



WATER FINANCIAL PLAN

Municipality of Tweed

HEMSON Consulting Ltd

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APPENDIX A: DETAILED FINANCIAL INFORMATION

I INTRODUCTION

The Municipality of Tweed provides potable water to its customers through its water distribution network. The current fee structure for water services includes a fixed fee per equivalent billable unit plus an overage consumption charge levied for each cubic meter of water consumed above 144 m³ per unit per annum. The Municipality recovers its costs through user fees charged to its customers on the basis of a full cost recovery system.

In 2015, Hemson was retained to complete a Water and Wastewater Rate Study and Financial Plan for both water and wastewater services in the Municipality. The study addressed the full cost of providing water and wastewater services, including provisions for the periodic rehabilitation and eventual replacement of infrastructure with an accompanying revenue plan identifying the revenue requirements to finance the systems. A significant component of this study was to review the current rate structure and propose a new rate structure which provides greater equity and gives the customer more control of their water bills. At the time of preparing this financial plan, the proposed utility rate structure has not been formally implemented.

The purpose of this document is to present a Water Financial Plan which corresponds to the newly proposed water rates. The financial plan will be prepared consistent with requirements of the *Safe Drinking Water Act* (the *SDWA*) and its associated regulation *Ontario Regulation 453/07*. The Water Financial Plan prepared is part of the process required for the Municipality to renew its municipal drinking water license under the *SDWA*. The preparation of a financial plan requires a thorough analysis of operating and capital needs, as well as consideration of available funding sources.

The financial plan includes specific statements such as: statement of operations, statement of financial position, and statement of cash flow. In addition, a statement of net financial assets/debt has been prepared. Although this statement is not required under *O.Reg 453/07*, it does provide further information about the financial performance of the Municipality's water system. Section two of the report explains each statement in greater detail.

The financial plan is prepared for a ten-year period from 2015-2025. For the purpose of this report, 2015 is used as the reference year.

II BACKGROUND

In February 2011, the Municipality of Tweed approved the Water and Wastewater Financial Plan prepared as one of the submission requirements necessary in obtaining a municipal drinking water licence under the *Safe Drinking Water Act, 2002 (SDWA)*. The Municipality is now required to update the financial plan to renew their drinking water license. This financial plan is specific to the water system and includes all serviced areas within the Municipality.

Financial Plans are defined in section 30(1) of the *SDWA* as follows:

- (a) Financial plans that satisfy the requirements of subsection (2), but only if,
 - (i) Bill 175 (Sustainable Water and Sewage Systems Act, 2002) receives Royal Assent, and
 - (ii) Sections 3 and 9 of Bill 175 (Sustainable Water and Sewage Systems Act, 2002) are in force, or
- (b) Financial plans that satisfy the requirements prescribed by the Minister, in any other case, 2002, c. 32, s. 30(1).

At this time, Bill 175 (*Sustainable Water and Sewage Systems Act, 2002*) is not in force, however the specific requirements of s.30 (1) part b are outlined in *O.Reg. 453/07*. The *SDWA* and *O. Reg. 453/07* include the following general requirements for a financial plan:

- mandatory for all municipal water systems and recommended for wastewater systems;
- include a planning horizon of at least six years (commencing when the system first serves the public, for new systems);
- completed and approved by the later of July 1, 2010 and the date that is six months after the first licence is issued;
- may be amended and additional information may be included beyond what is prescribed, as necessary; and
- be approved by Council resolution indicating that the drinking water system is financially viable.

As noted, in February 2011 the Council of the Municipality of Tweed approved the Water and Wastewater Financial Plan and passed resolution #71 deeming the water and wastewater system to be financially viable. The Municipality is now required to update the financial plan to renew their drinking water license. The financial plan requirement for a licence renewal generally mirrors the requirements to obtain a licence for a new system under the *SDWA*. In accordance with the regulation, this financial plan will apply to the first year to which the drinking water system's existing municipal drinking water licence would expire (in 2016). Although, for the purpose of this report, 2015 is used as the reference year.

