

TOWN OF
SMOOTH ROCK FALLS

Water and Wastewater Financial Plan

September 1, 2020

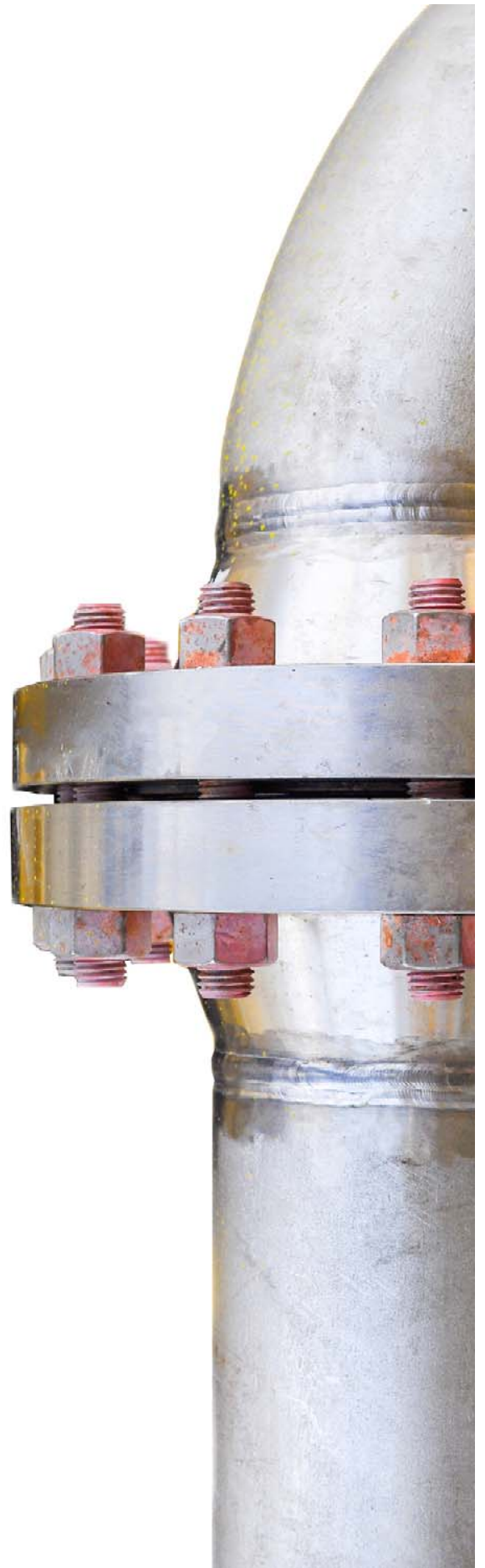


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I Introduction

1.1 Provincial reporting requirements

Pursuant to Section 31(1) of the *Safe Drinking Water Act, 2002* (the “SDWA”), Provincial licenses are required for the operation of municipal drinking water systems in Ontario. In obtaining these licenses, the Corporation of the Town of Smooth Rock Falls (the “Town”) is required to meet five conditions under Section 44(1) of the SDWA, including the preparation of a financial plan for the water system. The form and content of financial plans for municipal water systems are prescribed under Ontario Regulation 453/07 (the “Regulation”). Under the terms of the Regulation, the Town is required to prepare a financial plan that:

- i. Is approved through a Council resolution that indicates that the drinking water system is financially viable
- ii. Extends over a minimum of six years and includes a statement that the financial impacts of the drinking water system have been considered
- iii. For each year of the financial plan, includes details of the proposed or projected financial operations of the system itemized by:
 - Total revenues, further broken down into water rates, user charges and other revenues
 - Total expenses, further broken down into amortization expenses, interest expenses and other expenses
 - Annual surplus or deficit
 - Accumulated surplus or deficit
- iv. Includes details of the proposed or projected financial position of the system, itemized by:
 - Total financial assets
 - Total liabilities
 - Net debt
 - Non-financial assets
 - Changes in tangible capital assets
- v. Details the proposed or projected gross cash receipts and cash payments itemized by:
 - Operating transactions
 - Capital transactions
 - Investing transactions
 - Financing transactions
 - Changes in cash and cash equivalents during the year
 - Cash and cash equivalents at the beginning and end of year

The disclosure requirements prescribed in the Regulation are consistent with the financial statement requirements as outlined in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants, which comprise:

- A statement of operating results
- A statement of financial position
- A statement of cash flows
- A statement of changes in net financial assets

The Regulation requires a six year financial plan for water. However to be consistent with the principle of adopting an integrated approach to financial planning, the financial plan for the Town incorporates both water and wastewater services over a ten year period. The development of a combined water and wastewater financial plan over ten years was viewed as preferable given the interrelation of operations and capital planning, the linkage between the wastewater surcharge and water rates, the tradition of viewing rate increases on a combined water and wastewater basis and the correlation to the long term planning time frame that is used by the Town.

In connection with its financial plan, the Town is also required to ensure an appropriate level of public communication by:

- Making the financial plans available, on request, to members of the public at no charge
- Making the financial plans available to members of the public at no charge through the internet (if the municipality maintains a website)
- Providing notice as deemed appropriate to advise the public of the availability of the financial plans

1.2 Financial plan methodology

In order to assist municipalities with the preparation of financial plans required under the SDWA, the Ministry of the Environment released a document entitled *Toward Financially Sustainable Drinking-Water and Wastewater Systems* (the "Ministry Document") that outlines suggested principles of financial sustainability for water and wastewater systems as well as possible approaches to implementing these principles.

1.2.1 Sustainability principles

As outlined in the Ministry Document, financial sustainability for water and wastewater systems is intended to ensure that residents enjoy safe drinking water that is provided on a reliable basis over the long-term in a manner that maintains environmental protection. The attainment of financial sustainability, which the Ministry Document recognizes does not necessarily need to occur immediately but rather can involve a transition, can be supported by the adoption of the following nine principles that can be used to inform financial plans:

1. Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.
2. An integrated approach to planning among water, wastewater and storm water systems is desirable given the inherent relationship among these services.
3. Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.
4. Life-cycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.

