



Water Ontario Regulation 453/07

Financial Plan

Township of Guelph/Eramosa

Financial Plan #104-301A

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List of Acronyms and Abbreviations

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



Report



Chapter 1

Introduction



1. Introduction

1.1 Study Purpose

The Township of Guelph/Eramosa (the Township) retained Watson & Associates Economists Ltd. (Watson) to prepare a water financial plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water license as per the *Safe Drinking Water Act, 2002*. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. The detailed financial planning and forecasting regarding the Township's water systems has been completed based on the Township's 2020 Budget and the Water and Wastewater Rate Study, dated July 6, 2020 (2020 Rate Study). The objective of the report provided herein is to convert the findings of the 2020 Budget and 2020 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.), "the Act," was passed in December 2002 in order to address the recommendations made by the Walkerton Inquiry Part II report. Note that S.D.W.A. has been amended several times since 2002. One of the main requirements of the Act is the mandatory licensing of municipal water providers. Section 31 (1) specifically states:

"No person shall,

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



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

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

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

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

1.2.1 Financial Plan Defined

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

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

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

1.2.2 Financial Plan Requirements – Existing System

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

- Financial plans must be approved by resolution of Council (or governing body);



- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period (commencing in the year of licence expiry);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the PSAB) for each year in which the financial plans apply;
- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the components of a “Statement of Financial Position” as per PSAB) for each year in which the financial plans apply;
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a “Statement of Cash Flow” as per PSAB) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public;
- Financial plan is to be submitted to the Ministry of Municipal Affairs and Housing; and
- The resolution of Council approving the Financial Plan be submitted to the Ministry of the Environment, Conservation and Parks (MECP).

1.2.3 Financial Plan Requirements – General

Given that the requirements for a financial plan is legislated under the Act, a financial plan is mandatory for water systems. The financial plans shall be for a forecast period of at least six years but longer planning horizons are encouraged. The ten-year forecast goes above and beyond the minimum requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3(1)1 of O. Reg. 453/07. Confirmation of approval of the financial plan



must be submitted at the time of municipal drinking water license renewal (i.e. six months prior to license expiry).

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

1.2.4 Public Sector Accounting Board (PSAB) Requirements

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

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

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

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

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



1.2.5 The Township's Financial Plan

The Township is currently in the process of renewing the drinking water license 104-301A for the Guelph/Eramosa systems and the previous version of the financial plan no longer meets the requirements as it must apply to a period of a least six years beginning in the year that the licenses would otherwise expire. Although the Act requires at least six years to be included, this financial plan provides for a ten-year forecast period 2020 to 2029. The Township's residents and businesses are serviced with drinking water from 3 separate systems, including the:

1. Rockwood Water Supply System
2. Hamilton Drive Water Supply System
3. Gazer-Mooney Water Distribution System.

The Rockwood and Hamilton Drive water supply systems are owned by the Township. The Gazer-Mooney system is supplied directly, under agreement with the City of Guelph and the Township is responsible for the lifecycle costs of the infrastructure that is in place within the Township boundaries. The customers on the Gazer-Mooney system pay a flat rate which includes both water and wastewater services, with 25% of the value of the system related to the water infrastructure and 75% related to the wastewater system. Therefore, for the purposes of this financial plan, 25% of the lifecycle reserves and operating costs have been included along with the tangible capital assets associated with the water distribution system. This Financial Plan #031-301A is a combined financial plan for all three water systems.



Chapter 2

Sustainable Financial Planning



2. Sustainable Financial Planning

2.1 Introduction

In general, sustainability refers to the ability to maintain a certain position over time. While the Act requires a declaration of the financial plan's sustainability, it does not give a clear definition of what would be considered sustainable. Instead, MECP 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: Life-cycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.
- Principle #5: An asset management plan is a key input to the development of a financial plan.
- Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
- Principle #7: Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.
- Principle #8: Financial plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.



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

2.2 Sustainable Water and Sewage Systems Act

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

2.3 Water Opportunities Act, 2010

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

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

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

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



- additional information considered advisable.

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

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

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

On June 4, 2015, the Province passed the Infrastructure for Jobs and Prosperity Act (I.J.P.A.) which, over time, will require municipalities to undertake and implement asset management plans for all infrastructure they own. On December 27, 2017, the Province of Ontario released Ontario Regulation 588/17 under I.J.P.A. which has 3 phases that municipalities must meet.

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

- Phase 1 – Asset Management Plan (by July 1, 2021):
 - For core assets – Municipalities must have the following:
 - Inventory of assets;
 - Current levels of service measured by standard metrics; and
 - Costs to maintain levels of service.
- Phase 2 – Asset Management Plan (by July 1, 2023):
 - Same steps as Phase 1 but for all assets.
- Phase 3 – Asset Management Plan (by July 1, 2024):
 - Builds on Phase 1 and 2 by adding:
 - Proposed levels of service; and
 - Lifecycle management and Financial strategy.



In relation to water (which is considered a core asset), municipalities will need to have an asset management plan that addresses the related infrastructure by July 1, 2021 (Phase 1). O. Reg. 588/17 specifies that the municipality's asset management plan must include the following for each asset category:

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

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

2.5 Water Forecast

As noted earlier, the Township has undertaken a Rate Study, dated July 6, 2020. The 2020 Budget and 2020 Rate Study process is designed to address "full cost" principles and reflect the guiding principles toward sustainable financial planning.

As a result of employing this process, the 2020 water budget and nine-year forecast (2021 to 2029), included in the 2020 Rate Study, provides the basis for a sound financial plan for the Township's water system by assessing:

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



- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs;
- A review and recommendation on rates that ensure revenues are equitable and sufficient to meet system needs; and
- A public process that involved consultation with the main stakeholders including the Township's staff, Council, the general public (specifically the users of the system) and others with the aim of gaining input and collaboration on the sustainability of the water systems.



Chapter 3

Approach



3. Approach

3.1 Overview

The 2020 Budget and 2020 Rate Study (along with additional detailed information provided by Municipal Staff) has been used as a starting point to prepare the water financial plan. The Water forecast is prepared on a modified cash basis; therefore, a conversion is required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the water financial plan.

3.2 Conversion Process

The conversion from the existing modified cash basis found in the 2020 Budget and 2020 Rate Study to the full accrual reporting format required under O. Reg. 453/07 can be summarized in the following steps:

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

3.2.1 Calculate Tangible Capital Asset Balances

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water assets, an inventory has already been compiled and summarized by the Township for the purposes of their annual PSAB 3150 compliance process. As required, for PSAB 3150 reporting purposes, the asset inventory listing included historical cost (which is the original cost to purchase, develop, or construct each asset) along with an estimated



useful life for each asset and any anticipated salvage value is recorded. The following calculations are made to determine net book value:

- Accumulated amortization up to the year prior to the first forecast year.
- Amortization expense on existing assets for each year of the forecast period.
- Acquisition of new assets for each year of the forecast period.
- Disposals and related gains or losses for each year of forecast period.

