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TOWN OF ERIN

DRINKING WATER SYSTEM

FINANCIAL PLAN



TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
1.0 INTRODUCTION	3
1.1 Ministry of Environment Financial Plans Regulation 453/07	3
1.2 Financial Plan Guidelines	3
1.3 Public Sector Account Board (PSAB) Requirements	4
1.4 Approach	4
1.5 Erin Drinking Water System	5
2.0 OPERATING PLAN	6
2.1 Operations	6
2.2 Capital Costs	6
2.3 Debt Management	8
2.4 Total Cash Expenditures	8
3.0 FUNDING PLAN	10
3.1 Funding Models	10
3.2 Operating Revenues	11
3.3 Government Funding	11
3.4 New Debt	11
3.5 Cash Requirements Summary	11
4.0 FINANCIAL PLAN	16
4.1 New Public Sector Accounting Standards	16
4.2 Statement of Financial Position	17
4.3 Projected Statement of Operations	18
4.4 Projected Statement of Cash Flow	18
SUMMARY	22
FEEDBACK AND CONTINUOUS IMPROVEMENT	22

APPENDIX A – PROJECTED FINANCIAL STATEMENTS

APPENDIX B – CAPITAL PROJECTIONS

The Corporation of the Town of Erin
Drinking Water System
Financial Plan

EXECUTIVE SUMMARY

In 2007, the Ministry of Environment released Regulation 453/07 requiring all municipalities to complete a Financial Plan for their drinking water system. This report outlines the Town of Erin's Drinking Water System Financial Report. It has been prepared in accordance with the MOE Financial Plans Regulation (O Reg. 453/07).

In preparing this Financial Plan, the financial impacts of the drinking water system have been considered. Based on the Projected Financial Statements and the assumptions herein, the Water System will be financially viable to provide safe drinking water for the short and long terms.

Anticipated Achievements

By way of the process of developing this Financial Plan, the Water System sets out to achieve the following goals:

- ★ Financial viability of the water system,
- ★ Limit overall water costs and ensure affordability,
- ★ Provide safe drinking water in short and long terms, and
- ★ Ensure that sufficient resources are available to replace and rehabilitate the capital infrastructure as required.

Operating Plan

The operating plan includes: the cost related to day to day operations, maintenance and administration of the drinking water system, capital investments to renew and replace its existing capital infrastructure, and debt management by way of debt repayments and interest charges. Key highlights from the operating plan include:

- ★ Commencing in the year 2016, all expenses have been indexed by 2% annually to reflect anticipated inflation,
- ★ Total capital infrastructure investment for the drinking water system up to 2024 is expected to be approximately \$10.1 million,
- ★ In order to keep water rates increases affordable, debt will be secured to finance a portion of the capital infrastructure renewals in a manner that ensures lifecycle reserve funds do not fall under \$400,000.

Funding Plan

The funding plan was developed in consultation with town staff. A total of four (4) funding models were considered to determine the most appropriate balance of operating revenues, developer's contribution and development charges, government funding and new debt financing. The achievements of the funding plan include:

- ★ The water rates which increased sharply over the previous 5 years or more will stabilize and will be affordable over the long term,
- ★ This plan does not rely on the use of municipal tax dollars to operate the Water System,
- ★ The existing water customers do not carry the burden of any new capital projects related to new development,
- ★ Additional debt of \$0.5 million will be required over ten (10) years to prevent sharp increases in water rates or depletion of reserve funds,
- ★ Through a combination of operating revenues and new debt, it is projected that the Water System will achieve sufficient cash receipts to cover its annual cash expenditures and future capital expenditures.

Final Plan

Appendix A of this Financial Plan Report includes projected financial statement(s) for the Water System. These statements include a Statement of Financial Position, Statement of Operations, and Statement of Cash Flow – annually for the period from 2015 to 2024.

As required, these statements are in accordance with the new Public Sector Accounting Standards. Actual results will vary from the projections herein and the town staff is advised to review the plan projections with actual financial position on an annual basis.

1.0 INTRODUCTION

The financial plan for the Erin Drinking Water System (the “Water System”) has been prepared in accordance with Regulation 453/07 as approved by the Ontario Ministry of Environment on August 14, 2007. The plan development has focused on achieving a balance between managing water rate increases while ensuring that the water system will continue to provide safe drinking water in the long term.

Considering historic results and future needs, ten (10) year financial projections to the year 2024 have been prepared. The projections anticipate that the Water System will achieve financial viability, while providing safe drinking water over the short and long term.

1.1 Ministry of Environment Financial Plans Regulation 453/07

Drinking water system owners are required to prepare a financial plan for their drinking water system as part of the new Municipal Drinking Water Licensing Program as set out in Part V of the Safe Drinking Water Act (SDWA). The financial plan must be prepared in accordance with the Ministry of Environment Financial Plans Regulation 453/07.

Regulation 453/07 requires the following:

- ★ The financial plan be approved by resolution of Council that specifies that the drinking water system is financially sustainable,
- ★ Full-cost accounting be utilized to determine the true cost of the drinking water system, and
- ★ Projections be at least for a six (6) year duration, but recommends a long term plan.

There are numerous recommendations and other guidelines that have been prepared by the province to assist municipalities in the development of their financial plan.

1.2 Financial Plan Guidelines

To assist municipalities in preparing the Financial Plan under O. Reg. 453/07, the Ministry of Environment released a document titled “Toward Financially Sustainable Drinking-Water and Wastewater Systems” (August, 2007). This document applies to stormwater and wastewater systems as well. However, a Financial Plan for stormwater and wastewater system is only encouraged and not mandatory.

These guidelines set out the following nine principles to help develop this Financial Plan:

1. Ongoing public engagement and transparency can build support for, and confidence in Financial Plans and their corresponding system(s).
2. An integrated approach to planning among water, wastewater, and stormwater systems is encouraged considering the inherent relationship among these systems.

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 short-term planning or no 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 ensuring 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 documents that require continuous updates and improvements. Improved planning for the future can be achieved by comparing the accuracy of financial projections with actual results.
9. Financial Plans can benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

1.3 Public Sector Account Board (PSAB) Requirements

The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) approved new municipal financial accounting and reporting standards in June 2006. The new standards require full accrual accounting for 2009 and future years, as well as accounting of tangible capital assets in the financial statements.

The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when the payment was actually made. Since the exchange of cash is not necessary to report a financial transaction, the accrual method provides a more accurate picture of the municipality's financial position. Tangible capital assets will be capitalized so as to create an inventory of the assets owned and to account for their ability to provide future benefits.

1.4 Approach

The Financial Plan guidelines were used to select the approach for preparing the Erin Drinking Water System Financial Plan.

The following steps summarize the general approach:

- ★ Determine current period expenses and forecast future period expenses.
- ★ Determine and forecast capital expenditure needs.

- ★ Identify all sources of current revenues and forecast revenues by adopting four (4) different funding models.
- ★ Prepare the following statements based on the required (new) revenues:
 - Statement of Operations
 - Statement of Cash Flow
 - Statement of Financial Position

1.5 Erin Drinking Water System

The Water System's top priority is to provide an affordable, safe and sustainable supply of water. The Erin Water System essentially comprises four (4) water systems as follows:

- The **Erin Municipal Water System** is a ground water supply system serving a population of approximately 2500 residential and commercial customers in the former Village of Erin, now part of the Corporation of the Town of Erin. There are 872 residential and 108 non-residential properties connected. The Erin Water System also supplies water to Stanley Park which contains 97 mobile homes and 11 cottages. The Bel-Erin Subdivision Well Supply was taken out of service and connected to the Erin Well Supply System on November 12th, 2003. The Mountainview Subdivision Well Supply was taken out of service and connected to the Erin Well Supply System on October 30th, 2003. The Erin distribution system has 26 km of watermain.

The water is supplied from two wells drilled into the fractured limestone bedrock, with a total rated capacity of 4,128 m³/d. The pressure in most of the **Erin Municipal Water System** is maintained by a 1,700-m³ water tower; however sixty-five residences in the Erin Heights subdivision require a booster pump to maintain adequate pressure.

- The **Hillsburgh Municipal Water System** is a ground water supply system serving a population of approximately 810 in the Village of Hillsburgh, now part of the Corporation of the Town of Erin. There are 275 residential and 4 non-residential properties connected. The Hillsburgh system consists of: two groundwater wells namely well # H2 and H3 drilled into the fractured limestone bedrock, two pumphouses, two in-ground reservoirs, and the distribution system. Pressure is maintained by the pump operation. The Hillsburgh distribution system has 7.1 km of watermain.
- **Belerin & Mountainview Water Distribution Systems** respectively have 45 and 90 water customers.

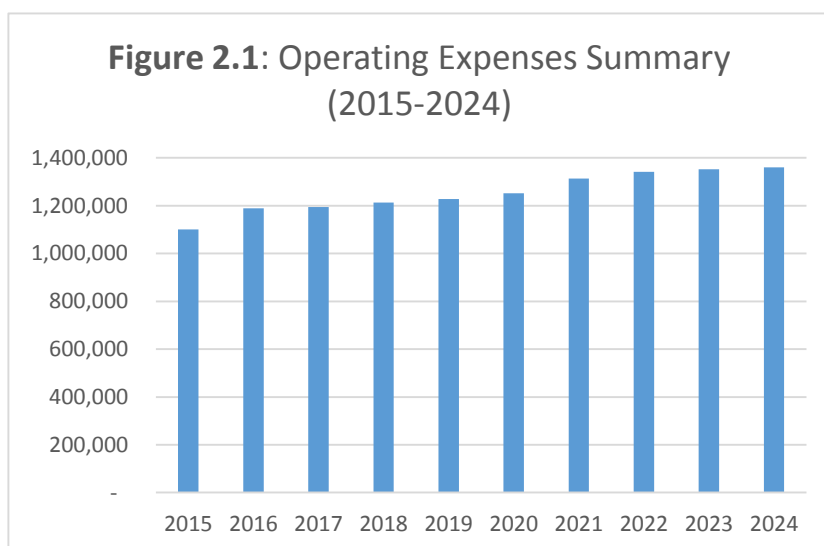
2.0 OPERATING PLAN

The Water System is required to have an operating plan that will ensure provision of safe drinking water in the short and long term. The Water System's operating plan accounts for expenses for its day to day operations for maintenance and administration of the drinking water system, the capital investments that it will incur to renew and replace its existing capital infrastructure, and debt management by way of debt repayments and interest charges that are incurred to achieve the above.

2.1 Operations

The Water System has components dating back to the 1950's. While the town has been operating the water system without incident for many years, the system is aging and requiring capital infrastructure replacement in the future.

Some of the Water System's key operating expenses include personnel costs, utilities, materials and supplies, plus repairs and maintenance. Annual operating expenses are projected to be approximately \$1.19 million including amortization in 2016. Of these costs, wages, benefits and other manpower related costs comprise approximately 47%.



Key Assumptions in Projections

The detailed operating expenses are outlined in the projected statement of operations (**Appendix A**). In these projections, it is assumed that operating expenses will increase by 2% in the projection period 2015-2024.

2.2 Capital Costs

To provide safe drinking water to all customers, the Erin water system(s) hold significant assets, including: four (4) water pumphouses and associated wells, approximately 34km of watermain, with associated watermain appurtenances, 170 m³ capacity water tower, booster pumping station, 1305 service connections. In the financial statements, the water treatment plant, pumphouses

and reservoirs, the watermains, hydrants and service connections and the valves, SCADA system and other equipment are referred to as buildings, linear assets and machinery and equipment respectively. These assets are referred to as capital.

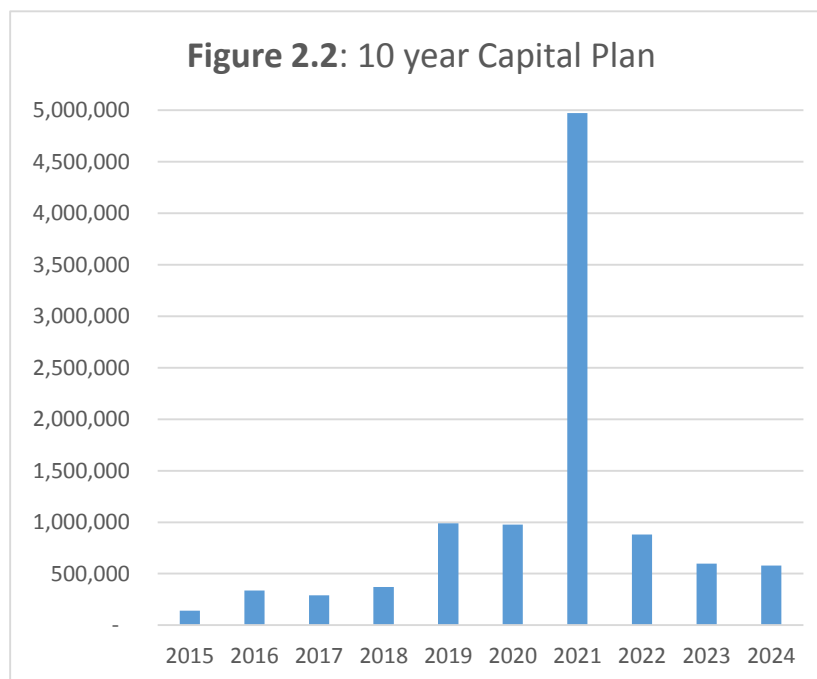
In determining the future capital costs, the renewal and rehabilitation of the Town's water system has been considered in accordance with the ten (10) year capital plan prepared by town staff. The prioritization of the capital infrastructure replacement was based on safety, cost and operational efficiencies. While some capital assets have reached their useful life, these assets can continue to provide value to the Water System but may require additional maintenance until they are replaced.