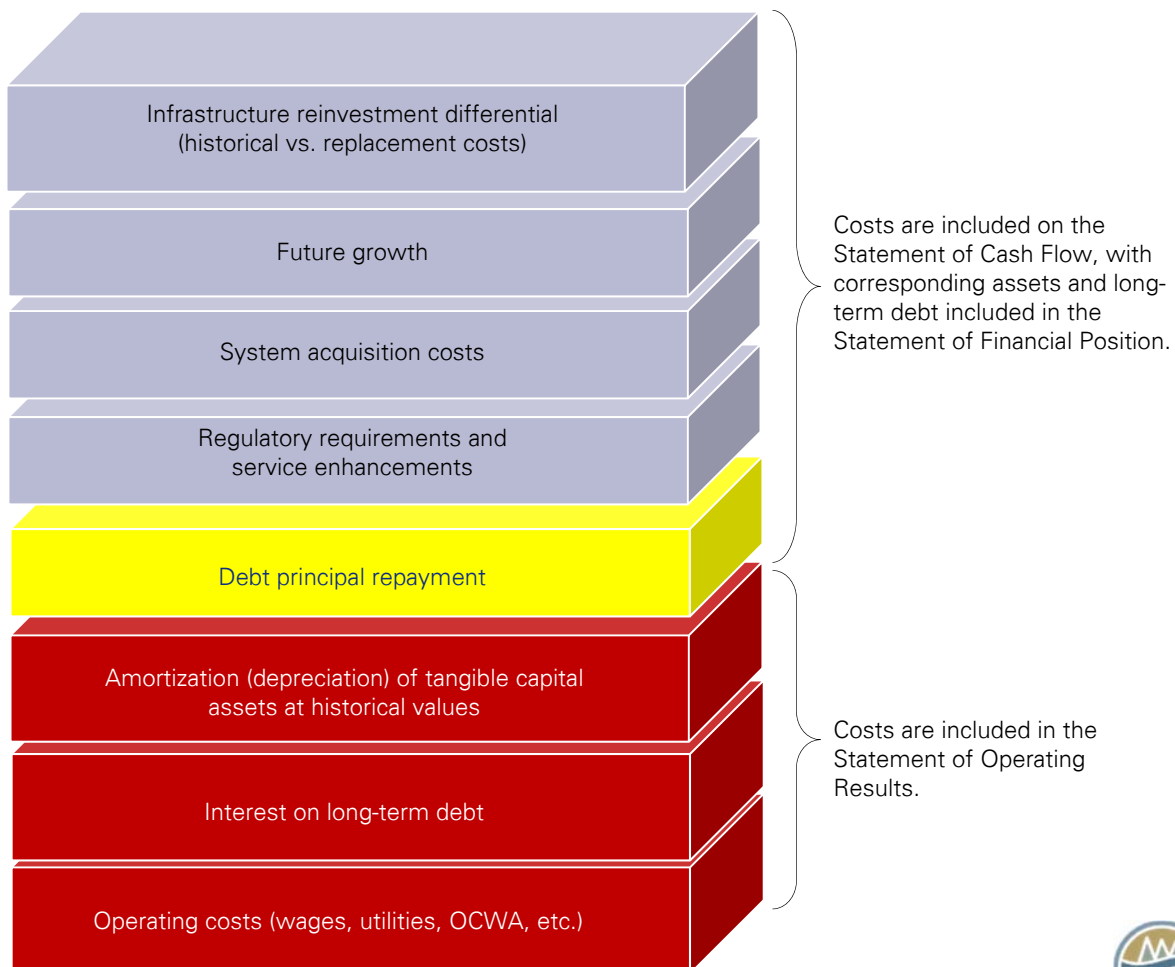
5. An asset management plan is a key input to the development of a financial plan.
6. A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
7. Ensuring 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.
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.
9. Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff and municipal council.

The financial plan developed by the Town embodies each of these principles, as further discussed in Chapter III of this report.

1.2.2 Approach to the financial plan

In developing the financial plan, the Town has adopted the “building-block” approach outlined in the Ministry Document, which considers both the current and anticipated operating and capital funding requirements for water and wastewater services. A graphical depiction of the building-block approach utilized in the development of the Town’s plan is provided below.

Figure 1 – Building-block approach to developing the financial plan



1.3 Restrictions

The financial plan outlined in this report represents a forecast of the financial performance of the Town's water and wastewater services under a series of assumptions that are documented within the plan. The financial plan (which has been prepared for the purposes of meeting regulatory requirements established by the Ministry) does not represent a formal, multi-year budget for water and wastewater services. The approval of operating and capital budgets for water and wastewater services is undertaken as part of the Town's overall annual budgeting process. Accordingly, the financial performance outlined in this document is subject to change based on future decisions of Council with respect to operating and capital costs, rate increases, consumption changes and unforeseen revenues and expenses. It is the intention of the Town to adjust the financial plan on an annual basis to reflect the most recent budgetary decisions made by Council.

The information contained in this report has been compiled from information provided by the Town. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that this information may not be appropriate for their purposes.

We reserve the right (but will be under no obligation) to amend this report and advise accordingly in the event that, in our opinion, new material information comes to our attention that may be contrary to or different from that which is set out in this document. Comments in this report should not be interpreted to be legal advice or opinion. The contents of this report reflect our understanding of the facts derived from the examination of documents provided to us.

This report includes or makes reference to future oriented financial information. We have not audited or otherwise reviewed the financial information or supporting assumptions and as such, express no opinion as to the reasonableness of the information provided.

The individuals that prepared this report did so to the best of their knowledge, acting independently and objectively. KPMG LLP's compensation is not contingent on any action or event resulting from the use of this report.

This report, including the attached appendices, must be considered in its entirety by the reader.

