



Municipality of
Dutton Dunwich

Drinking Water Quality
Management System

Financial Plan

Number 047-301

O.Reg. 453/07

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1. INTRODUCTION

In 2007, as part of the Municipal Drinking Water Licensing Program, the Ministry of Environment (MOE) released Ontario Regulation 453/07 (O.Reg. 453/07) that requires the preparation of a Financial Plan for all municipal drinking water systems. The information contained within this document is intended to act as a guide for Council and staff in establishing water rates and associated water system infrastructure capital and operating budgets. This document will continue to be regularly reviewed and updated and be used to prepare this Financial Plan required as part of the Municipal Drinking Water Licensing Program.

1.1 MUNICIPAL DRINKING WATER LICENSING PROGRAM

As a result of Justice Dennis O'Connor's Report of the Walkerton Inquiry, and the passing of Ontario's Safe Drinking Water Act, 2002 (SDWA), the Province has introduced and is implementing a new Municipal Drinking Water Licensing Program. In order to be issued a license, the Ministry has established the following licensing requirements:

- (1) A Drinking Water Works Permit (DWWP)
 - A permit to establish or alter a drinking water system.
 - A DWWP together with a license will replace the certificates of approval.
- (2) An Accepted Operational Plan
 - The Operational Plan is based on the Drinking Water Quality Management Standard (DWQMS).
 - The Operational Plan will document an Operating Authority's Quality Management System (QMS).
- (3) Accreditation of the Operating Authority
 - A third-party audit of an Operating Authority's Quality Management System (QMS) will be the basis for accreditation.
- (4) A Financial Plan
 - As required under the Financial Plans Regulation, O.Reg. 453/07.
- (5) A Permit to take Water (PTTW) - A valid PTTW is required to be in place.
- (6) Director Satisfaction
 - Before a license is issued, the Director appointed under the Safe Drinking Water Act, 2002 (SDWA) must be satisfied that the system will be operated in accordance with the requirements under the SDWA and the proposed conditions of the license.

1.2 PLAN AREA

The Corporation of the Municipality of Dutton Dunwich is the Owner and Operating Authority of the drinking water system which services approximately 1567 properties, including industrial, commercial and institutional establishments.

The drinking water system is comprised of a distribution system which includes:

- 252.56 km of distribution plastic watermain
- 136 fire hydrants
- 1567 Approximate Service connections
- 21 air release chambers
- 19 drain valve chambers
- 26 blow offs
- 4 meter chambers

1.3 PLAN OBJECTIVE

As the Owner and Operating Authority, the Corporation of the Municipality of Dutton Dunwich must prepare a Financial Plan for the Municipal Drinking Water System in order to meet the requirements of the municipal drinking water license. The Financial Plan must be updated at a minimum of every five years, but it is recommended that it be updated more frequently to reflect changes in operations, economic climate, financing costs, consumption and pricing.

1.4 PRINCIPLES OF FINANCIALLY SUSTAINABLE WATER & SEWAGE SYSTEMS

Achieving financial sustainability in Ontario's municipal water and wastewater sector is a long-term provincial goal. The overall guiding principle in the development of this Financial Plan is to ensure that both current operating needs and longer term infrastructure renewal planning is addressed.

1.4.1 Expected Achievements

Through the process of developing this Financial Plan, the Operating Authority, being the Municipality of Dutton Dunwich, set out to achieve the following:

- Financial viability;
- Provide safe drinking water;
- Enable the long-term plan for capital renewal to be realized;
- Achieve full cost recovery over the long-term; and
- Maintain current service levels.

2. ONTARIO REGULATION 453/07 – FINANCIAL PLANS

2.1 BACKGROUND

On August 14, 2007, the Ontario Ministry of the Environment (MOE) filed Ontario Regulation 453/07 (O.Reg. 453/07), the Financial Plans Regulation, under the Safe

Drinking Water Act (SDWA). This new regulation requires holders of a Drinking Water License to develop and implement a comprehensive Financial Plan that addresses long-term capital and operating costs for the municipal drinking water system over a set time frame.

