



 **Watson
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ECONOMISTS LTD.

Water Ontario Regulation 453/07 Financial Plan

Town of Kingsville

Financial Plan #030-101

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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
D.C.	Development Charges
F.I.R.	Financial Information Return
MECP	Ministry of the Environment, Conservation and Parks
MMAH	Ministry of Municipal Affairs and Housing
OCIF	Ontario Community Infrastructure Fund
O. Reg.	Ontario Regulation
PSAB	Public Sector Accounting Board
S.D.W.A.	Safe Drinking Water Act
T.C.A.	Tangible Capital Assets
W.O.A.	Water Opportunities Act



Report



Chapter 1

Introduction



1. Introduction

1.1 Study Purpose

Watson & Associates Economists Ltd. (Watson) was retained by the Town of Kingsville (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 regard to the Town's water system has already been completed and documented by Watson within the "Town of Kingsville Water Rate Study, July 2, 2024" (2024 Rate Study). The objective of the report provided herein is to convert the findings of the 2024 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.
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

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

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 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 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 plan is to be submitted to the Ministry of Municipal Affairs and Housing.

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 10-year forecast included in this financial plan 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 must be submitted to the Ministry of Municipal Affairs and Housing (MMAH). The financial plan does not need to be submitted to the Ministry of the Environment, Conservation, and Parks (MECP); however, the 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 (P.S.A.B.) Requirements

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

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

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 is 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.



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 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 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 Services are provided below:

Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system 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 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 W.O.A.

The purposes of the W.O.A. 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, the 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 the 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 three phases that municipalities must meet. The timelines associated with the three phases were later extended by Ontario Regulation 193/21 which was filed on March 15, 2021.

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, 2022):
 - 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, 2024):
 - Same steps as Phase 1 but for all assets.
- Phase 3 – Asset Management Plan (by July 1, 2025):
 - 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, 2022 (Phase 1). O. Reg. 588/17 specifies that the Town'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 Town's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate; and
- the lifecycle activities that would need to be undertaken to maintain the current levels of service.

The Town completed an Asset Management Plan in 2023 which included a review of their water infrastructure. The Town has incorporated the findings of the asset management plan within the 2024 Rate Study.

2.5 Water Forecast

The Town has completed the financial planning process through the 2024 Rate Study. The rate study was designed to address "full cost" principles and reflect the guiding principles toward sustainable financial planning.

As a result of employing this process, the 2024 Rate Study provides the basis for a financial plan for the Town's water system by including:

- 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 and system growth;
- An analysis of required water rates that ensure revenues are equitable and sufficient to meet system needs; and
- A public process that involves consultation with the main stakeholders including the Town's staff, Council, the general public (specifically the users of the system) and others, with the aim of gaining input and collaboration on the sustainability of the water financial plan.

The details of the financial plan are contained in Appendix A and in the 2024 Rate Study report.



Chapter 3

Approach



3. Approach

3.1 Overview

The 2024 Rate Study has been used as a starting point to prepare the water financial plan. The Water forecast is prepared on a modified cash basis; therefore, a conversion is required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the 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
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, the Town's asset data from their Citywide database was utilized. For financial reporting purposes, historical costs (which is the original cost to purchase, develop, or construct each asset) are required to determine net book value, which include the following calculations:



- 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 2024 Rate Study. However, these estimates 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 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 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

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



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

Modified Cash Basis	Budget 2024	Adjustments		Full Accrual Budget 2024	Accrual Basis
		DR	CR		
Revenues					Revenues
Base Charge Revenue	1,177,940			1,177,940	Base Charge Revenue
Rate Based Revenue	3,248,415			3,248,415	Rate Based Revenue
			1,047,500	1,047,500	Earned Development Charges and Gas Tax Revenue
Other Revenue	138,400		2,989,600	3,128,000	Other Revenue
Total Revenues	4,564,755			8,601,855	Total Revenues
Expenditures					Expenses
Operating	2,728,259	-		2,728,259	Operating Expenses
Capital					
Transfers to Reserves	1,770,774		1,770,774		
Transfers to Capital	65,722		65,722		
		688,451		688,451	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
Total Expenditures	4,564,755			3,416,710	Total Expenses
Net Expenditures	-			5,185,145	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			28,740,381	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	5,185,145	-	33,925,526	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		5,873,596	5,873,596		

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, 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, it may 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. O. Reg. 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.



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

Modified Cash Basis	Budget 2024	Adjustments		Full Accrual Budget 2024	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	4,759,662			4,759,662	Cash
Accounts Receivable	727,475			727,475	Accounts Receivable
Total Financial Assets	5,487,137			5,487,137	Total Financial Assets
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	1,112,612			1,112,612	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	5,472,808			5,472,808	Debt (Principal only)
Deferred Revenue	786,289			786,289	Deferred Revenue
Total Liabilities	7,371,709			7,371,709	Total Liabilities
Net Assets/(Debt)	(1,884,572)			(1,884,572)	Net Financial Assets/(Debt)
		35,810,098	-	35,810,098	Non-Financial Assets Tangible Capital Assets
				35,810,098	Total Non-Financial Assets
Municipal Position					
Water Reserves	3,588,236	3,588,236	-		
Development Charge Reserve Fund	786,289	786,289	-		
Amounts to be Recovered	(6,259,097)	-	6,259,097		
Total Municipal Position	(1,884,572)		33,925,526	33,925,526	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		40,184,623	40,184,623		

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. However, it may not be possible 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. 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 2024 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 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 for 2024, the Town's water system will be in a net debt position of approximately \$1.88 million. The Town's net debt position is projected to increase in 2025, reaching approximately \$12.75 million. The forecast thereafter estimates subsequent improvements annually to the net financial debt position, ultimately reaching a net financial asset position of approximately \$0.53 million by the end of the forecast period.

