

2015
Water Financial Plan
No. 040-301

As Submitted to Town Council
February 16, 2016



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1. Introduction

1.1 Objective

The purpose of this document is to update the Water Financial Plan (FP) in order to fulfill the licence renewal requirements defined in O. Reg. 453/07.

The FP update incorporates the most recent operating, capital and reserve fund forecasts contained in the 2015 Water and Wastewater Rate Study (Rate Study).

1.2 Background

The Town of Tecumseh provides potable water to all parts of Tecumseh and a portion of Lakeshore through an extensive water distribution network. The Town owns and operates the distribution system within its boundaries which includes 216 km of watermain; 1,198 hydrants; 1,500 valves; 12 boundary meters, two water filling stations and one elevated storage facility. Water is purchased from the City of Windsor. The A.H. Weeks Water Treatment Plant (WTP), the trunk transmission mains, the pumping stations, and reservoirs in the City of Windsor are owned and operated by Enwin.

Town staff recently completed the 2015 Rate Study which was approved by Council on December 8, 2015 (RCM-409/15). Preparation of the Rate Study involved extensive financial analysis to ensure full cost recovery of water services. Sources of data used in the full cost calculation included: ten year operating revenues and expenditures forecast, capital cost projections, reserve balances projections, historical customer and volume data, and future customer and volume forecasts. The data contained in the Rate Study was used in the preparation of the financial statements contained herein.

1.3 Regulatory Requirements

The Safe Drinking Water Act, 2002, O. Reg. 188/07, requires municipalities to obtain drinking water system licences as part of an overall Drinking Water Quality Management System (DWQMS). Licence renewals necessitate the preparation of a financial plan in accordance with O. Reg. 453/07.

Financial Plan requirements for licence renewals defined in O. Reg. 453/07 stipulate that financial plans must:

- Be approved by a resolution of Council.
- Apply to a period of at least six years.
- Include the year in which the licence expires as part of the forecast period.
- Incorporate details regarding the financial position of the water system, including changes in tangible capital assets that are additions, donations, write downs and disposals.
- Include details of the projected financial operations of the water system.
- Contain the projected gross cash receipts and gross cash payments of the water system.
- Address the financial implications of the replacement of lead service pipes.

In addition, financial plans must be:

- Made available at no charge to water customers upon request.
- Posted on the Internet if a website is maintained.
- Sent to the Ministry of Municipal Affairs and Housing.

Finally, notice must be provided advising water customers of the availability of the financial plan.

1.4 Required Financial Statements

In order to satisfy the above-noted requirements of O. Reg. 453/07, the FP contains the following financial statements:

Statement of Financial Position - The Statement of Financial Position provides information on the assets, liabilities, and accumulated surplus of the Town's water system.

The net financial assets/(debt) is the difference between financial assets and liabilities. A net financial asset position implies that the system has financial resources to fund future operations. On the other hand, a net debt position suggests that future revenues will be needed to "catch up" past transactions as well as finance future operations.

The tangible capital asset balance represents the Town's significant investment in water system infrastructure.

Statement of Operations and Accumulated Surplus - The Statement of Operations and Accumulated Surplus details the revenues, expenses and surplus/deficit for a given period.

The annual surplus/deficit measures whether revenues were sufficient to cover the expenses incurred. A surplus represents funds available to the Town to fund non-operating expenses such as the acquisition of tangible capital assets, debt principal payments and transfers to reserves.

Statement of Cash Flows - This statement provides information on the generation and use of cash resources over the forecast period. The gross cash receipts/payments are itemized by: operating; capital; investing and financial transactions. Grouping the cash receipts and payments by category allows the reader to understand where the cash is being generated (i.e. operating water rates), and how the cash is being used (i.e. capital and operating expenses).

Statement of Changes in Net Financial Assets - Although this statement is not required under O. Reg. 453/07, it offers additional data regarding the financial performance of the Town's water system. The Statement of Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support the operating and tangible capital asset costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period.

Please refer to Section 3 Financial Plan for a detailed discussion on the Town's financial statements.

1.5 MOE Guideline

The Ministry of the Environment (MOE) issued the guideline “Toward Financially Sustainable Drinking-Water and Wastewater Systems” (Guideline) to assist municipalities in the preparation of financial plans. This guide sets forth the following principles of financial sustainability:

- 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.

The Guideline is not required practice, but was meant to assist municipalities with financial planning. Taken together, O. Reg. 453/07 and the Guideline are good tools municipalities can use to develop a strategy to ensure the financial sustainability of water systems.

The Town’s FP was prepared in accordance with O. Reg. 453/07 and the above-noted MOE principles of financial sustainability.

1.6 Lead Service Pipe Removal

In 2007, the MOE implemented a Regulated Lead Testing Program which required municipalities to undertake mandatory testing for lead in drinking water to ensure lead levels met the Ontario Drinking Water Standards. Under this program, the Town of Tecumseh tested over 200 residential homes and did not have a single adverse or high reportable lead finding. Because of these results, the MOE has granted the Town relief from residential lead testing. The Town tests for lead in the distribution system twice a year as mandated by the MOE.

Generally lead services can be found where there are cast iron (CI) watermains. As identified in the 2014 Asset Management Plan, only 10% of the watermain inventory consists of CI pipes. The Town replaces any remaining lead water services during CI watermain replacement projects.

Leads services can also be identified during repairs to the Town’s water service shut-offs located at a customer’s property line or discovered from a leak on a service line. Once a lead service pipe has been identified, it is replaced by the Town.

In accordance with O. Reg. 453/07, the FP must address the financial implications of the replacement of lead service pipes. The capital works projects listed in Appendix B were cross referenced to the detailed watermain asset inventory found in the Rate Study to determine which projects involved the replacement of CI watermains. Costs of the services were extracted from the inventory and inflated to the year of construction. It was assumed that two “one-off” lead service replacements occur annually in conjunction with repairs to the Town’s water service shut-offs. Annual estimates are summarized as follows:

Cost Implications of Lead Service Pipe Removal

Inflated \$

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$ 4,900 | \$ 5,000 | \$ 5,100 | \$ 10,400 | \$ 16,000 | \$ 32,800 | \$ 11,200 | \$ 11,400 | \$ 11,600 | \$ 11,800 |

2. Financial Statement Preparation

2.1 Key Inputs

Estimates made for the Statement of Financial Position start with 2014 actuals. Refer to the FP notes for detailed assumptions.

The 2015 Rate Study operating, capital and reserve forecasts were used to formulate the Statement of Operations and Accumulated Surplus. The Rate Study forecasts have been included herein for reference purposes – see Appendix B.

2.2 Accounting Requirements

The forecasts found in the Rate Study were prepared on a modified accrual basis in order to determine the rates required for a full cost recovery. The components of a financial plan per O. Reg. 453/07 requirements are consistent with the requirements for financial statement presentation as set out in section PS3150 of the CPA Canada Public Sector Accounting Handbook, i.e. full accrual. Accounting adjustments were completed to convert the Rate Study forecasts from modified accrual to full accrual. These adjustments include amortization, employee future benefits, the reporting of capital contributions (i.e. development charges) and the elimination of interfund transfers.

