

**The Corporation of the  
Town of Arnprior**

**By-Law No. 6521-15**

Being a by-law of the Corporation of the Town of Arnprior to adopt the Water Financial Plan prepared by Watson & Associates Economists Ltd. dated November 3, 2015.

**Whereas** Section 11 (2) of the *Municipal Act, 2001*, S.O. 2001, as amended, authorizes the Municipality to pass by-laws respecting the financial management of the municipality and its local boards; and

**Whereas** there is a mandatory licensing requirement under the *Safe Drinking Water Act* for municipalities to prepare and submit a financial plan for water systems to the Province; and

**Whereas** pursuant to Ontario Regulation 453/07 municipalities are mandated to finalize, approve and submit these financial plans six months prior to their initial water license expiry; and

**Whereas** the water license expiry date for the Town of Arnprior is June 5, 2016 resulting in a requirement for the financial plan to be completed by December 5, 2015; and

**Whereas** Council passed by-law 6420-15 appointing Watson & Associates Economists Ltd. to complete a water financial plan for the Town of Arnprior; and

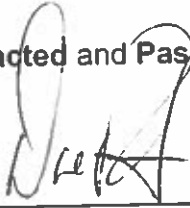
**Whereas** Council deems it expedient to adopt the Town of Arnprior's Water Financial Plan prepared by Watson & Associates Economists Ltd. dated November 3, 2015.

**Therefore** the Council of the Corporation of the Town of Arnprior hereby enacts as follows:

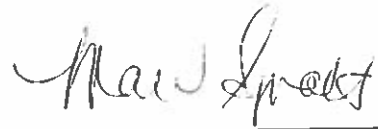
1. **That** the Water Financial Plan #107-301A, attached as Appendix "A" to this By-law be adopted; and
2. **That** Notice of availability of the Water Financial Plan be openly advertised; and
3. **That** the Water Financial Plan, the Council Resolution passed under this By-law approving the Financial Plan, and the Water and Wastewater Rate Study underpinning the Financial Plan be submitted to the Ministry of Municipal Affairs and Housing to satisfy O.Reg. 453/07, Section 3 (1); and

4. **That** the Financial Plan, the Council Resolution passed under this By-law approving the Financial Plan, and the Water and Wastewater Rate Study underpinning the Financial Plan be submitted to the Ministry of the Environment, satisfying the requirements under the *Safe Drinking Water Act*. (S.D.W.A. Section 32 (5) 2 ii)); and
5. **That** any by-laws and/or resolutions inconsistent with the provisions herein are repealed.

**Enacted and Passed** this 9th day of November, 2015.



Mayor David Reid



Maureen Spratt, Clerk

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

**Financial Plan #170-301A**

November 3, 2015



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 **Planning for growth**

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## List of Acronyms

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

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# 1. Introduction

## 1.1 Study Purpose

Watson & Associates Economists Ltd. (Watson) was retained by the Town of Arnprior (the Town) to prepare a water financial plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water license as per the Safe Drinking Water Act, 2002. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. This detailed financial planning and forecasting in regards to the Town's water system has already been completed and documented by Watson within the "2015 Town of Arnprior Water and Wastewater Rate Study" (2015 Rate Study). The objective of the report provided herein is to convert the findings of the 2015 Rate Study into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation 453/07 (O.Reg. 453/07).

## 1.2 Background

The Safe Drinking Water Act (S.D.W.A.) was passed in December, 2002 in order to address some of the recommendations made by the Walkerton Inquiry Part II report. One of the main requirements of the Act is the mandatory licensing of municipal water providers. Section 31 (1) specifically states,

"No person shall,

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

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

1. Obtain a drinking water works permit;
2. Acceptance of the operational plan for the system based on the Drinking Water Quality Management Standard;

3. Accreditation of the Operating Authority;
4. Prepare and provide a financial plan; and
5. Obtain permit to take water.

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

### **1.2.1 Financial Plan Defined**

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

“financial plans’ means,

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

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

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

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

- Financial plans must be approved by Council resolution (or governing body) indicating that the drinking water system is financially viable;
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period (commencing when the system first serves the public);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a “Statement of Operations”

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as per the Public Sector Accounting Board (P.S.A.B.) for each year in which the financial plans apply;

- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plans are to be submitted to the Ministry of Municipal Affairs and Housing.

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

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

- Financial plans must be approved by Council resolution (or governing body);
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period (commencing in the year of licence expiry);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the P.S.A.B.) for each year in which the financial plans apply;
- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the components of a “Statement of Financial Position” as per the P.S.A.B.) for each year in which the financial plans apply;
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a “Statement of Cash Flow” as per the P.S.A.B.) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;



- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plans are to be submitted to the Ministry of Municipal Affairs and Housing.

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

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

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

#### **1.2.5 Public Sector Accounting Board (P.S.A.B.) Requirements**

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

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

Both the Statement of Financial Position and the Statement of Operations were required for financial reporting purposes in pre-2009 reporting years; however, the format changed in 2009 to conform to the requirements of PS1200 and PS3150 (see Figures 1-1 and 1-2). Financial statements are now reported on a full accrual accounting basis, which will continue in future years. The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when they are actually paid for. Since an exchange of cash is not necessary to report a financial transaction, the accrual method is meant to provide a more accurate picture of financial position. Before 2009, financial results were reported on a modified cash basis of accounting, whereby revenues and expenses are recognized when cash is paid or received and only certain accrual-type items such as payables and receivables are recognized at year-end. The difference between the

methods is in the timing of when transactions are reported. This timing difference has impacted the presentation of the statements in that various accounts have been added or deleted in order to properly report the transactions.

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

The Statement of Cash Flow and the Statement of Change in Net Financial Assets/Debt (which is a new statement as of 2009) are required statements going forward. The Statement of Change in Net Financial Assets/Debt reports on whether enough revenue was generated in a period to cover the expenses in the period and whether sufficient resources have been generated to support current and future activities (see Figure 1-3). The Statement of Cash Flow reports on how activities were financed for a given period providing a measure of the changes in cash for that period (see Figure 1-4).

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

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

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

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

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

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

**OLD FORMAT (PRE-2009)**

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

**2009 AND FUTURE**

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

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

**2009 AND FUTURE**

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

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

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

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

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## 2. Sustainable Financial Planning

### 2.1 Introduction

In general, sustainability refers to the ability to maintain a certain position over time. While the S.D.W.A. requires a declaration of the financial plan's sustainability, it does not give a clear definition of what would be considered sustainable. Instead, the Ministry of the Environment released a guideline ("Towards Financially Sustainable Drinking-Water and Wastewater Systems") that provides possible approaches to achieving sustainability. The Province's Principles of Financially Sustainable Water and Wastewater Services are provided below:

Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.

Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.

Principle #3: Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.

Principle #4: Lifecycle planning with mid-course corrections is preferable to planning over the short term, or not planning at all.

Principle #5: An asset management plan is a key input to the development of a financial plan.

Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.

Principle #7: Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.

Principle #8: Financial plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.

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

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## 2.2 Sustainable Water and Sewage Systems Act

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

## 2.3 Water Opportunities Act, 2010 (Bill 72)

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

The purposes of the Water Opportunities Act are to foster innovative water, wastewater and storm water technologies, services and practices; to create opportunities for economic development and clean-technology jobs; and to conserve and sustain water resources. To achieve this, Bill 72 provides for the creation of performance targets (financial, operational and maintenance related) which will vary by service type and location, and the required submission of conservation and sustainability plans for water, wastewater and storm water.

