



Water Ontario Regulation 453/07 Financial Plan

Town of Shelburne

Financial Plan #109-301

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1. Introduction

1.1 Study Purpose

Watson & Associates Economists Ltd. (Watson) was retained by the Town of Shelburne (the Town) to prepare a water financial plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water license as per the Safe Drinking Water Act, 2002 (S.D.W.A.). 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 Shelburne 2017 Water and Wastewater Rate Study" (2017 Rate Study). The objective of the report provided herein is to translate the findings of the 2017 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

S.D.W.A. was passed in December, 2002 in order to address some of the recommendations within the Walkerton Inquiry Part II Report. One of the main requirements of S.D.W.A. is the mandatory licensing of municipal water providers. Section 31(1) specifically states,

"No person shall,

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



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

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

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

1.2.1 Financial Plan Defined

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

“financial plans’ means,

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

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



1.2.2 Financial Plan Requirements – New System

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

- Financial plans must be approved by Council resolution (or governing body) indicating that the drinking water system is financially viable;
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period (commencing when the system first serves the public);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the Public Sector Accounting Board (P.S.A.B.) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plans are to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.3 Financial Plan Requirements – Existing System

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

- Financial plans must be approved by Council resolution (or governing body);
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period (commencing in the year of licence expiry);



- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the P.S.A.B.) for each year in which the financial plans apply;
- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the components of a “Statement of Financial Position” as per the P.S.A.B.) for each year in which the financial plans apply;
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a “Statement of Cash Flow” as per the P.S.A.B.) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plans are to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.4 Financial Plan Requirements – General

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

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



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

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

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

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

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



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

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



Figure 1-1
Statement of Financial Position

OLD FORMAT (PRE-2009)

2009 AND FUTURE

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

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



Figure 1-2
Statement of Operations

OLD FORMAT (PRE-2009)

2009 AND FUTURE

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

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



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

2009 AND FUTURE

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



Figure 1-4
Statement of Cash Flow

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



2. Sustainable Financial Planning

2.1 Introduction

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

- Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.
- Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.
- Principle #3: Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.
- Principle #4: Lifecycle planning with mid-course corrections is preferable to planning over the short term, or not planning at all.
- Principle #5: An asset management plan is a key input to the development of a financial plan.
- Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
- Principle #7: Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.
- Principle #8: Financial plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.
- Principle #9: Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff and municipal Council.



2.2 Sustainable Water and Sewage Systems Act

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

2.3 Water Opportunities Act, 2010 (Bill 72)

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

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

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

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

Where a Board has jurisdiction over a service, the plan (and any plan amendments) must be approved by the municipality in which the municipal service is provided, before



submission to the Minister. The Minister may also direct preparation of joint or partially joint plans.

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

2.4 2017 Water and Wastewater Rate Study

As noted above, Watson has already completed extensive financial planning as documented in the 2017 Rate Study conducted on behalf of the Town. The study process was designed to address “full cost” principles and reflect the guiding principles toward sustainable financial planning. Figure 2-1 below summarizes the process.

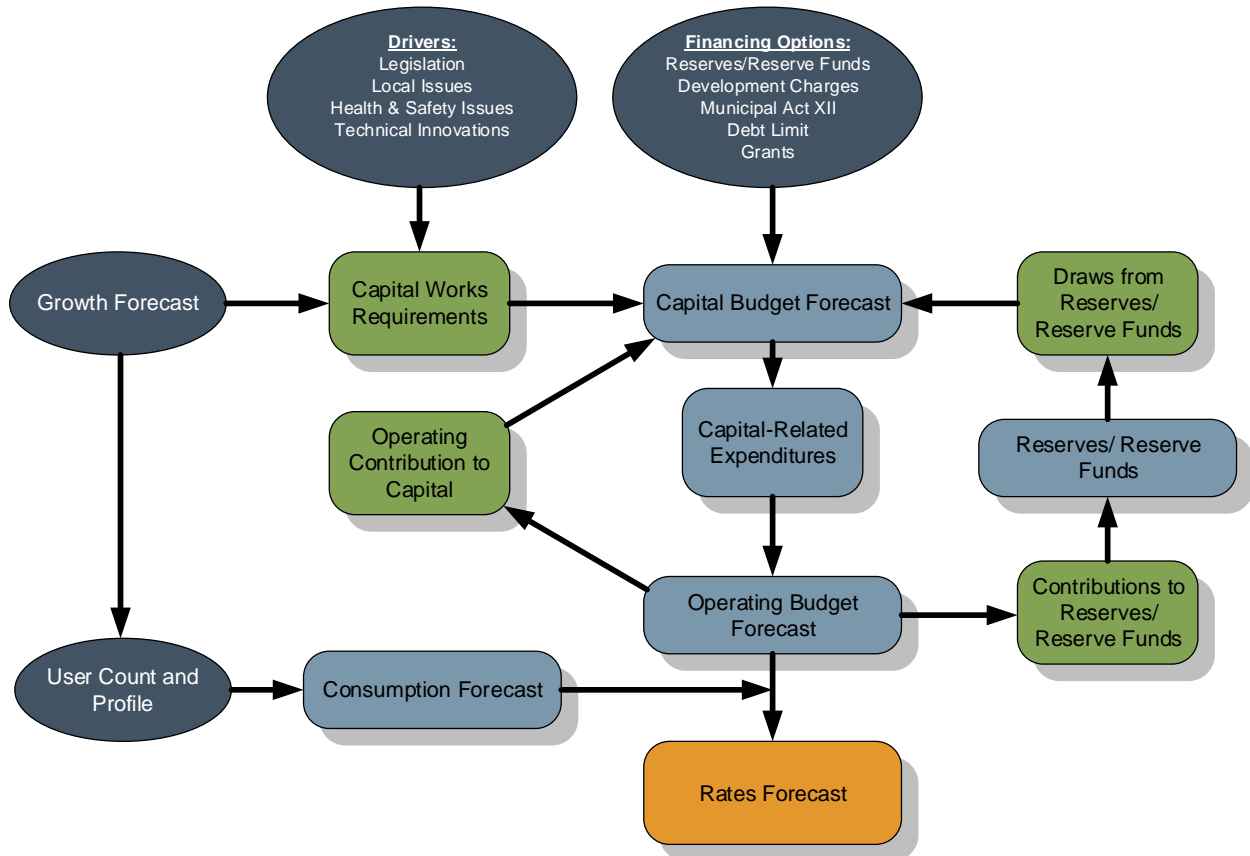
As a result of employing this process, the 2017 Rate Study provides a sound financial plan for the Town’s water and wastewater systems by providing:

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

The details of the financial plan arising from the 2017 Rate Study are contained in Appendix A.



