



Corporation of the Town
of Smooth Rock Falls

Water and Wastewater Financial
Plan

October 5, 2015

ADVISORY

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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.



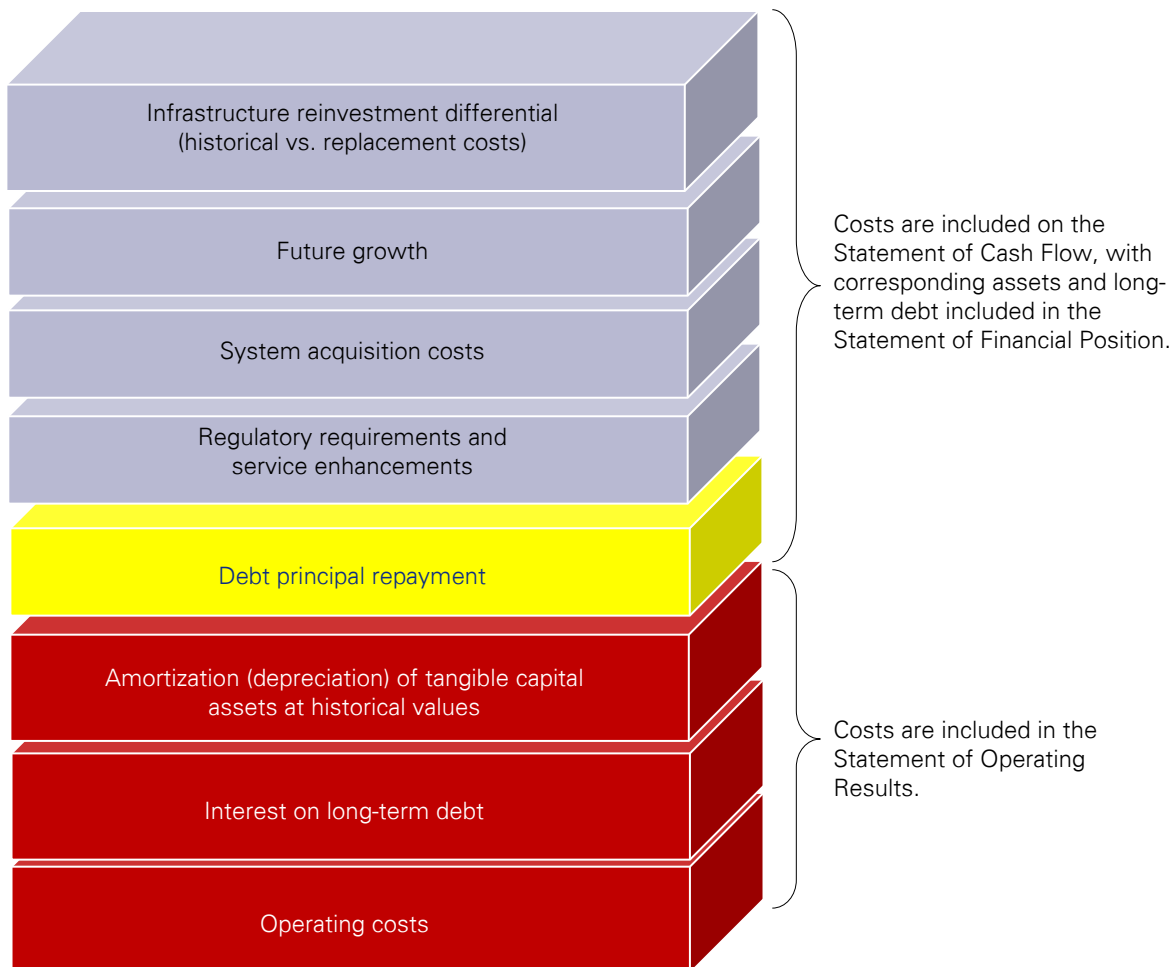
6. A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
7. Ensuring users pay for the services they are provided leads to equitable outcomes and can improve 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 Notice to Reader

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 \$30 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.