II Overview of the Town's Water and Wastewater System

2.1 Infrastructure

The Town maintains a significant investment in water and wastewater services, with the replacement value of its infrastructure estimated to be in excess of \$40 million. Major components of the Town's water and wastewater infrastructure include:

- A water treatment plant;
- A wastewater treatment plant;
- A water distribution network that includes an elevated storage tank with a capacity of 2,285 m³; and
- A wastewater collection network.

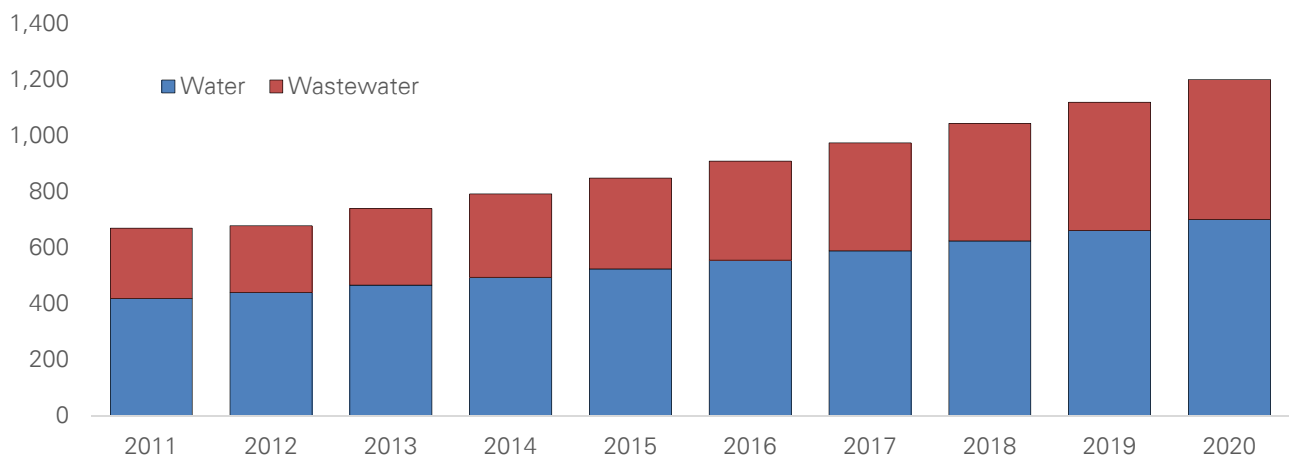
During 2019, the Town treats approximately 280,000 m³ of water and 425,000 m³ in wastewater. The Town continues to experience a relatively high rate of wastewater inflow and infiltration, with wastewater treatment levels approximately 52% higher than water treatment levels. This infiltration is primarily attributed to deterioration of the Town's wastewater collection infrastructure.

2.2 Water and wastewater rates

With the exception of two customers, the Town invoices its customers annually for water and wastewater services using a flat rate. Industrial, commercial and institutional ("ICI") customers are not charged a different rate from residential customers, but rather as invoiced multiple residential rates based on their size and estimated consumption profile.

Both water and wastewater rates have increased consistently in recent years, reflecting the implementation of the Town's previous financial plan for water and wastewater services that contemplated increased funding for capital, as well as the financial effects of inflation and regulatory requirements. In recent years, water rates have increased by 6% per year, while wastewater rates have increased by 9% annually with the total cost of water and wastewater amounting to \$1,199.30 in 2020 (\$700.11 for water and \$499.19 for wastewater).

Residential Water and Wastewater Costs Per Household



III Financial Plan Overview

3.1 Key assumptions

The preparation of a 10-year financial plan for water and wastewater services necessarily requires the use of assumptions concerning future events. Significant assumptions considered in the financial plan include the following:

- Annual inflationary increases of approximately 1.8% are expected over the duration of the projection period.
- Capital expenditures over the ten year period of \$4.4 million for water and \$4.9 million, reflecting the combination of capital projects undertaken by OCWA in relation to the Town's treatment facilities, as well as major infrastructure initiatives undertaken by the Town:
 - Water tower - \$1.1 million
 - Sewage treatment plant facility optimization - \$3.1 million
 - Water and wastewater main replacements undertaken in conjunction with roads projects - \$3.2 million
- No changes are expected to the number of customers.
- The Town will gradually increase water and wastewater revenues over the projection period to a level sufficient to finance operating and capital requirements, including debt servicing costs associated with financing for sustainable reinvestment in the Town's infrastructure.
- The Town will not expand water metering to residential and small commercial customers during the duration of the projection period.

3.2 Contingencies

In addition to the key assumptions noted above, there are a number of other variables that have not been reflected in the financial plan. In the event that these variables materialize, whether in whole or in part, the potential exists for significant impacts (either positive or negative) on the projected financial plan.

Contingencies that were identified but not incorporated into the financial plan due to uncertainty as to quantum or probability of occurrence include:

- Potential operating savings resulting from the projected increase in capital spending. For example, the frequency and cost of repairing water main breaks may decrease as capital funding increases and reduces the overall age of the water main system.
- Potential operating savings related to on-going process reviews and technology enhancements.
- Senior government grant revenues (including Federal Gas Tax revenue) for operating and/or capital purposes above the level of grant revenue noted in the financial plan.
- Unforeseen capital expenditure projects such as sewer and water extensions and development of cost sharing initiatives that exceed the financial resources identified in this plan.
- New Ministry regulations that would have a significant impact on operating costs in excess of cost increases provided for in the financial plan.

3.3 Forecasted water and wastewater rates

Included as Appendix A is the financial plan for water services, which provides a financial forecast of water services from 2012 to 2021. A similar financial plan for wastewater services is included as Appendix B. The financial plans are comprised of:

- A Statement of Projected Operating Results
- A Statement of Projected Financial Position
- A Statement of Cash Flow
- A Statement of Changes in Net Financial Assets
- Support schedules outlining key assumptions

As indicated in the Introduction, the financial plan (which has been prepared for the purposes of meeting regulatory requirements established by the Ministry) does not represent a formal, multi-year budget for water and wastewater services. The approval of operating and capital budgets for water and wastewater services is undertaken as part of the Town’s overall annual budgeting process. Accordingly, the financial performance outlined in this document is subject to change based on future decisions of Council with respect to operating and capital costs, rate increases, consumption changes and unforeseen revenues and expenses. It is the intention of the Town to update the financial plan on a regular basis to reflect budgetary decisions made by Council.