In addition to the above noted general requirements, the following specific statements are required in the financial plan:

Statement of Operations

This statement includes details on the projected financial operations itemized by total revenues, total expenses, annual surplus/deficit, and the cumulative surplus/deficit for each year in which the financial plan applies. An annual surplus represents funds available to the Municipality to fund non operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow the reserve and reserve funds. The Statement of Operations is discussed in detail later in this report, and is included as Table 1.

Statement of Financial Position

This statement includes details on the financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets. In recording the tangible capital assets the Municipality is able to account for their ability to provide for future benefits. A net financial asset position on this statement indicates whether the water or wastewater system has the financial resources required to fund its future operations. The Statement of Financial Position is discussed in detail later in this report, and is included as Table 2.

Statement of Cash Flow

This statement provides information on the generation and use of cash resources. The gross cash receipts/payments are itemized by: operating; capital; investing and financial transactions. By itemizing the cash receipts and payments by category, it

allows the reader to understand where cash is being generated (ie. Operating water rates), and how cash is being used (ie. Capital and operating expenses).

Statement of Net Financial Assets/Debt

Although this statement is not required under *O.Reg 453/07*, it does provide further information about the financial performance of the Municipality's water and wastewater 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.

It should be noted the amounts in each of the prescribed tables are unaudited for planning purposes and the actual results may differ from the figures outlined in this plan. This Water Financial Plan was prepared considering the proposed utility rate structure and projected utility rates as presented to Municipal Council in December 2015. The remainder of this study sets out the information and analysis upon which the statements were prepared.

Section III, includes a discussion on key inputs and documents used to develop the financial plan consistent with the governing legislation.

Section IV, includes the Statement of Operations, Statement of Financial Position, Statement of Cash Flows, and Statement of Change in Net Financial Assets/Debt that form the Water Financial Plan.

Section V includes the notes and assumptions to the financial plan. Assumptions used in the preparation of the statements are included in this section.

Section VI provides some concluding comments and items to consider moving forward.

III KEY INPUTS

This section discusses the key inputs and documents used to develop the financial plan consistent with the governing legislation. The costs, revenues and assumptions used in preparing the financial projections are based on the Municipality's data such as the 2015 operating budget and in-year capital plan, year-end reserve continuity schedules and other relevant information provided by staff. The five key financial inputs discussed below drive the prescribed statements outlined in Section II and are described in detail in Section IV of this report.

It should be noted that historically the Municipality has treated water and wastewater services as a combined entity, however, on a going forward basis, each system will be treated as a stand-alone service.

1. Expenditure and Revenue Forecast

The expenditure and revenue forecast is based upon the information obtained from the Municipality's 2015 operating budget and capital plan. This plan includes a forecast of operating expenditures and revenues to 2025 with the provision for annual contributions to reserves for the purpose of asset repair and replacement. The Municipality recovers most of its costs through user fees charged to its customers. The current fee structure for water services include a fixed fee per equivalent billable unit plus an average consumption charge levied for each cubic meter of water consumed above 144 m³ per unit per annum. The Municipality is looking to modify their current fee structure that will provide greater equity and give customers greater control of their water bills – this structure is proposed to include an annual fixed fee which is differentiated by meter size, with an additional consumption charge for each cubic metre of water consumed. The forecast of expenditures and revenues is shown in Appendix A as Table 1.

Some main assumptions used to derive the operating and revenue projections are as follows:

- Expenditures will increase annually as follows:
 - Salaries, Wages, Benefit - 2% per annum;
 - Hydro Wells - 5% per annum;
 - OCWA expenses – 2% per annum; and
 - Other Expenses – 2% per annum.

- Non-metered water revenues in the form of late penalties will increase 2% per annum.
- The fixed fee and variable water rates are proposed to increase at a rate of 3-5% per annum post 2016.

2. Capital Expenditures

The Municipality's capital budget forecast used in preparing the financial plan is outlined in Appendix A as Table 2. This table identifies the cumulative cost for all in-year capital projects over the planning period and identifies the annual funding sources as outlined by Municipal staff and Council.

