



Water Ontario Regulation 453/07

Financial Plan

Town of Cobourg

Financial Plan #137-301

December 11, 2020

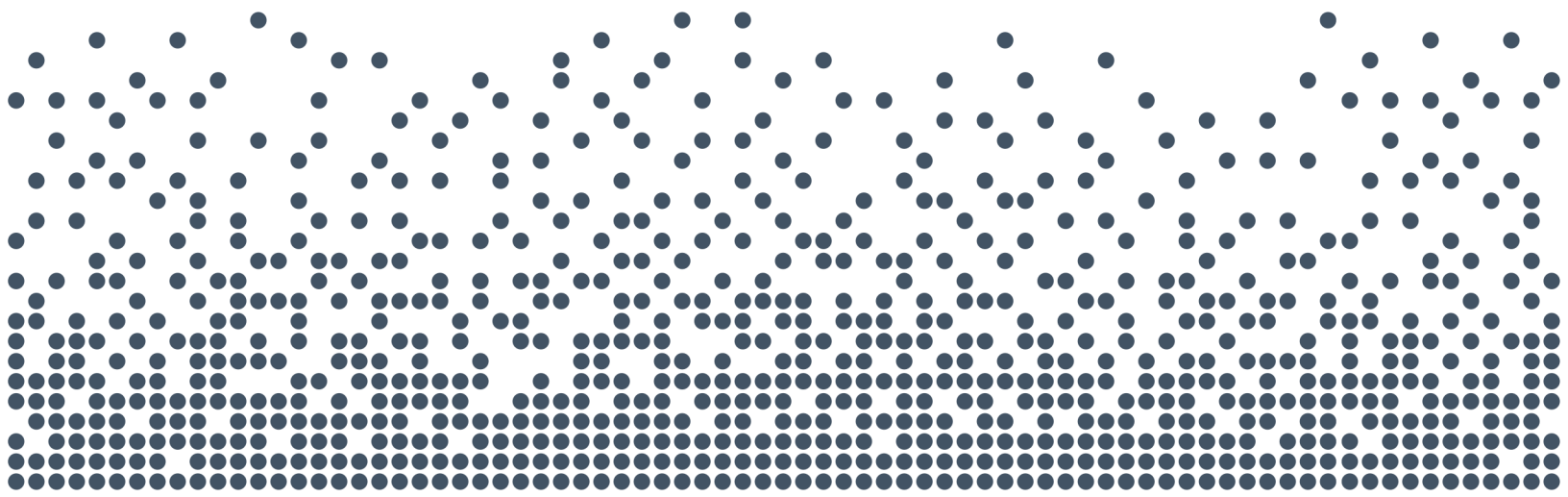
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Report



Chapter 1

Introduction



1. Introduction

1.1 Study Purpose

The Town of Cobourg and Lakefront Utility Services Inc.(hereafter referred to as 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 obtaining a municipal drinking water license as per the *Safe Drinking Water Act, 2002*.. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. The detailed financial planning and forecasting regarding the Town’s water systems has been completed based on the Town’s 2020 Water Rate Study, dated December 11, 2020 (2020 Rate Study). The objective of the report provided herein is to convert the findings of the 2020 Rate Study into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation 453/07 (O. Reg. 453/07).

1.2 Background

The Safe Drinking Water Act (S.D.W.A.), “the Act,” was passed in December 2002 in order to address the recommendations made by the Walkerton Inquiry Part II report. Note that S.D.W.A. has been amended several times since 2002. One of the main requirements of the Act is the mandatory licensing of municipal water providers. Section 31 (1) specifically states:

“No person shall,

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

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



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

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

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

1.2.1 Financial Plan Defined

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

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

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

1.2.2 Financial Plan Requirements – Existing System

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

- Financial plans must be approved by resolution of Council (or governing body);
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period (commencing in the year of licence expiry);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and



accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the PSAB) for each year in which the financial plans apply;

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

1.2.3 Financial Plan Requirements – General

Given that the requirements for a financial plan is legislated under the Act, a financial plan is mandatory for water systems. The financial plans shall be for a forecast period of at least six years but longer planning horizons are encouraged. The ten-year forecast (2021-2030) goes above and beyond the minimum requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3(1)1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water license renewal (i.e. six months prior to license expiry).

A copy of the financial plan will be submitted to the Ministry of Municipal Affairs and Housing (MMAH) and not the MECP; however, MECP may request it in the course of review of the licence renewal. Financial plans may be amended and additional



information beyond what is prescribed can be included if deemed necessary. The financial plan must contain on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence.

1.2.4 Public Sector Accounting Board (PSAB) Requirements

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

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

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

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

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

1.2.5 The Town's Financial Plan

The Town is currently in the process of renewing their drinking water licence (licence number 137-301) 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 licence would otherwise expire. Although the Act requires at least six years to be



included, this financial plan provides for a ten-year forecast period (2021 to 2030). The Town's application renewal deadline is in February 2021.



Chapter 2

Sustainable Financial Planning



2. Sustainable Financial Planning

2.1 Introduction

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

- Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.
- Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.
- Principle #3: Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.
- Principle #4: Life-cycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.
- Principle #5: An asset management plan is a key input to the development of a financial plan.
- Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
- Principle #7: Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.
- Principle #8: Financial plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.



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

2.2 Sustainable Water and Sewage Systems Act

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

2.3 Water Opportunities Act, 2010

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

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

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

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



- additional information considered advisable.

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

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

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

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

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

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



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

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

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

2.5 Water Forecast

As noted earlier, the Town has already completed their 2020 Rate Study in December of 2020. The 2020 Rate Study process is designed to address “full cost” principles and reflect the guiding principles toward sustainable financial planning.

As a result of employing this process, the 2020 water budget and ten-year forecast (2021 to 2030), included in the 2020 Rate Study, provides the basis for a sound financial plan for the Town's water system by assessing:

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



- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs;
- A review and recommendation on rates that ensure revenues are equitable and sufficient to meet system needs; and
- A public process that involved consultation with the Town staff, the Lakefront Utilities Service Inc. Board of Directors, and Council, with the aim of gaining input and collaboration on the sustainability of the water systems.



Chapter 3

Approach



3. Approach

3.1 Overview

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

3.2 Conversion Process

The conversion from the existing modified cash basis found in the 2020 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 is recorded. The following calculations are made to determine net book value:

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

Future water capital needs have also been determined and summarized within the 2020 Rate Study. These estimates, however, only represent future assets that the 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 Figure 3-1). For example, debt repayment costs relating to the principal payment portion only needs to be removed under the accrual basis, as they no longer qualify as an expense for reporting purposes. Principal payments are reported as a decrease in debt liability on the Statement of Financial Position. Transfers to and from reserves are removed as these transactions are represented by changes in cash and accumulated surplus. Finally, expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets are reported on the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives and therefore are added in under the accrual basis.