The sustainability plan in Bill 72 expands on interim legislation for financial plans included in O.Reg 453/07, to include the following:

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

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

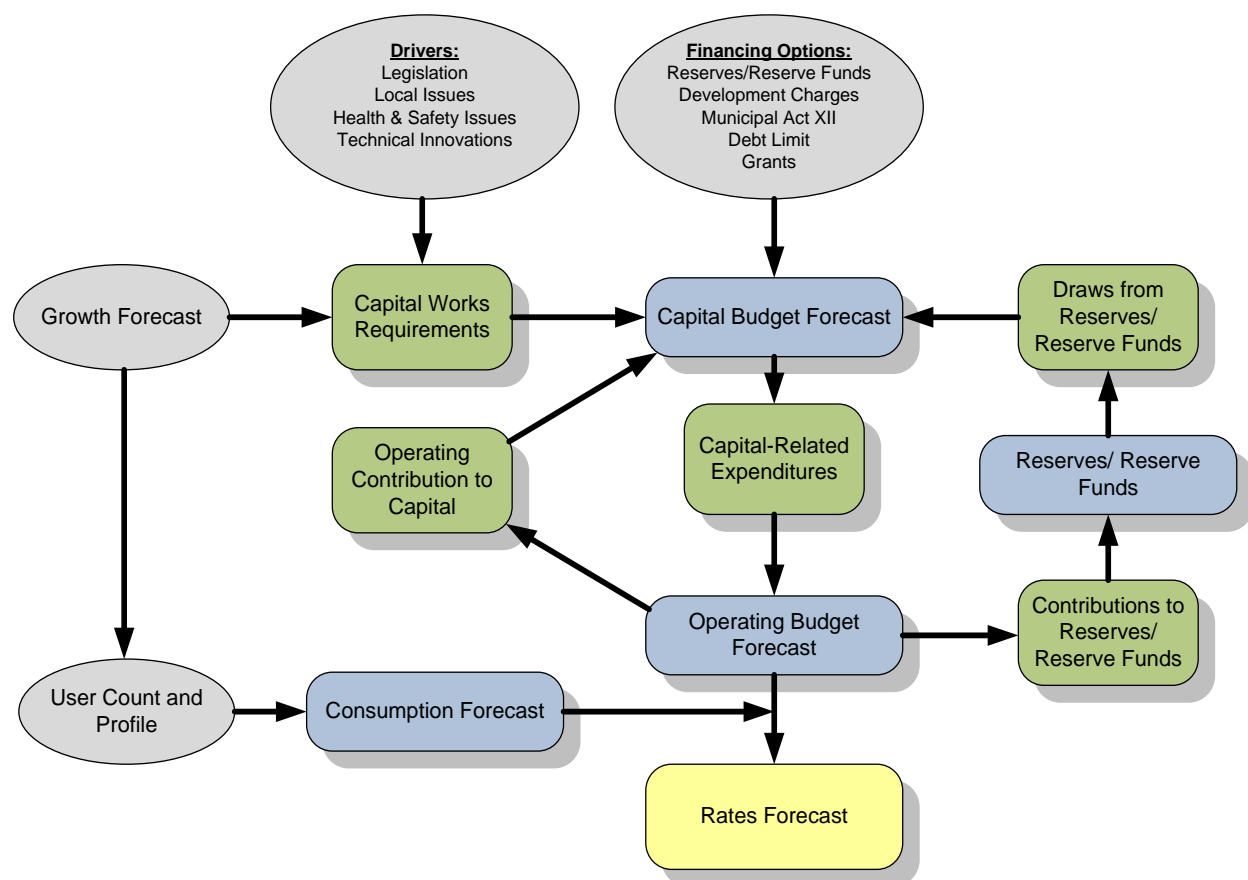


Regulations (still forthcoming) will prescribe details with regard to any time periods or time limits, contents of the plans, identifying which portions of the plan will require certification, the public consultation process (if required), limitations updates and refinements.

## 2.4 Water and Wastewater Rate Study

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

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



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

- A detailed assessment of current and future capital needs including an analysis of potential funding sources;
- An analysis of fixed and variable operating costs in order to determine how they will be impacted by evolving infrastructure needs and system growth;
- A review and recommendation on rate structures that ensure revenues are equitable and sufficient to meet system needs; and
- A public process that involves ongoing consultation with the main stakeholders including the Town staff, Council, the general public (specifically the users of the system) and others, with the aim of gaining input and collaboration on the sustainability of the financial plan.

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

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## 3. Approach

### 3.1 Overview

The 2015 Rate Study has been prepared on a modified cash basis; therefore, a conversion was required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the financial plan.

### 3.2 Conversion Process

The conversion from the existing modified cash basis financial plan to the full accrual reporting format required under O.Reg. 453/07 can be summarized in the following steps:

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

#### ***3.2.1 Calculate Tangible Capital Asset Balances***

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water assets, an inventory has already been compiled and summarized within the 2015 Rate Study as well as part of the Town's annual P.S.A.B. 3150 compliance processes. Given the prospective nature of the 2015 Rate Study, replacement cost is provided for each asset; however, historical cost (which is the original cost to purchase, develop or construct each asset) is required for financial reporting purposes. Once historical cost is established, the following calculations are made to determine net book value:

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

Future water capital needs have also been determined and summarized within the 2015 Rate Study. These estimates, however, only represent future assets that the Town anticipates purchasing or constructing without consideration for assets that are contributed by developers and other parties (at no cost or partial cost to the Town). These contributed assets could form a significant part of the infrastructure going forward in terms of the sustainability of the system as a whole and despite their non-monetary nature; the financial plan may need to be adjusted in order to properly account for these transactions. Once the sequence and total asset acquisition has been determined for the forecast period, annual amortization of these assets for each year is calculated in a similar manner as that used for existing assets.

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

### ***3.2.2 Convert Statement of Operations***

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

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

Modified Cash Basis	Budget 2015	Adjustments		Full Accrual Budget 2015	Accrual Basis
		DR	CR		
<b>Revenues</b>					<b>Revenues</b>
Base Charge Revenue	419,883			419,883	Base Charge Revenue
Rate Based Revenue	1,787,957			1,787,957	Rate Based Revenue
Transfers from Reserves	215,861	215,861			
			249,603	249,603	Earned Development Charges and Gas Tax Revenue
Other Revenue	109,299		8,284	117,583	Other Revenue
<b>Total Revenues</b>	<b>2,533,000</b>			<b>2,575,026</b>	<b>Total Revenues</b>
<b>Expenditures</b>					<b>Expenses</b>
Operating	1,170,875			1,170,875	Operating Expenses
Capital					
Transfers to Reserves	511,195		511,195		
Debt Repayment (Principal & Interest)	850,930		445,453	405,477	Interest on Debt
		428,571		428,571	Amortization
<b>Total Expenditures</b>	<b>2,533,000</b>			<b>2,004,923</b>	<b>Total Expenses</b>
<b>Net Expenditures</b>	<b>-</b>			<b>570,103</b>	<b>Annual Surplus/(Deficit)</b>
Increase (decrease) in amounts to be recovered	-			3,947,473	Accumulated Surplus/(Deficit), beginning of year
<b>Change in Fund Balances</b>	<b>-</b>	<b>570,103</b>		<b>4,517,576</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>1,214,535</b>	<b>1,214,535</b>		

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

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

Once the Statement of Operations has been converted and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded (see Figure 3-2). As noted earlier, the applicable balances from the Statement of Capital and the Statement of Reserve and Reserve Funds will need to be transferred to this statement. The opening/actual balances for the remaining accounts, such as accounts receivable, inventory, accounts payable and outstanding debt (principal only), are recorded and classified according to the structure of the Statement of Financial Position as outlined in PS1200.

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

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

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

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

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

Modified Cash Basis	Budget 2015	Adjustments		Full Accrual Budget 2015	Accrual Basis
		DR	CR		
<b>ASSETS</b>					<b>ASSETS</b>
<b>Financial Assets</b>					<b>Financial Assets</b>
Accounts Receivable	415,028			415,028	Accounts Receivable
Accounts Receivable - Other	451,290			451,290	Accounts Receivable - Other
<i>Total Financial Assets</i>	<i>866,318</i>			<i>866,318</i>	<i>Total Financial Assets</i>
<b>LIABILITIES</b>					<b>Liabilities</b>
Bank Indebtedness	48,976			48,976	Bank Indebtedness
Accounts Payable & Accrued Liabilities	146,348			146,348	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	8,993,152			8,993,152	Debt (Principal only)
<i>Total Liabilities</i>	<i>9,188,476</i>			<i>9,188,476</i>	<i>Total Liabilities</i>
<b>Net Assets/(Debt)</b>	<b>(8,322,158)</b>			<b>(8,322,158)</b>	<b>Net Financial Assets/(Debt)</b>
		12,839,734		12,839,734	<b>Non-Financial Assets</b>
				<b>12,839,734</b>	Tangible Capital Assets
					<b>Total Non-Financial Assets</b>
<b>Municipal Position</b>					
Water Reserves	670,994	670,994			
Development Charge Reserve Fund	(451,290)		451,290		
Amounts to be Recovered	(8,541,862)		8,541,862		
<b>Total Municipal Position</b>	<b>(8,322,158)</b>		4,517,576	<b>4,517,576</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>13,510,728</b>	<b>13,510,728</b>		

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

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

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

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

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

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

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

- b) Amortization Expense – The method and timing of amortization should be based on the Town’s amortization policy. Otherwise, an assumption will need to be made and applied consistently throughout the financial plan.



