

**Township of
Guelph/Eramosa**

**Water and Wastewater
Ontario Regulation 453/07
Financial Plans**

Financial Plan #104-301A

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 **Planning for growth**

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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 Township of Guelph/Eramosa (the Township) to prepare water and wastewater financial plans 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 Township's water and wastewater systems has already been completed and documented by Watson within the "2015 Township of Guelph/Eramosa 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 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 and wastewater assets as they can represent a significant portion of the Township'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**

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

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

Figure 1-2
Statement of Operations

OLD FORMAT (PRE-2009)

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

2009 AND FUTURE

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

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
Sub-total
Less: Acquisition of supplies inventory
Less: Acquisition of prepaid expenses
Add: Consumption of supplies inventory
Add: Use of prepaid expenses
Sub-total
(Increase)/Decrease in net financial assets/net debt
Net financial assets/(net debt), beginning of year
Net financial assets/(net debt), end of year

Figure 1-4
Statement of Cash Flow¹

DIRECT METHOD	INDIRECT METHOD
<p><u>Operating Transactions</u> Cash received from: Water Operations Less: Cash paid for: Operating expenses Finance charges</p> <hr/> <p>Cash provided by operating transactions</p>	<p><u>Operating Transactions</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</p> <hr/> <p>Cash provided by operating transactions</p>
<p><u>Capital Transactions</u> Proceeds on sale of tangible capital assets Less: Cash used to acquire tangible capital assets</p> <hr/> <p>Cash applied to capital transactions</p>	<p><u>Capital Transactions</u> Proceeds on sale of tangible capital assets Less: Cash used to acquire tangible capital assets</p> <hr/> <p>Cash applied to capital transactions</p>
<p><u>Investing Transactions</u> Proceeds from investments Less: Cash used to acquire investments</p> <hr/> <p>Cash provided by (applied to) investing transactions</p>	<p><u>Investing Transactions</u> Proceeds from investments Less: Cash used to acquire investments</p> <hr/> <p>Cash provided by (applied to) investing transactions</p>
<p><u>Financing Transactions</u> Proceeds from debt issue Less: Debt repayment (Principal only)</p> <hr/> <p>Cash applied to financing transactions</p>	<p><u>Financing Transactions</u> Proceeds from debt issue Less: Debt repayment (Principal only)</p> <hr/> <p>Cash applied to financing transactions</p>
<p>Increase in cash and cash equivalents</p> <hr/> <p>Cash and cash equivalents, beginning of year</p> <hr/> <p>Cash and cash equivalents, end of year</p>	<p>Increase in cash and cash equivalents</p> <hr/> <p>Cash and cash equivalents, beginning of year</p> <hr/> <p>Cash and cash equivalents, end of year</p>

¹ 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 stormwater.

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.

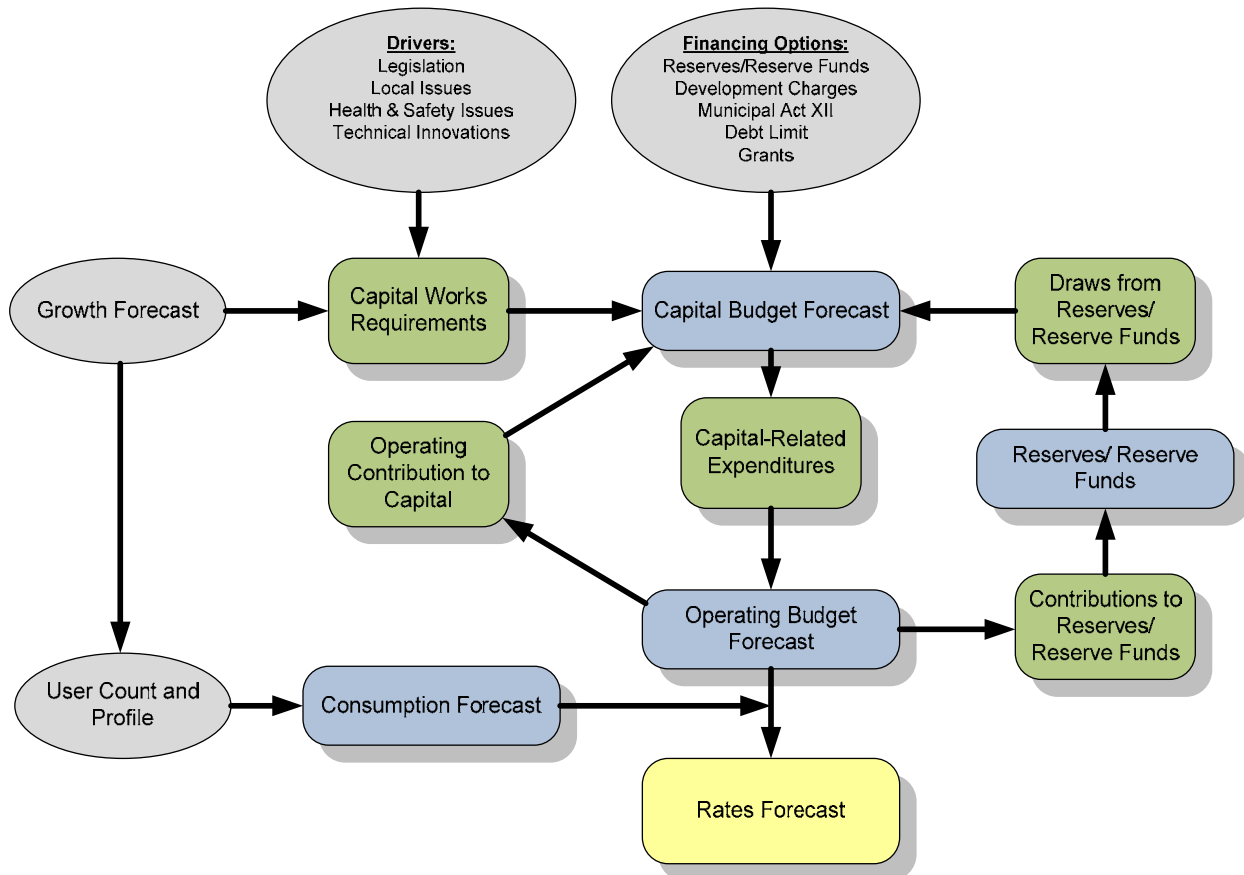
Where a Board has jurisdiction over a service, the plan (and any plan amendments) must be approved by the municipality in which the municipal service is provided, before submission to the Minister. The Minister may also direct preparation of joint or partially joint plans.

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 Township. 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 Township’s water and wastewater 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 Township 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 has been 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. It is noted that the financial plan has been prepared for both water and wastewater; however, the focus of the remaining chapters will be on water only. The complete financial plan for wastewater is provided in Appendix B.

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 Township'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 Township anticipates purchasing or constructing without consideration for assets that are contributed by developers and other parties (at no cost or partial cost to the Township). These contributed assets could form a significant part of the infrastructure going forward in terms of the sustainability of the system as a whole and despite their non-monetary nature; the financial plan may need to be adjusted in order to properly account for these transactions. Once the sequence and total asset acquisition has been determined for the forecast period, annual amortization of these assets for each year is calculated in a similar manner as that used for existing assets.

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

3.2.2 Convert Statement of Operations

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 system. 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		
Revenues					Revenues
Base Charge Revenue	93,946			93,946	Base Charge Revenue
Rate Based Revenue	720,342			720,342	Rate Based Revenue
Transfers from Reserves	147,700	147,700			
			104,334	104,334	Earned Development Charges and Gas Tax Revenue
Other Revenue	28,768		21,448	50,216	Other Revenue
Total Revenues	990,756			968,838	Total Revenues
Expenditures					Expenses
Operating	714,073	21,010		735,083	Operating Expenses
Capital					
Transfers to Reserves	233,555		233,555		
Debt Repayment (Principal & Interest)	43,128		43,128	-	Interest on Debt
		259,873		259,873	Amortization
Total Expenditures	990,756			994,956	Total Expenses
Net Expenditures	-			(26,118)	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			9,317,898	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-		26,118	9,291,780	Accumulated Surplus/(Deficit), end of year

TOTAL ADJUSTMENTS	428,583	428,583
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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 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 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		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	478,726			478,726	Cash
Accounts Receivable	143,588			143,588	Accounts Receivable
Accounts Receivable - Other	448,009			448,009	Accounts Receivable - Other
<i>Total Financial Assets</i>	<i>1,070,323</i>			<i>1,070,323</i>	<i>Total Financial Assets</i>
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	130,164			130,164	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	780,309			780,309	Debt (Principal only)
<i>Total Liabilities</i>	<i>910,473</i>			<i>910,473</i>	<i>Total Liabilities</i>
Net Assets/(Debt)	159,850			159,850	Net Financial Assets/(Debt)
		9,152,940	21,010	9,131,930	Non-Financial Assets
				9,131,930	Tangible Capital Assets
					Total Non-Financial Assets
Municipal Position					
Water Reserves	940,159	940,159			
Development Charge Reserve Fund	(448,009)		448,009		
Amounts to be Recovered	(332,300)		332,300		
Total Municipal Position	159,850		9,291,780	9,291,780	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		10,093,099	10,093,099		

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 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 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 Township'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 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 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 Township's water systems. 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 document² 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 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 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 Township's water systems will be in a net financial asset position of approximately \$160,000. From 2016 to 2021, the financial plan forecasts a net debt position, including a projected net debt position of approximately \$876,000 in 2019. This is due to the use of significant reserve/reserve fund amounts as well as debt to pay for anticipated capital projects during these years. After 2021, the Township's water systems are projected to achieve an improving net financial asset position in each subsequent year of the forecast period. By the end of 2025, the Township's water systems are projected to attain a net financial asset position of over \$1.97 million.

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:

² O.Reg. 453/07 does not require an audited financial plan.

- Tangible capital assets such as water mains 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; 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 nearly \$300,000 over the forecast period. This indicates that the Township 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 systems 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 decreasing from 103% in 2015 to 76% by 2025. As a result, following annual deficits of approximately \$26,000 in 2015 and just under \$1,000 in 2016, annual surplus amounts grow from approximately \$25,000 in 2017 to just under \$474,000 by 2025. 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 \$1.97 million to a 2014 accumulated surplus of approximately \$9.32 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 from 2015 to 2019 the forecasted tangible capital asset acquisitions (net of amortization for the year) exceed the forecasted annual surplus/(deficit) resulting in a decrease to net financial assets in each year. This is a result of more significant capital asset acquisitions forecasted during this period. In each of the subsequent years (i.e. 2020 to 2025), forecasted annual surplus exceeds forecasted tangible capital asset acquisitions (net of amortization for the year) resulting in annual increases in net financial assets. This allows for 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, after achieving a value of 0.62 in 2015, improving from 0.36 in 2016 to 1.46 by 2025.³

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), make debt principal payments and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Township's water systems to improve from a balance of approximately 981,000 at the beginning of 2015, reducing to approximately \$165,000 by 2019, then increasing annually thereafter to over \$1.64 million by 2025. For further discussions on projected cash balances, please refer to the Notes to the Financial Plan.

³ A desirable ratio is 1:1 or better.