Future water capital needs have also been determined and summarized within the 2020 Rate Study. These estimates, however, only represent future assets that the Township anticipates purchasing or constructing without consideration for future assets that are contributed by developers and other parties (at no or partial cost to the Township). These contributed assets will form part of the infrastructure going forward in terms of the sustainability of the system and despite their non-monetary nature; future financial plans may need to be adjusted in order to properly account for these transactions. Once the sequence and total asset acquisition has been determined for the forecast period, annual amortization of these assets for each year is calculated in a similar manner as that used for existing assets.

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

3.2.2 Convert Statement of Operations

A wide range of adjustments will be considered, dependent on the size and complexity of the systems, in order to convert from the cash to full accrual basis (see Figure 3-1). For example, debt repayment costs relating to the principal payment portion only needs to be removed under the accrual basis, as they no longer qualify as an expense for reporting purposes. Principal payments are reported as a decrease in debt liability on the Statement of Financial Position. Transfers to and from reserves are removed as these transactions are represented by changes in cash and accumulated surplus. Finally, expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets are reported on the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives and therefore are added in under the accrual basis.



Table 3-1
Conversion Adjustments
Statement of Operations

Modified Cash Basis	Budget 2020	Adjustments		Full Accrual Budget 2020	Accrual Basis
		DR	CR		
Revenues					Revenues
Base Charge Revenue	295,126			295,126	Base Charge Revenue
Rate Based Revenue	1,062,633			1,062,633	Rate Based Revenue
Transfers from Reserves	61,890	61,890			
Other Revenue	36,190		19,781	55,972	Earned Development Charges Revenue Other Revenue
Total Revenues	1,455,839			1,413,731	Total Revenues
Expenditures					Expenses
Operating	972,026	55,000		1,027,026	Operating Expenses
Capital					
Transfers to Reserves	378,796		378,796		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	105,017		102,070	2,947	Interest on Debt
		232,047		232,047	Amortization
Total Expenditures	1,455,839			1,262,020	Total Expenses
Net Expenditures	-			151,711	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			11,722,023	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	151,711	-	11,873,734	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		500,647	500,647		

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



3.2.3 Convert Statement of Financial Position

Once the Statement of Operations has been converted and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded (see Figure 3-2). The opening/actual balances for the remaining accounts such as accounts receivable, inventory, accounts payable, outstanding debt (principal only), are recorded and classified according to the structure of the Statement of Financial Position as outlined in PS1200.

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

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

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

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



Table 3-2
Conversion Adjustments
Statement of Financial Position

Modified Cash Basis	Budget 2020	Adjustments		Full Accrual Budget 2020	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	937,963			937,963	Cash
Accounts Receivable	237,483			237,483	Accounts Receivable
Accounts Receivable - Other	-			-	Accounts Receivable - Other
Total Financial Assets	1,175,446			1,175,446	Total Financial Assets
Non-Financial Assets					
Inventory of Supplies	-		-		
Prepaid Expenses	-		-		
Total Non-Financial Assets	-				
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	147,175			147,175	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	1,051,541			1,051,541	Debt (Principal only)
Deferred Revenue	84,780			84,780	Deferred Revenue
Other	-			-	Other
Total Liabilities	1,283,496			1,283,496	Total Liabilities
Net Assets/(Debt)	(108,050)			(108,050)	Net Financial Assets/(Debt)
		12,036,784	55,000	11,981,784	Non-Financial Assets
		-		-	Tangible Capital Assets
		-		-	Inventory of Supplies
					Prepaid Expenses
				11,981,784	Total Non-Financial Assets
Municipal Position					
Water Reserves	943,491	943,491	-		
Development Charge Reserve Fund	84,780	84,780	-		
Amounts to be Recovered	(1,136,321)	-	1,136,321		
Total Municipal Position	(108,050)		11,873,734	11,873,734	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		13,065,055	13,065,055		

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



3.2.5 Verification and Note Preparation

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

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

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

- a) Opening cash balances – Opening cash balances are necessary to complete the Statement of Cash Flows and balance the Statement of Financial Position. Preferably, opening cash balances should be derived from actual information contained within the Township’s ledgers. It may not 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:

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



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



Chapter 4

Financial Plan



4. Financial Plan

4.1 Introduction

The following tables provide the complete financial plan for the 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 document¹ and it 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 indication of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. Table 4-1 indicates that in 2020, the Township's water system was in a net financial debt position of \$108,050. The financial plan forecasts a net financial asset position for each year of the forecast period, increasing to a net financial asset position of \$4.67 million by 2029.

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

- Tangible capital assets such as watermains and treatment facilities are imperative to water service delivery.

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



- These assets represent significant economic resources in terms of their historical and replacement costs. Therefore, ongoing capital asset management is essential to managing significant replacements and repairs.
- 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 net book value is expected to decrease over the forecast period of approximately \$565,400. This indicates that the Township continues to write down and continue to use the existing assets over the forecast period.

4.2.2 Statement of Operations (Table 4-2)

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates the ratio of expenses to revenues, although fluctuating to some extent over the forecast period, with a decrease from 89% in 2020 to 69% by 2029. As a result, annual surplus increases from a surplus of \$151,711 to a surplus of \$660,278 by 2029. This is due to a general increasing trend in amortization expense. 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 and reserve/reserve fund transfers.

Another important indicator on this statement is accumulated surplus/deficit. An accumulated surplus indicates that the available net resources are sufficient to provide future capital 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 increase by approximately \$4.37 million from a 2020 accumulated surplus of \$11.72 million over the forecast period to \$16.09 million in 2029. The 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 by the municipality.

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

The Statement of Change in Net Financial Assets/Debt indicates whether revenue generated was sufficient to cover operating and non-financial asset costs (i.e. inventory supplies, prepaid expenses, tangible capital assets, etc.) and in so doing, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. Table 4-3 indicates that in 2020 and 2021, forecasted tangible capital asset acquisitions (net of amortization for the year) exceeds the forecasted annual surplus, resulting in decreases in the net financial asset balance. However, from 2022 to 2029, forecasted annual surplus exceeds forecasted tangible capital asset acquisitions (net of amortization for the year), resulting in increases in the net financial asset balance. Therefore, an overall increase to net financial assets is anticipated over the forecast period to 2029. This is a result of more significant capital asset acquisitions forecasted allowing for a long-term plan of funding capital through accumulated surplus (i.e. reserves and reserve funds). This is also evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions increasing from 0.40 to 2.49 over the forecast period.¹

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-based and accrual-based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e. tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Township's water systems to improve from a balance of \$899,321 at the beginning of 2020, to just under \$5.25 million by the end of 2029. For further discussions, on projected cash balances please refer to the Notes to the Financial Plan.