Following the May 2000 contaminated water tragedy in Walkerton, Justice Dennis O'Connor released his Report of the Walkerton Inquiry, which set out strategies for preventing such a tragedy from reoccurring. In addition to the many recommendations made, including a recommendation that the provincial government require all owners of municipal water systems to obtain a license for the operation of their drinking water systems, Justice O'Connor further recommended that the municipal owners be required to submit a Financial Plan as a condition of obtaining this license.

Justice O'Connor explained that proper financial planning is a necessary component of providing safe drinking water because it helps to ensure that drinking water systems become self-financing and sustainable, and thus helps to ensure that systems have adequate funds to finance both ongoing operations costs, infrastructure repairs and upgrades as required. According to Justice O'Connor, sustainable financial planning entails two components: (1) a "full-cost accounting" of the water system, including the long-term infrastructure needs to determine the true cost of providing safe water; and (2) a "full-cost recovery" plan to determine how the municipality will raise the funds necessary to cover the full costs.

2.2 REQUIREMENTS

The key points of Ontario Regulation (O.Reg.) 453/07, the Financial Plan Regulation, are described in the following subsections:

2.2.1 General Requirements

The following general requirements apply to both new and existing systems:

- The Financial Plan must include a statement that the financial impacts of the drinking water system have been considered;
- The Financial Plan shall be for a period of at least six years;
- The Financial Plan must be made available on request and without charge to members of the public that are served by the water system;
- The Financial Plan must be published on the internet, but only if the Owner maintains an internet website;
- The Owner must provide notice to the public of the availability of the Financial Plan in a manner that the Owner deems fit to bring the notice to the attention of the members of the public that are served by the water system;
- The Financial Plan must be approved by a council resolution that indicates that the drinking water system is financially viable. A copy of the Financial Plan, along with the resolution must be submitted to the Ministry of Municipal Affairs and Housing (MMAH); and

- The Financial Plan should be updated and approved prior to applying for a license renewal (i.e. every five years). However, the Regulation does not prevent the Plan from being amended more regularly.

2.2.2 New System Requirements

In addition to the general requirements, each Financial Plan is required to document projected financial operating expenditures for each fiscal year that the plan is in effect. This information must be itemized by:

- Total revenues (water rates, user charges and other revenues);
- Total expenses (amortization expenses, interest expenses and other expenses); and
- Annual and accumulated surplus or deficit.

2.2.3 Existing System Requirements

For existing supply and distribution systems the Financial Plan must also include:

- Details of the system's projected financial position for each fiscal year, itemized by total financial assets, total liabilities, net debt, non-financial assets (tangible capital assets, tangible capital assets under construction, inventories of supplies, and prepaid expenses), changes in tangible capital assets (additions, donations, write downs, and disposals);
- Details of the system's projected cash flow; and
- Financial information relating to the replacement of lead service connections.

2.3 APPROVAL AUTHORITY

Ontario Regulation 453/07 requires that the Financial Plan be formally approved by the Owner of the municipal drinking water system. In our situation, a resolution approving the proposed Financial Plan by Municipal Council is required. This resolution shall state that the drinking water system is financially sustainable.

The regulation does not require Financial Plans to be approved by the Province; however, the Owner is required to submit a copy of the Financial Plan to the Ministry of Municipal Affairs and Housing (MMAH) for their records.

In addition, all Financial Plans must be made available to members of the public serviced by the drinking water system, as requested, at no charge. The Owner of the systems must also publish the Financial Plans on the internet, but only if the Owner maintains an internet website.

2.4 UPDATING FINANCIAL PLANS

Owner of drinking water systems are required to update their Financial Plans prior to any renewal application of their license (i.e. every five years), and to provide a copy to

the Ministry of Municipal Affairs and Housing (MMAH). Notwithstanding the renewal timelines, Owners are encouraged to update their Financial Plans more frequently when substantial changes in process or operating procedure occur.