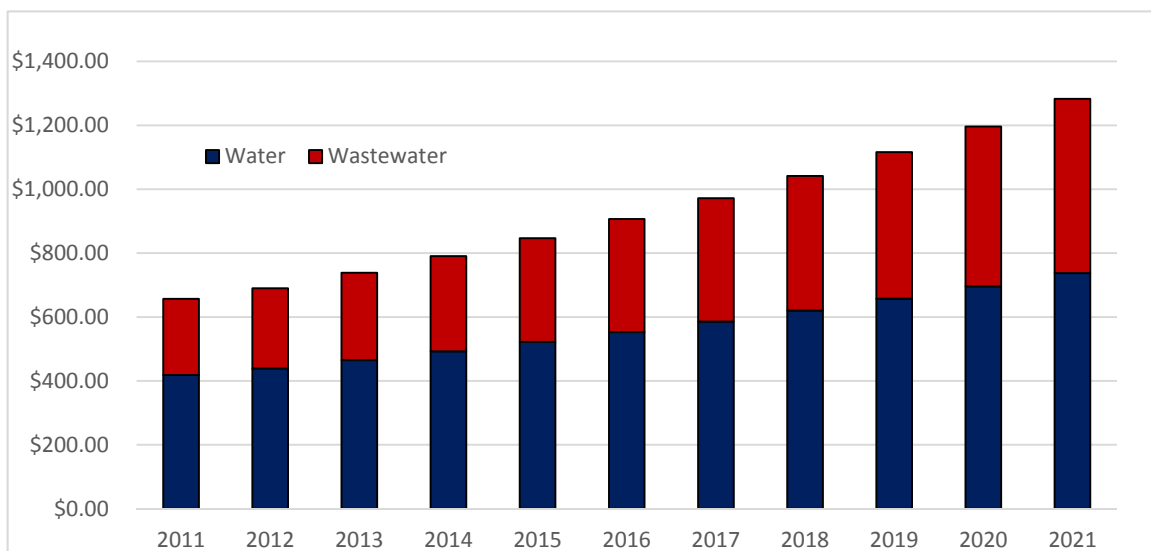
On an annual basis, the Town treats approximately 300,000 m³ of water and 450,000 m³ in wastewater. The Town continues to experience a relatively high rate of wastewater infiltration, with wastewater treatment levels approximately 45% higher than water treatment levels. This infiltration is primarily attributed to deterioration of the Town's wastewater collection infrastructure.

2.2 Water and wastewater rates

With the exception of one multi-residential customer, The Town invoices its customers annually for water and wastewater services using a flat rate. Larger 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. For example, the local hospital is invoiced the equivalent of 48 residential customers.

As summarized in Figure 2, both water and wastewater rates have increased consistently since 2011, with water costs increasing by 5.9% per year and wastewater rates increasing by 9.0% per year. The Town has passed a bylaw that fixes these annual increases until 2021.

Figure 2 – Annual water and wastewater rates (residential customers)



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 3% are expected over the duration of the projection period.
- No changes are expected to the number of customers.
- The Town will increase water and wastewater revenues over the projection period by 5.9% and 9.0% annually, respectively. These increases in rates will be used to:
 - Finance contributions to the Town's water and wastewater reserve funds so as to allow for sustainable reinvestment in the Town's infrastructure; and
 - Fully finance wastewater costs through user fees.
- 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

In order to moderate increases in water and wastewater rates, Council may choose to adjusted the projected annual increases as considered appropriate.

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 in Figure 3 the projected water and wastewater rates as forecasted for 2016 to 2025. These rates reflect the anticipated total cost of water and wastewater services, including capital reinvestment requirements, and do not consider increases or decreases in the number of water and wastewater customers.

