



 **Watson  
& Associates**  
ECONOMISTS LTD.

# Water Ontario Regulation 453/07 Financial Plan

Town of Minto

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Financial Plan #106-301A

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## List of Acronyms and Abbreviations

<b>Acronym</b>	<b>Full Description of Acronym</b>
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

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The Town of Minto (the Town) retained Watson & Associates Economists Ltd. (Watson) to prepare a water financial plan as part of the five submission requirements for the purposes of renewing the Town's municipal drinking water licence 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 Town's water systems is documented in the Town's 2021 Water and Wastewater Rate Study, dated March 12, 2021 (2021 Rate Study). The objective of the report provided herein is to convert the findings of the 2021 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

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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):

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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 licence renewal (i.e. six months prior to licence 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 Town's Financial Plan**

The Town is currently in the process of renewing the drinking water licences (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 licences would otherwise expire. As the Town's water licence expires in 2021, this financial plan provides for a 2021 start year and forecast period to 2030.



# Chapter 2

## Sustainable Financial Planning



## 2. Sustainable Financial Planning

### 2.1 Introduction

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In general, sustainability refers to the ability to maintain a certain position over time. While the 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

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 It is noted that, the regulations, which accompany the Act, were not issued and the Act was repealed on December 31, 2012.

## 2.3 Water Opportunities Act, 2010

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

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

Every municipality in Ontario was required 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.

The Town completed an Asset Management Plan in 2019, which included water assets. The Town will need to consider the impacts during the annual budget and forecast process.

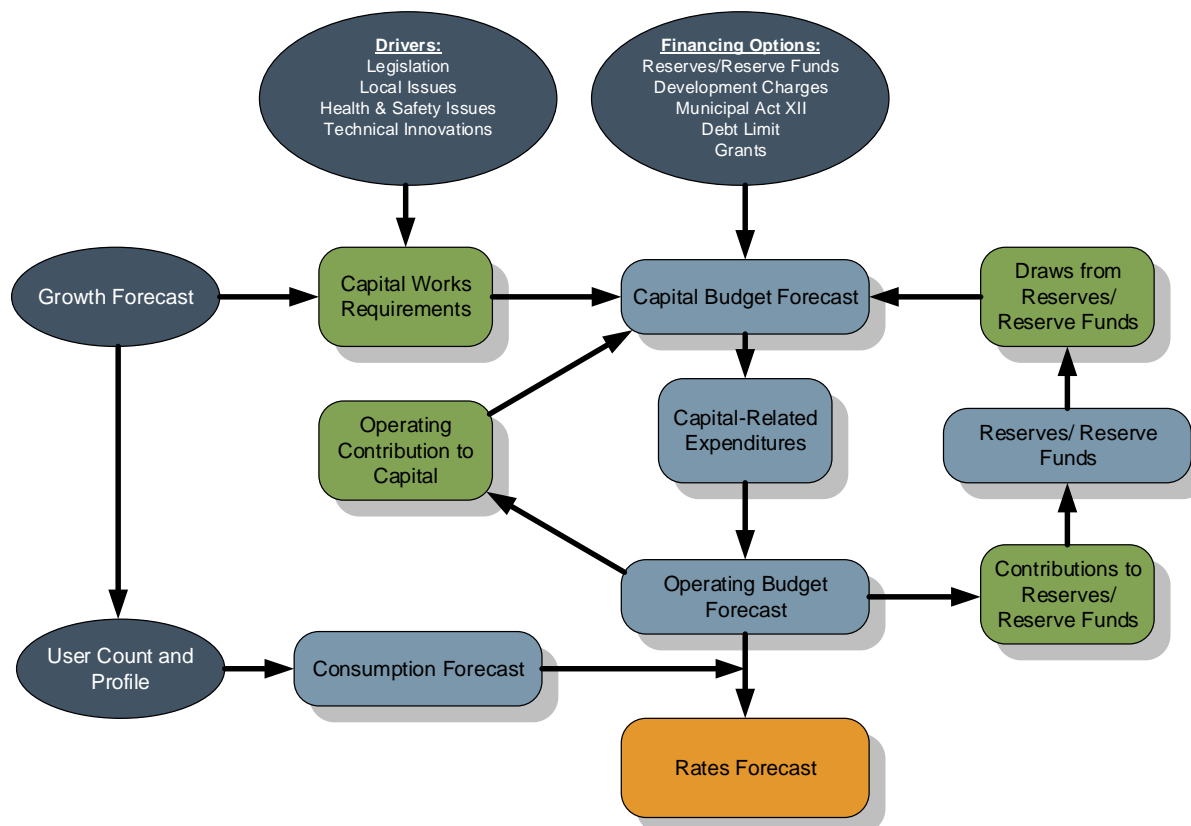
## **2.5 Water Forecast**

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As noted earlier, extensive financial planning has been undertaken and is documented in the 2021 Rate Study. The rate study process is designed to address “full cost” principles and reflect the guiding principles toward sustainable financial planning. Figure 2-1 summarizes the study process.



Figure 2-1  
Town of Minto  
Water Rate Study Process



As a result of employing this process, the 2021 Rate Study provides the basis for a sound financial plan for the Town's water systems by providing:

- 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 Town'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

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The 2021 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

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The conversion from the existing modified cash basis found in the 2021 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 Town 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. 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 2021 Rate Study. These estimates, however, only represent future assets that the Town anticipates purchasing or constructing without consideration for future assets that are contributed by developers and other parties (at no or partial cost to the Town). 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 Table 3-1). For example, debt repayment costs relating to the principal payment portion only need 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 2021	Adjustments		Full Accrual Budget 2021	Accrual Basis
		DR	CR		
<b>Revenues</b>					<b>Revenues</b>
Base Charge Revenue	712,206			712,206	Base Charge Revenue
Rate Based Revenue	1,205,211			1,205,211	Rate Based Revenue
Other Revenue	53,300		7,166	60,465	Other Revenue
<b>Total Revenues</b>	<b>1,970,717</b>			<b>1,978,376</b>	<b>Total Revenues</b>
<b>Expenditures</b>					<b>Expenses</b>
Operating	1,122,600	115,000		1,237,600	Operating Expenses
Capital					
Transfers to Reserves	588,826		588,826		
Debt Repayment (Principal & Interest)	259,290		218,143	41,147	Interest on Debt
		536,218		536,218	Amortization
<b>Total Expenditures</b>	<b>1,970,716</b>			<b>1,814,965</b>	<b>Total Expenses</b>
<b>Net Expenditures</b>	<b>-</b>			<b>163,411</b>	<b>Annual Surplus/(Deficit)</b>
Increase (decrease) in amounts to be recovered	-			19,506,556	Accumulated Surplus/(Deficit), beginning of year
<b>Change in Fund Balances</b>	<b>-</b>	<b>163,411</b>	<b>-</b>	<b>19,669,967</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>814,629</b>	<b>814,629</b>		

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



### **3.2.3 Convert Statement of Financial Position**

Once the Statement of Operations has been converted and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded (see Table 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 Town and as such, will be difficult to isolate the information that is relevant to water. An example of this is accounts receivable, which may be administered centrally by the Finance Department. Ontario Regulation 453/07 allows for the exclusion of these numbers if they are not known at the time of preparing the financial plan. Please refer to the Financial Plan Notes in Chapter 4 for more details.