3. Reserve Fund Statements

The 2015 Water Reserves and Reserve Fund opening balance was provided by municipal staff. The projected transfers to and from the Water Reserve Fund are outlined in Appendix A as Table 3. The reserve fund statements account for the funds in the Municipality's water reserves and reserve fund available to fund asset repair and replacement activities and to stabilize irregular expenditures requirements.

The Water Reserves and Water Reserve Fund are used to fund all capital related projects as well as the repair and replacement of water assets. Additionally, these funds can be used to address revenue shortfalls which can arise from fluctuating annual water consumption (i.e. less water is billed during wet summers).

4. Debt Repayment

As at December 31, 2014, the Municipality had no outstanding debt. It is assumed that there are sufficient reserves available to fund the planned capital projects and no further debt will be required. A summary of existing debt is illustrated in Appendix A as Table 4.

5. Tangible Capital Asset Analysis (TCA)

The Municipality's PSAB TCA data was used to develop financial information related to the water system assets. The statements included are not audited documents and contain estimates and assumptions as described below.

The following assumptions were made in regard to tangible capital assets:

- The amortization of assets is based on straight line depreciation; 2015 amortization was calculated using the Municipality's existing year-end 2012 data. For years 2016-2025 the amortization was increased by determining the

percent increase of net book value from the previous year (ie. previous net book value/repair and replacement capital expense);

- The useful life of each asset, as included in the Municipality's asset register, was included in the calculation of amortization;
- It is assumed that no write-offs occurred in any of the years;
- It is assumed that there were no gains or losses on the disposal of assets (assets were disposed when they had reached the end of their useful life and therefore the historic cost is equal to accumulated depreciation); and
- Contributed assets were unknown and therefore not included in the forecast.

A summary of the tangible capital asset balances for the Municipality water system is as follows:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Tangible Capital Assets	\$5,340	\$5,378	\$5,416	\$5,455	\$5,495	\$5,535	\$5,576	\$5,618	\$5,660	\$5,704	\$5,748
Plus: Acquisitions - Repair/Replacement	\$38	\$38	\$39	\$40	\$40	\$41	\$42	\$43	\$43	\$44	\$45
Less: Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Tangible Capital Assets	\$5,378	\$5,416	\$5,455	\$5,495	\$5,535	\$5,576	\$5,618	\$5,660	\$5,704	\$5,748	\$5,794
Opening Accumulated Amortization	\$1,948	\$2,100	\$2,254	\$2,412	\$2,572	\$2,735	\$2,900	\$3,067	\$3,237	\$3,409	\$3,583
Plus: Amortization Expense	\$152	\$155	\$157	\$160	\$163	\$165	\$167	\$170	\$172	\$174	\$176
Less: Amortization of Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Accumulated Amortization	\$2,100	\$2,254	\$2,412	\$2,572	\$2,735	\$2,900	\$3,067	\$3,237	\$3,409	\$3,583	\$3,759
Net Book Value	\$3,279	\$3,162	\$3,043	\$2,923	\$2,800	\$2,676	\$2,551	\$2,424	\$2,295	\$2,165	\$2,034

IV WATER FINANCIAL PLAN

This section summarizes the complete financial plan for Tweed's water system. The financial plan represents a forecast or projection of the Municipality's future financial position. The statements included in this study are not audited documents and contain estimates and assumptions as described in Section V of this report.

A. STATEMENT OF OPERATIONS – TABLE 1

The Statement of Operations provides information on the revenues and expenses generated from the water system in each year. An annual surplus will be generated where annual revenues exceed annual expenses for the year. Conversely, where the expenses exceed the revenues, an annual deficit will result. The annual surplus is available to fund non-operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow the reserve funds.