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

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



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 and treatment plants are imperative to water service delivery.
- These assets represent significant economic resources in terms of their historical and replacement costs. Therefore, ongoing capital asset management is essential to managing significant replacements and repairs.
- 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 Town or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. A use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows tangible capital assets are expected to grow by approximately \$21.65 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 fluctuating over the forecast years, resulting in an overall increase from 40% in 2024 to 65% by 2033. As a result, an annual surplus position is forecasted for each year, with an annual surplus of \$2.56 million by the end of the forecast period. It is important to note that an annual surplus is beneficial to ensure funding is available for 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 \$24.18 million to an opening 2024 accumulated surplus of \$28.74 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 a majority of the years within the forecast period will experience tangible capital asset acquisitions (net of amortization for the year) exceeding the annual surpluses, resulting in an increase to the net debt balance. The overall increase to net debt balance is the result of more significant capital asset acquisitions forecasted allowing for a long-term plan of funding capital asset acquisitions through accumulated surplus (i.e., reserves and reserve funds) and debenture issuance. The ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions is forecasted to fluctuate over the forecast period, decreasing from 1.02 in 2024 to a low of 0.43 in 2025, then increasing to a high of 1.08 by 2033 (note: a desirable ratio is 1:1 or better).

4.2.4 Statement of Cash Flow (Table 4-4)

The Statement of Cash Flow summarizes how the Town's water system is 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) and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Town's water system to increase from a positive balance of approximately \$5.27 million at the beginning of 2024 to a balance of approximately \$5.37 million by the end of 2033. For further discussion on projected cash balances please refer to the Notes to the Financial Plan.



Table 4-1
Statement of Financial Position: Water Services
UNAUDITED: For Financial Planning Purposes Only
2024-2033

	Notes	Forecast									
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Financial Assets											
Cash	1	4,759,662	3,252,942	3,909,706	3,539,522	3,927,825	4,076,878	4,286,533	4,559,965	4,900,775	5,367,264
Accounts Receivable	1	727,475	822,331	966,892	993,483	1,021,012	1,049,385	1,078,768	1,109,225	1,140,712	1,173,213
Accounts Receivable - Other	1	-	-	142,882	913,942	1,856,883	2,644,487	3,438,648	4,239,336	5,046,503	5,804,492
Total Financial Assets		5,487,137	4,075,273	5,019,480	5,446,947	6,805,720	7,770,750	8,803,949	9,908,526	11,087,990	12,344,969
Liabilities											
Bank Indebtedness		-	-	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	1,112,612	1,017,005	1,047,515	1,078,940	1,111,308	1,144,648	1,178,987	1,214,378	1,251,081	1,288,762
Debt (Principal only)	2	5,472,808	15,181,796	14,686,597	14,168,888	13,627,640	13,061,778	12,470,175	11,851,654	11,204,984	10,528,878
Deferred Revenue	3	786,289	621,547	-	-	-	-	-	-	-	-
Total Liabilities		7,371,709	16,820,348	15,734,112	15,247,828	14,738,948	14,206,426	13,649,162	13,066,032	12,456,065	11,817,640
Net Financial Assets/(Debt)		(1,884,572)	(12,745,075)	(10,714,632)	(9,800,881)	(7,933,228)	(6,435,676)	(4,845,213)	(3,157,506)	(1,368,075)	527,329
Non-Financial Assets											
Tangible Capital Assets	4	35,810,098	48,135,042	47,812,447	48,842,100	49,164,998	49,790,128	50,428,718	51,070,043	51,729,473	52,392,942
Total Non-Financial Assets		35,810,098	48,135,042	47,812,447	48,842,100	49,164,998	49,790,128	50,428,718	51,070,043	51,729,473	52,392,942
Accumulated Surplus/(Deficit)	5	33,925,526	35,389,967	37,097,815	39,041,219	41,231,770	43,354,452	45,583,505	47,912,537	50,361,398	52,920,271

Financial Indicators	Total Change	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1) Increase/(Decrease) in Net Financial Assets	2,530,497	118,596	(10,860,503)	2,030,443	913,751	1,867,653	1,497,552	1,590,463	1,687,707	1,789,431	1,895,404
2) Increase/(Decrease) in Tangible Capital Assets	21,649,393	5,066,549	12,324,944	(322,595)	1,029,653	322,898	625,130	638,590	641,325	659,430	663,469
3) Increase/(Decrease) in Accumulated Surplus	24,179,890	5,185,145	1,464,441	1,707,848	1,943,404	2,190,551	2,122,682	2,229,053	2,329,032	2,448,861	2,558,873