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

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

The Statement of Change in Net Financial Assets/Debt is a 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 2021	Adjustments		Full Accrual Budget 2021	Accrual Basis
		DR	CR		
<b>ASSETS</b>					<b>ASSETS</b>
<b>Financial Assets</b>					<b>Financial Assets</b>
Cash	618,890			618,890	Cash
Accounts Receivable	33,022			33,022	Accounts Receivable
<b>Total Financial Assets</b>	<b>651,912</b>			<b>651,912</b>	<b>Total Financial Assets</b>
<b>LIABILITIES</b>					<b>Liabilities</b>
Accounts Payable & Accrued Liabilities	23,024			23,024	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	1,321,240			1,321,240	Debt (Principal only)
Deferred Revenue	263,399			263,399	Deferred Revenue
<b>Total Liabilities</b>	<b>1,607,663</b>			<b>1,607,663</b>	<b>Total Liabilities</b>
<b>Net Assets/(Debt)</b>	<b>(955,751)</b>			<b>(955,751)</b>	<b>Net Financial Assets/(Debt)</b>
		20,740,718	115,000	20,625,718	<b>Non-Financial Assets</b>
				<b>20,625,718</b>	Tangible Capital Assets
					<b>Total Non-Financial Assets</b>
<b>Municipal Position</b>					
Water Reserves	365,489	365,489	-		
Development Charge Reserve Fund	263,399	263,399	-		
Amounts to be Recovered	(1,584,639)	-	1,584,639		
<b>Total Municipal Position</b>	<b>(955,751)</b>		19,669,967	<b>19,669,967</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>21,369,606</b>	<b>21,369,606</b>		

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



### **3.2.5 Verification and Note Preparation**

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

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

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

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

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

- b) Amortization Expense – The method and timing of amortization should be based on the Town’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 Town’s infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation may be required in order to adequately capture these assets. In the case where contributed assets are deemed to be insignificant or unknown, an assumption of “no contributed assets within the forecast period” will be made.
- e) Accumulated Surplus – The magnitude of the surplus in this area may precipitate the need for additional explanation especially in the first year of reporting. This Accumulated Surplus captures the historical infrastructure investment which has not been reported in the past but has accumulated to significant levels. It also includes all water reserve and reserve fund balances.
- f) Other Revenues – Will represent the recognition of revenues previously deferred (i.e. development charge revenues) and/or accrued revenues (developer contributions), and/or other minor miscellaneous revenues.





# Chapter 4

## Financial Plan



## 4. Financial Plan

### 4.1 Introduction

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The following tables provide the complete financial plan for the Town'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 Town's water systems. It is not an audited document<sup>1</sup> and it contains various estimates as detailed in the "Notes to the Financial Plan" section below.

### 4.2 Water Financial Plan

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

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the Town'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 at the end of 2021, the Town's water systems will be in a net financial debt position of approximately \$956,000. A net financial debt position is projected to continue over the forecast period to 2030. 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.

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

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

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

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

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the municipality or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. A use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows tangible capital assets are expected to grow by approximately \$7.6 million over the forecast period. This indicates that the Town has plans to invest more in tangible capital assets than the anticipated use of existing assets over the forecast period.

#### **4.2.2 Statement of Operations (Table 4-2)**

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates the ratio of expenses to revenues, although fluctuating to some extent, improving over the forecast period from 92% in 2021 to 67% by 2030. As a result, annual surpluses increase from approximately \$163,000 in 2021 to \$1.1 million by 2030. 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 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 add approximately \$5.2 million to a 2021 accumulated surplus of \$19.5 million over the forecast period. 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.

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

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

Table 4-3 indicates that for the years 2023, 2026, 2028, and 2029, the forecasted annual surplus exceeds the forecasted tangible capital asset acquisitions (net of amortization for the year), resulting in increases in the net financial asset balance. For the remaining years, forecasted tangible capital asset acquisitions (net of amortization for the year) exceed the forecasted annual surplus, resulting in decreases in the net financial asset balance. This is evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions improving from 0.57 in 2021 to 0.78 in 2030 (note: a desirable ratio is 1:1 or better).

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

The Statement of Cash Flow summarizes how water systems are expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash-based and accrual-based reporting. Table 4-4 indicates that cash from operations will predominantly be used to fund capital transactions (i.e. tangible capital asset acquisitions). The financial plan projects the cash position of the Town's water systems to go from a balance of \$1.3 million at the beginning of 2021, to a deficit balance of approximately \$812,000 by the end of 2030. For further discussions, on projected cash balances please refer to the Notes to the Financial Plan.



**Table 4-1**  
**Statement of Financial Position: Water Services**  
**UNAUDITED: For Financial Planning Purposes Only**  
**2021-2030**

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Financial Assets</b>											
Cash	1	618,890	235,072	318,235	-	-	-	-	-	269,059	-
Accounts Receivable	1	33,022	35,262	36,324	37,632	38,789	39,998	41,261	42,579	43,957	45,398
Long-term Accounts Receivable	2	-	-	-	129,753	131,426	255,415	212,101	228,770	181,511	798,024
<b>Total Financial Assets</b>		<b>651,912</b>	<b>270,334</b>	<b>354,559</b>	<b>167,385</b>	<b>170,215</b>	<b>295,413</b>	<b>253,362</b>	<b>271,349</b>	<b>494,527</b>	<b>843,422</b>
<b>Liabilities</b>											
Bank Indebtedness		-	-	-	141,147	143,170	267,525	224,594	112,713	-	811,770
Accounts Payable & Accrued Liabilities	1	23,024	24,585	25,326	26,238	27,045	27,888	28,768	29,687	30,648	31,652
Debt (Principal only)	2	1,321,240	1,230,047	1,040,919	1,552,422	2,014,096	1,941,557	2,776,252	2,586,452	2,440,226	3,477,566
Deferred Revenue	3	263,399	245,749	292,917	-	-	-	-	-	-	-
<b>Total Liabilities</b>		<b>1,607,663</b>	<b>1,500,381</b>	<b>1,359,162</b>	<b>1,719,807</b>	<b>2,184,311</b>	<b>2,236,970</b>	<b>3,029,614</b>	<b>2,728,852</b>	<b>2,470,874</b>	<b>4,320,988</b>
<b>Net Financial Assets/(Debt)</b>		<b>(955,751)</b>	<b>(1,230,047)</b>	<b>(1,004,603)</b>	<b>(1,552,422)</b>	<b>(2,014,096)</b>	<b>(1,941,557)</b>	<b>(2,776,252)</b>	<b>(2,457,503)</b>	<b>(1,976,347)</b>	<b>(3,477,566)</b>
<b>Non-Financial Assets</b>											
Tangible Capital Assets	4	20,625,718	21,289,198	21,396,990	22,804,669	23,776,699	24,273,379	25,476,037	25,555,679	25,589,327	28,197,595
<b>Total Non-Financial Assets</b>		<b>20,625,718</b>	<b>21,289,198</b>	<b>21,396,990</b>	<b>22,804,669</b>	<b>23,776,699</b>	<b>24,273,379</b>	<b>25,476,037</b>	<b>25,555,679</b>	<b>25,589,327</b>	<b>28,197,595</b>
<b>Accumulated Surplus/(Deficit)</b>	5	<b>19,669,967</b>	<b>20,059,151</b>	<b>20,392,387</b>	<b>21,252,247</b>	<b>21,762,603</b>	<b>22,331,822</b>	<b>22,699,785</b>	<b>23,098,176</b>	<b>23,612,980</b>	<b>24,720,029</b>
<b>Financial Indicators</b>											
	<b>Total Change</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
1) Increase/(Decrease) in Net Financial Assets	(3,053,186)	(531,371)	(274,296)	225,444	(547,819)	(461,674)	72,539	(834,695)	318,749	481,156	(1,501,219)
2) Increase/(Decrease) in Tangible Capital Assets	8,266,659	694,782	663,480	107,792	1,407,679	972,030	496,680	1,202,658	79,642	33,648	2,608,268
3) Increase/(Decrease) in Accumulated Surplus	5,213,473	163,411	389,184	333,236	859,860	510,356	569,219	367,963	398,391	514,804	1,107,049