We have summarized below the projected water and wastewater rates as forecasted for 2021 to 2030. These rates consider the anticipated total cost of water and wastewater services, including debt servicing and capital reinvestment requirements. In order to moderate increases in water and wastewater rates as well as accommodate changes in the timing of capital projects, we suggest that the Town consider the implementation of the average rate of increase in water and wastewater rates over the 10 year planning period. This will avoid significant fluctuations in annual rate increases for customers and result in an ongoing increase of 5.5% per year for water and wastewater services.

Residential water and wastewater rates and average monthly costs

Year	Water Rate	Wastewater Rate	Total Annual Cost	Percentage Increase		
				Water	Wastewater	Total
2020	\$700.11	\$499.19	\$1,199.30			
2021	\$899.87	\$531.29	\$1,431.16	28.5%	6.4%	19.3%
2022	\$930.68	\$560.05	\$1,490.73	3.4%	5.4%	4.2%
2023	\$946.74	\$573.37	\$1,520.11	1.7%	2.4%	2.0%
2024	\$962.79	\$646.47	\$1,609.26	1.7%	12.7%	5.9%
2025	\$1,022.72	\$706.26	\$1,728.98	6.2%	9.2%	7.4%
2026	\$1,039.43	\$720.91	\$1,760.34	1.6%	2.1%	1.8%
2027	\$1,056.14	\$735.55	\$1,791.69	1.6%	2.0%	1.8%
2028	\$1,097.78	\$776.70	\$1,874.48	3.9%	5.6%	4.6%
2029	\$1,115.80	\$791.34	\$1,907.14	1.6%	1.9%	1.7%
2030	\$1,164.10	\$839.55	\$2,003.65	4.3%	6.1%	5.1%
Average annual increase				5.5%	5.5%	5.5%

3.4 Congruence with sustainability principles

At the onset of the financial plan, the nine sustainability principles developed by the Ministry were outlined. The table below provides an indication as to the degree of congruence between the Town’s financial plan and the guidance provided by the Ministry.

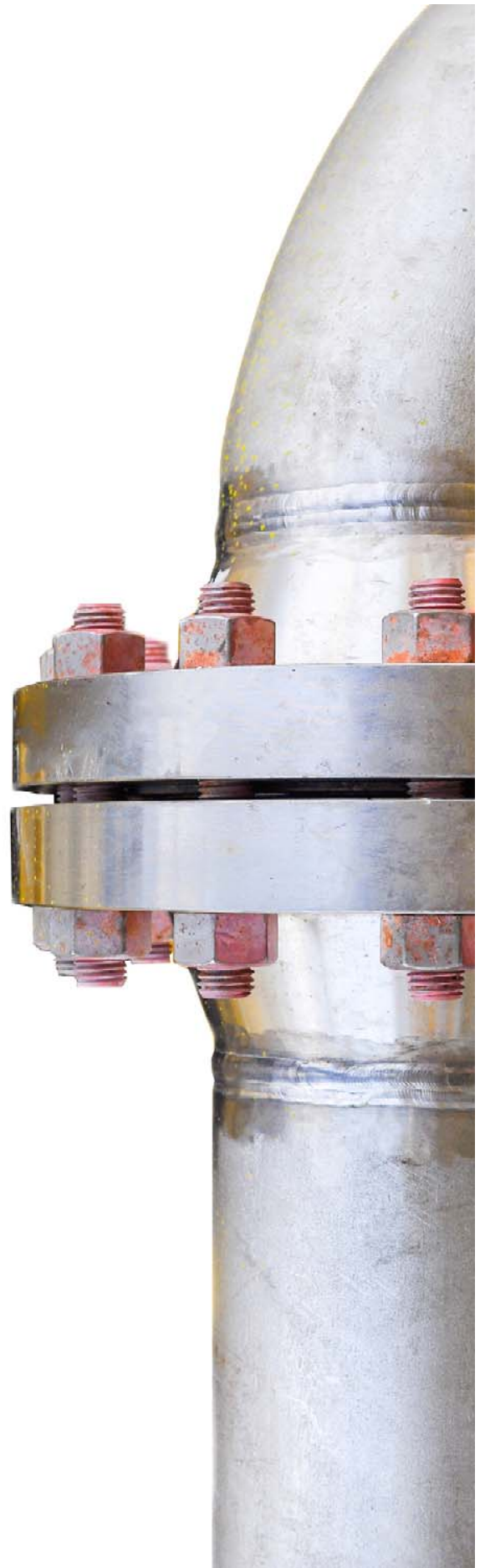
Congruence with suggested sustainability principles

Principle	How Addressed	Conclusion
1. Public engagement and transparency	<ul style="list-style-type: none"> ▪ Financial plan has be presented at public council meeting ▪ Public access to financial plan will be provided consistent with the Regulation 	Achieved
2. Integrated approach to planning	<ul style="list-style-type: none"> ▪ Financial plan extends beyond water services and includes wastewater services 	Achieved
3. Revenues should be used to meet water and wastewater needs	<ul style="list-style-type: none"> ▪ Financial model is full user pay with no excess cash flow 	Achieved
4. Life cycle planning with mid-course corrections is preferable	<ul style="list-style-type: none"> ▪ Planning is a long-term forecast based on the useful life of infrastructure assets 	Achieved
5. Asset management plan is a key input	<ul style="list-style-type: none"> ▪ The Town is commencing asset management planning with consideration given to the useful life of assets 	Achieved
6. Sustainable level of revenue considers operating and capital requirements	<ul style="list-style-type: none"> ▪ Revenue is sufficient to fund all operating costs as well as ongoing capital asset replacement, growth and regulatory changes 	Achieved
7. Users pay for services they receive	<ul style="list-style-type: none"> ▪ No subsidization of water and wastewater services by non-users. Water and wastewater costs are fully financed through rates 	Achieved
8. Financial plans are living documents	<ul style="list-style-type: none"> ▪ Town intends to regularly update the financial plan 	Achieved
9. Financial plans benefit from close collaboration	<ul style="list-style-type: none"> ▪ Preparation included involvement from infrastructure and finance groups, as well as external advisors 	Achieved