3. Financial Plan

This section summarizes the complete FP for the Town of Tecumseh water system. The FP represents a forecast of the Town's future financial position. The statements included in this report are unaudited and contain estimates and assumptions as detailed in the Notes to the Water Services Financial Plan. Refer to Appendix A for the financial statements and notes.

3.1 Statement of Financial Position

The Statement of Financial Position summarizes the Town's water services financial and non-financial assets, liabilities, and provides the net financial asset/(net debt) position and accumulated surplus for water services.

Financial assets consist of cash balances in the water reserve funds and accounts receivable for year-end water billings to customers.

The Town's liabilities consist of accounts payable, deferred revenue, employee future benefits payable and municipal debt. Water purchases and vacation pay accrued as per Public Sector Accounting Board (PSAB) requirements make up most of the accounts payable balance. Deferred revenue is the balance in the development charge reserve fund. Long-term debt matures in 2015, and there is no new projected long-term debt as per the 2015 Rate Study.

Non-financial assets include the Town's tangible capital assets, i.e. water infrastructure, facilities and vehicles. Historical costs are amortized over the asset life to arrive at the net book value each year from 2015 to 2024. New assets are added in the year of acquisition/construction. The timing of "contributed" assets (asset transfers from developers) is uncertain and for the purposes of this FP, it is assumed that there will be no "contributed" assets over the forecast period. Other non-financial assets such as inventory and prepaid expenses are immaterial and are assumed to be zero.

Net financial assets (or net debt) is the difference between financial assets and liabilities. In 2015, the Town's water system will be in a net financial asset position of \$8.6 million. This is projected to grow to a net financial asset position of \$22.4 million by 2024. The net financial asset position indicates that financial resources are available to fund future operations. The improved net financial asset position is due to the increase in the water reserve fund balances.

Another important indicator contained in the Statement of Financial Position is the Tangible Capital Assets (TCA). Net TCAs are expected to grow by \$2.1 million over the forecast period. Further, an asset consumption ratio (note 7) consisting of accumulated amortization as a percent of historical cost is an accounting measure that represents the extent that the assets have been "used up" in terms of their estimated useful lives. The Town's Water Asset Consumption Ratio increases from 28% to 35% by the end of the forecast period. The increasing trend may suggest a higher replacement need in the future.

Accumulated surplus is another key indicator contained in the Statement of Financial Position. The accumulated surplus is predominately made up of the net TCA balance, which represents past investments in the water system's infrastructure, and cash reserves. The accumulated surplus is expected to increase from approximately \$48.9 million in 2015 to approximately \$64.7 million by 2024 due to a projected healthy increase in cash reserves.

3.2 Statement of Operations and Accumulated Surplus

The Statement of Operations and Accumulated Surplus summarizes the annual revenues and expenses associated with the Town's water system. The difference between revenue and expenses is the annual surplus/(deficit).

Revenues are comprised predominantly of user charges, which are the fixed and variable rate revenues required for a full cost recovery of the Town's water services. These estimates were extracted directly from the 2015 Rate Study. The full cost recovery calculation factors in operating expenses, capital costs, target reserve contributions, customer count estimates, usage volumes and inflation.

The statement shows a total revenue increase from approximately \$5.1 million in 2015 to approximately \$7.2 million by 2024 required to fully recovery water system costs.

Expenses were extracted from the 2015 Rate Study, with the exception being those that were necessary to convert the statement to full accrual (i.e. amortization). The Rate Study based the first three years of the forecast on the 2015 Approved Operating Budget. Generally, an inflationary factor of 2% was applied to each of the subsequent years.

Purchases for resale and wages and benefits are the two most significant expense items. Purchases were calculated using forecast volumes multiplied by the rate charged by Enwin inflated by 2% annually. Wages and benefits assumed status quo staffing levels and were also inflated annually.

Amortization is another large expense item shown on the Statement of Operations and Accumulated Surplus. This non-cash expense reflects the systematic distribution of the cost of a tangible capital asset over its useful life. Amortization estimates over the forecast period reflect existing assets plus additions and corresponding disposals (replacements) attributable to the capital projects detailed in the 2015 Rate Study.

The operating surplus/(deficit) is an important indicator shown on the Statement of Operations and Accumulated Surplus. An operating surplus/(deficit) measures whether revenues generated in a year were sufficient to cover expenses incurred in that year. It is important to note that an annual surplus is necessary to ensure funds will be available to address non-expense items such as TCA acquisitions over and above amortization expenses and reserve fund contributions for asset replacements.

3.3 Statement of Cash Flows

The Statement of Cash Flows summarizes the main cash inflows and outflows related to the water system in four main areas - operating, capital, investing and financing. This statement also shows the annual changes in cash and cash equivalents.

The operating transactions begin with the surplus/(deficit) identified in the Statement of Operations. This figure is adjusted to add or subtract non-cash items that were included as revenues or expenses (e.g. amortization).

The capital transactions section indicates the amounts spent to acquire TCAs, changes in construction work in progress (WIP) balances, and funds received from the sale of assets. The FP assumes that there were no proceeds on the sale of financial assets.

The financing transactions section identifies the funds received from long-term debt as cash inflows and the principal portion of debt as cash outflows. As noted previously, debt matures in 2015 and it is anticipated that no new long-term debt is required.

For the purposes of the Town's FP, it was assumed that there were no investing activities over the forecast period.

The Statement of Cash Flows indicates that cash has been generated from operations, which is used in funding the acquisition of TCAs, building cash reserves, and to repay debt. The Town's cash position is projected to increase over the forecast period from \$9.2 million in 2015 to \$24.0 million in 2024.

3.4 Statement of Changes in Net Financial Assets

The Statement of Changes in Net Financial Assets indicates whether revenue was sufficient to cover TCA costs. It also reconciles the difference between the annual surplus and the change in net financial assets.

For each year of the forecast period, the annual surplus exceeds the TCA activity resulting in an annual increase in net financial assets. The Town's net financial asset position is projected to increase over the forecast period from \$8.6 million in 2015 to \$22.4 million in 2024.

4. Summary

The following are the key highlights of the FP:

- The annual net cost to be recovered from rates, i.e. user charges, is projected to increase from \$4.9 million in 2015 to approximately \$6.5 million in 2024. This represents an average annual increase of approximately 3.3%.
- Water system debt matures in 2015. No new debt is required over the forecast period.
- The net book value of the Town's Water System assets is projected to increase from approximately \$40.3 million in 2015 to \$42.4 million in 2024. The forecast asset consumption ratio is trending upwards, from 28.4% in 2015 to 35.0% in 2024.
- Cash and cash equivalents are expected to show a solid increase, from \$9.2 million to \$24.0 million by the end of the forecast period.

5. Conclusion & Recommendations

It can be concluded that the outlook over the 2015 to 2024 forecast period is positive overall. The water system is considered financially viable and sustainable; full cost recovery is anticipated with reasonable annual increases to user rates. Reserves are projected to increase to healthy levels and no additional debt is required over the forecast period. Although not a cause for concern at this point, the asset consumption ratio should be followed up on as part of the next Rate Study update.