In 2015, the budgeted revenue was \$393,000 with expenditures of \$510,000. As revenues exceed expenses, an annual deficit is projected of approximately \$117,000. The beginning period accumulated surplus of \$3.69 million is equal to the opening reserve fund balances, plus tangible capital assets, and less any debt obligations and deferred revenue. A reconciliation of this amount can be found in Table 5. The Municipality's forecasted Statement of Operations indicates an annual deficit in each of the 10 years projected, with the accumulated surplus decreasing by approximately \$926,000. The annual deficit is a result of the annual amortization expense which is an accounting entry and a non-cash transaction. It should be noted that the annual deficit diminishes each year as the Municipality moves towards full cost recovery.

B. STATEMENT OF FINANCIAL POSITION – TABLE 2

The Statement of Financial Position provides information on the assets and liabilities of the water system. Net Financial Assets/(Debt) is the difference between assets and liabilities. A position of net financial assets occurs when assets are greater than liabilities. Conversely, net financial debt occurs when liabilities exceed their assets. A net financial assets position implies that the system has the financial resources required to fund its future operations. A net financial debt position

Table 1
Municipality of Tweed
Statement of Operations
in \$000's

Budget	Forecast										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues											
Water Sales											
Metered	\$321	\$337	\$354	\$371	\$391	\$408	\$425	\$443	\$460	\$476	\$491
Other	\$72	\$9	\$8	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
Total Revenue	\$393	\$346	\$361	\$374	\$394	\$411	\$428	\$446	\$464	\$479	\$494
Expenditures											
Amortization Expense	\$152	\$155	\$157	\$160	\$163	\$165	\$167	\$170	\$172	\$174	\$176
Interest on Debt Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expense	\$358	\$311	\$318	\$326	\$333	\$341	\$349	\$358	\$366	\$375	\$384
Total Expenditures	\$510	\$466	\$476	\$486	\$496	\$506	\$517	\$527	\$538	\$549	\$560
Annual Surplus/(Deficit)	(\$117)	(\$120)	(\$114)	(\$112)	(\$102)	(\$96)	(\$89)	(\$82)	(\$75)	(\$70)	(\$66)
Annual Surplus/(Deficit)	(\$117)	(\$120)	(\$114)	(\$112)	(\$102)	(\$96)	(\$89)	(\$82)	(\$75)	(\$70)	(\$66)
Accumulated Surplus, Beginning of Period	\$3,593	\$3,576	\$3,456	\$3,341	\$3,229	\$3,127	\$3,031	\$2,943	\$2,861	\$2,786	\$2,716
Accumulated Surplus, End of Period	\$3,576	\$3,456	\$3,341	\$3,229	\$3,127	\$3,031	\$2,943	\$2,861	\$2,786	\$2,716	\$2,650

Table 2
Municipality of Tweed
Statement of Financial Position
in \$000's

	Budget 2015	Forecast													
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025				
Financial Assets															
Cash	\$298	\$294	\$298	\$307	\$327	\$355	\$392	\$437	\$491	\$551	\$616				
Total Assets	\$298	\$294	\$298	\$307	\$327	\$355	\$392	\$437	\$491	\$551	\$616				
Liabilities															
Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Deferred Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Total Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Net Financial Assets/(Debt)	\$298	\$294	\$298	\$307	\$327	\$355	\$392	\$437	\$491	\$551	\$616				
Non-Financial Assets															
Tangible Capital Assets	\$3,279	\$3,162	\$3,043	\$2,923	\$2,800	\$2,676	\$2,551	\$2,424	\$2,295	\$2,165	\$2,034				
Accumulated Surplus/(Deficit)	\$3,576	\$3,456	\$3,341	\$3,229	\$3,127	\$3,031	\$2,943	\$2,861	\$2,786	\$2,716	\$2,650				

indicates that future revenues will be required to pay for past transactions. The Municipality has a net financial asset position throughout the 10 years. In 2015, there are no liabilities. The total financial assets in 2015 are approximately \$298,000. Overall, net financial assets are expected to increase to approximately \$616,000 by 2025.

The Statement of Financial Position also provides information on the Municipality's water tangible capital assets. The reporting of tangible capital assets is a new requirement under PS3150 of the Public Sector Accounting Board. Previous to 2009, the costs to acquire or construct capital assets were expensed in the year in which they occur. As of 2009, municipalities are required to capitalize their assets and account for their ability to provide future benefits. An increase in the tangible capital asset balance suggests that new assets have been acquired, and a decrease in the balance indicates the disposal, write down or use of assets.