¹ A desirable ratio is 1:1 or better.



Table 4-1
Statement of Financial Position: Water Services
UNAUDITED: For Financial Planning Purposes Only
2020-2029

	Notes	Forecast									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Financial Assets											
Cash	1	937,983	1,512,554	1,525,651	1,977,218	2,359,798	2,828,487	3,340,928	3,890,517	4,489,800	5,246,698
Accounts Receivable	1	237,483	239,771	250,404	260,685	270,454	285,842	296,832	307,915	319,624	331,653
Total Financial Assets		1,175,466	1,752,325	1,776,055	2,237,903	2,630,252	3,114,329	3,637,760	4,198,432	4,789,424	5,578,351
Liabilities											
Bank Indebtedness		-	-	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	147,175	152,170	154,443	158,995	163,335	169,091	170,514	173,901	177,378	180,916
Debt (Principal only)	2	1,051,541	960,010	867,511	774,024	679,531	584,010	487,441	389,803	291,075	191,235
Deferred Revenue	3	84,780	373,412	173,159	210,007	190,097	567,054	559,657	554,110	550,470	531,870
Total Liabilities		1,283,496	1,485,592	1,195,113	1,143,026	1,032,963	1,320,155	1,217,612	1,117,814	1,018,923	904,021
Net Financial Assets/(Debt)		(108,050)	266,733	580,942	1,094,877	1,597,289	1,794,174	2,420,148	3,080,618	3,770,501	4,674,330
Non-Financial Assets											
Tangible Capital Assets	4	11,981,784	11,870,587	12,195,007	11,996,431	11,849,590	12,027,075	11,880,638	11,753,376	11,659,976	11,416,425
Total Non-Financial Assets		11,981,784	11,870,587	12,195,007	11,996,431	11,849,590	12,027,075	11,880,638	11,753,376	11,659,976	11,416,425
Accumulated Surplus/(Deficit)	5	11,873,734	12,137,320	12,775,949	13,091,308	13,446,879	13,821,249	14,300,786	14,833,994	15,430,477	16,090,755
Financial Indicators											
	Total Change	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
1) Increase/(Decrease) in Net Financial Assets	4,202,638	(579,742)	374,783	314,209	513,935	502,412	196,885	625,974	660,470	689,883	903,829
2) Increase/(Decrease) in Tangible Capital Assets	166,094	731,453	(111,197)	324,420	(198,576)	(146,841)	177,485	(146,437)	(127,262)	(93,400)	(243,551)
3) Increase/(Decrease) in Accumulated Surplus	4,968,732	151,711	263,588	638,629	315,359	355,571	374,370	479,537	533,208	596,483	660,278



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2020-2029

	Notes	Forecast									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Water Revenue											
Base Charge Revenue		295,128	315,745	338,389	355,323	374,037	397,047	421,249	442,312	464,619	487,850
Rate Based Revenue		1,062,633	1,054,785	1,107,788	1,153,717	1,197,342	1,253,111	1,310,722	1,357,045	1,405,953	1,455,894
Earned Development Charges Revenue	3	-	91,403	415,771	75,003	59,003	59,003	59,003	59,003	59,003	59,003
Other Revenue	6	55,972	68,467	62,937	70,630	77,427	95,107	92,738	108,148	120,221	139,245
Total Revenues		1,413,731	1,528,400	1,922,873	1,654,673	1,707,809	1,804,268	1,883,712	1,964,508	2,049,796	2,141,992
Water Expenses											
Operating Expenses	Sch. 4-1	1,027,028	1,005,017	1,020,032	1,068,093	1,078,760	1,155,773	1,128,178	1,148,545	1,171,510	1,194,872
Interest on Debt	2	2,947	10,600	9,632	8,645	7,637	6,610	5,662	4,493	3,403	2,291
Amortization	4	232,047	249,197	254,580	264,576	265,841	267,515	272,437	278,262	278,400	284,551
Total Expenses		1,262,022	1,264,814	1,284,244	1,339,314	1,352,238	1,429,898	1,404,175	1,431,300	1,453,313	1,481,714
Annual Surplus/(Deficit)		151,711	263,586	638,629	315,359	355,571	374,370	479,537	533,208	596,483	660,278
Accumulated Surplus/(Deficit), beginning of year	5	11,722,023	11,873,734	12,137,320	12,775,949	13,091,308	13,446,879	13,821,249	14,300,786	14,833,994	15,430,477
Accumulated Surplus/(Deficit), end of year		11,873,734	12,137,320	12,775,949	13,091,308	13,446,879	13,821,249	14,300,786	14,833,994	15,430,477	16,090,755
Note 5:											
Accumulated Surplus/(Deficit) Reconciliation:											
Reserve Balances											
Reserves: Development Charges		84,780	373,412	173,159	210,007	190,097	567,054	559,657	554,110	550,470	531,870
Reserves: Capital/Other		943,491	1,228,743	1,448,453	1,868,901	2,278,820	2,378,184	2,907,589	3,470,421	4,061,578	4,866,565
Total Reserves Balance		1,028,271	1,600,155	1,621,612	2,078,908	2,468,917	2,945,238	3,467,246	4,024,531	4,612,048	5,398,435
Less: Debt Obligations and Deferred Revenue		(1,136,321)	(1,333,422)	(1,040,670)	(984,031)	(869,628)	(1,151,064)	(1,047,098)	(943,913)	(841,545)	(723,105)
Add: Long-term Accounts Receivable		-	-	-	-	-	-	-	-	-	-
Add: Tangible Capital Assets	4	11,981,784	11,870,587	12,195,007	11,996,431	11,849,590	12,027,075	11,880,638	11,753,376	11,659,976	11,416,425
Total Ending Balance		11,873,734	12,137,320	12,775,949	13,091,308	13,446,879	13,821,249	14,300,786	14,833,994	15,430,477	16,090,755
Financial Indicators											
1) Expense to Revenue Ratio		89%	83%	67%	81%	79%	79%	75%	73%	71%	69%
2) Increase/(Decrease) in Accumulated Surplus		4,368,732	151,711	263,586	638,629	315,359	355,571	374,370	479,537	533,208	596,483



Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2020-2029

	Notes	Forecast									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Expenses											
Advertising		1,200	2,000	1,300	1,330	1,380	1,390	1,420	1,450	1,480	1,510
Communications		9,500	10,000	10,200	10,400	10,610	10,820	11,040	11,260	11,480	11,720
Conservation Initiatives		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Fees - Audit		4,000	4,000	4,000	4,000	4,000	4,000	4,080	4,160	4,240	4,320
Fees - Engineering		41,000	40,000	40,800	41,620	42,450	43,300	44,170	45,050	45,950	46,870
Fees - Legal		500	500	500	500	500	510	520	530	540	550
Fleet		12,000	12,000	15,000	15,300	15,610	15,920	16,240	16,560	16,890	17,230
Grounds Maintenance		3,000	2,000	2,000	2,000	2,000	2,000	2,500	2,500	2,500	2,500
Heating		2,000	2,000	2,040	2,080	2,120	2,160	2,200	2,240	2,280	2,330
Hydro		55,000	70,000	71,400	72,800	74,300	75,800	77,300	78,800	80,400	82,000
Insurance		45,800	46,720	47,650	48,600	49,570	50,560	51,570	52,600	53,650	54,720
Licenses		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Locates		500	500	500	500	500	500	500	500	500	500
Memberships and Dues		1,500	1,600	1,630	1,660	1,690	1,720	1,750	1,790	1,830	1,870
Meter Repairs		1,000	1,000	1,000	1,000	1,000	1,000	1,020	1,040	1,060	1,080
Contracted Services		45,000	52,000	53,040	54,100	55,180	56,280	57,410	58,560	59,730	60,920
Postage & Shipping		14,000	14,000	14,280	14,570	14,860	15,160	15,460	15,770	16,090	16,410
Property Taxes		-	8,422	8,590	8,762	8,937	9,116	9,299	9,480	9,670	9,860
Repairs & Maint - Buildings		5,000	6,000	6,000	6,000	6,000	6,000	6,120	6,240	6,360	6,480
Repairs & Maint - Equipment		65,000	32,000	32,640	33,280	33,960	34,640	35,320	36,040	36,760	37,500
Repairs & Maint - Water/WW Mains		31,000	31,000	31,000	31,620	32,250	32,900	33,560	34,230	34,910	35,610
Safety		3,100	3,000	3,000	3,000	3,000	3,000	3,080	3,120	3,180	3,240
Salaries and Wages		391,000	408,000	417,000	434,000	451,000	468,020	485,220	478,600	488,170	497,930
Salaries Benefits		125,000	131,000	134,000	139,000	145,000	147,900	150,880	153,890	156,960	160,100
Seminars & Training		10,000	12,000	12,000	12,000	10,000	10,200	10,404	10,612	10,824	11,041
Service Agreements		7,500	6,000	6,120	6,240	6,360	6,490	6,620	6,750	6,890	7,030
Supplies and Services		52,000	60,000	61,200	62,400	63,600	64,900	66,200	67,500	68,900	70,300
Telephone		4,000	3,200	3,250	3,330	3,400	3,470	3,540	3,610	3,680	3,750
Uniforms		2,500	2,500	2,800	2,860	2,920	2,980	3,040	3,100	3,160	3,220
Water Meter Stock		20,800	24,400	15,400	13,000	10,000	25,000	10,200	10,400	10,600	10,800
Indirect Costs Transfer		16,236	16,240	18,700	21,100	23,500	25,900	28,350	28,920	29,500	30,090
Hydro - Gazer-Mooney (25%)		890	935	982	1,031	1,082	1,136	1,193	1,253	1,315	1,381
Non TCA - Expenses from Capital Budget	7	55,000	-	-	16,000	-	39,000	-	-	-	-
TOTAL OPERATING EXPENSES		1,027,026	1,005,017	1,020,032	1,066,093	1,078,760	1,155,773	1,126,176	1,148,545	1,171,510	1,194,872



Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2020-2029

	Notes	Forecast									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Annual Surplus/(Deficit)		151,711	263,586	638,629	315,359	355,571	374,370	479,537	533,208	596,483	660,278
Less: Acquisition of Tangible Capital Assets	4	(963,500)	(138,000)	(579,000)	(66,000)	(119,000)	(445,000)	(128,000)	(151,000)	(185,000)	(41,000)
Add: Amortization of Tangible Capital Assets	4	232,047	249,197	254,580	264,576	265,841	267,515	272,437	278,262	278,400	284,551
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		(731,453)	111,197	(324,420)	198,576	146,841	(177,485)	146,437	127,262	93,400	243,551
Less: Acquisition of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Add: Consumption of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(579,742)	374,783	314,209	513,935	502,412	196,885	625,974	660,470	689,883	903,829
Net Financial Assets/(Net Debt), beginning of year		471,692	(108,050)	266,733	580,942	1,094,877	1,597,289	1,794,174	2,420,148	3,080,618	3,770,501
Net Financial Assets/(Net Debt), end of year		(108,050)	266,733	580,942	1,094,877	1,597,289	1,794,174	2,420,148	3,080,618	3,770,501	4,674,330
Financial Indicators											
1) Acquisition of Tangible Capital Assets (Cumulative)		963,500	1,101,500	1,680,500	1,746,500	1,865,500	2,310,500	2,438,500	2,587,500	2,772,500	2,813,500
2) Annual Surplus/Deficit before Amortization (Cumulative)		383,758	896,541	1,789,750	2,369,685	2,991,097	3,632,982	4,384,956	5,196,428	6,071,309	7,016,138
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		0.40	0.81	1.07	1.36	1.60	1.57	1.80	2.01	2.19	2.49



Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2020-2029

	Notes	Forecast									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Transactions											
Annual Surplus/Deficit		151,711	263,588	638,629	315,359	355,571	374,370	479,537	533,208	596,483	660,278
Add: Amortization of TCA's	4	232,047	249,197	254,580	264,578	266,841	267,515	272,437	278,262	278,400	284,551
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Earned Deferred Revenue	3	-	(91,403)	(415,771)	(75,003)	(59,003)	(59,003)	(59,003)	(59,003)	(59,003)	(59,003)
Less: Developer Contributions		-	-	-	-	-	-	-	-	-	-
Add: Deferred Revenue Proceeds		280,762	380,035	215,518	111,851	39,093	435,960	51,608	53,456	55,363	40,403
Change in A/R (Increase)/Decrease		(237,483)	(2,288)	(10,633)	(10,281)	(9,769)	(15,388)	(10,990)	(11,083)	(11,709)	(12,029)
Change in A/P Increase/(Decrease)		147,175	4,995	2,273	4,552	4,340	5,756	1,423	3,387	3,477	3,538
Less: Interest Proceeds		(19,781)	(28,133)	(31,054)	(40,596)	(49,846)	(51,970)	(64,045)	(76,896)	(90,406)	(108,864)
Cash Provided by Operating Transactions		554,431	777,989	653,542	570,458	546,228	957,240	670,965	721,331	772,605	808,874
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(963,500)	(138,000)	(579,000)	(66,000)	(119,000)	(445,000)	(128,000)	(151,000)	(185,000)	(41,000)
Cash Applied to Capital Transactions		(963,500)	(138,000)	(579,000)	(66,000)	(119,000)	(445,000)	(126,000)	(151,000)	(185,000)	(41,000)
Investing Transactions											
Proceeds from Investments		19,781	26,133	31,054	40,596	49,846	51,970	64,045	76,896	90,406	108,864
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		19,781	26,133	31,054	40,596	49,846	51,970	64,045	76,896	90,406	108,864
Financing Transactions											
Proceeds from Debt Issue	2	530,000	-	-	-	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	(102,070)	(91,531)	(92,499)	(93,487)	(94,494)	(95,521)	(96,569)	(97,638)	(98,728)	(99,840)
Cash Applied to Financing Transactions		427,930	(91,531)	(92,499)	(93,487)	(94,494)	(95,521)	(96,569)	(97,638)	(98,728)	(99,840)
Increase in Cash and Cash Equivalents		38,642	574,591	13,097	451,567	382,580	468,889	512,441	549,589	579,283	776,898
Cash and Cash Equivalents, beginning of year	1	899,321	937,963	1,512,554	1,525,651	1,977,218	2,359,798	2,828,487	3,340,928	3,890,517	4,469,800
Cash and Cash Equivalents, end of year	1	937,963	1,512,554	1,525,651	1,977,218	2,359,798	2,828,487	3,340,928	3,890,517	4,469,800	5,246,698



Notes to Financial Plan

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

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

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

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

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

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

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

In order to show a balanced financial plan in a full accrual format for the Township, some of the items listed above have been estimated given that the Township does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and



services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses).

The assumptions used have been documented below:

1. Cash, Receivables and Payables

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

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

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

- a) Receivables: Based on the historical levels of water receivables as a percentage of annual water revenue earned (source: provided by Township staff); and
- b) Payables: Based on historical levels of water payables as a percentage of annual water expenses (source: provided by Township staff).

2. Debt

Outstanding water related debt at the end of 2019 was \$623,611 with additional debt proceeds anticipated throughout the forecast period. Principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2020	102,070
2021	91,531
2022	92,499
2023	93,487
2024	94,494
2025	95,521
2026	96,569
2027	97,638
2028	98,728
2029	99,840
Total	962,377



3. Deferred Revenue

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

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - i. Land;
 - ii. Facilities;
 - iii. Watermains;
 - iv. Water Meters;
 - v. Hydrants; and
 - vi. Vehicles and Equipment.
- Amortization is calculated based on using the straight-line approach with no amortization in the year of acquisition or construction.
- Given the planned asset replacement forecast in the 2020 Rate Study, useful life on acquisitions is assumed to be equal to the weighted average useful life for all assets on hand in each respective asset category.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced. To calculate the value of each asset disposal, the replacement value (of each new asset that has been identified as a “replacement”) has been deflated (by weighted average useful life for all assets on hand in the respective asset category) to an estimated historical cost. This was used to calculate disposals only. Future assets are disposed of when fully amortized.
- Gains/losses on disposal are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- Residual value is assumed to be \$0 for all assets contained within the forecast period.



- Contributed Assets, as described in section 3.2.1, are deemed to be insignificant/unknown during the forecast period and are therefore assumed to be \$0.
- The Township is unaware of any specific lead service piping in the municipal water system.



- The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Opening Tangible Capital Asset Balance	16,647,273	17,568,160	17,694,062	18,236,140	18,293,006	18,412,006	18,795,021	18,879,919	19,005,411	19,152,546
Acquisitions	963,500	138,000	579,000	66,000	119,000	445,000	126,000	151,000	185,000	41,000
Disposals	42,613	12,098	36,922	9,134	-	61,985	41,102	25,508	37,865	8,001
Closing Tangible Capital Asset Balance	17,568,160	17,694,062	18,236,140	18,293,006	18,412,006	18,795,021	18,879,919	19,005,411	19,152,546	19,185,545
Opening Accumulated Amortization	5,396,942	5,586,376	5,823,475	6,041,133	6,296,575	6,562,416	6,767,946	6,999,281	7,252,035	7,492,570
Amortization Expense	232,047	249,197	254,580	264,576	265,841	267,515	272,437	278,262	278,400	284,551
Amortization on Disposal	42,613	12,098	36,922	9,134	-	61,985	41,102	25,508	37,865	8,001
Ending Accumulated Amortization	5,586,376	5,823,475	6,041,133	6,296,575	6,562,416	6,767,946	6,999,281	7,252,035	7,492,570	7,769,120
Net Book Value	11,981,784	11,870,587	12,195,007	11,996,431	11,849,590	12,027,075	11,880,638	11,753,376	11,659,976	11,416,425



5. Accumulated Surplus

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

Water	2020 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	(195,982)
Reserves: Capital/Other	1,095,303
Total Reserves Balance	899,321
Less: Debt Obligations and Deferred Revenue	(427,629)
Less: Unfinanced Capital	-
Add: Long-term Accounts Receivable	-
Add: Tangible Capital Assets	11,250,331
Total Opening Balance	11,722,023

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

6. Other Revenue

Other revenues include minor revenues from water meter sales, penalty & interest charges and other miscellaneous revenues, these revenues have been inflated by 2% annually over the forecast period.

7. Operating Expenses

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



Chapter 5

Process for Financial Plan Approval and Submission to the Province



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

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

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



Chapter 6

Recommendations



6. Recommendations

This report presents the water financial plan for the Township in accordance with the mandatory reporting formats for water systems as detailed in O. Reg. 453/07. It is important to note that while mandatory, the financial plan is provided for Council's interest and approval however, for decision making purposes, it may be more informative to rely on the information contained within the 2020 Budget and the 2020 Water and Wastewater Rate Study, dated July 6, 2020. 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's Water Financial Plan prepared by Watson & Associates Economists Ltd. dated July 6, 2020 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated July 6, 2020 be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, section 3 (1) 6).
4. The resolution of Council approving the Financial Plan be submitted to the MECP, satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. section 32 (5) 2.ii.).