Table 4-1
Statement of Financial Position: Water Services
UNAUDITED: For Financial Planning Purposes Only
2015-2025

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Financial Assets												
Cash	1	478,726	652,720	632,016	457,311	164,558	295,587	556,139	805,655	952,077	1,411,622	1,644,712
Accounts Receivable	1	143,588	149,093	159,644	171,249	183,755	194,539	205,826	217,230	229,475	242,408	256,284
Accounts Receivable - Other	3	448,009	380,068	405,914	456,659	518,307	583,372	647,740	698,401	747,541	795,276	826,800
Total Financial Assets		1,070,323	1,181,881	1,197,574	1,085,219	866,620	1,073,498	1,409,705	1,721,286	1,929,093	2,449,306	2,727,796
Liabilities												
Accounts Payable & Accrued Liabilities	1	130,164	137,537	160,215	168,383	179,130	182,933	186,752	190,653	194,638	198,711	202,872
Debt (Principal only)	2	780,309	1,633,681	1,724,883	1,680,690	1,563,865	1,407,023	1,245,634	1,079,513	908,473	732,317	550,839
Total Liabilities		910,473	1,771,218	1,885,098	1,849,073	1,742,995	1,589,956	1,432,386	1,270,166	1,103,111	931,028	753,711
Net Financial Assets/(Debt)		159,850	(589,337)	(687,524)	(763,854)	(876,375)	(516,458)	(22,681)	451,120	825,982	1,518,278	1,974,085
Non-Financial Assets												
Tangible Capital Assets	4	9,131,930	9,880,433	10,003,439	10,141,903	10,342,199	10,078,117	9,789,920	9,609,288	9,590,687	9,296,795	9,314,754
Total Non-Financial Assets		9,131,930	9,880,433	10,003,439	10,141,903	10,342,199	10,078,117	9,789,920	9,609,288	9,590,687	9,296,795	9,314,754
Accumulated Surplus/(Deficit)	5	9,291,780	9,291,096	9,315,915	9,378,049	9,465,824	9,561,659	9,767,239	10,060,408	10,416,669	10,815,073	11,288,839
Financial Indicators												
	Total Change	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1) Increase/(Decrease) in Net Financial Assets	1,671,490	(142,745)	(749,187)	(98,187)	(76,330)	(112,521)	359,917	493,777	473,801	374,862	692,296	455,807
2) Increase/(Decrease) in Tangible Capital Assets	299,451	116,627	748,503	123,006	138,464	200,296	(264,082)	(288,197)	(180,632)	(18,601)	(293,892)	17,959
3) Increase/(Decrease) in Accumulated Surplus	1,970,941	(26,118)	(684)	24,819	62,134	87,775	95,835	205,580	293,169	356,261	398,404	473,766

Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2015-2025

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Revenue												
Base Charge Revenue		93,946	226,800	234,886	243,578	252,525	261,602	270,809	280,550	290,847	301,445	312,636
Rate Based Revenue		720,342	778,842	843,563	914,939	992,287	1,057,622	1,126,290	1,195,239	1,269,433	1,348,074	1,432,629
Earned Development Charges Revenue	3	104,334	-	110,530	136,298	147,887	151,956	151,956	151,956	151,956	151,956	151,956
Other Revenue	6	50,216	44,187	44,225	41,527	36,365	38,818	42,922	46,929	46,643	51,364	49,756
Total Revenues		968,838	1,049,829	1,233,204	1,336,342	1,429,064	1,509,998	1,591,977	1,674,674	1,758,879	1,852,839	1,946,977
Water Expenses												
Operating Expenses	Sch. 4-1	735,083	776,016	878,931	923,739	982,694	1,049,138	1,024,506	1,045,909	1,067,773	1,114,415	1,138,064
Interest on Debt	2	-	-	35,860	41,233	41,191	38,243	33,694	28,964	24,044	18,928	13,606
Amortization	4	259,873	274,497	293,594	309,236	317,404	326,782	328,197	306,632	310,801	321,092	321,541
Total Expenses		994,956	1,050,513	1,208,385	1,274,208	1,341,289	1,414,163	1,386,397	1,381,505	1,402,618	1,454,435	1,473,211
Annual Surplus/(Deficit)		(26,118)	(684)	24,819	62,134	87,775	95,835	205,580	293,169	356,261	398,404	473,766
Accumulated Surplus/(Deficit), beginning of year	5	9,317,898	9,291,780	9,291,096	9,315,915	9,378,049	9,465,824	9,561,659	9,767,239	10,060,408	10,416,669	10,815,073
Accumulated Surplus/(Deficit), end of year		9,291,780	9,291,096	9,315,915	9,378,049	9,465,824	9,561,659	9,767,239	10,060,408	10,416,669	10,815,073	11,288,839
Note 5:												
Accumulated Surplus/(Deficit) Reconciliation:												
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Reserve Balances												
Reserves: Development Charges		(448,009)	(380,068)	(405,914)	(456,659)	(518,307)	(583,372)	(647,740)	(698,401)	(747,541)	(795,276)	(826,800)
Reserves: Capital/Other		940,159	1,044,344	1,037,359	916,836	687,490	890,565	1,222,953	1,530,633	1,734,455	2,250,595	2,524,924
Total Reserves Balance		492,150	664,276	631,445	460,177	169,183	307,193	575,213	832,232	986,914	1,455,319	1,698,124
Less: Debt Obligations and Deferred Revenue		(332,300)	(1,253,613)	(1,318,969)	(1,224,031)	(1,045,558)	(823,651)	(597,894)	(381,112)	(160,932)	62,959	275,961
Add: Tangible Capital Assets	4	9,131,930	9,880,433	10,003,439	10,141,903	10,342,199	10,078,117	9,789,920	9,609,288	9,590,687	9,296,795	9,314,754
Total Ending Balance		9,291,780	9,291,096	9,315,915	9,378,049	9,465,824	9,561,659	9,767,239	10,060,408	10,416,669	10,815,073	11,288,839
Financial Indicators												
	Total Change	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1) Expense to Revenue Ratio		103%	100%	98%	95%	94%	94%	87%	82%	80%	78%	76%
2) Increase/(Decrease) in Accumulated Surplus	1,970,941	(26,118)	(684)	24,819	62,134	87,775	95,835	205,580	293,169	356,261	398,404	473,766

Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2015-2025

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Expenses												
Advertising		750	765	780	796	812	828	845	862	879	897	915
Communications		7,000	7,640	10,500	10,710	10,924	11,143	11,366	11,593	11,825	12,062	12,303
Conservation Initiatives		1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219
Fees - Audit		2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438
Fees - Engineering		30,000	33,000	33,660	34,333	35,020	35,720	36,435	37,164	37,907	38,665	39,438
Fees - Legal		500	510	520	531	541	552	563	574	585	597	609
Fleet		16,000	19,000	19,380	19,768	20,163	20,566	20,978	21,398	21,826	22,263	22,708
Grounds Maintenance		2,600	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585
Hydro		67,000	73,340	94,807	96,703	98,637	100,610	102,622	104,674	106,767	108,902	111,080
Natural Gas		-	800	3,400	3,468	3,537	3,608	3,680	3,754	3,829	3,906	3,984
Insurance		30,782	32,900	34,558	35,249	35,954	36,673	37,407	38,155	38,918	39,696	40,490
Licenses		1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219
Locates		500	510	520	531	541	552	563	574	585	597	609
Memberships and Dues		1,200	1,224	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757
Meter Repairs		1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219
Contracted Services		35,000	36,700	38,434	40,203	42,007	43,847	45,601	47,425	49,322	51,295	53,347
Postage & Shipping		12,000	12,740	13,500	14,000	14,500	15,000	15,300	15,606	15,918	16,236	16,561
Repairs & Maint - Buildings		2,500	2,800	3,500	3,570	3,641	3,714	3,789	3,865	3,942	4,021	4,101
Repairs & Maint - Equipment		20,000	25,000	30,000	30,600	31,212	31,836	32,473	33,122	33,784	34,460	35,149
Repairs & Maint - Water Mains		28,000	28,560	29,131	29,714	30,308	30,914	31,533	32,164	32,807	33,463	34,132
Safety		3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585	3,657
Salaries and Wages		278,200	290,496	349,500	376,490	414,220	422,504	430,954	439,573	448,364	457,331	466,478
Salaries Benefits		83,460	87,149	104,850	112,947	124,266	126,751	129,286	131,872	134,509	137,199	139,943
Seminars & Training		8,000	10,000	12,000	12,240	12,485	12,734	12,989	13,249	13,514	13,784	14,060
Supplies and Services		47,000	51,500	56,500	57,630	58,783	59,958	61,157	62,380	63,628	64,901	66,199
Telephone		4,000	4,500	5,300	5,406	5,514	5,624	5,737	5,852	5,969	6,088	6,210
Uniforms		2,100	2,142	2,685	2,739	2,793	2,849	2,906	2,964	3,023	3,083	3,145
Water Meter Stock		4,000	4,080	4,162	4,245	4,330	4,416	4,505	4,595	4,687	4,781	4,877
Service Agreements		-	3,000	3,060	3,121	3,183	3,247	3,312	3,378	3,446	3,515	3,585
Overhead Costs		25,481	15,000	15,300	15,606	15,918	16,236	16,561	16,892	17,230	17,575	17,927
Non TCA - Expenses from Capital Budget	7	21,010	21,500	-	-	-	45,580	-	-	-	24,300	25,120
TOTAL OPERATING EXPENSES		735,083	776,016	878,931	923,739	982,694	1,049,138	1,024,506	1,045,909	1,067,773	1,114,415	1,138,064

Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2015-2025

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Surplus/(Deficit)		(26,118)	(684)	24,819	62,134	87,775	95,835	205,580	293,169	356,261	398,404	473,766
Less: Acquisition of Tangible Capital Assets	4	(376,500)	(1,023,000)	(416,600)	(447,700)	(517,700)	(62,700)	(40,000)	(126,000)	(292,200)	(27,200)	(339,500)
Add: Amortization of Tangible Capital Assets	4	259,873	274,497	293,594	309,236	317,404	326,782	328,197	306,632	310,801	321,092	321,541
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
		(116,627)	(748,503)	(123,006)	(138,464)	(200,296)	264,082	288,197	180,632	18,601	293,892	(17,959)
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(142,745)	(749,187)	(98,187)	(76,330)	(112,521)	359,917	493,777	473,801	374,862	692,296	455,807
Net Financial Assets/(Net Debt), beginning of year		302,595	159,850	(589,337)	(687,524)	(763,854)	(876,375)	(516,458)	(22,681)	451,120	825,982	1,518,278
Net Financial Assets/(Net Debt), end of year		159,850	(589,337)	(687,524)	(763,854)	(876,375)	(516,458)	(22,681)	451,120	825,982	1,518,278	1,974,085

Financial Indicators	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1) Acquisition of Tangible Capital Assets (Cumulative)	376,500	1,399,500	1,816,100	2,263,800	2,781,500	2,844,200	2,884,200	3,010,200	3,302,400	3,329,600	3,669,100
2) Annual Surplus/Deficit before Amortization (Cumulative)	233,755	507,568	825,981	1,197,351	1,602,530	2,025,147	2,558,924	3,158,725	3,825,787	4,545,283	5,340,590
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)	0.62	0.36	0.45	0.53	0.58	0.71	0.89	1.05	1.16	1.37	1.46

Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2015-2025

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Transactions												
Annual Surplus/Deficit		(26,118)	(684)	24,819	62,134	87,775	95,835	205,580	293,169	356,261	398,404	473,766
Add: Amortization of TCA's	4	259,873	274,497	293,594	309,236	317,404	326,782	328,197	306,632	310,801	321,092	321,541
Less: Eamed Deferred Revenue	3	(104,334)	-	(110,530)	(136,298)	(147,887)	(151,956)	(151,956)	(151,956)	(151,956)	(151,956)	(151,956)
Add: Deferred Revenue Proceeds		47,407	67,941	84,684	85,553	86,240	86,891	87,588	101,295	102,816	104,221	120,432
Change in A/R (Increase)/Decrease		(30,827)	(5,505)	(10,551)	(11,605)	(12,507)	(10,785)	(11,286)	(11,405)	(12,245)	(12,932)	(13,876)
Change in A/P Increase/(Decrease)		4,007	7,373	22,678	8,168	10,747	3,803	3,819	3,901	3,985	4,073	4,161
Change in A/P - DC Credits Increase/(Decrease)		(232,666)	-	-	-	-	-	-	-	-	-	-
Less: Interest Proceeds		(21,450)	(21,087)	(21,123)	(18,428)	(13,264)	(15,716)	(19,823)	(23,828)	(23,543)	(28,264)	(26,655)
Cash Provided by Operating Transactions		(104,108)	322,535	283,571	298,760	328,508	334,854	442,119	517,808	586,119	634,638	727,413
Capital Transactions												
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(376,500)	(1,023,000)	(416,600)	(447,700)	(517,700)	(62,700)	(40,000)	(126,000)	(292,200)	(27,200)	(339,500)
Cash Applied to Capital Transactions		(376,500)	(1,023,000)	(416,600)	(447,700)	(517,700)	(62,700)	(40,000)	(126,000)	(292,200)	(27,200)	(339,500)
Investing Transactions												
Proceeds from Investments		21,450	21,087	21,123	18,428	13,264	15,716	19,823	23,828	23,543	28,264	26,655
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		21,450	21,087	21,123	18,428	13,264	15,716	19,823	23,828	23,543	28,264	26,655
Financing Transactions												
Proceeds from Debt Issue	2	-	896,500	209,000	94,000	33,000	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	(43,128)	(43,128)	(117,798)	(138,193)	(149,825)	(156,841)	(161,390)	(166,120)	(171,040)	(176,157)	(181,478)
Cash Applied to Financing Transactions		(43,128)	853,372	91,202	(44,193)	(116,825)	(156,841)	(161,390)	(166,120)	(171,040)	(176,157)	(181,478)
Increase in Cash and Cash Equivalents		(502,286)	173,994	(20,704)	(174,705)	(292,753)	131,029	260,552	249,516	146,422	459,545	233,090
Cash and Cash Equivalents, beginning of year	1	981,012	478,726	652,720	632,016	457,311	164,558	295,587	556,139	805,655	952,077	1,411,622
Cash and Cash Equivalents, end of year	1	478,726	652,720	632,016	457,311	164,558	295,587	556,139	805,655	952,077	1,411,622	1,644,712

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 Township of Guelph/Eramosa, 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

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

- a) Receivables: Based on historical levels of receivables and accrued receivables as a percentage of annual revenues, applied to projected water revenues (source: provided by Township staff); and
- b) Payables: Based on historical levels of payables as a percentage of annual expenses incurred, applied to projected water expenses (source: provided by Township staff).