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2024-2033

	Notes	Forecast									
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water Revenue											
Base Charge Revenue		1,177,940	1,226,164	1,276,220	1,328,176	1,382,101	1,438,067	1,496,307	1,556,748	1,619,469	1,684,552
Rate Based Revenue		3,248,415	3,354,271	3,463,281	3,576,134	3,692,854	3,812,796	3,936,757	4,065,337	4,197,892	4,334,447
Earned Development Charges Revenue	3	1,047,500	592,152	1,185,167	1,185,167	1,347,167	1,185,167	1,185,167	1,185,167	1,185,167	1,185,167
Other Revenue	6	3,128,000	140,368	142,375	144,423	146,512	148,641	150,814	152,902	155,201	157,499
Total Revenues		8,601,855	5,312,955	6,067,043	6,233,900	6,568,634	6,584,671	6,769,045	6,960,154	7,157,729	7,361,665
Water Expenses											
Operating Expenses	Sch. 4-1	2,728,259	2,646,818	2,568,632	2,645,691	2,725,062	2,806,814	2,891,018	2,977,800	3,067,800	3,160,200
Interest on Debt	2	-	273,640	689,968	667,458	643,919	619,305	593,564	566,647	538,498	509,061
Amortization	4	688,451	928,056	1,100,595	977,347	1,009,102	1,035,870	1,055,410	1,086,675	1,102,570	1,133,531
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Total Expenses		3,416,710	3,848,514	4,359,195	4,290,496	4,378,083	4,461,989	4,539,992	4,631,122	4,708,868	4,802,792
Annual Surplus/(Deficit)		5,185,145	1,464,441	1,707,848	1,943,404	2,190,551	2,122,682	2,229,053	2,329,032	2,448,861	2,558,873
Accumulated Surplus/(Deficit), beginning of year	5	28,740,381	33,925,526	35,389,967	37,097,815	39,041,219	41,231,770	43,354,452	45,583,505	47,912,537	50,361,398
Accumulated Surplus/(Deficit), end of year		33,925,526	35,389,967	37,097,815	39,041,219	41,231,770	43,354,452	45,583,505	47,912,537	50,361,398	52,920,271
Note 5:											
Accumulated Surplus/(Deficit) Reconciliation:		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Reserve Balances											
Reserves: Development Charges		786,289	621,547	(142,881)	(913,943)	(1,856,883)	(2,644,487)	(3,438,648)	(4,239,336)	(5,046,504)	(5,804,491)
Reserves: Capital/Other		3,588,236	2,436,721	3,971,965	4,368,007	5,694,412	6,626,102	7,624,962	8,694,148	9,836,909	11,056,207
Total Reserves Balance		4,374,525	3,058,268	3,829,084	3,454,064	3,837,529	3,981,615	4,186,314	4,454,812	4,790,405	5,251,716
Less: Debt Obligations and Deferred Revenue		(6,259,097)	(15,803,343)	(14,543,716)	(13,254,945)	(11,770,757)	(10,417,291)	(9,031,527)	(7,612,318)	(6,158,480)	(4,724,387)
Add: Tangible Capital Assets	4	35,810,098	48,135,042	47,812,447	48,842,100	49,164,998	49,790,128	50,428,718	51,070,043	51,729,473	52,392,942
Total Ending Balance		33,925,526	35,389,967	37,097,815	39,041,219	41,231,770	43,354,452	45,583,505	47,912,537	50,361,398	52,920,271
Financial Indicators											
	Total Change	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1) Expense to Revenue Ratio		40%	72%	72%	69%	67%	68%	67%	67%	66%	65%
2) Increase/(Decrease) in Accumulated Surplus	24,179,890	5,185,145	1,464,441	1,707,848	1,943,404	2,190,551	2,122,682	2,229,053	2,329,032	2,448,861	2,558,873



Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2024-2033

	Notes	Forecast										
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Operating Expenses												
Salaries - Full Time		923,371	1,043,571	1,074,878	1,107,124	1,140,338	1,174,548	1,209,785	1,246,100	1,283,500	1,322,000	
Salaries - Overtime		20,804	21,428	22,071	22,733	23,415	24,118	24,841	25,600	26,400	27,200	
Salaries - Student		14,227	14,654	15,093	15,546	16,013	16,493	16,988	17,500	18,000	18,500	
Benefits - EI		16,394	16,886	17,392	17,914	18,452	19,005	19,575	20,200	20,800	21,400	
Benefits - CPP		44,701	46,042	47,423	48,846	50,311	51,821	53,375	55,000	56,700	58,400	
Benefits - EHT		18,689	19,250	19,827	20,422	21,035	21,666	22,316	23,000	23,700	24,400	
Benefits - OMERS		94,570	97,407	100,329	103,339	106,439	109,633	112,922	116,300	119,800	123,400	
Benefits - Health Coverage		102,429	105,502	108,667	111,927	115,285	118,743	122,306	126,000	129,800	133,700	
Benefits - WSIB		27,277	28,095	28,938	29,806	30,701	31,622	32,570	33,500	34,500	35,500	
Benefits - Uniforms		5,100	5,253	5,411	5,573	5,740	5,912	6,090	6,300	6,500	6,700	
Benefits - Meal Allowance		1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,200	1,200	1,200	
Benefits - Eyeglasses		2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,100	3,200	3,300	
Benefits - Ortho		4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,900	5,000	5,200	
New Staff - Water Compliance Technician		120,200	-	-	-	-	-	-	-	-	-	
Training & Development		20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,600	25,300	26,100	
Office Supplies		3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,700	3,800	3,900	
Computer Supplies		1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,200	1,200	1,200	
Postage Supplies		35,000	36,050	37,132	38,245	39,393	40,575	41,792	43,000	44,300	45,600	
Courier & Express		500	515	530	546	563	580	597	600	600	600	
Advertising		500	515	530	546	563	580	597	600	600	600	
Computer Consultants		1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,200	1,200	1,200	
General Insurance		92,972	95,761	98,634	101,593	104,641	107,780	111,013	114,300	117,700	121,200	
Utilities		100	103	106	109	113	116	119	100	100	100	
Facility Maintenance		7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,200	9,500	9,800	
Equipment Repair		18,000	18,540	19,096	19,669	20,259	20,867	21,493	22,100	22,800	23,500	
Miscellaneous		500	515	530	546	563	580	597	600	600	600	
Equipment Rental		500	515	530	546	563	580	597	600	600	600	
Professional Svc (Legal Audits)		5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,100	6,300	6,500	
Membership & Subscription		2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,100	3,200	3,300	
Write offs		2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,500	2,600	2,700	
Professional Fees (Engineering)		5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,100	6,300	6,500	
Communication		7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,200	9,500	9,800	
Shop Supplies		3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,700	3,800	3,900	
Fuel & Oil		25,000	25,750	26,523	27,318	28,138	28,982	29,851	31,300	32,900	34,500	
Licences & Permits		5,200	5,356	5,517	5,682	5,853	6,028	6,209	6,400	6,600	6,800	
Safety Supplies		3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,700	3,800	3,900	
Small Tools		5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,100	6,300	6,500	
Mileage		500	515	530	546	563	580	597	600	600	600	
Curb Stop Repairs		15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,400	19,000	19,600	
Back Flow Program		30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,900	38,000	39,100	
Road Repair / Restoration		35,000	36,050	37,132	38,245	39,393	40,575	41,792	43,000	44,300	45,600	
Meter Reading Expense		3,500	3,605	3,713	3,825	3,939	4,057	4,179	4,300	4,400	4,500	
Water Loss		325,225	-	-	-	-	-	-	-	-	-	
Water Meters		50,000	51,500	53,045	54,636	56,275	57,964	59,703	61,500	63,300	65,200	
Water Meter Maintenance		15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,400	19,000	19,600	
Water Locates		17,500	68,025	70,066	72,168	74,333	76,563	78,860	81,200	83,600	86,100	
Watermain Line Breaks		90,000	92,700	95,481	98,345	101,296	104,335	107,465	110,700	114,000	117,400	
Water Line Maintenance		30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,900	38,000	39,100	
Hydrant Maintenance		45,000	46,350	47,741	49,173	50,648	52,167	53,732	55,300	57,000	58,700	
Source Water Protection		5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,100	6,300	6,500	
Property Taxes		2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,100	3,200	3,300	
Program Support Costs		425,000	437,750	450,883	464,409	478,341	492,691	507,472	522,700	538,400	554,600	
Non TCA - Expenses from Capital Budget	7	-	153,000	-	-	-	-	-	-	-	-	
TOTAL OPERATING EXPENSES		2,728,259	2,646,818	2,568,632	2,645,691	2,725,062	2,806,814	2,891,018	2,977,800	3,067,800	3,160,200	



Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2024-2033

	Notes	Forecast									
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual Surplus/(Deficit)		5,185,145	1,464,441	1,707,848	1,943,404	2,190,551	2,122,682	2,229,053	2,329,032	2,448,861	2,558,873
Less: Acquisition of Tangible Capital Assets	4	(5,755,000)	(13,253,000)	(778,000)	(2,007,000)	(1,332,000)	(1,661,000)	(1,694,000)	(1,728,000)	(1,762,000)	(1,797,000)
Add: Amortization of Tangible Capital Assets	4	688,451	928,056	1,100,595	977,347	1,009,102	1,035,870	1,055,410	1,086,675	1,102,570	1,133,531
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		(5,066,549)	(12,324,944)	322,595	(1,029,653)	(322,898)	(625,130)	(638,590)	(641,325)	(659,430)	(663,469)
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)		118,596	(10,860,503)	2,030,443	913,751	1,867,653	1,497,552	1,590,463	1,687,707	1,789,431	1,895,404
Net Financial Assets/(Net Debt), beginning of year		(2,003,168)	(1,884,572)	(12,745,075)	(10,714,632)	(9,800,881)	(7,933,228)	(6,435,676)	(4,845,213)	(3,157,506)	(1,368,075)
Net Financial Assets/(Net Debt), end of year		(1,884,572)	(12,745,075)	(10,714,632)	(9,800,881)	(7,933,228)	(6,435,676)	(4,845,213)	(3,157,506)	(1,368,075)	527,329
Financial Indicators		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1) Acquisition of Tangible Capital Assets (Cumulative)		5,755,000	19,008,000	19,786,000	21,793,000	23,125,000	24,786,000	26,480,000	28,208,000	29,970,000	31,767,000
2) Annual Surplus/Deficit before Amortization (Cumulative)		5,873,596	8,266,093	11,074,536	13,995,287	17,194,940	20,353,492	23,637,955	27,053,662	30,605,093	34,297,497
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		1.02	0.43	0.56	0.64	0.74	0.82	0.89	0.96	1.02	1.08



Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2024-2033

	Notes	Forecast									
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating Transactions											
Annual Surplus/Deficit		5,185,145	1,464,441	1,707,848	1,943,404	2,190,551	2,122,682	2,229,053	2,329,032	2,448,861	2,558,873
Add: Amortization of TCA's	4	688,451	928,056	1,100,595	977,347	1,009,102	1,035,870	1,055,410	1,086,675	1,102,570	1,133,531
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Earned Deferred Revenue	3	(1,047,500)	(592,152)	(1,185,167)	(1,185,167)	(1,347,167)	(1,185,167)	(1,185,167)	(1,185,167)	(1,185,167)	(1,185,167)
Add: Deferred Revenue Proceeds		422,491	427,410	420,739	414,106	404,226	397,564	391,006	384,479	378,000	427,179
Change in A/R (Increase)/Decrease		-	(94,856)	(144,562)	(26,590)	(27,529)	(28,373)	(29,383)	(30,457)	(31,487)	(32,501)
Change in A/P Increase/(Decrease)		-	(95,607)	30,510	31,425	32,368	33,340	34,339	35,391	36,703	37,681
Cash Provided by Operating Transactions		5,248,587	2,037,292	1,929,963	2,154,525	2,261,551	2,375,916	2,495,258	2,619,953	2,749,480	2,939,596
Capital Transactions											
Less: Cash Used to acquire Tangible Capital Assets	4	(5,755,000)	(13,253,000)	(778,000)	(2,007,000)	(1,332,000)	(1,661,000)	(1,694,000)	(1,728,000)	(1,762,000)	(1,797,000)
Cash Applied to Capital Transactions		(5,755,000)	(13,253,000)	(778,000)	(2,007,000)	(1,332,000)	(1,661,000)	(1,694,000)	(1,728,000)	(1,762,000)	(1,797,000)
Financing Transactions											
Proceeds from Debt Issue	2	-	9,874,500	-	-	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	-	(165,512)	(495,199)	(517,709)	(541,248)	(565,863)	(591,603)	(618,521)	(646,670)	(676,107)
Cash Applied to Financing Transactions		-	9,708,988	(495,199)	(517,709)	(541,248)	(565,863)	(591,603)	(618,521)	(646,670)	(676,107)
Increase in Cash and Cash Equivalents		(506,413)	(1,506,720)	656,764	(370,184)	388,303	149,053	209,655	273,432	340,810	466,489
Cash and Cash Equivalents, beginning of year	1	5,266,075	4,759,662	3,252,942	3,909,706	3,539,522	3,927,825	4,076,878	4,286,533	4,559,965	4,900,775
Cash and Cash Equivalents, end of year	1	4,759,662	3,252,942	3,909,706	3,539,522	3,927,825	4,076,878	4,286,533	4,559,965	4,900,775	5,367,264



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. 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 a 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 if 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 the 2021, 2022, and 2023 Financial Information Return (F.I.R.) data of Town-wide receivables as a ratio of total annual revenues; and
- b) Payables: Based on the 2021, 2022, and 2023 Financial Information Return (F.I.R.) data of Town-wide payables as a ratio of total annual expenditures.