2.5 ONTARIO'S LEAD ACTION PLAN

Ontario Regulation 453/07 also contains requirements for municipalities to include in their Financial Plans the costs associated with replacing lead service pipes that are part of the drinking-water system. It is estimated that 95% of lead pipes in the older parts of Dutton have been replaced. It is expected that the remaining lead pipes will be replaced over the next several years through operational expenditures as they are identified.

3. MINISTRY OF ENVIRONMENT GUIDANCE DOCUMENT

The Ministry of the Environment (MOE), in cooperation with the Ministry of Public Infrastructure and the Ministry of Municipal Affairs and Housing, developed a guidance document entitled "Toward Financially Sustainable Drinking Water and Wastewater Systems" in August 2007, to assist municipalities in preparing the Financial Plan. This document applies to wastewater systems as well; however, a Financial Plan for a wastewater system is only encouraged and not mandatory.

The intent of the guideline is to assist municipalities in meeting their regulatory obligations (i.e., preparation of the Financial Plan) as well as provide broad practical advice regarding financial planning for both drinking water and wastewater services by providing guidance on sustainable financial planning (i.e., long-term capital planning, asset management, accounting practices and financial plan development).

The guideline makes it clear that the intent of the new Financial Plans Regulation is to be flexible and adaptive to meet local applications. MOE acknowledges that Ontario municipalities each have different circumstances, different approaches to finances, and different starting points for their financial planning. Therefore, the province is taking a flexible locally-driven and gradual approach to financial planning that can be tailored to meet local needs.

The guideline set out nine principles to help develop this Financial Plan:

- (1) Ongoing public engagement and transparency can build support for, and confidence in the Financial Plans and their corresponding system(s).
- (2) An integrated approach to planning among water, wastewater and stormwater systems is encouraged considering the inherent relationship among these systems.
- (3) Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.
- (4) Life-cycle planning with mid-course corrections is preferable to short-term planning or no planning at all.
- (5) An asset management plan is key input to the development of a Financial Plan.

- (6) A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while ensuring sufficient resources for future rehabilitation and replacement needs.
- (7) Ensuring users pay for the services they are provided with leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.
- (8) Financial Plans are documents that require continuous updates and improvement. Improved planning for the future can be achieved by comparing the accuracy of financial projections with actual results.
- (9) Financial Plans can benefit from the close collaboration of various groups, including engineers, accountants, auditors, water department staff, and municipal council.

4. MUNICIPAL DRINKING WATER LICENSE

4.1 DRINKING WATER SYSTEM INFORMATION

System Owner: Corporation of the Municipality of Dutton Dunwich
License Number: 047-101 – Issue Number 2
Drinking Water System Name: Dutton Dunwich Distribution System

4.1.1 License

License Issue Date: January 19, 2016
License Expiry Date: January 19, 2021
Application for License Renewal Date: July 19, 2020

4.1.2 Drinking Water Works Permit

System Owner: Corporation of the Municipality of Dutton Dunwich
Permit Number: 047-201 – Issue Number 3
Drinking Water System Name: Dutton Dunwich Distribution System

The Dutton Dunwich Distribution System was issued permit number 047-201 – Issue Number 3 January 19, 2016.

4.1.3 Permits to Take Water (PTTW)

Not applicable

4.1.4 Financial Plan

This document has been prepared to meet the requirements of O.Reg. 453/07, it is understood that upon approval, the Financial Plan Number shall be appointed, based on the Financial Plan being developed for this drinking water system, shall be 047-301.

4.1.5 Accredited Operating Authority

The Municipality of Dutton Dunwich is the accredited Operating Authority for Dutton Dunwich Distribution System. The Municipality of Dutton Dunwich is committed to providing safe drinking water in the short-term and long-term. The Municipality's Operational Plan includes its day to day operations maintaining and administering the drinking water system.