C. STATEMENT OF CASH FLOW – TABLE 3

The Statement of Cash Flow provides information on the generation and use of cash resources in the following categories: operating; capital; investments; and financing activities. The statement describes how the cash from operations (\$35,000) will be used to support the 2015 capital transactions (\$38,000). The difference between the total cash generated and cash used, results in an increase or decrease in cash and cash equivalents. The beginning of period cash and cash equivalents is equal to the water reserves and reserve funds on hand at the start of the period. The Municipality's cash position improves from \$298,000 in 2015 to 616,000 in 2025.

D. STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/DEBT – TABLE 4

The Statement of Change in Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support the operating and tangible capital assets costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. The statement outlines that the deficit (\$117,000) and amortization (\$152,000) does not exceed the forecasted capital expenditures of \$38,000 resulting in a net financial debt position for the year. However, as the Municipality moves towards full cost recovery user rates, the Municipality is projected to be in a net financial asset position in 2017 through to 2025.

Table 3
Municipality of Tweed
Statement of Cash Flow
In \$000's

Budget	Forecast										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Transactions											
Annual Surplus/(Deficit)	(\$117)	(\$120)	(\$114)	(\$112)	(\$102)	(\$96)	(\$89)	(\$82)	(\$75)	(\$70)	(\$66)
Add: Amortization of TCA's	\$152	\$155	\$157	\$160	\$163	\$165	\$167	\$170	\$172	\$174	\$176
Less: Interest Proceeds											
Cash Provided by Operating :	\$35	\$34	\$43	\$48	\$60	\$69	\$79	\$88	\$97	\$104	\$111
Capital Transactions											
Proceeds on Sale of Tangible Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Cash Used to Acquire Tangible Capital Assets	(\$38)	(\$38)	(\$39)	(\$40)	(\$40)	(\$41)	(\$42)	(\$43)	(\$43)	(\$44)	(\$45)
Cash Applied to Capital	(\$38)	(\$38)	(\$39)	(\$40)	(\$40)	(\$41)	(\$42)	(\$43)	(\$43)	(\$44)	(\$45)
Investing Transactions											
Proceeds from Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Cash Used to Acquire Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Investing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Transactions											
Proceeds from Debt Issues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Debt Repayment (principal only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Applied to Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increase/(Decrease) in Cash and Cash Equivalents	(\$3)	(\$4)	\$4	\$9	\$20	\$28	\$37	\$45	\$54	\$60	\$65
Cash and Cash Equivalents											
Beginning of Period	\$301	\$298	\$294	\$298	\$307	\$327	\$355	\$392	\$437	\$491	\$551
Increase/(Decrease)	(\$3)	(\$4)	\$4	\$9	\$20	\$28	\$37	\$45	\$54	\$60	\$65
End of Period	\$298	\$294	\$298	\$307	\$327	\$355	\$392	\$437	\$491	\$551	\$616

Table 4
Municipality of Tweed
Statement of Change in Net Financial Assets/(Debt)
in \$'000's

	Budget 2015	Forecast									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Surplus/(Deficit)	(\$117)	(\$120)	(\$114)	(\$112)	(\$102)	(\$96)	(\$89)	(\$82)	(\$75)	(\$70)	(\$66)
Add: Amortization of Tangible Capital Assets	\$152	\$155	\$157	\$160	\$163	\$165	\$167	\$170	\$172	\$174	\$176
Less: Acquisition of Tangible Capital Assets	(\$38)	(\$38)	(\$39)	(\$40)	(\$40)	(\$41)	(\$42)	(\$43)	(\$43)	(\$44)	(\$45)
Change in Net Financial Assets/(Debt)	(\$3)	(\$4)	\$4	\$9	\$20	\$28	\$37	\$45	\$54	\$60	\$65
Net Financial Assets/(Debt)											
Beginning of Period	\$301	\$298	\$294	\$298	\$307	\$327	\$355	\$392	\$437	\$491	\$551
Increase/(Decrease)	(\$3)	(\$4)	\$4	\$9	\$20	\$28	\$37	\$45	\$54	\$60	\$65
End of Period	\$298	\$294	\$298	\$307	\$327	\$355	\$392	\$437	\$491	\$551	\$616

