

**TOWN OF WHITCHURCH-
STOUFFVILLE**

**WATER
ONTARIO REGULATION 453/07
FINANCIAL PLAN**

FINANCIAL PLAN # 132-301A

OCTOBER 11, 2011



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 **Planning for growth**

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1. INTRODUCTION

1. INTRODUCTION

1.1 Study Purpose

Watson & Associates Economists Ltd. (Watson) was retained by the Town of Whitchurch-Stouffville (the Town) to prepare a water financial plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water license as per the *Safe Drinking Water Act, 2002*. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. This detailed financial planning and forecasting in regards to the Town's water systems has already been completed and documented by Watson within the "Town of Whitchurch-Stouffville 2011 Water Rate Study (2011 Rate Study)". The objective of the report provided herein is to convert the findings of the 2011 Rate Study into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation 453/07 (O.Reg. 453/07).

1.2 Background

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

"No person shall,

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

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

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

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

1.2.1 Financial Plan Defined

Section 30 (1) of the SDWA 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 (SWSSA) cited above is not in force (see Section 2.2 of this report) however, the standards that it directs will 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 regards to s.30 (1) part b of the SDWA 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 Public Sector Accounting Board (PSAB)) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system.
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public, and
- Financial plan is 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 regards to s.30 (1) part b of the SDWA 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 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 PSAB) for each year in which the financial plans apply;

- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the components of a “Statement of Financial Position” as per PSAB) for each year in which the financial plans apply; and
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a “Statement of Cash Flow” as per PSAB) for each year in which the financial plans apply.
- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system.
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plan is 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 SDWA, a financial plan is mandatory for water systems and encouraged for wastewater systems. The financial plans shall be for a period of at least six years but longer planning horizons are encouraged. The financial plan is to be completed and approved by the later of July 1, 2010 and the date that is six months after the first license is issued. Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary.

Where a licence has been issued, the financial plan must contain on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence document.

1.2.5 Public Sector Accounting Board (PSAB) Requirements

The components of the financial plans indicated by the regulation are consistent with the requirements for financial statement presentation as set out in section PS1200 of the Canadian Institute of Chartered Accountants (CICA) 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). For example, the financial statements were reported on a full accrual accounting basis for 2009 and this will continue in future years. The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when they are actually paid for. Since an exchange of cash is not necessary to report a financial transaction, the accrual method is meant to provide a more accurate picture of a municipality’s financial position. Before 2009, municipalities reported their financial results on a modified cash basis of accounting whereby revenues and expenses are recognized when cash is paid or received and only certain accrual-type items such as payables and receivables are recognized at year-end. The difference between the methods is in the timing of when transactions are reported. This timing difference has impacted the presentation of the statements in that various accounts have been added or deleted in order to properly report the transactions.

Moreover, since the 2009 fiscal year, municipalities have been required to report additional information relating to the accounting treatment of tangible capital assets 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 will be 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 requires further changes to the format of existing financial statements. From a financial planning perspective, this change is significant for water assets as they represent a significant portion of the Town’s infrastructure.

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 which provides 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 municipalities pre-2009, have now 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)

<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

2009 AND FUTURE

<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)

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

2009 AND FUTURE

<u>Revenue</u>
Base Charge Revenue
Rate Based Revenue
Earned DC Revenue
Other Revenue
Total Revenue
<u>Expenses</u>
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 FLOW¹

DIRECT METHOD

<u>Operating Transactions</u> Cash received from: Water Operations Less: Cash paid for: Operating expenses Finance charges
Cash provided by operating transactions
<u>Capital Transactions</u> Proceeds on sale of tangible capital assets Less: Cash used to acquire tangible capital assets
Cash applied to capital transactions
<u>Investing Transactions</u> Proceeds from investments Less: Cash used to acquire investments
Cash provided by (applied to) investing transactions
<u>Financing Transactions</u> Proceeds from debt issue Less: Debt repayment (principal only)
Cash applied to financing transactions
Increase in cash and cash equivalents
Cash and cash equivalents, beginning of year
Cash and cash equivalents, end of year

INDIRECT METHOD

<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
Cash provided by operating transactions
<u>Capital Transactions</u> Proceeds on sale of tangible capital assets Less: Cash used to acquire tangible capital assets
Cash applied to capital transactions
<u>Investing Transactions</u> Proceeds from investments Less: Cash used to acquire investments
Cash provided by (applied to) investing transactions
<u>Financing Transactions</u> Proceeds from debt issue Less: Debt repayment (principal only)
Cash applied to financing transactions
Increase in cash and cash equivalents
Cash and cash equivalents, beginning of year
Cash and cash equivalents, end of year

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

2. SUSTAINABLE FINANCIAL PLANNING

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2.1 Introduction

In general, sustainability refers to the ability to maintain a certain position over time. While the SDWA 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: Life-cycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.
- Principle #5: An asset management plan is a key input to the development of a financial plan.
- Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
- Principle #7: Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.

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

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

2.2 Sustainable Water and Sewage Systems Act

The *Sustainable Water and Sewage Systems Act* (SWSSA) was passed on December 13, 2002. The intent of the Act is to introduce the requirement for municipalities to undertake an assessment of the “full cost” of providing their water and the wastewater services. It is noted that, at the time of writing, the regulations, which accompany the Act, have not been issued. In total, there are 40 areas within the Act to which the Minister may make Regulations.

The Act would require the preparation of two reports for submission to the Ministry of the Environment (or such other member of the Executive Council as may be assigned the administration of this Act under the Executive Council Act). The first report is on the “full cost of services” and the second is the “cost recovery plan.” Once these reports have been reviewed and approved by the Ministry, the municipality will be required to implement the plans within a specified time period.

The Act provides the Minister the power to approve or not approve the plans. If the Minister is not satisfied with the report or if a municipality does not submit a plan, the Minister may have a plan prepared. The cost to the Crown for preparing the plan will be recovered from the municipality. Once the plans are approved and in place, the municipality will be required to submit progress reports. The timing of these reports and the information to be contained therein will be established by the regulations. A municipal auditor’s opinion must be provided with the progress report.

As of the time of writing, the regulations to implement this Act have not been passed; hence the Act will not be in effect until these regulations are passed.

2.3 Water Opportunities Act, 2010 (Bill 72)

Since the passage of the *Safe Drinking Water Act*, continuing changing and refinements to the legislation has been introduced, including Bill 72. Bill 72 was introduced into legislation on May 18, 2010 and received Royal Assent on November 29, 2010.

The purposes of the *Water Opportunities Act* are to: foster innovative water, wastewater and storm water technologies, services and practices; create opportunities for economic development and clean-technology jobs; and conserve and sustain water resources. To achieve this 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.