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

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Water Revenue</b>											
Base Charge Revenue		712,206	761,724	807,059	854,968	905,595	959,088	1,015,604	1,075,311	1,138,381	1,205,000
Rate Based Revenue		1,205,211	1,287,563	1,303,717	1,331,915	1,348,335	1,364,865	1,381,506	1,398,259	1,415,123	1,432,100
Earned Development Charges Revenue	3	494	62,994	494	463,494	43,942	165,359	494	61,794	494	653,933
Other Revenue	6	60,465	55,101	57,712	59,000	152,000	63,100	65,301	70,029	78,897	72,199
<b>Total Revenues</b>		<b>1,978,376</b>	<b>2,167,382</b>	<b>2,168,982</b>	<b>2,709,377</b>	<b>2,449,872</b>	<b>2,552,412</b>	<b>2,462,905</b>	<b>2,605,393</b>	<b>2,632,895</b>	<b>3,363,232</b>
<b>Water Expenses</b>											
Operating Expenses	Sch. 4-1	1,237,600	1,191,600	1,252,100	1,268,400	1,352,500	1,352,300	1,474,400	1,550,800	1,496,300	1,625,300
Interest on Debt	2	41,147	35,078	32,438	27,796	37,046	45,573	43,200	58,844	54,439	51,151
Amortization	4	536,218	551,520	551,208	553,321	549,970	585,320	577,342	597,358	567,352	579,732
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>		<b>1,814,965</b>	<b>1,778,198</b>	<b>1,835,746</b>	<b>1,849,517</b>	<b>1,939,516</b>	<b>1,983,193</b>	<b>2,094,942</b>	<b>2,207,002</b>	<b>2,118,091</b>	<b>2,256,183</b>
<b>Annual Surplus/(Deficit)</b>		<b>163,411</b>	<b>389,184</b>	<b>333,236</b>	<b>859,860</b>	<b>510,356</b>	<b>569,219</b>	<b>367,963</b>	<b>398,391</b>	<b>514,804</b>	<b>1,107,049</b>
Accumulated Surplus/(Deficit), beginning of year	5	19,506,556	19,669,967	20,059,151	20,392,387	21,252,247	21,762,603	22,331,822	22,699,785	23,098,176	23,612,980
Accumulated Surplus/(Deficit), end of year		19,669,967	20,059,151	20,392,387	21,252,247	21,762,603	22,331,822	22,699,785	23,098,176	23,612,980	24,720,029
<b>Note 5:</b>											
<b>Accumulated Surplus/(Deficit) Reconciliation:</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
<b>Reserve Balances</b>											
Reserves: Development Charges		263,399	245,749	292,917	(129,753)	(131,426)	(255,415)	(212,101)	(228,770)	(181,511)	(798,024)
Reserves: Capital/Other		365,489	-	36,316	-	-	-	-	128,949	463,879	-
<b>Total Reserves Balance</b>		<b>628,888</b>	<b>245,749</b>	<b>329,233</b>	<b>(129,753)</b>	<b>(131,426)</b>	<b>(255,415)</b>	<b>(212,101)</b>	<b>(99,821)</b>	<b>282,368</b>	<b>(798,024)</b>
Less: Debt Obligations and Deferred Revenue		(1,584,639)	(1,475,796)	(1,333,836)	(1,552,422)	(2,014,096)	(1,941,557)	(2,776,252)	(2,586,452)	(2,440,226)	(3,477,566)
Add: Long-term Accounts Receivable		-	-	-	129,753	131,426	255,415	212,101	228,770	181,511	798,024
Add: Tangible Capital Assets	4	20,625,718	21,289,198	21,396,990	22,804,669	23,776,699	24,273,379	25,476,037	25,555,679	25,589,327	28,197,595
<b>Total Ending Balance</b>		<b>19,669,967</b>	<b>20,059,151</b>	<b>20,392,387</b>	<b>21,252,247</b>	<b>21,762,603</b>	<b>22,331,822</b>	<b>22,699,785</b>	<b>23,098,176</b>	<b>23,612,980</b>	<b>24,720,029</b>
<b>Financial Indicators</b>											
1) Expense to Revenue Ratio		92%	82%	85%	68%	79%	78%	85%	85%	80%	67%
2) Increase/(Decrease) in Accumulated Surplus		5,213,473	163,411	389,184	333,236	859,860	510,356	569,219	367,963	398,391	514,804