2. Debt

Outstanding water related debt at the end of 2015 was \$823,437 with additional debt proceeds anticipated throughout the forecast period. Principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2015	43,128
2016	43,128
2017	117,798
2018	138,193
2019	149,825
2020	156,841
2021	161,390
2022	166,120
2023	171,040
2024	176,157
2025	181,478
Total	\$ 1,505,098

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/Accounts Receivable-Other

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. In years when the water development charge reserve fund balance is negative, it is shown as an asset (accounts receivable – other) for financial reporting purposes, representing future amounts to be collected from developers.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water-related assets in the following categories:
 - i. Watermain Infrastructure;
 - ii. Vehicles and Equipment;
 - iii. Water Meters;
 - iv. Hydrants;
 - v. Land; and
 - vi. Facilities.
- Opening balances for tangible capital assets and accumulated amortization were reconciled to amounts reported in Schedule 75C of the Township's 2014 Financial Information Return.
- For the purposes of amortization, 2014 work in progress was assumed to be brought into service in 2015.
- Amortization is calculated based on the straight-line approach.
- 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 Township 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 on the Statement of Operations as revenue earned in the year of contribution.
- The Township is unaware of any specific lead service piping in the Township 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	2025
Opening Tangible Capital Asset Balance	13,414,320	13,772,208	14,741,149	15,111,147	15,531,637	15,989,114	16,014,814	16,033,543	16,094,319	16,235,036	16,246,128
Acquisitions	376,500	1,023,000	416,600	447,700	517,700	62,700	40,000	126,000	292,200	27,200	339,500
Disposals	18,612	54,059	46,602	27,210	60,223	37,000	21,271	65,224	151,483	16,108	197,221
Closing Tangible Capital Asset Balance	13,772,208	14,741,149	15,111,147	15,531,637	15,989,114	16,014,814	16,033,543	16,094,319	16,235,036	16,246,128	16,388,407
Opening Accumulated Amortization	4,399,017	4,640,278	4,860,716	5,107,708	5,389,734	5,646,915	5,936,697	6,243,623	6,485,031	6,644,349	6,949,333
Amortization Expense	259,873	274,497	293,594	309,236	317,404	326,782	328,197	306,632	310,801	321,092	321,541
Amortization on Disposal	18,612	54,059	46,602	27,210	60,223	37,000	21,271	65,224	151,483	16,108	197,221
Ending Accumulated Amortization	4,640,278	4,860,716	5,107,708	5,389,734	5,646,915	5,936,697	6,243,623	6,485,031	6,644,349	6,949,333	7,073,653
Net Book Value	9,131,930	9,880,433	10,003,439	10,141,903	10,342,199	10,078,117	9,789,920	9,609,288	9,590,687	9,296,795	9,314,754

5. Accumulated Surplus

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

Water	2015 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	(158,416)
Reserves: Capital/Other	1,126,032
Total Reserves Balance	967,616
Less: Debt Obligations and Deferred Revenue	(665,021)
Add: Tangible Capital Assets	9,015,303
Total Opening Balance	9,317,898

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

6. Other Revenue

Other revenue includes water meter revenue, penalties and interest, as well as other non-operating general revenues.

7. Operating Expenses

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

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 and wastewater financial plan for the Township of Guelph/Eramosa 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 Township of Guelph/Eramosa Water and Wastewater Financial Plan prepared by Watson & Associates Economists Ltd. dated July 9, 2015 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan, the Council Resolution approving the Financial Plan, and the Water and Wastewater Rate Study underpinning 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, the Council Resolution approving the Financial Plan, and the Water and Wastewater Rate Study underpinning 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 – Summary Tables

Rockwood System Detailed Capital Water Rate Calculations

**Appendix E-1
Guelph/Eramosa
Water Service
Capital Budget Forecast - Rockwood
Inflated \$**

Description	Budget 2015	Total	Forecast									
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital Expenditures												
Chlorine Pump - spare	-	3,000	3,000	-	-	-	-	-	-	-	-	-
Hydrant Mounted PRV	-	2,000	2,000	-	-	-	-	-	-	-	-	-
Small Dump Trailer	-	9,000	-	9,000	-	-	-	-	-	-	-	-
Valley Road - Richardson Watermain Connection	-	403,000	-	-	-	403,000	-	-	-	-	-	-
Lifecycle:												
Facilities:												
Station Street Well #1 & #2 - Replace Well Pumps	-	23,000	-	-	-	-	-	-	23,000	-	-	-
Station Street Well #1 & #2 - Replace Well Piping	-	23,000	-	-	-	-	-	-	23,000	-	-	-
Station Street Well #1 & #2 - Air lift well	-	23,000	-	-	-	-	-	-	23,000	-	-	-
Station Street Pumphouse - Replace existing unit heaters	2,000	-	-	-	-	-	-	-	-	-	-	-
Station Street Pumphouse - Replace Chlorine analyzer	-	4,000	4,000	-	-	-	-	-	-	-	-	-
Station Street Pumphouse - Replace pressure regulating valves	-	12,000	12,000	-	-	-	-	-	-	-	-	-
Station Street Pumphouse - Replace turbidity Analyzer	-	5,000	-	-	-	5,000	-	-	-	-	-	-
Station Street Pumphouse - Replace flow meters	-	12,000	-	-	-	-	-	-	12,000	-	-	-
Station Street Pumphouse - Replace chlorine pumps	-	10,000	-	-	-	-	-	-	-	-	-	10,000
Bernardi Well #3 - Replace Well Pumps	-	12,000	-	-	-	12,000	-	-	-	-	-	-
Bernardi Well #3 - Replace Well Piping	-	7,000	-	-	-	-	-	-	-	7,000	-	-
Bernardi Well #3 - Air lift well	-	7,000	-	-	-	-	-	-	-	7,000	-	-
Bernardi Pumphouse - Replace Chlorine Analyzer	-	4,000	-	-	4,000	-	-	-	-	-	-	-
Bernardi Pumphouse - Replace Pressure Regulator Valve	-	11,000	-	-	-	-	11,000	-	-	-	-	-
Bernardi Pumphouse - Replace Chlorine Feed	-	23,000	-	-	-	-	-	-	23,000	-	-	-
Bernardi Pumphouse - Replace Roof	-	17,000	-	-	-	-	-	17,000	-	-	-	-
Bernardi Pumphouse - Replace Pumps	-	11,000	-	-	-	-	-	11,000	-	-	-	-
Booster Pump Station - Roof	-	23,000	-	-	-	-	-	-	-	23,000	-	-
Booster Pump Station - Pumps	-	18,000	-	-	-	-	18,000	-	-	-	-	-
Booster Pump Station - Chemical Feed	-	52,000	-	-	-	-	-	-	-	52,000	-	-
Booster Pump Station - Controls	-	107,000	-	-	-	-	-	-	-	107,000	-	-
Water Meters	12,000	127,000	13,000	13,000	13,000	8,000	12,000	12,000	12,000	14,000	15,000	15,000
Water Vehcles	-	37,000	-	-	-	24,000	13,000	-	-	-	-	-
Rockwood Hydrants	-	241,000	-	-	-	-	-	-	-	-	-	241,000
Rockwood Watermains - Harris	-	318,000	-	-	318,000	-	-	-	-	-	-	-
Studies:												
Rate Study	11,491	27,000	-	-	-	-	13,000	-	-	-	-	14,000
Financial Plan	6,380	15,000	-	-	-	-	7,000	-	-	-	-	8,000
SCADA Study	-	34,000	11,000	-	-	-	11,000	-	-	-	12,000	-
Growth Related:												
Development of New Well (Seaton)	119,000	-	-	-	-	-	-	-	-	-	-	-
Construction of new Pumping Station (Seaton)	67,000	1,046,000	850,000	102,000	94,000	-	-	-	-	-	-	-
New Operational Space	-	249,000	35,000	214,000	-	-	-	-	-	-	-	-
Pick up Truck	-	29,000	29,000	-	-	-	-	-	-	-	-	-
Work Truck	-	33,000	-	-	-	33,000	-	-	-	-	-	-
Station St. Standby Power	151,000	-	-	-	-	-	-	-	-	-	-	-
Payment of Credits	232,666	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	601,538	2,977,000	959,000	338,000	429,000	485,000	85,000	40,000	116,000	210,000	27,000	288,000

**Appendix E-1 (Cont.)
Guelph/Eramosa
Water Service
Capital Budget Forecast - Rockwood
Inflated \$**

Description	Budget 2015	Total	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Capital Financing													
Provincial/Federal Grants		-											
Development Charges Reserve Fund	337,000	-	-	-	-	-	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	-	1,232,500	896,500	209,000	94,000	33,000	-	-	-	-	-	-	-
Lifecycle Reserve Fund	14,000	1,265,500	51,500	129,000	335,000	49,000	54,000	40,000	116,000	210,000	15,000	266,000	
Water Reserve	250,538	479,000	11,000	-	-	403,000	31,000	-	-	-	12,000	22,000	
Total Capital Financing	601,538	2,977,000	959,000	338,000	429,000	485,000	85,000	40,000	116,000	210,000	27,000	288,000	

**Appendix E-2
Guelph/Eramosa
Water Service
Schedule of Non-Growth Related Debenture Repayments - Rockwood
Inflated \$**

Debenture Year	2015	Principal (Inflated)	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2016		-		-	-	-	-	-	-	-	-	-	-
2017		-		-	-	-	-	-	-	-	-	-	-
2018		-		-	-	-	-	-	-	-	-	-	-
2019		-		-	-	-	-	-	-	-	-	-	-
2020		-		-	-	-	-	-	-	-	-	-	-
2021		-		-	-	-	-	-	-	-	-	-	-
2022		-		-	-	-	-	-	-	-	-	-	-
2023		-		-	-	-	-	-	-	-	-	-	-
2024		-		-	-	-	-	-	-	-	-	-	-
2025		-		-	-	-	-	-	-	-	-	-	-
Total Annual Debt Charges		-		-	-	-	-	-	-	-	-	-	-

Appendix E-3
Guelph/Eramosa
Water Service
Schedule of Growth Related Debenture Repayments - Rockwood
 Inflated \$

Debenture Year	2015	Principal (Inflated)	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2016		896,500		110,530	110,530	110,530	110,530	110,530	110,530	110,530	110,530	110,530	110,530
2017		209,000			25,768	25,768	25,768	25,768	25,768	25,768	25,768	25,768	25,768
2018		94,000				11,589	11,589	11,589	11,589	11,589	11,589	11,589	11,589
2019		33,000					4,069	4,069	4,069	4,069	4,069	4,069	4,069
2020		-						-	-	-	-	-	-
2021		-							-	-	-	-	-
2022		-								-	-	-	-
2023		-									-	-	-
2024		-										-	-
2025		-											-
Total Annual Debt Charges	-	1,232,500	-	110,530	136,298	147,887	151,956	151,956	151,956	151,956	151,956	151,956	151,956