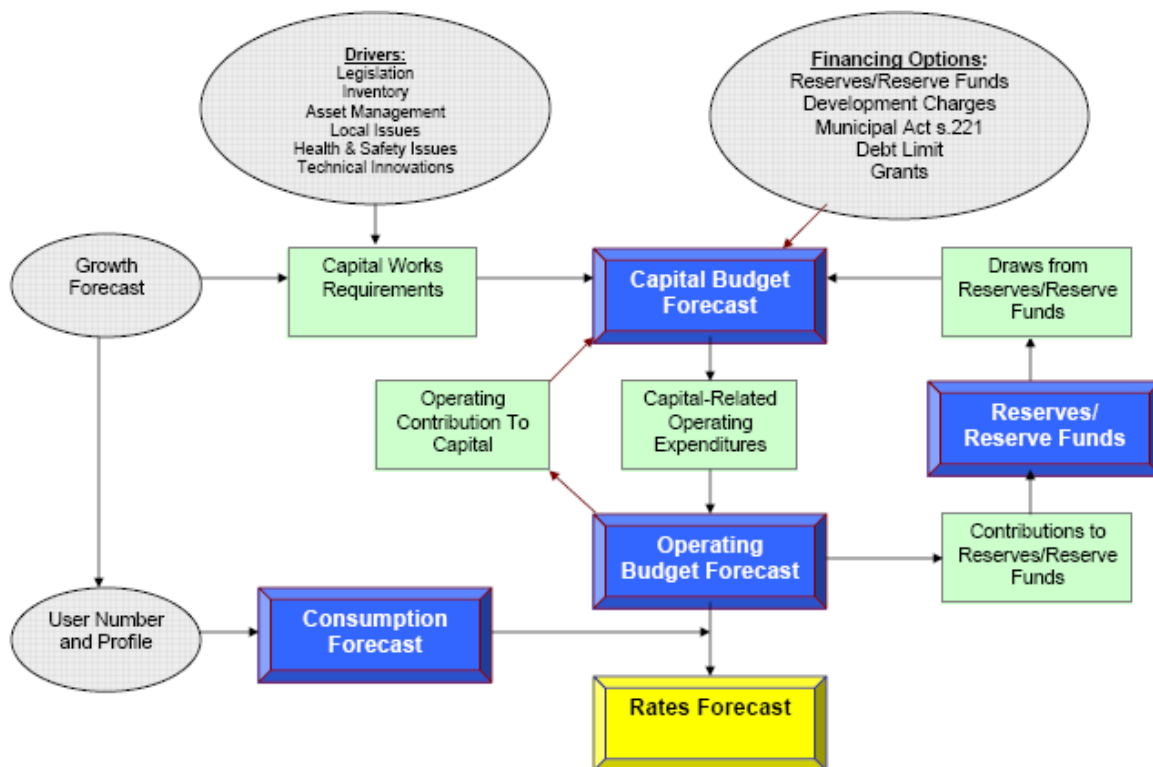
Where a Board has jurisdiction over a service, the plan (and any plan amendments) must be approved by the municipality in which the municipal service is provided, before submission to the Minister. The Minister may also direct preparation of joint or partially joint plans.

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

2.4 Water and Wastewater Rate Study

As noted above, Watson has already completed extensive financial planning as documented in the 2011 Rate Study conducted on behalf of the Town. The study process was designed to address the “full cost” principles within SWSSA and does so in a manner that also reflects the guiding principles toward sustainable financial planning. Figure 2-1 below summarizes the process.

**FIGURE 2-1
WATER & WASTEWATER RATE CALCULATION PROCESS**



As a result of employing this process, the 2011 Rate Study provides a sound financial plan for the Town’s water systems by providing:

- A detailed assessment of current and future capital needs including an analysis of potential funding sources (*Principles 2, 4, 5, 6, 9*);

- An analysis of fixed and variable operating costs in order to determine how they will be impacted by evolving infrastructure needs and system growth (*Principles 2, 3, 6, 7, 9*);
- A review and recommendation on rate structures that ensure revenues are equitable and sufficient to meet system needs (*Principles 2, 3, 6, 7, 9*); 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 (*Principles 1, 9*).

The details of the financial plan arising from the 2011 Rate Study are contained in Appendix A. A summary of the water rates projected for the Town are as follows:

Water:

Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Water Billing Recovery (\$)	3,454,737	3,797,334	4,278,899	4,809,404	5,393,227	5,922,598	6,367,859	6,768,344	7,182,297	7,610,097
Total Consumption (m3)	2,522,638	2,591,846	2,730,098	2,868,349	3,006,600	3,144,852	3,283,103	3,421,355	3,559,606	3,697,857
Constant Rate (\$/m3)	1.37	1.47	1.57	1.68	1.79	1.88	1.94	1.98	2.02	2.06

3. APPROACH

3. APPROACH

3.1 Overview

The 2011 Rate Study has been prepared on a modified cash basis; therefore a conversion was required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the financial plan. It is noted that the financial plan has been prepared for water only

3.2 Conversion Process

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

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

3.2.1 Calculate Tangible Capital Asset Balances

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water assets, an inventory has already been compiled and summarized within the 2011 Rate Study as well as part of the Town's efforts to become compliant with PSAB 3150. Given the prospective nature of the 2011 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.
- Disposals and related gains or losses for each year of forecast period.

Future water capital needs have also been determined and summarized within the 2011 Rate Study. However, these estimates only represent future assets that the Town anticipates purchasing or constructing without consideration for assets that are contributed by developers and other parties (at no or partial cost to the Town). These contributed assets could form a significant part of the infrastructure going forward in terms of the sustainability of the system 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 section 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 Section 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 section 3.2.1.