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

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Operating Expenses</b>											
Salaries, Wages and Benefits		616,600	635,100	654,200	673,800	694,000	714,800	736,200	758,300	781,000	804,400
Conferences & Meetings		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Training		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Mileage		500	500	500	500	500	500	500	500	500	500
Administrative Oversight		44,300	49,100	54,400	60,300	66,800	74,000	82,000	90,900	100,800	111,700
Legal Services		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Certifications		1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
PSAB Consulting		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Engineering Services		11,400	11,800	12,200	12,600	13,000	13,400	13,900	14,400	14,900	15,400
DWQMS Financial Plan		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Consulting		18,600	19,200	19,900	20,600	21,300	22,000	22,800	23,600	24,400	25,200
Internal Auditing - DWQMS		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Permits/Accreditation - DWQMS		4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Memberships		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Annual Insurance Coverage		13,600	14,000	14,400	14,900	15,400	15,900	16,400	16,900	17,400	18,000
Risk Management		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Annual Property Taxes		3,800	3,900	4,000	4,100	4,200	4,300	4,400	4,600	4,800	5,000
Hydro Charges		75,500	75,500	75,500	75,500	75,500	75,500	75,500	75,500	75,500	75,500
Cleaning Supplies		2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Water Meters		8,800	9,100	9,400	9,700	10,000	10,300	10,700	11,100	11,500	11,900
Grounds Maintenance		5,100	5,300	5,500	5,700	5,900	6,100	6,300	6,500	6,700	6,900
Building Maintenance		2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
Office Expenses		4,100	4,200	4,300	4,400	4,600	4,800	5,000	5,200	5,400	5,600
Credit Bureau Charges		1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500
Alarm System		15,900	17,600	19,500	21,600	23,900	26,500	29,400	32,600	36,100	40,000
Publications & Info Received		500	500	500	500	500	500	500	500	500	500
Advertising & Promotions		1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500
Telephone & Internet		2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
Water Testing - Lead		500	500	500	500	500	500	500	500	500	500
Supplies		500	500	500	500	500	500	500	500	500	500
Bad Debts - Water		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Safety Clothing		2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
Machine Time Charge		189,300	195,800	202,500	209,500	216,700	224,100	231,800	239,800	248,000	256,500
Vehicle Expenditures		(210,700)	(217,900)	(225,400)	(233,100)	(241,100)	(249,400)	(258,000)	(266,900)	(276,100)	(285,600)
Pump House Operation		130,400	134,900	139,500	144,300	149,300	154,400	159,700	165,200	170,900	176,800
Standpipe/Tower		8,400	8,700	9,000	9,300	9,600	9,900	10,200	10,600	11,000	11,400
Watermain Repairs		43,800	45,300	46,900	48,500	50,200	51,900	53,700	55,500	57,400	59,400



Schedule 4-1 (cont'd)  
 Statement of Operating Expenses: Water Services  
 UNAUDITED: For Financial Planning Purposes Only  
 2021-2030

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Hydrants		9,300	9,600	9,900	10,200	10,600	11,000	11,400	11,800	12,200	12,600
Backflow Prevention Program		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Computer Hardware/Software		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
SCADA Maintenance		5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800	7,000
Radio/GPS Services & Main.		1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Locates		1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500
Fuel & Supplies		2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
Repairs & Maintenance		7,000	7,200	7,400	7,700	8,000	8,300	8,600	8,900	9,200	9,500
Small Tools & Supplies		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Equipment Repairs & Maintenance		2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
Safety Equipment		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Special Consulting Services		14,500	15,000	15,500	16,000	16,500	17,100	17,700	18,300	18,900	19,500
Water Sampling		4,700	4,900	5,100	5,300	5,500	5,700	5,900	6,100	6,300	6,500
Water Treatment		500	500	500	500	500	500	500	500	500	500
Grounds Maintenance - Winter		1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Ground Maintenance		2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
Non TCA - Expenses from Capital Budget	7	115,000	34,000	58,000	36,000	80,000	38,000	116,000	146,000	43,000	121,000
<b>TOTAL OPERATING EXPENSES</b>		<b>1,237,600</b>	<b>1,191,600</b>	<b>1,252,100</b>	<b>1,268,400</b>	<b>1,352,500</b>	<b>1,352,300</b>	<b>1,474,400</b>	<b>1,550,800</b>	<b>1,496,300</b>	<b>1,625,300</b>





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

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Surplus/(Deficit)		163,411	389,184	333,236	859,860	510,356	569,219	367,963	398,391	514,804	1,107,049
Less: Acquisition of Tangible Capital Assets	4	(1,231,000)	(1,215,000)	(659,000)	(1,961,000)	(1,522,000)	(1,082,000)	(1,780,000)	(677,000)	(601,000)	(3,188,000)
Add: Amortization of Tangible Capital Assets	4	536,218	551,520	551,208	553,321	549,970	585,320	577,342	597,358	567,352	579,732
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		(694,782)	(663,480)	(107,792)	(1,407,679)	(972,030)	(496,680)	(1,202,658)	(79,642)	(33,648)	(2,608,268)
<b>Increase/(Decrease) in Net Financial Assets/(Net Debt)</b>		<b>(531,371)</b>	<b>(274,296)</b>	<b>225,444</b>	<b>(547,819)</b>	<b>(461,674)</b>	<b>72,539</b>	<b>(834,695)</b>	<b>318,749</b>	<b>481,156</b>	<b>(1,501,219)</b>
Net Financial Assets/(Net Debt), beginning of year		(424,380)	(955,751)	(1,230,047)	(1,004,603)	(1,552,422)	(2,014,096)	(1,941,557)	(2,776,252)	(2,457,503)	(1,976,347)
<b>Net Financial Assets/(Net Debt), end of year</b>		<b>(955,751)</b>	<b>(1,230,047)</b>	<b>(1,004,603)</b>	<b>(1,552,422)</b>	<b>(2,014,096)</b>	<b>(1,941,557)</b>	<b>(2,776,252)</b>	<b>(2,457,503)</b>	<b>(1,976,347)</b>	<b>(3,477,566)</b>
Net Financial Assets/(Debt)		-	-	-	-	-	-	-	-	-	-
<b>Financial Indicators</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
1) Acquisition of Tangible Capital Assets (Cumulative)		1,231,000	2,446,000	3,105,000	5,066,000	6,588,000	7,670,000	9,450,000	10,127,000	10,728,000	13,916,000
2) Annual Surplus/Deficit before Amortization		699,629	1,640,333	2,524,777	3,937,958	4,998,284	6,152,823	7,098,128	8,093,877	9,176,033	10,862,814
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		0.57	0.67	0.81	0.78	0.76	0.80	0.75	0.80	0.86	0.78