- c) Accumulated Amortization – Will be based on the culmination of accumulated amortization expenses throughout the life of each asset however derived, along with information on construction/acquisition date and useful life obtained from the 2015 Rate Study.
- d) Contributed Assets – As noted earlier, contributed assets could represent a significant part of the Town’s infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation may be required in order to adequately capture these assets. In the case where contributed assets are deemed to be insignificant or unknown, an assumption of “no contributed assets within the forecast period” will be made.
- e) Accumulated Surplus – The magnitude of the surplus in this area may precipitate the need for additional explanation especially in the first year of reporting. This Accumulated Surplus captures the historical infrastructure investment which has not been reported in the past but has accumulated to significant levels. It also includes all water reserve and reserve fund balances.
- f) Other Revenues – Will represent the recognition of revenues previously deferred (i.e. development charge revenues) and/or accrued revenues (developer contributions) and/or other minor miscellaneous revenues.

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## 4. Financial Plan

### 4.1 Introduction

The following tables provide the complete financial plan for the Town's water system. A brief description and analysis of each table is provided below. It is important to note that the financial plan that follows is a forward look at the financial position of the Town's water system. It is not an audited document<sup>1</sup> and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

### 4.2 Water Financial Plan

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

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the Town's water system. The first important indicator is net financial assets/(debt), which is defined as the difference between financial assets and liabilities. This indicator provides an estimation of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions as well as future operations. Table 4-1 indicates that at the end of 2015, the Town's water system will be in a net debt position of approximately \$8.3 million. From 2016 to 2025, the financial plan forecasts a continuing net debt position, although improving each year. The projected net debt positions during these years are due to the use of significant reserve/reserve fund amounts, as well as debt, to pay for anticipated capital projects. In 2025, a net debt position of approximately \$1.1 million is projected.

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

- Tangible capital assets such as water mains are imperative to water service delivery;

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

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

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the municipality or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. A use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows tangible capital assets are expected to grow approximately \$4.8 million over the forecast period. This indicates that the Town has plans to invest in tangible capital assets in excess of the anticipated use of existing assets over the forecast period.

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

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and, in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates the ratio of expenses to revenues, although fluctuating to some extent, generally decreasing from 78% in 2015 to 54% in 2025. As a result, annual surplus increases from just over \$570,000 in 2015 to just over \$1.7 million by 2025. It is important to note that an annual surplus is beneficial to ensure funding is available to non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments.

Another important indicator on this statement is accumulated surplus/deficit. An accumulated surplus indicates that the available net resources are sufficient to provide future water services. An accumulated deficit indicates that resources are insufficient to provide future services and that borrowing or rate increases are required to finance annual deficits. From Table 4-2, the financial plan proposes to add approximately \$12.5 million to a 2014 accumulated surplus of approximately \$3.9 million over the forecast period. This accumulated surplus, as indicated in Table 4-2, is predominantly made up of reserve and reserve fund balances as well as historical investments in tangible capital assets.

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

The Statement of Change in Net Financial Assets/Debt indicates whether revenue generated was sufficient to cover operating and non-financial asset costs (i.e. inventory supplies, prepaid expenses, tangible capital assets, etc.) and in so doing, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. Table 4-3 indicates that in 2016 and 2017, the forecasted tangible capital asset acquisitions (net of amortization for the year) exceed the forecasted annual surplus/(deficit) resulting in a decrease to net financial assets. This is a result of more significant capital asset acquisitions forecasted in those years. In each of the other years (i.e. 2015, 2018 to 2025), forecasted annual surplus exceeds forecasted tangible capital asset acquisitions (net of amortization for the year) resulting in annual increases in net financial assets. This allows for a long-term plan of funding capital through accumulated surplus (i.e. reserves). This is evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions, after decreasing from 1.87 in 2015 to 0.67 in 2016, increasing to 1.78 by 2025.<sup>1</sup>

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

The Statement of Cash Flow summarizes how water systems are expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash and accrual based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e. tangible capital asset acquisitions), make debt principal payments and build internal reserves and reserve funds over the forecast period. The financial plan projects the Town's water system to be in a deficit position at the end of 2015 through to the end of 2023. However, for the remainder of the projection period (i.e. 2024 to 2025) a positive cash position is projected, improving from just under \$300,000 at the end of 2024, to just under \$1.3 million by 2025. For further discussions on projected cash balances, please refer to the Notes to the Financial Plan.

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

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

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Financial Assets</b>												
Cash	1	-	-	-	-	-	-	-	-	-	278,284	1,294,076
Accounts Receivable	1	415,028	398,089	460,028	491,639	520,146	540,281	515,510	562,215	581,445	597,510	598,954
Accounts Receivable - Other	3	451,290	456,931	462,643	468,426	530,252	593,973	601,398	608,915	616,527	624,235	632,038
<b>Total Financial Assets</b>		<b>866,318</b>	<b>855,020</b>	<b>922,671</b>	<b>960,065</b>	<b>1,050,398</b>	<b>1,134,254</b>	<b>1,116,908</b>	<b>1,171,130</b>	<b>1,197,972</b>	<b>1,500,029</b>	<b>2,525,068</b>
<b>Liabilities</b>												
Bank Indebtedness	1	48,976	684,699	721,328	677,043	660,136	517,887	739,937	951,620	823,347	-	-
Accounts Payable & Accrued Liabilities	1	146,348	161,339	165,725	170,212	174,812	179,549	184,486	189,598	194,860	200,335	205,947
Debt (Principal only)	2	8,993,152	9,953,235	10,057,525	9,105,938	8,121,649	7,103,412	6,049,926	5,564,457	4,874,895	4,155,723	3,405,634
<b>Total Liabilities</b>		<b>9,188,476</b>	<b>10,799,273</b>	<b>10,944,578</b>	<b>9,953,193</b>	<b>8,956,597</b>	<b>7,800,848</b>	<b>6,974,349</b>	<b>6,705,675</b>	<b>5,893,102</b>	<b>4,356,058</b>	<b>3,611,581</b>
<b>Net Financial Assets/(Debt)</b>		<b>(8,322,158)</b>	<b>(9,944,253)</b>	<b>(10,021,907)</b>	<b>(8,993,128)</b>	<b>(7,906,199)</b>	<b>(6,666,594)</b>	<b>(5,857,441)</b>	<b>(5,534,545)</b>	<b>(4,695,130)</b>	<b>(2,856,029)</b>	<b>(1,086,513)</b>
<b>Non-Financial Assets</b>												
Tangible Capital Assets	4	12,839,734	15,365,629	16,960,844	16,896,479	16,769,108	16,600,890	16,851,995	17,673,523	18,058,738	17,539,636	17,504,969
<b>Total Non-Financial Assets</b>		<b>12,839,734</b>	<b>15,365,629</b>	<b>16,960,844</b>	<b>16,896,479</b>	<b>16,769,108</b>	<b>16,600,890</b>	<b>16,851,995</b>	<b>17,673,523</b>	<b>18,058,738</b>	<b>17,539,636</b>	<b>17,504,969</b>
<b>Accumulated Surplus/(Deficit)</b>	5	<b>4,517,576</b>	<b>5,421,376</b>	<b>6,938,937</b>	<b>7,903,351</b>	<b>8,862,909</b>	<b>9,934,296</b>	<b>10,994,554</b>	<b>12,138,978</b>	<b>13,363,608</b>	<b>14,683,607</b>	<b>16,418,456</b>
<b>Financial Indicators</b>												
	<b>Total Change</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
1) Increase/(Decrease) in Net Financial Assets	7,698,969	463,324	(1,622,095)	(77,654)	1,028,779	1,086,929	1,239,605	809,153	322,896	839,415	1,839,101	1,769,516
2) Increase/(Decrease) in Tangible Capital Assets	4,772,014	106,779	2,525,895	1,595,215	(64,365)	(127,371)	(168,218)	251,105	821,528	385,215	(519,102)	(34,667)
3) Increase/(Decrease) in Accumulated Surplus	12,470,983	570,103	903,800	1,517,561	964,414	959,558	1,071,387	1,060,258	1,144,424	1,224,630	1,319,999	1,734,849