The following recommendations are made with respect to this Financial Plan:

1. The Town of Tecumseh 2015 Water Financial Plan No. 040-301 prepared in accordance with O. Reg. 453/07 under the Safe Drinking Water Act, 2002, be approved;
2. Notice of availability of the 2015 Water Financial Plan No. 040-301 be advertised to the public on the Town's website in accordance with O. Reg. 453/07, Section 3 (1) 5;
3. The 2015 Water Financial Plan No. 040-301 be posted to the Town's website in accordance with O. Reg. 453/07, Section 3(1) 5; and
4. The 2015 Water Financial Plan No. 040-301 be submitted to the Ministry of Municipal Affairs and Housing in accordance with O. Reg. 453/07, Section 3 (1) 6.

Appendix A

2015 Water Financial Plan No. 040-301

THE CORPORATION OF THE TOWN OF TECUMSEH
Water Services Financial Plan (Unaudited)
2015-2024

Statement of Financial Position

| | 2014 Actual | 2015 Forecast | 2016 Forecast | 2017 Forecast | 2018 Forecast | 2019 Forecast | 2020 Forecast | 2021 Forecast | 2022 Forecast | 2023 Forecast | 2024 Forecast |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Financial assets | | | | | | | | | | | |
| Cash and cash equivalents - restricted (note 1) | \$ 8,333,849 | \$ 9,158,686 | \$ 10,507,829 | \$ 12,001,375 | \$ 13,896,789 | \$ 15,330,663 | \$ 16,913,947 | \$ 18,298,122 | \$ 19,903,705 | \$ 21,643,873 | \$ 24,008,559 |
| Accounts receivable (note 2) | 823,605 | 840,078 | 856,879 | 874,017 | 891,497 | 909,327 | 927,514 | 946,064 | 964,985 | 984,285 | 1,003,970 |
| Total financial assets | 9,157,454 | 9,998,764 | 11,364,708 | 12,875,392 | 14,788,286 | 16,239,990 | 17,841,461 | 19,244,186 | 20,868,690 | 22,628,158 | 25,012,529 |
| Liabilities | | | | | | | | | | | |
| Accounts payable and accrued liabilities (note 3) | 229,215 | 248,551 | 263,532 | 267,651 | 261,338 | 323,395 | 327,444 | 358,695 | 370,829 | 377,329 | 338,584 |
| Deferred revenue (note 4) | - | - | - | 84,784 | 381,044 | 302,881 | 615,404 | 166,476 | (263,689) | (285,843) | (308,430) |
| Employee future benefits payable (note 5) | 1,013,199 | 1,114,519 | 1,225,970 | 1,348,568 | 1,483,424 | 1,631,767 | 1,794,943 | 1,974,438 | 2,171,882 | 2,389,070 | 2,627,977 |
| Municipal debt (note 6) | 244,179 | - | - | - | - | - | - | - | - | - | - |
| | 1,486,593 | 1,363,070 | 1,489,502 | 1,701,003 | 2,125,806 | 2,258,043 | 2,737,791 | 2,499,609 | 2,279,022 | 2,480,556 | 2,658,131 |
| Net financial assets | 7,670,861 | 8,635,694 | 9,875,206 | 11,174,389 | 12,662,480 | 13,981,947 | 15,103,670 | 16,744,577 | 18,589,668 | 20,147,602 | 22,354,398 |
| Non-financial assets | | | | | | | | | | | |
| Tangible capital assets (note 7) | 40,354,448 | 40,255,080 | 40,173,734 | 40,046,991 | 39,730,146 | 40,020,535 | 40,249,874 | 40,901,930 | 41,556,124 | 42,166,266 | 42,350,132 |
| | 40,354,448 | 40,255,080 | 40,173,734 | 40,046,991 | 39,730,146 | 40,020,535 | 40,249,874 | 40,901,930 | 41,556,124 | 42,166,266 | 42,350,132 |
| Accumulated surplus | \$ 48,025,309 | \$ 48,890,774 | \$ 50,048,940 | \$ 51,221,380 | \$ 52,392,626 | \$ 54,002,482 | \$ 55,353,544 | \$ 57,646,507 | \$ 60,145,792 | \$ 62,313,868 | \$ 64,704,530 |

THE CORPORATION OF THE TOWN OF TECUMSEH
Water Services Financial Plan (Unaudited)
2015-2024

Statement of Operations and Accumulated Surplus

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| Revenues | | | | | | | | | | | |
| User charges | 4,576,482 | 4,880,404 | 4,822,366 | 5,006,560 | 5,201,589 | 5,405,055 | 5,608,986 | 5,822,445 | 6,047,019 | 6,283,414 | 6,532,389 |
| Capital contributions | 93,515 | 157,914 | 283,126 | 204,005 | - | 386,240 | - | 738,385 | 716,187 | 310,500 | 316,700 |
| Investment income | 206,655 | 174,343 | 185,624 | 205,476 | 227,863 | 257,625 | 284,014 | 306,449 | 339,266 | 376,169 | 407,327 |
| (Loss)/gain on disposal of tangible capital assets | - | (147,031) | (22,281) | (90,426) | (25,381) | (105,626) | (157,256) | (68,456) | (31,983) | (126,848) | (70,994) |
| Other | 38,115 | 17,775 | 17,775 | 17,775 | 18,131 | 18,493 | 18,863 | 19,240 | 19,625 | 20,018 | 20,418 |
| Total revenues | 4,914,767 | 5,083,405 | 5,286,610 | 5,343,390 | 5,422,202 | 5,961,787 | 5,754,607 | 6,818,063 | 7,090,114 | 6,863,253 | 7,205,840 |
| Expenses | | | | | | | | | | | |
| Wages & benefits | 1,178,137 | 1,064,354 | 1,070,760 | 1,097,565 | 1,119,516 | 1,141,907 | 1,164,745 | 1,188,040 | 1,211,800 | 1,236,036 | 1,260,757 |
| Interest | 18,508 | 8,105 | - | - | - | - | - | - | - | - | - |
| Office supplies & equipment maintenance | 21,222 | 20,353 | 20,353 | 20,353 | 20,760 | 21,175 | 21,599 | 22,031 | 22,471 | 22,921 | 23,379 |
| Memberships | 2,060 | 1,900 | 1,900 | 1,900 | 1,938 | 1,977 | 2,016 | 2,057 | 2,098 | 2,140 | 2,183 |
| Conventions & training | 34,692 | 23,000 | 23,000 | 23,000 | 23,460 | 23,929 | 24,408 | 24,896 | 25,394 | 25,902 | 26,420 |
| Maintenance materials & supplies | 119,351 | 102,500 | 103,150 | 103,813 | 105,889 | 108,007 | 110,167 | 112,371 | 114,618 | 116,910 | 119,249 |
| Purchases for resale | 1,222,853 | 1,232,282 | 1,271,628 | 1,312,055 | 1,353,591 | 1,396,263 | 1,440,101 | 1,482,428 | 1,525,873 | 1,570,463 | 1,616,225 |
| Maintenance | 103,747 | 91,500 | 91,500 | 91,500 | 93,330 | 95,197 | 97,101 | 99,043 | 101,023 | 103,044 | 105,105 |
| Contract services | 169,751 | 364,541 | 236,630 | 195,830 | 199,727 | 241,591 | 224,425 | 252,029 | 216,206 | 220,556 | 244,481 |
| Professional | 28,869 | 14,700 | 14,700 | 14,700 | 14,994 | 15,294 | 15,600 | 15,912 | 16,230 | 16,555 | 16,886 |
| Utilities | 43,770 | 50,150 | 50,888 | 51,640 | 52,673 | 53,726 | 54,801 | 55,897 | 57,015 | 58,155 | 59,318 |
| Insurance | 29,296 | 35,500 | 36,210 | 36,934 | 37,673 | 38,426 | 39,195 | 39,979 | 40,778 | 41,594 | 42,426 |
| Amortization (note 8) | 886,418 | 909,336 | 928,065 | 936,717 | 936,764 | 917,985 | 907,005 | 921,988 | 942,723 | 960,010 | 971,440 |
| Administrative charge | 230,969 | 284,194 | 264,135 | 269,418 | 274,806 | 280,302 | 285,908 | 291,626 | 297,459 | 303,408 | 309,476 |
| Other | 10,006 | 9,125 | 9,125 | 9,125 | 9,308 | 9,494 | 9,684 | 9,877 | 10,075 | 10,276 | 10,482 |
| Financial | 6,550 | 6,400 | 6,400 | 6,400 | 6,528 | 6,659 | 6,792 | 6,928 | 7,066 | 7,207 | 7,352 |
| Total expenses | 4,106,199 | 4,217,940 | 4,128,444 | 4,170,950 | 4,250,956 | 4,351,931 | 4,403,545 | 4,525,100 | 4,590,830 | 4,695,177 | 4,815,178 |
| Annual surplus | 808,568 | 865,465 | 1,158,166 | 1,172,440 | 1,171,246 | 1,609,856 | 1,351,062 | 2,292,963 | 2,499,285 | 2,168,076 | 2,390,662 |
| Accumulated surplus, beginning of year | 47,216,741 | 48,025,309 | 48,890,774 | 50,048,940 | 51,221,380 | 52,392,626 | 54,002,482 | 55,353,544 | 57,646,507 | 60,145,792 | 62,313,868 |
| Accumulated surplus, end of year | \$ 48,025,309 | \$ 48,890,774 | \$ 50,048,940 | \$ 51,221,380 | \$ 52,392,626 | \$ 54,002,482 | \$ 55,353,544 | \$ 57,646,507 | \$ 60,145,792 | \$ 62,313,868 | \$ 64,704,530 |