As the Town's Water System ages, there will be significant capital costs required to upgrade and maintain it. From 2015 to 2024, it is projected that on average, approximately \$554,000 will be spent each year on capital expenditures, to a total of about \$6 million (excluding development projects). These expenditures will ensure the delivery of safe and viable drinking water to residents over the long term, and will be performed in a cost-effective manner through priority planning and integration with other town department upgrades.

In addition to the above, a development project with an anticipated project cost of \$5 million approximately is forecasted in 2021. This project will be funded entirely by the developer by way of upfront contribution in the amount of \$2.5 million approximately for capital construction. The developer will also contribute other capital in the approximate amount of \$1.6 million, which will be paid back to the developer from development charges that will be collected by the town. \$426,328 will be paid from Lifecycle Reserves as part of the existing user's contribution as per the 2014 Development Charges Study.

Future Significant Capital Costs

Looking beyond ten (10) years from now, this plan, will be updated continuously over time and it is anticipated to allow the Water System to have a good portion of its own funds available to pay for significant capital investments, such as new watermains, treatment plant and pumphouse upgrades. Future loans may become necessary, if funding from provincial/federal government is unavailable.



Key Assumptions in Capital Projects

Capital costs will be incurred as set out on the ten (10) year Capital Projects (**Appendix B**). The capital costs have been projected based on existing plans or management estimates, and adjusted for inflation to the year in which the costs will be incurred. It is assumed that all projects will be completed in the year in which they were started.

2.3 Debt Management

Debt management is the ability to repay debt over time, including both principal payments and interest charges. Currently the Water Systems existing debts are for OSTAR upgrades and OSTAR improvements. Both debts are scheduled to be fully paid off by 2016. However, as the Water System is required to replace its capital infrastructure, it will require debt in order to finance the completion of the capital projects.

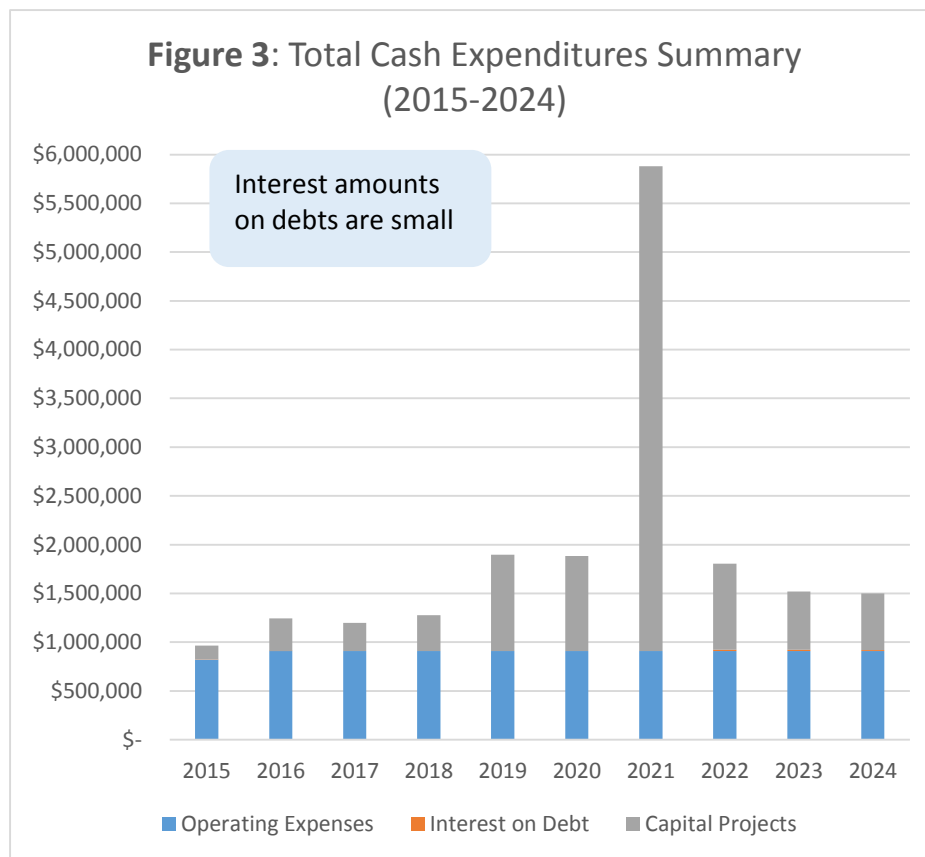
To accomplish the capital plan, it is projected that the Town will require approximately \$0.5 million in debt to be paid over the ten (10) year period. Debt will be taken in 2021. Principal payments and interest costs on the debt will be paid by way of an annual payment of \$50,000.

Key Assumption in Projections

The projected statement of Financial Position (liabilities and accumulated surplus) included as part of **Appendix A**, provides the outstanding debt levels. It is assumed that debt will be repaid over ten (10) years, interest charged at a rate of 3% annually. Should interest rates increase, the cash expenditures would also increase.

2.4 Total Cash Expenditures

Erin's Drinking Water System has increasing operating cash expenditures, including operating expenses, debt repayments and interest charges, and capital costs. From 2015 to 2024, average cash expenditures have been assumed to increase by 2% per year. In 2015, total operating expenses (excluding amortization) is approximately \$0.82 million which is anticipated to increase to \$0.91 million in 2024.



Note that the aggregate cash expenditures cannot be found on any of the projected financial statements attached in Appendix A. Rather, these cash expenditures are gathered from the various statements to illustrate the cash required to operate a safe drinking water system.

3.0 FUNDING PLAN

As discussed in the previous section, operating cash expenditures (excluding amortization and capital expense) are projected to be over \$0.8 million per year from 2015 to 2024. To fund these expenditures, the Water System needs to rely on a blend of operating revenues, Life cycle reserve contribution, development charge funds, developer's contributions, and new debt financing.

3.1 Funding Models

During a preliminary investigation, it became obvious that, to fund the planned capital projects, Erin can adopt two (2) approaches as follows:

Approach One: Raise sufficient revenue by way of water charges to pay for all planned capital upgrades without incurring a debt. This approach will require continual significant increase in water rates and will be found unfavourable by water customers.

Approach Two: Raise sufficient revenue by way of a combination of revenue collection by modest increases in water rates in combination with long term debt to pay for planned capital upgrades.

Due to a significant increase in water rates in the past five years, it was felt necessary to utilize Approach Two. Consequently a total of four (4) funding models were developed, as follows:

- 1) **Depreciation Model:** This model utilizes an average annual depreciation expense for the nine (9) year period 2016-2024 and uses this average amount plus 15% to determine the annual contribution target to Lifecycle Reserves. It utilizes a 2% increase in operating expenses over the same period and utilizes a constant average price for the next nine (9) years.

Current reserves and reserve funds balances are used towards capital expenditures, but the Lifecycle Reserve balance is not allowed to drop below \$400,000. Any shortfall in capital is financed with loans amortized over ten (10) years at 3% interest per annum.

- 2) **Capital Plan Model:** This model utilizes an average capital expenditures for the nine (9) year period 2016 to 2024 and uses this average amount for the annual contribution to Lifecycle Reserves. It utilizes a 2% increase in operating expenses over the same period and utilizes a constant average price for the next nine (9) years.

Current reserves and reserve funds balance is used towards capital expenditures, but lifecycle Reserve balance is not allowed to drop below \$400,000. Any shortfall in capital is financed with loans amortized over ten (10) years at 3% interest per annum.

- 3) **Roll Back Price Model:** This model utilizes a Roll back (reduce) water rates by 5% back to the 2014 level. The water rates are held steady at that rate for the next ten (10) year period 2015 to 2024. It utilizes a 2% increase in operating expenses over the same nine (9) year period and directs all annual surpluses to the Lifecycle Reserve.

Current reserves and reserve funds balances are used towards capital expenditures, but the Lifecycle Reserve balance is not allowed to drop below \$400,000. Any shortfall in capital is financed with loans amortized over ten (10) years at 3% interest per annum.

- 4) **CPI Model:** According to the Bank of Canada website "The CPI is the most relevant estimate of the cost of living for most Canadians". In the past five (5) year period, Bank of Canada's

inflation control target was 2%. This model assumes an increase in water rates from their present level by 2% per annum for the nine (9) period 2016 to 2024. It further assumes 2% increase in operating expenses over the same nine (9) year period. All annual surpluses are directed to the Lifecycle Reserve.

Current reserves and reserve fund balances are used towards capital expenditures, but the Lifecycle Reserve balance is not allowed to drop below \$400,000. A shortfall in capital is financed with loans amortized over ten (10) years at 3% interest per annum.

3.2 Operating Revenues

Operating revenues are composed of three (3) charges as follows:

- Base Charge: A fixed monthly charge to recover the fixed operating expenses to operate and maintain the water system(s).
- Water Consumption Charge: It is charged based on actual water consumption recorded by the water meter. For non-metered customers, a flat rate is charged to the customer.
- Lifecycle Reserve Charge: It is charged based on actual water consumption recorded by the water meter.

For the projected period, cash generation requirements for the four (4) funding models are depicted in the **Figures 3.5-1, 3.5-2, 3.5-3 and 3.5-4** beginning on page 12.

3.3 Government Funding

No new government funding has been utilized for development of the financial plan, as a worst case funding scenario.

3.4 New Debt

While the plan is to increase operating revenues, money is still required to cover a portion of mid-term capital expenditures. Even though the previous financial plan, through careful consideration increased charges to customers in the past five (5) years, it is projected that some new debt will be required. The Town will forecast approximately \$0.5 million in debt in 2021 for a ten (10) year period at an interest rate of 3% per year.

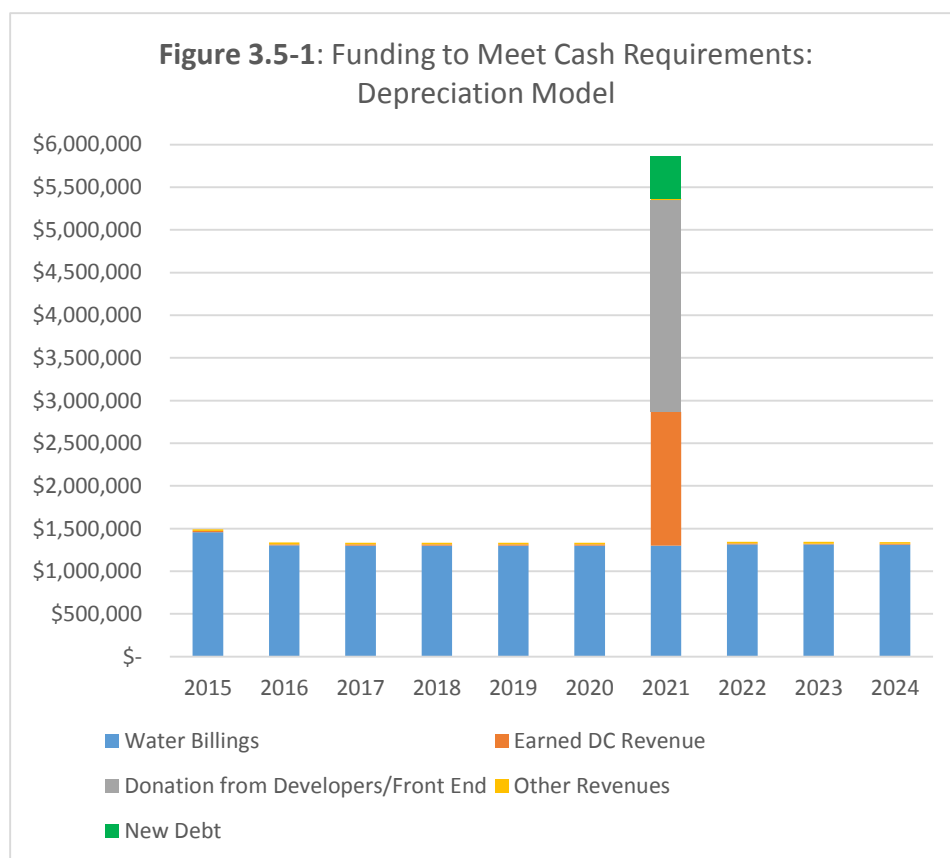
Key Assumption in Projects

The existing and forecast new debt is illustrated as Long Term debt in **Appendix A**. It is assumed that new debt of \$0.5 million will be incurred in 2021 and the debt will be repaid annually over ten (10) years at 3% interest annually.