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

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Water Revenue</b>												
Base Charge Revenue		419,883	472,896	528,238	587,348	649,553	713,799	778,645	843,802	910,616	979,086	1,049,211
Rate Based Revenue		1,787,957	1,847,419	1,886,784	1,931,392	1,979,108	2,027,692	2,074,791	2,120,334	2,162,391	2,183,243	2,204,096
Earned Development Charges Revenue	3	249,603	207,556	281,923	369,731	432,391	441,056	342,527	349,374	356,368	363,493	370,730
Developer Contributions	4	-	388,047	882,500	178,048	-	-	-	-	-	-	-
Other Revenue	6	117,583	109,411	111,139	113,492	116,160	120,292	118,676	118,171	121,518	136,947	151,130
<b>Total Revenues</b>		<b>2,575,026</b>	<b>3,025,329</b>	<b>3,690,584</b>	<b>3,180,011</b>	<b>3,177,212</b>	<b>3,302,839</b>	<b>3,314,639</b>	<b>3,431,681</b>	<b>3,550,893</b>	<b>3,662,769</b>	<b>3,775,167</b>
<b>Water Expenses</b>												
Operating Expenses	Sch. 4-1	1,170,875	1,290,808	1,325,900	1,372,800	1,398,600	1,436,500	1,476,000	1,516,900	1,559,000	1,602,800	1,647,700
Interest on Debt	2	405,477	385,569	396,838	388,384	355,683	321,734	286,486	249,885	225,478	195,868	164,951
Amortization	4	428,571	445,152	450,285	454,413	463,371	473,218	491,895	520,472	541,785	544,102	227,667
<b>Total Expenses</b>		<b>2,004,923</b>	<b>2,121,529</b>	<b>2,173,023</b>	<b>2,215,597</b>	<b>2,217,654</b>	<b>2,231,452</b>	<b>2,254,381</b>	<b>2,287,257</b>	<b>2,326,263</b>	<b>2,342,770</b>	<b>2,040,318</b>
<b>Annual Surplus/(Deficit)</b>		<b>570,103</b>	<b>903,800</b>	<b>1,517,561</b>	<b>964,414</b>	<b>959,558</b>	<b>1,071,387</b>	<b>1,060,258</b>	<b>1,144,424</b>	<b>1,224,630</b>	<b>1,319,999</b>	<b>1,734,849</b>
Accumulated Surplus/(Deficit), beginning of year	5	3,947,473	4,517,576	5,421,376	6,938,937	7,903,351	8,862,909	9,934,296	10,994,554	12,138,978	13,363,608	14,683,607
Accumulated Surplus/(Deficit), end of year		4,517,576	5,421,376	6,938,937	7,903,351	8,862,909	9,934,296	10,994,554	12,138,978	13,363,608	14,683,607	16,418,456
<b>Note 5:</b>												
<b>Accumulated Surplus/(Deficit) Reconciliation:</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Reserve Balances</b>												
Reserves: Development Charges		(451,290)	(456,931)	(462,643)	(468,426)	(530,252)	(593,973)	(601,398)	(608,915)	(616,527)	(624,235)	(632,038)
Reserves: Capital/Other		670,994	8,982	35,618	112,810	215,450	436,818	192,485	29,912	179,765	1,299,694	2,319,121
<b>Total Reserves Balance</b>		<b>219,704</b>	<b>(447,949)</b>	<b>(427,025)</b>	<b>(355,616)</b>	<b>(314,802)</b>	<b>(157,155)</b>	<b>(408,913)</b>	<b>(579,003)</b>	<b>(436,762)</b>	<b>675,459</b>	<b>1,687,083</b>
Less: Debt Obligations and Deferred Revenue		(8,541,862)	(9,496,304)	(9,594,882)	(8,637,512)	(7,591,397)	(6,509,439)	(5,448,528)	(4,955,542)	(4,258,368)	(3,531,488)	(2,773,596)
Add: Tangible Capital Assets	4	12,839,734	15,365,629	16,960,844	16,896,479	16,769,108	16,600,890	16,851,995	17,673,523	18,058,738	17,539,636	17,504,969
<b>Total Ending Balance</b>		<b>4,517,576</b>	<b>5,421,376</b>	<b>6,938,937</b>	<b>7,903,351</b>	<b>8,862,909</b>	<b>9,934,296</b>	<b>10,994,554</b>	<b>12,138,978</b>	<b>13,363,608</b>	<b>14,683,607</b>	<b>16,418,456</b>
<b>Financial Indicators</b>												
	<b>Total Change</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
1) Expense to Revenue Ratio		78%	70%	59%	70%	70%	68%	68%	67%	66%	64%	54%
2) Increase/(Decrease) in Accumulated Surplus	12,470,983	570,103	903,800	1,517,561	964,414	959,558	1,071,387	1,060,258	1,144,424	1,224,630	1,319,999	1,734,849

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

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Operating Expenses</b>												
Water Administration		135,800	170,000	173,500	177,000	180,500	184,000	187,600	191,500	195,400	199,400	203,400
WFP and Elevated Tower		698,325	705,186	728,200	752,000	776,700	802,500	829,400	857,300	886,300	916,500	947,800
Water Distribution		86,900	87,634	89,400	91,100	92,800	94,500	96,400	98,300	100,200	102,200	104,200
New Service Connections		21,550	22,796	23,300	23,800	24,300	24,800	25,300	25,800	26,300	26,800	27,300
Thawing Water		1,300	19,940	20,400	20,800	21,200	21,600	22,000	22,400	22,800	23,300	23,800
Hydrants		35,700	46,140	47,100	48,100	49,100	50,100	51,100	52,100	53,100	54,200	55,300
Mains and Valves		123,300	174,206	177,800	181,400	185,000	188,600	192,400	196,200	200,100	204,100	208,100
Water Meters		66,600	63,498	64,800	66,200	67,600	69,000	70,400	71,900	73,400	74,900	76,400
Turn Off/On		1,400	1,408	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Non TCA - Expenses from Capital Budget	7	-	-	-	11,000	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>		<b>1,170,875</b>	<b>1,290,808</b>	<b>1,325,900</b>	<b>1,372,800</b>	<b>1,398,600</b>	<b>1,436,500</b>	<b>1,476,000</b>	<b>1,516,900</b>	<b>1,559,000</b>	<b>1,602,800</b>	<b>1,647,700</b>

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

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Surplus/(Deficit)		570,103	903,800	1,517,561	964,414	959,558	1,071,387	1,060,258	1,144,424	1,224,630	1,319,999	1,734,849
Less: Acquisition of Tangible Capital Assets	4	(535,350)	(2,971,047)	(2,045,500)	(390,048)	(336,000)	(305,000)	(743,000)	(1,342,000)	(927,000)	(25,000)	(193,000)
Add: Amortization of Tangible Capital Assets	4	428,571	445,152	450,285	454,413	463,371	473,218	491,895	520,472	541,785	544,102	227,667
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
		(106,779)	(2,525,895)	(1,595,215)	64,365	127,371	168,218	(251,105)	(821,528)	(385,215)	519,102	34,667
Increase/(Decrease) in Net Financial Assets/(Net Debt)		463,324	(1,622,095)	(77,654)	1,028,779	1,086,929	1,239,605	809,153	322,896	839,415	1,839,101	1,769,516
Net Financial Assets/(Net Debt), beginning of year		(8,785,482)	(8,322,158)	(9,944,253)	(10,021,907)	(8,993,128)	(7,906,199)	(6,666,594)	(5,857,441)	(5,534,545)	(4,695,130)	(2,856,029)
<b>Net Financial Assets/(Net Debt), end of year</b>		<b>(8,322,158)</b>	<b>(9,944,253)</b>	<b>(10,021,907)</b>	<b>(8,993,128)</b>	<b>(7,906,199)</b>	<b>(6,666,594)</b>	<b>(5,857,441)</b>	<b>(5,534,545)</b>	<b>(4,695,130)</b>	<b>(2,856,029)</b>	<b>(1,086,513)</b>
<b>Financial Indicators</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
1) Acquisition of Tangible Capital Assets (Cumulative)		535,350	3,506,397	5,551,897	5,941,945	6,277,945	6,582,945	7,325,945	8,667,945	9,594,945	9,619,945	9,812,945
2) Annual Surplus/Deficit before Amortization (Cumulative)		998,674	2,347,626	4,315,472	5,734,299	7,157,228	8,701,833	10,253,986	11,918,882	13,685,297	15,549,398	17,511,914
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		1.87	0.67	0.78	0.97	1.14	1.32	1.40	1.38	1.43	1.62	1.78