V NOTES AND ASSUMPTIONS TO FINANCIAL PLAN

Section 3(2) of *O Reg. 453/07* states that the information is required only if the information is known to the owner at the time the financial plan is prepared. The assumptions used in preparing the financial plan are noted below.

1. Cash

The beginning of period Cash and Cash Equivalents contained in the Statement of Cash Flow is the total of the opening balance of reserve funds. The opening balances were unaudited at the time the financial plan was prepared and may change.

2. Receivables and Payables

It is assumed that water receivables and payables are not significant and therefore have not been identified.

3. Debt

As at December 31, 2014, the Municipality had no outstanding debt. It is assumed that there are sufficient reserves available to fund the planned capital projects and no further debt will be required.

4. Deferred Revenue

Deferred revenue represents the development charge reserve fund balance. For financial reporting purposes, development charges are deemed a liability until they are used to acquire or construct the infrastructure for which they were collected. Tweed does not levy development charges, therefore, deferred revenue is zero in each year.

5. Accumulated Surplus

The accumulated surplus for all years in the forecast period is contained in Table 5.

6. Lead Pipes

The Financial Plan regulation contains a requirement for municipalities to include in the financial plan costs associated with replacing lead pipes that are part of the drinking water system. The Municipality currently does not have to replace any lead pipes and does not expect to replace any in the future. Therefore, no provision for lead pipe replacement is required for this plan.

Table 5
Municipality of Tweed
Reconciliation of Accumulated Surplus
in \$000's

	Forecast											
	Budget 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Accumulated Surplus consists of:												
Opening Reserve Balance	\$0											
Development Charges	\$301											
Water Reserve	\$301											
Total Reserve Balance	\$0											
Less: Debt Obligations and Deferred Revenue	\$3,393											
Add: Tangible Capital Assets	\$3,693	\$3,576	\$3,456	\$3,341	\$3,229	\$3,127	\$3,031	\$2,943	\$2,861	\$2,786	\$2,716	
Total Opening Balance												
Add: Contributions to/(from) Reserves (excl DC)												
Water Reserve	(\$3)	(\$4)	\$4	\$9	\$20	\$28	\$37	\$45	\$54	\$60	\$65	
Total Change in Reserve	(\$3)	(\$4)	\$4	\$9	\$20	\$28	\$37	\$45	\$54	\$60	\$65	
Add: Changes in TCA during the year												
Capital Assets Acquired/(Disposed)	\$38	\$38	\$39	\$40	\$40	\$41	\$42	\$43	\$43	\$44	\$45	
Amortization of Capital Assets	(\$152)	(\$155)	(\$157)	(\$160)	(\$163)	(\$165)	(\$167)	(\$170)	(\$172)	(\$174)	(\$176)	
Total Changes in Tangible Capital Assets	(\$114)	(\$117)	(\$119)	(\$121)	(\$122)	(\$124)	(\$126)	(\$127)	(\$129)	(\$130)	(\$131)	
Subtract Changes in Debt Position												
New Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Change in Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Ending Balance	\$3,576	\$3,456	\$3,341	\$3,229	\$3,127	\$3,031	\$2,943	\$2,861	\$2,786	\$2,716	\$2,650	

VI CONCLUDING COMMENTS

Following the completion of the utility rate study and rate structure review, the Municipality should continue to move towards full cost recovery utility rates which includes provisions for the periodic rehabilitation and eventual replacement of infrastructure. The Water Financial Plan outlines that the Municipality's drinking water system is financially viable over the long-term.

It is fiscally prudent the Municipality continue to monitor their water operations to compare the accuracy of the financial projections with the actual results, as this will lead to improved planning in the future.