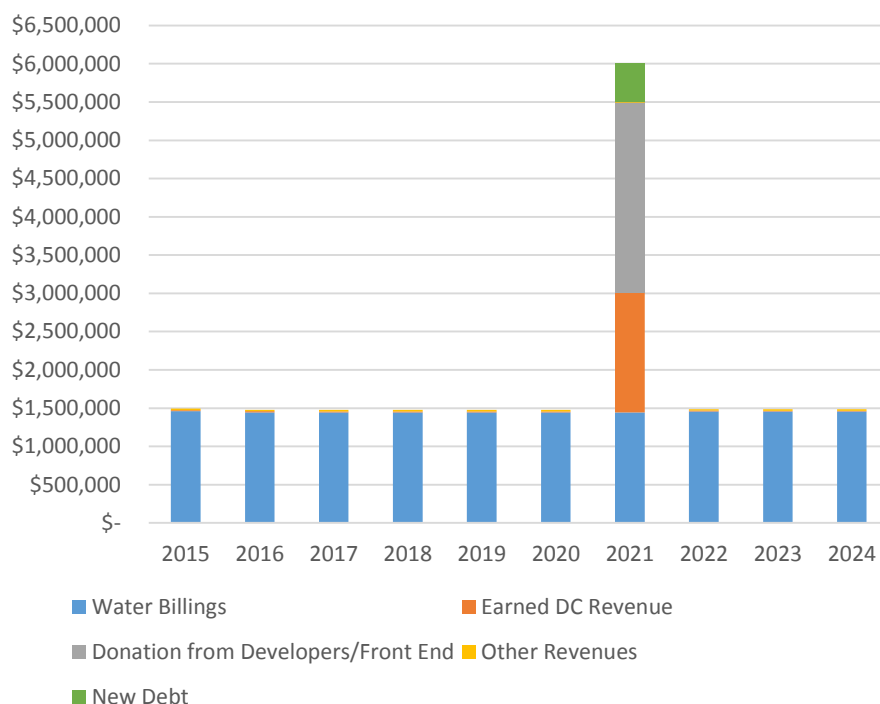
3.5 Cash Requirements Summary

The funds required to pay for the Water System's total cash expenditures will be derived from operating revenues, Lifecycle Reserve revenue, development charges and developer's contribution, and new debt incurred, as shown below. Further, the Town will utilize its capital reserves that it builds up over time as a result of prudent and responsible planning.

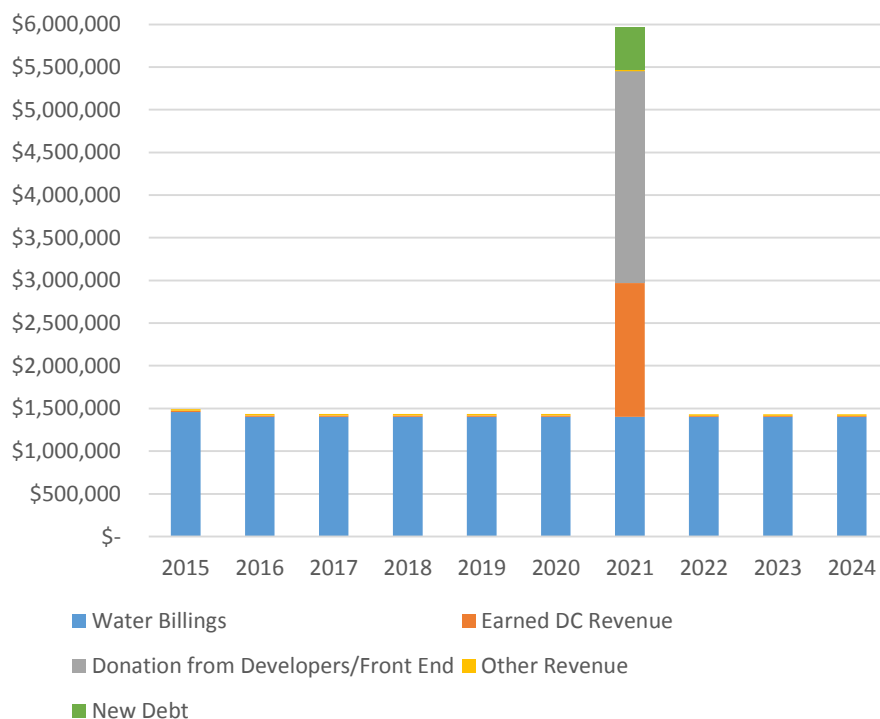
In the **Figures 3.5-1, 3.5-2, 3.5-3 and 3.5-4** below, funding to meet cash required for each funding model is provided. Funding is broken into water billings, earned DC revenue, donation from Developer/Front end contribution by developer, new debt and other revenues (includes small system cost recovery). A comparison of funding required for all four (4) funding models is provided in **Figure 3.5-5**. It may be noted that other than water billings, all other revenues are similar. A comparison of "Water Billings Revenue ONLY" for all four (4) funding models is provided in a separate **Figure 3.5-6**. Water billing revenue is highest for the CPI Model and lowest for the Depreciation Model.



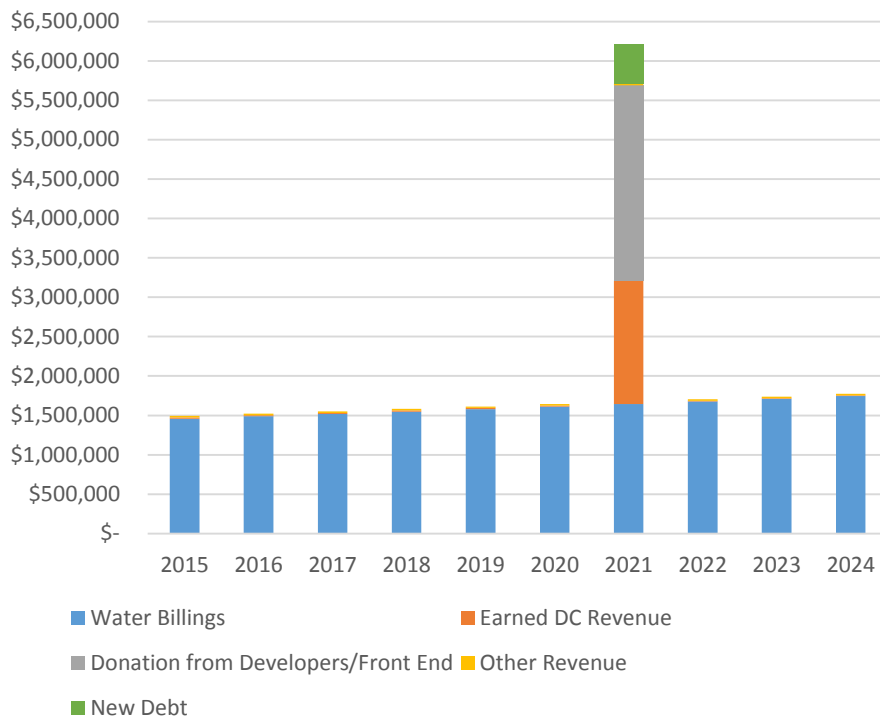
**Figure 3.5-2 Funding to Meet Cash Requirements:
Capital Plan Model**



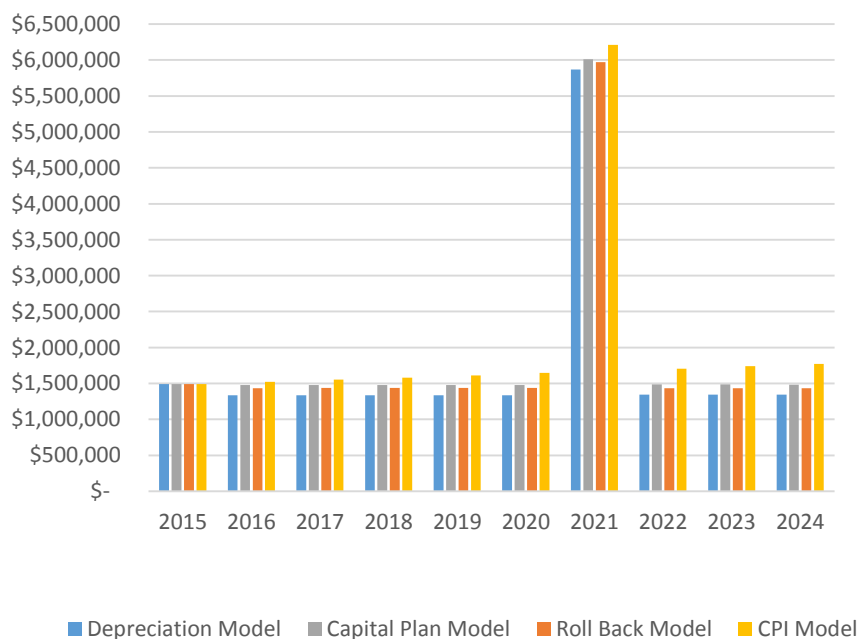
**Figure 3.5-3: Funding to Meet Cash Requirements:
Roll Back Price Model**

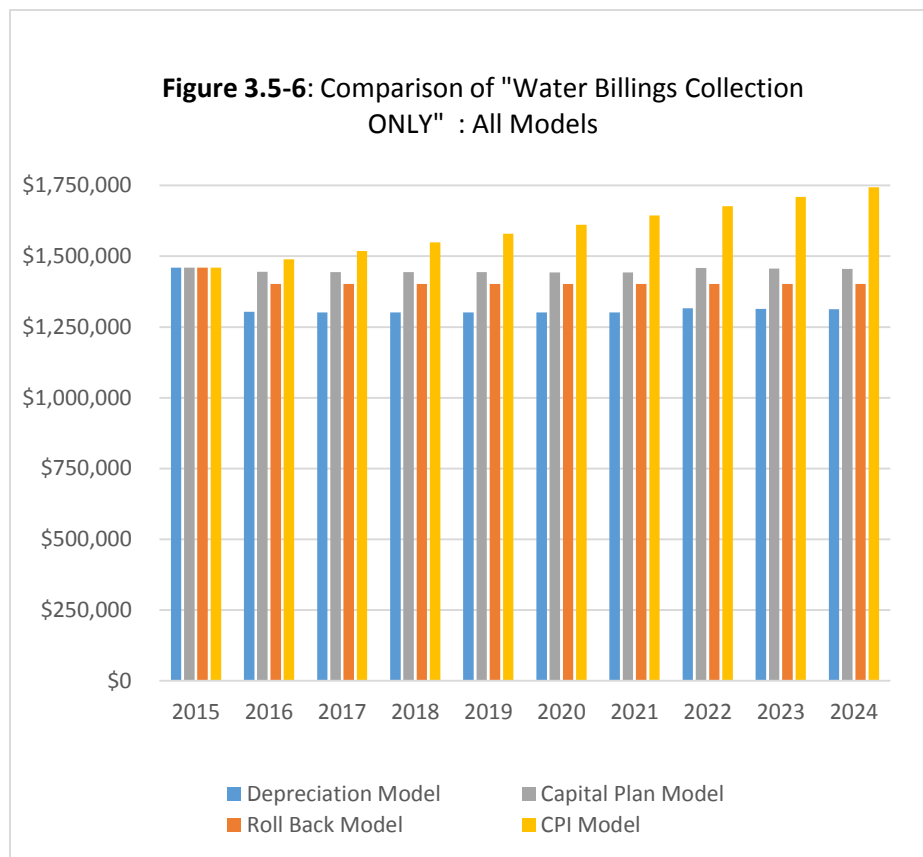


**Figure 3.5-4: Funding to Meet Cash Requirements:
CPI Model**



**Figure 3.5-5: Comparison of "Funding to Meet
Cash Requirements": All Models**

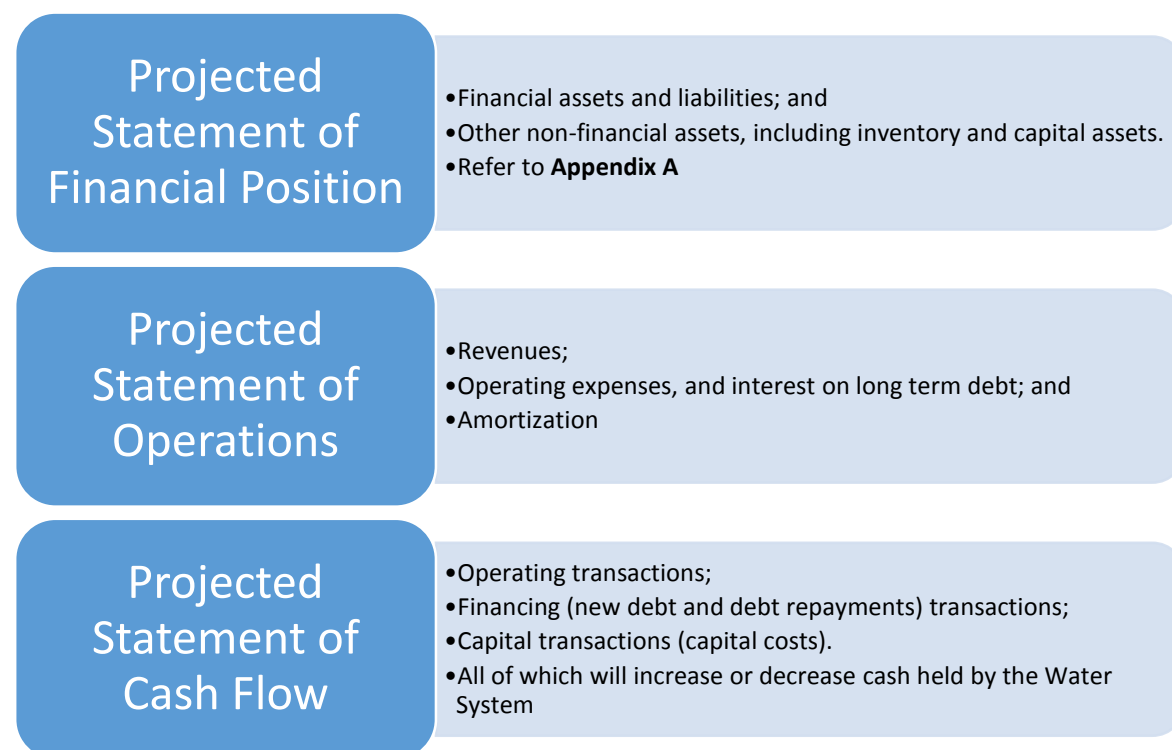




4.0 FINANCIAL PLAN

The financial impacts of the drinking water system have been considered through the projected financial statements for years ending December 31, 2015 to 2024 (**Appendix A**), and summarized below. The financial statements are required by the Financial Plans Regulation to include a full-cost accounting, meaning that all of the costs, whether operating, financial or capital, related to operating the drinking water system, must be included.