Figure 2-1
Water (and Wastewater) Rate Calculation Process





3. Approach

3.1 Overview

The 2017 Rate Study was prepared on a modified cash basis; therefore, a conversion was required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the financial plan.

3.2 Conversion Process

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

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

3.2.1 Calculate Tangible Capital Asset Balances

In calculating tangible capital asset balances, existing and future purchased, constructed, and/or contributed assets will need to be considered. For existing water assets, an inventory has already been compiled and summarized within the 2017 Rate Study, as well as part of the Town's annual P.S.A.B. 3150 compliance processes. Given the prospective nature of the 2017 Rate Study, replacement cost is provided for each asset; however, historical cost (which is the original cost to purchase, develop or construct each asset) is required for financial reporting purposes. Once historical cost is established, the following calculations are made to determine net book value:

- Accumulated amortization up to the year prior to the first forecast year;



- Amortization expense on existing assets for each year of the forecast period;
- Acquisition of new assets for each year of the forecast period; and
- Disposals and related gains or losses for each year of the forecast period.

Future water capital needs have also been determined and summarized within the 2017 Rate Study. These estimates, however, only represent future assets that the Town anticipates purchasing or constructing without consideration for assets that are contributed by developers and other parties (at no cost or partial cost to the Town). These contributed assets could form a significant part of the infrastructure going forward in terms of the sustainability of the system as a whole and despite their non-monetary nature; the financial plan may need to be adjusted in order to properly account for these transactions. Once the sequence and total asset acquisition has been determined for the forecast period, annual amortization of these assets for each year is calculated in a similar manner as that used for existing assets.

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

3.2.2 Convert Statement of Operations

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



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

Modified Cash Basis	Budget 2018	Adjustments		Full Accrual Budget 2018	Accrual Basis
		DR	CR		
Revenues					Revenues
Base Charge Revenue	919,618			919,618	Base Charge Revenue
Rate Based Revenue	369,875			369,875	Rate Based Revenue
Transfers from Reserves	82,942	82,942			
			82,942	82,942	Earned Development Charges Revenue
Other Revenue	33,200		5,067	38,267	Other Revenue
Total Revenues	1,405,635			1,410,702	Total Revenues
Expenditures					Expenses
Operating	833,500	-		833,500	Operating Expenses
Capital					
Transfers to Reserves	384,654		384,654		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	187,481		115,792	71,689	Interest on Debt
		304,889		304,889	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
Total Expenditures	1,405,635			1,210,078	Total Expenses
Net Expenditures	-			200,624	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			4,551,227	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	200,624	-	4,751,851	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		588,455	588,455		

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



reporting purposes. Principal payments will now be reported as a decrease in debt liability on the Statement of Financial Position. Finally, expenses relating to tangible capital assets, such as amortization, write-offs and (gain)/loss on disposal of assets, will be reported on the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives.

3.2.3 Convert Statement of Financial Position

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

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



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

Modified Cash Basis	Budget 2018	Adjustments		Full Accrual Budget 2018	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	1,784,539			1,774,211	Cash
Accounts Receivable	260,925			275,384	Accounts Receivable
<i>Total Financial Assets</i>	<i>2,045,464</i>			<i>2,049,595</i>	<i>Total Financial Assets</i>
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	91,188			95,319	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	2,175,774			2,175,774	Debt (Principal only)
Deferred Revenue	1,448,793			1,448,793	Deferred Revenue
<i>Total Liabilities</i>	<i>3,715,755</i>			<i>3,719,886</i>	<i>Total Liabilities</i>
Net Assets/(Debt)	(1,670,291)			(1,670,291)	Net Financial Assets/(Debt)
		6,422,142	-	6,422,142	Non-Financial Assets
					Tangible Capital Assets
				6,422,142	Total Non-Financial Assets
Municipal Position					
Water Reserves	505,483	505,483	-		
Development Charge Reserve Fund	1,448,793	1,448,793	-		
Amounts to be Recovered	(3,624,567)	-	3,624,567		
Total Municipal Position	(1,670,291)		4,751,851	4,751,851	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		8,376,418	8,376,418		

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



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.

3.2.5 Verification and Note Preparation

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

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

While not part of the financial plan, the accompanying notes are important to summarize the assumptions and estimates made in preparing the financial plan. Some of the



significant assumptions that need to be addressed within the financial plan are as follows:

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

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

- b) Amortization Expense – The method and timing of amortization should be based on the Town’s amortization policy. Otherwise, an assumption will need to be made and applied consistently throughout the financial plan.
- c) Accumulated Amortization – Will be based on the culmination of accumulated amortization expenses throughout the life of each asset however derived, along with information on construction/acquisition date and useful life obtained from the 2017 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.



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 estimation of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions as well as future operations. Table 4-1 indicates that at the end of 2018, the Town's water system was projected to be in a net financial debt position of approximately \$1.67 million. Over the course of the forecast period the net financial debt position is projected to increase to a peak of \$5.38 million in 2022 and improve every year thereafter, reaching just over \$3.61 million in 2027. The overall increase in net financial debt position over the forecast period is due mostly to the issuance of growth related debt in 2021 and 2022 as well as the gradual decrease in cash on hand (i.e. in reserves).