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

	Notes	Forecast										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Operating Transactions</b>												
Annual Surplus/Deficit		570,103	903,800	1,517,561	964,414	959,558	1,071,387	1,060,258	1,144,424	1,224,630	1,319,999	1,734,849
Add: Amortization of TCA's	4	428,571	445,152	450,285	454,413	463,371	473,218	491,895	520,472	541,785	544,102	227,667
Less: Earned Deferred Revenue	3	(249,603)	(207,556)	(281,923)	(369,731)	(432,391)	(441,056)	(342,527)	(349,374)	(356,368)	(363,493)	(370,730)
Less: Developer Contributions		-	(388,047)	(882,500)	(178,048)	-	-	-	-	-	-	-
Add: Deferred Revenue Proceeds		172,448	201,915	276,211	363,948	370,565	377,335	335,102	341,857	348,757	355,786	362,927
Change in A/R (Increase)/Decrease		(415,027)	16,939	(61,939)	(31,611)	(28,507)	(20,135)	24,771	(46,705)	(19,231)	(16,066)	(1,444)
Change in A/P Increase/(Decrease)		146,348	14,991	4,386	4,487	4,600	4,737	4,937	5,112	5,262	5,475	5,612
Less: Interest Proceeds		(8,284)	(111)	(440)	(1,393)	(2,660)	(5,393)	(2,376)	(369)	(2,219)	(16,046)	(28,631)
Cash Provided by Operating Transactions		644,556	987,083	1,021,641	1,206,479	1,334,536	1,460,093	1,572,060	1,615,417	1,742,616	1,829,757	1,930,250
<b>Capital Transactions</b>												
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(535,350)	(2,583,000)	(1,163,000)	(212,000)	(336,000)	(305,000)	(743,000)	(1,342,000)	(927,000)	(25,000)	(193,000)
Cash Applied to Capital Transactions		(535,350)	(2,583,000)	(1,163,000)	(212,000)	(336,000)	(305,000)	(743,000)	(1,342,000)	(927,000)	(25,000)	(193,000)
<b>Investing Transactions</b>												
Proceeds from Investments		8,284	111	440	1,393	2,660	5,393	2,376	369	2,219	16,046	28,631
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		8,284	111	440	1,393	2,660	5,393	2,376	369	2,219	16,046	28,631
<b>Financing Transactions</b>												
Proceeds from Debt Issue	2	-	1,425,444	863,000	-	-	-	-	300,000	-	-	-
Less: Debt Repayment (Principal only)	2	(445,454)	(465,361)	(758,710)	(951,587)	(984,289)	(1,018,237)	(1,053,486)	(785,469)	(689,562)	(719,172)	(750,089)
Cash Applied to Financing Transactions		(445,454)	960,083	104,290	(951,587)	(984,289)	(1,018,237)	(1,053,486)	(485,469)	(689,562)	(719,172)	(750,089)
Increase in Cash and Cash Equivalents		(327,964)	(635,723)	(36,629)	44,285	16,907	142,249	(222,050)	(211,683)	128,273	1,101,631	1,015,792
Cash and Cash Equivalents, beginning of year	1	278,988	(48,976)	(684,699)	(721,328)	(677,043)	(660,136)	(517,887)	(739,937)	(951,620)	(823,347)	278,284
<b>Cash and Cash Equivalents, end of year</b>	<b>1</b>	<b>(48,976)</b>	<b>(684,699)</b>	<b>(721,328)</b>	<b>(677,043)</b>	<b>(660,136)</b>	<b>(517,887)</b>	<b>(739,937)</b>	<b>(951,620)</b>	<b>(823,347)</b>	<b>278,284</b>	<b>1,294,076</b>

## **Water Notes to Financial Plan**

The financial plan format, as outlined in Chapter 4, closely approximates the full accrual format used by municipalities (2009 onward) on their audited financial statements. The financial plan, however, is not an audited document and contains various estimates. In this regard, Section 3 (2) of O.Reg. 453/07 states the following:

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

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

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

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

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

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

In order to show a balanced financial plan in a full accrual format for the Town of Arnprior, some of the items listed above have been estimated given that the Town does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses). The assumptions used have been documented below:

## 1. Cash, Receivables and Payables

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

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

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

- a) Receivables: Based on historical levels of Water and Wastewater receivables and accrued receivables as a percentage of annual revenues, applied to projected water revenues (source: prior years' audited financial statements);
- b) Payables: Based on historical levels of payables as a percentage of annual expenses incurred, applied to projected water expenses (source: prior years' audited financial statements).

## 2. Debt

Outstanding water related debt at the end of 2014 was \$9,438,605. It is anticipated that debt proceeds will be required over the forecast period. Principal repayments over the forecast period are estimated as follows:

Year	Principal Payments
2015	445,454
2016	465,361
2017	758,710
2018	951,587
2019	984,289
2020	1,018,237
2021	1,053,486
2022	785,469
2023	689,562
2024	719,172
2025	750,089
<b>Total</b>	<b>\$ 8,621,416</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/Accounts Receivable - Other

Deferred revenue is made up of water development charge reserve fund balances which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected. In years when the water development charge reserve fund balance is negative, it is shown as an asset (accounts receivable – other) for financial reporting purposes, representing future amounts to be collected from developers.

### 4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water-related assets in the following categories:
  - i. Infrastructure;
  - ii. Vehicles;
  - iii. Equipment;
  - iv. Land; and
  - v. Facilities.
- For the purposes of amortization, 2014 work in progress was assumed to be brought into service in 2015.
- Amortization is calculated based on the straight-line approach.
- Given the planned asset replacement forecast in the 2015 Rate Study, useful life on acquisitions is assumed to be equal to typical values assigned by the Town for each asset category.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced, unless the asset is documented as a new asset. The value of each asset disposal is calculated by estimating the original purchase/construction date and deflating current replacement cost values to those estimated dates in order to calculate original historical cost.
- Gains/losses on disposals are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- Residual value is assumed to be \$0 for all assets contained within the forecast period.

- Contributed Assets, as described in subsection 3.2.1, are shown as Developer Contributions, a revenue, on the Statement of Operations in the year of contribution.
- The Town is unaware of any specific lead service piping in the Town water system.

The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Tangible Capital Asset Balance	19,541,732	20,063,763	22,924,844	24,917,078	25,307,126	25,499,490	25,683,498	26,337,574	27,411,917	28,178,635	28,179,452
Acquisitions	535,350	2,971,047	2,045,500	390,048	336,000	305,000	743,000	1,342,000	927,000	25,000	193,000
Disposals	13,319	109,966	53,266	-	143,636	120,992	88,924	267,657	160,282	24,183	18,880
<b>Closing Tangible Capital Asset Balance</b>	<b>20,063,763</b>	<b>22,924,844</b>	<b>24,917,078</b>	<b>25,307,126</b>	<b>25,499,490</b>	<b>25,683,498</b>	<b>26,337,574</b>	<b>27,411,917</b>	<b>28,178,635</b>	<b>28,179,452</b>	<b>28,353,572</b>
Opening Accumulated Amortization	6,808,777	7,224,029	7,559,215	7,956,234	8,410,647	8,730,382	9,082,608	9,485,579	9,738,394	10,119,897	10,639,816
Amortization Expense	428,571	445,152	450,285	454,413	463,371	473,218	491,895	520,472	541,785	544,102	227,667
Amortization on Disposal	13,319	109,966	53,266	-	143,636	120,992	88,924	267,657	160,282	24,183	18,880
<b>Ending Accumulated Amortization</b>	<b>7,224,029</b>	<b>7,559,215</b>	<b>7,956,234</b>	<b>8,410,647</b>	<b>8,730,382</b>	<b>9,082,608</b>	<b>9,485,579</b>	<b>9,738,394</b>	<b>10,119,897</b>	<b>10,639,816</b>	<b>10,848,603</b>
<b>Net Book Value</b>	<b>12,839,734</b>	<b>15,365,629</b>	<b>16,960,844</b>	<b>16,896,479</b>	<b>16,769,108</b>	<b>16,600,890</b>	<b>16,851,995</b>	<b>17,673,523</b>	<b>18,058,738</b>	<b>17,539,636</b>	<b>17,504,969</b>

## 5. Accumulated Surplus

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

Water	2015 Opening Accumulated Surplus
<b>Reserve Balances</b>	
Reserves: Development Charges	(374,135)
Reserves: Capital/Other	653,123
<b>Total Reserves Balance</b>	<b>278,988</b>
Less: Debt Obligations and Deferred Revenue	(9,064,470)
Add: Tangible Capital Assets	12,732,955
<b>Total Opening Balance</b>	<b>3,947,473</b>

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

## 6. Other Revenue

Other revenue includes hydrant rental, installation, penalties and interest, as well as other non-operating general revenues.