TOWN OF
SMOOTH ROCK FALLS

Appendix A Water Financial Plan

September 1, 2020



CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Statement A

Water Operations

Statement of Projected Operating Results
For the Years Ending December 31

	Reference	Budget 2020	2021	2022	2023	2024	2025	Projected 2026	2027	2028	2029	2030
Revenues												
Water user fees - flat rate customers	<i>Schedule 4</i>	\$ 536,230	689,300	712,900	725,200	737,500	783,400	796,200	809,000	840,900	854,700	891,700
Water user fees - variable consumption customers	<i>Schedule 4</i>	24,500	31,500	32,600	33,200	33,800	35,900	36,500	37,100	38,600	39,200	40,900
Total revenues		560,730	720,800	745,500	758,400	771,300	819,300	832,700	846,100	879,500	893,900	932,600
Expenses:												
Operating expenses	<i>Schedule 1</i>	423,720	430,800	438,600	446,500	454,400	462,300	470,700	479,100	487,500	495,900	504,300
Interest on long-term debt	<i>Schedule 2</i>	40,100	73,200	77,400	75,100	72,700	88,900	85,800	82,700	90,000	86,400	95,600
Amortization of tangible capital assets	<i>Schedule 3</i>	135,000	131,400	187,800	196,400	194,600	193,100	222,300	220,000	218,000	233,600	231,500
Total expenses		598,820	635,400	703,800	718,000	721,700	744,300	778,800	781,800	795,500	815,900	831,400
Annual surplus (deficit)		(38,090)	85,400	41,700	40,400	49,600	75,000	53,900	64,300	84,000	78,000	101,200
Accumulated surplus (deficit), beginning of year		1,692,400	1,654,310	1,739,710	1,781,410	1,821,810	1,871,410	1,946,410	2,000,310	2,064,610	2,148,610	2,226,610
Accumulated surplus (deficit), end of year		\$ 1,654,310	\$ 1,739,710	1,781,410	1,821,810	1,871,410	1,946,410	2,000,310	2,064,610	2,148,610	2,226,610	2,327,810
The accumulated surplus is comprised of the following:												
Investment in tangible capital assets		\$ 1,370,000	1,455,400	1,497,100	1,537,500	1,587,100	1,662,100	1,716,000	1,780,300	1,864,300	1,942,300	2,043,500
Reserve funds and unexpended capital funds		284,310	284,310	284,310	284,310	284,310	284,310	284,310	284,310	284,310	284,310	284,310
General fund		-	-	-	-	-	-	-	-	-	-	-
		\$ 1,654,310	\$ 1,739,710	1,781,410	1,821,810	1,871,410	1,946,410	2,000,310	2,064,610	2,148,610	2,226,610	2,327,810

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Statement B

Water Operations

Statement of Projected Financial Position
For the Years Ending December 31

	Reference	Budget	Projected									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Financial Assets												
Due to (from) Town of Smooth Rock Falls		284,310	284,310	284,310	284,310	284,310	284,310	284,310	284,310	284,310	284,310	284,310
Financial Liabilities												
Long-term debt		1,257,000	2,300,200	2,431,700	2,354,900	2,275,700	2,784,600	2,683,400	2,579,100	2,808,100	2,687,500	2,971,800
Net financial assets		(972,690)	(2,015,890)	(2,147,390)	(2,070,590)	(1,991,390)	(2,500,290)	(2,399,090)	(2,294,790)	(2,523,790)	(2,403,190)	(2,687,490)
Non-Financial Assets												
Tangible capital assets		2,627,000	3,755,600	3,928,800	3,892,400	3,862,800	4,446,700	4,399,400	4,359,400	4,672,400	4,629,800	5,015,300
Accumulated surplus (deficit)	\$	1,654,310	1,739,710	1,781,410	1,821,810	1,871,410	1,946,410	2,000,310	2,064,610	2,148,610	2,226,610	2,327,810

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Statement D

Water Operations

Statement of Projected Changes in Net Financial Assets
For the Years Ending December 31

	Reference	Budget	Projected									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual surplus (deficit)	<i>Statement A</i>	\$ (38,090)	85,400	41,700	40,400	49,600	75,000	53,900	64,300	84,000	78,000	101,200
Acquisition of tangible capital assets	<i>Schedule 3</i>	(61,110)	(1,260,000)	(361,000)	(160,000)	(165,000)	(777,000)	(175,000)	(180,000)	(531,000)	(191,000)	(617,000)
Amortization of tangible capital assets	<i>Schedule 3</i>	135,000	131,400	187,800	196,400	194,600	193,100	222,300	220,000	218,000	233,600	231,500
		73,890	(1,128,600)	(173,200)	36,400	29,600	(583,900)	47,300	40,000	(313,000)	42,600	(385,500)
Change in net financial assets		35,800	(1,043,200)	(131,500)	76,800	79,200	(508,900)	101,200	104,300	(229,000)	120,600	(284,300)
Net financial assets (net debt), beginning of year	<i>Statement B</i>	(1,008,504)	(972,704)	(2,015,904)	(2,147,404)	(2,070,604)	(1,991,404)	(2,500,304)	(2,399,104)	(2,294,804)	(2,523,804)	(2,403,204)
Net financial assets (net debt), end of year		\$ (972,704)	(2,015,904)	(2,147,404)	(2,070,604)	(1,991,404)	(2,500,304)	(2,399,104)	(2,294,804)	(2,523,804)	(2,403,204)	(2,687,504)