Appendices



Appendix A

2020 Water Budget and 2021-2029 Water Forecast (as per the 2020 Water and Wastewater Rate Study)



**Appendix A-1
Township of Guelph/Eramosa
Water Service
Capital Budget Forecast
Inflated \$**

Description	Budget 2020	Total	Forecast									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	
Rockwood												
Capital Expenditures:												
David Masson Park - Gzowski to Christie Watermain Connection	80,000	-	-	-	-	-	-	-	-	-	-	-
Shanley Street - Dowler to Main St. W/M connection	-	65,000	-	-	-	65,000	-	-	-	-	-	-
Rockwood Cemetery - Academy to George Ware Lane W/M connection	-	146,000	-	-	-	-	-	-	-	-	146,000	-
Lifecycle:												
Rockwood Booster - High lift Pump Replacement	-	13,000	-	-	13,000	-	-	-	-	-	-	-
Rockwood Booster - Replace controls (MCC/PLC)	-	115,000	-	-	-	-	-	-	115,000	-	-	-
Station St Wells - Replace Well Pumps (high lift)	-	26,000	-	-	-	-	26,000	-	-	-	-	-
Station St Wells - Replace well Piping	-	22,000	-	-	-	-	22,000	-	-	-	-	-
Station St Wells - Clean/airlift wells	-	22,000	-	-	-	-	22,000	-	-	-	-	-
Station St. Pumphouse - Rebuild UV disinfection system	-	53,000	-	-	53,000	-	-	-	-	-	-	-
Station St. Pumphouse - Replace PRV	-	13,000	-	-	-	-	13,000	-	-	-	-	-
Station St. Pumphouse - Rebuild/replace controls	-	88,000	-	-	-	-	88,000	-	-	-	-	-
Station St. Pumphouse - Replace roof	-	14,000	-	-	-	-	-	14,000	-	-	-	-
Station St. Pumphouse - Replace turbidity analyzer	-	8,000	-	-	-	-	-	-	8,000	-	-	-
Station St. Pumphouse - Replace flow meter	-	17,000	-	-	-	-	-	-	-	-	-	17,000
Bernardi Well - Replace Well Pump (low lift)	-	13,000	-	-	-	-	13,000	-	-	-	-	-
Bernardi Well - Replace well Piping	-	11,000	-	-	-	-	11,000	-	-	-	-	-
Bernardi Well - Clean/airlift well	-	11,000	-	-	-	-	11,000	-	-	-	-	-
Bernardi Pumphouse - Replace High lift pumps with VFD	-	26,000	-	-	-	-	26,000	-	-	-	-	-
Alma Street - Inkerman to Pasmore W/m replacement	225,000	-	-	-	-	-	-	-	-	-	-	-
SCADA	100,000	206,000	102,000	104,000	-	-	-	-	-	-	-	-
Fleet - Unit 117 - 2020 replacement	28,500	-	-	-	-	-	-	-	-	-	-	-
Fleet - Unit 118 - 2022 replacement	-	28,000	-	28,000	-	-	-	-	-	-	-	-
Fleet - Unit 123 - 2016 in service - 2026 Replacement	-	39,000	-	-	-	-	-	-	39,000	-	-	-
Fleet - Unit 127 - 2018 in service - 2028 Replacement	-	39,000	-	-	-	-	-	-	-	-	39,000	-
Studies:												
Studies - Water/Wastewater Rate Study	30,000	39,000	-	-	-	-	39,000	-	-	-	-	-
Studies - Station Street GUDI Review	25,000	-	-	-	-	-	-	-	-	-	-	-
Growth Related:												
Catherine Street - Railway watermain crossing (From budget)	-	447,000	-	447,000	-	-	-	-	-	-	-	-
Fleet - New unit for new 2021 Staff (From Budget)	-	36,000	36,000	-	-	-	-	-	-	-	-	-
Mine Pumphouse - Completion of 2019 construction	530,000	-	-	-	-	-	-	-	-	-	-	-
Water and Wastewater Master Servicing Study	-	16,000	-	-	16,000	-	-	-	-	-	-	-
Hamilton Drive												
Capital Expenditures:												
Hamilton Drive Standpipe - New storage shed & backup power	-	54,000	-	-	-	54,000	-	-	-	-	-	-
Pandora Drive - Bedford to Woodfield W/M looping	-	91,000	-	-	-	-	91,000	-	-	-	-	-
Lifecycle:												
Hamilton Drive Standpipe - Clean and Seal tank, anode replacement	-	73,000	-	-	-	-	-	73,000	-	-	-	-
Huntington Wells - Replace Well Pump (low lift)	-	13,000	-	-	-	-	13,000	-	-	-	-	-
Huntington Wells - Replace well Piping	-	11,000	-	-	-	-	11,000	-	-	-	-	-
Huntington Wells - Clean/airlift well	-	11,000	-	-	-	-	11,000	-	-	-	-	-
Huntington Pumphouse - Replace High lift pumps with VFD	-	26,000	-	-	-	-	26,000	-	-	-	-	-
Huntington Pumphouse - Replace flow meter	-	12,000	-	-	-	-	-	-	-	-	-	12,000
Huntington Pumphouse - Replace asphalt shingle roof with Steel	-	14,000	-	-	-	-	-	-	14,000	-	-	-
Cross Creek Wells - Replace Well Pump (low lift)	-	13,000	-	-	-	-	13,000	-	-	-	-	-
Cross Creek Wells - Replace well Piping	-	11,000	-	-	-	-	11,000	-	-	-	-	-
Cross Creek Wells - Clean/airlift well	-	11,000	-	-	-	-	11,000	-	-	-	-	-
Cross Creek Pumphouse - Replace High lift pumps with VFD	-	26,000	-	-	-	-	26,000	-	-	-	-	-
Cross Creek Pumphouse - Replace flow meter	-	12,000	-	-	-	-	-	-	-	-	-	12,000
Cross Creek Pumphouse - Replace asphalt shingle roof with Steel	-	14,000	-	-	-	-	-	-	14,000	-	-	-
Total Capital Expenditures	1,018,500	1,905,000	138,000	579,000	82,000	119,000	484,000	126,000	151,000	185,000	41,000	
Capital Financing												
Provincial/Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-
Development Charges Reserve Fund	-	405,168	32,400	356,768	16,000	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	530,000	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	353,500	1,104,832	105,600	222,232	66,000	-	354,000	126,000	151,000	39,000	41,000	
Water Reserve	135,000	395,000	-	-	-	119,000	130,000	-	-	146,000	-	
Total Capital Financing	1,018,500	1,905,000	138,000	579,000	82,000	119,000	484,000	126,000	151,000	185,000	41,000	



Appendix A-2
Station St. Pumphouse - Replace PRV
Water Service
Schedule of Growth Related Debenture Repayments - Loan from Wastewater
 Inflated \$

Debenture Year	2020	Principal (Inflated)	Forecast									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	
2021		530,000	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003
Total Annual Debt Charges	-	530,000	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003

Appendix A-3
Township of Guelph/Eramosa
Water Service
Water Operating Reserve Continuity - Rockwood and Hamilton Drive Combined
 Inflated \$