## 7. Operating Expenses

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

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

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

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

## 6. Recommendations

This report presents the water financial plan for the Town of Arnprior in accordance with the mandatory reporting formats for water systems as detailed in O.Reg. 453/07. It is important to note that, while mandatory, the financial plan is provided for Council's interest and approval; however, for decision making purposes, it may be more informative to rely on the information contained within the 2015 Rate Study. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The Town of Arnprior Water Financial Plan prepared by Watson & Associates Economists Ltd. dated November 3, 2015 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan, the Council Resolution approving the Financial Plan, and the Water and Wastewater Rate Study underpinning the Financial Plan be submitted to the Ministry of Municipal Affairs and Housing. (O.Reg. 453/07, Section 3 (1) 6).
4. The Financial Plan, the Council Resolution approving the Financial Plan, and the Water and Wastewater Rate Study underpinning the Financial Plan be submitted to the Ministry of the Environment, satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. Section 32 (5) 2 ii).

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



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

Description	Budget 2015	Total 2016-2025	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Capital Expenditures</b>													
Trimble Handheld Upgrade (50% Water portion)	3,750	-	-	-	-	-	-	-	-	-	-	-	-
Scada Computer Upgrades	30,000	-	-	-	-	-	-	-	-	-	-	-	-
Corrosion Control Plant	155,000	-	-	-	-	-	-	-	-	-	-	-	-
Lead Treatment System	100,000	-	-	-	-	-	-	-	-	-	-	-	-
McGonigal Street West Full Recon. And Sewer Separation - Daniel St. to Edward St.	101,600	-	-	-	-	-	-	-	-	-	-	-	-
Hugh St. S. from William St. W to Dead end Full Recons; Sewer Sep, watermain, sidewalk on one side only	-	191,000	-	-	-	-	-	191,000	-	-	-	-	-
First Avenue Full Recon. - Bridge St. to End	-	402,000	-	-	-	-	-	-	-	402,000	-	-	-
Reservoir Cleaning	-	11,000	-	-	11,000	-	-	-	-	-	-	-	-
Lead Treatment System	-	871,000	431,000	440,000	-	-	-	-	-	-	-	-	-
Repair and repaint of tower	-	212,000	-	-	212,000	-	-	-	-	-	-	-	-
Gary Cr Full Recon. /Sew/Sep - Edey St. to Second Bend	-	195,000	-	-	-	195,000	-	-	-	-	-	-	-
Downtown Revitalization	-	1,609,000	886,000	723,000	-	-	-	-	-	-	-	-	-
Havey St. Watermain Replacement (600mm), sanitary sewer and Road Reconstruction	-	200,000	200,000	-	-	-	-	-	-	-	-	-	-
Daniel St. WM Replacement (Pt 1) - Havey St. to Charles St. (400mm)	-	399,000	399,000	-	-	-	-	-	-	-	-	-	-
Daniel Street WM Replacement (Pt 2) - Charles St. to Staye Court Dr. (400mm)	-	527,000	-	-	-	-	-	-	527,000	-	-	-	-
Maintenance of 400mm River Crossing from WFP to Decosta St. (1,000m) - Investigation and Check Valve	-	142,000	51,000	-	-	-	-	-	-	-	-	-	91,000
Hugh St. N. from McGonigal to Saint Johns Way; Full reconstruction, watermain, sewer separation, sidewalk one side only.	-	156,000	-	-	-	-	-	-	-	-	156,000	-	-
Alicia Street Reconstruction - Watermain, sanitary, road and sidewalks.	-	756,000	-	-	-	-	-	-	-	756,000	-	-	-
Third Avenue from Riverview Dr. to McNab St. Full Recons; narrow road from 10m to 8.5.m wide, sidewalk on one side only, watermain and sanitary replacement.	-	677,000	-	-	-	-	-	-	-	-	677,000	-	-
# 1 half ton (2004)	-	14,000	-	-	-	-	-	14,000	-	-	-	-	-
# 4 half ton (2008)	-	10,000	-	-	-	-	-	-	-	-	-	10,000	-
#5 half ton (2004)	-	10,000	-	-	-	-	-	10,000	-	-	-	-	-
# 6Tandem (2012)	-	94,000	-	-	-	-	-	-	-	-	94,000	-	-
#7 meter van (2003)	-	28,000	-	-	-	-	-	28,000	-	-	-	-	-
#9 half ton (2009)	-	11,000	-	-	-	-	-	-	-	-	-	-	11,000
#10 Water Plant Van (2009)	-	15,000	-	-	-	-	-	-	-	-	-	15,000	-
#17 Cat loader (2010)	-	50,000	-	-	-	-	-	-	50,000	-	-	-	-
#25 Loader (2005)	-	141,000	-	-	-	-	141,000	-	-	-	-	-	-
#77 Single Axle (2008)	-	92,000	-	-	-	-	-	-	-	92,000	-	-	-
#78 Single Axle (2009)	-	92,000	-	-	-	-	-	-	-	92,000	-	-	-
#121 Water Works Van(1998)	-	62,000	-	-	-	-	-	62,000	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Growth Related Portion:</b>													
CCTV Investigation & Bedding 400mm river crossing	95,000	-	-	-	-	-	-	-	-	-	-	-	-
Daniel St. WM Replacement (Pt 1) - Havey St. to Charles St. (400mm)	50,000	-	-	-	-	-	-	-	-	-	-	-	-
Havey St. Watermain Replacement (600mm), sanitary sewer and Road Reconstruction	-	439,000	439,000	-	-	-	-	-	-	-	-	-	-
Daniel St. WM Replacement (Pt 1) - Havey St. to Charles St. (400mm)	-	126,000	126,000	-	-	-	-	-	-	-	-	-	-
Daniel Street WM Replacement (Pt 2) - Charles St. to Staye Court Dr. (400mm)	-	166,000	-	-	-	-	-	-	166,000	-	-	-	-
Maintenance of 400mm River Crossing from WFP to Decosta St. (1,000m) - Investigation and Check Valve	-	142,000	51,000	-	-	-	-	-	-	-	-	-	91,000

Total Capital Expenditures	535,350	7,840,000	2,583,000	1,163,000	223,000	336,000	305,000	743,000	1,342,000	927,000	25,000	193,000
<b>Capital Financing</b>												
Provincial/Federal Grants		-										
Development Charges Reserve Fund - Town-Wide	33,742	464,556	207,556	-	-	-	-	166,000	-	-	-	91,000
Development Charges Reserve Fund - Staye Court	-	-	-	-	-	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	1,830,000	1,017,000	863,000	-	-	-	-	300,000	-	-	-
Growth Related Debenture Requirements - Town Wide	-	408,444	408,444	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements - Staye Court	-	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-
Water Reserve	501,608	5,137,000	950,000	300,000	223,000	336,000	305,000	577,000	1,042,000	927,000	25,000	102,000
<b>Total Capital Financing</b>	<b>535,350</b>	<b>7,840,000</b>	<b>2,583,000</b>	<b>1,163,000</b>	<b>223,000</b>	<b>336,000</b>	<b>305,000</b>	<b>743,000</b>	<b>1,342,000</b>	<b>927,000</b>	<b>25,000</b>	<b>193,000</b>

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

Debenture Year	2015	Principal (Inflated)	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2016		1,017,000		217,333	217,333	217,333	217,333	217,333	217,333	-	-	-	-
2017		863,000			184,423	184,423	184,423	184,423	184,423	184,423	-	-	-
2018		-									-	-	-
2019		-									-	-	-
2020		-									-	-	-
2021		-									-	-	-
2022		300,000									64,110	64,110	64,110
2023		-									-	-	-
2024		-									-	-	-
2025		-									-	-	-
<b>Total Annual Debt Charges</b>	-	<b>2,180,000</b>	-	217,333	401,756	401,756	401,756	401,756	401,756	184,423	64,110	64,110	64,110

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

Debenture Year	2015	Principal (Inflated)	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2016		408,444		87,285	87,285	87,285	87,285	87,285	87,285	-	-	-	-
2017		-								-	-	-	-
2018		-								-	-	-	-
2019		-								-	-	-	-
2020		-								-	-	-	-
2021		-								-	-	-	-
2022		-								-	-	-	-
2023		-								-	-	-	-
2024		-								-	-	-	-
2025		-								-	-	-	-
<b>Total Annual Debt Charges</b>	-	<b>408,444</b>	-	87,285	87,285	87,285	87,285	87,285	87,285	-	-	-	-