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 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; and
- The annual maintenance required by these assets has an enduring impact on water operational budgets.

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the 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 increase by approximately \$8.56 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. After achieving a result of 86% in 2018, the ratio of expenses to revenues is anticipated to improve over the forecast period, reaching 60% in 2027. As a result, annual surpluses are anticipated in every year of the forecast. After a projected result of just under \$201,000 in 2018, the annual surplus rises to approximately \$962,000 in 2021, dropping to approximately \$569,000 in 2022, and increasing year-over-year throughout the remainder of the forecast period, reaching almost \$1.07 million in 2027. 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 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 \$6.69 million over the forecast period to a 2018 accumulated surplus of about \$4.55 million. This accumulated surplus, as indicated in Table 4-2, is predominantly made up of 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, 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 annual surplus exceeds the forecasted tangible capital asset acquisitions (net of amortization for the year) for all years, except for 2021 and 2022. Due to the large acquisitions in these two years it is expected that there will be an overall decrease in net financial assets over the forecast period. This is due to the planned use of debt to construct growth-related tangible capital assets in 2021-2022. In each of the subsequent years, forecasted annual surplus exceeds forecasted tangible capital asset acquisitions (net of amortization for the year) resulting in improvements to net financial debt over the remainder of the forecast period. This indicates that over the forecast period the Town plans on funding large, anticipated capital expenditures through the issuance of debt. This is evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions dropping from 1.15 in 2018 to a low of 0.49 in 2021, and increasing year-over-year for the remainder of the forecast period, reaching a ratio of 0.85 in 2027².

² 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 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 make debt payments, and build internal reserves over the forecast period. The financial plan projects the cash position of the Town's water system to worsen from a balance of approximately \$1.72 million at the beginning of 2018, to a deficit of approximately \$326,000 by the end of 2027. This deficit is largely attributable to the difference between projected accounts receivable and accounts payable by the end of the forecast period. For further discussions on projected cash balances, please refer to the Notes to the Financial Plan.



Table 4-1
Statement of Financial Position: Water Services
UNAUDITED: For Financial Planning Purposes Only
2018-2027

	Notes	Forecast									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Financial Assets											
Cash	1	1,774,211	1,901,555	2,390,739	1,689,413	938,143	580,236	231,124	16,625	-	-
Accounts Receivable	1	275,384	290,366	305,716	322,083	401,334	425,633	446,496	469,229	494,327	521,605
Long-term Accounts Receivable	2	-	-	-	-	-	-	-	-	-	-
Total Financial Assets		2,049,595	2,191,921	2,696,455	2,011,496	1,339,477	1,005,869	677,620	485,854	494,327	521,605
Liabilities											
Bank Indebtedness		-	-	-	-	-	-	-	-	180,177	325,683
Accounts Payable & Accrued Liabilities	1	95,319	97,903	99,905	101,986	104,044	106,183	108,356	110,574	112,839	115,149
Debt (Principal only)	2	2,175,774	2,056,358	1,933,202	5,650,097	5,620,814	5,250,441	4,869,645	4,478,127	4,075,583	3,691,919
Deferred Revenue	3	1,448,793	1,323,938	1,356,225	1,261,915	996,400	706,792	418,846	263,489	122,772	-
Total Liabilities		3,719,886	3,478,199	3,389,332	7,013,998	6,721,258	6,063,416	5,396,847	4,852,190	4,491,371	4,132,751
Net Financial Assets/(Debt)		(1,670,291)	(1,286,278)	(692,877)	(5,002,502)	(5,381,781)	(5,057,547)	(4,719,227)	(4,366,336)	(3,997,044)	(3,611,146)
Non-Financial Assets											
Tangible Capital Assets	4	6,422,142	6,427,629	6,154,655	11,426,070	12,374,216	12,701,179	13,103,285	13,588,314	14,167,329	14,847,416
Total Non-Financial Assets		6,422,142	6,427,629	6,154,655	11,426,070	12,374,216	12,701,179	13,103,285	13,588,314	14,167,329	14,847,416
Accumulated Surplus/(Deficit)	5	4,751,851	5,141,351	5,461,778	6,423,568	6,992,435	7,643,632	8,384,058	9,221,978	10,170,285	11,236,270

Financial Indicators	Total Change	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1) Increase/(Decrease) in Net Financial Assets	(1,875,714)	65,141	384,013	593,401	(4,309,625)	(379,279)	324,234	338,320	352,891	369,292	385,898
2) Increase/(Decrease) in Tangible Capital Assets	8,560,757	135,483	5,487	(272,974)	5,271,415	948,146	326,963	402,106	485,029	579,015	680,087
3) Increase/(Decrease) in Accumulated Surplus	6,685,043	200,624	389,500	320,427	961,790	568,867	651,197	740,426	837,920	948,307	1,065,985



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2018-2027

	Notes	Forecast									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Water Revenue											
Base Charge Revenue		919,618	952,650	983,994	1,015,654	1,048,877	1,083,087	1,118,310	1,154,914	1,193,641	1,233,532
Rate Based Revenue		369,875	412,619	458,927	510,107	567,265	630,778	701,346	780,077	868,660	967,200
Earned Development Charges Revenue	3	82,942	274,557	82,942	223,576	396,378	421,986	421,986	421,986	421,986	421,986
Other Revenue	6	38,267	41,618	47,034	474,305	38,395	38,635	38,906	39,221	39,686	40,509
Total Revenues		1,410,702	1,681,444	1,572,897	2,223,642	2,050,915	2,174,486	2,280,548	2,396,198	2,523,973	2,663,227
Water Expenses											
Operating Expenses	Sch. 4-1	833,500	911,800	873,600	891,800	909,800	928,500	947,500	966,900	986,700	1,006,900
Interest on Debt	2	71,689	68,064	64,325	60,468	157,583	156,152	145,728	135,007	123,981	112,829
Amortization	4	304,889	312,080	314,545	309,584	414,665	438,637	446,894	456,371	464,985	477,513
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Total Expenses		1,210,078	1,291,944	1,252,470	1,261,852	1,482,048	1,523,289	1,540,122	1,558,278	1,575,666	1,597,242
Annual Surplus/(Deficit)		200,624	389,500	320,427	961,790	568,867	651,197	740,426	837,920	948,307	1,065,985
Accumulated Surplus/(Deficit), beginning of year	5	4,551,227	4,751,851	5,141,351	5,461,778	6,423,568	6,992,435	7,643,632	8,384,058	9,221,978	10,170,285
Accumulated Surplus/(Deficit), end of year		4,751,851	5,141,351	5,461,778	6,423,568	6,992,435	7,643,632	8,384,058	9,221,978	10,170,285	11,236,270