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

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Operating Transactions</b>											
Annual Surplus/Deficit		163,411	389,184	333,236	859,860	510,356	569,219	367,963	398,391	514,804	1,107,049
Add: Amortization of TCA's	4	536,218	551,520	551,208	553,321	549,970	585,320	577,342	597,358	567,352	579,732
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Earned Deferred Revenue	3	(494)	(62,994)	(494)	(463,494)	(43,942)	(165,359)	(494)	(61,794)	(494)	(653,933)
Less: Developer Contributions		-	-	-	-	-	-	-	-	-	-
Add: Deferred Revenue Proceeds		44,353	45,344	47,662	40,824	42,269	41,371	43,808	45,126	47,753	37,420
Change in A/R (Increase)/Decrease		(2,163)	(2,240)	(1,062)	(1,308)	(1,157)	(1,210)	(1,262)	(1,320)	(1,378)	(1,441)
Change in A/P Increase/(Decrease)		2,212	1,561	741	912	807	843	880	919	961	1,004
Less: Interest Proceeds		(7,166)	-	(712)	-	-	-	-	(2,528)	(9,096)	-
<b>Cash Provided by Operating Transactions</b>		<b>736,371</b>	<b>922,375</b>	<b>930,579</b>	<b>990,115</b>	<b>1,058,303</b>	<b>1,030,184</b>	<b>988,237</b>	<b>976,152</b>	<b>1,119,902</b>	<b>1,069,831</b>
<b>Capital Transactions</b>											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(1,231,000)	(1,215,000)	(659,000)	(1,961,000)	(1,522,000)	(1,082,000)	(1,780,000)	(677,000)	(601,000)	(3,188,000)
<b>Cash Applied to Capital Transactions</b>		<b>(1,231,000)</b>	<b>(1,215,000)</b>	<b>(659,000)</b>	<b>(1,961,000)</b>	<b>(1,522,000)</b>	<b>(1,082,000)</b>	<b>(1,780,000)</b>	<b>(677,000)</b>	<b>(601,000)</b>	<b>(3,188,000)</b>
<b>Investing Transactions</b>											
Proceeds from Investments		7,166	-	712	-	-	-	-	2,528	9,096	-
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-
<b>Cash Provided by (applied to) Investing Transactions</b>		<b>7,166</b>	<b>-</b>	<b>712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,528</b>	<b>9,096</b>	<b>-</b>
<b>Financing Transactions</b>											
Proceeds from Debt Issue	2	-	92,947	-	702,592	683,812	87,156	981,105	-	-	1,185,875
Less: Debt Repayment (Principal only)	2	(218,143)	(184,140)	(189,128)	(191,089)	(222,138)	(159,695)	(146,411)	(189,799)	(146,226)	(148,535)
<b>Cash Applied to Financing Transactions</b>		<b>(218,143)</b>	<b>(91,193)</b>	<b>(189,128)</b>	<b>511,503</b>	<b>461,674</b>	<b>(72,539)</b>	<b>834,694</b>	<b>(189,799)</b>	<b>(146,226)</b>	<b>1,037,340</b>
Increase in Cash and Cash Equivalents		(705,606)	(383,818)	83,163	(459,382)	(2,023)	(124,355)	42,931	111,881	381,772	(1,080,829)
Cash and Cash Equivalents, beginning of year	1	1,324,496	618,890	235,072	318,235	(141,147)	(143,170)	(267,525)	(224,594)	(112,713)	269,059
<b>Cash and Cash Equivalents, end of year</b>	<b>1</b>	<b>618,890</b>	<b>235,072</b>	<b>318,235</b>	<b>(141,147)</b>	<b>(143,170)</b>	<b>(267,525)</b>	<b>(224,594)</b>	<b>(112,713)</b>	<b>269,059</b>	<b>(811,770)</b>



## 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 Town, some of the items listed above have been estimated given that the Town does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services



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

The assumptions used have been documented below:

## 1. Cash, Receivables and Payables

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

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

For the Town, 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; and
- b) Payables: Based on historical levels of water payables as a percentage of annual expenses.

## 2. Debt

Outstanding water related debt at the end of 2020 was \$1,539,383 with additional debt proceeds anticipated throughout the forecast period. Principal repayments over the forecast period are scheduled as follows:



Year	Principal Payments
2021	\$ 218,143
2022	\$ 184,140
2023	\$ 189,128
2024	\$ 191,089
2025	\$ 222,138
2026	\$ 159,695
2027	\$ 146,411
2028	\$ 189,799
2029	\$ 146,226
2030	\$ 148,535
<b>Total</b>	<b>\$ 1,795,304</b>

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

### 3. Deferred Revenue

Deferred revenue is typically made up of water development charge (D.C.) reserve balances 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 D.C. reserve fund balance is negative, it is shown as an asset (“long-term accounts receivable”) for financial reporting purposes, representing future amounts to be collected from developers. Note that the 2021 Rate Study projects the water D.C. reserve fund to be in a deficit position from 2024 until the end of the forecast period.

### 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. Facilities, and
  - iv. Land.



- 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 2021 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 figure 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 Town is unaware of any specific lead service piping in the municipal water system but there is one older main known to have lead joints. No issues have been identified through the Town’s lead testing program to date. The Town will replace the joints when the need is identified based on future testing results.



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

Asset Historical Cost	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Tangible Capital Asset Balance	29,136,058	30,242,521	31,355,904	31,867,411	33,635,233	34,722,022	35,741,849	37,410,767	37,917,947	38,351,252
Acquisitions	1,231,000	1,215,000	659,000	1,961,000	1,522,000	1,082,000	1,780,000	677,000	601,000	3,188,000
Disposals	124,537	101,617	147,493	193,178	435,211	62,173	111,082	169,820	167,695	138,612
<b>Closing Tangible Capital Asset Balance</b>	<b>30,242,521</b>	<b>31,355,904</b>	<b>31,867,411</b>	<b>33,635,233</b>	<b>34,722,022</b>	<b>35,741,849</b>	<b>37,410,767</b>	<b>37,917,947</b>	<b>38,351,252</b>	<b>41,400,640</b>
Opening Accumulated Amortization	9,205,122	9,616,803	10,066,706	10,470,421	10,830,564	10,945,323	11,468,470	11,934,730	12,362,268	12,761,925
Amortization Expense	536,218	551,520	551,208	553,321	549,970	585,320	577,342	597,358	567,352	579,732
Amortization on Disposal	124,537	101,617	147,493	193,178	435,211	62,173	111,082	169,820	167,695	138,612
<b>Ending Accumulated Amortization</b>	<b>9,616,803</b>	<b>10,066,706</b>	<b>10,470,421</b>	<b>10,830,564</b>	<b>10,945,323</b>	<b>11,468,470</b>	<b>11,934,730</b>	<b>12,362,268</b>	<b>12,761,925</b>	<b>13,203,045</b>
<b>Net Book Value</b>	<b>20,625,718</b>	<b>21,289,198</b>	<b>21,396,990</b>	<b>22,804,669</b>	<b>23,776,699</b>	<b>24,273,379</b>	<b>25,476,037</b>	<b>25,555,679</b>	<b>25,589,327</b>	<b>28,197,595</b>



## 5. Accumulated Surplus

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

Water	2021 Opening Accumulated Surplus
<b>Reserve Balances</b>	
Reserves: Development Charges	219,541
Reserves: Capital/Other	1,115,003
<b>Total Reserves Balance</b>	<b>1,334,544</b>
Less: Debt Obligations and Deferred Revenue	(1,758,924)
Add: Tangible Capital Assets	19,930,936
<b>Total Opening Balance</b>	<b>19,506,556</b>

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

## 6. Other Revenue

Other revenues have been inflated annually by 3.4% 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 Town in accordance with the mandatory reporting formats for water systems as detailed in O. Reg. 453/07. It is important to note that while mandatory, the financial plan is provided for Council's interest and approval however, for decision making purposes, it may be more informative to rely on the information contained within the 2021 Water and Wastewater Rate Study, dated March 12, 2021. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The Town of Minto's Water Financial Plan prepared by Watson & Associates Economists Ltd. dated March 12, 2021 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan and the Council resolution approving the Financial Plan be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, section 3 (1) 6).
4. The 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.).