5. OPERATING PLAN

5.1 OPERATING EXPENDITURES

Operating expenses can be generally defined as recurring expenses associated with providing a service. They are straightforward and are typically expenses that need to be made to keep the operation running on a day to day basis. In general, operating expenses are easily identifiable, measurable, and can be readily verified (or audited) as they are based on actual cash expenses and liabilities. As this plan extends over many fiscal years, operating expenditures must be projected based on estimation of service costs over time.

The following parameters are considered in estimating future expenditures:

- Future customer demands
- Projected repair and maintenance costs

5.2 CAPITAL EXPENDITURES

The Dutton Dunwich Distribution System for the Municipality of Dutton Dunwich provides safe drinking water to the Municipality of Dutton Dunwich's residential, industrial, and commercial customers. Council is committed to continual improvement and upgrading of infrastructure.

5.3 DEBT MANAGEMENT

At this time the Municipality of Dutton Dunwich carries \$1,248,222 of debt regarding the Dutton Dunwich Distribution System.

5.4 TOTAL CASH EXPENDITURES

The Municipality of Dutton Dunwich's cash expenditures include operating and capital expenses.

6. FUNDING PLAN – WATER RATES

Water rates are reviewed and set annually as part of the budget process. All costs associated with the operations of the Water system are paid for through water rates on a user pay basis. The Municipality of Dutton Dunwich currently charges \$54.00 as a flat charge per quarter and \$2.19/cubic meter for water consumption. Any surplus received on a yearly basis is deposited into a water reserve for future capital expenses.

7. PROJECTED FINANCIAL STATEMENTS

The following three unaudited schedules for Municipality of Dutton Dunwich Water Supply System provide the information required by Ontario regulation 453/07:

- I. Schedule 1 is Municipality of Dutton Dunwich 's Statement of Financial Position which identifies the financial assets, liabilities, net debt and non-financial assets;
- II. Schedule 2 is the Statement of Operations which provides water revenue, expenses, annual surplus or deficit and accumulated surplus or deficit; and
- III. Schedule 3 is the Statement of Cash Flow which provides cash provided by operating transactions, cash applied to capital transactions, cash provided by investing transactions, cash applied to financing transactions and cash equivalents (beginning and end of year).
- IV. Schedule 4 shows the effects of the prepared rate increases on an average household who uses 72m³ of water per quarter.
- V. Schedule 5 is the Water Operation Budget for the period shown in detail.
- VI. Schedule 6 shows the Long-Term Water Debt of the Municipality as well as any new debt planned.
- VII. Schedule 7 shows the breakdown of the Water Department assets, depreciation, and net book value.

Although great effort has been made to present accurate financial projections, based upon data available at the time, a Financial Plan is a dynamic document and should be updated and re-evaluated on an ongoing basis. As such the 2020 Water Financial Plan should be considered a work-in-progress. Any change in operation which would have a major effect on the Municipal Financial Plan would require an amendment to this Financial Plan.

It is not an exercise in precision; rather it is intended for use as a forecasting tool to ensure that the Municipality is on the right course to meet its financial obligations and future challenges.

8. SUMMARY

The Municipality of Dutton Dunwich will continue long-term planning in developing an understanding of the Municipality's infrastructure and creating a financial structure that puts in place resources to maintain the water system in a safe and effective manner, while maintaining financial viability. The Municipality recognizes that the integrity of its

finances is critical to the successful operation of the Municipality and to its reputation and trust by ratepayers.

This Financial Plan has been created by the Municipality's current and past budgets while preparing the plan in accordance with the MOE Financial Plans Regulation (O.Reg. 453/07).

The Financial Plan must be approved by Council resolution, indicating that as a result of this plan, the Corporation of the Municipality of Dutton Dunwich, being the Operating Authority, is financially viable.

9. FEEDBACK AND CONTINUOUS IMPROVEMENT

The financial plan must be updated every five years, and submitted with the Municipal Drinking Water License renewal, however, it is recommended that the Plan be reviewed at least annually, and updated as required to reflect changes in operations, economic climate, financing costs, consumption and pricing.

This is a living document which will require regular review and updates.