Table 3-1
Conversion Adjustments
Statement of Operations

Modified Cash Basis	Budget 2021	Adjustments		Full Accrual Budget 2021	Accrual Basis
		DR	CR		
Revenues					Revenues
Base Charge Revenue	2,184,090			2,184,090	Base Charge Revenue
Rate Based Revenue	3,540,758			3,540,758	Rate Based Revenue
Transfers from Reserves	-	-			
			-	-	Earned Development Charges and Gas Tax Revenue
			-	-	Developer Contributions
Other Revenue	288,723		13,441	302,164	Other Revenue
Total Revenues	6,013,571			6,027,012	Total Revenues
Expenditures					Expenses
Operating	2,989,200	10,000		2,999,200	Operating Expenses
Capital					
Transfers to Reserves	2,628,647		2,628,647		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	395,724		326,363	69,361	Interest on Debt
		1,420,335		1,420,335	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
Total Expenditures	6,013,571			4,488,896	Total Expenses
Net Expenditures	0			1,538,116	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			32,383,104	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	1,538,116	-	33,921,220	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		2,968,451	2,968,451		

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



3.2.3 Convert Statement of Financial Position

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

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the 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		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	1,611,221			1,611,221	Cash
Accounts Receivable	1,026,600			1,026,600	Accounts Receivable
Total Financial Assets	2,637,821			2,637,821	Total Financial Assets
Non-Financial Assets					
Inventory of Supplies	-		-		
Prepaid Expenses	-		-		
Total Non-Financial Assets	-				
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	532,652			532,652	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	2,173,557			2,173,557	Debt (Principal only)
Deferred Revenue	747,513			747,513	Deferred Revenue
Total Liabilities	3,453,722			3,453,722	Total Liabilities
Net Assets/(Debt)	(815,901)			(815,901)	Net Financial Assets/(Debt)
		34,747,121	10,000	34,737,121	Non-Financial Assets
		-		-	Tangible Capital Assets
		-		-	Inventory of Supplies
					Prepaid Expenses
				34,737,121	Total Non-Financial Assets
Municipal Position					
Water Reserves	1,357,656	1,357,656	-		
Development Charge Reserve Fund	747,513	747,513	-		
Amounts to be Recovered	(2,921,070)	-	2,921,070		
Total Municipal Position	(815,901)		33,921,220	33,921,220	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		36,852,290	36,852,290		

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:

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



- 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 2020 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.



Chapter 4

Financial Plan



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 document¹ and it contains various estimates as detailed in the "Notes to the Financial Plan" section below.

4.2 Water Financial Plan

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

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the 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 indication of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. Table 4-1 indicates that in 2021, the Town's water system was in a net financial deficit position of \$815,901. The financial plan forecasts a net financial debt position for each year of the forecast period, decreasing to a net financial debt position of \$24.4 million by 2030 as the Town takes on more debt to finance capital works and issues D.C. credits to developers for the emplacement of growth-related projects.

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

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

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



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

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the municipality or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. A use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows tangible capital assets net book value is expected to increase to approximately \$92.4 million from \$34.7 million over the 10-year forecast period. This is reflective of the emplacement of new capital infrastructure assets over the forecast period needed to service current populations and new developments in the Cobourg East Community.

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 decreases from 74% to 55% over the forecast period. As a result, annual surplus/(deficit) increases from a surplus of \$1.5 million to a surplus of \$5.7 million over the forecast period. It is important to note that an annual surplus is beneficial to ensure funding is available to non-expense costs such as tangible capital asset acquisitions and reserve/reserve fund transfers.

Another important indicator on this statement is accumulated surplus/deficit. An accumulated surplus indicates that the available net resources are sufficient to provide future capital water services. An accumulated deficit indicates that resources are insufficient to provide future services and that borrowing or rate increases are required to finance annual deficits. From Table 4-2, the financial plan proposes to increase a 2020 accumulated surplus of \$32.4 million to approximately \$68.0 million over the



forecast period. The accumulated surplus, as indicated in Table 4-2, is predominantly made up of additional tangible capital assets and contributions to reserves.

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 forecasted tangible capital asset acquisitions (net of amortization for the year) exceed the forecasted annual surplus/deficit for all years of the forecast period (except 2021), resulting in a decrease in net financial assets. Therefore, an overall decrease to net financial assets is anticipated over the forecast period. This is due to the planned use of debt to construct non-growth tangible capital assets in 2022 to 2025 and D.C. credits obligations in exchange for the construction of growth-related tangible capital assets in 2023-2030. Based on the foregoing, the ratio of cumulative annual surplus before amortization to the cumulative tangible capital asset acquisitions decreases throughout the forecast period, decreasing from a value of 1.19 in 2021 to 0.71 in 2030.¹

4.2.4 Statement of Cash Flow (Table 4-4)

The Statement of Cash Flow summarizes how water systems are expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash-based and accrual-based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e. tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Town's water systems to increase from a balance of approximately \$1.9 million at the beginning of 2021, to \$6.0 million by the end of 2030. The positive cash position reflects forecast transfers to reserves for the future replacement of capital infrastructure. For further discussions on projected cash balances please refer to the Notes to the Financial Plan.

¹ A desirable ratio is 1:1 or better.



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

	Notes	Forecast									
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Financial Assets											
Cash	1	1,611,221	-	-	-	-	-	-	1,124,117	3,217,962	6,017,182
Accounts Receivable	1	1,026,600	1,119,798	1,204,750	1,296,163	1,398,330	1,514,045	1,638,386	1,772,036	1,917,422	2,074,165
Total Financial Assets		2,637,821	1,119,798	1,204,750	1,296,163	1,398,330	1,514,045	1,638,386	2,896,153	5,135,384	8,091,347
Liabilities											
Bank Indebtedness		-	478,177	649,151	728,753	818,509	833,862	339,480	-	-	-
Accounts Payable & Accrued Liabilities	1	532,652	543,971	555,599	567,410	579,821	592,905	606,244	619,929	633,923	648,226
Debt (Principal only)	2	2,173,557	2,798,103	4,341,092	5,625,274	7,842,352	7,205,212	6,546,485	6,266,377	5,975,064	5,672,098
Deferred Revenue	3	747,513	97,650	-	-	-	-	-	-	-	-
DC Credits	3	-	-	692,952	5,001,321	9,007,256	12,237,692	15,564,307	18,992,509	22,522,630	26,159,019
Total Liabilities		3,453,722	3,917,901	6,238,794	11,922,758	18,247,938	20,869,671	23,056,516	25,878,815	29,131,617	32,479,343
Net Financial Assets/(Debt)		(815,901)	(2,798,103)	(5,034,044)	(10,626,595)	(16,849,608)	(19,355,626)	(21,418,130)	(22,982,662)	(23,996,233)	(24,387,996)
Non-Financial Assets											
Tangible Capital Assets	4	34,737,121	39,280,499	44,283,257	53,154,435	62,897,045	68,623,683	74,428,092	80,367,492	86,367,246	92,421,042
Total Non-Financial Assets		34,737,121	39,280,499	44,283,257	53,154,435	62,897,045	68,623,683	74,428,092	80,367,492	86,367,246	92,421,042
Accumulated Surplus/(Deficit)	5	33,921,220	36,482,396	39,249,213	42,527,840	46,047,437	49,268,057	53,009,962	57,384,830	62,371,013	68,033,046
Financial Indicators	Total Change	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1) Increase/(Decrease) in Net Financial Assets	(23,107,644)	464,451	(1,982,202)	(2,235,941)	(5,592,551)	(6,223,013)	(2,506,018)	(2,062,504)	(1,564,532)	(1,013,571)	(391,763)
2) Increase/(Decrease) in Tangible Capital Assets	58,757,586	1,073,665	4,543,378	5,002,758	8,871,178	9,742,610	5,726,638	5,804,409	5,939,400	5,999,754	6,053,796
3) Increase/(Decrease) in Accumulated Surplus	35,649,942	1,538,116	2,561,176	2,766,817	3,278,627	3,519,597	3,220,620	3,741,905	4,374,868	4,986,183	5,662,033