FIGURE 3-1
Town of Whitchurch-Stouffville
Conversion Adjustments
Statement of Operations (Water)

Modified Cash Basis	Budget 2011	Adjustments		Full Accrual Budget 2011	Accrual Basis	Notes on Adjustments
		DR	CR			
Revenues					Revenues	
Unmetered Consumption Revenue	33,400			33,400	Unmetered Consumption Revenue	No change
Rate Based Revenue	3,454,737			3,454,737	Rate Based Revenue	No change
Transfers from Reserves	163,700	163,700		-	Earned Development Charges Revenue	Removes non-accrual reserve account
Other Revenue	285,486		292,451	577,937	Other Revenue	New Account to reflect earned Development Charge Revenue
Total Revenues	3,937,323			4,229,774	Total Revenues	To account for Interest Revenue and Capital Grant
Expenditures					Expenditures	
Operating	3,324,060			3,324,060	Operating Expenses	No change
Capital						
Transfers to Reserves	513,263		513,263	-		Removes non-accrual reserve account
Transfers to Capital	100,000		100,000	-		Removes TCA related balances which are now captured in statement of financial position
Total Expenditures	3,937,323	284,534		3,608,594	Total Expenditures	New account created as a result of PSAB 3150 - reflects cost of using TCA
Net Expenditures	-			621,180	Annual Surplus/(Deficit)	Represents difference between Revenues and Expenditures
Increase (decrease) in amounts to be recovered	-			15,611,990	Accumulated Surplus/(Deficit), beginning of year	
Change in fund balances	-	621,180		16,233,170	Accumulated Surplus/(Deficit), end of year	To transfer annual surplus to accumulated surplus
TOTAL ADJUSTMENTS		1,069,414	1,069,414			

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

Transfers to and from reserves are no longer explicitly reported on the Statement of Operations. Instead, these transactions are represented by changes in cash and accumulated surplus. Also, debt repayment costs relating to the principal payment portion only need to be removed, as they no longer qualify as an expense for reporting purposes. Principal payments will now be reported as a decrease in debt liability on the Statement of Financial Position. Finally, expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets will be reported on the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives.

3.2.3 Convert Statement of Financial Position

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

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

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

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

FIGURE 3-2
Town of Whitchurch-Stouffville
Conversion Adjustments
Statement of Financial Position (Water)

Modified Cash Basis	Budget 2011	Adjustments		Full Accrual Budget 2011	Accrual Basis	Notes on Adjustments
		DR	CR			
Assets						
Financial Assets						
Cash	2,654,273			2,654,273	Cash	No change
Accounts Receivable	283,554			283,554	Accounts Receivable	No change
Total Financial Assets	2,937,827			2,937,827	Total Financial Assets	
Liabilities						
Accounts Payable & Accrued Liabilities	817,619			817,619	Accounts Payable & Accrued Liabilities	No Change
Gross Long-term Liabilities	3,732,155			3,732,155	Debt (Principal only)	No Change
Deferred Revenue	893,493			893,493	Deferred Revenue	No Change
Total Liabilities	5,443,267			5,443,267	Total Liabilities	
Net Assets/(Debt)	(2,505,440)			(2,505,440)	Net Financial Assets/(Debt)	
Municipal Position						
Water Reserves	1,226,715	1,226,715			Tangible Capital Assets	Adds NBV of Tangible Capital Assets - offset entry is to accumulated surplus
Development Charge Reserve Fund	893,493	893,493			Total Non-Financial Assets	
Amounts to be Recovered	(4,625,648)		4,625,648			Removes non-accrual reserve account - balance to be transferred to accumulated surplus
						Removes non-accrual reserve account - balance to be transferred to accumulated surplus
						Removes account - balance to be transferred to accumulated surplus
Total Municipal Position	(2,505,440)		16,233,170	16,233,170	Accumulated Surplus/(Deficit)	Represents offset entry for TCA's and existing reserve fund balances
TOTAL ADJUSTMENTS		20,858,818	20,858,818			

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

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 with the Town's ledgers. However, it may not be possible to extract this information from the ledgers for water alone; therefore a reasonable proxy

will be needed. One approach is to assume opening cash balances equal ending reserve and reserve fund balances from the previous year adjusted for accrual-based transactions reflected by accounts receivable/payable balances. The following equation outlines this approach:

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

- b. Amortization Expense The method and timing of amortization should be based on the Town's amortization policy. Otherwise, an assumption will need to be made and applied consistently throughout the financial plan.
- c. Accumulated Amortization Will be based on the culmination of accumulated amortization expenses throughout the life of each asset however derived, along with information on construction/acquisition date and useful life obtained from the 2011 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. 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 systems. The first important indicator is net financial assets/(debt), which is defined as the difference between financial assets and liabilities. This indicator provides an indication of the system's "future revenue requirement". A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions as well as future operations. Table 4-1 indicates that in 2011, due to the anticipated issuance of debt, the Town's water systems will be in a net debt position of approximately \$2.5 million. The financial plan developed for the Town forecasts an increase in net debt to just over \$3.3 million in 2012, before improving during the remainder of the forecast period. Net debt is projected to improve to approximately \$1.1 million by the end of 2020.

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

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

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

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the municipality or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. A use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows tangible capital assets are expected to increase by approximately \$5.6 million over the 10-year forecast period. This indicates that the Town 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 as fluctuating between lows of 71% in 2015 and 76% in 2018, to a high of 96% in 2019. As a result, an annual surplus occurs in each year of the projection period with results reaching a high of approximately \$2.3 million in 2015 and 2018, and fluctuating between approximately \$358,000 and \$628,000 in the remaining years (2011 to 2014, 2016 to 2017 and 2019 to 2020). The fluctuations are primarily due to the planning use of significant development charge funds in 2015 and 2018.

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 \$8.3 million to a 2010 accumulated surplus of \$15.6 million over the forecast period. This accumulated surplus, as indicated in Table 4-2, is predominately made up of reserve and reserve fund balances as well as historical investments in tangible capital assets.

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

The Statement of Change in Net Financial Assets/Debt indicates whether revenue generated was sufficient to cover operating and non-financial asset costs (i.e. inventory supplies, prepaid expenses, tangible capital assets, etc.) and in so doing, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. Table 4-3 indicates that forecasted tangible capital asset acquisitions (net of amortization for the year) exceed the forecasted annual surplus for 2011, 2012, 2016 and 2018, resulting in an increase in net debt. In each of the other years (2013 to 2015, 2017, 2019 and 2020), forecasted net revenues exceed forecasted tangible capital asset acquisitions (net of amortization for the year) resulting in an improvement in the net debt position. This allows for a long term plan of funding capital through accumulated surplus (i.e. reserves and reserve funds). This is evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions decreasing from 0.88 in 2011 to 0.63 in 2012, then improving to 1.11 over the forecast period¹.

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 planning period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash and accrual based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e. tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Town's water system to improve from a bank indebtedness balance of approximately \$1.6 million at the beginning of 2011, to a positive cash position of approximately \$4.9 million by the

¹ A desirable ratio is 1:1 or better.

end of 2020. For further discussions, on projected cash balances please refer to the Notes to the Financial Plan.