It is the intention of staff to regularly review this plan for internal compliance, performance measurement, adjustment and revisions if required, and to ensure absolute performance in accordance with O.Reg. 453/07 and the Safe Drinking Water Act, 2002. Consequently, this plan can be considered to be a work in progress even after its adoption.

Schedule 1 - Statement of Financial Position – Unaudited

| | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Financial Assets | | | | | | |
| Cash | 546,313 | 630,756 | 685,324 | 747,137 | 850,522 | 964,882 |
| Accounts Receivable | 150,000 | 152,449 | 155,449 | 158,449 | 164,449 | 165,449 |
| Total Liabilities | | | | | | |
| Debt - Principal Outstanding | 1,143,112 | 2,215,078 | 2,108,262 | 2,131,198 | 2,138,107 | 2,181,190 |
| Net Financial Assets/(Debt) | - 446,799 | - 1,431,873 | - 1,267,489 | - 1,225,613 | - 1,123,136 | - 1,050,860 |
| | | | | | | |
| Non-Financial Assets | | | | | | |
| Tangible Capital Assets | 12,895,984 | 13,083,634 | 13,265,284 | 13,210,371 | 13,082,291 | 12,987,666 |
| | | | | | | |

Schedule 2 - Statement of Operations Water Supply - Unaudited

| | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | | | | | | |
| Water Revenues | 1,241,862 | 1,260,681 | 1,279,596 | 1,298,608 | 1,317,717 | 1,339,484 |
| Increases Due to Retail Rate Change | 66,186 | 108,088 | 150,490 | 193,398 | 236,815 | 280,826 |
| Other Revenues | 84,118 | 85,118 | 88,218 | 89,318 | 90,418 | 85,183 |
| Revenues Sub-Total | 1,392,166 | 1,453,887 | 1,518,304 | 1,581,324 | 1,644,950 | 1,705,492 |
| | | | | | | |
| Expenses | | | | | | |
| Operating Expenses | 1,145,543 | 1,161,167 | 1,172,052 | 1,167,412 | 1,183,626 | 1,190,118 |
| Increases Due to Wholesale Water Rate | 17,006 | 34,012 | 51,018 | 68,024 | 85,031 | 102,037 |
| Amortization Expenses | 191,850 | 191,850 | 239,350 | 253,913 | 293,625 | 214,025 |
| Interest Expenses | 37,615 | 47,165 | 55,097 | 62,439 | 62,842 | 63,423 |
| Expenses Sub-Total | 1,392,014 | 1,434,194 | 1,517,517 | 1,551,789 | 1,625,123 | 1,569,603 |
| | | | | | | |
| Total Annual Surplus | 152 | 19,692 | 788 | 29,535 | 19,827 | 135,889 |
| Accumulated Surplus | 152 | 19,844 | 20,632 | 50,167 | 69,994 | 205,884 |



Schedule 3 - Statement of Cash Flows - Unaudited

| | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Cash provided by operating transactions | 189,553 | 209,093 | 237,138 | 280,448 | 307,452 | 348,914 |
| Cash provided by/(applied to) Capital Transactions | (895,000) | (430,000) | (430,000) | (200,000) | (200,000) | (120,000) |
| Cash provided by/(applied to) Investing Transactions | | - | - | - | - | - |
| Cash provided by/(applied to) Financing Transactions | 789,890 | 275,475 | 254,675 | 22,937 | 6,908 | (76,916) |
| Increase in Cash and Cash Equivalents | 84,443 | 54,568 | 61,813 | 103,385 | 114,360 | 151,998 |
| Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents, beginning of the year | 546,313 | 630,756 | 685,324 | 747,137 | 850,522 | 964,882 |
| Cash and Cash Equivalents, end of the year | 630,756 | 685,324 | 747,137 | 850,522 | 964,882 | 1,116,880 |