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
Water Revenue											
Base Charge Revenue		2,184,090	2,360,196	2,549,755	2,764,019	3,010,104	3,272,854	3,554,956	3,864,572	4,197,549	4,558,966
Rate Based Revenue		3,540,758	3,814,573	4,109,453	4,436,906	4,801,647	5,195,698	5,622,393	6,084,337	6,583,629	7,123,251
Earned Development Charges Revenue	3	-	678,720	127,346	165,492	170,482	175,564	180,885	186,298	191,879	197,611
Developer Contributions	4	-	102,000	588,000	788,000	812,000	194,000	200,000	208,000	214,000	220,000
Other Revenue	6	302,164	295,011	301,483	308,425	319,014	330,817	345,746	370,620	402,127	441,112
Total Revenues		6,027,012	7,250,500	7,676,037	8,462,842	9,113,247	9,168,933	9,903,980	10,713,827	11,589,184	12,540,940
Water Expenses											
Operating Expenses	Sch. 4-1	2,999,200	3,139,100	3,207,000	3,277,200	3,371,100	3,331,400	3,406,600	3,483,500	3,562,100	3,642,700
Interest on Debt	2	69,361	59,602	87,978	153,193	208,160	300,551	278,884	261,859	250,655	239,003
Amortization	4	1,420,335	1,490,622	1,614,242	1,753,822	2,014,390	2,316,362	2,476,591	2,593,600	2,790,246	2,997,204
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Total Expenses		4,488,896	4,689,324	4,909,220	5,184,215	5,593,650	5,948,313	6,162,075	6,338,959	6,603,001	6,878,907
Annual Surplus/(Deficit)		1,538,116	2,561,176	2,766,817	3,278,627	3,519,597	3,220,620	3,741,905	4,374,868	4,986,183	5,662,033
Accumulated Surplus/(Deficit), beginning of year	5	32,383,104	33,921,220	36,482,396	39,249,213	42,527,840	46,047,437	49,268,057	53,009,962	57,384,830	62,371,013
Accumulated Surplus/(Deficit), end of year		33,921,220	36,482,396	39,249,213	42,527,840	46,047,437	49,268,057	53,009,962	57,384,830	62,371,013	68,033,046
Note 5:											
Accumulated Surplus/(Deficit) Reconciliation:		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Reserve Balances											
Reserves: Development Charges		747,513	97,650	-	-	-	-	-	-	-	-
Reserves: Gas Tax		-	-	-	-	-	-	-	-	-	-
Reserves: Capital/Other		1,357,656	-	-	-	-	87,278	692,662	2,276,224	4,501,461	7,443,121
Total Reserves Balance		2,105,169	97,650	-	-	-	87,278	692,662	2,276,224	4,501,461	7,443,121
Less: Debt Obligations and Deferred Revenue		(2,921,070)	(2,895,753)	(4,341,092)	(5,625,274)	(7,842,352)	(7,205,212)	(6,546,485)	(6,266,377)	(5,975,064)	(5,672,098)
Less: DC Credits Outstanding	3	-	-	(692,952)	(5,001,321)	(9,007,256)	(12,237,692)	(15,564,307)	(18,992,509)	(22,522,630)	(26,159,019)
Add: Tangible Capital Assets	4	34,737,121	39,280,499	44,283,257	53,154,435	62,897,045	68,623,683	74,428,092	80,367,492	86,367,246	92,421,042
Total Ending Balance		33,921,220	36,482,396	39,249,213	42,527,840	46,047,437	49,268,057	53,009,962	57,384,830	62,371,013	68,033,046
Financial Indicators	Total Change	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1) Expense to Revenue Ratio		74%	65%	64%	61%	61%	65%	62%	59%	57%	55%
2) Increase/(Decrease) in Accumulated Surplus	35,649,942	1,538,116	2,561,176	2,766,817	3,278,627	3,519,597	3,220,620	3,741,905	4,374,868	4,986,183	5,662,033



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
Operating Expenses											
Wages		1,495,100	1,525,000	1,555,500	1,586,600	1,618,300	1,650,700	1,683,700	1,717,400	1,751,700	1,786,700
Management fees		74,800	76,300	77,800	79,400	81,000	82,600	84,300	86,000	87,700	89,500
Training		45,600	46,500	47,400	48,300	49,300	50,300	51,300	52,300	53,300	54,400
Billing and collecting		126,900	129,400	132,000	134,600	137,300	140,000	142,800	145,700	148,600	151,600
Professional fees and dues		61,200	62,400	63,600	64,900	66,200	67,500	68,900	70,300	71,700	73,100
Rent		55,100	56,200	57,300	58,400	59,600	60,800	62,000	63,200	64,500	65,800
Vehicle maintenance and gas		39,200	40,000	40,800	41,600	42,400	43,200	44,100	45,000	45,900	46,800
Property taxes		84,700	86,400	88,100	89,900	91,700	93,500	95,400	97,300	99,200	101,200
Insurance		98,500	100,500	102,500	104,600	106,700	108,800	111,000	113,200	115,500	117,800
IT maintenance		93,000	94,900	96,800	98,700	100,700	102,700	104,800	106,900	109,000	111,200
Miscellaneous		19,700	20,100	20,500	20,900	21,300	21,700	22,100	22,500	23,000	23,500
Office supplies and telecommunications		109,300	111,500	113,700	116,000	118,300	120,700	123,100	125,600	128,100	130,700
Water operations and maintenance		286,300	293,700	301,200	309,700	319,300	329,100	339,200	349,700	360,400	371,500
Chemicals purchased		52,100	53,400	54,800	56,300	58,100	59,900	61,700	63,600	65,600	67,600
Distribution		281,500	288,800	296,300	304,600	314,000	323,700	333,700	343,900	354,500	365,300
Building utilities and maintenance		66,200	68,000	69,700	71,700	73,900	76,200	78,500	80,900	83,400	86,000
Non TCA - Expenses from Capital Budget	7	10,000	86,000	89,000	91,000	113,000	-	-	-	-	-
TOTAL OPERATING EXPENSES		2,999,200	3,139,100	3,207,000	3,277,200	3,371,100	3,331,400	3,406,600	3,483,500	3,562,100	3,642,700