TABLE 4-1
Town of Whitchurch-Stouffville
Statement of Financial Position (Water)
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2011 - 2020

	Notes	Forecast									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Financial Assets											
Cash	1	2,654,273	3,290,461	3,563,311	4,295,413	3,187,824	3,414,211	4,302,672	3,103,732	3,936,024	4,850,831
Accounts Receivable	1	283,554	312,664	356,139	394,344	436,391	474,514	506,581	535,422	572,015	602,823
Total Financial Assets		2,937,827	3,603,125	3,919,450	4,689,757	3,624,215	3,888,725	4,809,253	3,639,154	4,508,039	5,453,654
Liabilities											
Accounts Payable & Accrued Liabilities	1	817,619	889,687	993,854	1,111,654	1,244,780	1,381,246	1,496,701	1,603,313	1,716,231	1,806,453
Debt (Principal only)	2	3,732,155	4,564,041	4,373,009	4,172,808	3,962,997	3,743,112	3,512,669	3,998,260	3,687,343	3,361,379
Deferred Revenue	3	893,493	1,479,769	1,702,163	2,100,198	762,936	1,284,682	1,839,370	463,508	931,618	1,432,055
Total Liabilities		5,443,267	6,933,497	7,069,026	7,384,660	5,970,713	6,409,040	6,848,740	6,065,081	6,335,192	6,599,887
Net Financial Assets/(Debt)		(2,505,440)	(3,330,372)	(3,149,576)	(2,694,903)	(2,346,498)	(2,520,315)	(2,039,487)	(2,425,927)	(1,827,153)	(1,146,233)
Non-Financial Assets											
Tangible Capital Assets		18,738,610	19,942,571	20,389,691	20,466,142	22,410,714	22,989,629	22,899,873	25,560,063	25,319,829	25,079,021
Total Non-Financial Assets	4	18,738,610	19,942,571	20,389,691	20,466,142	22,410,714	22,989,629	22,899,873	25,560,063	25,319,829	25,079,021
Accumulated Surplus/(Deficit)	5	16,233,170	16,612,199	17,240,115	17,771,239	20,064,216	20,469,314	20,860,386	23,134,136	23,492,676	23,932,788
Financial Indicators											
Total Change		1,233,241	(824,932)	180,796	454,673	348,405	(173,817)	480,828	(386,440)	598,774	680,920
1) Increase/(Decrease) in Net Financial Assets		(125,966)	(824,932)	180,796	454,673	348,405	(173,817)	480,828	(386,440)	598,774	680,920
2) Increase/(Decrease) in Tangible Capital Assets		(747,147)	1,203,961	447,120	76,451	1,944,572	578,915	(89,756)	2,660,190	(240,234)	(240,808)
3) Increase/(Decrease) in Accumulated Surplus		621,180	(379,029)	627,916	531,124	2,292,972	405,088	391,072	2,273,750	358,540	440,112

TABLE 4-2
Town of Whitchurch-Stouffville
Statement of Operations (Water)
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2011 - 2020

	Notes	Forecast													
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020				
Water Revenue															
Unmetered Consumption Revenue		33,400	33,400	33,400	33,400	33,400	33,400	33,400	33,400	33,400	33,400	33,400	33,400	33,400	33,400
Rate Based Revenue		3,454,737	3,797,334	4,278,899	4,809,404	5,393,227	5,922,598	6,367,859	6,768,344	7,182,297	7,610,097	8,047,949	8,486,801	8,936,653	9,396,505
Earned Development Charges Revenue	3	163,700	225,305	610,930	462,750	2,175,090	347,400	347,400	2,254,820	441,563	441,563	315,421	315,421	325,759	336,107
Other Revenue	6	577,937	450,171	298,174	304,286	309,134	297,685	304,149	307,036	315,421	315,421	315,421	315,421	325,759	336,107
Total Revenues		4,229,774	4,506,210	5,221,403	5,609,840	7,910,851	6,601,083	7,052,908	9,363,600	7,972,681	8,410,819	8,859,750	9,309,601	9,759,453	10,209,305
Water Expenses															
Operating Expenses	Sched. 4-1	3,324,060	3,637,459	4,040,554	4,519,473	5,060,703	5,615,510	6,084,898	6,518,334	6,977,407	7,344,205	7,731,003	8,127,801	8,534,600	8,951,400
Interest on Debt	2	-	167,893	209,853	200,684	191,073	181,000	170,442	159,376	148,210	137,044	125,878	114,712	103,546	92,380
Amortization	4	284,534	321,829	343,060	358,559	366,098	399,475	406,396	412,140	423,000	433,854	444,708	455,562	466,416	477,270
Total Expenses		3,608,594	4,127,181	4,593,467	5,078,716	5,617,874	6,195,985	6,661,736	7,089,850	7,514,617	7,914,149	8,314,625	8,714,163	9,113,766	9,513,370
Annual Surplus/(Deficit)		621,180	379,029	627,936	531,124	2,292,977	405,098	391,072	2,273,750	358,064	496,670	545,125	594,586	643,644	692,695
Accumulated Surplus/(Deficit), beginning of year	5	15,611,990	16,233,170	16,612,199	17,240,115	17,771,239	20,064,216	20,469,314	20,860,386	23,134,136	23,492,676	23,851,216	24,210,241	24,569,766	24,929,291
Accumulated Surplus/(Deficit), end of year		16,233,170	16,612,199	17,240,115	17,771,239	20,064,216	20,469,314	20,860,386	23,134,136	23,492,676	23,851,216	24,210,241	24,569,766	24,929,291	25,288,816

Note 5:
Accumulated Surplus/(Deficit) is made up of:

Reserve Balances	893,493	1,479,769	1,702,163	2,100,198	2,622,936	3,145,672	3,668,408	4,191,144	4,713,880	5,236,616	5,759,352	6,282,088	6,804,824	7,327,560	7,850,296
Reserves: Development Charges	1,226,715	1,233,669	1,223,433	1,477,905	1,616,499	1,222,797	1,473,182	1,728,567	2,035,841	2,343,115	2,650,389	2,957,663	3,264,937	3,572,211	3,879,485
Reserves: Capital/Other	2,120,208	2,713,438	2,925,596	3,578,103	2,379,435	2,507,479	3,312,552	3,142,577	2,035,841	2,791,808	2,914,273	2,914,273	2,914,273	2,914,273	2,914,273
Total Reserves Balance															
Less: Debt Obligations and Deferred Revenue	(4,625,648)	(6,043,810)	(6,075,172)	(6,273,006)	(6,470,833)	(6,668,665)	(6,866,497)	(7,064,329)	(7,262,161)	(7,460,003)	(7,657,835)	(7,855,667)	(8,053,499)	(8,251,331)	(8,449,163)
Add: Tangible Capital Assets	18,738,610	19,942,571	20,389,691	20,466,142	22,410,714	22,989,629	22,899,873	25,560,063	25,560,063	25,319,829	25,079,021	24,828,213	24,577,405	24,326,597	24,075,789
Total Ending Balance															
		16,233,170	16,612,199	17,240,115	17,771,239	20,064,216	20,469,314	20,860,386	23,134,136	23,492,676	23,851,216	24,210,241	24,569,766	24,929,291	25,288,816