Figure 3 –Residential water and wastewater rates and average monthly costs

Year	Water Rate	Wastewater Rate	Total Annual Cost	Percentage Increase		
				Water	Wastewater	Total
2015	\$523.16	\$324.44	\$847.60			
2016	\$553.01	\$354.02	\$907.03	5.9%	9.0%	7.2%
2017	\$585.79	\$385.99	\$971.78	5.9%	9.0%	7.2%
2018	\$620.51	\$420.84	\$1,041.35	5.9%	9.0%	7.2%
2019	\$657.29	\$458.84	\$1,116.13	5.9%	9.0%	7.2%
2020	\$696.25	\$500.28	\$1,196.53	5.9%	9.0%	7.2%
2021	\$737.55	\$545.45	\$1,283.00	5.9%	9.0%	7.2%
2022	\$781.07	\$594.54	\$1,375.61	5.9%	9.0%	7.2%
2023	\$827.15	\$648.05	\$1,475.20	5.9%	9.0%	7.2%
2024	\$875.95	\$706.37	\$1,582.32	5.9%	9.0%	7.2%
2025	\$927.63	\$769.95	\$1,697.58	5.9%	9.0%	7.2%
Average annual increase	5.9%	9.0%	7.2%			

3.4 Congruence with sustainability principles

At the onset of the financial plan, the nine sustainability principles developed by the Ministry were outlined. Figure 4 (see next page) provides an indication as to the degree of congruence between the Town's financial plan and the guidance provided by the Ministry.



Figure 4 – 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. Wastewater costs will transition to a fully user-pay model under the plan. 	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

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Statement A

Water Operations

Statement of Projected Operating Results
For the Years Ending December 31

	Reference	Projected									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues											
Water user fees	<i>Schedule 4</i>	\$ 436,320	462,190	489,580	518,600	549,340	581,930	616,260	652,620	691,120	731,900
Total revenues		436,320	462,190	489,580	518,600	549,340	581,930	616,260	652,620	691,120	731,900
Expenses:											
Operating expenses	<i>Schedule 1</i>	386,460	398,070	410,020	422,320	434,990	448,040	461,490	475,330	489,590	504,270
Amortization of tangible capital assets	<i>Schedule 2</i>	121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900
Total expenses		508,360	519,970	531,920	544,220	556,890	569,940	583,390	597,230	611,490	626,170
Annual surplus (deficit)		(72,040)	(57,780)	(42,340)	(25,620)	(7,550)	11,990	32,870	55,390	79,630	105,730
Accumulated surplus (deficit), beginning of year		3,653,520	3,581,480	3,523,700	3,481,360	3,455,740	3,448,190	3,460,180	3,493,050	3,548,440	3,628,070
Accumulated surplus (deficit), end of year	\$	3,581,480	3,523,700	3,481,360	3,455,740	3,448,190	3,460,180	3,493,050	3,548,440	3,628,070	3,733,800
The accumulated surplus is comprised of the following:											
Investment in tangible capital assets	\$	3,581,480	3,459,580	3,337,680	3,215,780	3,093,880	2,971,980	2,850,080	2,728,180	2,606,280	2,484,380
Reserve funds and unexpended capital funds		433,720	497,840	577,400	673,680	788,030	921,920	1,076,690	1,253,980	1,455,510	1,683,140
Other net assets		-	-	-	-	-	-	-	-	-	-
	\$	4,015,200	3,957,420	3,915,080	3,889,460	3,881,910	3,893,900	3,926,770	3,982,160	4,061,790	4,167,520

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Statement B

Water Operations

Statement of Projected Financial Position
For the Years Ending December 31

	Reference	Projected									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Financial Assets											
Cash and short-term investments	<i>Statement C</i>	433,720	497,840	577,400	673,680	788,030	921,920	1,076,690	1,253,980	1,455,510	1,683,140
Accounts receivable		-	-	-	-	-	-	-	-	-	-
Total financial assets		433,720	497,840	577,400	673,680	788,030	921,920	1,076,690	1,253,980	1,455,510	1,683,140
Non-Financial Assets											
Tangible capital assets	<i>Schedule 3</i>	3,581,480	3,459,580	3,337,680	3,215,780	3,093,880	2,971,980	2,850,080	2,728,180	2,606,280	2,484,380
Total non-financial assets		3,581,480	3,459,580	3,337,680	3,215,780	3,093,880	2,971,980	2,850,080	2,728,180	2,606,280	2,484,380
Accumulated surplus (deficit)		\$ 4,015,200	3,957,420	3,915,080	3,889,460	3,881,910	3,893,900	3,926,770	3,982,160	4,061,790	4,167,520