**Table A-4**  
**Town of Arnprior**  
**Water Service**  
**Stave Court - Schedule of Growth Related Debenture Repayments**  
 Inflated \$

Debtenture Year	2015	Principal (Inflated)	Forecast										
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2016		-		-	-	-	-	-	-	-	-	-	-
2017		-			-	-	-	-	-	-	-	-	-
2018		-				-	-	-	-	-	-	-	-
2019		-					-	-	-	-	-	-	-
2020		-						-	-	-	-	-	-
2021		-							-	-	-	-	-
2022		-								-	-	-	-
2023		-									-	-	-
2024		-										-	-
2025		-											-
<b>Total Annual Debt Charges</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

**Table A-5**  
**Town of Arnprior**  
**Water Service**  
**Water Reserves/ Reserve Funds Continuity**  
 Inflated \$

Description	2015		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	653,123		670,994	8,982	35,618	112,810	215,451	436,818	192,486	29,913	179,766	1,299,694
Transfer from Operating	511,195		287,877	326,196	298,799	435,981	520,975	330,291	879,058	1,074,634	1,128,882	1,092,797
Transfer to Capital	501,608		950,000	300,000	223,000	336,000	305,000	577,000	1,042,000	927,000	25,000	102,000
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	662,710		8,871	35,178	111,417	212,791	431,425	190,109	29,543	177,547	1,283,648	2,290,490
Interest	8,284		111	440	1,393	2,660	5,393	2,376	369	2,219	16,046	28,631

**Table A-6**  
**Town of Arnprior**  
**Water Service**  
**Town-Wide - Water Development Charges Reserve Fund Continuity**  
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	71,584	-	-	-	-	(55,971)	(113,763)	(115,186)	(116,625)	(118,083)	(119,559)
Development Charge Proceeds	178,019	207,556	281,923	369,731	377,111	384,668	342,527	349,374	356,368	363,493	370,730
Transfer to Capital	33,742	207,556	-	-	-	-	166,000	-	-	-	91,000
Transfer to Operating	215,861	-	281,923	369,731	432,391	441,056	176,527	349,374	356,368	363,493	279,730
Closing Balance	-	-	-	-	(55,280)	(112,359)	(113,763)	(115,186)	(116,625)	(118,083)	(119,559)
Interest	-	-	-	-	(691)	(1,404)	(1,422)	(1,440)	(1,458)	(1,476)	(1,494)
Required from Development Charges	33,742	616,000	-	-	-	-	166,000	-	-	-	91,000

DC Revenue not adequate to fund DC expenditures (debt)

**Table A-7**  
**Water Service**  
**Water Service**  
**Staye Court - Water Development Charges Reserve Fund Continuity**  
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	(445,719)	(451,291)	(456,932)	(462,643)	(468,426)	(474,282)	(480,210)	(486,213)	(492,291)	(498,444)	(504,675)
Development Charge Proceeds	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	(445,719)	(451,291)	(456,932)	(462,643)	(468,426)	(474,282)	(480,210)	(486,213)	(492,291)	(498,444)	(504,675)
Interest	(5,571)	(5,641)	(5,712)	(5,783)	(5,855)	(5,929)	(6,003)	(6,078)	(6,154)	(6,231)	(6,308)
Required from Development Charges	-	-	-	-	-	-	-	-	-	-	-

Staye Court development has been put on hold

**Table A-8**  
**Town of Arnprior**  
**Water Service**  
**Water Lifecycle Reserve Fund Continuity**  
 Inflated \$

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Balance	-	-	-	-	-	-	-	-	-	-	-
Transfer from Operating	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-

**Table A-9**  
**Town of Arnprior**  
**Water Services**  
**Operating Budget Forecast**  
 Inflated \$

**Draft Budget**

Description	Budget 2015	Forecast									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenditures</b>											
<b>Operating Costs</b>											
<b>Water Administration</b>											
1-5-4300-1110 WATER ADMIN - SALARIES	71,200	72,500	74,000	75,500	77,000	78,500	80,100	81,700	83,300	85,000	86,700
1-5-4300-1180 WATER ADMIN - LABOUR	10,150	34,400	35,100	35,800	36,500	37,200	37,900	38,700	39,500	40,300	41,100
1-5-4300-2210 WATER ADMIN - BENEFITS	23,150	29,500	30,100	30,700	31,300	31,900	32,500	33,200	33,900	34,600	35,300
1-5-4300-4000 WATER ADMIN - OFFICE SUPPLIES	2,500	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400
1-5-4300-4060 WATER ADMIN - OPERATING SUPPLIE	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
1-5-4300-5020 WATER ADMIN - POSTAGE, FREIGHT &	5,000	7,000	7,100	7,200	7,300	7,400	7,500	7,700	7,900	8,100	8,300
1-5-4300-5102 WATER ADMIN - AUDIT FEES	2,500	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700
1-5-4300-5240 WATER ADMIN - TRAINING & TRAVEL -	7,500	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300
1-5-4300-5360 WATER ADMIN - EQUIPMENT RENTAL	-	-	-	-	-	-	-	-	-	-	-
1-5-4300-5380 WATER ADMIN - EQUIPMENT MAINTEN	500	500	500	500	500	500	500	500	500	500	500
1-5-4300-5800 WATER ADMIN - MEMBERSHIPS - ASS	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
1-5-4300-5990 WATER ADMIN - SERVICE/RENT CONT	-	-	-	-	-	-	-	-	-	-	-
1-5-4300-6330 WATER ADMIN - WRITE OFF	10,000	10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800
<b>WFP &amp; Elevated Tower</b>											
1-5-4310-1110 WFP - SALARIES	207,000	210,700	214,900	219,200	223,600	228,100	232,700	237,400	242,100	246,900	251,800
1-5-4310-2210 WFP - BENEFITS	55,750	58,996	60,200	61,400	62,600	63,900	65,200	66,500	67,800	69,200	70,600
1-5-4310-3200 WFP - GRANT IN LIEU OF TAXES	10,040	10,100	10,300	10,500	10,700	10,900	11,100	11,300	11,500	11,700	11,900
1-5-4310-4060 WFP - OPERATING SUPPLIES	19,000	19,000	19,400	19,800	20,200	20,600	21,000	21,400	21,800	22,200	22,600
1-5-4310-4065 WFP - CHEMICALS	118,000	118,000	123,900	130,100	136,600	143,400	150,600	158,100	166,000	174,300	183,000
1-5-4310-4100 WFP - LIGHT, HEAT, POWER	177,000	177,000	185,900	195,200	205,000	215,300	226,100	237,400	249,300	261,800	274,900
1-5-4310-4820 WFP - UNIFORMS - CLOTHING	3,300	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200
1-5-4310-5020 WFP - POSTAGE, FREIGHT, EXPRESS	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
1-5-4310-5025 WFP - TELEPHONE	8,000	7,000	7,100	7,200	7,300	7,400	7,500	7,700	7,900	8,100	8,300
1-5-4310-5240 WFP - TRAINING EXPENSES	12,000	12,000	12,200	12,400	12,600	12,900	13,200	13,500	13,800	14,100	14,400
1-5-4310-5380 WFP - EQUIPMENT MAINTENANCE	35,000	35,000	35,700	36,400	37,100	37,800	38,600	39,400	40,200	41,000	41,800
1-5-4310-5400 WFP - BUILDING REPAIRS & MTNCE	8,000	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900
1-5-4310-5660 WFP - CONTRACTED SERVICES	15,000	18,000	18,400	18,800	19,200	19,600	20,000	20,400	20,800	21,200	21,600
1-5-4310-5920 WFP - INSURANCE (BUILDING ETC)	28,235	29,090	29,700	30,300	30,900	31,500	32,100	32,700	33,400	34,100	34,800
<b>Water Distribution</b>											
1-5-4320-1180 WD - LABOUR	25,400	25,900	26,400	26,900	27,400	27,900	28,500	29,100	29,700	30,300	30,900
1-5-4320-2210 WD - BENEFITS	6,500	6,734	6,900	7,000	7,100	7,200	7,300	7,400	7,500	7,700	7,900
1-5-4320-4060 WD - OPERATING SUPPLIES	10,000	10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800
1-5-4320-5360 WD - EQUIPMENT RENTAL INTERNAL	35,000	35,000	35,700	36,400	37,100	37,800	38,600	39,400	40,200	41,000	41,800
1-5-4320-5660 WD - CONTRACTED SERVICES	10,000	10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800
<b>New Service Connections</b>											
1-5-4340-1180 WNS - LABOUR	4,600	4,600	4,700	4,800	4,900	5,000	5,100	5,200	5,300	5,400	5,500
1-5-4340-2210 WNS - BENEFITS	1,150	1,196	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
1-5-4340-4060 WNS - OPERATING SUPPLIES	1,800	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900
1-5-4340-5360 WNS - EQUIPMENT RENTAL INTERNA	10,000	10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800
1-5-4340-5660 WNS - CONTRACTED SERVICES	4,000	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
<b>Thawing Water</b>											
1-5-4350-1180 WTW - LABOUR	300	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
1-5-4350-2210 WTW - BENEFITS	100	1,040	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
1-5-4350-4060 WTW - OPERATING SUPPLIES	300	300	300	300	300	300	300	300	300	300	300
1-5-4350-5360 WTW - EQUIPMENT RENTAL INTERNA	100	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400
1-5-4350-5660 WTW - CONTRACTED SERVICES	500	11,100	11,300	11,500	11,700	11,900	12,100	12,300	12,500	12,800	13,100