Financial Indicators	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1) Expense to Revenue Ratio	85%	92%	88%	91%	71%	94%	94%	76%	96%	95%
2) Increase/(Decrease) in Accumulated Surplus	621,180	379,029	627,916	531,124	2,292,977	405,098	391,072	2,273,750	358,064	440,112

TABLE 4-3
Town of Whitchurch-Stouffville
Statement of Changes in Net Financial Assets/Debt (Water)
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2011 - 2020

	Notes	Forecast									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Annual Surplus/(Deficit)		621,180	379,029	627,916	531,124	2,292,977	405,098	391,072	2,273,750	358,540	440,112
Less: Acquisition of Tangible Capital Assets	4	(1,031,680)	(1,525,790)	(790,200)	(435,010)	(2,310,670)	(978,390)	(316,640)	(3,072,330)	(212,370)	(216,610)
Add: Amortization of Tangible Capital Assets	4	284,534	321,829	343,080	358,559	366,088	399,475	406,396	412,140	452,603	457,419
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		(125,966)	(824,932)	180,796	454,673	348,405	(173,817)	480,828	(386,440)	598,773	680,921
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)		(125,966)	(824,932)	180,796	454,673	348,405	(173,817)	480,828	(386,440)	598,773	680,921
Net Financial Assets/(Net Debt), beginning of year		(2,379,474)	(2,505,440)	(3,390,372)	(3,149,576)	(2,694,903)	(2,346,498)	(2,520,315)	(2,039,487)	(2,425,927)	(1,827,154)
Net Financial Assets/(Net Debt), end of year		(2,505,440)	(3,330,372)	(3,149,576)	(2,694,903)	(2,346,498)	(2,520,315)	(2,039,487)	(2,425,927)	(1,827,153)	(1,146,233)
Financial Indicators											
1) Acquisition of Tangible Capital Assets (Cumulative)		1,031,680	2,557,470	3,347,670	3,782,680	6,093,350	7,071,740	7,388,380	10,460,710	10,673,080	10,889,690
2) Annual Surplus/Deficit before Amortization (Cumulative)		905,714	1,606,572	2,577,568	3,467,251	6,126,326	6,930,899	7,728,367	10,414,257	11,225,400	12,122,931
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		0.88	0.63	0.77	0.92	1.01	0.98	1.05	1.00	1.05	1.11

TABLE 4-4
Town of Whitchurch-Stouffville
Statement of Cash Flow - Indirect Method (Water)
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2011 - 2020

	Notes	Forecast									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Transactions											
Annual Surplus/Deficit		621,180	379,029	627,916	531,124	2,292,977	405,098	391,072	2,273,750	358,540	440,112
Add: Amortization of TCA's	4	284,534	321,829	343,080	358,559	366,098	399,475	406,396	412,140	452,603	457,419
Less: Earned Deferred Revenue	3	(163,700)	(225,305)	(610,930)	(462,750)	(2,175,090)	(347,400)	(347,400)	(2,254,820)	(441,563)	(441,563)
Add: Development Charge Proceeds		779,439	811,581	833,323	860,785	837,828	869,146	902,088	878,956	909,673	942,000
Change in A/R (Increase)/Decrease		(24,377)	(29,110)	(43,474)	(38,205)	(42,046)	(38,123)	(32,067)	(28,841)	(36,593)	(30,809)
Change in A/P (Increase)/Decrease		93,007	72,068	104,167	117,800	133,126	136,466	115,465	106,612	112,918	90,222
Less: Interest Proceeds		(11,470)	(11,672)	(11,374)	(18,786)	(22,823)	(11,356)	(18,649)	(21,536)	(29,921)	(40,259)
Cash Provided by Operating Transactions		1,573,613	1,318,420	1,242,708	1,348,527	1,390,070	1,413,306	1,416,895	1,366,263	1,325,657	1,417,122
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(1,031,680)	(1,525,790)	(790,200)	(435,010)	(2,310,670)	(978,390)	(316,640)	(3,072,330)	(212,370)	(216,610)
Cash Applied to Capital Transactions		(1,031,680)	(1,525,790)	(790,200)	(435,010)	(2,310,670)	(978,390)	(316,640)	(3,072,330)	(212,370)	(216,610)
Investing Transactions											
Proceeds from Investments		11,470	11,672	11,374	18,786	22,823	11,356	18,649	21,536	29,921	40,259
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		11,470	11,672	11,374	18,786	22,823	11,356	18,649	21,536	29,921	40,259
Financing Transactions											
Proceeds from Debt Issue	2	3,732,155	942,783	-	-	-	-	-	727,100	-	-
Less: Debt Repayment (principal only)	2	-	(110,897)	(191,032)	(200,201)	(209,812)	(219,885)	(230,443)	(241,509)	(310,916)	(325,964)
Cash Applied to Financing Transactions		3,732,155	831,886	(191,032)	(200,201)	(209,812)	(219,885)	(230,443)	(241,509)	(310,916)	(325,964)
Increase in Cash and Cash Equivalents		4,290,558	636,188	272,850	732,102	(1,107,589)	226,387	888,461	(1,198,940)	832,292	914,807
Cash and Cash Equivalents, beginning of year	1	(1,636,285)	2,654,273	3,290,461	3,563,311	4,295,413	3,187,824	3,414,211	4,302,672	3,103,732	3,936,024
Cash and Cash Equivalents, end of year	1	2,654,273	3,290,461	3,563,311	4,295,413	3,187,824	3,414,211	4,302,672	3,103,732	3,936,024	4,850,831

WATER

NOTES TO FINANCIAL PLAN

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

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

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

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

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

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

- A. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges
- C. Investing transactions that are acquisitions and disposal of investments
- E. Change in cash and cash equivalents during the year
- F. 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 Whitchurch-Stouffville, some of the items listed above have been estimated given that the Town does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses). The assumptions used have been documented below:

1. Cash, Receivables and Payables

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

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

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

- a. Receivables: Based on historical levels of receivables as a percentage of annual revenue earned (source: prior years audited financial statements); and
- b. Payables: Based on historical levels of payables as a percentage of annual expenses incurred (source: prior years audited financial statements).