2. Debt

There was no outstanding non-growth-related debt at the beginning of 2024 (note there is outstanding DC-related debt of \$5,472,808). It is anticipated that additional debentures will be required over the forecast period. Principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2024	-
2025	165,512
2026	495,199
2027	517,709
2028	541,248
2029	565,863
2030	591,603
2031	618,521
2032	646,670
2033	676,107
Total	4,818,432



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

3. Deferred Revenue

Deferred revenue is typically made up of water development charge or connection 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. Deferred revenue can also represent grant funding that has not been earned as revenue in any given year. For the purposes of this financial plan it is assumed any grant funding received will be earned in the year it is received.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - i. Vehicles and Equipment;
 - ii. Hydrants;
 - iii. Valves;
 - iv. Water Meters;
 - v. Water Services Connections; and
 - vi. Water Mains.
- Amortization is calculated based on the straight-line approach with half-year amortization applied in the year of acquisition or construction and in the last year of the asset's useful life.
- Given the planned asset replacement forecast in the 2024 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 disposal are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- Residual value is assumed to be \$0 for all assets contained within the forecast period.
- Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant/ unknown during the forecast period and are therefore assumed to be \$0.
- The Town is unaware of any specific lead service piping in the municipal water system.

The balance of tangible capital assets is summarized in Table 4-5 as follows:



Table 4-5
Tangible Capital Asset Forecast

Asset Historical Cost	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Opening Tangible Capital Asset Balance	42,811,567	45,782,040	58,516,585	59,266,939	61,118,252	62,301,392	63,890,550	65,511,432	67,145,270	68,814,781
Acquisitions	5,755,000	13,253,000	778,000	2,007,000	1,332,000	1,661,000	1,694,000	1,728,000	1,762,000	1,797,000
Disposals	2,784,527	518,455	27,646	155,687	148,860	71,842	73,118	94,162	92,489	104,068
Closing Tangible Capital Asset Balance	45,782,040	58,516,585	59,266,939	61,118,252	62,301,392	63,890,550	65,511,432	67,145,270	68,814,781	70,507,713
Opening Accumulated Amortization	12,068,018	9,971,942	10,381,543	11,454,492	12,276,152	13,136,394	14,100,422	15,082,714	16,075,227	17,085,308
Amortization Expense	688,451	928,056	1,100,595	977,347	1,009,102	1,035,870	1,055,410	1,086,675	1,102,570	1,133,531
Amortization on Disposal	2,784,527	518,455	27,646	155,687	148,860	71,842	73,118	94,162	92,489	104,068
Ending Accumulated Amortization	9,971,942	10,381,543	11,454,492	12,276,152	13,136,394	14,100,422	15,082,714	16,075,227	17,085,308	18,114,771
Net Book Value	35,810,098	48,135,042	47,812,447	48,842,100	49,164,998	49,790,128	50,428,718	51,070,043	51,729,473	52,392,942

Note: Tangible Capital Asset information is based on the Town's CityWide asset management database as of July 2, 2024.



5. Accumulated Surplus

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

Water	2024 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	1,411,298
Reserves: Capital/Other	3,469,640
Total Reserves Balance	4,880,938
Less: Debt Obligations and Deferred Revenue	(6,884,106)
Add: Tangible Capital Assets	30,743,549
Total Opening Balance	28,740,381

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

6. Other Revenue

Other revenue includes connection fees, meter installations, meter sales, investment income, penalties and interest, and other miscellaneous fees.

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 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 Kingsville 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 2024 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 Kingsville Water Financial Plan prepared by Watson & Associates Economists Ltd. dated July 2, 2024 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated July 2, 2024, and the Water Rate Study dated July 2, 2024 underpinning the Financial Plan be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, Section 3 (1) 6)
4. The Council Resolution approving the Financial Plan be submitted to the Ministry of the Environment, Conservation, and Parks satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. Section 32 (5) 2 ii)).