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Statement C

Water Operations

Statement of Projected Cash Flows
For the Years Ending December 31

		----- Projected -----									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cash provided (used in) operating activities:											
Annual surplus (deficit)	<i>Statement A</i>	\$ (72,040)	\$ (57,780)	\$ (42,340)	\$ (25,620)	\$ (7,550)	\$ 11,990	\$ 32,870	\$ 55,390	\$ 79,630	\$ 105,730
Items not involving cash:											
Amortization of tangible capital assets	<i>Schedule 2</i>	121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900
Net change in cash from operating activities		49,860	64,120	79,560	96,280	114,350	133,890	154,770	177,290	201,530	227,630
Capital activities:											
Cash used to acquire tangible capital assets		-	-	-	-	-	-	-	-	-	-
Proceeds from disposal of tangible capital assets		-	-	-	-	-	-	-	-	-	-
Net change in cash from capital activities		-	-	-	-	-	-	-	-	-	-
Net change in cash		49,860	64,120	79,560	96,280	114,350	133,890	154,770	177,290	201,530	227,630
Cash and cash equivalents, beginning of year		383,860	433,720	497,840	577,400	673,680	788,030	921,920	1,076,690	1,253,980	1,455,510
Cash and cash equivalents, end of year		\$ 433,720	497,840	577,400	673,680	788,030	921,920	1,076,690	1,253,980	1,455,510	1,683,140

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS
Water Operations

Statement D

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

		----- Projected -----									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual surplus (deficit)	<i>Statement A</i>	\$ (72,040)	(57,780)	(42,340)	(25,620)	(7,550)	11,990	32,870	55,390	79,630	105,730
Acquisition of tangible capital assets	<i>Schedule 3</i>	-	-	-	-	-	-	-	-	-	-
Amortization of tangible capital assets	<i>Schedule 3</i>	121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900
		121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900	121,900
Change in net financial assets		49,860	64,120	79,560	96,280	114,350	133,890	154,770	177,290	201,530	227,630
Net financial assets (net debt), beginning of year	<i>Statement B</i>	383,860	433,720	497,840	577,400	673,680	788,030	921,920	1,076,690	1,253,980	1,455,510
Net financial assets (net debt), end of year		\$ 433,720	497,840	577,400	673,680	788,030	921,920	1,076,690	1,253,980	1,455,510	1,683,140

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Schedule 1

Water Operations

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

	----- Projected -----									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Distribution:										
Salaries and benefits	16,560	17,060	17,570	18,100	18,640	19,200	19,780	20,370	20,980	21,610
Operating supplies	8,590	8,850	9,120	9,390	9,670	9,960	10,260	10,570	10,890	11,220
Purchased services	29,270	30,150	31,050	31,980	32,940	33,930	34,950	36,000	37,080	38,190
	54,420	56,060	57,740	59,470	61,250	63,090	64,990	66,940	68,950	71,020
Water Treatment:										
Operating supplies	4,510	4,650	4,790	4,930	5,080	5,230	5,390	5,550	5,720	5,890
Purchased services	262,960	270,850	278,980	287,350	295,970	304,850	314,000	323,420	333,120	343,110
Licenses	610	630	650	670	690	710	730	750	770	790
Energy	63,960	65,880	67,860	69,900	72,000	74,160	76,380	78,670	81,030	83,460
	332,040	342,010	352,280	362,850	373,740	384,950	396,500	408,390	420,640	433,250
TOTAL	\$ 386,460	\$ 398,070	\$ 410,020	\$ 422,320	\$ 434,990	\$ 448,040	\$ 461,490	\$ 475,330	\$ 489,590	\$ 504,270