Note 5:

Accumulated Surplus/(Deficit) Reconciliation:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Reserve Balances											
Reserves: Development Charges	1,448,793	1,323,938	1,356,225	1,261,915	996,400	706,792	418,846	263,489	122,772	-	
Reserves: Capital/Other	505,483	770,080	1,240,325	647,595	239,033	192,894	150,418	111,791	78,539	80,773	
Total Reserves Balance	1,954,276	2,094,018	2,596,550	1,909,510	1,235,433	899,686	569,264	375,280	201,311	80,773	
Less: Debt Obligations and Deferred Revenue	(3,624,567)	(3,380,296)	(3,289,427)	(6,912,012)	(6,617,214)	(5,957,233)	(5,288,491)	(4,741,616)	(4,198,355)	(3,691,919)	
Add: Tangible Capital Assets	4	6,422,142	6,427,629	6,154,655	11,426,070	12,374,216	12,701,179	13,103,285	13,588,314	14,167,329	14,847,416
Total Ending Balance	4,751,851	5,141,351	5,461,778	6,423,568	6,992,435	7,643,632	8,384,058	9,221,978	10,170,285	11,236,270	

Financial Indicators	Total Change	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1) Expense to Revenue Ratio		86%	77%	80%	57%	72%	70%	68%	65%	62%	60%
2) Increase/(Decrease) in Accumulated Surplus	6,685,043	200,624	389,500	320,427	961,790	568,867	651,197	740,426	837,920	948,307	1,065,985



Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2018-2027

	Notes	Forecast									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operating Expenses											
Labour & Benefits, Memberships		136,900	145,200	148,100	151,200	154,200	157,300	160,500	163,800	167,100	170,500
Utilities		102,000	104,100	106,200	108,400	110,600	112,800	115,100	117,400	119,800	122,200
Billing Costs		8,200	8,300	8,500	8,700	8,800	9,000	9,200	9,400	9,600	9,800
Billing Software and Cloud Data Storage		15,000	15,500	15,900	16,400	16,900	17,400	17,900	18,400	19,000	19,600
Operational Contract		199,000	203,000	207,100	211,300	215,600	220,000	224,400	229,000	233,600	238,400
Water Materials and Supplies		30,600	31,200	31,900	32,500	33,200	33,800	34,500	35,200	35,900	36,700
Melancthon Well Taxes		400	400	400	400	400	500	500	500	500	500
Laboratory Costs		71,400	72,900	74,300	75,900	77,400	79,000	80,600	82,200	83,900	85,600
License and Operational		71,400	72,900	74,300	75,900	77,400	79,000	80,600	82,200	83,900	85,600
Water County Share PIL		2,600	2,700	2,700	2,800	2,800	2,900	2,900	3,000	3,100	3,100
Water Main Maintenance		80,600	82,200	83,900	85,600	87,300	89,100	90,900	92,800	94,700	96,600
Water Equipment Maintenance		35,700	36,400	37,200	37,900	38,700	39,500	40,300	41,100	41,900	42,800
Building Maintenance		10,200	10,400	10,600	10,800	11,100	11,300	11,500	11,700	12,000	12,200
Insurance		24,200	24,700	25,200	25,700	26,200	26,800	27,300	27,900	28,400	29,000
Professional Fees		2,000	2,100	2,100	2,200	2,200	2,300	2,300	2,300	2,400	2,400
Staff Training		3,600	3,600	3,700	3,800	3,900	3,900	4,000	4,100	4,200	4,300
Convention Expenses		1,000	1,000	1,100	1,100	1,100	1,100	1,200	1,200	1,200	1,200
Meter Installation Expense		5,100	5,200	5,300	5,400	5,500	5,600	5,800	5,900	6,000	6,100
Telephone Expenses		1,000	1,000	1,100	1,100	1,100	1,100	1,200	1,200	1,200	1,200
Source Water Protection Expense		32,600	33,300	34,000	34,700	35,400	36,100	36,800	37,600	38,300	39,100
Non TCA - Expenses from Capital Budget	7	-	55,700	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		833,500	911,800	873,600	891,800	909,800	928,500	947,500	966,900	986,700	1,006,900



Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2018-2027

	Notes	Forecast									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Annual Surplus/(Deficit)		200,624	389,500	320,427	961,790	568,867	651,197	740,426	837,920	948,307	1,065,985
Less: Acquisition of Tangible Capital Assets	4	(440,372)	(317,567)	(41,571)	(5,580,999)	(1,362,811)	(765,600)	(849,000)	(941,400)	(1,044,000)	(1,157,600)
Add: Amortization of Tangible Capital Assets	4	304,889	312,080	314,545	309,584	414,665	438,637	446,894	456,371	464,985	477,513
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		(135,483)	(5,487)	272,974	(5,271,415)	(948,146)	(326,963)	(402,106)	(485,029)	(579,015)	(680,087)
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)		65,141	384,013	593,401	(4,309,625)	(379,279)	324,234	338,320	352,891	369,292	385,898
Net Financial Assets/(Net Debt), beginning of year		(1,735,432)	(1,670,291)	(1,286,278)	(692,877)	(5,002,502)	(5,381,781)	(5,057,547)	(4,719,227)	(4,366,336)	(3,997,044)
Net Financial Assets/(Net Debt), end of year		(1,670,291)	(1,286,278)	(692,877)	(5,002,502)	(5,381,781)	(5,057,547)	(4,719,227)	(4,366,336)	(3,997,044)	(3,611,146)