APPENDIX A

DETAILED FINANCIAL INFORMATION

**Appendix A- Table 1
Municipality of Tweed
Operating Budget Forecast
in \$000's**

	FORECAST										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
BUDGET											
Expenditures											
Operating Costs											
OCWA	\$180	\$184	\$187	\$191	\$195	\$199	\$203	\$207	\$211	\$215	\$219
Wages	\$61	\$62	\$63	\$65	\$66	\$67	\$69	\$70	\$71	\$73	\$74
Other Operating	\$117	\$65	\$68	\$70	\$73	\$75	\$78	\$81	\$84	\$87	\$90
Capital Related Costs	\$358	\$311	\$318	\$326	\$333	\$341	\$349	\$358	\$366	\$375	\$384
Capital Costs	\$38	\$38	\$39	\$40	\$40	\$41	\$42	\$43	\$43	\$44	\$45
Capital Related Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Contribution	\$38	\$38	\$39	\$40	\$40	\$41	\$42	\$43	\$43	\$44	\$45
Contributions to/(from) Water Reserves	\$0	(\$4)	\$4	\$9	\$20	\$28	\$37	\$45	\$54	\$60	\$65
Contributions to/(from) Water Reserve Fund	(\$3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	(\$3)	(\$4)	\$4	\$9	\$20	\$28	\$37	\$45	\$54	\$60	\$65
Total Expenditures	\$393	\$346	\$361	\$374	\$394	\$411	\$428	\$446	\$464	\$479	\$494
Revenues											
Water Billing Revenue	\$321	\$337	\$354	\$371	\$391	\$408	\$425	\$443	\$460	\$476	\$491
Grants	\$30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Funding from Other Sources	\$99	\$6	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other non-rate revenues	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
Total Revenues	\$393	\$346	\$361	\$374	\$394	\$411	\$428	\$446	\$464	\$479	\$494

**Appendix A-Table 2
Municipality of Tweed
Capital Budget Forecast
in \$000's**

	BUDGET 2015	FORECAST																		
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025									
Capital Program																				
Growth Related	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Repair and Replacement	\$38	\$38	\$39	\$40	\$40	\$40	\$40	\$40	\$41	\$42	\$43	\$43	\$43	\$44	\$44	\$45	\$45	\$45	\$45	\$45
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$38	\$38	\$39	\$40	\$40	\$40	\$40	\$40	\$41	\$42	\$43	\$43	\$43	\$44	\$44	\$45	\$45	\$45	\$45	\$45
Funding Sources																				
Operating Contributions	\$35	\$33	\$39	\$40	\$40	\$40	\$40	\$40	\$41	\$42	\$43	\$43	\$43	\$44	\$44	\$45	\$45	\$45	\$45	\$45
Reserve Fund	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves	\$0	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debtenture Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Funding	\$38	\$38	\$39	\$40	\$40	\$40	\$40	\$40	\$41	\$42	\$43	\$43	\$43	\$44	\$44	\$45	\$45	\$45	\$45	\$45

Appendix A-3
Municipality of Tweed
Reserve and Reserve Fund Continuity
in \$000's

	FORECAST										
	BUDGET 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Reserves											
Opening Balance	\$217	\$217	\$213	\$217	\$226	\$246	\$274	\$311	\$357	\$411	\$470
Transfer to/(from) Operating	\$0	(\$4)	\$4	\$9	\$20	\$28	\$37	\$45	\$54	\$60	\$65
Ending Balance	\$217	\$213	\$217	\$226	\$246	\$274	\$311	\$357	\$411	\$470	\$535
Debtenture Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	FORECAST										
	BUDGET 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Reserve Fund - Village Infrastructure											
Opening Balance	\$84	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81
Transfer to/(from) Operating	(\$5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81
Debtenture Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note: Reserves and Reserve Funds have historically been combined with sewer services. For the purposes of this plan, only the water reserve component is reflected

Appendix A - Table 4
Municipality of Tweed
Non-Growth Related Debt Schedule
in \$000's

	2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		2025	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Existing Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

HEMSON