# Appendix A

## Water Budget and Forecast Summary Tables



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

Prj. No.	Description	Total	Forecast										
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
	<b>Capital Expenditures</b>												
	<i>Clifford</i>												
1.	Allan Street Watermain to well 1	88,000	88,000	-	-	-	-	-	-	-	-	-	-
2.	Park Street Servicing	29,000	-	-	-	29,000	-	-	-	-	-	-	-
3.	Video Log-Wells #1,3,4	76,000	-	-	-	-	-	-	76,000	-	-	-	-
4.	Clifford Tower Inspection	45,000	21,000	-	-	-	-	24,000	-	-	-	-	-
5.	Clifford Water Tower Exterior Painting	401,000	-	-	-	401,000	-	-	-	-	-	-	-
6.	Clifford Water Tower Interior Painting	172,000	-	-	-	172,000	-	-	-	-	-	-	-
	Clifford SCADA Panels												
7.	Clifford Arsenic Treatment	121,000	10,000	11,000	11,000	11,000	12,000	12,000	13,000	13,000	14,000	14,000	
	<i>Harriston</i>												
8.	Arthur St E C/L		-	-	-	-	-	-	-	-	-	-	-
9.	Arthur St W C/L	52,000	52,000	-	-	-	-	-	-	-	-	-	-
10.	Lawrence St Recon (Metzger)		-	-	-	-	-	-	-	-	-	-	-
11.	Tower Inspection & Repairs	52,000	-	-	-	-	24,000	-	-	-	-	-	28,000
12.	Harriston Water Tower Exterior Painting	414,000	-	-	-	-	414,000	-	-	-	-	-	-
13.	Harriston Water Tower Interior Painting	178,000	-	-	-	-	178,000	-	-	-	-	-	-
14.	Harriston - Video Log - Wells #1 & 3	143,000	41,000	-	22,000	-	-	-	-	52,000	-	-	28,000
	Harriston SCADA												
	<i>Palmerston</i>												
15.	Henry Street		-	-	-	-	-	-	-	-	-	-	-
16.	Industrial Minto Road Servicing		-	-	-	-	-	-	-	-	-	-	-
17.	Main Street	1,468,000	-	5,000	11,000	-	-	122,000	1,330,000	-	-	-	-
18.	Water Tower Inspection	52,000	-	-	-	-	24,000	-	-	-	-	-	28,000
19.	Palmerston - Watertower - Exterior Painting	362,000	362,000	-	-	-	-	-	-	-	-	-	-
20.	Palmerston - Watertower - Interior Painting	155,000	155,000	-	-	-	-	-	-	-	-	-	-
21.	White's Road incl Private Water Line	410,000	41,000	369,000	-	-	-	-	-	-	-	-	-
	Palmerston SCADA												
22.	Palmerston - Video Log - Wells #1 & 2	93,000	41,000	-	-	-	-	-	-	52,000	-	-	-
	<i>Rural</i>												
23.	Minto Pines Insp & Column Pipe	43,000	-	43,000	-	-	-	-	-	-	-	-	-
24.	Minto Pines Well # 2	95,000	41,000	21,000	33,000	-	-	-	-	-	-	-	-
	Minto Pines - Pumphouse upgrades												
	<i>General</i>												
25.	Asset Management CityWide	61,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000	
26.	Equipment	121,000	10,000	11,000	11,000	11,000	12,000	12,000	13,000	13,000	14,000	14,000	
27.	5 yr replace Pick-ups 2015	496,000	-	-	111,000	57,000	59,000	-	-	131,000	68,000	70,000	
28.	7 yr replace Service Truck	91,000	-	40,000	-	-	-	-	-	-	51,000	-	
29.	Vacuum Trucks	296,000	-	-	-	-	296,000	-	-	-	-	-	
30.	SCADA Sewer & Water Urban Areas	501,000	114,000	118,000	122,000	69,000	12,000	12,000	13,000	13,000	14,000	14,000	
31.	Capital Watermain Replacement	3,591,000	310,000	321,000	332,000	343,000	355,000	367,000	380,000	356,000	407,000	420,000	
32.	Water Meter General	241,000	21,000	21,000	22,000	23,000	24,000	24,000	25,000	26,000	27,000	28,000	
33.	Pumps, Valves, etc	182,000	16,000	16,000	17,000	17,000	18,000	18,000	19,000	20,000	20,000	21,000	
34.	Engineering	182,000	16,000	16,000	17,000	17,000	18,000	18,000	19,000	20,000	20,000	21,000	



**Table A-1 (cont'd)**  
**Town of Minto**  
**Water Service**  
**Capital Budget Forecast**  
 Inflated \$

Prj. No.	Description	Total	Forecast									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	<b>Growth Related:</b>											
	<i>Clifford</i>											
35.	Allan St W - Limits (Development)	81,000	-	-	-	-	-	-	-	81,000	-	-
36.	Queen St Ann to Minto (Thiessen)	130,000	-	-	-	-	130,000	-	-	-	-	-
	<i>Harriston</i>											
37.	John St Oversizing	2,593,000	-	-	-	-	-	-	-	-	-	2,593,000
38.	King St N (Dev)	105,000	-	-	-	105,000	-	-	-	-	-	-
39.	Queen St N (Dev)	105,000	-	-	-	105,000	-	-	-	-	-	-
40.	Webb St Extension	350,000	-	-	-	-	-	350,000	-	-	-	-
41.	Future Development	153,000	-	-	-	-	-	153,000	-	-	-	-
	<i>Palmerston</i>											
42.	Palmerston - Queen St S (Growth Share)	37,000	-	-	-	-	-	-	-	37,000	-	-
43.	White's Road - Royal Terrace - Water	250,000	-	250,000	-	-	-	-	-	-	-	-
44.	Heinmiller Oversizing	354,000	-	-	-	354,000	-	-	-	-	-	-
45.	Henry Lane Loop	275,000	-	-	-	275,000	-	-	-	-	-	-
	<i>Studies</i>											
46.	Servicing Strategy	20,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
47.	Water/Wastewater Rate Study	39,000	-	-	-	-	18,000	-	-	-	-	21,000
	<b>Total Capital Expenditures</b>	<b>14,703,000</b>	<b>1,346,000</b>	<b>1,249,000</b>	<b>717,000</b>	<b>1,997,000</b>	<b>1,602,000</b>	<b>1,120,000</b>	<b>1,896,000</b>	<b>823,000</b>	<b>644,000</b>	<b>3,309,000</b>
	<b>Capital Financing</b>											
	Provincial/Federal Grants	-										
	Developer Contributions	91,000	-	-	-	-	91,000	-	-	-	-	-
	Development Charges Reserve Fund	1,453,494	494	62,994	494	463,494	43,942	165,359	494	61,794	494	653,933
	Non-Growth Related Debenture Requirements	3,733,487	-	92,947	-	702,592	683,812	87,156	981,105	-	-	1,185,875
	Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-
	Water Reserve	9,425,020	1,345,506	1,093,059	716,506	830,914	783,246	867,485	914,401	761,206	643,506	1,469,192
	<b>Total Capital Financing</b>	<b>14,703,000</b>	<b>1,346,000</b>	<b>1,249,000</b>	<b>717,000</b>	<b>1,997,000</b>	<b>1,602,000</b>	<b>1,120,000</b>	<b>1,896,000</b>	<b>823,000</b>	<b>644,000</b>	<b>3,309,000</b>