Schedule 4 - Effect on Average Quarterly Water Invoice 2015-2021 - Unaudited

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Charges | | | | | | | |
| Flat Charge | 54 | 56 | 58.00 | 60.00 | 62.00 | 64.00 | 66.00 |
| Water Usage (72 cubic meters/quarter) | 157.68 | 167.04 | 174.24 | 181.44 | 188.64 | 195.84 | 203.04 |
| Total | 211.68 | 223.04 | 232.24 | 241.44 | 250.64 | 259.84 | 269.04 |
| Quarterly Change in Billing Percentage | | 5.37% | 4.12% | 3.96% | 3.81% | 3.67% | 3.54% |
| Quarterly Change in Billing Cost | | 11.36 | 9.20 | 9.20 | 9.20 | 9.20 | 9.20 |
| Cost per Cubic Meter | 2.19 | 2.32 | 2.42 | 2.52 | 2.62 | 2.72 | 2.82 |

NOTE:

The actual change on each individual water bill will vary depending on the actual water usage.



Schedule 5 - Proposed Cash Budget – Unaudited

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| WATER REVENUE | | | | | | |
| Collections on Tax Roll | 7,618 | 7,618 | 7,618 | 7,618 | 7,618 | 1,183 |
| Flat Charges | 349,888 | 363,312 | 376,800 | 390,352 | 403,968 | 420,288 |
| Sale of Water | 958,160 | 1,005,457 | 1,053,287 | 1,101,654 | 1,150,564 | 1,200,022 |
| Penalty | 9,500 | 9,500 | 9,600 | 9,700 | 9,800 | 10,000 |
| Re-Connection and Connection Charges | 42,000 | 42,000 | 44,000 | 44,000 | 44,000 | 44,000 |
| Other Income | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 |
| Total Revenue | 1,392,166 | 1,453,887 | 1,518,304 | 1,581,324 | 1,644,950 | 1,705,492 |
| WATER OPERATING EXPENSES | | | | | | |
| Salaries and Benefits | 226,149 | 230,672 | 235,285 | 239,991 | 244,791 | 249,687 |
| Federal tax, CPP, EI | 10,961 | 11,180 | 11,404 | 11,632 | 11,865 | 12,102 |
| Omers | 24,608 | 25,100 | 25,602 | 26,114 | 26,636 | 27,169 |
| WSIB | 2,756 | 2,811 | 2,867 | 2,924 | 2,982 | 3,042 |
| Travel | 1,000 | 1,020 | 1,040 | 1,061 | 1,082 | 1,104 |
| Training | 3,000 | 3,060 | 3,121 | 3,183 | 3,247 | 3,312 |
| EHT | 4,410 | 4,498 | 4,588 | 4,680 | 4,774 | 4,869 |
| Benefits - Dental, health, life, LTD | 16,326 | 16,653 | 16,986 | 17,326 | 17,673 | 18,026 |
| AD&D | 136 | 139 | 142 | 145 | 148 | 151 |
| Water Purchases | 664,306 | 681,312 | 698,318 | 715,324 | 732,331 | 749,337 |
| Materials and Supplies | 68,000 | 70,040 | 72,141 | 74,305 | 76,534 | 78,830 |
| Office Supplies | 9,000 | 9,180 | 9,364 | 9,551 | 9,742 | 9,937 |
| Utilities | 12,747 | 13,384 | 14,053 | 14,756 | 15,494 | 16,269 |
| Telephone and Computer | 8,100 | 8,262 | 8,427 | 8,596 | 8,768 | 8,943 |
| Insurance | 11,200 | 11,648 | 12,114 | 12,599 | 13,103 | 13,627 |
| Professional Fees | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Contracted Services | 37,500 | 38,250 | 39,015 | 29,000 | 29,580 | 30,172 |
| Building maintenance and repairs | 1,500 | 1,530 | 1,561 | 1,592 | 1,624 | 1,656 |
| Equipment maintenance and repairs | 18,000 | 18,360 | 18,727 | 19,102 | 19,484 | 19,874 |
| Water Tower/dispenser costs | 9,500 | 9,690 | 9,884 | 10,082 | 15,284 | 10,490 |
| Interest costs | 2,000 | 2,040 | 2,081 | 2,123 | 2,165 | 2,208 |
| Hydrants and Misc. Expenses | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Bad Debt Expense | 350 | 350 | 350 | 350 | 350 | 350 |
| Debt charges (principal & interest) | 142,725 | 181,690 | 210,421 | 239,503 | 255,933 | 260,339 |
| Capital Expenses | 25,000 | 30,000 | 30,000 | 25,000 | 25,000 | 25,000 |
| Total Expenses | 1,305,274 | 1,376,870 | 1,433,491 | 1,474,939 | 1,524,590 | 1,552,494 |
| Net Surplus/(Deficit) | 86,892 | 77,017 | 84,813 | 106,385 | 120,360 | 152,998 |