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Schedule 1

Water Operations

Schedule of Projected Water Operating Costs
For the Years Ending December 31

	Budget 2020	2021	2022	2023	2024	2025	Projected 2026	2027	2028	2029	2030
Water Distribution:											
Salaries and benefits	\$ 6,460	5,900	6,000	6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,800
Supplies and maintenance	27,480	28,000	28,500	29,000	29,500	30,000	30,500	31,000	31,500	32,000	32,500
Purchased services	12,000	12,200	12,400	12,600	12,800	13,000	13,200	13,400	13,600	13,800	14,000
	45,940	46,100	46,900	47,700	48,500	49,300	50,100	50,900	51,700	52,500	53,300
Water Treatment:											
Supplies and maintenance	25,000	25,500	26,000	26,500	27,000	27,500	28,500	29,500	30,500	31,500	32,500
Purchased services	294,370	299,700	305,100	310,600	316,100	321,600	327,100	332,600	338,100	343,600	349,100
Energy	58,410	59,500	60,600	61,700	62,800	63,900	65,000	66,100	67,200	68,300	69,400
	377,780	384,700	391,700	398,800	405,900	413,000	420,600	428,200	435,800	443,400	451,000
TOTAL	\$ 423,720	\$ 430,800	\$ 438,600	\$ 446,500	\$ 454,400	\$ 462,300	\$ 470,700	\$ 479,100	\$ 487,500	\$ 495,900	\$ 504,300

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Schedule 2

Water Operations

Schedule of Projected Long-term Debt
For the Years Ending December 31

	Reference	Budget	Projected									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Balance, beginning of year	\$	1,292,800	1,257,000	2,300,200	2,431,700	2,354,900	2,275,700	2,784,600	2,683,400	2,579,100	2,808,100	2,687,500
Proceeds on issuance of long-term debt		-	1,110,000	206,000	-	-	607,000	-	-	346,000	-	420,000
Total payments		75,900	140,000	151,900	151,900	151,900	187,000	187,000	187,000	207,000	207,000	231,300
Less interest		(40,100)	(73,200)	(77,400)	(75,100)	(72,700)	(88,900)	(85,800)	(82,700)	(90,000)	(86,400)	(95,600)
Principal reduction		35,800	66,800	74,500	76,800	79,200	98,100	101,200	104,300	117,000	120,600	135,700
Balance, end of year	\$	1,257,000	2,300,200	2,431,700	2,354,900	2,275,700	2,784,600	2,683,400	2,579,100	2,808,100	2,687,500	2,971,800

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Schedule 3

Water Operations

Schedule of Tangible Capital Assets
For the Years Ending December 31

	Budget 2020	2021	2022	2023	2024	2025	Projected 2026	2027	2028	2029	2030
Net book value, beginning of year	\$ 2,700,890	2,627,000	3,755,600	3,928,800	3,892,400	3,862,800	4,446,700	4,399,400	4,359,400	4,672,400	4,629,800
Additions:											
Town capital program	-	1,110,000	206,000	-	-	607,000	-	-	346,000	-	420,000
OCWA capital program	61,110	150,000	155,000	160,000	165,000	170,000	175,000	180,000	185,000	191,000	197,000
	61,110	1,260,000	361,000	160,000	165,000	777,000	175,000	180,000	531,000	191,000	617,000
Depreciation	(135,000)	(131,400)	(187,800)	(196,400)	(194,600)	(193,100)	(222,300)	(220,000)	(218,000)	(233,600)	(231,500)
Net book value, end of year	\$ 2,627,000	3,755,600	3,928,800	3,892,400	3,862,800	4,446,700	4,399,400	4,359,400	4,672,400	4,629,800	5,015,300

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Schedule 4

Water Operations

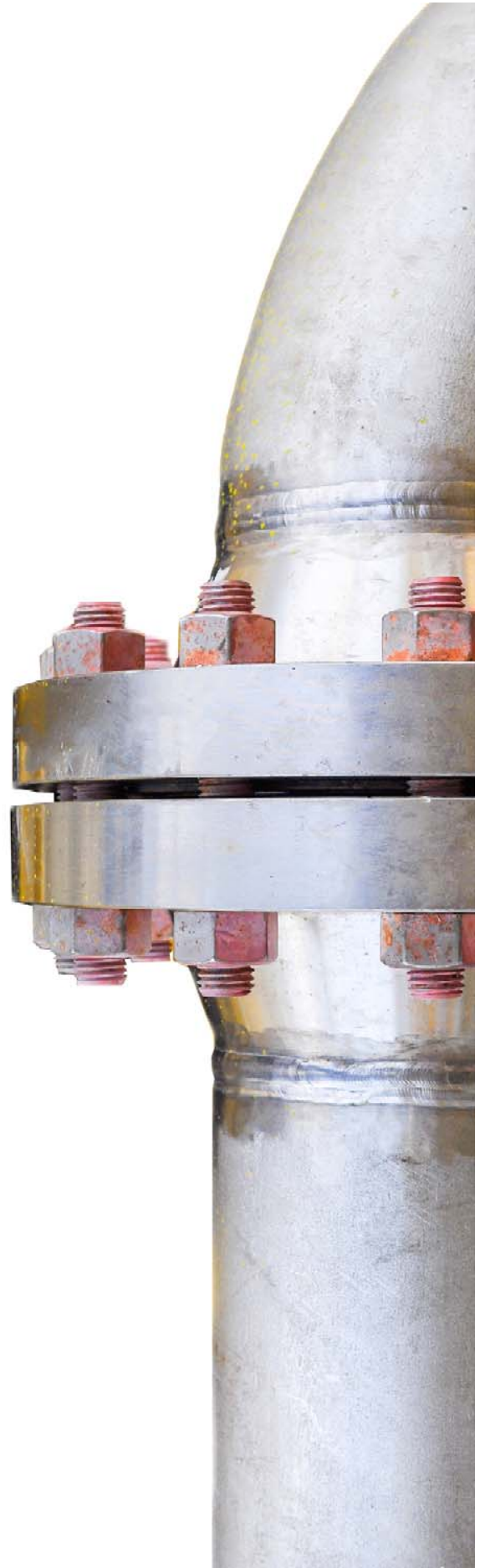
Schedule of Projected User Fee Revenues
For the Years Ending December 31