2. Debt

There is no outstanding water related debt at the end of 2010, however debt proceeds are anticipated throughout the forecast period. *Principal* repayments for new debt over the forecast period is scheduled as follows:

Year	Principal Payments
2011	\$ -
2012	\$ 110,897
2013	\$ 191,032
2014	\$ 200,201
2015	\$ 209,812
2016	\$ 219,885
2017	\$ 230,443
2018	\$ 241,509
2019	\$ 310,916
2020	\$ 325,964
Total	\$ 2,040,659

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 made up of water development charge reserve fund balances which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - i. Water mains;
 - ii. Wells;
 - iii. Hydrants;
 - iv. Water Meters; and
 - v. Valves,
- Amortization is calculated based on using the straight-line approach with no amortization in the year of acquisition or construction.
- Given the planned asset replacement forecast in the 2011 Rate Study, useful life on acquisitions is assumed to be equal to the weighted average useful life for all assets on hand in each respective asset category.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced, unless the asset is documented as a new asset. The value of each asset disposal is calculated by estimating the original purchase/construction date and deflating current replacement cost values to those estimated dates in order to calculate original historical cost.
- Gains/losses on disposal are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- Residual value is assumed to be \$0 for all assets contained within the forecast period.
- Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant/unknown during the forecast period and are therefore assumed to be \$0.
- The Town is unaware of any specific lead service piping in the municipal water system. However when older portions of the water main system are replaced as part of the ongoing replacement program, any lead service pipes will be replaced if and when found.

The balance of tangible capital assets is summarized as follows:

Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Opening TCA Balance (Historical Cost)	20,557,729	21,570,532	23,050,139	23,774,885	24,169,625	26,419,701	27,309,220	27,583,602	30,609,438	30,780,580
Acquisitions	1,031,680	1,525,790	790,200	435,010	2,310,670	978,390	316,640	3,072,330	212,370	216,610
Disposals	18,877	46,183	65,454	40,270	60,594	88,871	42,258	46,494	41,228	44,651
Closing TCA Balance (Historical Cost)	21,570,532	23,050,139	23,774,885	24,169,625	26,419,701	27,309,220	27,583,602	30,609,438	30,780,580	30,952,539
Opening Accumulated Amortization	2,566,265	2,831,922	3,107,568	3,385,194	3,703,483	4,008,987	4,319,591	4,683,729	5,049,376	5,460,750
Amortization Expense	284,534	321,829	343,080	358,559	366,098	399,475	406,396	412,140	452,603	457,419
Amortization on Disposal	18,877	46,183	65,454	40,270	60,594	88,871	42,258	46,494	41,228	44,651
Ending Accumulated Amortization	2,831,922	3,107,568	3,385,194	3,703,483	4,008,987	4,319,591	4,683,729	5,049,375	5,460,751	5,873,518
Net Book Value	18,738,610	19,942,571	20,389,691	20,466,142	22,410,714	22,989,629	22,899,873	25,560,063	25,319,829	25,079,021

5. Accumulated Surplus

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

Water	2011 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	277,754
Reserves: Capital/Other	876,982
Total Reserves Balance	1,154,736
Less: Debt Obligations and Deferred Revenue	(277,754)
Less: Unfinanced Capital for 2010	(3,256,455)
Add: Tangible Capital Assets	17,991,463
Total Opening Balance	15,611,990

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

6. Other revenue

Other revenue includes interest, service charges, connection fees, water meter sales, penalties and 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

5. PROCESS FOR APPROVAL AND SUBMISSION TO THE PROVINCE

As provided in section 1.2, the requirement to prepare the financial plan is provided in Section 32 (5) 2 ii of the SDWA. 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 approval of the plan, public circulation, and filing is provided as follows:

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

6. RECOMMENDATIONS

6. RECOMMENDATIONS

This report presents the water financial plan for the Town of Whitchurch-Stouffville in accordance with the mandatory reporting formats for water systems as detailed in O.Reg. 453/07. It is important to note that while mandatory, the financial plan is provided for Council's interest and approval however, for decision making purposes, it may be more informative to rely on the information contained within the 2011 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 Whitchurch-Stouffville Water Financial Plan prepared by Watson & Associates Economists Ltd. dated October 11, 2011 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. Submit the Financial Plan and the Council Resolution approving the Financial Plan, to the Ministry of Municipal Affairs and Housing. (O.Reg. 453/07, Section 3 (1) 6)
4. Submit the Council Resolution approving the Financial Plan, to the Ministry of the Environment, satisfying the requirements under the Safe Drinking Water Act. (SDWA Section 32 (5) 2 ii)¹

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

APPENDIX A
2011 WATER RATE STUDY – WATER SUMMARY TABLES

Table A-1
Town of Whitechurch-Stouffville
Water Service
Capital Budget Forecast
Inflated \$