The projected financial statements include the following:



The projected financial statements are prepared to conform to new Public Sector Accounting Board (PSAB) Standards. These statements reflect the Town of Erin's accounting policies, along with estimates and assumptions related to the operations of the Water System, and are based on 2014 actual results, as derived from the Water System's internal financial statements of the Town.

Actual results will vary from these projections and the differences may be significant. Any future changes to accounting policies or key assumptions will impact these projected financial statements, and should be updated to reflect such changes.

4.1 New Public Sector Accounting Board Standards

In 2006, the Canadian Institute of Chartered Accountants' Public Sector Accounting Board approved that municipalities will prepare annual financial statements, utilizing full accrual

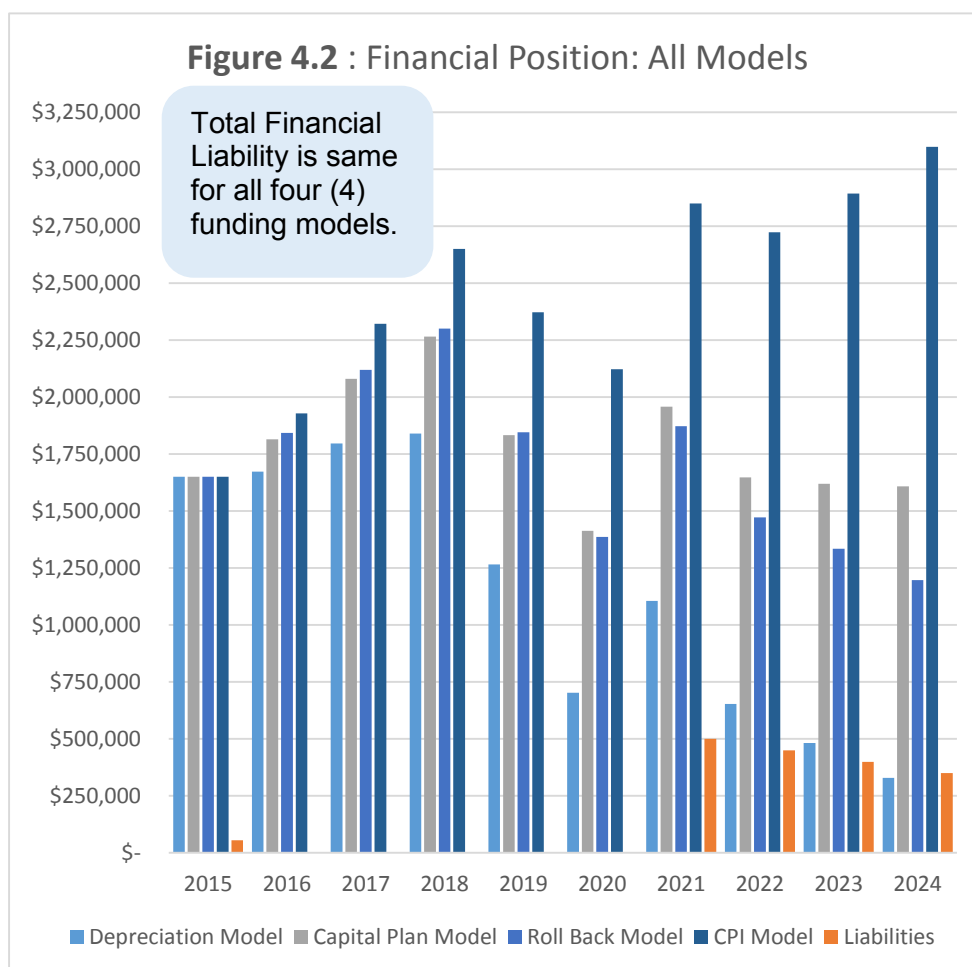
accounting. In simple terms, full accrual accounting means that all municipalities will be required to include tangible capital assets and amortization in their financial statements.

4.2 Statement of Financial Position

The statement of financial position reflects both the financial and non-financial assets of the water system. The projected statement based on all four (4) funding models is provided in **Appendix A**.

Net Financial Assets

Net financial assets are the financial assets, including cash and accounts receivable, offset by the liabilities (debt) of the water system. Net financial assets are forecast as illustrated in the chart below. It should be noted that “total financial liability” is the same for all four (4) funding models. The cash & cash equivalent, as expected, is highest for the CPI Model and lowest for the Depreciation Model, thereby indicating that the Depreciation Model will lead to the least healthy cash flow situation. In 2024, in the case of the Depreciation Model, cash & cash equivalent will be \$329,315 vs. a liability of \$350,000.



Over the projected period, the cash levels fluctuate as the lifecycle reserve fund builds until a significant capital expenditure is incurred. Note the debt level is marginal when compared to the increase in capital assets.

Accumulated Surplus

The accumulated surplus is essentially the accumulation of the Water System's excess of revenues exceeding expenses over time.

4.3 Projected Statement of Operations

The projected statement of operations includes the revenue less the expenses, arriving at the excess or net revenues over expenses. The projected statement based on all four (4) funding models is provided in **Appendix A**.

Revenues

Total revenues include operating revenues and government grants received, small system cost recovery, plus development charges and developer's contributions. A chart illustrating the total revenues earned over time for all four funding models is included in Section 3.5.

Expenses

Expenses include a list of detailed projected expenses, including operating expenses, interest on long term debt and amortization. Amortization is the depreciation of the capital assets or the water system infrastructure over their estimated useful life. It does not represent a cash expenditure.

4.4 Projected Statement of Cash Flow

The projected statement of cash flow is very useful in providing an indication of sufficient cash availability for the Water System. The projected statement of cash flow summarizes the key transactions that either increase or decrease the town's water system's cash balance. It is presented in three (3) sections: operating transactions, capital transactions, and financing transactions.

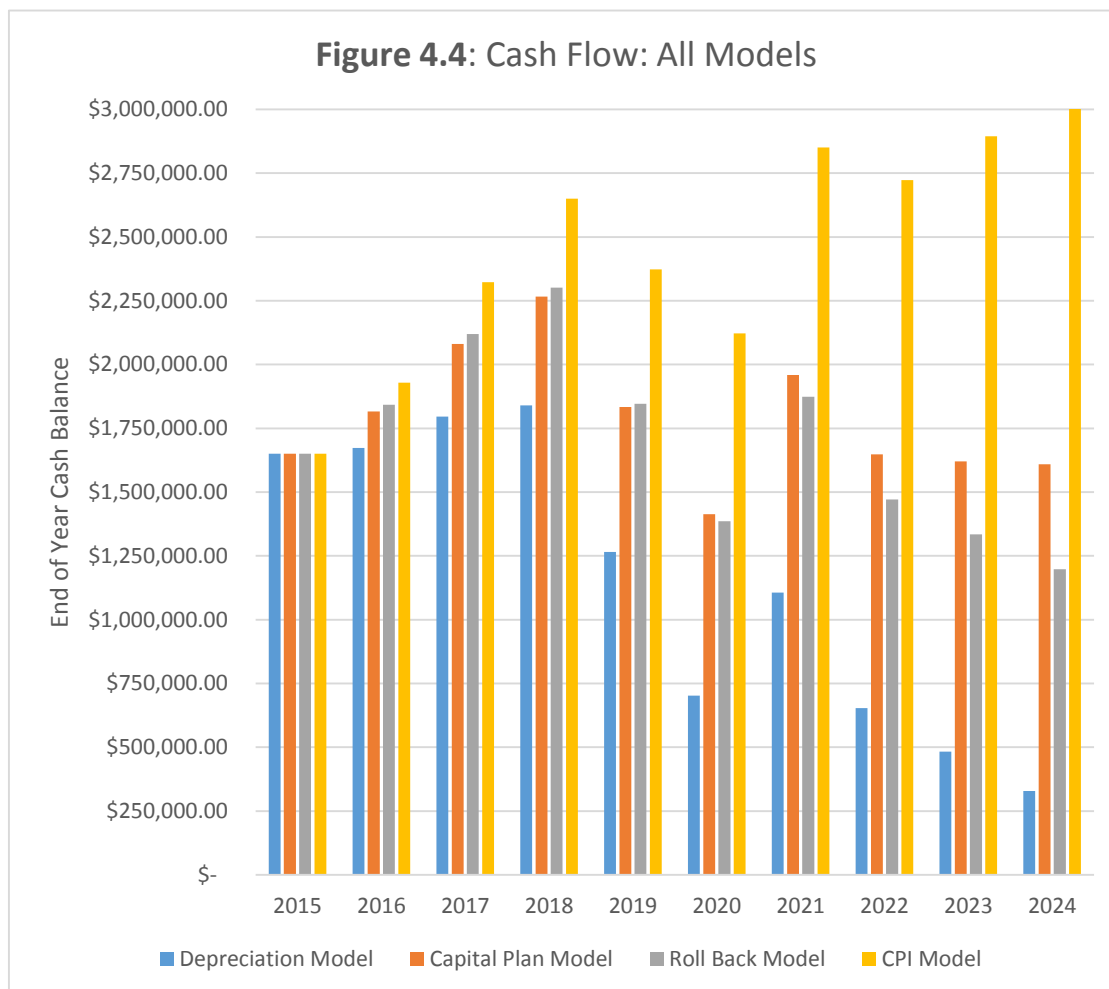
Projected operating transactions section is a summary of the projected net revenues over expenses, adjusted for any non-cash items. Projected capital transactions show the capital additions and sale of assets (if any) while the projected financing transactions outlines any new debt that will be incurred and the amount of debt that will be repaid.

In the Operating Plan section of the financial plan, the cash expenditures, such as operating expenses, debt repayment and capital costs, were identified. In the Funding Plan section of the financial plan, the cash receipts, or funds required to cover the cash expenditures were presented. These funds include operating revenues, funding and new debt.

The chart in **Figure 4.4** below is a summary "End of the Year cash & cash Equivalent" for all four (4) Funding Models scenarios.

It may be noted that the Depreciation Model provides the lowest year end cash balances, whereas the CPI Model provides the highest year end cash balances.

Over the ten (10) year period, it is projected that the Water System will have several capital upgrade projects which will be funded through Lifecycle Reserves, debt, development charges, and developer's contributions. However, only in 2024 will Lifecycle Reserves fall briefly below the \$400,000 lower threshold.



5.0 EVALUATION OF WATER RATES

The Town of Erin currently generates water revenue by using a combination of base rate, \$/m³ contribution to lifecycle reserves and \$/m³ contribution to Water Revenue. The base rate varies for different sized water meters. The properties which don't have water meters pay the flat monthly charges.

The statement of Operations provides information pertaining to the revenue that must be generated to maintain a positive cash flow for each funding model.

An evaluation was undertaken by adopting a combination of different base charge, water charge per cubic metre for life cycle reserve and water revenue. The evaluation was completed for all four (4) funding models. The findings of the evaluation are provided in **Table 5.1**.

The required contribution to life cycle reserve per m³ is highest for the CPI model and the Roll Back model. Consequently, the total per m³ charge is highest for the CPI model and lowest for the Depreciation model. The water 'revenue' charge is slightly higher for the CPI model, and essentially similar for the other models.

Table 5.1
Summary of Revenues & Water Rates for 2016
Municipality of Erin

Scenario	Base Rate		Contribution to Life Cycle Reserve		Water Revenue		Total Water Revenue Collection (A+B+C)	Lifecycle Reserve + Water Revenue (\$/m³) (D+E)
	% increase over 2014 rate	Revenue (\$) (A)	\$/m³ (D)	Revenue* (\$) (B)	\$/m³ (E)	Revenue* (\$) (C)		
2014	-	\$252,942	\$2.03	\$581,905	\$2.05	\$587,635	\$1,422,482	\$4.08
2015	-	-	\$2.24	-	\$2.05	-	-	\$4.29
Depreciation Model (2016)	Same as 2015	\$301,785	\$1.44	\$413,623	\$2.05	\$587,800	\$1,303,208	\$3.49
Capital Plan Model (2016)	Same as 2015	\$301,785	\$1.93	\$554,287	\$2.06	\$578,205	\$1,445,289	\$3.99
Roll Back Model (2016)	Same as 2014	\$252,942	\$2.03	\$581,551	\$2.05	\$587,635	\$1,422,482	\$4.08
CPI Model (2016)	Same as 2015	\$301,785	\$2.29	\$656,179	\$2.09	\$598,871	\$1,556,835	\$4.38

- Revenue collection projection is based on 2014 water meter recorded consumption

6.0 DISCUSSION ON FUNDING MODELS

From the information presented in the preceding sections, it is obvious that the Depreciation Model meets the objective of providing funds to finance operating expenses, capital expenditures and other expenses, however, it provides the least healthy cash flow and financial position. The Capital Plan and Roll Back Models generate similar results in terms of cash flow and financial position. The CPI Model generates the highest year end cash and cash equivalents as well as the most desirable financial position. .