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Water Operations

Schedule of Tangible Capital Assets
For the Years Ending December 31

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	----- Projected -----									
Fire hydrants										
Net book value, beginning of year	\$ 63,200	60,400	57,600	54,800	52,000	49,200	46,400	43,600	40,800	38,000
Additions	-	-	-	-	-	-	-	-	-	-
Depreciation	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)
Net book value, end of year	60,400	57,600	54,800	52,000	49,200	46,400	43,600	40,800	38,000	35,200
Watermains and valves										
Net book value, beginning of year	782,830	736,230	689,630	643,030	596,430	549,830	503,230	456,630	410,030	363,430
Additions	-	-	-	-	-	-	-	-	-	-
Depreciation	(46,600)	(46,600)	(46,600)	(46,600)	(46,600)	(46,600)	(46,600)	(46,600)	(46,600)	(46,600)
Net book value, end of year	736,230	689,630	643,030	596,430	549,830	503,230	456,630	410,030	363,430	316,830
Buildings and equipment										
Net book value, beginning of year	2,001,800	1,926,500	1,851,200	1,775,900	1,700,600	1,625,300	1,550,000	1,474,700	1,399,400	1,324,100
Additions	-	-	-	-	-	-	-	-	-	-
Depreciation	(75,300)	(75,300)	(75,300)	(75,300)	(75,300)	(75,300)	(75,300)	(75,300)	(75,300)	(75,300)
Net book value, end of year	1,926,500	1,851,200	1,775,900	1,700,600	1,625,300	1,550,000	1,474,700	1,399,400	1,324,100	1,248,800
Total										
Net book value, beginning of year	3,703,380	3,581,480	3,459,580	3,337,680	3,215,780	3,093,880	2,971,980	2,850,080	2,728,180	2,606,280
Additions	-	-	-	-	-	-	-	-	-	-
Depreciation	(121,900)	(121,900)	(121,900)	(121,900)	(121,900)	(121,900)	(121,900)	(121,900)	(121,900)	(121,900)
Net book value, end of year	\$ 3,581,480	3,459,580	3,337,680	3,215,780	3,093,880	2,971,980	2,850,080	2,728,180	2,606,280	2,484,380

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Water Operations

Schedule of Projected Capital Reinvestment Financing
For the Years Ending December 31

	----- Projected -----									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Watermains and valves										
Estimated replacement cost, beginning of year	9,180,700	9,456,120	9,739,800	10,031,990	10,332,950	10,642,940	10,962,230	11,291,100	11,629,830	11,978,720
Inflation provision	275,420	283,680	292,190	300,960	309,990	319,290	328,870	338,730	348,890	359,360
	9,456,120	9,739,800	10,031,990	10,332,950	10,642,940	10,962,230	11,291,100	11,629,830	11,978,720	12,338,080
Estimated useful life	50	50	50	50	50	50	50	50	50	50
Annual reinvestment requirement	189,120	194,800	200,640	206,660	212,860	219,240	225,820	232,600	239,570	246,760
Buildings and equipment										
Estimated replacement cost, beginning of year	3,693,600	3,804,410	3,918,540	4,036,100	4,157,180	4,281,900	4,410,360	4,542,670	4,678,950	4,819,320
Inflation provision	110,810	114,130	117,560	121,080	124,720	128,460	132,310	136,280	140,370	144,580
	3,804,410	3,918,540	4,036,100	4,157,180	4,281,900	4,410,360	4,542,670	4,678,950	4,819,320	4,963,900
Estimated useful life	50	50	50	50	50	50	50	50	50	50
Annual reinvestment requirement	76,090	78,370	80,720	83,140	85,640	88,210	90,850	93,580	96,390	99,280
Total										
Estimated replacement cost, beginning of year	12,874,300	13,260,530	13,658,350	14,068,100	14,490,140	14,924,840	15,372,590	15,833,770	16,308,780	16,798,040
Inflation provision	386,230	397,820	409,750	422,040	434,700	447,750	461,180	475,010	489,260	503,940
	13,260,530	13,658,350	14,068,100	14,490,140	14,924,840	15,372,590	15,833,770	16,308,780	16,798,040	17,301,980
Estimated useful life	-	-	-	-	-	-	-	-	-	-
Annual reinvestment requirement	265,210	273,170	281,360	289,800	298,500	307,450	316,670	326,180	335,960	346,040
Estimated portion funded by grants	-	-	-	-	-	-	-	-	-	-
Municipal reinvestment requirement before phase-in	265,210	273,170	281,360	289,800	298,500	307,450	316,670	326,180	335,960	346,040
Funded percentage	19%	23%	28%	33%	38%	44%	49%	54%	60%	66%
Annual municipal infrastructure reinvestment requirement	\$ 49,860	64,120	79,560	96,280	114,350	133,890	154,770	177,290	201,530	227,630