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Opening Balance	144,480	92,591	102,591	112,591	122,591	132,591	142,591	152,591	162,591	172,591
Transfer from Operating	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Operating	61,889	-	-	-	-	-	-	-	-	-
Closing Balance	92,591	102,591	112,591	122,591	132,591	142,591	152,591	162,591	172,591	182,591

Appendix A-4
Township of Guelph/Eramosa
Water Service
Capital Water Reserve Fund Continuity
 Inflated \$

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Opening Balance	246,625	217,989	351,487	511,307	677,829	729,458	796,235	1,021,478	1,261,781	1,368,418
Transfer from Operating	101,296	125,327	147,934	150,766	153,671	178,268	201,496	210,971	220,826	229,616
Transfer to Capital	135,000	-	-	-	119,000	130,000	-	-	146,000	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
Closing Balance	212,922	343,316	499,420	662,072	712,500	777,726	997,732	1,232,449	1,336,607	1,598,034
Interest	5,068	8,171	11,886	15,757	16,958	18,510	23,746	29,332	31,811	38,033

Appendix A-5
Township of Guelph/Eramosa
Water Service
Water Development Charges Reserve Fund Continuity
 Inflated \$

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Opening Balance	(195,982)	84,780	372,008	168,913	201,447	175,715	545,309	528,969	512,861	497,005
Development Charge Proceeds	278,791	369,983	208,749	102,854	29,187	415,920	30,366	30,973	31,593	15,694
Transfer to Capital	-	32,400	356,768	16,000	-	-	-	-	-	-
Transfer to Operating	-	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003
Closing Balance	82,809	363,360	164,986	196,764	171,631	532,633	516,672	500,939	485,451	453,696
Interest	1,971	8,648	3,927	4,683	4,085	12,677	12,297	11,922	11,554	10,798
Required from Development Charges	530,000	32,400	356,768	16,000	-	-	-	-	-	-



Appendix A-6
Township of Guelph/Eramosa
Water Service
Water Lifecycle Reserve Fund Continuity
 Inflated \$

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Opening Balance	618,074	538,639	669,931	713,032	947,831	1,284,650	1,299,406	1,583,372	1,885,324	2,348,872
Transfer from Operating	261,543	221,318	248,757	278,764	306,955	338,550	373,157	409,124	447,945	489,391
Transfer to Capital	353,500	105,600	222,232	66,000	-	354,000	126,000	151,000	39,000	41,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
Closing Balance	526,118	654,358	696,457	925,797	1,254,786	1,269,200	1,546,564	1,841,496	2,294,269	2,797,264
Interest	12,522	15,574	16,576	22,034	29,864	30,207	36,808	43,828	54,604	66,575



**Appendix A-7
Township of Guelph/Eramosa
Water Services
Operating Budget Forecast
Inflated \$**

Description	Budget 2020	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	
Expenditures											
Operating Costs											
Advertising	1,200	2,000	1,300	1,330	1,360	1,390	1,420	1,450	1,480	1,510	
Communications	9,500	10,000	10,200	10,400	10,610	10,820	11,040	11,260	11,490	11,720	
Conservation Initiatives	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Fees - Audit	4,000	4,000	4,000	4,000	4,000	4,000	4,080	4,160	4,240	4,320	
Fees - Engineering	41,000	40,000	40,800	41,620	42,450	43,300	44,170	45,050	45,950	46,870	
Fees - Legal	500	500	500	500	500	510	520	530	540	550	
Fleet	12,000	12,000	15,000	15,300	15,610	15,920	16,240	16,560	16,890	17,230	
Grounds Maintenance	3,000	2,000	2,000	2,000	2,000	2,000	2,500	2,500	2,500	2,500	
Heating	2,000	2,000	2,040	2,080	2,120	2,160	2,200	2,240	2,280	2,330	
Hydro	55,000	70,000	71,400	72,800	74,300	75,800	77,300	78,800	80,400	82,000	
Insurance	45,800	46,720	47,650	48,600	49,570	50,560	51,570	52,600	53,650	54,720	
Licenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Locates	500	500	500	500	500	500	500	500	500	500	
Memberships and Dues	1,500	1,600	1,630	1,660	1,690	1,720	1,750	1,790	1,830	1,870	
Meter Repairs	1,000	1,000	1,000	1,000	1,000	1,000	1,020	1,040	1,060	1,080	
Contracted Services	45,000	52,000	53,040	54,100	55,180	56,280	57,410	58,560	59,730	60,920	
Postage & Shipping	14,000	14,000	14,280	14,570	14,860	15,160	15,460	15,770	16,090	16,410	
Property Taxes	-	8,422	8,590	8,762	8,937	9,116	9,299	9,480	9,670	9,860	
Repairs & Maint - Buildings	5,000	6,000	6,000	6,000	6,000	6,000	6,120	6,240	6,360	6,490	
Repairs & Maint - Equipment	65,000	32,000	32,640	33,290	33,960	34,640	35,330	36,040	36,760	37,500	
Repairs & Maint - Water/WW Mains	31,000	31,000	31,000	31,620	32,250	32,900	33,560	34,230	34,910	35,610	
Safety	3,100	3,000	3,000	3,000	3,000	3,000	3,060	3,120	3,180	3,240	
Salaries and Wages	391,000	408,000	417,000	434,000	451,000	460,020	469,220	478,600	488,170	497,930	
Salaries Benefits	125,000	131,000	134,000	139,000	145,000	147,900	150,860	153,880	156,960	160,100	
Seminars & Training	10,000	12,000	12,000	12,000	10,000	10,200	10,400	10,610	10,824	11,041	
Service Agreements	7,500	6,000	6,120	6,240	6,360	6,490	6,620	6,750	6,890	7,030	
Supplies and Services	52,000	60,000	61,200	62,400	63,600	64,900	66,200	67,500	68,900	70,300	
Telephone	4,000	3,200	3,260	3,330	3,400	3,470	3,540	3,610	3,680	3,750	
Uniforms	2,500	2,500	2,800	2,860	2,920	2,980	3,040	3,100	3,160	3,220	
Water Meter Stock	20,800	24,400	15,400	13,000	10,000	25,000	10,200	10,400	10,600	10,800	
Indirect Costs Transfer	16,236	16,240	18,700	21,100	23,500	25,900	28,350	28,920	29,500	30,090	
Sub Total Operating	971,136	1,004,082	1,019,050	1,049,062	1,077,677	1,115,636	1,124,983	1,147,292	1,170,194	1,193,491	
Capital-Related											
Existing Debt (Principal) - Growth Related											
Existing Debt (Interest) - Growth Related											
New Growth Related Debt (Principal) - Repayment to Wastewater		48,403	49,371	50,359	51,366	52,393	53,441	54,510	55,600	56,712	
New Growth Related Debt (Interest) - Repayment to Wastewater		10,600	9,632	8,645	7,637	6,610	5,562	4,493	3,403	2,291	
Existing Debt (Principal) - Non-Growth Related	102,070	43,128	43,128	43,128	43,128	43,128	43,128	43,128	43,128	43,128	
Existing Debt (Interest) - Non-Growth Related	2,947	-	-	-	-	-	-	-	-	-	
New Non-Growth Related Debt (Principal)	-	-	-	-	-	-	-	-	-	-	
New Non-Growth Related Debt (Interest)	-	-	-	-	-	-	-	-	-	-	
Transfer to Capital	-	-	-	-	-	-	-	-	-	-	
Transfer to Operating Reserve	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Transfer to Capital Reserve	101,296	125,327	147,934	150,766	153,671	178,268	201,496	210,971	220,826	229,616	
Sub Total Capital Related	216,313	237,458	260,065	262,897	265,802	290,399	313,627	323,102	332,957	341,747	
Total Expenditures	1,187,449	1,241,540	1,279,115	1,311,959	1,343,479	1,406,035	1,438,610	1,470,394	1,503,151	1,535,238	
Revenues											
Base Charge	295,126	315,745	336,399	355,323	374,037	397,047	421,249	442,312	464,619	487,850	
Penalty and Interest	9,500	9,700	9,900	10,100	10,300	10,500	10,700	10,900	11,100	11,300	
Miscellaneous Revenue	15,000	15,300	15,600	15,900	16,200	16,500	16,800	17,100	17,400	17,700	
Water Meters	10,800	14,400	5,400	3,000	-	15,000	-	-	-	-	
Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	
Transfer from Development Charge Reserves	-	-	-	-	-	-	-	-	-	-	
Contributions from Development Charges Reserve Fund	-	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	59,003	
Contributions from Reserves / Reserve Funds	61,889	-	-	-	-	-	-	-	-	-	
Total Operating Revenue	392,315	414,148	426,302	443,327	459,540	498,050	507,752	529,315	552,122	575,853	
Water Billing Recovery - Operating	795,134	827,392	852,813	868,632	883,940	907,985	930,858	941,079	951,029	959,385	
Lifecycle Reserve Contribution (\$)	261,543	221,318	248,757	278,764	306,955	338,550	373,157	409,124	447,945	489,391	
Water Billing Recovery - Total	1,056,678	1,048,710	1,101,570	1,147,397	1,190,895	1,246,535	1,304,015	1,350,204	1,398,974	1,448,776	



