water/Wastewater Rate Study Review	6,000	6,000	-	-	-	-	-	-	-	-	-	-
Engineering Report - Water Tower Booster Pumping Station	5,000	5,000	-	-	-	-	-	-	-	-	-	-
<b>Lifecycle (Asset Management Plan):</b>												
Water Mains	2,308,700	-	-	-	604,000	-	-	324,300	329,000	307,300	349,100	395,000
Buildings	64,400	-	-	-	2,500	-	11,900	12,100	12,400	12,600	12,900	-
Vehicles	35,400	-	-	-	35,400	-	-	-	-	-	-	-
Machinery/Equipment/Furniture	40,200	-	-	-	-	-	-	40,200	-	-	-	-
<b>Level of Service Adjustments:</b>												
Rehabilitation and Renewal Works	799,200	-	-	-	-	107,500	109,600	111,800	114,100	116,400	118,700	121,100
<b>Total Capital Expenditures</b>	<b>8,345,006</b>	<b>2,647,306</b>	<b>211,300</b>	<b>243,000</b>	<b>840,800</b>	<b>826,100</b>	<b>212,600</b>	<b>829,700</b>	<b>530,000</b>	<b>667,200</b>	<b>558,000</b>	<b>779,000</b>
<b>Capital Financing</b>												
Provincial/Federal Grants	1,545,000	1,545,000	-	-	-	-	-	-	-	-	-	-
Development Charges Reserve Fund	61,895	53,909	1,965	312	4,273	153	964	158	161	-	-	-
Water Capital Reserve	5,949,505	982,396	143,341	175,400	767,876	755,900	140,192	756,700	455,500	591,400	480,700	700,100
Water Reserve - Discretionary	788,605	66,000	65,994	67,288	68,650	70,047	71,445	72,842	74,339	75,800	77,300	78,900
<b>Total Capital Financing</b>	<b>8,345,006</b>	<b>2,647,306</b>	<b>211,300</b>	<b>243,000</b>	<b>840,800</b>	<b>826,100</b>	<b>212,600</b>	<b>829,700</b>	<b>530,000</b>	<b>667,200</b>	<b>558,000</b>	<b>779,000</b>

**Table A-2**  
**Town of Aylmer**  
**Water Service**  
**Debenture Repayments**  
 Inflated \$

Debenture Repayments	Year	Principal (Inflated)	Budget 2014	Forecast									
				2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	2015	-			-	-	-	-	-	-	-	-	-
	2016	-				-	-	-	-	-	-	-	-
	2017	-					-	-	-	-	-	-	-
	2018	-						-	-	-	-	-	-
	2019	-							-	-	-	-	-
	2020	-								-	-	-	-
	2021	-									-	-	-
	2022	-										-	-
	2023	-											-
	2024	-											-
<b>Total Annual Debt Charges</b>		-	-	-	-	-	-	-	-	-	-	-	-

**Table A-3**  
**Town of Aylmer**  
**Water Service**  
**Water Reserves/ Reserve Funds Continuity**  
 Inflated \$

Water Development Charges	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	77,813	35,558	46,853	60,436	70,591	85,554	100,391	116,769	132,589	149,303	166,774
Development Charge Proceeds	11,654	11,895	12,134	12,372	12,624	12,876	13,136	12,119	12,366	12,613	12,860
Transfer to Capital	53,909	1,965	312	4,273	153	964	158	161	-	-	-
Transfer to Operating		-	-	-	-	-	-	-	-	-	-
Closing Balance	35,558	45,489	58,675	68,535	83,062	97,467	113,368	128,727	144,955	161,917	179,634
Interest		1,365	1,760	2,056	2,492	2,924	3,401	3,862	4,349	4,857	5,389
Required from Development Charges	53,909	1,965	312	4,273	153	964	158	161	-	-	-

Water Discretionary Operating	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	433	51,274	46,844	40,125	30,976	19,291	30,742	40,170	47,412	52,439	55,146
Transfer from Operating	155,841	100,000	100,000	100,000	100,000	125,000	125,000	125,000	125,000	125,000	125,000
Transfer to Capital	66,000	65,994	67,288	68,650	70,047	71,445	72,842	74,339	75,800	77,300	78,900
Transfer to Operating	39,000	39,800	40,600	41,400	42,200	43,000	43,900	44,800	45,700	46,600	47,500
Closing Balance	51,274	45,480	38,956	30,074	18,729	29,846	39,000	46,031	50,912	53,539	53,746
Interest		1,364	1,169	902	562	895	1,170	1,381	1,527	1,606	1,612

Water Capital	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	549,163	(96,626)	245,987	570,663	294,408	52,906	452,328	271,399	440,597	498,820	698,871
Transfer from Operating	336,607	478,789	483,454	483,046	512,858	526,439	567,866	611,865	635,094	660,396	726,014
Transfer to Capital	982,396	143,341	175,400	767,876	755,900	140,192	756,700	455,500	591,400	480,700	700,100
Transfer to Operating		-	-	-	-	-	-	-	-	-	-
Closing Balance	(96,626)	238,823	554,041	285,833	51,365	439,154	263,494	427,764	484,291	678,515	724,785
Interest		7,165	16,621	8,575	1,541	13,175	7,905	12,833	14,529	20,355	21,744