Appendix E-4
Guelph/Eramosa
Water Service
Capital Water Reserve Fund Continuity - 01-0000-2815 - Rockwood
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	310,962	71,833	133,450	207,519	288,169	(35,528)	13,742	24,217	34,901	45,799	44,675
Transfer from Operating	10,000	70,000	70,000	75,000	80,000	80,000	10,000	10,000	10,000	10,000	10,000
Transfer to Capital	250,538	11,000	-	-	403,000	31,000	-	-	-	12,000	22,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	70,424	130,833	203,450	282,519	(34,831)	13,472	23,742	34,217	44,901	43,799	32,675
Interest	1,408	2,617	4,069	5,650	(697)	269	475	684	898	876	653

Appendix E-5
Guelph/Eramosa
Water Service
Rockwood Water Development Charges Reserve Fund Continuity - 01-0000-2816
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	(158,416)	(448,009)	(380,068)	(405,915)	(456,660)	(518,308)	(583,373)	(647,741)	(698,402)	(747,542)	(795,277)
Development Charge Proceeds	56,191	75,393	92,643	94,507	96,403	98,330	100,289	114,989	117,474	119,815	136,644
Transfer to Capital	104,334	-	-	-	-	-	-	-	-	-	-
Transfer to Capital - Payment of Credits	232,666	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Related Operating	-	-	110,530	136,298	147,887	151,956	151,956	151,956	151,956	151,956	151,956
Closing Balance	(439,225)	(372,616)	(397,956)	(447,706)	(508,145)	(571,934)	(635,040)	(684,708)	(732,885)	(779,683)	(810,589)
Interest	(8,784)	(7,452)	(7,959)	(8,954)	(10,163)	(11,439)	(12,701)	(13,694)	(14,658)	(15,594)	(16,212)
Required from Development Charges	337,000	896,500	209,000	94,000	33,000	-	-	-	-	-	-

Appendix E-6
Guelph/Eramosa
Water Service
Rockwood Water Lifecycle Reserve Fund Continuity - 01-0000-2876
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	758,891	906,174	871,952	815,850	547,945	565,946	583,994	693,018	795,760	759,045	928,763
Transfer from Operating	90,910	181	4,295	3,745	3,299	7,992	82,830	150,534	158,401	166,507	175,049
Loan Repayment from Operating Reserve	-	-	52,605	52,605	52,605	52,605	52,605	52,605	-	-	-
Transfer to Capital	14,000	51,500	129,000	335,000	49,000	54,000	40,000	116,000	210,000	15,000	266,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	888,406	854,855	799,853	537,201	554,849	572,543	679,429	780,157	744,162	910,552	837,812
Interest	17,768	17,097	15,997	10,744	11,097	11,451	13,589	15,603	14,883	18,211	16,756

Appendix E-7
Guelph/Eramosa
Water Service
Capital Related Operating Budget Forecast - Rockwood
 Inflated \$

Description	Budget 2015	Forecast										
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Expenditures												
Capital-Related												
Existing Debt (Principal) - Growth Related												
Existing Debt (Interest) - Growth Related												
New Growth Related Debt (Principal)			-	74,670	95,065	106,697	113,713	118,262	122,992	127,912	133,029	138,350
New Growth Related Debt (Interest)			-	35,860	41,233	41,191	38,243	33,694	28,964	24,044	18,928	13,606
Existing Debt (Principal) - Non-Growth Related (Seaton)	43,128	43,128	43,128	43,128	43,128	43,128	43,128	43,128	43,128	43,128	43,128	43,128
Existing Debt (Interest) - Non-Growth Related (Seaton)	-	-	-	-	-	-	-	-	-	-	-	-
New Non-Growth Related Debt (Principal)			-	-	-	-	-	-	-	-	-	-
New Non-Growth Related Debt (Interest)			-	-	-	-	-	-	-	-	-	-
Transfer to Lifecycle Reserve Fund - Rockwood	90,910	181	4,295	3,745	3,299	7,992	82,830	150,534	158,401	166,507	175,049	
Transfer to Capital Reserve - Rockwood	10,000	70,000	70,000	75,000	80,000	80,000	10,000	10,000	10,000	10,000	10,000	
Total Expenditures	144,038	113,309	227,954	258,171	274,314	283,077	287,914	355,618	363,485	371,591	380,133	
Revenues												
Base Charge - Rockwood	83,059	50,190	52,020	53,997	56,032	58,127	60,283	125,139	129,985	134,975	140,256	
Transfer from DC Reserve Fund	-	-	110,530	136,298	147,887	151,956	151,956	151,956	151,956	151,956	151,956	
Total Operating Revenue	83,059	50,190	162,550	190,295	203,919	210,083	212,239	277,095	281,941	286,931	292,212	
Rockwood Water Capital Billing Recovery - Total	60,979	63,119	65,403	67,876	70,395	72,994	75,675	78,523	81,544	84,659	87,921	

Appendix E-8
Guelph/Eramosa
Water Service
Water Volume Rate Forecast - Rockwood
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Water Billing Recovery	60,979	63,119	65,403	67,876	70,395	72,994	75,675	78,523	81,544	84,659	87,921
Total Rockwood Metered Volume (m ³)	320,941	325,691	330,821	336,521	342,221	347,921	353,621	359,701	366,161	372,621	379,461
Constant Metered Volume Rate	0.19	0.19	0.20	0.20	0.21	0.21	0.21	0.22	0.22	0.23	0.23
Annual Percentage Change		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

Hamilton Drive System Detailed Capital Water Rate Calculations

**Appendix F-1
Guelph/Eramosa
Water Service
Capital Budget Forecast - Hamilton Drive
Inflated \$**

Description	Budget 2015	Total	Forecast											
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
Capital Expenditures														
Lifecycle:														
Hamilton Dr Standpipe Maintenance - Seal & anode replacement & cleaning	-	65,000	65,000	-	-	-	-	-	-	-	-	-	-	-
Standpipe/Cross Creek Well #3 - Replace Electrical Panel	-	10,000	10,000	-	-	-	-	-	-	-	-	-	-	-
Standpipe/Cross Creek Well #3 - Replace Chlorine Analyzer	-	3,100	-	-	3,100	-	-	-	-	-	-	-	-	-
Standpipe/Cross Creek Well #3 - Replace piping	-	47,800	-	-	-	-	-	-	-	-	-	-	-	47,800
Cross Creek Well #3 - Replace Well Pump	-	6,900	-	-	-	-	-	-	-	-	6,900	-	-	-
Cross Creek Well #3 - Replace Well Piping	-	6,900	-	-	-	-	-	-	-	-	6,900	-	-	-
Cross Creek Well #3 - Air lift well	-	6,900	-	-	-	-	-	-	-	-	6,900	-	-	-
Cross Creek Pumphouse - replace electrical panel	-	8,200	-	8,200	-	-	-	-	-	-	-	-	-	-
Cross Creek Pumphouse - replace chlorine pumps	-	6,100	-	6,100	-	-	-	-	-	-	-	-	-	-
Cross Creek Pumphouse - replace hypo pump controller	-	4,700	-	-	4,700	-	-	-	-	-	-	-	-	-
Cross Creek Pumphouse - replace Pressure Regulator Valve	-	8,500	-	-	-	8,500	-	-	-	-	-	-	-	-
Cross Creek Pumphouse - replace High Lift Pumps	-	13,800	-	-	-	-	-	-	-	-	13,800	-	-	-
Cross Creek Pumphouse - replace Flow Meters	-	11,500	-	-	-	-	-	-	-	-	11,500	-	-	-
Cross Creek Pumphouse - replace Piping	-	12,000	-	-	-	-	-	-	-	-	-	-	-	12,000
Huntington Well #2 - replace well pump	-	6,900	-	-	-	-	-	-	-	-	6,900	-	-	-
Huntington Well #2 - replace well piping	-	6,900	-	-	-	-	-	-	-	-	6,900	-	-	-
Huntington Well #2 - air lift & clean during pump/piping replacement	-	6,900	-	-	-	-	-	-	-	-	6,900	-	-	-
Huntington Drive Pumphouse - replace electrical panel	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Huntington Drive Pumphouse - back up power generator	-	61,200	-	61,200	-	-	-	-	-	-	-	-	-	-
Huntington Drive Pumphouse - replace chlorine pumps	-	3,100	-	3,100	-	-	-	-	-	-	-	-	-	-
Huntington Drive Pumphouse - replace chlorine analyzer	-	3,100	-	-	3,100	-	-	-	-	-	-	-	-	-
Huntington Drive Pumphouse - replace pressure regulator valve	-	8,700	-	-	-	-	-	8,700	-	-	-	-	-	-
Huntington Drive Pumphouse - replace high lift pumps	-	13,800	-	-	-	-	-	-	-	-	13,800	-	-	-
Huntington Drive Pumphouse - replace flow meters	-	10,500	-	-	-	-	-	-	-	-	-	10,500	-	-
Huntington Drive Pumphouse - replace piping	-	12,000	-	-	-	-	-	-	-	-	-	-	-	12,000
Watermains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hydrants	-	24,200	-	-	-	-	24,200	-	-	-	-	-	-	-
SCADA Communciation Upgrade	12,500	-	-	-	-	-	-	-	-	-	-	-	-	-
SCADA Control Upgrade	-	16,200	-	-	7,800	-	-	-	-	8,400	-	-	-	-
Meter Replacement	5,000	6,700	-	-	-	-	-	-	-	1,600	1,700	1,700	1,700	-

**Appendix F-1 (Cont.)
Guelph/Eramosa
Water Service
Capital Budget Forecast - Hamilton Drive
Inflated \$**

Description	Budget 2015	Total	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Studies:													
Rate Study	1,518	3,000	-	-	-	-	1,500	-	-	-	-	-	1,500
Financial Plan	840	1,800	-	-	-	-	900	-	-	-	-	-	900
SCADA Study	-	34,200	10,500	-	-	-	11,400	-	-	-	-	12,300	-
Total Capital Expenditures	27,858	430,600	85,500	78,600	18,700	32,700	22,500	-	10,000	82,200	24,500	75,900	-
Capital Financing													
Provincial/Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Hamilton Drive Water Lifecycle Reserve Fund	25,500	366,100	49,500	78,600	18,700	32,700	8,700	-	10,000	82,200	12,200	73,500	-
Hamilton Drive Water Capital Reserve Fund	2,358	64,500	36,000	-	-	-	13,800	-	-	-	12,300	2,400	-
Total Capital Financing	27,858	430,600	85,500	78,600	18,700	32,700	22,500	-	10,000	82,200	24,500	75,900	-

**Appendix F-2
Guelph/Eramosa
Water Service
Schedule of Non-Growth Related Debenture Repayments - Hamilton Drive
Inflated \$**

Debenture Year	2015	Principal (Inflated)	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2016		-		-	-	-	-	-	-	-	-	-	-
2017		-			-	-	-	-	-	-	-	-	-
2018		-				-	-	-	-	-	-	-	-
2019		-					-	-	-	-	-	-	-
2020		-						-	-	-	-	-	-
2021		-							-	-	-	-	-
2022		-								-	-	-	-
2023		-									-	-	-
2024		-										-	-
2025		-											-
Total Annual Debt Charges	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix F-3
Guelph/Eramosa
Water Service
Hamilton Drive Water Capital Reserve Funds Continuity - 01-0000-2806
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	38,633	42,100	11,323	16,649	22,082	27,624	19,200	24,684	30,278	35,983	29,257
Transfer from Operating	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Transfer to Capital	2,358	36,000	-	-	-	13,800	-	-	-	12,300	2,400
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	41,275	11,100	16,323	21,649	27,082	18,824	24,200	29,684	35,278	28,683	31,857
Interest	825	222	326	433	542	376	484	594	706	574	637

Appendix F-4
Guelph/Eramosa
Water Service
Hamilton Drive Water Lifecycle Reserve Fund Continuity - 01-0000-2808
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	15,737	31,911	23,033	(1,688)	39,224	72,233	136,228	216,488	297,334	298,328	372,421
Transfer from Operating	40,867	40,170	44,629	49,559	55,010	60,741	66,732	75,732	77,345	78,990	80,668
Loan Repayment from Operating Reserve	-	-	9,283	9,283	9,283	9,283	9,283	9,283	-	-	-
Transfer to Capital	25,500	49,500	78,600	18,700	32,700	8,700	-	10,000	82,200	12,200	73,500
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	31,104	22,582	(1,655)	38,455	70,817	133,557	212,244	291,504	292,479	365,118	379,588
Interest	808	452	(33)	769	1,416	2,671	4,245	5,830	5,850	7,302	7,592