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Statement A

Wastewater Operations

Statement of Projected Operating Results
For the Years Ending December 31

	Reference	Projected									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues											
Wastewater user fees	<i>Schedule 5</i>	\$ 274,370	299,140	326,150	355,600	387,720	422,720	460,770	502,240	547,440	596,710
Tax support		21,880	5,980	-	-	-	-	-	-	-	-
Total revenues		296,250	305,120	326,150	355,600	387,720	422,720	460,770	502,240	547,440	596,710
Expenses:											
Operating expenses	<i>Schedule 1</i>	296,250	305,120	314,270	323,690	333,400	343,410	353,710	364,310	375,250	386,500
Amortization of tangible capital assets	<i>Schedule 2</i>	168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900
Total expenses		465,150	474,020	483,170	492,590	502,300	512,310	522,610	533,210	544,150	555,400
Annual surplus (deficit)		(168,900)	(168,900)	(157,020)	(136,990)	(114,580)	(89,590)	(61,840)	(30,970)	3,290	41,310
Accumulated surplus (deficit), beginning of year		4,595,175	4,426,275	4,257,375	4,100,355	3,963,365	3,848,785	3,759,195	3,697,355	3,666,385	3,669,675
Accumulated surplus (deficit), end of year		\$ 4,426,275	4,257,375	4,100,355	3,963,365	3,848,785	3,759,195	3,697,355	3,666,385	3,669,675	3,710,985
The accumulated surplus is comprised of the following:											
Investment in tangible capital assets		\$ 4,273,600	4,104,700	3,935,800	3,766,900	3,598,000	3,429,100	3,260,200	3,091,300	2,922,400	2,753,500
Reserve funds and unexpended capital funds		152,675	152,675	164,555	196,465	250,785	330,095	437,155	575,085	747,275	957,485
Other net assets		-	-	-	-	-	-	-	-	-	-
		\$ 4,426,275	4,257,375	4,100,355	3,963,365	3,848,785	3,759,195	3,697,355	3,666,385	3,669,675	3,710,985

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS
Wastewater Operations

Statement B

Statement of Projected Financial Position
For the Years Ending December 31

	Reference	Projected									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Financial Assets											
Cash and short-term investments	<i>Statement C</i>	152,675	152,675	164,555	196,465	250,785	330,095	437,155	575,085	747,275	957,485
Accounts receivable		-	-	-	-	-	-	-	-	-	-
Total financial assets		152,675	152,675	164,555	196,465	250,785	330,095	437,155	575,085	747,275	957,485
Non-Financial Assets											
Tangible capital assets	<i>Schedule 3</i>	4,273,600	4,104,700	3,935,800	3,766,900	3,598,000	3,429,100	3,260,200	3,091,300	2,922,400	2,753,500
Total non-financial assets		4,273,600	4,104,700	3,935,800	3,766,900	3,598,000	3,429,100	3,260,200	3,091,300	2,922,400	2,753,500
Accumulated surplus (deficit)		\$ 4,426,275	4,257,375	4,100,355	3,963,365	3,848,785	3,759,195	3,697,355	3,666,385	3,669,675	3,710,985