**Table A-4**  
**Town of Aylmer**  
**Water Services**  
**Operating Budget Forecast**  
 Inflated \$

Description	Budget	Forecast									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>EXPENDITURES</b>											
<b>Operating Costs</b>											
Salaries & Benefits	266,509	271,800	277,200	282,700	288,400	294,200	300,100	306,100	312,200	318,400	324,800
Association Fees	250	300	300	300	300	300	300	300	300	300	300
Travel Expenses	200	200	200	200	200	200	200	200	200	200	200
Tuition Fees, Workshops, Training	10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800	12,000
Stationary, Office Supplies & P	400	400	400	400	400	400	400	400	400	400	400
Reference Material	500	500	500	500	500	500	500	500	500	500	500
Advertising	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Telephone	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Cell Phone	700	700	700	700	700	700	700	700	700	700	700
Computer Hardware & Software	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Protective Clothing	400	400	400	400	400	400	400	400	400	400	400
Legal Fees & Expenses	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Engineering	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000
Consultants	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Gas or Diesel	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
Vehicles Repairs & Maintenance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Equipment & Tool Purchases	20,000	20,400	20,800	21,200	21,600	22,000	22,400	22,800	23,300	23,800	24,300
Janitorial Supplies	100	100	100	100	100	100	100	100	100	100	100
Repairs, Alterations, Services	25,000	25,500	26,000	26,500	27,000	27,500	28,100	28,700	29,300	29,900	30,500
Meter Services/Repair	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Hydro Costs	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Water Costs	200	200	200	200	200	200	200	200	200	200	200
Gas/Oil Costs	700	700	700	700	700	700	700	700	700	700	700
Property Insurance	6,200	6,300	6,400	6,500	6,600	6,700	6,800	6,900	7,000	7,100	7,200
Water Testing	10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800	12,000
Water Purchase - Primary/Secondary	1,025,000	1,011,418	1,087,949	1,173,216	1,231,979	1,275,607	1,319,587	1,363,919	1,408,295	1,452,691	1,458,688
Discretionary from Operating	39,000	39,800	40,600	41,400	42,200	43,000	43,900	44,800	45,700	46,600	47,500
<b>Contracted Services</b>											
Erie Thames - Water Billing	112,000	114,200	116,500	118,800	121,200	123,600	126,100	128,600	131,200	133,800	136,500
<b>Rents &amp; Financial Services</b>											
Equipment Rental & Leases	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Lease - Trillium Railway	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000
<b>Sub Total Operating</b>	<b>1,540,159</b>	<b>1,536,618</b>	<b>1,623,349</b>	<b>1,718,916</b>	<b>1,788,279</b>	<b>1,842,607</b>	<b>1,897,687</b>	<b>1,953,219</b>	<b>2,009,095</b>	<b>2,065,091</b>	<b>2,082,988</b>
<b>Transfers</b>											
Transfer to Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Reserve - Discretionary Operating	155,841	100,000	100,000	100,000	100,000	125,000	125,000	125,000	125,000	125,000	125,000
Transfer to Reserve - Water Capital	336,607	478,789	483,454	483,046	512,858	526,439	567,866	611,865	635,094	660,396	726,014
<b>Sub Total Capital Related</b>	<b>492,448</b>	<b>578,789</b>	<b>583,454</b>	<b>583,046</b>	<b>612,858</b>	<b>651,439</b>	<b>692,866</b>	<b>736,865</b>	<b>760,094</b>	<b>785,396</b>	<b>851,014</b>
<b>Total Expenditures</b>	<b>2,032,607</b>	<b>2,115,407</b>	<b>2,206,803</b>	<b>2,301,963</b>	<b>2,401,136</b>	<b>2,494,046</b>	<b>2,590,553</b>	<b>2,690,084</b>	<b>2,769,189</b>	<b>2,850,487</b>	<b>2,934,001</b>
<b>Revenues</b>											
Base Charge	323,286	330,857	339,627	348,615	357,827	367,267	376,943	386,745	396,673	406,844	417,262
Time & Material Charged Out	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Contributions from Reserves / Reserve Funds	39,000	39,800	40,600	41,400	42,200	43,000	43,900	44,800	45,700	46,600	47,500
<b>Total Operating Revenue</b>	<b>363,286</b>	<b>371,657</b>	<b>381,227</b>	<b>391,015</b>	<b>401,027</b>	<b>411,267</b>	<b>421,843</b>	<b>432,545</b>	<b>443,373</b>	<b>454,444</b>	<b>465,762</b>
Water Billing	1,669,321	1,743,750	1,825,576	1,910,948	2,000,110	2,082,779	2,168,710	2,257,539	2,325,816	2,396,044	2,468,239
<b>Total Revenue</b>	<b>2,032,607</b>	<b>2,115,407</b>	<b>2,206,803</b>	<b>2,301,963</b>	<b>2,401,136</b>	<b>2,494,046</b>	<b>2,590,553</b>	<b>2,690,084</b>	<b>2,769,189</b>	<b>2,850,487</b>	<b>2,934,001</b>