THE CORPORATION OF THE TOWN OF TECUMSEH
Water Services Financial Plan (Unaudited)
2015-2024

Statement of Changes in Net Financial Assets

| | 2014 Actual | 2015 Forecast | 2016 Forecast | 2017 Forecast | 2018 Forecast | 2019 Forecast | 2020 Forecast | 2021 Forecast | 2022 Forecast | 2023 Forecast | 2024 Forecast |
|--|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Annual surplus | \$ 808,568 | \$ 865,465 | \$ 1,158,166 | \$ 1,172,440 | \$ 1,171,246 | \$ 1,609,856 | \$ 1,351,062 | \$ 2,292,963 | \$ 2,499,285 | \$ 2,168,076 | \$ 2,390,662 |
| Acquisition of tangible capital assets | (395,195) | (1,513,408) | (864,378) | (869,927) | (644,100) | (1,324,100) | (1,356,800) | (888,000) | (2,383,400) | (1,386,500) | (1,536,800) |
| Change in tangible capital assets WIP | (477,865) | 556,409 | (4,622) | (30,473) | (1,200) | 10,100 | 63,200 | (754,500) | 754,500 | (310,500) | 310,500 |
| Amortization of tangible capital assets | 886,418 | 909,336 | 928,065 | 936,717 | 936,764 | 917,985 | 907,005 | 921,988 | 942,723 | 960,010 | 971,440 |
| Loss/(gain) on disposal of tangible capital assets | - | 147,031 | 22,281 | 90,426 | 25,381 | 105,626 | 157,256 | 68,456 | 31,983 | 126,848 | 70,994 |
| | 13,358 | 99,368 | 81,346 | 126,743 | 316,845 | (290,389) | (229,339) | (652,056) | (654,194) | (610,142) | (183,866) |
| Change in net financial assets | 821,926 | 964,833 | 1,239,512 | 1,299,183 | 1,488,091 | 1,319,467 | 1,121,723 | 1,640,907 | 1,845,091 | 1,557,934 | 2,206,796 |
| Net financial assets, beginning of year | 6,848,935 | 7,670,861 | 8,635,694 | 9,875,206 | 11,174,389 | 12,662,480 | 13,981,947 | 15,103,670 | 16,744,577 | 18,589,668 | 20,147,602 |
| Net financial assets, end of year | \$ 7,670,861 | \$ 8,635,694 | \$ 9,875,206 | \$ 11,174,389 | \$ 12,662,480 | \$ 13,981,947 | \$ 15,103,670 | \$ 16,744,577 | \$ 18,589,668 | \$ 20,147,602 | \$ 22,354,398 |

THE CORPORATION OF THE TOWN OF TECUMSEH
Water Services Financial Plan (Unaudited)
2015-2024

Statement of Cash Flows

| | 2014 Actual | 2015 Forecast | 2016 Forecast | 2017 Forecast | 2018 Forecast | 2019 Forecast | 2020 Forecast | 2021 Forecast | 2022 Forecast | 2023 Forecast | 2024 Forecast |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Cash provided by (used in): | | | | | | | | | | | |
| Operations: | | | | | | | | | | | |
| Annual surplus | \$ 808,568 | \$ 865,465 | \$ 1,158,166 | \$ 1,172,440 | \$ 1,171,246 | \$ 1,609,856 | \$ 1,351,062 | \$ 2,292,963 | \$ 2,499,285 | \$ 2,168,076 | \$ 2,390,662 |
| Items not involving cash: | | | | | | | | | | | |
| Amortization | 886,418 | 909,336 | 928,065 | 936,717 | 936,764 | 917,985 | 907,005 | 921,988 | 942,723 | 960,010 | 971,440 |
| Loss on disposal of tangible capital assets | - | 147,031 | 22,281 | 90,426 | 25,381 | 105,626 | 157,256 | 68,456 | 31,983 | 126,848 | 70,994 |
| Change in non-cash operating working capital: | | | | | | | | | | | |
| Financial assets | 70,465 | (16,473) | (16,801) | (17,138) | (17,480) | (17,830) | (18,187) | (18,550) | (18,921) | (19,300) | (19,685) |
| Liabilities | 129,580 | 120,656 | 126,432 | 211,501 | 424,803 | 132,237 | 479,748 | (238,182) | (220,587) | 201,534 | 177,575 |
| Cash provided from operating transactions | 1,895,031 | 2,026,015 | 2,218,143 | 2,393,946 | 2,540,714 | 2,747,874 | 2,876,884 | 3,026,675 | 3,234,483 | 3,437,168 | 3,590,986 |
| Capital: | | | | | | | | | | | |
| Acquisition of tangible capital assets | (395,195) | (1,513,408) | (864,378) | (869,927) | (644,100) | (1,324,100) | (1,356,800) | (888,000) | (2,383,400) | (1,386,500) | (1,536,800) |
| Change in tangible capital assets WIP | (477,865) | 556,409 | (4,622) | (30,473) | (1,200) | 10,100 | 63,200 | (754,500) | 754,500 | (310,500) | 310,500 |
| Proceeds on sale of tangible capital assets (note 9) | - | - | - | - | - | - | - | - | - | - | - |
| Cash used in capital transactions | (873,060) | (956,999) | (869,000) | (900,400) | (645,300) | (1,314,000) | (1,293,600) | (1,642,500) | (1,628,900) | (1,697,000) | (1,226,300) |
| Financing: | | | | | | | | | | | |
| Municipal debt principal repayment | (233,776) | (244,179) | - | - | - | - | - | - | - | - | - |
| Cash used in financing transactions | (233,776) | (244,179) | - | - | - | - | - | - | - | - | - |
| Change in cash and cash equivalents | 788,195 | 824,837 | 1,349,143 | 1,493,546 | 1,895,414 | 1,433,874 | 1,583,284 | 1,384,175 | 1,605,583 | 1,740,168 | 2,364,686 |
| Cash and cash equivalents, beginning of year | 7,545,654 | 8,333,849 | 9,158,686 | 10,507,829 | 12,001,375 | 13,896,789 | 15,330,663 | 16,913,947 | 18,298,122 | 19,903,705 | 21,643,873 |
| Cash and cash equivalents, end of year | \$ 8,333,849 | \$ 9,158,686 | \$ 10,507,829 | \$ 12,001,375 | \$ 13,896,789 | \$ 15,330,663 | \$ 16,913,947 | \$ 18,298,122 | \$ 19,903,705 | \$ 21,643,873 | \$ 24,008,559 |