It is therefore recommended that the CPI Funding Model be adopted by Council.

7.0 SUMMARY

This Financial Plan has been prepared in accordance with the Provincial Regulation O. Reg 453/07. The process in developing this plan has focused on the achievement of a balance between managing water rate increases while ensuring that the water system will continue to provide safe drinking water in the long term.

This financial plan must be approved by a Town Council resolution, indicating that as a result of this plan, Erin's Drinking Water System is financially viable.

FEEDBACK AND CONTINUOUS IMPROVEMENT

The Financial Plan must be updated every five (5) years but it is recommended to be updated more frequently to reflect changes in operations, economic climate, financing costs, consumption and pricing.

Rakesh Sharma, MAsc. Eng., P. Eng.,
Designated Consulting Engineer, Secretary-Treasurer
GSS Engineering Consultants Ltd.

APPENDIX A

PROJECTED FINANCIAL STATEMENTS

8-1 Statement of Operations: Depreciation model

Town of Erin - Water Treatment System

Table 8-1	Unaudited	5.0%	-12.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	1.1%	-0.1%	-0.1%
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues											
Water Billings	1,402,354	1,459,570	1,303,209	1,301,479	1,301,399	1,301,318	1,301,234	1,301,149	1,316,062	1,314,475	1,312,885
Small System Cost Recovery	6,882	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585
Special Area Levy	45,874										
Earned DC Revenue	-	13,825	14,015	14,092	14,170	14,290	14,470	1,566,286	9,498	9,516	9,537
Donation from Developers/Front End		-	-	-	-	-	-	2,481,336			
Government Grant Funding	576,514	-	-	-	-	-	-	-	-	-	-
Other Revenues	13,566	16,399	16,416	16,434	16,452	16,470	16,488	16,507	16,526	16,545	16,564
Total Revenue	\$ 2,045,190	\$ 1,492,793	\$ 1,336,700	\$ 1,335,126	\$ 1,335,204	\$ 1,335,325	\$ 1,335,504	\$ 5,368,656	\$ 1,345,532	\$ 1,344,051	\$ 1,342,571
Expenses			Avg 2.0%	Avg 2.0%	Avg 2.0%	Avg 2.0%	Avg 2.0%	Avg 2.0%	Avg 2.0%	Avg 2.0%	Avg 2.0%
Payroll & Benefits	438,565	473,362	523,313	523,313	523,313	523,313	523,313	523,313	523,313	523,313	523,313
Administration	18,110	17,500	19,347	19,347	19,347	19,347	19,347	19,347	19,347	19,347	19,347
Training & Memberships	6,210	6,500	7,186	7,186	7,186	7,186	7,186	7,186	7,186	7,186	7,186
Uniforms & Small Tools	8,017	11,500	12,714	12,714	12,714	12,714	12,714	12,714	12,714	12,714	12,714
Building Overhead, Ins & Utilities	115,553	111,500	123,266	123,266	123,266	123,266	123,266	123,266	123,266	123,266	123,266
Property Tax Payment in Lieu	13,108	13,435	14,853	14,853	14,853	14,853	14,853	14,853	14,853	14,853	14,853
Treatment & Distribution Costs	116,657	147,000	162,512	162,512	162,512	162,512	162,512	162,512	162,512	162,512	162,512
Telephone Costs	9,115	11,000	12,161	12,161	12,161	12,161	12,161	12,161	12,161	12,161	12,161
Vehicle & Equipment Costs	12,221	18,000	19,899	19,899	19,899	19,899	19,899	19,899	19,899	19,899	19,899
Engineering & Consultant Costs	6,969	10,000	11,055	11,055	11,055	11,055	11,055	11,055	11,055	11,055	11,055
Source Water Protection	794	1,000	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106
Non TCA Capital Expenditures	297,524										
Interest on Debt	5,125	3,425	1,650	0	0	0	0	0	15,000	13,500	12,000
Amortization	253,646	276,990	279,629	287,670	305,588	320,885	344,010	406,777	419,702	431,850	440,935
Total Expenses	1,301,614	1,101,212	1,188,691	1,195,081	1,212,999	1,228,296	1,251,422	1,314,188	1,342,113	1,352,762	1,360,346
Annual Surplus / Deficit	743,576	391,581	148,009	140,044	122,205	107,029	84,083	4,054,467	3,419	(8,711)	(17,775)
Accumulated surplus, Beginning of Period	10,499,639	11,243,214	11,634,796	11,782,805	11,922,849	12,045,055	12,152,084	12,236,166	16,290,634	16,294,053	16,285,342
Accumulated surplus, End of Period	\$11,243,214	\$11,634,796	\$11,782,805	\$11,922,849	\$12,045,055	\$12,152,084	\$12,236,166	\$16,290,634	\$16,294,053	\$16,285,342	\$16,267,567
Transfers											
Transfer to Lifecycle Reserves	\$997,222	\$654,747	\$413,623	\$413,623	\$413,623	\$413,623	\$413,623	\$2,894,959	\$413,623	\$413,623	\$413,623
Transfer to Development Chg Reserve Fund		\$13,825	\$14,015	\$14,092	\$14,170	\$14,290	\$14,470	\$1,566,286	\$9,498	\$9,516	\$9,537
Total Transfers	\$997,222	\$668,571	\$427,639	\$427,714	\$427,793	\$427,914	\$428,093	\$4,461,244	\$423,121	\$423,139	\$423,160
Capital Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Capital Project Costs	\$664,328	\$142,000	\$335,516	\$290,742	\$370,089	\$988,273	\$975,718	\$4,973,672	\$865,982	\$584,072	\$567,191
Existing/New Capital Debt Pmt	51,761	53,517	55,290						\$65,000	\$63,500	\$62,000
DC Credits Pmt to Developer	0	0	0	0	0	0	0	1,561,000	0	0	0
Sub-Total Capital Costs	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$6,534,672	\$930,982	\$647,572	\$629,191
Special Area Levy- Capital Levy	\$0										
Developer - Asset Donation								\$2,481,336			
Transfer from D/C Reserve Fund	\$0	\$0	\$0	\$0	\$0	0	0	\$2,481,336	\$65,000	\$63,500	\$62,000
Developer Front-end DC Credits								\$1,561,000			
Transfer from Reserves	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$11,000	\$865,982	\$584,072	\$567,191
Unfunded Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Lifecycle Reserve Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 798,494	\$ 1,079,627	\$ 1,537,458	\$ 1,558,859	\$ 1,680,306	\$ 1,722,389	\$ 1,146,270	\$ 582,687	\$ 983,803	\$ 529,918	\$ 357,924
Transfer from Operating Surplus plus Amortization	\$997,222	\$653,348	\$412,207	\$412,189	\$412,171	\$412,154	\$412,135	\$2,893,452	\$412,097	\$412,079	\$412,059
Transfer to Capital	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$11,000	\$865,982	\$584,072	\$567,191
Developer Contribution Transf to Capital								\$2,481,336			
Reserve Fund Balance	\$ 1,079,627	\$ 1,537,458	\$ 1,558,859	\$ 1,680,306	\$ 1,722,389	\$ 1,146,270	\$ 582,687	\$ 983,803	\$ 529,918	\$ 357,924	\$ 202,792
Dollars in Current Value	\$ 1,079,627	\$ 1,537,458	\$ 1,513,456	\$ 1,583,850	\$ 1,576,230	\$ 1,018,446	\$ 502,631	\$ 823,919	\$ 430,872	\$ 282,549	\$ 155,423
Town Water Reserve Fund Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 111,891	\$ 111,891	\$ 113,290	\$ 114,706	\$ 116,140	\$ 117,591	\$ 119,061	\$ 120,549	\$ 122,056	\$ 123,582	\$ 125,127
Transfer from Operating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earned @ 1.25%		\$1,399	\$1,416	\$1,434	\$1,452	\$1,470	\$1,488	\$1,507	\$1,526	\$1,545	\$1,564
Reserve Fund Balance	\$ 111,891	\$ 113,290	\$ 114,706	\$ 116,140	\$ 117,591	\$ 119,061	\$ 120,549	\$ 122,056	\$ 123,582	\$ 125,127	\$ 126,691
Water D/C Reserve Fund Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 356,689	\$ 356,689	\$ 370,514	\$ 384,529	\$ 398,621	\$ 412,791	\$ 427,156	\$ 441,719	\$ 26,668	\$ (28,834)	\$ (82,818)
DC Revenues from Growth	\$0	\$9,366	\$9,384	\$9,402	\$9,423	\$9,441	\$9,459	\$1,561,000	\$9,498	\$9,516	\$9,537
Transfer to Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,981,336	\$65,000	\$63,500	\$62,000
DC Debenture Pmts @ 3% over 20 yrs											
Interest Earned @ 1.25%		\$4,459	\$4,631	\$4,690	\$4,747	\$4,924	\$5,104	\$5,286	\$0	\$0	\$0
Reserve Fund Balance	\$ 356,689	\$ 370,514	\$ 384,529	\$ 398,621	\$ 412,791	\$ 427,156	\$ 441,719	\$ 26,668	\$ (28,834)	\$ (82,818)	\$ (135,281)

8-2 Statement of Cash Flow: Depreciation model
Town of Erin - Water Treatment System - Statement of Cash Flow

Table 8-2	Unaudited	Forecasted									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES											
Projected Revenue over Expenses	743,576	391,581	148,009	140,044	122,205	107,029	84,083	4,054,467	3,419	(8,711)	(17,775)
Plus Non-Cash Amortization	253,646	276,990	279,629	287,670	305,588	320,885	344,010	406,777	419,702	431,850	440,935
Items Not in Cash - Deferred Revenue	-	(9,366)	(9,384)	(9,402)	(9,423)	(9,441)	(9,459)	(1,561,000)	(9,498)	(9,516)	(9,537)
Proceeds from Development Charges	-	-	-	-	-	-	-	1,981,336	65,000	63,500	62,000
NET CHANGE IN CASH BY OPERATING ACTIVITIES (Annual Surplus/Deficit, excluding Amortization Expense) CASH PROVIDED BY OPERATING	997,222	659,205	418,255	418,312	418,370	418,473	418,634	4,881,580	478,623	477,123	475,623
INVESTMENT ACTIVITIES											
Proceeds from Investments (Reserve Fund Interest)	-	(4,459)	(4,631)	(4,690)	(4,747)	(4,924)	(5,104)	(5,286)	-	-	-
CAPITAL ACTIVITIES											
Proceeds from Debt Issued/Developer Front-end	-	-	-	-	-	-	-	2,061,000	-	-	-
Less Debt Repayment (principle only)/DC Pmt to Develo	(51,761)	(53,517)	(55,290)	0	0	0	0	(1,561,000)	(50,000)	(50,000)	(50,000)
CASH TRANSACTIONS THROUGH FINANCING	(51,761)	(57,975)	(59,922)	(4,690)	(4,747)	(4,924)	(5,104)	494,714	(50,000)	(50,000)	(50,000)
Cash applied to fund Capital Projects	664,328	142,000	335,516	290,742	370,089	988,273	975,718	4,973,672	880,982	597,572	579,191
NET CHANGE IN CASH AND CASH EQUIVALENTS	281,133	459,230	22,817	122,881	43,534	(574,725)	(562,188)	402,623	(452,359)	(170,449)	(153,568)
CASH AND CASH EQUIVALENTS, Beginning of Year	910,385	1,191,518	1,650,749	1,673,566	1,796,447	1,839,981	1,265,256	703,069	1,105,692	653,332	482,884
CASH AND CASH EQUIVALENTS, End of Year	1,191,518	1,650,749	1,673,566	1,796,447	1,839,981	1,265,256	703,069	1,105,692	653,332	482,884	329,315