**Table A-2**  
**Town of Minto**  
**Water Service**  
**Schedule of Non-Growth Related Debenture Repayments**  
 Inflated \$

Debenture Year	Principal (Inflated)	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021	-		-	-	-	-	-	-	-	-	-
2022	92,947			5,673	5,673	5,673	5,673	5,673	5,673	5,673	5,673
2023	-				-	-	-	-	-	-	-
2024	702,592					42,885	42,885	42,885	42,885	42,885	42,885
2025	683,812						41,739	41,739	41,739	41,739	41,739
2026	87,156							5,320	5,320	5,320	5,320
2027	981,105								59,885	59,885	59,885
2028	-									-	-
2029	-										-
2030	1,185,875										
<b>Total Annual Debt Charges</b>	<b>3,733,487</b>	-	-	5,673	5,673	48,559	90,298	95,618	155,503	155,503	155,503

**Table A-3**  
**Town of Minto**  
**Water Service**  
**Schedule of Growth Related Debenture Repayments**  
 Inflated \$

Debenture Year	Principal (Inflated)	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021	-		-	-	-	-	-	-	-	-	-
2022	-			-	-	-	-	-	-	-	-
2023	-				-	-	-	-	-	-	-
2024	-					-	-	-	-	-	-
2025	-						-	-	-	-	-
2026	-							-	-	-	-
2027	-								-	-	-
2028	-									-	-
2029	-										-
2030	-										-
<b>Total Annual Debt Charges</b>	<b>-</b>	-	-	-	-	-	-	-	-	-	-





**Table A-4**  
**Town of Minto**  
**Water Service**  
**Water Reserves/ Reserve Funds Continuity**  
 Inflated \$

Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Balance	1,115,003	365,490	-	36,316	-	-	-	-	128,949	463,878
Transfer from Operating	588,826	727,569	752,110	794,598	783,246	867,485	914,401	887,626	969,339	1,005,314
Transfer to Capital	1,345,506	1,093,059	716,506	830,914	783,246	867,485	914,401	761,206	643,506	1,469,192
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>358,323</b>	<b>-</b>	<b>35,604</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,421</b>	<b>454,783</b>	<b>-</b>
Interest	7,166	-	712	-	-	-	-	2,528	9,096	-

**Table A-5**  
**Town of Minto**  
**Water Service**  
**Water Development Charges Reserve Fund Continuity**  
 Inflated \$

Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Balance	219,541	263,399	245,749	292,917	(129,753)	(131,426)	(255,415)	(212,101)	(228,769)	(181,510)
Development Charge Proceeds	39,188	40,525	41,919	43,368	44,846	46,379	47,967	49,612	51,312	53,068
Transfer to Capital	494	62,994	494	463,494	43,942	165,359	494	61,794	494	653,933
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>258,234</b>	<b>240,930</b>	<b>287,174</b>	<b>(127,209)</b>	<b>(128,849)</b>	<b>(250,407)</b>	<b>(207,942)</b>	<b>(224,283)</b>	<b>(177,951)</b>	<b>(782,376)</b>
Interest	5,165	4,819	5,743	(2,544)	(2,577)	(5,008)	(4,159)	(4,486)	(3,559)	(15,648)
Required from Development Charges	494	62,994	494	463,494	43,942	165,359	494	61,794	494	653,933



**Table A-6**  
**Town of Minto**  
**Water Services**  
**Operating Budget Forecast**  
 Inflated \$

Description	Forecast									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Expenditures</b>										
<u>Operating Costs</u>										
Salaries, Wages and Benefits	616,600	635,100	654,200	673,800	694,000	714,800	736,200	758,300	781,000	804,400
Conferences & Meetings	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Training	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Mileage	500	500	500	500	500	500	500	500	500	500
Administrative Oversight	44,300	49,100	54,400	60,300	66,800	74,000	82,000	90,900	100,800	111,700
Legal Services	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Certifications	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
PSAB Consulting	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Engineering Services	11,400	11,800	12,200	12,600	13,000	13,400	13,900	14,400	14,900	15,400
DWQMS Financial Plan	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Consulting	18,600	19,200	19,900	20,600	21,300	22,000	22,800	23,600	24,400	25,200
Internal Auditing - DWQMS	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Permits/Accreditation - DWQMS	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Memberships	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Annual Insurance Coverage	13,600	14,000	14,400	14,900	15,400	15,900	16,400	16,900	17,400	18,000
Risk Management	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Annual Property Taxes	3,800	3,900	4,000	4,100	4,200	4,300	4,400	4,600	4,800	5,000
Hydro Charges	75,500	75,500	75,500	75,500	75,500	75,500	75,500	75,500	75,500	75,500
Cleaning Supplies	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Water Meters	8,800	9,100	9,400	9,700	10,000	10,300	10,700	11,100	11,500	11,900
Grounds Maintenance	5,100	5,300	5,500	5,700	5,900	6,100	6,300	6,500	6,700	6,900
Building Maintenance	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
Office Expenses	4,100	4,200	4,300	4,400	4,600	4,800	5,000	5,200	5,400	5,600
Credit Bureau Charges	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500
Alarm System	15,900	17,600	19,500	21,600	23,900	26,500	29,400	32,600	36,100	40,000
Publications & Info Received	500	500	500	500	500	500	500	500	500	500
Advertising & Promotions	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500
Telephone & Internet	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
Water Testing - Lead	500	500	500	500	500	500	500	500	500	500
Supplies	500	500	500	500	500	500	500	500	500	500
Bad Debts - Water	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Safety Clothing	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
Machine Time Charge	189,300	195,800	202,500	209,500	216,700	224,100	231,800	239,800	248,000	256,500
Vehicle Expenditures	(210,700)	(217,900)	(225,400)	(233,100)	(241,100)	(249,400)	(258,000)	(266,900)	(276,100)	(285,600)