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS
Wastewater Operations

Statement C

Statement of Projected Cash Flows
For the Years Ending December 31

		Projected									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cash provided (used in) operating activities:											
Annual surplus (deficit)	<i>Statement A</i>	\$ (168,900)	\$ (168,900)	\$ (157,020)	\$ (136,990)	\$ (114,580)	\$ (89,590)	\$ (61,840)	\$ (30,970)	\$ 3,290	\$ 41,310
Items not involving cash:											
Amortization of tangible capital assets	<i>Schedule 2</i>	168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900
Net change in cash from operating activities		-	-	11,880	31,910	54,320	79,310	107,060	137,930	172,190	210,210
Capital activities:											
Cash used to acquire tangible capital assets	<i>Schedule 3</i>	-	-	-	-	-	-	-	-	-	-
Proceeds from disposal of tangible capital assets		-	-	-	-	-	-	-	-	-	-
Net change in cash from capital activities		-	-	-	-	-	-	-	-	-	-
Net change in cash		-	-	11,880	31,910	54,320	79,310	107,060	137,930	172,190	210,210
Cash and cash equivalents, beginning of year		152,675	152,675	152,675	164,555	196,465	250,785	330,095	437,155	575,085	747,275
Cash and cash equivalents, end of year		\$ 152,675	\$ 152,675	\$ 164,555	\$ 196,465	\$ 250,785	\$ 330,095	\$ 437,155	\$ 575,085	\$ 747,275	\$ 957,485

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

		Projected									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual surplus (deficit)	<i>Statement A</i>	\$ (168,900)	(168,900)	(157,020)	(136,990)	(114,580)	(89,590)	(61,840)	(30,970)	3,290	41,310
Acquisition of tangible capital assets	<i>Schedule 2</i>	-	-	-	-	-	-	-	-	-	-
Amortization of tangible capital assets	<i>Schedule 2</i>	168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900
		168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900	168,900
Change in net financial assets		-	-	11,880	31,910	54,320	79,310	107,060	137,930	172,190	210,210
Net financial assets (net debt), beginning of year	<i>Statement B</i>	152,675	152,675	152,675	164,555	196,465	250,785	330,095	437,155	575,085	747,275
Net financial assets (net debt), end of year		\$ 152,675	152,675	164,555	196,465	250,785	330,095	437,155	575,085	747,275	957,485

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Schedule 1

Wastewater Operations

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

	----- Projected -----									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Wastewater Collection:										
Salaries and benefits	10,440	10,750	11,070	11,400	11,740	12,090	12,450	12,820	13,200	13,600
Operating supplies	12,100	12,460	12,830	13,210	13,610	14,020	14,440	14,870	15,320	15,780
Purchased services	1,810	1,860	1,920	1,980	2,040	2,100	2,160	2,220	2,290	2,360
	<u>24,350</u>	<u>25,070</u>	<u>25,820</u>	<u>26,590</u>	<u>27,390</u>	<u>28,210</u>	<u>29,050</u>	<u>29,910</u>	<u>30,810</u>	<u>31,740</u>
Wastewater Treatment:										
Operating supplies	48,810	50,270	51,780	53,330	54,930	56,580	58,280	60,030	61,830	63,680
Purchased services	143,800	148,110	152,550	157,130	161,840	166,700	171,700	176,850	182,160	187,620
Licenses	-	-	-	-	-	-	-	-	-	-
Energy	79,290	81,670	84,120	86,640	89,240	91,920	94,680	97,520	100,450	103,460
	<u>271,900</u>	<u>280,050</u>	<u>288,450</u>	<u>297,100</u>	<u>306,010</u>	<u>315,200</u>	<u>324,660</u>	<u>334,400</u>	<u>344,440</u>	<u>354,760</u>
TOTAL	\$ 296,250	\$ 305,120	\$ 314,270	\$ 323,690	\$ 333,400	\$ 343,410	\$ 353,710	\$ 364,310	\$ 375,250	\$ 386,500