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)		1,538,116	2,561,176	2,766,817	3,278,627	3,519,597	3,220,620	3,741,905	4,374,868	4,986,183	5,662,033
Less: Acquisition of Tangible Capital Assets	4	(2,494,000)	(6,034,000)	(6,617,000)	(10,625,000)	(11,757,000)	(8,043,000)	(8,281,000)	(8,533,000)	(8,790,000)	(9,051,000)
Add: Amortization of Tangible Capital Assets	4	1,420,335	1,490,622	1,614,242	1,753,822	2,014,390	2,316,362	2,476,591	2,593,600	2,790,246	2,997,204
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		(1,073,665)	(4,543,378)	(5,002,758)	(8,871,178)	(9,742,610)	(5,726,638)	(5,804,409)	(5,939,400)	(5,999,754)	(6,053,796)
Less: Acquisition of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Add: Consumption of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		464,451	(1,982,202)	(2,235,941)	(5,592,551)	(6,223,013)	(2,506,018)	(2,062,504)	(1,564,532)	(1,013,571)	(391,763)
Net Financial Assets/(Net Debt), beginning of year		(1,280,352)	(815,901)	(2,798,103)	(5,034,044)	(10,626,595)	(16,849,608)	(19,355,626)	(21,418,130)	(22,982,662)	(23,996,233)
Net Financial Assets/(Net Debt), end of year		(815,901)	(2,798,103)	(5,034,044)	(10,626,595)	(16,849,608)	(19,355,626)	(21,418,130)	(22,982,662)	(23,996,233)	(24,387,996)

Financial Indicators	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1) Acquisition of Tangible Capital Assets (Cumulative)	2,494,000	8,528,000	15,145,000	25,770,000	37,527,000	45,570,000	53,851,000	62,384,000	71,174,000	80,225,000
2) Annual Surplus/Deficit before Amortization (Cumulative)	2,958,451	7,010,249	11,391,308	16,423,757	21,957,744	27,494,726	33,713,222	40,681,690	48,458,119	57,117,356
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)	1.19	0.82	0.75	0.64	0.59	0.60	0.63	0.65	0.68	0.71



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
Operating Transactions											
Annual Surplus/Deficit		1,538,116	2,561,176	2,766,817	3,278,627	3,519,597	3,220,620	3,741,905	4,374,868	4,986,183	5,662,033
Add: Amortization of TCA's	4	1,420,335	1,490,622	1,614,242	1,753,822	2,014,390	2,316,362	2,476,591	2,593,600	2,790,246	2,997,204
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Earned Deferred Revenue	3	-	(678,720)	(127,346)	(165,492)	(170,482)	(175,564)	(180,885)	(186,298)	(191,879)	(197,611)
Less: Developer Contributions		-	(102,000)	(588,000)	(788,000)	(812,000)	(194,000)	(200,000)	(208,000)	(214,000)	(220,000)
Add: Deferred Revenue Proceeds		35,425	28,856	29,696	165,492	170,482	175,564	180,885	186,298	191,879	197,611
Change in A/R (Increase)/Decrease		(1,026,599)	(93,198)	(84,952)	(91,412)	(102,167)	(115,715)	(124,341)	(133,649)	(145,386)	(156,743)
Change in A/P Increase/(Decrease)		532,652	11,319	11,628	11,811	12,411	13,084	13,338	13,685	13,994	14,303
Less: Interest Proceeds		(13,442)	-	-	-	-	(864)	(6,858)	(22,537)	(44,569)	(73,694)
Cash Provided by Operating Transactions		2,486,487	3,218,055	3,622,085	4,164,848	4,632,231	5,239,487	5,900,635	6,617,967	7,386,468	8,223,103
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(2,494,000)	(5,932,000)	(6,029,000)	(9,837,000)	(10,945,000)	(7,849,000)	(8,081,000)	(8,325,000)	(8,576,000)	(8,831,000)
Cash Applied to Capital Transactions		(2,494,000)	(5,932,000)	(6,029,000)	(9,837,000)	(10,945,000)	(7,849,000)	(8,081,000)	(8,325,000)	(8,576,000)	(8,831,000)
Investing Transactions											
Proceeds from Investments		13,442	-	-	-	-	864	6,858	22,537	44,569	73,694
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		13,442	-	-	-	-	864	6,858	22,537	44,569	73,694
Financing Transactions											
Proceeds from Debt Issue	2	-	960,668	1,921,422	1,738,781	2,744,653	-	-	-	-	-
Proceeds from D.C. Credit Issuance	3	-	-	692,952	4,308,369	4,005,935	3,230,436	3,326,615	3,428,202	3,530,121	3,636,389
Less: Debt Repayment (Principal only)	2	(326,363)	(336,121)	(378,433)	(454,600)	(527,575)	(637,140)	(658,726)	(280,109)	(291,313)	(302,966)
Cash Applied to Financing Transactions		(326,363)	624,547	2,235,941	5,592,550	6,223,013	2,593,296	2,667,889	3,148,093	3,238,808	3,333,423
Increase in Cash and Cash Equivalents		(320,434)	(2,089,398)	(170,974)	(79,602)	(89,756)	(15,353)	494,382	1,463,597	2,093,845	2,799,220
Cash and Cash Equivalents, beginning of year	1	1,931,655	1,611,221	(478,177)	(649,151)	(728,753)	(818,509)	(833,862)	(339,480)	1,124,117	3,217,962
Cash and Cash Equivalents, end of year	1	1,611,221	(478,177)	(649,151)	(728,753)	(818,509)	(833,862)	(339,480)	1,124,117	3,217,962	6,017,182



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*

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 receivables as a percentage of annual water revenue earned (source: 2018 and 2019 Town provided water accounts receivable balances); and
- b) Payables: Based on historical levels of water payables as a percentage of annual water expenses incurred (source: 2018 and 2019 Town provided water accounts payable balances).