**Table A-6 (cont'd)**  
**Town of Minto**  
**Water Services**  
**Operating Budget Forecast**  
 Inflated \$

Description	Forecast									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Pump House Operation	130,400	134,900	139,500	144,300	149,300	154,400	159,700	165,200	170,900	176,800
Standpipe/Tower	8,400	8,700	9,000	9,300	9,600	9,900	10,200	10,600	11,000	11,400
Watermain Repairs	43,800	45,300	46,900	48,500	50,200	51,900	53,700	55,500	57,400	59,400
Hydrants	9,300	9,600	9,900	10,200	10,600	11,000	11,400	11,800	12,200	12,600
Backflow Prevention Program	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Computer Hardware/Software	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
SCADA Maintenance	5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800	7,000
Radio/GPS Services & Main.	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Locates	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500
Fuel & Supplies	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
Repairs & Maintenance	7,000	7,200	7,400	7,700	8,000	8,300	8,600	8,900	9,200	9,500
Small Tools & Supplies	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Equipment Repairs & Maintenance	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
Safety Equipment	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Special Consulting Services	14,500	15,000	15,500	16,000	16,500	17,100	17,700	18,300	18,900	19,500
Water Sampling	4,700	4,900	5,100	5,300	5,500	5,700	5,900	6,100	6,300	6,500
Water Treatment	500	500	500	500	500	500	500	500	500	500
Grounds Maintenance - Winter	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Ground Maintenance	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
<b>Sub Total Operating</b>	<b>1,122,600</b>	<b>1,157,600</b>	<b>1,194,100</b>	<b>1,232,400</b>	<b>1,272,500</b>	<b>1,314,300</b>	<b>1,358,400</b>	<b>1,404,800</b>	<b>1,453,300</b>	<b>1,504,300</b>
<b>Capital-Related</b>										
Existing Debt (Principal) - Non-Growth Related	218,143	184,140	185,295	187,180	189,178	97,883	79,780	81,390	35,670	35,790
Existing Debt (Interest) - Non-Growth Related	41,147	35,078	30,598	26,032	21,447	17,088	14,212	11,750	9,492	8,393
New Non-Growth Related Debt (Principal)	-	-	3,833	3,909	32,960	61,812	66,631	108,409	110,556	112,745
New Non-Growth Related Debt (Interest)	-	-	1,840	1,764	15,598	28,485	28,987	47,094	44,947	42,758
Transfer to Capital Reserve	588,826	727,569	752,110	794,598	783,246	867,485	914,401	887,626	969,339	1,005,314
<b>Sub Total Capital Related</b>	<b>848,117</b>	<b>946,787</b>	<b>973,676</b>	<b>1,013,483</b>	<b>1,042,430</b>	<b>1,072,753</b>	<b>1,104,011</b>	<b>1,136,269</b>	<b>1,170,004</b>	<b>1,205,000</b>
<b>Total Expenditures</b>	<b>1,970,717</b>	<b>2,104,387</b>	<b>2,167,776</b>	<b>2,245,883</b>	<b>2,314,930</b>	<b>2,387,053</b>	<b>2,462,411</b>	<b>2,541,069</b>	<b>2,623,304</b>	<b>2,709,300</b>
<b>Revenues</b>										
Base Charge	657,396	704,348	746,997	792,095	839,779	890,191	943,482	999,813	1,059,349	1,122,268
Per Unit Charges	54,810	57,376	60,061	62,873	65,816	68,897	72,122	75,498	79,032	82,732
Other Revenue	53,300	55,100	57,000	59,000	61,000	63,100	65,300	67,500	69,800	72,200
<b>Total Operating Revenue</b>	<b>765,506</b>	<b>816,824</b>	<b>864,059</b>	<b>913,968</b>	<b>966,595</b>	<b>1,022,188</b>	<b>1,080,904</b>	<b>1,142,811</b>	<b>1,208,181</b>	<b>1,277,200</b>
<b>Water Billing Recovery - Total</b>	<b>1,205,211</b>	<b>1,287,563</b>	<b>1,303,717</b>	<b>1,331,915</b>	<b>1,348,335</b>	<b>1,364,865</b>	<b>1,381,506</b>	<b>1,398,259</b>	<b>1,415,123</b>	<b>1,432,100</b>



**Table A-7  
Town of Minto  
Water Services  
Water Rate Forecast  
Inflated \$**

Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Monthly Base Charge</b>										
¾" Meter Size	\$ 23.00	\$ 23.18	\$ 24.27	\$ 25.42	\$ 26.62	\$ 27.88	\$ 29.20	\$ 30.58	\$ 32.02	\$ 33.53
1" Meter Size	\$ 25.00	\$ 32.45	\$ 33.98	\$ 35.59	\$ 37.27	\$ 39.03	\$ 40.88	\$ 42.81	\$ 44.83	\$ 46.94
1 ½" Meter Size	\$ 29.00	\$ 41.72	\$ 43.69	\$ 45.76	\$ 47.92	\$ 50.18	\$ 52.55	\$ 55.04	\$ 57.64	\$ 60.36
2" Meter Size	\$ 34.00	\$ 67.22	\$ 70.39	\$ 73.72	\$ 77.20	\$ 80.85	\$ 84.67	\$ 88.67	\$ 92.86	\$ 97.24
3" Meter Size	\$ 36.50	\$ 254.95	\$ 267.01	\$ 279.63	\$ 292.84	\$ 306.68	\$ 321.17	\$ 336.33	\$ 352.22	\$ 368.84
4" + Meter Size	\$ 44.00	\$ 324.49	\$ 339.83	\$ 355.89	\$ 372.71	\$ 390.32	\$ 408.76	\$ 428.06	\$ 448.28	\$ 469.44
Per Unit Charge	\$ 7.50	\$ 7.90	\$ 8.28	\$ 8.67	\$ 9.08	\$ 9.50	\$ 9.95	\$ 10.42	\$ 10.92	\$ 11.43
<b>Annual Percentage Change</b>			<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Consumptive Rate: Declining Block Rates (\$/m<sup>3</sup>)</b>										
<b>Declining Block Structure</b>										
Block 1	\$ 2.49	\$ 2.50	\$ 2.51	\$ 2.52	\$ 2.53	\$ 2.54	\$ 2.55	\$ 2.56	\$ 2.57	\$ 2.58
Block 2	\$ 1.79	\$ 1.80	\$ 1.80	\$ 1.81	\$ 1.82	\$ 1.83	\$ 1.83	\$ 1.84	\$ 1.85	\$ 1.86
Block 3	\$ 1.53	\$ 1.54	\$ 1.54	\$ 1.55	\$ 1.55	\$ 1.56	\$ 1.57	\$ 1.57	\$ 1.58	\$ 1.59
Block 4	\$ 0.50									
<b>Annual Percentage Change</b>		<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>
<b>Bulk Water Rate (per m<sup>3</sup>)</b>	<b>\$ 3.00</b>	<b>\$ 3.49</b>	<b>\$ 3.58</b>	<b>\$ 3.64</b>	<b>\$ 3.74</b>	<b>\$ 3.84</b>	<b>\$ 3.95</b>	<b>\$ 4.06</b>	<b>\$ 4.18</b>	<b>\$ 4.30</b>
<b>Annual Percentage Change</b>		<b>16%</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
<b>Unmetered/Flat Rate (per month)</b>	<b>\$ 58.30</b>	<b>\$ 61.96</b>	<b>\$ 63.21</b>	<b>\$ 64.51</b>	<b>\$ 65.87</b>	<b>\$ 67.29</b>	<b>\$ 68.76</b>	<b>\$ 70.30</b>	<b>\$ 71.90</b>	<b>\$ 73.57</b>
<b>Annual Percentage Change</b>		<b>6%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>