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS
Wastewater Operations

Schedule 2

Schedule of Tangible Capital Assets
For the Years Ending December 31

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	----- Projected -----									
Sewer mains and manholes										
Net book value, beginning of year	2,218,400	2,116,800	2,015,200	1,913,600	1,812,000	1,710,400	1,608,800	1,507,200	1,405,600	1,304,000
Additions	-	-	-	-	-	-	-	-	-	-
Depreciation	(101,600)	(101,600)	(101,600)	(101,600)	(101,600)	(101,600)	(101,600)	(101,600)	(101,600)	(101,600)
Net book value, end of year	2,116,800	2,015,200	1,913,600	1,812,000	1,710,400	1,608,800	1,507,200	1,405,600	1,304,000	1,202,400
Buildings and equipment										
Net book value, beginning of year	2,224,100	2,156,800	2,089,500	2,022,200	1,954,900	1,887,600	1,820,300	1,753,000	1,685,700	1,618,400
Additions	-	-	-	-	-	-	-	-	-	-
Depreciation	(67,300)	(67,300)	(67,300)	(67,300)	(67,300)	(67,300)	(67,300)	(67,300)	(67,300)	(67,300)
Net book value, end of year	2,156,800	2,089,500	2,022,200	1,954,900	1,887,600	1,820,300	1,753,000	1,685,700	1,618,400	1,551,100
Total										
Net book value, beginning of year	4,442,500	4,273,600	4,104,700	3,935,800	3,766,900	3,598,000	3,429,100	3,260,200	3,091,300	2,922,400
Additions	-	-	-	-	-	-	-	-	-	-
Depreciation	(168,900)	(168,900)	(168,900)	(168,900)	(168,900)	(168,900)	(168,900)	(168,900)	(168,900)	(168,900)
Net book value, end of year	\$ 4,273,600	4,104,700	3,935,800	3,766,900	3,598,000	3,429,100	3,260,200	3,091,300	2,922,400	2,753,500

CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Schedule 3

Wastewater Operations

Schedule of Projected Capital Reinvestment Financing
For the Years Ending December 31

	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sewer mains and manholes										
Estimated replacement cost, beginning of year	13,649,600	14,059,090	14,480,860	14,915,290	15,362,750	15,823,630	16,298,340	16,787,290	17,290,910	17,809,640
Inflation provision	409,490	421,770	434,430	447,460	460,880	474,710	488,950	503,620	518,730	534,290
	14,059,090	14,480,860	14,915,290	15,362,750	15,823,630	16,298,340	16,787,290	17,290,910	17,809,640	18,343,930
Estimated useful life	60	50	50	50	50	50	50	50	50	50
Annual reinvestment requirement	234,320	289,620	298,310	307,260	316,470	325,970	335,750	345,820	356,190	366,880
Buildings and equipment										
Estimated replacement cost, beginning of year	3,900,000	4,017,000	4,137,510	4,261,640	4,389,490	4,521,170	4,656,810	4,796,510	4,940,410	5,088,620
Inflation provision	117,000	120,510	124,130	127,850	131,680	135,640	139,700	143,900	148,210	152,660
	4,017,000	4,137,510	4,261,640	4,389,490	4,521,170	4,656,810	4,796,510	4,940,410	5,088,620	5,241,280
Estimated useful life	50	50	50	50	50	50	50	50	50	50
Annual reinvestment requirement	80,340	82,750	85,230	87,790	90,420	93,140	95,930	98,810	101,770	104,830
Total										
Estimated replacement cost, beginning of year	17,549,600	18,076,090	18,618,370	19,176,920	19,752,230	20,344,800	20,955,140	21,583,790	22,231,300	22,898,240
Inflation provision	526,490	542,280	558,550	575,310	592,570	610,340	628,650	647,510	666,940	686,950
	18,076,090	18,618,370	19,176,920	19,752,230	20,344,800	20,955,140	21,583,790	22,231,300	22,898,240	23,585,190
Estimated useful life	-	-	-	-	-	-	-	-	-	-
Annual reinvestment requirement	314,660	372,370	383,540	395,050	406,890	419,110	431,680	444,630	457,960	471,710
Estimated portion funded by grants	-	-	-	-	-	-	-	-	-	-
Municipal reinvestment requirement before phase-in	314,660	372,370	383,540	395,050	406,890	419,110	431,680	444,630	457,960	471,710
Funded percentage	0%	20%	40%	60%	80%	100%	100%	100%	100%	100%
Annual municipal infrastructure reinvestment	\$ -	-	11,880	31,910	54,320	79,310	107,060	137,930	172,190	210,210