Schedule 6 - Water Department Long Term Debt – Unaudited

| EXISTING DEBT | | | | |
|----------------------|--|-------------------------|--------------------------|------------------------------|
| Year | Principle Beginning of the Year | Interest Payment | Principle Payment | Principle End of year |
| 2021 | 1,248,222 | 37,615 | 105,110 | 1,143,112 |
| 2022 | 1,143,112 | 34,415 | 108,310 | 1,034,802 |
| 2023 | 1,034,802 | 31,133 | 106,816 | 927,986 |
| 2024 | 927,986 | 27,931 | 105,593 | 822,393 |
| 2025 | 822,393 | 24,800 | 108,724 | 713,669 |
| 2026 | 713,669 | 21,590 | 99,264 | 614,405 |
| NEW DEBT | | | | |
| Year | Principle Beginning of the Year | Interest Payment | Principle Payment | Principle End of year |
| 2021 | | | | 425,000 |
| 2022 | 425,000 | 12,750 | 26,215 | 798,785 |
| 2023 | 798,785 | 23,964 | 48,509 | 1,180,276 |
| 2024 | 1,180,276 | 34,508 | 71,470 | 1,308,805 |
| 2025 | 1,308,805 | 38,042 | 84,368 | 1,424,438 |
| 2026 | 1,424,438 | 41,833 | 97,652 | 1,446,785 |
| TOTAL DEBT | | | | |
| Year | Principle Beginning of the Year | Interest Payment | Principle Payment | Principle End of year |
| 2021 | 1,248,222 | 37,615 | 105,110 | 1,568,112 |
| 2022 | 1,941,897 | 47,165 | 134,525 | 2,215,078 |
| 2023 | 1,833,587 | 55,097 | 155,325 | 2,108,262 |
| 2024 | 2,108,262 | 62,439 | 177,063 | 2,131,198 |
| 2025 | 2,131,198 | 62,842 | 193,092 | 2,138,107 |
| 2026 | 2,138,107 | 63,423 | 196,916 | 2,181,190 |



Schedule 7 – Water Department – Tangible Capital Assets - Unaudited

2020 CAPITAL ASSETS

| <u>TYPE</u> | <u>Cost</u> | <u>Additions</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> | <u>Yearly Amortization</u> |
|--------------------|--------------------|-------------------------|--|------------------------------|-----------------------------------|
| Buildings | 1,274,773 | - | 855,807 | 418,966 | 27,809 |
| Land | 25,000 | - | | 25,000 | |
| Waterlines | 14,229,390 | | 2,570,554 | 11,658,836 | 145,722 |
| Equipment | 82,106 | | 30,869 | 51,237 | 6,448 |
| Fleet | 213,208 | | 140,777 | 72,431 | 11,871 |
| Total | 15,824,477 | - | 3,598,007 | 12,226,470 | 191,850 |