<b>Hydrants</b>												
1-5-4360-1180 HYD - LABOUR	13,700		14,000	14,300	14,600	14,900	15,200	15,500	15,800	16,100	16,400	16,700
1-5-4360-2210 HYD - BENEFITS	3,500		3,640	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400	4,500
1-5-4360-4060 HYD - OPERATING SUPPLIES	10,000		20,000	20,400	20,800	21,200	21,600	22,000	22,400	22,800	23,300	23,800
1-5-4360-5360 HYD - EQUIPMENT RENTAL INTERNAL	8,500		8,500	8,700	8,900	9,100	9,300	9,500	9,700	9,900	10,100	10,300
<b>Mains and Valves</b>												
1-5-4370-1180 M&V - LABOUR	32,500		33,100	33,800	34,500	35,200	35,900	36,600	37,300	38,000	38,800	39,600
1-5-4370-2210 M&V - BENEFITS	6,800		8,606	8,800	9,000	9,200	9,400	9,600	9,800	10,000	10,200	10,400
1-5-4370-4060 M&V - OPERATING SUPPLIES	38,000		38,000	38,800	39,600	40,400	41,200	42,000	42,800	43,700	44,600	45,500
1-5-4370-5340 M&V - LOCATES	1,000		10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800
1-5-4370-5360 M&V - EQUIPMENT RENTAL INTERNAL	40,000		40,000	40,800	41,600	42,400	43,200	44,100	45,000	45,900	46,800	47,700
1-5-4370-5660 M&V - CONTRACTED SERVICES	5,000		5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900
1-5-4370-7310 TRANSFERS TO WATER/WW - Mains and Valv	-		39,500	40,300	41,100	41,900	42,700	43,600	44,500	45,400	46,300	47,200
<b>Water Meters</b>												
1-5-4380-1180 WM - LABOUR	12,000		12,300	12,500	12,800	13,100	13,400	13,700	14,000	14,300	14,600	14,900
1-5-4380-2210 WM - BENEFITS	2,600		3,198	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100
1-5-4380-4060 WM - OPERATING SUPPLIES	30,000		30,000	30,600	31,200	31,800	32,400	33,000	33,700	34,400	35,100	35,800
1-5-4380-5360 WM - EQUIPMENT RENTAL INTERNAL	14,000		14,000	14,300	14,600	14,900	15,200	15,500	15,800	16,100	16,400	16,700
1-5-4380-5660 WM - CONTRACTED SERVICES	8,000		4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
<b>Turn On/Off</b>												
1-5-4390-1180 TO - LABOUR	800		800	800	800	800	800	800	800	800	800	800
1-5-4390-2210 TO - BENEFITS	200		208	200	200	200	200	200	200	200	200	200
1-5-4390-5360 TO - EQUIPMENT RENTAL INTERNAL	400		400	400	400	400	400	400	400	400	400	400
Sub Total Operating	1,170,875		1,290,808	1,325,900	1,361,800	1,398,600	1,436,500	1,476,000	1,516,900	1,559,000	1,602,800	1,647,700
<b>Capital-Related</b>												
Existing Debt (Principal) - Growth Related - Town-Wide	300,895		313,573	326,785	340,555	354,904	369,857	385,441	401,682	418,607	436,244	454,625
Existing Debt (Interest) - Growth Related - Town-Wide	299,748		287,070	273,858	260,089	245,740	230,786	215,202	198,962	182,037	164,399	146,018
Existing Debt (Principal) - Growth Related - Staye Court												
Existing Debt (Interest) - Growth Related - Staye Court												
New Growth Related Debt (Principal) - Town-Wide			-	78,095	79,852	81,648	83,486	85,364	-	-	-	-
New Growth Related Debt (Interest) - Town-Wide			-	9,190	7,433	5,636	3,799	1,921	-	-	-	-
New Growth Related Debt (Principal) - Staye Court			-	-	-	-	-	-	-	-	-	-
New Growth Related Debt (Interest) - Staye Court			-	-	-	-	-	-	-	-	-	-
Existing Debt (Principal) - Non-Growth Related	144,559		151,788	159,379	167,349	175,719	184,506	193,734	203,422	213,595	224,277	235,493
Existing Debt (Interest) - Non-Growth Related	105,728		98,499	90,908	82,937	74,568	65,781	56,553	46,865	36,692	26,010	14,794
New Non-Growth Related Debt (Principal)			-	194,451	363,832	372,018	380,388	388,947	180,365	57,360	58,651	59,970
New Non-Growth Related Debt (Interest)			-	22,883	37,925	29,739	21,368	12,810	4,058	6,750	5,459	4,140
Transfer to Capital			-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	511,195		287,877	326,196	298,799	435,981	520,975	330,291	879,058	1,074,634	1,128,882	1,092,797
Sub Total Capital Related	1,362,125		1,138,807	1,481,745	1,638,770	1,775,953	1,860,946	1,670,262	1,914,411	1,989,675	2,043,922	2,007,837
Total Expenditures	2,533,000		2,429,615	2,807,645	3,000,570	3,174,553	3,297,446	3,146,262	3,431,311	3,548,675	3,646,722	3,655,537
<b>Revenues</b>												
Base Charge	419,883		472,896	528,238	587,348	649,553	713,799	778,645	843,802	910,616	979,086	1,049,211
1-4-4300-0412 WATER ADMIN - SALE OF WATER - CO	4,000		4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
1-4-4300-0416 WATER ADMIN - INSTALLATION NEW S	3,000		3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900
1-4-4300-0417 WATER ADMIN - INSTALLATION WATE	30,000		30,000	30,600	31,200	31,800	32,400	33,000	33,700	34,400	35,100	35,800
1-4-4300-0423 WATER ADMIN - NSC WATER	7,300		7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300
1-4-4300-0424 WATER ADMIN - RENTAL REVENUE - T	20,000		20,000	20,400	20,800	21,200	21,600	22,000	22,400	22,800	23,300	23,800
1-4-4300-0425 WATER ADMIN - HYDRANT RENTAL	35,000		35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
1-4-4300-0597 WATER ADMIN - PENALTIES	10,000		10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800
Other Revenue			-	-	-	-	-	-	-	-	-	-
Contributions from Development Charges Reserve Fund - Town-Wide	215,861		-	281,923	369,731	432,391	441,056	176,527	349,374	356,368	363,493	279,730
Contributions from Development Charges Reserve Fund - Staye Court			-	-	-	-	-	-	-	-	-	-
Contributions from Reserves / Reserve Funds			-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	745,044		582,196	920,861	1,069,178	1,195,445	1,269,754	1,071,472	1,310,977	1,386,284	1,463,479	1,451,441
Water Billing Recovery - Operating	1,787,957		1,847,419	1,886,784	1,931,392	1,979,108	2,027,692	2,074,791	2,120,334	2,162,391	2,183,243	2,204,096
Lifecycle Reserve Contribution (\$)												
<b>Water Billing Recovery - Total</b>	<b>1,787,957</b>		<b>1,847,419</b>	<b>1,886,784</b>	<b>1,931,392</b>	<b>1,979,108</b>	<b>2,027,692</b>	<b>2,074,791</b>	<b>2,120,334</b>	<b>2,162,391</b>	<b>2,183,243</b>	<b>2,204,096</b>