Description	Forecast									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Capital Expenditures										
Non-Growth Related:										
Water System Improvements	1,094,980	102,000	104,040	106,120	108,240	110,410	112,620	114,870	117,170	119,510
Water Fill Station	30,000	-	-	-	-	-	-	-	-	-
Cube Van (Replacement #61)	26,010	-	26,010	-	-	-	-	-	-	-
Pickup Truck (Replacement #69)	16,240	-	-	-	16,240	-	-	-	-	-
Van (Replacement #73)	16,560	-	-	-	-	16,560	-	-	-	-
Pickup Truck	16,560	-	-	-	-	16,560	-	-	-	-
Engineering										
Hawthorn Watermain Replacement	45,000	-	-	-	-	-	-	-	-	-
Souffville Rd Water Connection	100,000	102,000	104,040	106,120	108,240	110,410	112,620	114,870	117,170	119,510
Maytree Ave Watermain Replacement	102,000	102,000	-	-	-	-	-	-	-	-
Souffer Street- Truck Watermain Repair	153,000	153,000	-	-	-	-	-	-	-	-
Elm-Westlawn To Glad Park Watermain Replacement	122,400	122,400	-	-	-	-	-	-	-	-
Burkholder/Russell Street - Watermain Replacement	83,230	-	83,230	-	-	-	-	-	-	-
Glad Park Watermain Replacement	124,850	-	124,850	-	-	-	-	-	-	-
Fairview Ave - Main to Rupert Water Rehab	104,040	-	104,040	-	-	-	-	-	-	-
O'Brien - Water Rehab	127,340	-	-	127,340	-	-	-	-	-	-
Lloyd Street Watermain Replacement	162,360	-	-	-	162,360	-	-	-	-	-
South St Watermain Replacement	108,240	-	-	-	108,240	-	-	-	-	-
Blake Street Watermain Replacement	132,490	-	-	-	-	132,490	-	-	-	-
Edward Street Watermain Replacement	115,930	-	-	-	-	115,930	-	-	-	-
Glengal Watermain Replacement	110,410	-	-	-	-	110,410	-	-	-	-
Church Street-Fredrick North	165,610	-	-	-	-	165,610	-	-	-	-
Winona Drive - Main to Rupert Watermain	110,410	-	-	-	-	110,410	-	-	-	-
Boyer Street Watermain Replacement	110,410	-	-	-	-	110,410	-	-	-	-
North Street Watermain Replacement	112,620	-	-	-	-	112,620	-	-	-	-
George Street Watermain Repair	114,870	-	-	-	-	-	114,870	-	-	-
Fairview Ave - Rupert to Elm Water Rehab	114,870	-	-	-	-	-	-	114,870	-	-
Ringwood Road Connection (local service recovery)	280,980	-	-	-	-	-	-	-	-	-
Growth Related:										
Watermain 300mm - Hawthorn Ave	259,700	-	-	-	-	-	-	-	-	-
Watermain Oversizing Phase 2 Development	106,600	-	-	-	-	-	-	-	-	-
Zone 1/Zone 2 Split - Montreal St	109,400	-	-	-	-	-	-	-	-	-
Fire Protection System - 300 mm Woodbine Ave & Stouffville Rd	823,140	823,140	-	-	-	-	-	-	-	-
Fire Protection System - No Dig 300 mm Reg Rd Woodbine & Stouffville	140,450	140,450	-	-	-	-	-	-	-	-
Watermain - 250mm/10mm EX Fairview Ave	112,880	-	112,880	-	-	-	-	-	-	-
Easement - Cam Fella Blvd	17,690	-	17,690	-	-	-	-	-	-	-
Easement - Cam Fella Blvd	35,790	-	35,790	-	-	-	-	-	-	-
Watermain - 250mm Cam Fella Easement (north end)	97,170	-	97,170	-	-	-	-	-	-	-
Watermain - 250mm HWY 48- Rougeview to Sam's Way	115,350	-	-	115,350	-	-	-	-	-	-
Watermain 400mm- Hwy 48 South of Souffville Rd	541,220	-	-	-	541,220	-	-	-	-	-
Watermain-300mm RR#30 S. of Loreita Cr to Hoover Park 30	127,290	-	-	-	127,290	-	-	-	-	-
300mm Main SRR#30: Well 1 & 2 to Loreita Cr	437,950	-	-	-	437,950	-	-	-	-	-
Watermain upgrade 300mm from 200mm RR#30 N. Loreita Cr	29,120	-	-	-	29,120	-	-	-	-	-
Watermain-300mm RR#30/Forsyth Farm	417,600	-	-	-	417,600	-	-	-	-	-
Watermain Upgrade 300mm From 200mm RR#30 S. Loreita Cr	39,620	-	-	-	39,620	-	-	-	-	-
Tenth Line Southend 300mm	153,600	-	-	-	153,600	-	-	-	-	-
Tenth Line Southend south to WM#3	81,290	-	-	-	81,290	-	-	-	-	-
Watermain- 300mm Bethesda RD: Hwy 48 to Ninth Line	563,090	-	-	-	563,090	-	-	-	-	-
Watermain- 300mm Bethesda RD: Hwy 48 to Ninth Line	715,520	-	-	-	715,520	-	-	-	-	-
Watermain- 400mm Bethesda RD: Hwy 48 to Ninth Line	917,000	-	-	-	917,000	-	-	-	-	-
Watermain- 300mm RR#30 Forsyth Farm Rd, Northerly	438,910	-	-	-	438,910	-	-	-	-	-
Studies:										
Backflow Prevention Study	20,400	20,400	-	-	-	-	-	-	-	-

Description	2011-2020 Total	Forecast																		
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020									
Lifecycle:																				
Water Meter Replacement	497,500	-	51,000	52,000	53,100	54,100	55,200	56,300	57,400	58,600	59,800									
Valves and Hydrant Replacement	310,400	-	31,800	32,500	33,100	33,800	34,400	35,100	35,800	36,600	37,300									
Total Capital Expenditures	10,910,090	1,033,691	1,548,202	792,213	437,024	2,312,685	980,406	318,657	3,074,348	214,389	218,630									
Capital Financing																				
Provincial/Federal Grants	-																			
Development Charges Reserve Fund	4,113,990			263,530	115,350	1,827,690	-	-	1,907,420	-	-									
Non-Growth Related Debt Service Requirements	18,143	2,011		2,013	2,014	2,015	2,016	2,017	2,018	2,019	2,020									
Growth Related Debt Service Requirements	2,145,583	475,700	942,783	-	-	-	-	-	727,100	-	-									
Operating Contributions	1,894,852	100,000	143,690	195,760	241,146	277,440	245,604	214,976	175,325	123,406	177,507									
Donations, Subsidies, Other	436,920	280,980	153,000	1,301	812	828	-	-	-	-	-									
Capital Reserve Fund	2,318,745	175,000	306,718	329,610	78,514	204,729	731,958	101,664	262,485	88,964	39,103									
Water Reserve	-	-	-	-	-	-	-	-	-	-	-									
Total Capital Financing	10,928,233	1,033,691	1,548,190	792,213	437,024	2,312,685	980,406	318,657	3,074,348	214,389	218,630									

Table A-2
Town of Whitechurch-Stouffville
Water Service
Schedule of Non-Growth Related Debt Service Repayments
Inflated \$

Debt Service Year	Principal (Inflated)	Forecast																		
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020									
2011	2,011	260	260	260	260	260	260	260	260	260	260									
2012	2,013		261		261	261	261	261	261	261	261									
2013	2,014			261	261	261	261	261	261	261	261									
2014	2,015				261	261	261	261	261	261	261									
2015	2,016					261	261	261	261	261	261									
2016	2,017						261	261	261	261	261									
2017	2,018							261	261	261	261									
2018	2,019								261	261	261									
2019	2,020									261	261									
2020	18,143																			
Total Annual Debt Charges		-	260	260	521	782	1,043	1,304	1,565	1,827	2,088									

Table A-3
Town of Whitechurch-Stouffville
Water Service
Schedule of Growth Related Debt Service Repayments
Inflated \$

Debt Service Year	Principal (Inflated)	Forecast																		
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020									
2011	475,700	61,605	61,605	61,605	61,605	61,605	61,605	61,605	61,605	61,605	61,605									
2012	942,783		122,095	122,095	122,095	122,095	122,095	122,095	122,095	122,095	122,095									
2013	-																			
2014	-																			
2015	-																			
2016	-																			
2017	-																			
2018	727,100																			
2019	-																			
2020	-																			
Total Annual Debt Charges	2,145,583	-	61,605	183,700	183,700	183,700	183,700	183,700	183,700	183,700	183,700									

Table 4
Town of Whitechurch-Stouffville
Water Service
Water Operating Stabilization Reserve
 Inflated \$

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Opening Balance	400,015	832,916	832,916	832,916	832,916	832,916	832,916	832,916	832,916	832,916	832,916
Transfer from Operating	432,901	-	-	-	-	-	-	-	-	-	-
Transfer to Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	832,916	832,916	832,916	832,916	832,916	832,916	832,916	832,916	832,916	832,916	832,916
Interest	-	-	-	-	-	-	-	-	-	-	-