8-3 Statement of Financial Position: Depreciation model

Town of Erin - Water Treatment System - Statement of Financial Position

Table 8-3	Unaudited	Approved	Forecast								
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financial Assets											
Cash, Receivables and Investments	1,191,518	1,650,749	1,673,566	1,796,447	1,839,981	1,265,256	703,069	1,105,692	653,332	482,884	329,315
Total Financial Assets	1,191,518	1,650,749	1,673,566	1,796,447	1,839,981	1,265,256	703,069	1,105,692	653,332	482,884	329,315
Financial Liabilities											
Accounts Payable and Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-
Long Term Liabilities (Net Debt)	108,807	55,290	0	0	0	0	0	500,000	450,000	400,000	350,000
Total Financial Liabilities	108,807	55,290	-	-	-	-	-	500,000	450,000	400,000	350,000
Deferred Revenue (net Chg)	356,689	370,514	384,529	398,621	412,791	427,081	441,550	26,500	(14,002)	(54,486)	(94,949)
Net Financial Assets (Net Debt)	1,082,712	1,965,972	2,058,095	2,195,067	2,252,771	1,692,337	1,144,619	632,191	189,330	28,398	(115,634)
Non Financial Assets											
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-
Tangible Capital Assets	15,130,991	15,247,385	15,573,825	15,809,293	16,159,123	17,087,333	17,865,803	22,839,475	23,618,403	24,150,669	24,638,298
Accumulated Amortization	(5,327,179)	(5,578,562)	(5,849,116)	(6,081,512)	(6,366,841)	(6,627,663)	(6,774,425)	(7,181,202)	(7,513,849)	(7,893,894)	(8,255,266)
Total Non Financial Assets	9,803,813	9,668,822	9,724,709	9,727,781	9,792,282	10,459,671	11,091,378	15,658,273	16,104,553	16,256,775	16,383,031
ACCUMULATED SURPLUS	\$ 10,886,524	\$ 11,634,794	\$ 11,782,804	\$ 11,922,848	\$ 12,045,053	\$ 12,152,007	\$ 12,235,997	\$ 16,290,465	\$ 16,293,884	\$ 16,285,173	\$ 16,267,398

8-1 Statement of Operations: Capital Plan Model

Town of Erin - Water Treatment System

Table 8-1	Unaudited	5.0%	-1.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	1.0%	-0.1%	-0.1%
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues											
Water Billings	1,402,354	1,459,570	1,445,289	1,443,577	1,443,515	1,443,451	1,443,386	1,443,320	1,458,252	1,456,683	1,455,113
Small System Cost Recovery	6,882	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585
Special Area Levy	45,874										
Earned DC Revenue	-	13,825	14,015	14,092	14,170	14,290	14,470	1,566,286	9,498	9,516	9,537
Donation from Developers/Front End	-	-	-	-	-	-	-	2,481,336	-	-	-
Government Grant Funding	576,514	-	-	-	-	-	-	-	-	-	-
Other Revenues	13,566	16,399	16,416	16,434	16,452	16,470	16,488	16,507	16,526	16,545	16,564
Total Revenue	\$ 2,045,190	\$ 1,492,793	\$ 1,478,780	\$ 1,477,224	\$ 1,477,320	\$ 1,477,458	\$ 1,477,656	\$ 5,510,827	\$ 1,487,722	\$ 1,486,259	\$ 1,484,799
Expenses			Avg 2%	Avg 2%	Avg 2%	Avg 2%	Avg 2%	Avg 2%	Avg 2%	Avg 2%	Avg 2%
Payroll & Benefits	438,565	473,362	523,313	523,313	523,313	523,313	523,313	523,313	523,313	523,313	523,313
Administration	18,110	17,500	19,347	19,347	19,347	19,347	19,347	19,347	19,347	19,347	19,347
Training & Memberships	6,210	6,500	7,186	7,186	7,186	7,186	7,186	7,186	7,186	7,186	7,186
Uniforms & Small Tools	8,017	11,500	12,714	12,714	12,714	12,714	12,714	12,714	12,714	12,714	12,714
Building Overhead, Ins & Utilities	115,553	111,500	123,266	123,266	123,266	123,266	123,266	123,266	123,266	123,266	123,266
Property Tax Payment in Lieu	13,108	13,435	14,853	14,853	14,853	14,853	14,853	14,853	14,853	14,853	14,853
Treatment & Distribution Costs	116,657	147,000	162,512	162,512	162,512	162,512	162,512	162,512	162,512	162,512	162,512
Telephone Costs	9,115	11,000	12,161	12,161	12,161	12,161	12,161	12,161	12,161	12,161	12,161
Vehicle & Equipment Costs	12,221	18,000	19,899	19,899	19,899	19,899	19,899	19,899	19,899	19,899	19,899
Engineering & Consultant Costs	6,969	10,000	11,055	11,055	11,055	11,055	11,055	11,055	11,055	11,055	11,055
Source Water Protection	794	1,000	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106
Non TCA Capital Expenditures	297,524										
Interest on Debt	5,125	3,425	1,650	0	0	0	0	0	15,000	13,500	12,000
Amortization	253,646	276,990	279,629	287,670	305,588	320,885	344,010	406,777	419,702	431,850	440,935
Total Expenses	1,301,614	1,101,212	1,188,691	1,195,081	1,212,999	1,228,296	1,251,422	1,314,188	1,342,113	1,352,762	1,360,346
Annual Surplus / Deficit	743,576	391,581	290,089	282,142	264,321	249,162	226,235	4,196,638	145,609	133,497	124,453
Accumulated surplus, Beginning of Period	10,499,639	11,243,214	11,634,796	11,924,885	12,207,027	12,471,349	12,720,511	12,946,745	17,143,384	17,288,993	17,422,490
Accumulated surplus, End of Period	\$11,243,214	\$11,634,796	\$11,924,885	\$12,207,027	\$12,471,349	\$12,720,511	\$12,946,745	\$17,143,384	\$17,288,993	\$17,422,490	\$17,546,943
Transfers											
Transfer to Lifecycle Reserves	\$997,222	\$653,348	\$554,287	\$554,287	\$554,287	\$554,287	\$554,287	\$3,035,623	\$554,287	\$554,287	\$554,287
Transfer to Water Reserve Fund		\$1,399	\$1,416	\$1,434	\$1,452	\$1,470	\$1,488	\$1,507	\$1,526	\$1,545	\$1,564
Transfer to Development Chg Reserve Fund		\$13,825	\$14,015	\$14,092	\$14,170	\$14,290	\$14,470	\$1,566,286	\$9,498	\$9,516	\$9,537
Total Transfers	\$997,222	\$668,571	\$569,719	\$569,812	\$569,909	\$570,047	\$570,245	\$4,603,415	\$565,311	\$565,347	\$565,388
Capital Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Capital Project Costs	\$664,328	\$142,000	\$335,516	\$290,742	\$370,089	\$988,273	\$975,718	\$4,973,672	\$865,982	\$584,072	\$567,191
Existing/New Capital Debt Pmt	\$1,761	\$3,517	\$5,290						\$65,000	\$63,500	\$62,000
DC Credits Pmt to Developer	0	0	0	0	0	0	0	1,561,000	0	0	0
Sub-Total Capital Costs	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$6,534,672	\$930,982	\$647,572	\$629,191
Special Area Levy- Capital Levy	\$0										
Developer - Asset Donation								\$2,481,336			
Transfer from D/C Reserve Fund	\$0	\$0	\$0	\$0	\$0	0	0	\$2,481,336	\$65,000	\$63,500	\$62,000
Developer Front-end DC Credits								\$1,561,000			
Transfer from Reserves	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$11,000	\$865,982	\$584,072	\$567,191
Unfunded Balance											
Water Lifecycle Reserve Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 798,494	\$ 1,079,627	\$ 1,537,458	\$ 1,700,939	\$ 1,964,484	\$ 2,148,683	\$ 1,714,697	\$ 1,293,266	\$ 1,836,553	\$ 1,524,858	\$ 1,495,072
Transfer from Operating Surplus plus Amortization	\$997,222	\$653,348	\$554,287	\$554,287	\$554,287	\$554,287	\$554,287	\$3,035,623	\$554,287	\$554,287	\$554,287
Transfer to Capital	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$11,000	\$865,982	\$584,072	\$567,191
Developer Contribution Transf to Capital								\$2,481,336			
Reserve Fund Balance	\$ 1,079,627	\$ 1,537,458	\$ 1,700,939	\$ 1,964,484	\$ 2,148,683	\$ 1,714,697	\$ 1,293,266	\$ 1,836,553	\$ 1,524,858	\$ 1,495,072	\$ 1,482,168
Dollars in Current Value	\$ 1,079,627	\$ 1,537,458	\$ 1,651,397	\$ 1,851,715	\$ 1,966,349	\$ 1,523,486	\$ 1,115,582	\$ 1,538,084	\$ 1,239,849	\$ 1,180,224	\$ 1,135,958
Town Water Reserve Fund Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 111,891	\$ 111,891	\$ 113,290	\$ 114,706	\$ 116,140	\$ 117,591	\$ 119,061	\$ 120,549	\$ 122,056	\$ 123,582	\$ 125,127
Transfer from Operating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earned @ 1.25%		\$1,399	\$1,416	\$1,434	\$1,452	\$1,470	\$1,488	\$1,507	\$1,526	\$1,545	\$1,564
Reserve Fund Balance	\$ 111,891	\$ 113,290	\$ 114,706	\$ 116,140	\$ 117,591	\$ 119,061	\$ 120,549	\$ 122,056	\$ 123,582	\$ 125,127	\$ 126,691
Water D/C Reserve Fund Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 356,689	\$ 356,689	\$ 370,514	\$ 384,529	\$ 398,621	\$ 412,791	\$ 427,156	\$ 441,719	\$ 26,668	\$ (28,834)	\$ (82,818)
DC Revenues from Growth	\$0	\$9,366	\$9,384	\$9,402	\$9,423	\$9,441	\$9,459	\$1,561,000	\$9,498	\$9,516	\$9,537
Transfer to Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,981,336	\$65,000	\$63,500	\$62,000
DC Debenture Pmts @ 3% over 20 yrs											
Interest Earned @ 1.25%		\$4,459	\$4,631	\$4,690	\$4,747	\$4,924	\$5,104	\$5,286	\$0	\$0	\$0
Reserve Fund Balance	\$ 356,689	\$ 370,514	\$ 384,529	\$ 398,621	\$ 412,791	\$ 427,156	\$ 441,719	\$ 26,668	\$ (28,834)	\$ (82,818)	\$ (135,281)

8-2 Statement of Cash Flow: Capital Plan model
Town of Erin - Water Treatment System - Statement of Cash Flow

Table 8-2	Unaudited	Forecasted									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES											
Projected Revenue over Expenses	743,576	391,581	290,089	282,142	264,321	249,162	226,235	4,196,638	145,609	133,497	124,453
Plus Non-Cash Amortization	253,646	276,990	279,629	287,670	305,588	320,885	344,010	406,777	419,702	431,850	440,935
Items Not in Cash - Deferred Revenue	-	(9,366)	(9,384)	(9,402)	(9,423)	(9,441)	(9,459)	(1,561,000)	(9,498)	(9,516)	(9,537)
Proceeds from Development Charges	-	-	-	-	-	-	-	1,981,336	65,000	63,500	62,000
NET CHANGE IN CASH BY OPERATING ACTIVITIES (Annual Surplus/Deficit, excluding Amortization Expense) CASH PROVIDED BY OPERATING	997,222	659,205	560,335	560,410	560,486	560,606	560,786	5,023,751	620,813	619,331	617,851
INVESTMENT ACTIVITIES											
Proceeds from Investments (Reserve Fund Interest)	-	(4,459)	(4,631)	(4,690)	(4,747)	(4,924)	(5,104)	(5,286)	-	-	-
CAPITAL ACTIVITIES											
Proceeds from Debt Issued/Developer Front-end	-	-	-	-	-	-	-	2,061,000	-	-	-
Less Debt Repayment (principle only)/DC Pmt to Develo	(51,761)	(53,517)	(55,290)	0	0	0	0	(1,561,000)	(50,000)	(50,000)	(50,000)
CASH TRANSACTIONS THROUGH FINANCING	(51,761)	(57,975)	(59,922)	(4,690)	(4,747)	(4,924)	(5,104)	494,714	(50,000)	(50,000)	(50,000)
Cash applied to fund Capital Projects	664,328	142,000	335,516	290,742	370,089	988,273	975,718	4,973,672	880,982	597,572	579,191
NET CHANGE IN CASH AND CASH EQUIVALENTS	281,133	459,230	164,897	264,979	185,650	(432,592)	(420,036)	544,794	(310,169)	(28,241)	(11,340)
CASH AND CASH EQUIVALENTS, Beginning of Year	910,385	1,191,518	1,650,749	1,815,646	2,080,625	2,266,275	1,833,683	1,413,648	1,958,442	1,648,272	1,620,032
CASH AND CASH EQUIVALENTS, End of Year	1,191,518	1,650,749	1,815,646	2,080,625	2,266,275	1,833,683	1,413,648	1,958,442	1,648,272	1,620,032	1,608,691

8-3 Statement of Financial Position:Capital Plan Model

Town of Erin - Water Treatment System - Statement of Financial Position

Table 8-3	Unaudited	Approved	Forecast								
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financial Assets											
Cash, Receivables and Investments	1,191,518	1,650,749	1,815,646	2,080,625	2,266,275	1,833,683	1,413,648	1,958,442	1,648,272	1,620,032	1,608,691
Total Financial Assets	1,191,518	1,650,749	1,815,646	2,080,625	2,266,275	1,833,683	1,413,648	1,958,442	1,648,272	1,620,032	1,608,691
Financial Liabilities											
Accounts Payable and Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-
Long Term Liabilities (Net Debt)	108,807	55,290	0	0	0	0	0	500,000	450,000	400,000	350,000
Total Financial Liabilities	108,807	55,290	-	-	-	-	-	500,000	450,000	400,000	350,000
Deferred Revenue (net Chg)	356,689	370,514	384,529	398,621	412,791	427,081	441,550	26,500	(14,002)	(54,486)	(94,949)
Net Financial Assets (Net Debt)	1,082,712	1,965,972	2,200,175	2,479,245	2,679,065	2,260,764	1,855,198	1,484,941	1,184,270	1,165,546	1,163,742
Non Financial Assets											
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-
Tangible Capital Assets	15,130,991	15,247,385	15,573,825	15,809,293	16,159,123	17,087,333	17,865,803	22,839,475	23,618,403	24,150,669	24,638,298
Accumulated Amortization	(5,327,179)	(5,578,562)	(5,849,116)	(6,081,512)	(6,366,841)	(6,627,663)	(6,774,425)	(7,181,202)	(7,513,849)	(7,893,894)	(8,255,266)
Total Non Financial Assets	9,803,813	9,668,822	9,724,709	9,727,781	9,792,282	10,459,671	11,091,378	15,658,273	16,104,553	16,256,775	16,383,031
ACCUMULATED SURPLUS	\$ 10,886,524	\$ 11,634,794	\$ 11,924,884	\$ 12,207,026	\$ 12,471,347	\$ 12,720,434	\$ 12,946,576	\$ 17,143,215	\$ 17,288,824	\$ 17,422,321	\$ 17,546,774