	Reference	Budget	Projected											
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
Financial requirement associated with:														
Operating expenses	\$	423,720	430,800	438,600	446,500	454,400	462,300	470,700	479,100	487,500	495,900	504,300		
Debt servicing payments		75,900	140,000	151,900	151,900	151,900	187,000	187,000	187,000	207,000	207,000	231,300		
Capital reinvestment funding requirement		61,110	150,000	155,000	160,000	165,000	170,000	175,000	180,000	185,000	191,000	197,000		
Amounts to be funded through user fees		560,730	720,800	745,500	758,400	771,300	819,300	832,700	846,100	879,500	893,900	932,600		
Portion funded through variable consumption customers		24,500	31,500	32,600	33,200	33,800	35,900	36,500	37,100	38,600	39,200	40,900		
Portion funded through flat rate customers		536,230	689,300	712,900	725,200	737,500	783,400	796,200	809,000	840,900	854,700	891,700		
Total customers		766	766	766	766	766	766	766	766	766	766	766		
Annual water rate per customer	\$	700.04	\$ 899.87	\$ 930.68	\$ 946.74	\$ 962.79	\$ 1,022.72	\$ 1,039.43	\$ 1,056.14	\$ 1,097.78	\$ 1,115.80	\$ 1,164.10		
Increase from prior year			28.5%	3.4%	1.7%	1.7%	6.2%	1.6%	1.6%	3.9%	1.6%	4.3%		
													Average annual increase (simple)	5.5%

TOWN OF
SMOOTH ROCK FALLS

Appendix B Wastewater Financial Plan

September 1, 2020



CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Statement A

Wastewater Operations

Statement of Projected Operating Results
For the Years Ending December 31

	Reference	Budget 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenues												
Wastewater user fees - flat rate customers	<i>Schedule 4</i>	\$ 374,900	399,000	420,600	430,600	485,500	530,400	541,400	552,400	583,300	594,300	630,500
Wastewater user fees - variable consumption customers	<i>Schedule 4</i>	1,700	1,800	1,900	1,900	2,100	2,300	2,300	2,300	2,400	2,400	2,500
Total revenues		376,600	400,800	422,500	432,500	487,600	532,700	543,700	554,700	585,700	596,700	633,000
Expenses:												
Operating expenses	<i>Schedule 1</i>	319,930	325,800	331,600	337,600	343,600	349,600	355,600	361,600	367,600	373,600	379,600
Interest on long-term debt	<i>Schedule 2</i>	-	-	6,300	6,200	30,100	25,600	22,000	18,400	52,100	50,100	61,200
Amortization of tangible capital assets	<i>Schedule 3</i>	91,700	90,300	89,700	97,500	97,000	127,800	150,600	148,400	146,500	158,700	156,800
Total expenses		411,630	416,100	427,600	441,300	470,700	503,000	528,200	528,400	566,200	582,400	597,600
Annual surplus (deficit)		(35,030)	(15,300)	(5,100)	(8,800)	16,900	29,700	15,500	26,300	19,500	14,300	35,400
Accumulated surplus (deficit), beginning of year		2,509,670	2,474,640	2,459,340	2,454,240	2,445,440	2,462,340	2,492,040	2,507,540	2,533,840	2,553,340	2,567,640
Accumulated surplus (deficit), end of year		\$ 2,474,640	2,459,340	2,454,240	2,445,440	2,462,340	2,492,040	2,507,540	2,533,840	2,553,340	2,567,640	2,603,040
The accumulated surplus is comprised of the following:												
Investment in tangible capital assets		\$ 2,258,640	2,243,340	2,238,240	2,229,440	2,246,340	2,276,040	2,291,540	2,317,840	2,337,340	2,351,640	2,387,040
Reserve funds and unexpended capital funds		216,000	216,000	216,000	216,000	216,000	216,000	216,000	216,000	216,000	216,000	216,000
General fund		-	-	-	-	-	-	-	-	-	-	-
Total		\$ 2,474,640	2,459,340	2,454,240	2,445,440	2,462,340	2,492,040	2,507,540	2,533,840	2,553,340	2,567,640	2,603,040

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Statement B

Wastewater Operations

Statement of Projected Financial Position
For the Years Ending December 31

	Reference	Budget	Projected									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Financial Assets												
Due to (from) Town of Smooth Rock Falls	\$ 216,000	216,000	216,000	216,000	216,000	216,000	216,000	216,000	216,000	216,000	216,000	
Financial Liabilities												
Long-term debt	-	-	200,400	194,700	947,800	1,488,300	1,418,200	1,344,500	1,630,500	1,568,500	1,913,300	
Net financial assets	216,000	216,000	15,600	21,300	(731,800)	(1,272,300)	(1,202,200)	(1,128,500)	(1,414,500)	(1,352,500)	(1,697,300)	
Non-Financial Assets												
Tangible capital assets	2,258,640	2,243,340	2,438,640	2,424,140	3,194,140	3,764,340	3,709,740	3,662,340	3,967,840	3,920,140	4,300,340	
Accumulated surplus (deficit)	\$ 2,474,640	2,459,340	2,454,240	2,445,440	2,462,340	2,492,040	2,507,540	2,533,840	2,553,340	2,567,640	2,603,040	

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Wastewater Operations

Statement D

Statement of Projected Changes in Net Financial Assets
For the Years Ending December 31