THE CORPORATION OF THE TOWN OF TECUMSEH
Notes to the Water Services Financial Plan
2015-2024

1. CASH AND CASH EQUIVALENTS - RESTRICTED

Cash balances were estimated for each year as follows:

Ending Reserve Fund Balance (as per 2015 Rate Study)
Less: Accounts Receivable Change Over Prior Year Balance
Plus: Accounts Payable Change Over Prior Year Balance
Plus: Employee Future Benefits Payable Change Over Prior Year
= Approximate Ending Cash and Cash Equivalents Balance

2. ACCOUNTS RECEIVABLE

Annual increases of 2% were assumed, with 2014 actuals as the starting point.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable consists of: water purchases, water testing services, capital project holdbacks, vacation pay accrued as per PSAB requirements, accrued interest and an outstanding invoice for water meters. Water purchases and water testing services accounts payable estimates are based on December 2014 payables, inflated annually by a factor of 2%. Capital project holdbacks are assumed to be 10% of the annual capital infrastructure project expenditures. In order to estimate vacation pay, hours were based on the 2014 accrual and assumed constant, while rates were increased by an inflation factor of 2%. There was no accrued interest for the forecast period as the long term debt matured in 2015. The water meters billing was assumed constant.

4. DEFERRED REVENUE

Deferred revenue consists of water development charge reserve fund balances which are recorded as a liability for financial statement reporting purposes. Forecast balances were drawn from the 2015 Water and Wastewater Rate Study.

5. EMPLOYEE FUTURE BENEFITS PAYABLE

Employee future benefits payable represents the future cost of extending health benefits to existing current employees and retirees. The liability is based on an actuarial valuation prepared by an independent firm. Total employee future benefits payable was assumed to increase by a factor of 10% based on the most recent actuarial valuation. The Water Services portion was allocated proportionately based on the number of Water employees to the total number of employees. It was assumed that the employee ratio remained constant over the forecast period.

6. MUNICIPAL DEBT

There are no new debenture requirements over the forecast period as per the 2015 Water and Wastewater Rate Study.

THE CORPORATION OF THE TOWN OF TECUMSEH
Notes to the Water Services Financial Plan
2015-2024

7. TANGIBLE CAPITAL ASSETS

Tangible capital asset balance estimates over the forecast period reflect asset additions and corresponding disposals (replacements) attributable to the capital projects detailed in the 2015 Water and Wastewater Rate Study. It was assumed that no write-offs occurred over the forecast period. There were no contributed assets included in the forecast period as there is no reasonable basis for estimating asset contributions.

A summary of the tangible capital asset balances for the Town of Tecumseh Water Services is as follows:

Tangible Capital Assets - \$ millions

| | 2014 actual | 2015 forecast | 2016 forecast | 2017 forecast | 2018 forecast | 2019 forecast | 2020 forecast | 2021 forecast | 2022 forecast | 2023 forecast | 2024 forecast |
|---|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Opening Cost | 54.73 | 55.06 | 56.19 | 56.98 | 57.61 | 58.11 | 59.05 | 59.92 | 60.58 | 62.82 | 63.84 |
| Plus: Acquisitions | 0.40 | 1.51 | 0.86 | 0.87 | 0.64 | 1.32 | 1.36 | 0.89 | 2.38 | 1.39 | 1.54 |
| Less: Disposals | 0.07 | 0.37 | 0.07 | 0.24 | 0.14 | 0.38 | 0.49 | 0.22 | 0.15 | 0.37 | 0.23 |
| Less: Transfers | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing Cost | 55.06 | 56.19 | 56.98 | 57.61 | 58.11 | 59.05 | 59.92 | 60.58 | 62.82 | 63.84 | 65.15 |
| Opening Accumulated Amortization | 14.48 | 15.30 | 15.98 | 16.85 | 17.63 | 18.45 | 19.09 | 19.67 | 20.44 | 21.26 | 21.98 |
| Plus: Amortization Expense | 0.89 | 0.91 | 0.93 | 0.94 | 0.94 | 0.92 | 0.91 | 0.92 | 0.94 | 0.96 | 0.97 |
| Less: Amortization of Disposals | 0.07 | 0.23 | 0.05 | 0.15 | 0.12 | 0.28 | 0.33 | 0.15 | 0.12 | 0.24 | 0.15 |
| Less: Amortization of Transfers | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing Accumulated Amortization | 15.30 | 15.98 | 16.85 | 17.63 | 18.45 | 19.09 | 19.67 | 20.44 | 21.26 | 21.98 | 22.80 |
| Net Book Value | 39.76 | 40.22 | 40.13 | 39.97 | 39.66 | 39.96 | 40.25 | 40.15 | 41.56 | 41.86 | 42.35 |
| Opening WIP | 0.12 | 0.59 | 0.04 | 0.04 | 0.07 | 0.07 | 0.06 | 0.00 | 0.75 | 0.00 | 0.31 |
| Plus: WIP Additions | 0.48 | 0.02 | 0.02 | 0.07 | 0.02 | 0.06 | 0.00 | 0.75 | 0.00 | 0.31 | 0.00 |
| Less: WIP Capitalized | 0.00 | 0.57 | 0.01 | 0.04 | 0.02 | 0.07 | 0.06 | 0.00 | 0.75 | 0.00 | 0.31 |
| Ending WIP | 0.59 | 0.04 | 0.04 | 0.07 | 0.07 | 0.06 | 0.00 | 0.75 | 0.00 | 0.31 | 0.00 |
| Tangible Capital Assets | 40.35 | 40.26 | 40.17 | 40.05 | 39.73 | 40.02 | 40.25 | 40.90 | 41.56 | 42.17 | 42.35 |
| Asset Consumption Ratio | 27.78% | 28.43% | 29.57% | 30.61% | 31.75% | 32.33% | 32.82% | 33.73% | 33.85% | 34.43% | 34.99% |
| (Closing Accumulated Amortization/Closing Cost) | | | | | | | | | | | |

8. AMORTIZATION

Estimates over the forecast period reflect amortization of existing assets plus calculated amortization for additions and corresponding disposals (replacements) attributable to the capital projects detailed in the 2015 Water and Wastewater Rate Study. It was assumed that there were no write-offs or contributed assets.