Table A-5
Town of Whitechurch-Stouffville
Water Service
Water Development Charges Reserve Fund Continuity
 Inflated \$

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Opening Balance	155,646	277,754	893,494	1,479,769	1,702,162	2,100,197	762,935	1,284,682	1,839,370	463,508	931,618
Development Charge Proceeds	282,493	753,415	768,481	783,745	799,614	815,607	831,728	848,514	865,458	882,538	900,290
Transfer to Capital	1,446,573	-	-	263,530	115,350	1,827,690	-	-	1,907,420	-	-
Transfer to Operating	-	163,700	225,305	347,400	347,400	347,400	347,400	347,400	347,400	441,563	441,563
Closing Balance	257,566	867,470	1,436,669	1,652,585	2,039,026	740,714	1,247,264	1,785,796	450,008	904,483	1,390,345
Interest	20,189	26,024	43,100	49,578	61,171	22,221	37,418	53,574	13,500	27,135	41,710
Required from Development Charges	-	475,700	942,783	263,530	115,350	1,827,690	-	-	2,634,520	-	-

Table A-6
Town of Whitechurch-Stouffville
Water Service
Water R&R Capital Reserve Fund Continuity
 Inflated \$

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Opening Balance	337,117	44,066	393,799	400,754	390,518	644,990	783,585	389,882	640,267	739,418	1,027,274
Transfer from Operating	220,000	513,263	302,000	308,000	314,200	320,500	326,900	333,400	340,100	346,900	353,800
Transfer to Capital	513,051	175,000	306,718	329,610	78,514	204,729	731,958	101,664	262,485	86,964	39,103
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	44,066	382,329	389,081	379,144	626,204	760,762	378,526	621,618	717,882	997,354	1,341,971
Interest	11,470	11,672	11,672	11,374	18,786	22,823	11,356	18,649	21,536	29,921	40,259

Table A-7
Town of Whitechurch-Stouffville
Water Services
Operating Budget Forecast
Inflated \$

Description	Actual		Forecast									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Operating Expenditures												
Operating Costs												
Payroll Burden	24,555	-	-	-	-	-	-	-	-	-	-	-
Salaries Allocated Fixed	345,940	365,825	373,100	380,600	388,200	396,000	403,900	412,000	420,200	428,600	437,200	
Clothing Allowance	3,500	3,675	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400	4,500	
Technical Training / Development	7,603	9,000	9,200	9,400	9,600	9,800	10,000	10,200	10,400	10,600	10,800	
Insurance	42,810	43,625	44,500	45,400	46,300	47,200	48,100	49,100	50,100	51,100	52,100	
Facility Allocation Costs	19,500	19,871	20,300	20,700	21,100	21,500	21,900	22,300	22,700	23,200	23,700	
Telephone	3,000	3,000	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	
Advertising	3,031	2,990	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	
Reading/Delivery	50,591	32,500	33,200	33,900	34,600	35,300	36,000	36,700	37,400	38,100	38,900	
Postage	15,675	15,610	15,900	16,200	16,500	16,800	17,100	17,400	17,700	18,100	18,500	
Fees, Dues & Subscriptions	795	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400	
Radios & Pagers	1,000	1,015	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Printing & Office Supplies	4,186	4,225	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000	5,100	
Office Equip Rental/Mice	5,830	7,020	7,300	7,600	7,900	8,200	8,500	8,800	9,100	9,400	9,700	
Computer Maintenance	15,100	19,500	19,900	20,300	20,700	21,100	21,500	21,900	22,300	22,700	23,200	
Computer Lease	58	400	400	400	400	400	400	400	400	400	400	
Water Testing - Labour	81,315	81,315	82,900	84,600	86,300	88,000	89,800	91,600	93,400	95,300	97,200	
Water Testing - Vehicle	6,050	6,050	6,200	6,300	6,400	6,500	6,600	6,700	6,800	6,900	7,000	
Water Testing - Materials & Services	45,005	50,000	51,000	52,000	53,000	54,100	55,200	56,300	57,400	58,500	59,700	
Water Bank Service Charges	3,000	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900	
Regional Levy	1,849,757	2,239,964	2,531,559	2,933,254	3,389,973	3,908,703	4,415,510	4,886,198	5,295,634	5,730,007	6,071,605	
Audit Fees	7,360	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300	
Financial Plan (OSDAW & Rate Review)		20,000					25,000					
MTCE - Equipment	1,071	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Tools	3,488	7,000	7,100	7,200	7,300	7,400	7,500	7,600	7,700	7,800	7,900	
Vehicle Mice & Repairs	1,592	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	
Vehicle Operating Expense	9,039	8,500	8,700	8,900	9,100	9,300	9,500	9,700	9,900	10,100	10,300	
Water Mice - Water Mains - Lab	71,658	70,000	71,400	72,800	74,300	75,800	77,300	78,800	80,400	82,000	83,600	
Water Mice - Water Mains - Vehicle	5,610	6,050	6,200	6,300	6,400	6,500	6,600	6,700	6,800	6,900	7,000	
Water Mice - Water Mains - Materials	26,773	46,000	46,900	47,800	48,800	49,800	50,800	51,800	52,800	53,900	55,000	
Water Mice - Laterals - Lab	30,200	25,000	25,500	26,000	26,500	27,000	27,500	28,100	28,700	29,300	29,900	
Water Mice - Laterals - Vehicle	5,060	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	
Water Mice - Laterals - Materials	25,389	25,000	25,500	26,000	26,500	27,000	27,500	28,100	28,700	29,300	29,900	
Water Mice - Hydrants - Lab	16,365	30,000	30,600	31,200	31,800	32,400	33,000	33,700	34,400	35,100	35,800	
Water Mice - Hydrants - Vehicle	2,200	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	
Water Mice - Hydrants - Materials	12,260	20,000	20,400	20,800	21,200	21,600	22,000	22,400	22,800	23,300	23,800	
Water Mice - Meters - Lab	66,202	34,850	35,500	36,200	36,900	37,600	38,400	39,200	40,000	40,800	41,600	
Water Mice - Meters - Vehicle	550	550	600	600	600	600	600	600	600	600	600	
Water Mice - Meters - Materials	130,616	100,000	102,000	104,000	106,100	108,200	110,400	112,600	114,900	117,200	119,500	
Miscellaneous	2,205	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
Sub Total Operating	2,945,939	3,324,060	3,617,059	4,040,554	4,519,473	5,060,703	5,615,510	6,084,898	6,518,334	6,977,407	7,344,205	