2. Debt

The Town will be issuing \$2.5 million in water related debt in 2020 and is anticipating the need to issue debt over the forecast period to fund non-growth-related expenditures. Principal repayments for the debt over the forecast period are scheduled as follows:



Year	Principal Payments
2021	326,363
2022	336,121
2023	378,433
2024	454,600
2025	527,575
2026	637,140
2027	658,726
2028	280,109
2029	291,313
2030	302,966
Total	4,193,346

3. Deferred Revenue

Deferred revenue is typically made up of water development charge reserve fund and gas tax 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. The Development Charge reserve fund is anticipated to be fully utilized in starting in 2022 which is shown as earned development charge revenues for reporting purposes. After 2022, growth-related expenditures are anticipated to be undertaken in part by developers who will receive D.C. credits in exchange for the emplaced capital works.

These D.C. credits have been accounted for as a liability under the Statement of Financial Position. In the Statement of Operations, outstanding D.C. credits can be seen in the Accumulated Surplus/(Deficit) reconciliation and are treated similarly to outstanding debt obligations. Finally, we see the proceeds from developer contributions in the Statement of Cash Flow calculations, similar to proceeds from the issuance of debt.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - i. Infrastructure (equipment, infrastructure and contributed capital)
 - ii. Facilities (buildings)
- Amortization is calculated based on using the straight-line approach with no amortization in the year of acquisition or construction.



- Given the planned asset replacement forecast in the 2020 Rate Study, useful life on acquisitions is assumed to be equal to the weighted average useful life for all assets on hand in each respective asset category.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced, 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 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.
- The Town is unaware of any specific lead service piping in the municipal water system.

The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Tangible Capital Asset Balance	60,378,875	62,073,062	67,118,708	72,781,327	82,399,577	92,952,658	99,786,544	106,697,145	113,718,081	120,858,155
Acquisitions	2,494,000	6,034,000	6,617,000	10,625,000	11,757,000	8,043,000	8,281,000	8,533,000	8,790,000	9,051,000
Disposals	799,813	988,354	954,381	1,006,750	1,203,919	1,209,114	1,370,399	1,512,064	1,649,926	1,606,044
Closing Tangible Capital Asset Balance	62,073,062	67,118,708	72,781,327	82,399,577	92,952,658	99,786,544	106,697,145	113,718,081	120,858,155	128,303,111
Opening Accumulated Amortization	26,715,419	27,335,941	27,838,209	28,498,070	29,245,142	30,055,613	31,162,861	32,269,053	33,350,589	34,490,909
Amortization Expense	1,420,335	1,490,622	1,614,242	1,753,822	2,014,390	2,316,362	2,476,591	2,593,600	2,790,246	2,997,204
Amortization on Disposal	799,813	988,354	954,381	1,006,750	1,203,919	1,209,114	1,370,399	1,512,064	1,649,926	1,606,044
Ending Accumulated Amortization	27,335,941	27,838,209	28,498,070	29,245,142	30,055,613	31,162,861	32,269,053	33,350,589	34,490,909	35,882,069
Net Book Value	34,737,121	39,280,499	44,283,257	53,154,435	62,897,045	68,623,683	74,428,092	80,367,492	86,367,246	92,421,042

5. Accumulated Surplus

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

Water	2021 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	712,088
Reserves: Capital/Other	1,219,567
Total Reserves Balance	1,931,655
Less: Debt Obligations and Deferred Revenue	(3,212,007)
Less: Unfinanced Capital	-
Add: Tangible Capital Assets	33,663,456
Total Opening Balance	32,383,104



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

6. Other Revenue

Other revenues include interest and miscellaneous fees and charges.

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

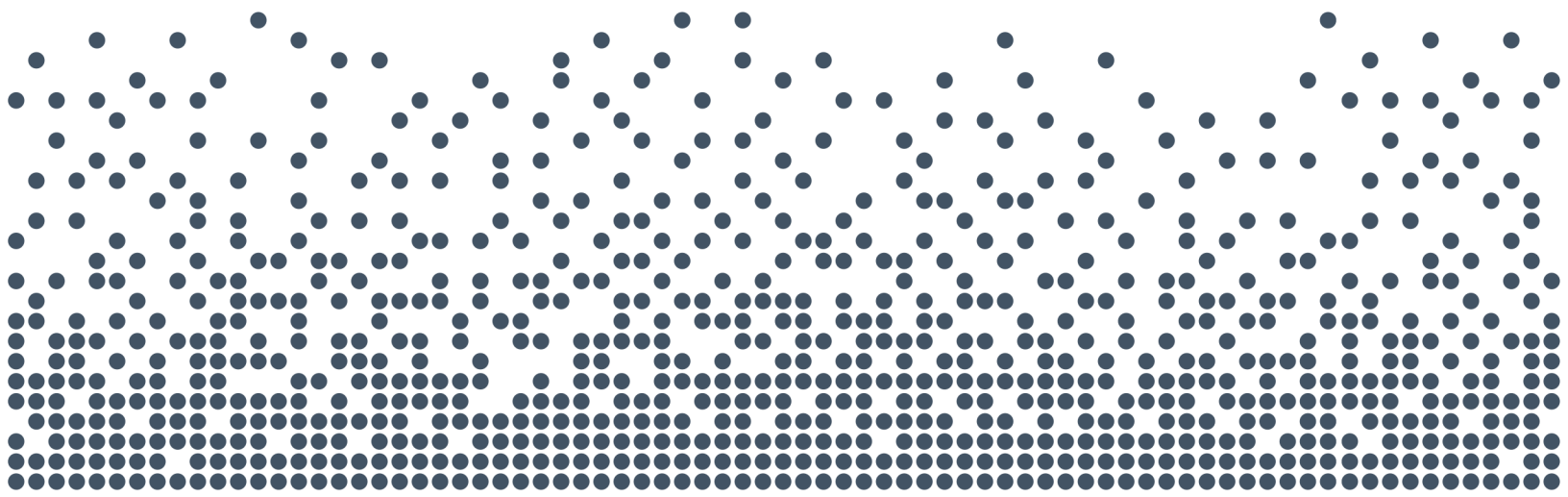


6. Recommendations

This report presents the water financial plan for the Town of Cobourg in accordance with the mandatory reporting formats for water systems as detailed in O. Reg. 453/07. It is important to note that while mandatory, the financial plan is provided for Council's interest and approval, however, for decision making purposes, it may be more informative to rely on the information contained within the 2020 Water Rate Study, dated December 11, 2020. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The Town of Cobourg's Water Financial Plan prepared by Watson & Associates Economists Ltd. dated December 11, 2020 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated December 11, 2020 be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, section 3 (1) 6).
4. The resolution of Council approving the Financial Plan be submitted to the MECP, satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. section 32 (5) 2.ii.).¹

¹ Note: The Ministry of the Environment does not require the Council Resolution for the initial financial plan submission. We encourage the municipality to contact the Ministry of the Environment to verify all requirements have been met.