Financial Indicators	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1) Acquisition of Tangible Capital Assets (Cumulative)	440,372	757,939	799,510	6,380,509	7,743,320	8,508,920	9,357,920	10,299,320	11,343,320	12,500,920
2) Annual Surplus/Deficit before Amortization (Cumulative)	505,513	1,207,093	1,842,065	3,113,439	4,096,971	5,186,805	6,374,125	7,668,416	9,081,708	10,625,206
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)	1.15	1.59	2.30	0.49	0.53	0.61	0.68	0.74	0.80	0.85



Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2018-2027

	Notes	Forecast									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operating Transactions											
Annual Surplus/Deficit		200,624	389,500	320,427	961,790	568,867	651,197	740,426	837,920	948,307	1,065,985
Add: Amortization of TCA's	4	304,889	312,080	314,545	309,584	414,665	438,637	446,894	456,371	464,985	477,513
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Earned Deferred Revenue	3	(82,942)	(274,557)	(82,942)	(223,576)	(396,378)	(421,986)	(421,986)	(421,986)	(421,986)	(421,986)
Less: Developer Contributions		-	-	-	-	-	-	-	-	-	-
Add: Deferred Revenue Proceeds		194,992	149,702	115,230	129,267	130,863	132,378	134,039	266,629	281,269	299,213
Change in A/R (Increase)/Decrease		(14,460)	(14,981)	(15,351)	(16,369)	(79,250)	(24,299)	(20,862)	(22,734)	(25,098)	(27,276)
Change in A/P Increase/(Decrease)		4,131	2,584	2,002	2,081	2,058	2,139	2,173	2,218	2,265	2,310
Less: Interest Proceeds		(5,067)	(7,720)	(12,434)	(6,492)	(2,396)	(1,934)	(1,508)	(1,121)	(787)	(810)
Cash Provided by Operating Transactions		602,167	556,608	641,477	1,156,285	638,429	776,132	879,176	1,117,297	1,248,955	1,394,949
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(440,372)	(317,567)	(41,571)	(5,580,999)	(1,362,811)	(765,600)	(849,000)	(941,400)	(1,044,000)	(1,157,600)
Cash Applied to Capital Transactions		(440,372)	(317,567)	(41,571)	(5,580,999)	(1,362,811)	(765,600)	(849,000)	(941,400)	(1,044,000)	(1,157,600)
Investing Transactions											
Proceeds from Investments		5,067	7,720	12,434	6,492	2,396	1,934	1,508	1,121	787	810
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		5,067	7,720	12,434	6,492	2,396	1,934	1,508	1,121	787	810
Financing Transactions											
Proceeds from Debt Issue	2	-	-	-	3,843,909	314,050	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	(115,792)	(119,417)	(123,156)	(127,013)	(343,334)	(370,373)	(380,796)	(391,517)	(402,544)	(383,665)
Cash Applied to Financing Transactions		(115,792)	(119,417)	(123,156)	3,716,896	(29,284)	(370,373)	(380,796)	(391,517)	(402,544)	(383,665)
Increase in Cash and Cash Equivalents		51,070	127,344	489,184	(701,326)	(751,270)	(357,907)	(349,112)	(214,499)	(196,802)	(145,506)
Cash and Cash Equivalents, beginning of year	1	1,723,141	1,774,211	1,901,555	2,390,739	1,689,413	938,143	580,236	231,124	16,625	(180,177)
Cash and Cash Equivalents, end of year	1	1,774,211	1,901,555	2,390,739	1,689,413	938,143	580,236	231,124	16,625	(180,177)	(325,683)



4.2.5 Notes to Financial Plan

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

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

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

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

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

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

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

In order to show a balanced financial plan in a full accrual format for the Town of Shelburne, 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:	<u>Ending Accounts Receivable Balance</u>
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 2015 and 2016 actual ratios of receivables as a percentage of annual revenues as witnessed in the Town (as per the Town's audited financial statements); and
- b) Payables: Based on 2015 and 2016 actual ratios of receivables as a percentage of annual revenues as witnessed in the Town (as per the Town's audited financial statements).

2. Debt

The Town had outstanding water related debt at the end of 2017 of approximately \$2.29 million, with additional debt proceeds anticipated throughout the forecast period. Principal repayments over the forecast period are estimated as follows:

Year	Principal Payments
2018	115,792
2019	119,417
2020	123,156
2021	127,013
2022	343,334
2023	370,373
2024	380,796
2025	391,517
2026	402,544
2027	383,665
Total	\$ 2,757,607



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 development charge reserve fund balances, which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected. Deferred revenue can also represent grant funding that has not been earned as revenue in any given year.

The Town collects water development charges, and deferred revenue is projected to decrease from approximately \$1.45 million in 2018 to \$0 by 2027 as funds will be used to finance growth-related capital works.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water-related assets in the following categories:
 - Infrastructure;
 - Facilities;
 - Equipment; and
 - Land.
- Amortization is calculated based on the straight-line approach.
- Given the planned asset replacement forecast in the 2017 Rate Study, useful life on acquisitions is assumed to be equal to typical values assigned by the Town for each asset category.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced, unless the asset is documented as a new asset. The value of each asset disposal is calculated by estimating the original purchase/construction date and deflating current replacement cost values to those estimated dates in order to calculate original historical cost.



- Gains/losses on disposals are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- Residual value is assumed to be \$0 for all assets contained within the forecast period.
- Contributed Assets, as described in subsection 3.2.1, are shown as Developer Contributions, a revenue, on the Statement of Operations in the year of contribution, if applicable.
- The Town is unaware of any specific lead service piping in the Town's water system.