| CAPITAL ASSET CHANGES | | | | | |
|------------------------------|-----------------|-----------------|----------------------------|-----------------------|----------------------------|
| TYPE | Addition | Disposal | cumulated Amortizat | Net Book Value | Yearly Amortization |
| 2021 Waterlines | 250,000 | | 1,250 | 248,750 | 2,500 |
| 2021 Building | 400,000 | | 4,000 | 396,000 | 8,000 |
| 2021 Equipment | 200,000 | | 5,000 | 195,000 | 10,000 |
| 2021 Fleet | 45,000 | 18,886 | 4,500 | 21,614 | 9,000 |
| 2021 Total | 895,000 | 18,886 | 14,750 | 861,364 | 29,500 |
| 2022 Waterlines | 200,000 | | 1,000 | 199,000 | 2,000 |
| 2022 Equipment | 200,000 | | 5,000 | 195,000 | 10,000 |
| 2022 Fleet | 30,000 | 12,000 | 3,000 | 15,000 | 6,000 |
| 2022 Total | 430,000 | 12,000 | 9,000 | 409,000 | 18,000 |
| 2023 Waterlines | 200,000 | | 1,000 | 199,000 | 2,000 |
| 2023 Equipment | 200,000 | | 5,000 | 195,000 | 10,000 |
| 2023 Fleet | 30,000 | | 3,000 | 27,000 | 6,000 |
| 2023 Total | 430,000 | - | 9,000 | 421,000 | 18,000 |
| 2024 Waterlines | 200,000 | | 1,000 | 199,000 | 2,000 |
| 2024 Total | 200,000 | - | 1,000 | 199,000 | 2,000 |
| 2025 Waterlines | 200,000 | | 1,000 | 199,000 | 2,000 |
| 2025 Total | 200,000 | - | 1,000 | 199,000 | 2,000 |
| 2026 Waterlines | 120,000 | | 600 | 119,400 | 1,200 |
| 2026 Total | 120,000 | - | 600 | 119,400 | 1,200 |

NET BOOK VALUE

| TYPE | NBV 2021 | NBV 2022 | NBV 2023 | NBV 2024 | NBV 2025 | NBV 2026 |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Buildings | 787,157 | 751,348 | 715,539 | 679,730 | 641,921 | 606,112 |
| Land | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Waterlines | 11,761,864 | 11,812,642 | 11,861,420 | 11,908,198 | 11,856,376 | 11,819,554 |
| Equipment | 239,789 | 418,341 | 586,893 | 550,445 | 513,997 | 513,003 |
| Fleet | 82,174 | 76,303 | 76,432 | 46,998 | 44,997 | 23,997 |
| Total | 12,895,984 | 13,083,634 | 13,265,284 | 13,210,371 | 13,082,291 | 12,987,666 |



CAPITAL ASSETS ADDITIONS

| Year | Projects | Cost | Details |
|-------------|---------------------------------|-------------|---|
| 2021 | Meter Read Upgrades | 200,000 | Phase 1 of conversion to radio read meters |
| 2021 | Currie - Jordan to Pioneer | 250,000 | Replacing the watermain based on Asset Management Plan From Annabella St to Jordan St. and Pioneer Line to Annabella St. |
| 2021 | Truck Replacement | 45,000 | Scheduled Fleet Replacement Truck 117 |
| 2021 | Interconnect at Pioneer | 400,000 | New Interconnect to improve water flow for development |
| 2022 | Meter Read Upgrades | 200,000 | Phase 2 of conversion to radio read meters |
| 2022 | Willey - Talbot to Silver Clay | 200,000 | New Waterline to improve pressure |
| 2022 | Pickup Replacement | 30,000 | Scheduled Fleet Replacement Truck 119 |
| 2023 | Meter Read Upgrades | 200,000 | Phase 3 of conversion to radio read meters |
| 2023 | Willey - Silver Clay to Thomps | 200,000 | New Waterline to improve pressure |
| 2023 | Pickup Replacement | 30,000 | Scheduled Fleet Replacement Truck 120 |
| 2024 | Willey - Thompson to Shackle | 200,000 | New Waterline to improve pressure |
| 2025 | Currie - Thomson to Silver Clay | 200,000 | Replacement scheduled |
| 2026 | Margaret - Jordan to Ridge | 120,000 | Located on Margaret Street from Jordan St. to Ridge St. |