8-1 Statement of Operations: Roll Back Price Model

Town of Erin - Water Treatment System - Statement of Operations

Table 8-1	Unaudited	5.0%	-5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues											
Water Billings	1,402,354	1,459,570	1,402,354	1,402,354	1,402,354	1,402,354	1,402,354	1,402,354	1,402,354	1,402,354	1,402,354
Small System Cost Recovery	6,882	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585
Special Area levy	45,874										
Earned DC Revenue	-	13,825	14,015	14,092	14,170	14,290	14,470	1,566,286	9,498	9,516	9,537
Donation from Developers/Front End		-	-	-	-	-	-	2,481,336			
Government Grant Funding	576,514	-	-	-	-	-	-	-	-	-	-
Other Revenues	13,566	16,399	16,416	16,434	16,452	16,470	16,488	16,507	16,526	16,545	16,564
Total Revenue	\$ 2,045,190	\$ 1,492,793	\$ 1,435,846	\$ 1,436,001	\$ 1,436,159	\$ 1,436,361	\$ 1,436,624	\$ 5,469,861	\$ 1,431,824	\$ 1,431,930	\$ 1,432,040
Expenses			2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Payroll & Benefits	438,565	473,362	482,829	492,486	502,335	512,383	522,630	533,082	543,745	554,619	565,712
Administration	18,110	17,500	17,850	18,207	18,571	18,943	19,321	19,708	20,102	20,504	20,914
Training & Memberships	6,210	6,500	6,630	6,763	6,898	7,036	7,177	7,320	7,466	7,616	7,768
Uniforms & Small Tools	8,017	11,500	11,730	11,965	12,204	12,448	12,697	12,951	13,210	13,474	13,744
Building Overhead, Ins & Utilities	115,553	111,500	113,730	116,005	118,325	120,691	123,105	125,567	128,078	130,640	133,253
Property Tax Payment in Lieu	13,108	13,435	13,704	13,978	14,257	14,542	14,833	15,130	15,433	15,741	16,056
Treatment & Distribution Costs	116,657	147,000	149,940	152,939	155,998	159,118	162,300	165,546	168,857	172,234	175,679
Telephone Costs	9,115	11,000	11,220	11,444	11,673	11,907	12,145	12,388	12,636	12,888	13,146
Vehicle & Equipment Costs	12,221	18,000	18,360	18,727	19,102	19,484	19,873	20,271	20,676	21,090	21,512
Engineering & Consultant Costs	6,969	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951
Source Water Protection	794	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195
Non TCA Capital Expenditures	297,524										
Interest on Debt	5,125	3,425	1,650	0	0	0	0	0	15,000	13,500	12,000
Amortization	253,646	276,990	279,629	287,670	305,588	320,885	344,010	406,777	419,702	431,850	440,935
Total Expenses	1,301,614	1,101,212	1,118,492	1,141,628	1,176,624	1,209,342	1,250,237	1,331,127	1,377,540	1,407,045	1,433,863
Annual Surplus / Deficit	743,576	391,581	317,353	294,373	259,535	227,019	186,387	4,138,734	54,284	24,885	(1,823)
Accumulated surplus, Beginning of Period	10,499,639	11,243,214	11,634,796	11,952,149	12,246,522	12,506,057	12,733,077	12,919,464	17,058,198	17,112,482	17,137,366
Accumulated surplus, End of Period	\$11,243,214	\$11,634,796	\$11,952,149	\$12,246,522	\$12,506,057	\$12,733,077	\$12,919,464	\$17,058,198	\$17,112,482	\$17,137,366	\$17,135,543
Transfers											
Transfer to Lifecycle Reserves	\$997,222	\$653,348	\$581,551	\$566,518	\$549,502	\$532,144	\$514,440	\$2,977,718	\$462,962	\$445,674	\$428,011
Transfer to Water Reserve Fund		\$1,399	\$1,416	\$1,434	\$1,452	\$1,470	\$1,488	\$1,507	\$1,526	\$1,545	\$1,564
Transfer to Development Chg Reserve Fund		\$13,825	\$14,015	\$14,092	\$14,170	\$14,290	\$14,470	\$1,566,286	\$9,498	\$9,516	\$9,537
Total Transfers	\$997,222	\$668,571	\$596,983	\$588,043	\$565,123	\$547,904	\$530,398	\$4,545,511	\$473,986	\$456,735	\$439,112
Capital Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Capital Project Costs	\$664,328	\$142,000	\$335,516	\$290,742	\$370,089	\$988,273	\$975,718	\$4,973,672	\$865,982	\$584,072	\$567,191
Existing/New Capital Debt Pmt	51,761	53,517	55,290						\$65,000	\$63,500	\$62,000
DC Credits Pmt to Developer	0	0	0	0	0	0	0	1,561,000	0	0	0
Sub-Total Capital Costs	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$6,534,672	\$930,982	\$647,572	\$629,191
Special Area Levy- Capital Levy	\$0										
Developer - Asset Donation								\$2,481,336			
Transfer from D/C Reserve Fund	\$0	\$0	\$0	\$0	\$0	0	0	\$2,481,336	\$65,000	\$63,500	\$62,000
Developer Front-end DC Credits								\$1,561,000			
Transfer from Reserves	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$11,000	\$865,982	\$584,072	\$567,191
Unfunded Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Lifecycle Reserve Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 798,494	\$ 1,079,627	\$ 1,537,458	\$ 1,728,203	\$ 2,003,979	\$ 2,183,392	\$ 1,727,263	\$ 1,265,984	\$ 1,751,367	\$ 1,348,346	\$ 1,209,949
Transfer from Operating Surplus plus Amortization	\$997,222	\$653,348	\$581,551	\$566,518	\$549,502	\$532,144	\$514,440	\$2,977,718	\$462,962	\$445,674	\$428,011
Transfer to Capital	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$11,000	\$865,982	\$584,072	\$567,191
Developer Contribution Transf to Capital								\$2,481,336			
Reserve Fund Balance	\$ 1,079,627	\$ 1,537,458	\$ 1,728,203	\$ 2,003,979	\$ 2,183,392	\$ 1,727,263	\$ 1,265,984	\$ 1,751,367	\$ 1,348,346	\$ 1,209,949	\$ 1,070,768
Dollars in Current Value	\$ 1,079,627	\$ 1,537,458	\$ 1,677,867	\$ 1,888,943	\$ 1,998,113	\$ 1,534,650	\$ 1,092,049	\$ 1,466,742	\$ 1,096,329	\$ 955,145	\$ 820,655
Town Water Reserve Fund Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 111,891	\$ 111,891	\$ 113,290	\$ 114,706	\$ 116,140	\$ 117,591	\$ 119,061	\$ 120,549	\$ 122,056	\$ 123,582	\$ 125,127
Transfer from Operating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earned @ 1.25%		\$1,399	\$1,416	\$1,434	\$1,452	\$1,470	\$1,488	\$1,507	\$1,526	\$1,545	\$1,564
Reserve Fund Balance	\$ 111,891	\$ 113,290	\$ 114,706	\$ 116,140	\$ 117,591	\$ 119,061	\$ 120,549	\$ 122,056	\$ 123,582	\$ 125,127	\$ 126,691
Water D/C Reserve Fund Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 356,689	\$ 356,689	\$ 370,514	\$ 384,529	\$ 398,621	\$ 412,791	\$ 427,156	\$ 441,719	\$ 26,668	\$ (28,834)	\$ (82,818)
DC Revenues from Growth	\$0	\$9,366	\$9,384	\$9,402	\$9,423	\$9,449	\$9,459	\$1,561,000	\$9,498	\$9,516	\$9,537
Transfer to Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,981,336	\$65,000	\$63,500	\$62,000
DC Debenture Pmts @ 3% over 20 yrs											
Interest Earned @ 1.25%		\$4,459	\$4,631	\$4,690	\$4,747	\$4,824	\$5,104	\$5,286	\$0	\$0	\$0
Reserve Fund Balance	\$ 356,689	\$ 370,514	\$ 384,529	\$ 398,621	\$ 412,791	\$ 427,156	\$ 441,719	\$ 26,668	\$ (28,834)	\$ (82,818)	\$ (135,281)

8-2 Statement of Cash Flow: Roll Back Price Model
Town of Erin - Water Treatment System - Statement of Cash Flow

Table 8-2	Unaudited	Forecasted									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES											
Projected Revenue over Expenses	743,576	391,581	317,353	294,373	259,535	227,019	186,387	4,138,734	54,284	24,885	(1,823)
Plus Non-Cash Amortization	253,646	276,990	279,629	287,670	305,588	320,885	344,010	406,777	419,702	431,850	440,935
Items Not in Cash - Deferred Revenue	-	(9,366)	(9,384)	(9,402)	(9,423)	(9,441)	(9,459)	(1,561,000)	(9,498)	(9,516)	(9,537)
Proceeds from Development Charges	-	-	-	-	-	-	-	1,981,336	65,000	63,500	62,000
NET CHANGE IN CASH BY OPERATING ACTIVITIES (Annual Surplus/Deficit, excluding Amortization Expense) CASH PROVIDED BY OPERATING	997,222	659,205	587,599	572,641	555,700	538,463	520,939	4,965,847	529,488	510,719	491,575
INVESTMENT ACTIVITIES											
Proceeds from Investments (Reserve Fund Interest)	-	(4,459)	(4,631)	(4,690)	(4,747)	(4,924)	(5,104)	(5,286)	-	-	-
CAPITAL ACTIVITIES											
Proceeds from Debt Issued/Developer Front-end	-	-	-	-	-	-	-	2,061,000	-	-	-
Less Debt Repayment (principle only)/DC Pmt to Develo	(51,761)	(53,517)	(55,290)	0	0	0	0	(1,561,000)	(50,000)	(50,000)	(50,000)
CASH TRANSACTIONS THROUGH FINANCING	(51,761)	(57,975)	(59,922)	(4,690)	(4,747)	(4,924)	(5,104)	494,714	(50,000)	(50,000)	(50,000)
Cash applied to fund Capital Projects	664,328	142,000	335,516	290,742	370,089	988,273	975,718	4,973,672	880,982	597,572	579,191
NET CHANGE IN CASH AND CASH EQUIVALENTS	281,133	459,230	192,161	277,210	180,864	(454,734)	(459,883)	486,889	(401,494)	(136,853)	(137,616)
CASH AND CASH EQUIVALENTS, Beginning of Year	910,385	1,191,518	1,650,749	1,842,910	2,120,119	2,300,984	1,846,249	1,386,366	1,873,256	1,471,761	1,334,908
CASH AND CASH EQUIVALENTS, End of Year	1,191,518	1,650,749	1,842,910	2,120,119	2,300,984	1,846,249	1,386,366	1,873,256	1,471,761	1,334,908	1,197,292

8-3 Statement of Financial Position:Roll Back Price model

Town of Erin - Water Treatment System - Statement of Financial Position

Table 8-3	Unaudited	Approved	Forecast								
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financial Assets											
Cash, Receivables and Investments	1,191,518	1,650,749	1,842,910	2,120,119	2,300,984	1,846,249	1,386,366	1,873,256	1,471,761	1,334,908	1,197,292
Total Financial Assets	1,191,518	1,650,749	1,842,910	2,120,119	2,300,984	1,846,249	1,386,366	1,873,256	1,471,761	1,334,908	1,197,292
Financial Liabilities											
Accounts Payable and Deferred Revenue	-										
Long Term Liabilities (Net Debt)	108,807	55,290	0	0	0	0	0	500,000	450,000	400,000	350,000
Total Financial Liabilities	108,807	55,290	-	-	-	-	-	500,000	450,000	400,000	350,000
Deferred Revenue (net Chg)	356,689	370,514	384,529	398,621	412,791	427,081	441,551	26,500	(14,002)	(54,486)	(94,949)
Net Financial Assets (Net Debt)	1,082,712	1,965,972	2,227,439	2,518,740	2,713,774	2,273,330	1,827,917	1,399,756	1,007,759	880,422	752,343
Non Financial Assets											
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-
Tangible Capital Assets	15,130,991	15,247,385	15,573,825	15,809,293	16,159,123	17,087,333	17,865,803	22,839,475	23,618,403	24,150,669	24,638,298
Accumulated Amortization	(5,327,179)	(5,578,562)	(5,849,116)	(6,081,512)	(6,366,841)	(6,627,663)	(6,774,425)	(7,181,202)	(7,513,849)	(7,893,894)	(8,255,266)
Total Non Financial Assets	9,803,813	9,668,822	9,724,709	9,727,781	9,792,282	10,459,671	11,091,378	15,658,273	16,104,553	16,256,775	16,383,031
ACCUMULATED SURPLUS	\$ 10,886,524	\$ 11,634,795	\$ 11,952,148	\$ 12,246,521	\$ 12,506,056	\$ 12,733,001	\$ 12,919,295	\$ 17,058,029	\$ 17,112,313	\$ 17,137,198	\$ 17,135,374