Appendices



Appendix A

Water Budget and Forecast Summary Tables



Appendix A-1 Water Service Capital Forecast 2024-2033

Description	Budget 2024	Total 2025 to 2034	Forecast										
			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Capital Expenditures													
Owenwood / James / Katrishe / Heritage Road (Greenway to Main)	1,200,000	-	-	-	-	-	-	-	-	-	-	-	-
Southwest Water Main	330,000	13,166,000	13,166,000	-	-	-	-	-	-	-	-	-	-
Woodfern / Peach / Queen / Willow	-	778,000	-	778,000	-	-	-	-	-	-	-	-	-
Victoria Street (from Cty Rd 34 West to Fox Street)	-	107,000	-	-	107,000	-	-	-	-	-	-	-	-
Heritage Road	-	1,019,000	-	-	1,019,000	-	-	-	-	-	-	-	-
Herrington to Bayview and Queen in Between	-	796,000	-	-	796,000	-	-	-	-	-	-	-	-
Cherrywood	-	288,000	-	-	-	288,000	-	-	-	-	-	-	-
Melbourne and Elm	-	779,000	-	-	-	779,000	-	-	-	-	-	-	-
Palmer / Westlawn / Cameron	-	611,000	-	-	-	-	611,000	-	-	-	-	-	-
Laurel (from Elm to Mill) / Elm (from Division to McDonald)	-	581,000	-	-	-	-	-	581,000	-	-	-	-	-
12-01 International Workstar Tandem Dump	100,000	-	-	-	-	-	-	-	-	-	-	-	-
2012 Valve Exercising/Hydro-Excavation Trailer	-	87,000	87,000	-	-	-	-	-	-	-	-	-	-
17-03 Ford F250 Pickup Truck With Slider	-	85,000	-	-	85,000	-	-	-	-	-	-	-	-
18-06 Ford F350 with Service Body	-	103,000	-	-	-	103,000	-	-	-	-	-	-	-
19-03 Ford F350 with Service Body	-	105,000	-	-	-	-	105,000	-	-	-	-	-	-
20-05 Chevy Silverado 1500	-	73,000	-	-	-	-	-	-	73,000	-	-	-	-
20-07 Ford 350 with Service Box	-	107,000	-	-	-	-	-	-	107,000	-	-	-	-
22-02 Case Backhoe w Attachments	-	51,000	-	-	-	-	-	-	-	-	51,000	-	-
22-03 Case Loader with Attachments	-	76,000	-	-	-	-	-	-	-	-	76,000	-	-
Lifecycle Requirements from AMP	-	8,871,000	-	-	-	-	-	364,000	1,514,000	1,728,000	1,635,000	1,797,000	1,833,000
Water Meter Change Out	4,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Utility Trailer	25,000	-	-	-	-	-	-	-	-	-	-	-	-
Meter Van Vehicle	100,000	-	-	-	-	-	-	-	-	-	-	-	-
Water Servicing Master Plan - Townwide	-	153,000	153,000	-	-	-	-	-	-	-	-	-	-
Water Environmental Services Office Expansion	-	162,000	-	-	-	162,000	-	-	-	-	-	-	-
Total Capital Expenditures	5,755,000	27,998,000	13,406,000	778,000	2,007,000	1,332,000	1,661,000	1,694,000	1,728,000	1,762,000	1,797,000	1,833,000	
Capital Financing													
Provincial/Federal Grants	879,600	-	-	-	-	-	-	-	-	-	-	-	-
Development Charges Reserve Fund	1,047,500	315,000	153,000	-	-	162,000	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal Financing	2,110,000	-	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	-	9,874,500	9,874,500	-	-	-	-	-	-	-	-	-	-
Operating Contributions	65,722	-	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	14,321,500	491,500	778,000	1,922,000	1,067,000	1,556,000	1,514,000	1,728,000	1,635,000	1,797,000	1,833,000	
Water Meter Change Out Reserve	200,000	-	-	-	-	-	-	-	-	-	-	-	-
Equipment Reserve	100,000	687,000	87,000	-	85,000	103,000	105,000	180,000	-	127,000	-	-	
MOE Reserve	59,278	-	-	-	-	-	-	-	-	-	-	-	
Water Reserve	1,292,900	2,800,000	2,800,000	-	-	-	-	-	-	-	-	-	
Total Capital Financing	5,755,000	27,998,000	13,406,000	778,000	2,007,000	1,332,000	1,661,000	1,694,000	1,728,000	1,762,000	1,797,000	1,833,000	



Appendix A-2
 Schedule of Non-Growth-Related Debenture Repayments
 2024-2033

Debenture Year	2024	Principal (Inflated)	Forecast									
			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025		-		-	-	-	-	-	-	-	-	-
2026		-			-	-	-	-	-	-	-	-
2027		-				-	-	-	-	-	-	-
2028		-					-	-	-	-	-	-
2029		-						-	-	-	-	-
2030		-							-	-	-	-
2031		-								-	-	-
2032		-									-	-
2033		-										-
2034		-										-
Total Annual Debt Charges	-	-	-	-	-	-	-	-	-	-	-	-

Appendix A-3
 Schedule of Growth-Related Debenture Repayments
 2024-2033

Debenture Year	2024	Principal (Inflated)	Forecast									
			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025		9,874,500		746,015	746,015	746,015	746,015	746,015	746,015	746,015	746,015	746,015
2026		-			-	-	-	-	-	-	-	-
2027		-				-	-	-	-	-	-	-
2028		-					-	-	-	-	-	-
2029		-						-	-	-	-	-
2030		-							-	-	-	-
2031		-								-	-	-
2032		-									-	-
2033		-										-
2034		-										-
Total Annual Debt Charges	-	9,874,500	-	746,015	746,015	746,015	746,015	746,015	746,015	746,015	746,015	746,015



Appendix A-4
Working Capital Reserve Fund
2024-2033

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	1,488,613	704,487	51,472	984,716	1,957,758	2,974,163	4,026,853	5,125,713	6,328,899	7,639,660	9,061,959
Transfer from Operating	508,775	2,146,985	933,244	973,042	1,016,405	1,052,690	1,098,860	1,203,186	1,310,761	1,422,298	1,537,987
Transfer to Capital	1,292,900	2,800,000	-	-	-	-	-	-	-	-	-
Closing Balance	704,487	51,472	984,716	1,957,758	2,974,163	4,026,853	5,125,713	6,328,899	7,639,660	9,061,959	10,599,945

Appendix A-5
Water Development Charges Reserve Fund
2024-2033

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	1,411,298	786,289	621,547	(142,881)	(913,943)	(1,856,883)	(2,644,487)	(3,438,648)	(4,239,336)	(5,046,504)	(5,804,491)
Development Charge Proceeds	407,074	415,223	423,541	432,026	440,636	449,417	458,430	467,603	476,951	540,993	551,848
Transfer to Capital	1,047,500	153,000	-	-	162,000	-	-	-	-	-	-
Transfer to Operating	-	439,152	1,185,167	1,185,167	1,185,167	1,185,167	1,185,167	1,185,167	1,185,167	1,185,167	1,185,167
Closing Balance	770,872	609,360	(140,080)	(896,022)	(1,820,474)	(2,592,634)	(3,371,224)	(4,156,212)	(4,947,552)	(5,690,678)	(6,437,810)
Interest	15,417	12,187	(2,802)	(17,920)	(36,409)	(51,853)	(67,424)	(83,124)	(98,951)	(113,814)	(128,756)
Required from Development Ch	1,047,500	10,027,500	-	-	162,000	-	-	-	-	-	-