	Reference	Budget	Projected									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual surplus (deficit)	<i>Statement A</i>	\$ (35,030)	(15,300)	(5,100)	(8,800)	16,900	29,700	15,500	26,300	19,500	14,300	35,400
Acquisition of tangible capital assets	<i>Schedule 3</i>	(56,670)	(75,000)	(285,000)	(83,000)	(867,000)	(698,000)	(96,000)	(101,000)	(452,000)	(111,000)	(537,000)
Amortization of tangible capital assets	<i>Schedule 3</i>	91,700	90,300	89,700	97,500	97,000	127,800	150,600	148,400	146,500	158,700	156,800
		35,030	15,300	(195,300)	14,500	(770,000)	(570,200)	54,600	47,400	(305,500)	47,700	(380,200)
Change in net financial assets		-	-	(200,400)	5,700	(753,100)	(540,500)	70,100	73,700	(286,000)	62,000	(344,800)
Net financial assets (net debt), beginning of year	<i>Statement B</i>	216,000	216,000	216,000	15,600	21,300	(731,800)	(1,272,300)	(1,202,200)	(1,128,500)	(1,414,500)	(1,352,500)
Net financial assets (net debt), end of year		\$ 216,000	216,000	15,600	21,300	(731,800)	(1,272,300)	(1,202,200)	(1,128,500)	(1,414,500)	(1,352,500)	(1,697,300)

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Schedule 1

Wastewater Operations

Schedule of Projected Water Operating Costs
For the Years Ending December 31

	Budget 2020	2021	2022	2023	2024	2025	Projected 2026	2027	2028	2029	2030
Wastewater Collection:											
Salaries and benefits	\$ 3,010	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100
Supplies and maintenance	10,690	10,900	11,100	11,300	11,500	11,700	11,900	12,100	12,300	12,500	12,700
Purchased services	20,000	20,400	20,800	21,200	21,600	22,000	22,400	22,800	23,200	23,600	24,000
	33,700	34,400	35,000	35,600	36,200	36,800	37,400	38,000	38,600	39,200	39,800
Water Treatment:											
Supplies and maintenance	25,000	25,500	26,000	26,500	27,000	27,500	28,000	28,500	29,000	29,500	30,000
Purchased services	159,850	162,700	165,600	168,600	171,600	174,600	177,600	180,600	183,600	186,600	189,600
Energy	101,380	103,200	105,000	106,900	108,800	110,700	112,600	114,500	116,400	118,300	120,200
	286,230	291,400	296,600	302,000	307,400	312,800	318,200	323,600	329,000	334,400	339,800
TOTAL	\$ 319,930	325,800	331,600	337,600	343,600	349,600	355,600	361,600	367,600	373,600	379,600

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Wastewater Operations

Schedule 2

Schedule of Projected Long-term Debt
For the Years Ending December 31

	Reference	Budget	Projected									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Balance, beginning of year	\$ -	-	-	200,400	194,700	947,800	1,488,300	1,418,200	1,344,500	1,630,500	1,568,500	
Proceeds on issuance of long-term debt	-	-	206,000	-	780,000	607,000	-	-	346,000	-	420,000	
Total payments	-	-	11,900	11,900	57,000	92,100	92,100	92,100	112,100	112,100	136,400	
Less interest	-	-	(6,300)	(6,200)	(30,100)	(25,600)	(22,000)	(18,400)	(52,100)	(50,100)	(61,200)	
Principal reduction	-	-	5,600	5,700	26,900	66,500	70,100	73,700	60,000	62,000	75,200	
Balance, end of year	\$ -	-	200,400	194,700	947,800	1,488,300	1,418,200	1,344,500	1,630,500	1,568,500	1,913,300	

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Schedule 3

Wastewater Operations

Schedule of Tangible Capital Assets
For the Years Ending December 31

	Budget 2020	2021	2022	2023	2024	2025	Projected 2026	2027	2028	2029	2030
Net book value, beginning of year	\$ 2,293,670	2,258,640	2,243,340	2,438,640	2,424,140	3,194,140	3,764,340	3,709,740	3,662,340	3,967,840	3,920,140
Additions											
Town capital program	-	-	206,000	-	780,000	607,000	-	-	346,000	-	420,000
OCWA capital program	56,670	75,000	79,000	83,000	87,000	91,000	96,000	101,000	106,000	111,000	117,000
	56,670	75,000	285,000	83,000	867,000	698,000	96,000	101,000	452,000	111,000	537,000
Depreciation	(91,700)	(90,300)	(89,700)	(97,500)	(97,000)	(127,800)	(150,600)	(148,400)	(146,500)	(158,700)	(156,800)
Net book value, end of year	\$ 2,258,640	2,243,340	2,438,640	2,424,140	3,194,140	3,764,340	3,709,740	3,662,340	3,967,840	3,920,140	4,300,340

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Schedule 4

Wastewater Operations

Schedule of Projected User Fee Revenues
For the Years Ending December 31

	Reference	Budget	Projected										
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Financial requirement associated with:													
Operating expenses	\$	319,930	325,800	331,600	337,600	343,600	349,600	355,600	361,600	367,600	373,600	379,600	
Debt servicing payments		-	-	11,900	11,900	57,000	92,100	92,100	92,100	112,100	112,100	136,400	
Capital reinvestment funding requirement		56,670	75,000	79,000	83,000	87,000	91,000	96,000	101,000	106,000	111,000	117,000	
Amounts to be funded through user fees		376,600	400,800	422,500	432,500	487,600	532,700	543,700	554,700	585,700	596,700	633,000	
Portion funded through variable consumption customers		1,700	1,800	1,900	1,900	2,100	2,300	2,300	2,300	2,400	2,400	2,500	
Portion funded through flat rate customers		374,900	399,000	420,600	430,600	485,500	530,400	541,400	552,400	583,300	594,300	630,500	
Total customers		751	751	751	751	751	751	751	751	751	751	751	
Annual water rate per customer	\$	499.20	531.29	560.05	573.37	646.47	706.26	720.91	735.55	776.70	791.34	839.55	
Increase from prior year			6.4%	5.4%	2.4%	12.7%	9.2%	2.1%	2.0%	5.6%	1.9%	6.1%	
										Average annual increase (simple)			5.5%