Appendices



Appendix A

2020 Water Rate Study – Water Summary Tables



Table 1
Town of Cobourg
Water Service
Capital Budget Forecast
 Inflated \$

Description	Budget 2020	Total	Forecast									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Capital Budget Forecast Projects												
<i>Capital Expenditures</i>												
Water Master Plan (including Clarifier engineering study)	150,000	-	-	-	-	-	-	-	-	-	-	-
Booster Station Generator	10,000	-	-	-	-	-	-	-	-	-	-	-
Tower 2 (Strathy Rd.) Generator	20,000	-	-	-	-	-	-	-	-	-	-	-
Raw Water Actuator Valve	11,000	-	-	-	-	-	-	-	-	-	-	-
ROVCCC	6,000	-	-	-	-	-	-	-	-	-	-	-
Wachs hydraulic water pump	5,000	-	-	-	-	-	-	-	-	-	-	-
Work Order Management	26,000	-	-	-	-	-	-	-	-	-	-	-
WTP Driveway	40,000	-	-	-	-	-	-	-	-	-	-	-
New Distribution Truck	100,000	-	-	-	-	-	-	-	-	-	-	-
Raw Water Intake - clean and repairs	15,000	-	-	-	-	-	-	-	-	-	-	-
Infrastructure Provision	-	1,077,000	-	106,000	109,000	113,000	116,000	119,000	123,000	127,000	130,000	134,000
Watermain Design	50,000	239,000	77,000	80,000	82,000	-	-	-	-	-	-	-
IT Hardware and Software	81,000	958,000	83,000	86,000	89,000	91,000	94,000	97,000	100,000	103,000	106,000	109,000
Tools	15,000	176,000	15,000	16,000	16,000	17,000	17,000	18,000	18,000	19,000	20,000	20,000
New WTP Hybrid Pick up truck	-	52,000	52,000	-	-	-	-	-	-	-	-	-
New Distribution Hybrid Pick up Truck	-	52,000	52,000	-	-	-	-	-	-	-	-	-
Install Fall arrest system for pump house	-	10,000	10,000	-	-	-	-	-	-	-	-	-
Install Chlorine analyzer for supernatant	-	8,000	8,000	-	-	-	-	-	-	-	-	-
HL well cleaning	-	9,000	9,000	-	-	-	-	-	-	-	-	-
Install Contact chamber actuators (two)	-	28,000	28,000	-	-	-	-	-	-	-	-	-
Kitchenette	-	5,000	5,000	-	-	-	-	-	-	-	-	-
parastolic pump for contact chamber analyzer	-	8,000	8,000	-	-	-	-	-	-	-	-	-
Strathy tower lights	-	52,000	52,000	-	-	-	-	-	-	-	-	-
Water Model Update	-	10,000	10,000	-	-	-	-	-	-	-	-	-
Safety code 6: Strathy/Ontario Possible	-	10,000	10,000	-	-	-	-	-	-	-	-	-
TSSA tower 1	-	36,000	36,000	-	-	-	-	-	-	-	-	-
TSSA WTP 230kw generator	-	36,000	36,000	-	-	-	-	-	-	-	-	-
Matthew Street	1,050,000	-	-	-	-	-	-	-	-	-	-	-
Harden St and Harden Cres	-	1,215,000	1,215,000	-	-	-	-	-	-	-	-	-
Albert St	-	386,000	386,000	-	-	-	-	-	-	-	-	-
Blake, Burke and Victoria	-	849,000	-	849,000	-	-	-	-	-	-	-	-
King St W (William to Burnham, 810m)	-	1,719,000	-	1,719,000	-	-	-	-	-	-	-	-
Walton St and Munroe St (Chapel to end 625m, 200m on Munroe)	-	1,442,000	-	-	1,442,000	-	-	-	-	-	-	-
Perry St (D'arcy to Church, 505m)	-	883,000	-	-	883,000	-	-	-	-	-	-	-
Green St (Bay to Queen, 240m)	-	432,000	-	-	-	432,000	-	-	-	-	-	-
Green St (Queen to King, 110m)	-	248,000	-	-	-	248,000	-	-	-	-	-	-
Spencer St (Division to George, 210m)	-	378,000	-	-	-	378,000	-	-	-	-	-	-
Watermain Provision	-	20,279,000	-	-	-	1,418,000	2,671,000	3,050,000	3,141,000	3,235,000	3,332,000	3,432,000



Description	Budget 2020	Total	Forecast									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Master Plan Capital Projects												
<i>Linear Watermain Projects</i>	-	-	-	-	-	-	-	-	-	-	-	-
1a - Brook Road North	-	288,000	-	69,000	71,000	73,000	75,000	-	-	-	-	-
1b - Fut. Kerr Street	-	1,775,000	-	424,000	437,000	450,000	464,000	-	-	-	-	-
1c - D'Arcy Street	-	372,000	-	89,000	92,000	94,000	97,000	-	-	-	-	-
2a - D'Arcy Street (Oversizing)	-	214,000	-	51,000	53,000	54,000	56,000	-	-	-	-	-
2b - Fut. Kerr Street	-	1,079,000	-	-	-	141,000	145,000	149,000	154,000	159,000	163,000	168,000
2c - Brook Road North	-	2,664,000	-	-	-	348,000	358,000	369,000	380,000	391,000	403,000	415,000
2d - Fut. Brook Road North	-	770,000	-	-	-	770,000	-	-	-	-	-	-
2e - Elgin Street East	-	926,000	-	-	-	926,000	-	-	-	-	-	-
2f - Fut. Road Internal to Rondeau Dev.	-	1,137,000	-	-	-	1,137,000	-	-	-	-	-	-
2g - Danforth Road	-	863,000	-	-	-	113,000	116,000	119,000	123,000	127,000	131,000	134,000
2i - Fut. Kerr Street	-	788,000	-	-	-	103,000	106,000	109,000	112,000	116,000	119,000	123,000
2o - White Street at Cobourg Creek E. Branch (Oversizing)	-	457,000	-	-	148,000	152,000	157,000	-	-	-	-	-
2p - White Street at Cobourg Creek W. Branch (Oversizing)	-	288,000	-	-	93,000	96,000	99,000	-	-	-	-	-
2s - Rogers Road/DePalma Drive (Oversizing)	-	262,000	-	-	-	34,000	35,000	36,000	37,000	39,000	40,000	41,000
3a - West Sub-Trunk (Oversizing)	-	442,000	-	-	-	58,000	59,000	61,000	63,000	65,000	67,000	69,000
Ewart Street BPS Building Maintenance	32,500	-	-	-	-	-	-	-	-	-	-	-
Replace Ewart Street BPS Stand-By Power System	-	500,000	-	-	-	-	77,000	80,000	82,000	84,000	87,000	90,000
New 5,000 m3 Zone 1 Elevated Tank	-	7,933,000	-	1,896,000	1,953,000	2,012,000	2,072,000	-	-	-	-	-
Decomission Existing Zone 1 Victoria Street Elevated Tank	-	360,000	-	86,000	89,000	91,000	94,000	-	-	-	-	-
Provide Full Size Irrigated Soccer Field	-	505,000	-	121,000	124,000	128,000	132,000	-	-	-	-	-
New Zone 2 BPS with a 120 L/s Firm Rated Capacity at Same Site as New Zone 1 Elevated Tank	-	1,948,000	-	-	-	-	301,000	310,000	320,000	329,000	339,000	349,000
New Booster Pumping Station to Supply Future Zone 3	-	4,306,000	-	-	-	-	666,000	686,000	706,000	727,000	749,000	772,000