Appendix A-6
Lifecycle Reserve
2024-2033

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	1,596,043	2,788,043	2,296,543	2,818,543	2,246,543	2,579,543	2,473,543	2,463,543	2,239,543	2,108,543	1,815,543
Transfer from Operating	1,192,000	-	1,300,000	1,350,000	1,400,000	1,450,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000
Transfer to Capital	-	491,500	778,000	1,922,000	1,067,000	1,556,000	1,514,000	1,728,000	1,635,000	1,797,000	1,833,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	2,788,043	2,296,543	2,818,543	2,246,543	2,579,543	2,473,543	2,463,543	2,239,543	2,108,543	1,815,543	1,486,543



Appendix A-7
Water Meter Changeout Reserve
2024-2033

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	200,000	-	-	-	-	-	-	-	-	-	-
Transfer from Operating	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital	200,000	-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-	-	-	-

Appendix A-8
MOE Reserve
2024-2033

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	59,278	-	-	-	-	-	-	-	-	-	-
Transfer from Operating	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital	59,278	-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-	-	-	-

Appendix A-9
Water Equipment Reserve
2024-2033

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	125,706	95,706	88,706	168,706	163,706	140,706	125,706	35,706	125,706	88,706	178,706
Transfer from Operating	70,000	80,000	80,000	80,000	80,000	90,000	90,000	90,000	90,000	90,000	90,000
Transfer to Capital	100,000	87,000	-	85,000	103,000	105,000	180,000	-	127,000	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	95,706	88,706	168,706	163,706	140,706	125,706	35,706	125,706	88,706	178,706	268,706



Appendix A-10 Water Operating Forecast 2024-2033

Description	Budget 2024	Forecast										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Expenditures												
<u>Operating Costs</u>												
Salaries - Full Time	923,371	1,043,571	1,074,878	1,107,124	1,140,338	1,174,548	1,209,785	1,246,100	1,283,500	1,322,000	1,361,700	
Engineering Tech	-	-	-	-	-	-	-	-	-	-	-	
Water & Wastewater Billing Supervisor	-	-	-	-	-	-	-	-	-	-	-	
New Staff - Office Support (25%) - 2023	-	-	-	-	-	-	-	-	-	-	-	
New Staff - Full-time - 2023	-	-	-	-	-	-	-	-	-	-	-	
Salaries - Overtime	20,804	21,428	22,071	22,733	23,415	24,118	24,841	25,600	26,400	27,200	28,000	
Salaries - Student	14,227	14,654	15,093	15,546	16,013	16,493	16,988	17,500	18,000	18,500	19,100	
Committee Honorarium	-	-	-	-	-	-	-	-	-	-	-	
Salaries - contract	-	-	-	-	-	-	-	-	-	-	-	
Benefits - EI	16,394	16,886	17,392	17,914	18,452	19,005	19,575	20,200	20,800	21,400	22,000	
Benefits - CPP	44,701	46,042	47,423	48,846	50,311	51,821	53,375	55,000	56,700	58,400	60,200	
Benefits - EHT	18,689	19,250	19,827	20,422	21,035	21,666	22,316	23,000	23,700	24,400	25,100	
Benefits - OMERS	94,570	97,407	100,329	103,339	106,439	109,633	112,922	116,300	119,800	123,400	127,100	
Benefits - Health Coverage	102,429	105,502	108,667	111,927	115,285	118,743	122,306	126,000	129,800	133,700	137,700	
Benefits - WSIB	27,277	28,095	28,938	29,806	30,701	31,622	32,570	33,500	34,500	35,500	36,600	
Benefits - Uniforms	5,100	5,253	5,411	5,573	5,740	5,912	6,090	6,300	6,500	6,700	6,900	
Benefits - Meal Allowance	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,200	1,200	1,200	1,200	
Benefits - Eyeglasses	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,100	3,200	3,300	3,400	
Benefits - Ortho	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,900	5,000	5,200	5,400	
New Staff - Water Compliance Technician	120,200	-	-	-	-	-	-	-	-	-	-	
Training & Development	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,600	25,300	26,100	26,900	
Office Supplies	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,700	3,800	3,900	4,000	
Computer Supplies	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,200	1,200	1,200	1,200	
Postage Supplies	35,000	36,050	37,132	38,245	39,393	40,575	41,792	43,000	44,300	45,600	47,000	
Courier & Express	500	515	530	546	563	580	597	600	600	600	600	
Advertising	500	515	530	546	563	580	597	600	600	600	600	
Computer Maintenance	-	-	-	-	-	-	-	-	-	-	-	
Computer Consultants	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,200	1,200	1,200	1,200	
General Insurance	92,972	95,761	98,634	101,593	104,641	107,780	111,013	114,300	117,700	121,200	124,800	
Utilities	100	103	106	109	113	116	119	100	100	100	100	
Facility Maintenance	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,200	9,500	9,800	10,100	
Equipment Repair	18,000	18,540	19,096	19,669	20,259	20,867	21,493	22,100	22,800	23,500	24,200	
Miscellaneous	500	515	530	546	563	580	597	600	600	600	600	
Equipment Rental	500	515	530	546	563	580	597	600	600	600	600	
Professional Svc (Legal Audits)	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,100	6,300	6,500	6,700	
Membership & Subscription	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,100	3,200	3,300	3,400	
Write offs	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,500	2,600	2,700	2,800	
Professional Fees (Engineering)	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,100	6,300	6,500	6,700	
Communication	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,200	9,500	9,800	10,100	
Shop Supplies	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,700	3,800	3,900	4,000	