The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Opening Tangible Capital Asset Balance	10,471,406	10,852,901	11,138,231	11,145,939	16,691,456	18,016,980	18,755,331	19,573,886	20,481,277	21,485,214
Acquisitions	440,372	317,567	41,571	5,580,999	1,362,811	765,600	849,000	941,400	1,044,000	1,157,600
Disposals	58,877	32,237	33,863	35,482	37,287	27,249	30,445	34,009	40,063	48,990
Closing Tangible Capital Asset Balance	10,852,901	11,138,231	11,145,939	16,691,456	18,016,980	18,755,331	19,573,886	20,481,277	21,485,214	22,593,824
Opening Accumulated Amortization	4,184,747	4,430,759	4,710,602	4,991,284	5,265,386	5,642,764	6,054,152	6,470,601	6,892,963	7,317,885
Amortization Expense	304,889	312,080	314,545	309,584	414,665	438,637	446,894	456,371	464,985	477,513
Amortization on Disposal	58,877	32,237	33,863	35,482	37,287	27,249	30,445	34,009	40,063	48,990
Ending Accumulated Amortization	4,430,759	4,710,602	4,991,284	5,265,386	5,642,764	6,054,152	6,470,601	6,892,963	7,317,885	7,746,408
Net Book Value	6,422,142	6,427,629	6,154,655	11,426,070	12,374,216	12,701,179	13,103,285	13,588,314	14,167,329	14,847,416

5. Accumulated Surplus

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

Wastewater	2018 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	1,336,744
Reserves: Capital/Other	556,134
Total Reserves Balance	1,892,878
Less: Debt Obligations and Deferred Revenue	(3,628,310)
Less: Unfinanced Capital	-
Add: Tangible Capital Assets	6,286,659
Total Opening Balance	4,551,227

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

6. Other Revenue



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

7. Operating Expenses

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



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

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

1. The financial plan must be approved by resolution of the municipality who owns the drinking water systems or the governing body of the owner. (O.Reg. 453/07, Section 3 (1) 1)
2. The owner of the drinking water systems 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 systems 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 systems must provide proof satisfactory to the Ministry of the Environment that the financial plans for the system satisfy the requirements under the Safe Drinking Water Act. (S.D.W.A. Section 32 (5) 2 ii)



6. Recommendations

This report presents the water financial plan for the Town of Shelburne in accordance with the mandatory reporting formats 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 2017 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 Shelburne Water Financial Plan prepared by Watson & Associates Economists Ltd. dated January 23, 2019 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan and the Council Resolution approving the Financial Plan be submitted to the Ministry of Municipal Affairs and Housing. (O.Reg. 453/07, Section 3 (1) 6).
4. The Financial Plan and the Council Resolution approving the Financial Plan be submitted to the Ministry of the Environment, satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. Section 32 (5) 2 ii)).



Appendix A – 2017 Rate Study – Water Summary Tables



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

Description	Total	Budget 2017	Forecast										
			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Capital Expenditures													
Water Wonderware Scada System	160,000	160,000	-	-	-	-	-	-	-	-	-	-	-
Meter Replacement - Well 5,6	15,000	15,000	-	-	-	-	-	-	-	-	-	-	-
Meter Replacements to iPearl	245,601	37,500	38,811	40,167	41,571	43,024	44,528	-	-	-	-	-	-
Truck Mount Valve Exerciser	24,805	24,805	-	-	-	-	-	-	-	-	-	-	-
Water Tower Rehabilitation Project	635,960	635,960	-	-	-	-	-	-	-	-	-	-	-
Water Storage Land Purchase	142,823	-	142,823	-	-	-	-	-	-	-	-	-	-
Water Share of Future Infrastructure	1,357,058	-	-	-	-	666,875	690,183	-	-	-	-	-	-
Well 3 Replacement													
Schedule B MEA Class EA	50,000	50,000	-	-	-	-	-	-	-	-	-	-	-
Field work and testing	80,000	80,000	-	-	-	-	-	-	-	-	-	-	-
SCADA reprogramming	10,000	10,000	-	-	-	-	-	-	-	-	-	-	-
Well 9 (standby well)	258,738	-	258,738	-	-	-	-	-	-	-	-	-	-
Infrastructure Lifecycle Replacement	4,757,600	-	-	-	-	-	-	765,600	849,000	941,400	1,044,000	1,157,600	
Growth Related (D.C.) Projects:													
Water Storage Tank and Pumping Station	4,086,300	-	-	-	4,086,300	-	-	-	-	-	-	-	-
Watermain Oversizing (Well 5/6 to Shelburne Limits)	628,100	-	-	-	-	628,100	-	-	-	-	-	-	-
Watermain Oversizing - (Industrial to County Rd. 124)	55,700	-	-	55,700	-	-	-	-	-	-	-	-	-
Watermain Oversizing - Victoria St. (North of 30th Sideroad to Franklin)	221,700	-	-	221,700	-	-	-	-	-	-	-	-	-
New 250 mm watermain - Second Line (BMP to south of School Rd.)	368,300	-	-	-	368,300	-	-	-	-	-	-	-	-
Watermain Oversizing - Adeline St. (Main to Wellington)	119,300	-	-	-	119,300	-	-	-	-	-	-	-	-
Well 1 Improvements (second standby well and backup diesel generator)	297,200	-	-	-	297,200	-	-	-	-	-	-	-	-
Master Servicing Study (1/3)	55,700	-	-	55,700	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	13,569,885	1,013,265	440,372	373,267	41,571	5,580,999	1,362,811	765,600	849,000	941,400	1,044,000	1,157,600	
Capital Financing													
Provincial/Federal Grants	881,262	448,751	-	-	-	432,511	-	-	-	-	-	-	-
Development Charges Reserve Fund	332,249	-	-	191,615	-	140,634	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	4,157,959	-	-	-	-	3,843,909	314,050	-	-	-	-	-	-
Transfer from Operating	264,712	264,712	-	-	-	-	-	-	-	-	-	-	-
Reserve Fund - Lifecycle	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Water	7,933,703	299,802	440,372	181,652	41,571	1,163,944	1,048,761	765,600	849,000	941,400	1,044,000	1,157,600	
Total Capital Financing	13,569,885	1,013,265	440,372	373,267	41,571	5,580,999	1,362,811	765,600	849,000	941,400	1,044,000	1,157,600	