9. PROCEEDS ON SALE OF TANGIBLE CAPITAL ASSETS

It was assumed that there were no proceeds on the sale of tangible capital assets as these amounts are generally immaterial.

Appendix B

2015 Water and Wastewater Rate Study Extract

**Water Operating Budget Forecast
Inflated \$**

| Description | Budget 2015 | Forecast | | | | | | | | | Total |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | |
| Expenditures | | | | | | | | | | | |
| <i>Operating Costs</i> | | | | | | | | | | | |
| Payroll Related Expenses | 807,749 | 814,415 | 836,811 | 853,547 | 870,618 | 888,031 | 905,791 | 923,907 | 942,385 | 961,233 | 8,804,487 |
| Benefits | 256,605 | 256,345 | 260,754 | 265,969 | 271,288 | 276,714 | 282,249 | 287,893 | 293,651 | 299,524 | 2,750,994 |
| Office Supplies & Equip Mtnc | 20,353 | 20,353 | 20,353 | 20,760 | 21,175 | 21,599 | 22,031 | 22,471 | 22,921 | 23,379 | 215,395 |
| Memberships | 1,900 | 1,900 | 1,900 | 1,938 | 1,977 | 2,016 | 2,057 | 2,098 | 2,140 | 2,183 | 20,108 |
| Professional Development | 23,000 | 23,000 | 23,000 | 23,460 | 23,929 | 24,408 | 24,896 | 25,394 | 25,902 | 26,420 | 243,408 |
| Maint. Materials & Supplies | 102,500 | 103,150 | 103,813 | 105,889 | 108,007 | 110,167 | 112,371 | 114,618 | 116,910 | 119,249 | 1,096,674 |
| Water Purchases (Table 8.1) | 1,232,282 | 1,271,628 | 1,312,055 | 1,353,591 | 1,396,263 | 1,440,101 | 1,482,428 | 1,525,873 | 1,570,463 | 1,616,225 | 14,200,909 |
| Maint. Services | 91,500 | 91,500 | 91,500 | 93,330 | 95,197 | 97,101 | 99,043 | 101,023 | 103,044 | 105,105 | 968,342 |
| Contract Services | 169,830 | 169,830 | 169,830 | 173,227 | 176,691 | 180,225 | 183,829 | 187,506 | 191,256 | 195,081 | 1,797,306 |
| Professional Services | 14,700 | 14,700 | 14,700 | 14,994 | 15,294 | 15,600 | 15,912 | 16,230 | 16,555 | 16,886 | 155,570 |
| Utilities | 50,150 | 50,888 | 51,640 | 52,673 | 53,726 | 54,801 | 55,897 | 57,015 | 58,155 | 59,318 | 544,263 |
| Insurance | 35,500 | 36,210 | 36,934 | 37,673 | 38,426 | 39,195 | 39,979 | 40,778 | 41,594 | 42,426 | 388,713 |
| Other | 9,125 | 9,125 | 9,125 | 9,308 | 9,494 | 9,684 | 9,877 | 10,075 | 10,276 | 10,482 | 96,570 |
| Bad Debt Expense | 6,400 | 6,400 | 6,400 | 6,528 | 6,659 | 6,792 | 6,928 | 7,066 | 7,207 | 7,352 | 67,731 |
| Administration Charge | 284,194 | 264,135 | 269,418 | 274,806 | 280,302 | 285,908 | 291,626 | 297,459 | 303,408 | 309,476 | 2,860,733 |
| Total Operating Costs | 3,105,788 | 3,133,579 | 3,208,233 | 3,287,692 | 3,369,046 | 3,452,340 | 3,534,912 | 3,619,407 | 3,705,867 | 3,794,338 | 34,211,201 |
| <i>Capital Related</i> | | | | | | | | | | | |
| Existing Debt - Recoverable from Landowners | 1,289 | - | - | - | - | - | - | - | - | - | 1,289 |
| Existing Debt - Other | 250,995 | - | - | - | - | - | - | - | - | - | 250,995 |
| New Non-Growth Related Debt | - | - | - | - | - | - | - | - | - | - | - |
| New Growth Related Debt | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to Lifecycle Watermain Reserve Fund | 1,617,380 | 1,531,562 | 1,641,102 | 1,735,028 | 1,835,502 | 1,933,510 | 2,041,773 | 2,158,237 | 2,284,565 | 2,421,469 | 19,200,128 |
| Transfer to Lifecycle Facilities Reserve Fund | 85,000 | 85,000 | 85,000 | 107,000 | 129,000 | 152,000 | 175,000 | 199,000 | 223,000 | 247,000 | 1,487,000 |
| Transfer to Lifecycle Vehicle Reserve Fund | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 600,000 |
| Transfer to Rate Stabilization Reserve Fund | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 300,000 |
| Total Capital Related | 2,044,664 | 1,706,562 | 1,816,102 | 1,932,028 | 2,054,502 | 2,175,510 | 2,306,773 | 2,447,237 | 2,597,565 | 2,758,469 | 21,839,412 |
| Total Expenditures | 5,150,452 | 4,840,141 | 5,024,335 | 5,219,720 | 5,423,548 | 5,627,849 | 5,841,685 | 6,066,644 | 6,303,432 | 6,552,807 | 56,050,613 |
| Revenues | | | | | | | | | | | |
| <i>Operating Revenue</i> | | | | | | | | | | | |
| Taxation - Watermains 10yr | 1,289 | - | - | - | - | - | - | - | - | - | 1,289 |
| Water Sales Lakeshore - Fixed | 6,500 | 6,561 | 6,811 | 7,076 | 7,356 | 7,654 | 7,969 | 8,303 | 8,657 | 9,033 | 75,921 |
| Water Oasis Revenue | 22,000 | 22,500 | 23,000 | 23,460 | 23,929 | 24,408 | 24,896 | 25,394 | 25,902 | 26,420 | 241,908 |
| Hydrant Rental | 2,500 | 2,500 | 2,500 | 2,550 | 2,601 | 2,653 | 2,706 | 2,760 | 2,815 | 2,872 | 26,457 |
| Work Orders ¹ | 13,600 | 23,600 | 23,600 | 25,000 | 25,000 | 15,000 | 15,300 | 15,606 | 15,918 | 16,236 | 188,861 |
| Miscellaneous Revenue | 9,560 | 9,560 | 9,560 | 9,751 | 9,946 | 10,145 | 10,348 | 10,555 | 10,766 | 10,981 | 101,173 |
| Interfunctional Rent | 17,775 | 17,775 | 17,775 | 18,131 | 18,493 | 18,863 | 19,240 | 19,625 | 20,018 | 20,418 | 188,112 |
| Total Operating Revenue | 73,224 | 82,496 | 83,246 | 85,968 | 87,326 | 78,723 | 80,459 | 82,243 | 84,076 | 85,960 | 823,722 |
| <i>Reserve Transfers</i> | | | | | | | | | | | |
| Transfer from Dev. Charges Reserve Fund | - | - | - | - | - | - | - | - | - | - | - |
| Transfer from Lifecycle Watermain Reserve Fund | 250,995 | - | - | - | - | - | - | - | - | - | 250,995 |
| Transfer from Lifecycle Facilities Reserve Fund | - | - | - | - | - | - | - | - | - | - | - |
| Transfer from Lifecycle Vehicle Reserve Fund | - | - | - | - | - | - | - | - | - | - | - |
| Transfer from Rate Stabilization Reserve Fund | - | - | - | - | - | - | - | - | - | - | - |
| Total Reserve Transfers | 250,995 | - | - | - | - | - | - | - | - | - | 250,995 |
| <i>Rate Revenue</i> | | | | | | | | | | | |
| Water Fixed Rate Recovery | 1,323,000 | 1,446,785 | 1,557,680 | 1,676,673 | 1,804,339 | 1,941,288 | 2,083,107 | 2,234,956 | 2,397,527 | 2,571,562 | 19,036,917 |
| Water Variable Rate Recovery | 3,503,233 | 3,310,860 | 3,383,409 | 3,457,079 | 3,531,883 | 3,607,839 | 3,678,119 | 3,749,445 | 3,821,828 | 3,895,285 | 35,938,979 |
| Total Rate Revenue Required for Full Cost Recovery | 4,826,233 | 4,757,644 | 4,941,089 | 5,133,753 | 5,336,222 | 5,549,127 | 5,761,226 | 5,984,401 | 6,219,356 | 6,466,847 | 54,975,896 |
| Total Revenues | 5,150,452 | 4,840,141 | 5,024,335 | 5,219,720 | 5,423,548 | 5,627,849 | 5,841,685 | 6,066,644 | 6,303,432 | 6,552,807 | 56,050,613 |