Description	Budget 2020	Total	Forecast									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Water Treatment Projects	-	-	-	-	-	-	-	-	-	-	-	-
Intake Pipe Cleaning, Inspection and Upgrades	-	142,000	27,000	28,000	28,000	29,000	30,000	-	-	-	-	-
Provide Railing System on Retaining Walls at Shoreline	-	15,000	3,000	3,000	3,000	3,000	3,000	-	-	-	-	-
Replace GAC Filter Media	-	569,000	107,000	110,000	114,000	117,000	121,000	-	-	-	-	-
Improve Ventilation/Dehumidification in Backwash Pump Room	-	71,000	13,000	14,000	14,000	15,000	15,000	-	-	-	-	-
Replace/Repair Sections of Backwash Piping	-	213,000	40,000	41,000	43,000	44,000	45,000	-	-	-	-	-
Replace Wastewater Transfer Pumps and Provide Flow Meter on Discharge	-	107,000	20,000	21,000	21,000	22,000	23,000	-	-	-	-	-
Upgrade Wastewater Discharge System (On-Site SPS)	-	711,000	134,000	138,000	142,000	146,000	151,000	-	-	-	-	-
Replace Chlorine Storage Room Monorail and Hoist	-	71,000	13,000	14,000	14,000	15,000	15,000	-	-	-	-	-
Replace Surge Valve on Highlift Pumping Station Discharge	-	43,000	8,000	8,000	9,000	9,000	9,000	-	-	-	-	-
Relocate Chlorine Residual Sampling Points	-	36,000	7,000	7,000	7,000	7,000	8,000	-	-	-	-	-
Replace WTP SCADA Computers	-	36,000	7,000	7,000	7,000	7,000	8,000	-	-	-	-	-
Replace SCADAPack 32 PLCs at Ewart Street BPS	-	107,000	20,000	21,000	21,000	22,000	23,000	-	-	-	-	-
Replace SCADAPack 32 PLCs at Zone 2 (Strathy Road) Elevated Tank	-	71,000	13,000	14,000	14,000	15,000	15,000	-	-	-	-	-
Replace Low Lift Pump Discharge Valves	-	195,000	-	-	-	-	30,000	31,000	32,000	33,000	34,000	35,000
Refurbish Low Lift Pumps	-	162,000	-	-	-	-	25,000	26,000	27,000	27,000	28,000	29,000
Replace Alum Tanks (2)	-	325,000	-	-	-	-	50,000	52,000	53,000	55,000	57,000	58,000
Replace Turbidimeters	-	97,000	-	-	-	-	15,000	16,000	16,000	16,000	17,000	17,000
Provide Redundant Dissolved Air Floatation Clarification System - Option C5	-	10,399,000	-	-	-	-	1,608,000	1,656,000	1,705,000	1,757,000	1,809,000	1,864,000
Provide Third Filter Train - Option C5	-	4,386,000	-	-	-	-	678,000	699,000	719,000	741,000	763,000	786,000
Replace Supernatant Discharge Pumps	-	32,000	-	-	-	-	5,000	5,000	5,000	5,000	6,000	6,000
Equip High-lift Pumps HLP #1 & HLP #2 with VFDs	-	162,000	-	-	-	-	25,000	26,000	27,000	27,000	28,000	29,000
Replace High-lift Pump Discharge Butterfly Valves & Controls	-	325,000	-	-	-	-	50,000	52,000	53,000	55,000	57,000	58,000
Refurbish High-Lift Pumps	-	195,000	-	-	-	-	30,000	31,000	32,000	33,000	34,000	35,000
Replace Low-Lift and High-Lift Pump Level Transmitters	-	325,000	-	-	-	-	50,000	52,000	53,000	55,000	57,000	58,000
Studies:	-	-	-	-	-	-	-	-	-	-	-	-
Water Rate Study and Financial Plan	16,000	19,000	-	-	-	-	19,000	-	-	-	-	-
Total Capital Expenditures	1,627,500	77,288,000	2,504,000	6,018,000	6,118,000	9,928,000	11,058,000	7,849,000	8,081,000	8,325,000	8,576,000	8,831,000
Capital Financing												
Provincial/Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-
Development Charges Reserve Fund	-	28,233,296	-	678,720	820,298	4,473,861	4,176,417	3,406,000	3,507,500	3,614,500	3,722,000	3,834,000
Non-Growth Related Debenture Requirements	-	7,365,524	-	960,668	1,921,422	1,738,781	2,744,653	-	-	-	-	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Water Reserve	1,627,500	41,689,180	2,504,000	4,378,613	3,376,280	3,715,357	4,136,930	4,443,000	4,573,500	4,710,500	4,854,000	4,997,000
Total Capital Financing	1,627,500	77,288,000	2,504,000	6,018,000	6,118,000	9,928,000	11,058,000	7,849,000	8,081,000	8,325,000	8,576,000	8,831,000



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

Debenture Year	2020	Principal (Inflated)	Forecast									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021		-		-	-	-	-	-	-	-	-	-
2022		960,668			70,688	70,688	70,688	70,688	70,688	70,688	70,688	70,688
2023		1,921,422				141,382	141,382	141,382	141,382	141,382	141,382	141,382
2024		1,738,781					127,943	127,943	127,943	127,943	127,943	127,943
2025		2,744,653						201,956	201,956	201,956	201,956	201,956
2026		-							-	-	-	-
2027		-								-	-	-
2028		-									-	-
2029		-										-
2030		-										
Total Annual Debt Charges	-	7,365,524	-	-	70,688	212,069	340,012	541,968	541,968	541,968	541,968	541,968

Table 3
Town of Cobourg
Water Service
Schedule of Growth Related Debenture Repayments
 Inflated \$

Debenture Year	2020	Principal (Inflated)	Forecast									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021		-		-	-	-	-	-	-	-	-	-
2022		-			-	-	-	-	-	-	-	-
2023		-				-	-	-	-	-	-	-
2024		-					-	-	-	-	-	-
2025		-						-	-	-	-	-
2026		-							-	-	-	-
2027		-								-	-	-
2028		-									-	-
2029		-										-
2030		-										
Total Annual Debt Charges	-	-	-	-	-	-	-	-	-	-	-	-