Appendix F-5
Guelph/Eramosa
Water Services
Hamilton Drive Capital Related Operating Budget Forecast
 Inflated \$

Description	Budget 2015	Forecast									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenditures											
<u>Capital Related</u>											
Hamilton Drive Water Lifecycle	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Sub Total Capital Related	40,867	40,170	44,629	49,559	55,010	60,741	66,732	75,732	77,345	78,990	80,668
	45,867	45,170	49,629	54,559	60,010	65,741	71,732	80,732	82,345	83,990	85,668
Revenues											
Base Charge - Hamilton Drive	10,886	6,510	6,701	6,898	7,099	7,274	7,419	15,136	15,438	15,747	16,062
Total Base Charge Revenue	10,886	6,510	6,701	6,898	7,099	7,274	7,419	15,136	15,438	15,747	16,062
Hamilton Dr Water Capital Billing Recovery - Total	34,980	38,660	42,927	47,661	52,910	58,467	64,313	65,596	66,907	68,243	69,606

Appendix F-6
Guelph/Eramosa
Water Services
Hamilton Drive Capital - Water Volume Rate Forecast
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Water Billing Recovery	34,980	38,660	42,927	47,661	52,910	58,467	64,313	65,596	66,907	68,243	69,606
Total Hamilton Drive Metered Volume (m3)	50,696	50,936	51,416	51,896	52,376	52,616	52,616	52,616	52,616	52,616	52,616
Constant Rate	0.69	0.76	0.83	0.92	1.01	1.11	1.22	1.25	1.27	1.30	1.32
Annual Percentage Change		10%	10%	10%	10%	10%	10%	2%	2%	2%	2%

Rockwood and Hamilton Drive Combined Water Systems Detailed Operating Water Rate Calculations

Appendix G-1
Guelph/Eramosa
Water Service
Water Operating Reserve Continuity- Rockwood and Hamilton Drive Combined
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	(28,152)	(89,074)	26,673	20,351	39,907	76,800	156,816	282,931	389,628	611,361	890,239
Transfer from Operating	86,778	115,747	55,566	81,445	98,781	141,905	188,004	168,586	221,733	278,878	341,577
Loan Repayment - Rockwood Lifecycle Reserve			52,605	52,605	52,605	52,605	52,605	52,605			
Loan Repayment - Hamilton Drive Lifecycle Reserve			9,283	9,283	9,283	9,283	9,283	9,283			
Transfer to Operating	147,700										
Closing Balance	(89,074)	26,673	20,351	39,907	76,800	156,816	282,931	389,628	611,361	890,239	1,231,816

Appendix G-2
Guelph/Eramosa
Water Services
Rockwood and Hamilton Drive Combined Operating Budget Forecast
Inflated \$

Description	Budget 2015	Forecast										
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Expenditures												
Operating Costs												
Advertising	750	765	780	796	812	828	845	862	879	897	915	
Communications	7,000	7,640	10,500	10,710	10,924	11,143	11,366	11,593	11,825	12,062	12,303	
Conservation Initiatives	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219	
Fees - Audit	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438	
Fees - Engineering	30,000	33,000	33,660	34,333	35,020	35,720	36,435	37,164	37,907	38,665	39,438	
Fees - Legal	500	510	520	531	541	552	563	574	585	597	609	
Fleet	16,000	19,000	19,380	19,768	20,163	20,566	20,978	21,398	21,826	22,263	22,708	
Grounds Maintenance	2,600	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585	
Hydro	67,000	73,340	94,807	96,703	98,637	100,610	102,622	104,674	106,767	108,902	111,080	
Natural Gas	-	800	3,400	3,468	3,537	3,608	3,680	3,754	3,829	3,906	3,984	
Insurance	30,782	32,900	34,558	35,249	35,954	36,673	37,407	38,155	38,918	39,696	40,490	
Licenses	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219	
Locates	500	510	520	531	541	552	563	574	585	597	609	
Memberships and Dues	1,200	1,224	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757	
Meter Repairs	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219	
Contracted Services	35,000	36,700	38,434	40,203	42,007	43,847	45,601	47,425	49,322	51,295	53,347	
Postage & Shipping	12,000	12,740	13,500	14,000	14,500	15,000	15,300	15,606	15,918	16,236	16,561	
Repairs & Maint - Buildings	2,500	2,800	3,500	3,570	3,641	3,714	3,789	3,865	3,942	4,021	4,101	
Repairs & Maint - Equipment	20,000	25,000	30,000	30,600	31,212	31,836	32,473	33,122	33,784	34,460	35,149	
Repairs & Maint - Water Mains	28,000	28,560	29,131	29,714	30,308	30,914	31,533	32,164	32,807	33,463	34,132	
Safety	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585	3,657	
Salaries and Wages	278,200	290,496	349,500	376,490	414,220	422,504	430,954	439,573	448,364	457,331	466,478	
Salaries Benefits	83,460	87,149	104,850	112,947	124,266	126,751	129,286	131,872	134,509	137,199	139,943	
Seminars & Training	8,000	10,000	12,000	12,240	12,485	12,734	12,989	13,249	13,514	13,784	14,060	
Supplies and Services	47,000	51,500	56,500	57,630	58,783	59,958	61,157	62,380	63,628	64,901	66,199	
Telephone	4,000	4,500	5,300	5,406	5,514	5,624	5,737	5,852	5,969	6,088	6,210	
Uniforms	2,100	2,142	2,685	2,739	2,793	2,849	2,906	2,964	3,023	3,083	3,145	
Water Meter Stock	4,000	4,080	4,162	4,245	4,330	4,416	4,505	4,595	4,687	4,781	4,877	
Transfers to Reserves	86,778	115,747	55,566	81,445	98,781	141,905	188,004	168,586	221,733	278,878	341,577	
Service Agreements	-	3,000	3,060	3,121	3,183	3,247	3,312	3,378	3,446	3,515	3,585	
Overhead Costs	25,481	15,000	15,300	15,606	15,918	16,236	16,561	16,892	17,230	17,575	17,927	
Total Expenditures	800,851	870,262	934,497	1,005,185	1,081,475	1,145,463	1,212,510	1,214,495	1,289,506	1,368,993	1,454,521	
Revenues												
Base Charge	-	170,100	176,164	182,684	189,394	196,202	203,107	140,275	145,424	150,722	156,318	
Penalty and Interest	7,068	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	
Miscellaneous Revenue	13,700	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Grant Funding - Operational	-	-	-	-	-	-	-	-	-	-	-	
Water Meters	8,000	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	
Tax Revenue - Frontage Charges	-	-	-	-	-	-	-	-	-	-	-	
Contributions from Operating Reserves / Reserve Funds	147,700	-	-	-	-	-	-	-	-	-	-	
Total Operating Revenue	176,468	193,200	199,264	205,784	212,494	219,302	226,207	163,375	168,524	173,822	179,418	
Total Water Billing Recovery - Operating	624,383	677,062	735,233	799,401	868,982	926,162	986,303	1,051,120	1,120,982	1,195,171	1,275,102	

Note that the Base Charge Revenue in 2015 is applied 100% against capital not operating

Appendix G-3
Guelph/Eramosa
Water Services
Water Metered Volume - Rockwood and Hamilton Drive Combined
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Rockwood Metered Volume (m ³)	320,941	325,691	330,821	336,521	342,221	347,921	353,621	359,701	366,161	372,621	379,461
Hamilton Drive Metered Volume (m ³)	50,696	50,936	51,416	51,896	52,376	52,616	52,616	52,616	52,616	52,616	52,616
Total Metered Volume (m³)	371,637	376,627	382,237	388,417	394,597	400,537	406,237	412,317	418,777	425,237	432,077

Appendix G-4
Guelph/Eramosa
Water Services
Rockwood and Hamilton Drive (Combined) Water Volume Rate Forecast - Operating
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Water Billing Recovery	624,383	677,062	735,233	799,401	868,982	926,162	986,303	1,051,120	1,120,982	1,195,171	1,275,102
Total Metered Volume (m ³)	371,637	376,627	382,237	388,417	394,597	400,537	406,237	412,317	418,777	425,237	432,077
Constant Rate	1.68	1.80	1.92	2.06	2.20	2.31	2.43	2.55	2.68	2.81	2.95
Annual Percentage Change		7%	7%	7%	7%	5%	5%	5%	5%	5%	5%

Gazer Mooney Water and Wastewater Rate Calculations

Appendix H-1
Guelph/Eramosa
Gazer-Mooney Water & Wastewater Services
Capital Budget Forecast
 Inflated \$

Description	Budget 2015	Total	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Capital Expenditures													
Lifecycle:		-											
Watermains	-	-	-	-	-	-	-	-	-	-	-	-	-
Forcemains	-	-	-	-	-	-	-	-	-	-	-	-	-
Sanitary Sewers	-	-	-	-	-	-	-	-	-	-	-	-	-
Wastewater Facilities	-	159,500	-	-	-	-	-	13,200	-	-	-	-	146,300
Studies:													
Rate Study	500	960						500					460
Water Financial Plan	280	540						280					260
Total Capital Expenditures	780	161,000	-	-	-	-	-	13,980	-	-	-	-	147,020
Capital Financing													
Provincial/Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Gazer-Mooney Lifecycle Reserve Fund	780	161,000	-	-	-	-	-	13,980	-	-	-	-	147,020
Total Capital Financing	780	161,000	-	-	-	-	-	13,980	-	-	-	-	147,020

Appendix H-2
Guelph/Eramosa
Gazer-Mooney Water & Wastewater Services
Schedule of Non-Growth Related Debenture Repayments
 Inflated \$

Debenture Year	2015	Principal (Inflated)	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2016		-		-	-	-	-	-	-	-	-	-	-
2017		-		-	-	-	-	-	-	-	-	-	-
2018		-		-	-	-	-	-	-	-	-	-	-
2019		-		-	-	-	-	-	-	-	-	-	-
2020		-		-	-	-	-	-	-	-	-	-	-
2021		-		-	-	-	-	-	-	-	-	-	-
2022		-		-	-	-	-	-	-	-	-	-	-
2023		-		-	-	-	-	-	-	-	-	-	-
2024		-		-	-	-	-	-	-	-	-	-	-
2025		-		-	-	-	-	-	-	-	-	-	-
Total Annual Debt Charges	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix H-3
Guelph/Eramosa
Water & Wastewater Services
Gazer-Mooney Water & Wastewater Lifecycle Reserve Fund Continuity - 01-0000-2804
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	230,463	251,305	274,552	299,540	326,391	355,239	371,967	404,244	438,161	473,530	510,405
Transfer from Operating	16,695	17,864	19,114	20,452	21,883	23,414	24,351	25,325	26,085	26,867	27,673
Transfer to Capital	780	-	-	-	-	13,980	-	-	-	-	147,020
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	246,378	269,169	293,666	319,991	348,274	364,674	396,318	429,569	464,246	500,398	391,058
Interest	4,928	5,383	5,873	6,400	6,965	7,293	7,926	8,591	9,285	10,008	7,821

Appendix H-4
Guelph/Eramosa
Water & Wastewater Services
Gazer-Mooney Operating Budget Forecast
 Inflated \$

Description	Budget 2015	Forecast									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenditures											
<u>Capital Related</u>											
Debt Charges - Non-Growth - Principal	-	-	-	-	-	-	-	-	-	-	-
Debt Charges - Non-Growth - Interest	-	-	-	-	-	-	-	-	-	-	-
Transfer to Gazer-Mooney Lifecycle Reserve Fund	16,695	17,864	19,114	20,452	21,883	23,414	24,351	25,325	26,085	26,867	27,673
Sub Total Capital Related	16,695	17,864	19,114	20,452	21,883	23,414	24,351	25,325	26,085	26,867	27,673
Gazer-Mooney Billing Recovery - Total	16,695	17,864	19,114	20,452	21,883	23,414	24,351	25,325	26,085	26,867	27,673