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

Debenture Year	Principal (Inflated)	Budget 2017	Forecast									
			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2018	-			-	-	-	-	-	-	-	-	-
2019	-				-	-	-	-	-	-	-	-
2020	-					-	-	-	-	-	-	-
2021	-						-	-	-	-	-	-
2022	-							-	-	-	-	-
2023	-								-	-	-	-
2024	-									-	-	-
2025	-										-	-
2026	-											-
2027	-											-
Total Annual Debt Charges	-	-	-	-	-	-	-	-	-	-	-	-

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

Debenture Year	Principal (Inflated)	Budget 2017	Forecast									
			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2018	-			-	-	-	-	-	-	-	-	-
2019	-				-	-	-	-	-	-	-	-
2020	-					-	-	-	-	-	-	-
2021	3,843,909							313,436	313,436	313,436	313,436	313,436
2022	314,050								25,608	25,608	25,608	25,608
2023	-									-	-	-
2024	-										-	-
2025	-											-
2026	-											-
2027	-											-
Total Annual Debt Charges	4,157,959	-	-	-	-	-	-	313,436	339,043	339,043	339,043	339,043



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

Water Development Charges Reserve Fund	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Opening Balance	1,194,649	1,336,744	1,448,793	1,323,938	1,356,225	1,261,915	996,400	706,792	418,846	263,490	122,772
Development Charge Proceeds	211,637	180,468	136,430	101,634	116,617	120,874	125,293	129,841	263,988	280,038	299,213
Transfer to Capital	-	-	191,615	-	140,634	-	-	-	-	-	-
Transfer to Operating	82,943	82,942	82,942	82,942	82,942	396,378	421,986	421,986	421,986	421,986	421,986
Closing Balance	1,323,343	1,434,269	1,310,666	1,342,629	1,249,264	986,411	699,707	414,647	260,849	121,542	-
Interest	13,400	14,524	13,272	13,596	12,650	9,989	7,085	4,199	2,641	1,231	-
Required from Development Charges	-	-	191,615	-	3,984,544	314,050	-	-	-	-	-

Water Reserve/ Reserve Fund	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Opening Balance	761,128	556,134	505,483	770,080	1,240,325	647,594	239,033	192,892	150,417	111,789	78,538
Transfer from Operating	89,233	384,654	438,529	499,382	564,722	637,804	717,526	805,017	901,652	1,009,962	1,159,024
Transfer to Capital	299,802	440,372	181,652	41,571	1,163,944	1,048,761	765,600	849,000	941,400	1,044,000	1,157,600
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	550,559	500,416	762,360	1,227,891	641,103	236,637	190,959	148,909	110,669	77,751	79,963
Interest	5,575	5,067	7,720	12,434	6,492	2,396	1,934	1,508	1,121	787	810



**Table A-5
Town of Shelburne
Water Services
Operating Budget Forecast
Inflated \$**

Description	Budget 2017	Forecast										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
EXPENDITURES												
Operating Costs												
Labour & Benefits, Memberships	129,186	136,900	145,200	148,100	151,200	154,200	157,300	160,500	163,800	167,100	170,500	
Utilities	100,000	102,000	104,100	106,200	108,400	110,600	112,800	115,100	117,400	119,800	122,200	
Billing Costs	8,000	8,200	8,300	8,500	8,700	8,800	9,000	9,200	9,400	9,600	9,800	
Billing Software and Cloud Data Storage	-	15,000	15,500	15,900	16,400	16,900	17,400	17,900	18,400	19,000	19,600	
Operational Contract	195,000	199,000	203,000	207,100	211,300	215,600	220,000	224,400	229,000	233,600	238,400	
Water Materials and Supplies	30,000	30,600	31,200	31,900	32,500	33,200	33,800	34,500	35,200	35,900	36,700	
Melancthon Well Taxes	400	400	400	400	400	400	500	500	500	500	500	
Laboratory Costs	70,000	71,400	72,900	74,300	75,900	77,400	79,000	80,600	82,200	83,900	85,600	
License and Operational	70,000	71,400	72,900	74,300	75,900	77,400	79,000	80,600	82,200	83,900	85,600	
Water County Share PIL	2,553	2,600	2,700	2,700	2,800	2,800	2,900	2,900	3,000	3,100	3,100	
Water Main Maintenance	79,000	80,600	82,200	83,900	85,600	87,300	89,100	90,900	92,800	94,700	96,600	
Water Equipment Maintenance	35,000	35,700	36,400	37,200	37,900	38,700	39,500	40,300	41,100	41,900	42,800	
Building Maintenance	10,000	10,200	10,400	10,600	10,800	11,100	11,300	11,500	11,700	12,000	12,200	
Insurance	23,740	24,200	24,700	25,200	25,700	26,200	26,800	27,300	27,900	28,400	29,000	
Professional Fees	2,000	2,000	2,100	2,100	2,200	2,200	2,300	2,300	2,300	2,400	2,400	
Staff Training	3,500	3,600	3,600	3,700	3,800	3,900	3,900	4,000	4,100	4,200	4,300	
Convention Expenses	1,000	1,000	1,000	1,100	1,100	1,100	1,100	1,200	1,200	1,200	1,200	
Meter Installation Expense	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,800	5,900	6,000	6,100	
Telephone Expenses	1,000	1,000	1,000	1,100	1,100	1,100	1,100	1,200	1,200	1,200	1,200	
Source Water Protection Expense	32,000	32,600	33,300	34,000	34,700	35,400	36,100	36,800	37,600	38,300	39,100	
<i>Sub Total Operating</i>	<i>797,379</i>	<i>833,500</i>	<i>856,100</i>	<i>873,600</i>	<i>891,800</i>	<i>909,800</i>	<i>928,500</i>	<i>947,500</i>	<i>966,900</i>	<i>986,700</i>	<i>1,006,900</i>	
Capital-Related												
Debentures												
Existing Debt (Principal) - Growth Related	45,879	47,312	48,790	50,314	51,886	53,507	55,179	56,903	58,680	60,513	62,404	
Existing Debt (Interest) - Growth Related	37,064	35,630	34,152	32,628	31,056	29,435	27,764	26,040	24,262	22,429	20,539	
New Growth Related Debt (Principal)	-	-	-	-	-	212,341	235,274	241,461	247,812	254,329	261,018	
New Growth Related Debt (Interest)	-	-	-	-	-	101,095	103,770	97,582	91,232	84,714	78,025	
Existing Debt (Principal) - Non-Growth Related	57,159	68,480	70,627	72,842	75,127	77,486	79,920	82,433	85,025	87,701	60,243	
Existing Debt (Interest) - Non-Growth Related	40,409	36,058	33,912	31,697	29,412	27,053	24,619	22,106	19,513	16,838	14,265	
New Non-Growth Related Debt (Principal)	-	-	-	-	-	-	-	-	-	-	-	
New Non-Growth Related Debt (Interest)	-	-	-	-	-	-	-	-	-	-	-	
Transfers												
Transfer to Capital	264,712	-	-	-	-	-	-	-	-	-	-	
Transfer to Reserve - Water	89,233	384,654	438,529	499,382	564,722	637,804	717,526	805,017	901,652	1,009,962	1,159,024	
Transfer to Reserve - Lifecycle	-	-	-	-	-	-	-	-	-	-	-	
<i>Sub Total Capital Related</i>	<i>534,456</i>	<i>572,135</i>	<i>626,011</i>	<i>686,863</i>	<i>752,203</i>	<i>1,138,720</i>	<i>1,244,050</i>	<i>1,331,542</i>	<i>1,428,176</i>	<i>1,536,487</i>	<i>1,655,518</i>	
Total Expenditures	1,331,835	1,405,635	1,482,111	1,560,463	1,644,003	2,048,520	2,172,550	2,279,042	2,395,076	2,523,187	2,662,418	