Table 4
Town of Cobourg
Water Service
Water Reserves/ Reserve Funds Continuity
Inflated \$

Description	2020		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Balance	248,916		1,219,567	1,357,656	-	-	-	-	87,278	692,662	2,276,224	4,501,461
Transfer from Operating	2,586,076		2,628,647	3,020,957	3,376,279	3,715,357	4,136,930	4,529,414	5,172,026	6,271,525	7,034,668	7,864,966
Transfer to Capital	1,627,500		2,504,000	4,378,613	3,376,280	3,715,357	4,136,930	4,443,000	4,573,500	4,710,500	4,854,000	4,997,000
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	1,207,492		1,344,214	-	-	-	-	86,414	685,804	2,253,687	4,456,892	7,369,427
Interest	12,075		13,442	-	-	-	-	864	6,858	22,537	44,569	73,694

Table 5
Town of Cobourg
Water Service
Water Development Charges Reserve Fund Continuity
Inflated \$

Description	2020		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Balance	677,846		712,088	747,513	97,650	-	-	-	-	-	-	-
Development Charge Proceeds	27,192		28,024	28,856	29,696	165,492	170,482	175,564	180,885	186,298	191,879	197,611
Developer Contributions (Credits)	-		-	-	692,952	4,308,369	4,005,935	3,230,436	3,326,615	3,428,202	3,530,121	3,636,389
Transfer to Capital	-		-	678,720	820,298	4,473,861	4,176,417	3,406,000	3,507,500	3,614,500	3,722,000	3,834,000
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	705,038		740,112	97,650	-	-	-	-	-	-	-	-
Interest	7,050		7,401	-	-	-	-	-	-	-	-	-
Required from Development Charges	-		-	678,720	820,298	4,473,861	4,176,417	3,406,000	3,507,500	3,614,500	3,722,000	3,834,000



Table 6
Town of Cobourg
Water Services
Operating Budget Forecast
 Inflated \$

Description	Budget 2020		Forecast									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Expenditures												
Operating Costs (Fixed Costs)												
Wages	1,465,824		1,495,100	1,525,000	1,555,500	1,586,600	1,618,300	1,650,700	1,683,700	1,717,400	1,751,700	1,786,700
Management fees	73,339		74,800	76,300	77,800	79,400	81,000	82,600	84,300	86,000	87,700	89,500
Training	44,747		45,600	46,500	47,400	48,300	49,300	50,300	51,300	52,300	53,300	54,400
Billing and collecting	124,446		126,900	129,400	132,000	134,600	137,300	140,000	142,800	145,700	148,600	151,600
Professional fees and dues	60,047		61,200	62,400	63,600	64,900	66,200	67,500	68,900	70,300	71,700	73,100
Rent	54,064		55,100	56,200	57,300	58,400	59,600	60,800	62,000	63,200	64,500	65,800
Vehicle maintenance and gas	38,474		39,200	40,000	40,800	41,600	42,400	43,200	44,100	45,000	45,900	46,800
Property taxes	83,000		84,700	86,400	88,100	89,900	91,700	93,500	95,400	97,300	99,200	101,200
Insurance	96,555		98,500	100,500	102,500	104,600	106,700	108,800	111,000	113,200	115,500	117,800
IT maintenance	91,206		93,000	94,900	96,800	98,700	100,700	102,700	104,800	106,900	109,000	111,200
Miscellaneous	19,340		19,700	20,100	20,500	20,900	21,300	21,700	22,100	22,500	23,000	23,500
Office supplies and telecommunications	107,133		109,300	111,500	113,700	116,000	118,300	120,700	123,100	125,600	128,100	130,700
Subtotal - Fixed Costs	2,258,175		2,303,100	2,349,200	2,396,000	2,443,900	2,492,800	2,542,500	2,593,500	2,645,400	2,698,200	2,752,300
Operating Costs (Variable Costs)												
Water operations and maintenance	279,052		286,300	293,700	301,200	309,700	319,300	329,100	339,200	349,700	360,400	371,500
Chemicals purchased	50,750		52,100	53,400	54,800	56,300	58,100	59,900	61,700	63,600	65,600	67,600
Distribution	274,453		281,500	288,800	296,300	304,600	314,000	323,700	333,700	343,900	354,500	365,300
Building utilities and maintenance	64,572		66,200	68,000	69,700	71,700	73,900	76,200	78,500	80,900	83,400	86,000
Subtotal - Variable Costs	668,827		686,100	703,900	722,000	742,300	765,300	788,900	813,100	838,100	863,900	890,400
Sub Total Operating	2,927,002		2,989,200	3,053,100	3,118,000	3,186,200	3,258,100	3,331,400	3,406,600	3,483,500	3,562,100	3,642,700
Capital-Related												
Existing Debt (Principal) - Non-Growth Related			326,363	336,121	346,172	356,524	367,184	378,164	389,391			
Existing Debt (Interest) - Non-Growth Related			69,361	59,602	49,551	39,200	28,539	17,559	6,251			
New Non-Growth Related Debt (Principal)			-	-	32,261	98,076	160,390	258,976	269,335	280,109	291,313	302,966
New Non-Growth Related Debt (Interest)			-	-	38,427	113,993	179,621	282,992	272,633	261,859	250,655	239,003
Transfer to Capital			-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	2,586,076		2,628,647	3,020,957	3,376,279	3,715,357	4,136,930	4,529,414	5,172,026	6,271,525	7,034,668	7,864,966
Sub Total Capital Related	2,586,076		3,024,370	3,416,680	3,842,690	4,323,150	4,872,665	5,467,105	6,109,637	6,813,493	7,576,636	8,406,934
Total Expenditures	5,513,078		6,013,570	6,469,780	6,960,690	7,509,350	8,130,765	8,798,505	9,516,237	10,296,993	11,138,736	12,049,634
Revenues												
Base Charge	2,020,244		2,184,090	2,360,196	2,549,755	2,764,019	3,010,104	3,272,854	3,554,956	3,864,572	4,197,549	4,558,966
Fire Protection Charges	76,285		79,227	82,277	85,438	89,000	93,005	97,164	101,488	105,984	110,658	115,518
Other Revenue	185,301		187,631	189,995	192,395	194,831	200,676	206,696	210,800	215,000	219,300	223,700
Interest	21,024		21,865	22,740	23,649	24,595	25,333	26,093	26,600	27,100	27,600	28,200
Contributions from Development Charges Reserve Fund	-		-	-	-	-	-	-	-	-	-	-
Contributions from Reserve Funds	-		-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	2,302,853		2,472,813	2,655,208	2,851,237	3,072,444	3,329,118	3,602,807	3,893,843	4,212,656	4,555,107	4,926,383
Water Billing Recovery - Total	3,210,224		3,540,758	3,814,573	4,109,453	4,436,906	4,801,647	5,195,698	5,622,393	6,084,337	6,583,629	7,123,251