¹ Work Orders - Expecting \$40k additional revenue spread over 4 years from Manning Rd subdivision. Thereafter, assume normal levels of roughly \$15k/year.

Water Capital Budget Forecast
Inflated \$

| DESCRIPTION | TOTAL | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------------------|------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Lifecycle | | | | | | | | | | | |
| Facilities | 288,600 | 154,700 | | | | 21,600 | 16,600 | 95,700 | | | |
| Vehicles | 321,000 | 90,000 | 1,300 | 16,600 | | 78,500 | 48,600 | 20,800 | 13,800 | 49,800 | 1,600 |
| Mains | | | | | | | | | | | |
| Willow Court watermain replacement | 30,000 | 30,000 | | | | | | | | | |
| Kensington Blvd watermain replacement | 336,300 | | | | 20,200 | 316,100 | | | | | |
| Rutland Rd/Essex Rd watermain replacement | 233,800 | | | | | 14,100 | 219,700 | | | | |
| Shawnee/Arbour Phase 2 watermain replacement | 182,600 | | 182,600 | | | | | | | | |
| Manning/East Townline Drain Relocation Phase 2 (Manning watermain replacement) | 497,500 | | | | | 20,800 | 476,700 | | | | |
| Arlington Boulevard (Phase 1) watermain replacement | 313,200 | 5,000 | | 308,200 | | | | | | | |
| Arlington Boulevard (Phase 2) watermain replacement | 319,600 | | | 5,200 | 314,400 | | | | | | |
| Year 2021 + works | 1,736,000 | | | | | | | 421,200 | 429,600 | 438,200 | 447,000 |
| Oldcastle Hamlet | | | | | | | | | | | |
| Burke/Outer/Moro watermain replacement (NTR) | 398,000 | 398,000 | | | | | | | | | |
| Dumouchelle/Outer watermain replacement (NTR) | 192,500 | 12,000 | 180,500 | | | | | | | | |
| Pulleyblank/Crowder/Moro watermain replac. (NTR) | 286,800 | | 17,300 | 269,500 | | | | | | | |
| Rossi Drive watermain replacement (NTR) | 234,300 | | | 13,800 | 220,500 | | | | | | |
| County Rd 11 (Walker Rd) watermain replac. (NTR) | 134,900 | | | 8,300 | | 126,600 | | | | | |
| Olympia/Astor/Solar watermain replacement (NTR) | 258,100 | | | | | 15,300 | 242,800 | | | | |
| Delduca Drive watermain replacement (8th Conc) | 250,600 | | | 14,600 | | 236,000 | | | | | |
| Ure Street watermain replacement (8th Conc) | 225,000 | | | | | 13,000 | 212,000 | | | | |
| O'Neil Street watermain replacement (8th Conc) | 254,500 | | | | | | | 254,500 | | | |
| Henin/Moynahan/Regal watermain replac. (8th Conc) | 318,200 | | | | | | | | 318,200 | | |
| County Rd 46/Webster Drive (8th Conc) | 798,900 | | | | | | | | | 798,900 | |
| 8th Concession south of tracks to NTR (8th Conc) | 361,000 | | | | | | | | | | 361,000 |
| Other Capital | | | | | | | | | | | |
| Rate Study | 49,100 | 15,000 | | | | 16,200 | | | | | 17,900 |
| Tools/equipment | 273,800 | 25,000 | 25,500 | 26,000 | 26,500 | 27,100 | 27,600 | 28,200 | 28,700 | 29,300 | 29,900 |
| Meter purchases | 383,400 | 150,000 | 76,500 | 78,000 | 10,600 | 10,800 | 11,000 | 11,300 | 11,500 | 11,700 | 12,000 |
| ERT installation | 276,500 | 122,000 | 76,500 | 78,000 | | | | | | | |
| Anode Protection Program | 815,100 | 150,000 | 76,500 | 78,000 | 79,600 | | 82,800 | 84,500 | 86,200 | 87,900 | 89,600 |
| Banwell watermain ext. (Intersection to S. of tracks) | 259,100 | | 259,100 | | | | | | | | |
| Growth (DC Study) | | | | | | | | | | | |
| Water Masterplan update | 80,000 | | 40,000 | | | | | 40,000 | | | |
| 8th Conc - SW Tecumseh Trunk watermain (W-12B, 25%) | 513,000 | | | 30,200 | | 482,800 | | | | | |
| W. Tecumseh Trunk Watermain CR22-Intersection (W-1A) | 1,524,100 | | | | | | | 754,500 | 769,600 | | |
| W. Tecumseh Trunk Watermain Intersection-CP Rail (W-1B) | 627,200 | | | | | | | | | 310,500 | 316,700 |
| TOTAL CAPITAL EXPENDITURES | 12,772,700 | 1,151,700 | 935,800 | 926,400 | 671,800 | 1,378,900 | 1,337,800 | 1,710,700 | 1,657,600 | 1,726,300 | 1,275,700 |
| Capital Financing | | | | | | | | | | | |
| Provincial/Federal Grants | - | | | | | | | | | | |
| Non-Growth Related Debenture Requirements | - | | | | | | | | | | |
| Growth Related Debenture Requirements | - | | | | | | | | | | |
| Transfer from Development Charges Reserve Fund | 2,528,423 | | 36,250 | 24,160 | | 386,240 | | 738,385 | 716,187 | 310,500 | 316,700 |
| Transfer from Watermain Reserve Fund | 9,634,677 | 907,000 | 898,250 | 885,640 | 671,800 | 892,560 | 1,272,600 | 855,815 | 927,613 | 1,366,000 | 957,400 |
| Transfer from Facilities Reserve Fund | 288,600 | 154,700 | | | | 21,600 | 16,600 | 95,700 | | | |
| Transfer from Vehicle Reserve Fund | 321,000 | 90,000 | 1,300 | 16,600 | | 78,500 | 48,600 | 20,800 | 13,800 | 49,800 | 1,600 |
| Transfer from Rate Stabilization Reserve Fund | - | | | | | | | | | | |
| TOTAL CAPITAL FINANCING | 12,772,700 | 1,151,700 | 935,800 | 926,400 | 671,800 | 1,378,900 | 1,337,800 | 1,710,700 | 1,657,600 | 1,726,300 | 1,275,700 |