Appendix H-5
Guelph/Eramosa
Water & Wastewater Services
Gazer-Mooney - Water Volume Rate Forecast
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Water Billing Recovery	16,695	17,864	19,114	20,452	21,883	23,414	24,351	25,325	26,085	26,867	27,673
Total Customers	71	71	71	71	71	71	71	71	71	71	71
Flat Rate	235.14	251.60	269.21	288.05	308.21	329.78	342.97	356.69	367.39	378.41	389.76
Annual Percentage Change		7%	7%	7%	7%	7%	4%	4%	3%	3%	3%

Rockwood Detailed Wastewater Rate Calculations

Appendix I-1
Guelph/Eramosa
Rockwood Wastewater Service
Capital Budget Forecast
 Inflated \$

Description	Budget 2015	Total	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Capital Expenditures													
Small Dump Trailer	-	4,000	-	4,000	-	-	-	-	-	-	-	-	-
Lifecycle:													
Skyway Monitoring Station - H2S Monitor	-	17,000	-	-	-	-	-	-	-	17,000	-	-	-
Lou's Blvd. Pump Station - Pumps	7,000	-	-	-	-	-	-	-	-	-	-	-	-
Lou's Blvd. Pump Station - Access Hatch	6,000	-	-	-	-	-	-	-	-	-	-	-	-
Lou's Blvd. Pump Station - Pumps	-	10,000	-	10,000	-	-	-	-	-	-	-	-	-
Lou's Blvd. Pump Station - Piping	-	122,000	-	122,000	-	-	-	-	-	-	-	-	-
Lou's Blvd. Pump Station - Controls	-	104,000	-	-	104,000	-	-	-	-	-	-	-	-
Lou's Blvd. Pump Station - Back up Power Generator	-	191,000	-	-	-	191,000	-	-	-	-	-	-	-
Ridge Road Pump Station - Pumps	6,000	-	-	-	-	-	-	-	-	-	-	-	-
Ridge Road Pump Station - Controls	-	25,000	25,000	-	-	-	-	-	-	-	-	-	-
Ridge Road Pump Station - Pumps	-	8,000	-	-	8,000	-	-	-	-	-	-	-	-
Ridge Road Pump Station - Piping	-	59,000	-	-	-	-	-	-	-	-	-	59,000	-
MacLennan St. Pump Station - Pump	-	10,000	10,000	-	-	-	-	-	-	-	-	-	-
MacLennan St. Pump Station - Pump	-	10,000	-	-	10,000	-	-	-	-	-	-	-	-
MacLennan St. Pump Station - Piping & Valves	-	59,000	-	-	-	-	-	-	-	-	-	59,000	-
MacLennan St. Pump Station - Roof	-	16,000	-	-	-	-	-	-	-	-	-	16,000	-
Sanitary Sewers - Harris	-	774,000	-	-	774,000	-	-	-	-	-	-	-	-
Rockwood Vehicles - Wastewater Share	-	20,000	-	-	-	13,000	7,000	-	-	-	-	-	-
Sanitary Sewer Manholes	-	33,000	-	-	33,000	-	-	-	-	-	-	-	-
SCADA Communciation Upgrade	-	15,000	15,000	-	-	-	-	-	-	-	-	-	-
SCADA Control Upgrade	-	26,000	-	-	12,000	-	-	-	14,000	-	-	-	-
Studies:													
Rate Study	11,500	27,000	-	-	-	-	13,000	-	-	-	-	-	14,000
Financial Plan	4,000	9,000	-	-	-	-	4,000	-	-	-	-	-	5,000
SCADA Study	-	30,000	9,000	-	-	-	10,000	-	-	-	-	11,000	-
Growth Related:													
New Operational Space	-	107,000	15,000	92,000	-	-	-	-	-	-	-	-	-
Pick up Truck	-	13,000	13,000	-	-	-	-	-	-	-	-	-	-
Work Truck	-	14,000	-	-	-	14,000	-	-	-	-	-	-	-
Alma St. Sewer (upstream of plant)	-	576,000	576,000	-	-	-	-	-	-	-	-	-	-
Alma St Pre-Treatment and Storage (including land)	436,000	3,921,000	3,921,000	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	470,500	6,200,000	4,584,000	228,000	941,000	218,000	34,000	-	31,000	-	145,000	19,000	
Capital Financing													
Provincial/Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Charges Reserve Fund	436,000	2,387,500	2,327,500	46,000	-	14,000	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	-	2,190,000	2,190,000	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	1,441,000	35,000	132,000	929,000	204,000	7,000	-	-	-	134,000	-	-
Wastewater Reserve	34,500	181,500	31,500	50,000	12,000	-	27,000	-	31,000	-	11,000	19,000	-
Total Capital Financing	470,500	6,200,000	4,584,000	228,000	941,000	218,000	34,000	-	31,000	-	145,000	19,000	

Appendix I-3
Guelph/Eramosa
Rockwood Wastewater Service
Schedule of Growth Related Debenture Repayments
 Inflated \$

Debenture Year	2015	Principal (Inflated)	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2016		2,190,000		270,007	270,007	270,007	270,007	270,007	270,007	270,007	270,007	270,007	270,007
2017		-			-	-	-	-	-	-	-	-	-
2018		-											
2019		-											
2020		-											
2021		-											
2022		-											
2023		-											
2024		-											
2025		-											
Total Annual Debt Charges	-	2,190,000	-	270,007	270,007	270,007	270,007	270,007	270,007	270,007	270,007	270,007	270,007

Appendix I-2
Guelph/Eramosa
Rockwood Wastewater Service
Schedule of Non-Growth Related Debenture Repayments
 Inflated \$

Debenture Year	2015	Principal (Inflated)	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2016		-		-	-	-	-	-	-	-	-	-	-
2017		-			-	-	-	-	-	-	-	-	-
2018		-											
2019		-											
2020		-											
2021		-											
2022		-											
2023		-											
2024		-											
2025		-											
Total Annual Debt Charges	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix I-4
Guelph/Eramosa
Rockwood Wastewater Service
Rockwood Sewer Operating Wastewater Reserve Continuity - 01-0000-2790
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	(37,582)	(37,582)	2,418	22,418	42,418	42,418	42,418	42,418	42,418	42,418	42,418
Transfer from Operating	155,405	195,405	175,405	175,405	155,405	155,405	155,405	155,405	155,405	-	-
Transfer to Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Lifecycle Reserve - Loan Replayment	155,405	155,405	155,405	155,405	155,405	155,405	155,405	155,405	155,405	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	(37,582)	2,418	22,418	42,418	42,418	42,418	42,418	42,418	42,418	42,418	42,418

Appendix I-5
Guelph/Eramosa
Rockwood Wastewater Service
Rockwood Sewer Capital Wastewater Reserve Fund Continuity - 01-0000-2820
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	129,116	110,740	193,284	221,464	318,506	482,588	612,086	735,157	842,357	1,003,994	1,163,542
Transfer from Operating	13,952	110,254	73,838	102,797	154,620	144,496	108,656	121,683	141,951	147,733	144,945
Transfer to Capital	34,500	31,500	50,000	12,000	-	27,000	-	31,000	-	11,000	19,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	108,568	189,494	217,121	312,261	473,126	600,084	720,742	825,840	984,308	1,140,727	1,289,487
Interest	2,171	3,790	4,342	6,245	9,463	12,002	14,415	16,517	19,686	22,815	25,790

Appendix I-6
Guelph/Eramosa
Rockwood Wastewater Service
Wastewater Development Charges Reserve Fund Continuity - 2877
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	(851,528)	(1,084,312)	66,359	(232,606)	(485,355)	(756,892)	(1,019,022)	(914,174)	(799,213)	(622,108)	(431,356)
Development Charge Proceeds	224,477	21,179	21,603	26,775	27,311	27,858	392,780	400,639	459,311	469,217	545,776
Development Charge Advanced Funding - Wastewater		1,979,777									
Development Charge Advanced Funding - Other Services		1,475,913									
Transfer to Capital	436,000	2,327,500	46,000	-	14,000	-	-	-	-	-	-
Repayment of Advanced Funding - Other Services											
Transfer to Operating	-	-	270,007	270,007	270,007	270,007	270,007	270,007	270,007	270,007	270,007
Closing Balance	(1,063,051)	65,058	(228,045)	(475,838)	(742,051)	(999,041)	(896,249)	(783,542)	(609,910)	(422,898)	(155,587)
Interest	(21,261)	1,301	(4,561)	(9,517)	(14,841)	(19,981)	(17,925)	(15,671)	(12,198)	(8,458)	(3,112)
Required from Development Charges	436,000	4,517,500	46,000	-	14,000	-	-	-	-	-	-

Appendix I-7
Guelph/Eramosa
Rockwood Wastewater Service
Rockwood Wastewater Lifecycle Reserve Fund Continuity - 01-0000-2821
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	582,224	775,842	939,672	1,007,839	264,430	245,652	478,439	799,521	1,157,625	1,522,891	1,773,669
Transfer from Operating	23,000	25,000	25,000	25,000	25,000	75,000	150,000	180,000	180,000	350,000	375,000
Transfer from Operating Reserve - Loan Repayment	155,405	155,405	155,405	155,405	155,405	155,405	155,405	155,405	155,405	-	-
Transfer to Capital	-	35,000	132,000	929,000	204,000	7,000	-	-	-	134,000	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	760,629	921,247	988,078	259,245	240,835	469,057	783,844	1,134,926	1,493,030	1,738,891	2,148,669
Interest	15,213	18,425	19,762	5,185	4,817	9,381	15,677	22,699	29,861	34,778	42,973

Appendix I-8
Guelph/Eramosa
Rockwood Wastewater Services
Operating Budget Forecast
Inflated \$

Description	Budget 2015	Forecast										
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Expenditures												
Operating Costs												
Communications	2,200	2,244	4,200	4,284	4,370	4,457	4,546	4,637	4,730	4,825	4,922	
Conservation Initiatives	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219	
Fees - Engineering	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190	
Fees - Legal	500	510	520	531	541	552	563	574	585	597	609	
Fees - Professional - Other	-	-	-	-	-	-	-	-	-	-	-	
Fleet	8,000	9,160	9,343	9,530	9,721	9,915	10,113	10,315	10,521	10,731	10,946	
Grounds Maintenance	2,000	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,871	2,928	2,987	
Hydro	13,000	13,260	41,000	41,820	42,656	46,000	46,920	47,858	48,815	49,791	50,787	
Natural Gas	-	-	4,700	4,794	4,890	4,988	5,087	5,189	5,293	5,399	5,507	
Insurance	10,913	11,131	12,500	12,750	13,005	13,265	13,530	13,801	14,077	14,359	14,646	
Insurance Claims	-	-	-	-	-	-	-	-	-	-	-	
Licenses	500	500	500	510	520	531	541	552	563	574	585	
Memberships and Dues	800	816	1,200	1,224	1,248	1,273	1,299	1,325	1,352	1,379	1,407	
Contracted Services	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,744	5,859	5,976	6,096	
Repairs & Maint - Building	1,700	1,734	4,000	4,080	4,162	4,245	4,330	4,417	4,505	4,595	4,687	
Repairs & Maint - Equipment	25,000	25,500	30,000	30,600	31,212	33,000	33,660	34,333	35,020	35,720	36,434	
Repairs & Maint - Water/WW Mains	20,000	23,000	23,460	23,929	24,408	24,896	25,394	25,902	26,420	26,948	27,487	
Safety	1,500	1,530	1,761	1,796	1,832	1,869	1,906	1,944	1,983	2,023	2,063	
Salaries and Wages	139,100	149,600	163,400	176,700	190,250	194,055	197,936	201,895	205,933	210,052	214,253	
Salaries Benefits	41,725	44,880	49,020	53,010	57,075	58,217	59,381	60,569	61,780	63,016	64,276	
Seminars and Training	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,744	5,859	5,976	6,096	
Supplies and Services	20,000	20,400	60,000	61,200	62,424	68,000	69,360	70,747	72,162	73,605	75,077	
Telephone	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438	
Uniforms	500	510	700	714	728	743	758	773	788	804	820	
WW Treatment City of Guelph	420,000	441,000	463,050	486,203	510,513	536,038	562,840	590,982	620,531	651,558	684,136	
Service Agreements	-	2,000	2,040	2,081	2,123	2,165	2,208	2,252	2,297	2,343	2,390	
Overhead Costs	11,548	11,779	12,015	12,255	12,500	12,750	13,005	13,265	13,530	13,801	14,077	
Sub Total Operating	741,986	785,514	909,888	955,019	1,001,727	1,045,058	1,082,039	1,120,566	1,160,706	1,202,536	1,246,135	
Capital-Related												
Existing Debt (Principal) - Growth Related												
Existing Debt (Interest) - Growth Related												
New Growth Related Debt (Principal)		-	182,407	189,703	197,292	205,183	213,391	221,926	230,803	240,035	249,637	
New Growth Related Debt (Interest)		-	87,600	80,304	72,716	64,824	56,617	48,081	39,204	29,972	20,370	
Existing Debt (Principal) - Non-Growth Related												
Existing Debt (Interest) - Non-Growth Related												
New Non-Growth Related Debt (Principal)		-	-	-	-	-	-	-	-	-	-	
New Non-Growth Related Debt (Interest)		-	-	-	-	-	-	-	-	-	-	
Transfer to Capital		-	-	-	-	-	-	-	-	-	-	
Transfer to Rockwood Wastewater Operating Reserve	155,405	195,405	175,405	175,405	155,405	155,405	155,405	155,405	155,405	155,405	-	
Transfer to Rockwood Wastewater Capital Reserve	13,952	110,254	73,838	102,797	154,620	144,496	108,656	121,683	141,951	147,733	144,945	
Sub Total Capital Related	169,357	305,659	519,250	548,210	580,032	569,909	534,069	547,095	567,364	417,740	414,952	
Total Expenditures	911,343	1,091,174	1,429,139	1,503,229	1,581,759	1,614,967	1,616,108	1,667,661	1,728,070	1,620,276	1,661,087	