Appendix A-8
Township of Guelph/Eramosa
Water Services
Water Metered Volume - Rockwood and Hamilton Drive Combined
 Inflated \$

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Water Billing Recovery	994,789	1,048,710	1,101,570	1,147,397	1,190,895	1,246,535	1,304,015	1,350,204	1,398,974	1,448,776
Rockwood Metered Volume (m ³)	330,859	337,999	343,439	345,479	346,329	350,579	354,829	354,829	354,829	354,829
Hamilton Drive Metered Volume (m ³)	47,083	47,303	47,742	48,182	48,402	48,622	48,622	48,622	48,842	48,842
Rockwood Volume Rate	2.52	2.62	2.72	2.83	2.94	3.06	3.18	3.30	3.43	3.57
Hamilton Drive Volume Rate	3.42	3.45	3.49	3.52	3.56	3.59	3.63	3.67	3.70	3.74
Annual Dollar Change - Rockwood		0.10	0.10	0.11	0.11	0.12	0.12	0.13	0.13	0.14
Annual Dollar Change - Hamilton Drive		0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.04	0.04



Appendix A-9
Township of Guelph/Eramosa
Water & Wastewater Services
Gazer-Mooney Water & Wastewater Lifecycle Reserve Fund Continuity
 Inflated \$

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Opening Balance	338,575	370,604	403,876	438,428	474,302	511,538	550,180	590,271	631,855	674,981
Transfer from Operating	23,414	23,883	24,360	24,848	25,345	25,852	26,369	26,896	27,434	27,983
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
Closing Balance	361,989	394,487	428,236	463,276	499,647	537,390	576,549	617,167	659,290	702,964
Interest	8,615	9,389	10,192	11,026	11,892	12,790	13,722	14,689	15,691	16,731

Note: 25% of the Lifecycle Reserve Fund relates to water infrastructure

Appendix A-10
Township of Guelph/Eramosa
Water & Wastewater Services
Gazer-Mooney Operating Budget Forecast
 Inflated \$

Description	Budget 2020	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	
Expenditures											
<u>Operating Costs</u>											
Hydro	3,500	3,675	3,859	4,052	4,254	4,467	4,690	4,925	5,171	5,430	
Sub Total Operating	3,500	3,675	3,859	4,052	4,254	4,467	4,690	4,925	5,171	5,430	
<u>Capital-Related</u>											
Existing Debt (Principal) - Non-Growth Related											
Existing Debt (Interest) - Non-Growth Related											
New Non-Growth Related Debt (Principal)		-	-	-	-	-	-	-	-	-	
New Non-Growth Related Debt (Interest)		-	-	-	-	-	-	-	-	-	
Sub Total Capital Related	-	-	-	-	-	-	-	-	-	-	
Total Expenditures	3,500	3,675	3,859	4,052	4,254	4,467	4,690	4,925	5,171	5,430	
Revenues											
Miscellaneous Revenue	3,500	3,675	3,859	4,052	4,254	4,467	4,690	4,925	5,171	5,430	
Total Operating Revenue	3,500	3,675	3,859	4,052	4,254	4,467	4,690	4,925	5,171	5,430	
Water Billing Recovery - Operating	-	-	-	-	-	-	-	-	-	-	
Lifecycle Reserve Contribution (\$)	23,414	23,883	24,360	24,848	25,345	25,852	26,369	26,896	27,434	27,983	
Water Billing Recovery - Total	23,414	23,883	24,360	24,848	25,345	25,852	26,369	26,896	27,434	27,983	

Note: 25% of the expenditures and reserve transfers relate to water infrastructure



Appendix A-11
Township of Guelph/Eramosa
Water & Wastewater Services
Gazer-Mooney Water & Wastewater Rate Forecast
Inflated \$

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Water Billing Recovery	23,414	23,883	24,360	24,848	25,345	25,852	26,369	26,896	27,434	27,983
Total Customers	71	71	71	71	71	71	71	71	71	71
Annual Flat Rate	329.78	336.38	343.10	349.97	356.97	364.11	371.39	378.82	386.40	394.13
Annual Dollar Change		6.60	6.73	6.87	7.00	7.14	7.28	7.43	7.58	7.73