Water Reserve Funds

Water Development Charges Reserve Fund Continuity

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------|-----------|-----------|-----------|---------|---------|---------|---------|-----------|-----------|-----------|
| Opening Balance | (583,346) | (426,721) | (179,845) | 84,784 | 381,044 | 302,881 | 615,404 | 166,476 | (263,689) | (285,843) |
| DC Proceeds | 156,625 | 283,126 | 288,789 | 294,565 | 300,456 | 306,465 | 277,150 | 282,693 | 288,346 | 294,113 |
| Transfer to Capital | - | 36,250 | 24,160 | - | 386,240 | - | 738,385 | 716,187 | 310,500 | 316,700 |
| Transfer to Operating | - | - | - | - | - | - | - | - | - | - |
| Net of Transfers | (426,721) | (179,845) | 84,784 | 379,349 | 295,260 | 609,346 | 154,168 | (267,019) | (285,843) | (308,430) |
| Interest | - | - | - | 1,696 | 7,621 | 6,058 | 12,308 | 3,330 | - | - |
| Closing Balance | (426,721) | (179,845) | 84,784 | 381,044 | 302,881 | 615,404 | 166,476 | (263,689) | (285,843) | (308,430) |

Watermain Reserve Fund Continuity

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|
| Opening Balance | 2,963,788 | 3,482,449 | 4,185,410 | 5,024,580 | 6,188,300 | 7,255,007 | 8,061,017 | 9,408,196 | 10,826,984 | 11,962,089 |
| Transfer from Operating | 1,617,380 | 1,531,562 | 1,641,102 | 1,735,028 | 1,835,502 | 1,933,510 | 2,041,773 | 2,158,237 | 2,284,565 | 2,421,469 |
| Transfer to Capital | 907,000 | 898,250 | 885,640 | 671,800 | 892,560 | 1,272,600 | 855,815 | 927,613 | 1,366,000 | 957,400 |
| Transfer to Operating | 250,995 | - | - | - | - | - | - | - | - | - |
| Net of Transfers | 3,423,173 | 4,115,761 | 4,940,872 | 6,087,808 | 7,131,241 | 7,915,917 | 9,246,975 | 10,638,820 | 11,745,549 | 13,426,158 |
| Interest | 59,276 | 69,649 | 83,708 | 100,492 | 123,766 | 145,100 | 161,220 | 188,164 | 216,540 | 239,242 |
| Closing Balance | 3,482,449 | 4,185,410 | 5,024,580 | 6,188,300 | 7,255,007 | 8,061,017 | 9,408,196 | 10,826,984 | 11,962,089 | 13,665,400 |

Water Facilities Reserve Fund Continuity

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Opening Balance | 5,329,796 | 5,366,692 | 5,559,026 | 5,755,207 | 5,977,311 | 6,204,257 | 6,463,742 | 6,672,317 | 7,004,763 | 7,367,859 |
| Transfer from Operating | 85,000 | 85,000 | 85,000 | 107,000 | 129,000 | 152,000 | 175,000 | 199,000 | 223,000 | 247,000 |
| Transfer to Capital | 154,700 | - | - | - | 21,600 | 16,600 | 95,700 | - | - | - |
| Transfer to Operating | - | - | - | - | - | - | - | - | - | - |
| Net of Transfers | 5,260,096 | 5,451,692 | 5,644,026 | 5,862,207 | 6,084,711 | 6,339,657 | 6,543,042 | 6,871,317 | 7,227,763 | 7,614,859 |
| Interest | 106,596 | 107,334 | 111,181 | 115,104 | 119,546 | 124,085 | 129,275 | 133,446 | 140,095 | 147,357 |
| Closing Balance | 5,366,692 | 5,559,026 | 5,755,207 | 5,977,311 | 6,204,257 | 6,463,742 | 6,672,317 | 7,004,763 | 7,367,859 | 7,762,216 |

Water Vehicle Reserve Fund Continuity

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|----------|----------|--------|---------|---------|---------|---------|---------|---------|---------|
| Opening Balance | - | (30,000) | 28,100 | 72,062 | 133,503 | 117,673 | 131,427 | 173,255 | 222,920 | 237,579 |
| Transfer from Operating | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Transfer to Capital | 90,000 | 1,300 | 16,600 | - | 78,500 | 48,600 | 20,800 | 13,800 | 49,800 | 1,600 |
| Transfer to Operating | - | - | - | - | - | - | - | - | - | - |
| Net of Transfers | (30,000) | 28,700 | 71,500 | 132,062 | 115,003 | 129,073 | 170,627 | 219,455 | 233,120 | 295,979 |
| Interest | - | (600) | 562 | 1,441 | 2,670 | 2,353 | 2,629 | 3,465 | 4,458 | 4,752 |
| Closing Balance | (30,000) | 28,100 | 72,062 | 133,503 | 117,673 | 131,427 | 173,255 | 222,920 | 237,579 | 300,730 |

Water Rate Stabilization Reserve Fund Continuity

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Opening Balance | 423,565 | 462,037 | 501,277 | 541,303 | 582,129 | 623,771 | 666,247 | 709,572 | 753,763 | 798,839 |
| Transfer from Operating | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Transfer to Capital | - | - | - | - | - | - | - | - | - | - |
| Transfer to Operating | - | - | - | - | - | - | - | - | - | - |
| Net of Transfers | 453,565 | 492,037 | 531,277 | 571,303 | 612,129 | 653,771 | 696,247 | 739,572 | 783,763 | 828,839 |
| Interest | 8,471 | 9,241 | 10,026 | 10,826 | 11,643 | 12,475 | 13,325 | 14,191 | 15,075 | 15,977 |
| Closing Balance | 462,037 | 501,277 | 541,303 | 582,129 | 623,771 | 666,247 | 709,572 | 753,763 | 798,839 | 844,815 |