Appendix I-8 (Cont.)
Guelph/Eramosa
Rockwood Wastewater Services
Operating Budget Forecast
Inflated \$

Description	Budget 2015	Forecast										
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Revenues												
Base Charge	83,059	200,760	208,080	215,987	224,127	232,506	241,131	250,278	259,971	269,950	280,512	
Penalty and Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	-	-	
Contributions from Development Charges Reserve Fund	-	-	270,007	270,007	270,007	270,007	270,007	270,007	270,007	270,007	270,007	
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-	-	
Total Operating Revenue	87,059	204,760	482,087	489,994	498,134	506,514	515,138	524,286	533,978	543,957	554,519	
Wastewater Billing Recovery - Operating	824,284	886,414	947,051	1,013,235	1,083,625	1,108,453	1,100,970	1,143,376	1,194,092	1,076,319	1,106,568	
Lifecycle Reserve Contribution (\$)	23,000	25,000	25,000	25,000	25,000	75,000	150,000	180,000	180,000	350,000	375,000	
Wastewater Billing Recovery - Total	847,284	911,414	972,051	1,038,235	1,108,625	1,183,453	1,250,970	1,323,376	1,374,092	1,426,319	1,481,568	

Appendix I-9
Guelph/Eramosa
Rockwood Wastewater Service
Wastewater Volume Rate Forecast
Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Wastewater Billing Recovery	847,284	911,414	972,051	1,038,235	1,108,625	1,183,453	1,250,970	1,323,376	1,374,092	1,426,319	1,481,568
Total Metered Volume (m3)	320,941	325,691	330,821	336,521	342,221	347,921	353,621	359,701	366,161	372,621	379,461
Constant Rate	2.64	2.80	2.94	3.09	3.24	3.40	3.54	3.68	3.75	3.83	3.90
Annual Percentage Change		6%	5%	5%	5%	5%	4%	4%	2%	2%	2%

Appendix B – Wastewater Financial Plan

Figure B-1
Conversion Adjustments
Statement of Operations (Wastewater)

Modified Cash Basis	Budget 2015	Adjustments		Full Accrual Budget 2015	Accrual Basis
		DR	CR		
Revenues					Revenues
Base Charge Revenue	83,059			83,059	Base Charge Revenue
Rate Based Revenue	863,979			863,979	Rate Based Revenue
			436,000	436,000	Earned Development Charges and Gas Tax Revenue
Other Revenue	4,000		17,385	21,385	Other Revenue
Total Revenues	951,038			1,404,423	Total Revenues
Expenditures					Expenses
Operating	741,986	15,500		757,486	Operating Expenses
Capital					
Transfers to Reserves	209,052		209,052		
		254,822		254,822	Amortization
Total Expenditures	951,038			1,012,308	Total Expenses
Net Expenditures	-			392,115	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			13,158,872	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	392,115		13,550,987	Accumulated Surplus/(Deficit), end of year

TOTAL ADJUSTMENTS	662,437	662,437
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Note: The combined adjustments above should be balanced and net to \$0 (i.e. Total DR = Total CR)

Figure B-2
Conversion Adjustments
Statement of Financial Position (Wastewater)

Modified Cash Basis	Budget 2015	Adjustments		Full Accrual Budget 2015	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Accounts Receivable	178,121			178,121	Accounts Receivable
Accounts Receivable - Other	1,084,312			1,084,312	Accounts Receivable - Other
<i>Total Financial Assets</i>	<i>1,262,433</i>			<i>1,262,433</i>	<i>Total Financial Assets</i>
LIABILITIES					Liabilities
Bank Indebtedness	11,213			11,213	Bank Indebtedness
Accounts Payable & Accrued Liabilities	185,023			185,023	Accounts Payable & Accrued Liabilities
<i>Total Liabilities</i>	<i>196,236</i>			<i>196,236</i>	<i>Total Liabilities</i>
Net Assets/(Debt)	1,066,197			1,066,197	Net Financial Assets/(Debt)
		12,500,290	15,500	12,484,790	Non-Financial Assets
				12,484,790	Tangible Capital Assets
					Total Non-Financial Assets
Municipal Position					
Wastewater Reserves	1,066,197	1,066,197			
Development Charge Reserve Fund	(1,084,312)		1,084,312		
Amounts to be Recovered	1,084,312	1,084,312			
Total Municipal Position	1,066,197		13,550,987	13,550,987	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		14,650,799	14,650,799		

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

Table B-1
Statement of Financial Position: Wastewater Services
UNAUDITED: For Financial Planning Purposes Only
2015-2025

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Financial Assets												
Cash	1	-	-	-	-	-	-	-	-	225,264	849,879	1,569,931
Accounts Receivable	1	178,121	251,820	317,645	333,276	349,799	367,259	383,419	400,710	414,074	427,835	442,394
Accounts Receivable - Other	3	1,084,312	1,913,418	2,212,383	2,465,132	2,736,669	2,998,799	2,893,951	2,778,991	2,601,885	2,411,133	2,138,476
Total Financial Assets		1,262,433	2,165,238	2,530,028	2,798,408	3,086,468	3,366,058	3,277,370	3,179,701	3,241,223	3,688,847	4,150,801
Liabilities												
Bank Indebtedness		11,213	598,925	797,240	1,660,282	1,769,508	1,665,794	1,099,380	501,476	-	-	-
Accounts Payable & Accrued Liabilities	1	185,023	195,877	226,891	238,145	249,792	260,597	269,819	279,426	289,435	299,866	310,738
Debt (Principal only)	2	-	2,190,000	2,007,593	1,817,889	1,620,598	1,415,415	1,202,024	980,098	749,294	509,259	259,622
Total Liabilities		196,236	2,984,802	3,031,724	3,716,316	3,639,898	3,341,806	2,571,223	1,761,000	1,038,729	809,125	570,360
Net Financial Assets/(Debt)		1,066,197	(819,564)	(501,696)	(917,908)	(553,430)	24,252	706,147	1,418,701	2,202,494	2,879,722	3,580,441
Non-Financial Assets												
Tangible Capital Assets	4	12,484,790	16,787,288	16,623,404	17,166,668	16,976,321	16,582,371	16,167,711	15,784,051	15,370,380	15,090,709	14,824,190
Total Non-Financial Assets		12,484,790	16,787,288	16,623,404	17,166,668	16,976,321	16,582,371	16,167,711	15,784,051	15,370,380	15,090,709	14,824,190
Accumulated Surplus/(Deficit)	5	13,550,987	15,967,724	16,121,708	16,248,760	16,422,891	16,606,623	16,873,858	17,202,752	17,572,874	17,970,431	18,404,631
Financial Indicators												
	Total Change	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1) Increase/(Decrease) in Net Financial Assets	8,317,575	191,937	(1,885,761)	317,868	(416,212)	364,478	577,682	681,895	1,972,131	2,178,242	2,173,575	2,161,740
2) Increase/(Decrease) in Tangible Capital Assets	2,539,578	200,178	4,302,498	(163,884)	543,264	(190,347)	(393,950)	(414,660)	(383,660)	(413,671)	(279,671)	(266,519)
3) Increase/(Decrease) in Accumulated Surplus	5,245,759	392,115	2,416,737	153,984	127,052	174,131	183,732	267,235	328,894	370,122	397,557	434,200

Table B-2
Statement of Operations: Wastewater Services
UNAUDITED: For Financial Planning Purposes Only
2015-2025

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Wastewater Revenue												
Base Charge Revenue		83,059	200,760	208,080	215,987	224,127	232,506	241,131	250,278	259,971	269,950	280,512
Rate Based Revenue		863,979	929,277	991,165	1,058,686	1,130,508	1,206,868	1,275,321	1,348,701	1,400,177	1,453,186	1,509,240
Earned Development Charges Revenue	3	436,000	2,327,500	316,007	270,007	284,007	270,007	270,007	270,007	270,007	270,007	270,007
Other Revenue	6	21,385	26,216	28,104	15,431	18,279	25,383	34,092	43,215	53,548	61,593	72,765
Total Revenues		1,404,423	3,483,753	1,543,356	1,560,111	1,656,921	1,734,764	1,820,551	1,912,201	1,983,703	2,054,736	2,132,524
Wastewater Expenses												
Operating Expenses	Sch. 4-1	757,486	794,514	909,888	955,019	1,001,727	1,072,058	1,082,039	1,120,566	1,160,706	1,213,536	1,265,135
Interest on Debt	2	-	-	87,600	80,304	72,716	64,824	56,617	48,081	39,204	29,972	20,370
Amortization	4	254,822	272,502	391,884	397,736	408,347	414,150	414,660	414,660	413,671	413,671	412,819
Total Expenses		1,012,308	1,067,016	1,389,372	1,433,059	1,482,790	1,551,032	1,553,316	1,583,307	1,613,581	1,657,179	1,698,324
Annual Surplus/(Deficit)		392,115	2,416,737	153,984	127,052	174,131	183,732	267,235	328,894	370,122	397,557	434,200
Accumulated Surplus/(Deficit), beginning of year	5	13,158,872	13,550,987	15,967,724	16,121,708	16,248,760	16,422,891	16,606,623	16,873,858	17,202,752	17,572,874	17,970,431
Accumulated Surplus/(Deficit), end of year		13,550,987	15,967,724	16,121,708	16,248,760	16,422,891	16,606,623	16,873,858	17,202,752	17,572,874	17,970,431	18,404,631
Note 5:												
Accumulated Surplus/(Deficit) Reconciliation:		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Reserve Balances												
Reserves: Development Charges		(1,084,312)	(1,913,418)	(2,212,383)	(2,465,132)	(2,736,669)	(2,998,799)	(2,893,951)	(2,778,991)	(2,601,885)	(2,411,133)	(2,138,476)
Reserves: Capital/Other		1,066,197	1,370,436	1,505,897	899,981	1,067,168	1,439,667	1,908,171	2,398,799	2,951,788	3,388,981	3,840,063
Total Reserves Balance		(18,115)	(542,982)	(706,486)	(1,565,151)	(1,669,501)	(1,559,132)	(985,780)	(380,192)	349,903	977,848	1,701,587
Less: Debt Obligations and Deferred Revenue		1,084,312	(276,582)	204,790	647,243	1,116,071	1,583,384	1,691,927	1,798,893	1,852,591	1,901,874	1,878,854
Add: Tangible Capital Assets	4	12,484,790	16,787,288	16,623,404	17,166,668	16,976,321	16,582,371	16,167,711	15,784,051	15,370,380	15,090,709	14,824,190
Total Ending Balance		13,550,987	15,967,724	16,121,708	16,248,760	16,422,891	16,606,623	16,873,858	17,202,752	17,572,874	17,970,431	18,404,631
Financial Indicators	Total Change	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1) Expense to Revenue Ratio		72%	31%	90%	92%	89%	89%	85%	83%	81%	81%	80%
2) Increase/(Decrease) in Accumulated Surplus	5,245,759	392,115	2,416,737	153,984	127,052	174,131	183,732	267,235	328,894	370,122	397,557	434,200