Appendix A-10 (continued)
Water Operating Forecast
2024-2033

Description	Budget	Forecast										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Expenditures												
Fuel & Oil	25,000	25,750	26,523	27,318	28,138	28,982	29,851	31,300	32,900	34,500	36,200	
Licences & Permits	5,200	5,356	5,517	5,682	5,853	6,028	6,209	6,400	6,600	6,800	7,000	
Safety Supplies	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,700	3,800	3,900	4,000	
Small Tools	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,100	6,300	6,500	6,700	
Mileage	500	515	530	546	563	580	597	600	600	600	600	
Curb Stop Repairs	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,400	19,000	19,600	20,200	
Back Flow Program	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,900	38,000	39,100	40,300	
Road Repair / Restoration	35,000	36,050	37,132	38,245	39,393	40,575	41,792	43,000	44,300	45,600	47,000	
Meter Reading Expense	3,500	3,605	3,713	3,825	3,939	4,057	4,179	4,300	4,400	4,500	4,600	
Water Purchases - Kingsville	-	-	-	-	-	-	-	-	-	-	-	
Water Purchases - Gosfield S.	-	-	-	-	-	-	-	-	-	-	-	
Water Purchases - Gosfield N.	-	-	-	-	-	-	-	-	-	-	-	
Water Loss	325,225	-	-	-	-	-	-	-	-	-	-	
Water Meters	50,000	51,500	53,045	54,636	56,275	57,964	59,703	61,500	63,300	65,200	67,200	
Water Meter Maintenance	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,400	19,000	19,600	20,200	
Water Locates	17,500	68,025	70,066	72,168	74,333	76,563	78,860	81,200	83,600	86,100	88,700	
Water Service Connections	-	-	-	-	-	-	-	-	-	-	-	
Watermain Line Breaks	90,000	92,700	95,481	98,345	101,296	104,335	107,465	110,700	114,000	117,400	120,900	
Water Line Maintenance	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,900	38,000	39,100	40,300	
Hydrant Maintenance	45,000	46,350	47,741	49,173	50,648	52,167	53,732	55,300	57,000	58,700	60,500	
Source Water Protection	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,100	6,300	6,500	6,700	
Property Taxes	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,100	3,200	3,300	3,400	
Program Support Costs	425,000	437,750	450,883	464,409	478,341	492,691	507,472	522,700	538,400	554,600	571,200	
Sub Total Operating	2,728,259	2,493,818	2,568,632	2,645,691	2,725,062	2,806,814	2,891,018	2,977,800	3,067,800	3,160,200	3,255,700	
Capital-Related												
Existing Debt (Principal) - Growth Related		165,512	173,787	182,477	191,601	201,181	211,240	221,802	232,892	244,536	256,763	
Existing Debt (Interest) - Growth Related		273,640	265,365	256,675	247,552	237,972	227,913	217,351	206,260	194,616	182,389	
New Growth Related Debt (Principal)		-	321,411	335,232	349,647	364,682	380,363	396,719	413,778	431,570	450,128	
New Growth Related Debt (Interest)		-	424,604	410,783	396,368	381,333	365,652	349,296	332,237	314,445	295,887	
Existing Debt (Principal) - Non-Growth Related		-	-	-	-	-	-	-	-	-	-	
Existing Debt (Interest) - Non-Growth Related		-	-	-	-	-	-	-	-	-	-	
New Non-Growth Related Debt (Principal)		-	-	-	-	-	-	-	-	-	-	
New Non-Growth Related Debt (Interest)		-	-	-	-	-	-	-	-	-	-	
Transfer to Capital	65,722	-	-	-	-	-	-	-	-	-	-	
Transfer to Working Capital Reserve	508,775	2,146,985	933,244	973,042	1,016,405	1,052,690	1,098,860	1,203,186	1,310,761	1,422,298	1,537,987	
Transfer to Lifecycle Reserve	1,192,000	-	1,300,000	1,350,000	1,400,000	1,450,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	
Transfer to Water Equipment Reserve	70,000	80,000	80,000	80,000	80,000	90,000	90,000	90,000	90,000	90,000	90,000	
Sub Total Capital Related	1,836,497	2,666,137	3,498,411	3,588,209	3,681,572	3,777,857	3,878,027	3,982,353	4,089,929	4,201,466	4,317,154	
Total Expenditures	4,564,755	5,159,955	6,067,044	6,233,900	6,406,634	6,584,671	6,769,045	6,960,153	7,157,729	7,361,666	7,572,854	



Appendix A-10 (continued)
Water Operating Forecast
2024-2033

Description	Budget	Forecast									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Expenditures	4,564,755	5,159,955	6,067,044	6,233,900	6,406,634	6,584,671	6,769,045	6,960,153	7,157,729	7,361,666	7,572,854
Revenues											
Base Charge	1,177,940	1,226,164	1,276,220	1,328,176	1,382,101	1,438,067	1,496,307	1,556,748	1,619,469	1,684,552	1,752,082
<u>Other Revenue</u>											
Service Connection and Commissioning Fee	7,500	7,650	7,803	7,959	8,118	8,281	8,446	8,600	8,800	9,000	9,200
Meter Installation/ Maintenance	3,500	3,570	3,641	3,714	3,789	3,864	3,942	4,000	4,100	4,200	4,300
Extra Charges	4,200	4,284	4,370	4,457	4,546	4,637	4,730	4,800	4,900	5,000	5,100
Recovered Wages	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,100	1,100	1,100	1,100
Account Set-up Fees	15,200	15,504	15,814	16,130	16,453	16,782	17,118	17,500	17,900	18,300	18,700
Water Meter Sales	48,500	49,470	50,459	51,469	52,498	53,548	54,619	55,700	56,800	57,900	59,100
Miscellaneous Revenue	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,700	5,800	5,900	6,000
Penalties & Interest	13,500	13,770	14,045	14,326	14,613	14,905	15,203	15,500	15,800	16,100	16,400
Investment Income	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Contributions from Development Charges Reserve Fund	-	439,152	1,185,167	1,185,167	1,185,167	1,185,167	1,185,167	1,185,167	1,185,167	1,185,167	1,185,167
Total Operating Revenue	1,316,340	1,805,684	2,603,763	2,657,766	2,713,780	2,771,875	2,832,289	2,894,815	2,959,836	3,027,219	3,097,149
Water Billing Recovery - Total	3,248,415	3,354,271	3,463,281	3,576,134	3,692,854	3,812,796	3,936,757	4,065,337	4,197,892	4,334,447	4,475,705