Table A-5 (continued)
Town of Shelburne
Water Services
Operating Budget Forecast
 Inflated \$

Description	Budget 2017	Forecast									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenues											
<i>Operating Revenue</i>											
Customer Services	10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800	12,000
Hydrant Rental	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300	9,500
Source Water Grant MOE	15,000	15,300	15,600	15,900	16,200	16,500	16,800	17,100	17,400	17,800	18,200
Transfer from Development Charges Reserve Fund	82,943	82,942	82,942	82,942	82,942	396,378	421,986	421,986	421,986	421,986	421,986
Transfer from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-	-
Sub Total Operating Revenue	115,443	116,142	116,842	117,542	118,242	432,378	458,686	459,386	460,086	460,886	461,686
<i>Billing Revenue</i>											
Base Charge	885,610	919,618	952,650	983,994	1,015,654	1,048,877	1,083,087	1,118,310	1,154,914	1,193,641	1,233,532
Consumptive Charge	330,782	369,875	412,619	458,927	510,107	567,265	630,778	701,346	780,077	868,660	967,200
Sub Total Billing Revenue	1,216,392	1,289,493	1,365,268	1,442,921	1,525,761	1,616,142	1,713,864	1,819,656	1,934,990	2,062,301	2,200,732
Total Revenue	1,331,835	1,405,635	1,482,111	1,560,463	1,644,003	2,048,520	2,172,550	2,279,042	2,395,076	2,523,187	2,662,418

Table A-6
Town of Shelburne
Water Services
Water Rate Forecast
 Inflated \$

Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Water Billing Recovery	330,782	369,875	412,619	458,927	510,107	567,265	630,778	701,346	780,077	868,660	967,200
Total Consumption (m ³)	603,321	612,419	620,149	626,052	631,592	637,494	643,397	649,300	655,481	662,499	669,517
Constant Rate	0.55	0.60	0.67	0.73	0.81	0.89	0.98	1.08	1.19	1.31	1.44
Annual Percentage Change		10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%
<i>Increasing Block Structure</i>											
<i>Consumption Forecast By Block (m³)</i>											
Block 1	501,905	510,785	518,343	524,153	529,604	535,413	541,223	547,033	553,089	559,882	566,675
Block 2	27,033	27,157	27,259	27,327	27,391	27,458	27,526	27,593	27,672	27,783	27,894
Block 3	74,383	74,476	74,546	74,572	74,597	74,623	74,648	74,674	74,721	74,835	74,949
Check Total Consumption	603,321	612,419	620,149	626,052	631,592	637,494	643,397	649,300	655,481	662,499	669,517
<i>Increasing Block Rates (\$/m³)</i>											
Block 1	0.53	0.58	0.64	0.71	0.78	0.86	0.95	1.05	1.15	1.27	1.40
Block 2	0.58	0.64	0.70	0.78	0.86	0.94	1.04	1.15	1.26	1.39	1.53
Block 3	0.66	0.73	0.80	0.88	0.97	1.07	1.18	1.30	1.44	1.58	1.74
Check Revenue											
Block 1	266,009	298,346	333,660	371,835	414,047	461,310	513,909	572,438	637,846	711,579	793,718
Block 2	15,679	17,359	19,202	21,215	23,434	25,890	28,602	31,599	34,923	38,642	42,756
Block 3	49,093	54,171	59,756	65,877	72,625	80,065	88,267	97,308	107,308	118,440	130,726
Check Total Revenue	330,782	369,875	412,619	458,927	510,107	567,265	630,778	701,346	780,077	868,660	967,200