Schedule B-1
Schedule of Operating Expenses: Wastewater Services
UNAUDITED: For Financial Planning Purposes Only
2015-2025

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Expenses												
Communications		2,200	2,244	4,200	4,284	4,370	4,457	4,546	4,637	4,730	4,825	4,922
Conservation Initiatives		1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219
Fees - Engineering		10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190
Fees - Legal		500	510	520	531	541	552	563	574	585	597	609
Fleet		8,000	9,160	9,343	9,530	9,721	9,915	10,113	10,315	10,521	10,731	10,946
Grounds Maintenance		2,000	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,871	2,928	2,987
Hydro		13,000	13,260	41,000	41,820	42,656	46,000	46,920	47,858	48,815	49,791	50,787
Natural Gas		-	-	4,700	4,794	4,890	4,988	5,087	5,189	5,293	5,399	5,507
Insurance		10,913	11,131	12,500	12,750	13,005	13,265	13,530	13,801	14,077	14,359	14,646
Licenses		500	500	500	510	520	531	541	552	563	574	585
Memberships and Dues		800	816	1,200	1,224	1,248	1,273	1,299	1,325	1,352	1,379	1,407
Contracted Services		5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,744	5,859	5,976	6,096
Repairs & Maint - Building		1,700	1,734	4,000	4,080	4,162	4,245	4,330	4,417	4,505	4,595	4,687
Repairs & Maint - Equipment		25,000	25,500	30,000	30,600	31,212	33,000	33,660	34,333	35,020	35,720	36,434
Repairs & Maint - Water/WW Mains		20,000	23,000	23,460	23,929	24,408	24,896	25,394	25,902	26,420	26,948	27,487
Safety		1,500	1,530	1,761	1,796	1,832	1,869	1,906	1,944	1,983	2,023	2,063
Salaries and Wages		139,100	149,600	163,400	176,700	190,250	194,055	197,936	201,895	205,933	210,052	214,253
Salaries Benefits		41,725	44,880	49,020	53,010	57,075	58,217	59,381	60,569	61,780	63,016	64,276
Seminars and Training		5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,744	5,859	5,976	6,096
Supplies and Services		20,000	20,400	60,000	61,200	62,424	68,000	69,360	70,747	72,162	73,605	75,077
Telephone		2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438
Uniforms		500	510	700	714	728	743	758	773	788	804	820
W/W Treatment City of Guelph		420,000	441,000	463,050	486,203	510,513	536,038	562,840	590,982	620,531	651,558	684,136
Service Agreements		-	2,000	2,040	2,081	2,123	2,165	2,208	2,252	2,297	2,343	2,390
Overhead Costs		11,548	11,779	12,015	12,255	12,500	12,750	13,005	13,265	13,530	13,801	14,077
Non TCA - Expenses from Capital Budget	7	15,500	9,000	-	-	-	27,000	-	-	-	11,000	19,000
TOTAL OPERATING EXPENSES		757,486	794,514	909,888	955,019	1,001,727	1,072,058	1,082,039	1,120,566	1,160,706	1,213,536	1,265,135

Table B-3
Statement of Changes in Net Financial Assets/Debt: Wastewater Services
UNAUDITED: For Financial Planning Purposes Only
2015-2025

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Surplus/(Deficit)		392,115	2,416,737	153,984	127,052	174,131	183,732	267,235	328,894	370,122	397,557	434,200
Less: Acquisition of Tangible Capital Assets	4	(455,000)	(4,575,000)	(228,000)	(941,000)	(218,000)	(20,200)	-	(31,000)	-	(134,000)	(146,300)
Add: Amortization of Tangible Capital Assets	4	254,822	272,502	391,884	397,736	408,347	414,150	414,660	414,660	413,671	413,671	412,819
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
		(200,178)	(4,302,498)	163,884	(543,264)	190,347	393,950	414,660	383,660	413,671	279,671	266,519
Increase/(Decrease) in Net Financial Assets/(Net Debt)		191,937	(1,885,761)	317,868	(416,212)	364,478	577,682	681,895	712,554	783,793	677,228	700,719
Net Financial Assets/(Net Debt), beginning of year		874,260	1,066,197	(819,564)	(501,696)	(917,908)	(553,430)	24,252	706,147	1,418,701	2,202,494	2,879,722
Net Financial Assets/(Net Debt), end of year		1,066,197	(819,564)	(501,696)	(917,908)	(553,430)	24,252	706,147	1,418,701	2,202,494	2,879,722	3,580,441

Financial Indicators	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1) Acquisition of Tangible Capital Assets (Cumulative)	455,000	5,030,000	5,258,000	6,199,000	6,417,000	6,437,200	6,437,200	6,468,200	6,468,200	6,602,200	6,748,500
2) Annual Surplus/Deficit before Amortization (Cumulative)	646,937	3,336,176	3,882,044	4,406,832	4,989,310	5,587,192	6,269,087	7,012,641	7,796,434	8,607,662	9,454,681
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)	1.42	0.66	0.74	0.71	0.78	0.87	0.97	1.08	1.21	1.30	1.40

Table B-4
Statement of Cash Flow – Indirect Method: Wastewater Services
UNAUDITED: For Financial Planning Purposes Only
2015-2025

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Transactions												
Annual Surplus/Deficit		392,115	2,416,737	153,984	127,052	174,131	183,732	267,235	328,894	370,122	397,557	434,200
Add: Amortization of TCA's	4	254,822	272,502	391,884	397,736	408,347	414,150	414,660	414,660	413,671	413,671	412,819
Less: Earned Deferred Revenue	3	(436,000)	(2,327,500)	(316,007)	(270,007)	(284,007)	(270,007)	(270,007)	(270,007)	(270,007)	(270,007)	(270,007)
Add: Deferred Revenue Proceeds		203,216	1,498,394	17,042	17,258	12,470	7,877	374,855	384,968	447,113	460,759	542,664
Change in A/R (Increase)/Decrease		(19,047)	(73,699)	(65,825)	(15,632)	(16,522)	(17,460)	(16,160)	(17,292)	(13,365)	(13,761)	(14,559)
Change in A/P Increase/(Decrease)		17,836	10,854	31,014	11,254	11,647	10,805	9,222	9,607	10,009	10,431	10,872
Less: Interest Proceeds		(17,384)	(22,215)	(24,104)	(11,430)	(14,279)	(21,383)	(30,092)	(39,215)	(49,547)	(57,592)	(68,763)
Cash Provided by Operating Transactions		395,558	1,775,073	187,988	256,231	291,787	307,714	749,713	811,615	907,996	941,058	1,047,226
Capital Transactions												
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(455,000)	(4,575,000)	(228,000)	(941,000)	(218,000)	(20,200)	-	(31,000)	-	(134,000)	(146,300)
Cash Applied to Capital Transactions		(455,000)	(4,575,000)	(228,000)	(941,000)	(218,000)	(20,200)	-	(31,000)	-	(134,000)	(146,300)
Investing Transactions												
Proceeds from Investments		17,384	22,215	24,104	11,430	14,279	21,383	30,092	39,215	49,547	57,592	68,763
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		17,384	22,215	24,104	11,430	14,279	21,383	30,092	39,215	49,547	57,592	68,763
Financing Transactions												
Proceeds from Debt Issue	2	-	2,190,000	-	-	-	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	-	-	(182,407)	(189,703)	(197,292)	(205,183)	(213,391)	(221,926)	(230,803)	(240,035)	(249,637)
Cash Applied to Financing Transactions		-	2,190,000	(182,407)	(189,703)	(197,292)	(205,183)	(213,391)	(221,926)	(230,803)	(240,035)	(249,637)
Increase in Cash and Cash Equivalents		(42,058)	(587,712)	(198,315)	(863,042)	(109,226)	103,714	566,414	597,904	726,740	624,615	720,052
Cash and Cash Equivalents, beginning of year	1	30,845	(11,213)	(598,925)	(797,240)	(1,660,282)	(1,769,508)	(1,665,794)	(1,099,380)	(501,476)	225,264	849,879
Cash and Cash Equivalents, end of year	1	(11,213)	(598,925)	(797,240)	(1,660,282)	(1,769,508)	(1,665,794)	(1,099,380)	(501,476)	225,264	849,879	1,569,931

Wastewater 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;
- C. Investing transactions that are acquisitions and disposal of investments;
- E. Change in cash and cash equivalents during the year; and
- F. 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 of Guelph/Eramosa, some of the items listed above have been estimated given that the Township does not maintain all financial asset and liability data separately for wastewater. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses). The assumptions used have been documented below:

1. Cash, Receivables and Payables

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

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

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

- a) Receivables: Based on historical levels of receivables and accrued receivables as a percentage of annual revenues, applied to projected wastewater revenues (source: provided by Township staff); and
- b) Payables: Based on historical levels of payables as a percentage of annual expenses incurred, applied to projected wastewater expenses (source: provided by Township).

2. Debt

The Township has no wastewater-related outstanding debt at the end of 2014 however, there are debt proceeds anticipated throughout the forecast period. Principal repayments for debt anticipated over the forecast period are scheduled as follows:

Year	Principal Payments
2015	-
2016	-
2017	182,407
2018	189,703
2019	197,292
2020	205,183
2021	213,391
2022	221,926
2023	230,803
2024	240,035
2025	249,637
Total	\$ 1,930,377

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/Accounts Receivable-Other

Deferred revenue is made up of wastewater 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. In years when the wastewater development charge reserve fund balance is negative, it is shown as an asset (accounts receivable – other) for financial reporting purposes, representing future amounts to be collected from developers.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes wastewater-related assets in the following categories:
 - i. Sanitary Sewer and Forcemain Infrastructure;
 - ii. Land;
 - iii. Vehicles; and
 - iv. Facilities.
- Opening balances for tangible capital assets and accumulated amortization were reconciled to amounts reported in Schedule 75C of the Township's 2014 Financial Information Return.
- For the purposes of amortization, 2014 work in progress was assumed to be brought into service in 2015.
- Amortization is calculated based on the straight-line approach.
- 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 Township 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 on the Statement of Operations as revenue earned in the year of contribution.

The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Tangible Capital Asset Balance	17,029,031	17,479,024	22,039,034	22,223,917	23,094,664	23,235,513	23,244,679	23,244,679	23,262,594	23,262,594	23,332,097
Acquisitions	455,000	4,575,000	228,000	941,000	218,000	20,200	-	31,000	-	134,000	146,300
Disposals	5,007	14,990	43,117	70,253	77,151	11,034	-	13,085	-	64,497	71,921
Closing Tangible Capital Asset Balance	17,479,024	22,039,034	22,223,917	23,094,664	23,235,513	23,244,679	23,244,679	23,262,594	23,262,594	23,332,097	23,406,476
Opening Accumulated Amortization	4,744,419	4,994,234	5,251,746	5,600,513	5,927,996	6,259,192	6,662,308	7,076,968	7,478,543	7,892,214	8,241,388
Amortization Expense	254,822	272,502	391,884	397,736	408,347	414,150	414,660	414,660	413,671	413,671	412,819
Amortization on Disposal	5,007	14,990	43,117	70,253	77,151	11,034	-	13,085	-	64,497	71,921
Ending Accumulated Amortization	4,994,234	5,251,746	5,600,513	5,927,996	6,259,192	6,662,308	7,076,968	7,478,543	7,892,214	8,241,388	8,582,286
Net Book Value	12,484,790	16,787,288	16,623,404	17,166,668	16,976,321	16,582,371	16,167,711	15,784,051	15,370,380	15,090,709	14,824,190

5. Accumulated Surplus

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

Wastewater	2015 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	(851,528)
Reserves: Capital/Other	874,260
Total Reserves Balance	22,732
Less: Debt Obligations and Deferred Revenue	851,528
Add: Tangible Capital Assets	12,284,612
Total Opening Balance	13,158,872

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

6. Other Revenue

Other revenue includes penalty and interest 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.