8-1 Statement of Operations: CPI Model

Town of Erin - Water Treatment System - Statement of Operations

Table 8-1	Unaudited	5.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues											
Water Billings	1,402,354	1,459,570	1,488,761	1,518,537	1,548,907	1,579,886	1,611,483	1,643,713	1,676,587	1,710,119	1,744,321
Small System Cost Recovery	6,882	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585
Special Area Levy	45,874										
Earned DC Revenue	-	13,825	14,015	14,092	14,170	14,290	14,470	1,566,286	9,498	9,516	9,537
Donation from Developers/Front End		-	-	-	-	-	-	2,481,336	-	-	-
Government Grant Funding	576,514	-	-	-	-	-	-	-	-	-	-
Other Revenues	13,566	16,399	16,416	16,434	16,452	16,470	16,488	16,507	16,526	16,545	16,564
Total Revenue	\$ 2,045,190	\$ 1,492,793	\$ 1,522,253	\$ 1,552,183	\$ 1,582,713	\$ 1,613,893	\$ 1,645,753	\$ 5,711,220	\$ 1,706,057	\$ 1,739,695	\$ 1,774,008
Expenses											
Payroll & Benefits	438,565	473,362	482,829	492,486	502,335	512,383	522,630	533,082	543,745	554,619	565,712
Administration	18,110	17,500	17,850	18,207	18,571	18,943	19,321	19,708	20,102	20,504	20,914
Training & Memberships	6,210	6,500	6,630	6,763	6,898	7,036	7,177	7,320	7,466	7,616	7,768
Uniforms & Small Tools	8,017	11,500	11,730	11,965	12,204	12,448	12,697	12,951	13,210	13,474	13,744
Building Overhead, Ins & Utilities	115,553	111,500	113,730	116,005	118,325	120,691	123,105	125,567	128,078	130,640	133,253
Property Tax Payment in Lieu	13,108	13,435	13,704	13,978	14,257	14,542	14,833	15,130	15,433	15,741	16,056
Treatment & Distribution Costs	116,657	147,000	149,940	152,939	155,998	159,118	162,300	165,546	168,857	172,234	175,679
Telephone Costs	9,115	11,000	11,220	11,444	11,673	11,907	12,145	12,388	12,636	12,888	13,146
Vehicle & Equipment Costs	12,221	18,000	18,360	18,727	19,102	19,484	19,873	20,271	20,676	21,090	21,512
Engineering & Consultant Costs	6,969	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951
Source Water Protection	794	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195
Non TCA Capital Expenditures	297,524										
Interest on Debt	5,125	3,425	1,650	0	0	0	0	0	15,000	13,500	12,000
Amortization	253,646	276,990	279,629	287,670	305,588	320,885	344,010	406,777	419,702	431,850	440,935
Total Expenses	1,301,614	1,101,212	1,118,492	1,141,628	1,176,624	1,209,342	1,250,237	1,331,127	1,377,540	1,407,045	1,433,863
Annual Surplus / Deficit	743,576	391,581	403,761	410,556	406,089	404,551	395,517	4,380,093	328,517	332,650	340,144
Accumulated surplus, Beginning of Period	10,499,639	11,243,214	11,634,796	12,038,557	12,449,112	12,855,201	13,259,752	13,655,268	18,035,361	18,363,878	18,696,528
Accumulated surplus, End of Period	\$11,243,214	\$11,634,796	\$12,038,557	\$12,449,112	\$12,855,201	\$13,259,752	\$13,655,268	\$18,035,361	\$18,363,878	\$18,696,528	\$19,036,672
Transfers											
Transfer to Lifecycle Reserves	\$997,222	\$653,348	\$667,959	\$682,700	\$696,055	\$709,675	\$723,569	\$3,219,077	\$737,195	\$753,439	\$769,978
Transfer to Water Reserve Fund		\$1,399	\$1,416	\$1,434	\$1,452	\$1,470	\$1,488	\$1,507	\$1,526	\$1,545	\$1,564
Transfer to Development Chg Reserve Fund		\$13,825	\$14,015	\$14,092	\$14,170	\$14,290	\$14,470	\$1,566,286	\$9,498	\$9,516	\$9,537
Total Transfers	\$997,222	\$668,571	\$683,390	\$698,226	\$711,677	\$725,435	\$739,527	\$4,786,870	\$748,219	\$764,500	\$781,079
Capital Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Capital Project Costs	\$664,328	\$142,000	\$335,516	\$290,742	\$370,089	\$988,273	\$975,718	\$4,973,672	\$865,982	\$584,072	\$567,191
Existing/New Capital Debt Pmt	\$1,761	\$3,517	\$5,290						\$65,000	\$63,500	\$62,000
DC Credits Pmt to Developer	0	0	0	0	0	0	0	1,561,000	0	0	0
Sub-Total Capital Costs	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$6,534,672	\$930,982	\$647,572	\$629,191
Special Area Levy- Capital Levy	\$0										
Developer - Asset Donation								\$2,481,336			
Transfer from D/C Reserve Fund	\$0	\$0	\$0	\$0	\$0	0	0	\$2,481,336	\$65,000	\$63,500	\$62,000
Developer Front-end DC Credits								\$1,561,000			
Transfer from Reserves	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$11,000	\$865,982	\$584,072	\$567,191
Unfunded Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Lifecycle Reserve Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 798,494	\$ 1,079,627	\$ 1,537,458	\$ 1,814,611	\$ 2,206,569	\$ 2,532,535	\$ 2,253,938	\$ 2,001,789	\$ 2,728,530	\$ 2,599,743	\$ 2,769,110
Transfer from Operating Surplus plus Amortization	\$997,222	\$653,348	\$667,959	\$682,700	\$696,055	\$709,675	\$723,569	\$3,219,077	\$737,195	\$753,439	\$769,978
Transfer to Capital	\$716,089	\$195,517	\$390,806	\$290,742	\$370,089	\$988,273	\$975,718	\$11,000	\$865,982	\$584,072	\$567,191
Developer Contribution Transf to Capital								\$2,481,336			
Reserve Fund Balance	\$ 1,079,627	\$ 1,537,458	\$ 1,814,611	\$ 2,206,569	\$ 2,532,535	\$ 2,253,938	\$ 2,001,789	\$ 2,728,530	\$ 2,599,743	\$ 2,769,110	\$ 2,971,897
Dollars in Current Value	\$ 1,079,627	\$ 1,537,458	\$ 1,761,758	\$ 2,079,903	\$ 2,317,628	\$ 2,002,594	\$ 1,726,761	\$ 2,285,101	\$ 2,113,829	\$ 2,185,961	\$ 2,277,712
Town Water Reserve Fund Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 111,891	\$ 111,891	\$ 113,290	\$ 114,706	\$ 116,140	\$ 117,591	\$ 119,061	\$ 120,549	\$ 122,056	\$ 123,582	\$ 125,127
Transfer from Operating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earned @ 1.25%		\$1,399	\$1,416	\$1,434	\$1,452	\$1,470	\$1,488	\$1,507	\$1,526	\$1,545	\$1,564
Reserve Fund Balance	\$ 111,891	\$ 113,290	\$ 114,706	\$ 116,140	\$ 117,591	\$ 119,061	\$ 120,549	\$ 122,056	\$ 123,582	\$ 125,127	\$ 126,691
Water D/C Reserve Fund Continuity											
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$ 356,689	\$ 356,689	\$ 370,514	\$ 384,529	\$ 398,621	\$ 412,791	\$ 427,156	\$ 441,719	\$ 26,668	\$ (28,834)	\$ (82,818)
DC Revenues from Growth	\$0	\$9,366	\$9,384	\$9,402	\$9,423	\$9,441	\$9,459	\$1,561,000	\$9,498	\$9,516	\$9,537
Transfer to Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,981,336	\$65,000	\$63,500	\$62,000
DC Debtenture Pmts @ 3% over 20 yrs											
Interest Earned @ 1.25%		\$4,459	\$4,631	\$4,690	\$4,747	\$4,924	\$5,104	\$5,286	\$0	\$0	\$0
Reserve Fund Balance	\$ 356,689	\$ 370,514	\$ 384,529	\$ 398,621	\$ 412,791	\$ 427,156	\$ 441,719	\$ 26,668	\$ (28,834)	\$ (82,818)	\$ (135,281)

8-2 Statement of Cash Flow: CPI model
Town of Erin - Water Treatment System - Statement of Cash Flow

Table 8-2	Unaudited	Forecasted									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES											
Projected Revenue over Expenses	743,576	391,581	403,761	410,556	406,089	404,551	395,517	4,380,093	328,517	332,650	340,144
Plus Non-Cash Amortization	253,646	276,990	279,629	287,670	305,588	320,885	344,010	406,777	419,702	431,850	440,935
Items Not in Cash - Deferred Revenue	-	(9,366)	(9,384)	(9,402)	(9,423)	(9,441)	(9,459)	(1,561,000)	(9,498)	(9,516)	(9,537)
Proceeds from Development Charges	-	-	-	-	-	-	-	1,981,336	65,000	63,500	62,000
NET CHANGE IN CASH BY OPERATING ACTIVITIES (Annual Surplus/Deficit, excluding Amortization Expense) CASH PROVIDED BY OPERATING	997,222	659,205	674,006	688,824	702,254	715,994	730,068	5,207,206	803,721	818,484	833,542
INVESTMENT ACTIVITIES											
Proceeds from Investments (Reserve Fund Interest)	-	(4,459)	(4,631)	(4,690)	(4,747)	(4,924)	(5,104)	(5,286)	-	-	-
CAPITAL ACTIVITIES											
Proceeds from Debt Issued/Developer Front-end	-	-	-	-	-	-	-	2,061,000	-	-	-
Less Debt Repayment (principle only)/DC Pmt to Develo	(51,761)	(53,517)	(55,290)	0	0	0	0	(1,561,000)	(50,000)	(50,000)	(50,000)
CASH TRANSACTIONS THROUGH FINANCING	(51,761)	(57,975)	(59,922)	(4,690)	(4,747)	(4,924)	(5,104)	494,714	(50,000)	(50,000)	(50,000)
Cash applied to fund Capital Projects	664,328	142,000	335,516	290,742	370,089	988,273	975,718	4,973,672	880,982	597,572	579,191
NET CHANGE IN CASH AND CASH EQUIVALENTS	281,133	459,230	278,569	393,392	327,418	(277,203)	(250,754)	728,248	(127,261)	170,912	204,351
CASH AND CASH EQUIVALENTS, Beginning of Year	910,385	1,191,518	1,650,749	1,929,317	2,322,709	2,650,127	2,372,924	2,122,171	2,850,419	2,723,158	2,894,070
CASH AND CASH EQUIVALENTS, End of Year	1,191,518	1,650,749	1,929,317	2,322,709	2,650,127	2,372,924	2,122,171	2,850,419	2,723,158	2,894,070	3,098,421

8-3 Statement of Financial Position:CPI Model

Town of Erin - Water Treatment System - Statement of Financial Position

Table 8-3	Unaudited	Approved	Forecast								
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financial Assets											
Cash, Receivables and Investments	1,191,518	1,650,749	1,929,317	2,322,709	2,650,127	2,372,924	2,122,171	2,850,419	2,723,158	2,894,070	3,098,421
Total Financial Assets	1,191,518	1,650,749	1,929,317	2,322,709	2,650,127	2,372,924	2,122,171	2,850,419	2,723,158	2,894,070	3,098,421
Financial Liabilities											
Accounts Payable and Deferred Revenue	-										
Long Term Liabilities (Net Debt)	108,807	55,290	0	0	0	0	0	500,000	450,000	400,000	350,000
Total Financial Liabilities	108,807	55,290	-	-	-	-	-	500,000	450,000	400,000	350,000
Deferred Revenue (net Chg)	356,689	370,514	384,529	398,621	412,791	427,081	441,551	26,500	(14,002)	(54,486)	(94,949)
Net Financial Assets (Net Debt)	1,082,712	1,965,972	2,313,847	2,721,330	3,062,918	2,800,005	2,563,721	2,376,919	2,259,156	2,439,584	2,653,472
Non Financial Assets											
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-
Tangible Capital Assets	15,130,991	15,247,385	15,573,825	15,809,293	16,159,123	17,087,333	17,865,803	22,839,475	23,618,403	24,150,669	24,638,298
Accumulated Amortization	(5,327,179)	(5,578,562)	(5,849,116)	(6,081,512)	(6,366,841)	(6,627,663)	(6,774,425)	(7,181,202)	(7,513,849)	(7,893,894)	(8,255,266)
Total Non Financial Assets	9,803,813	9,668,822	9,724,709	9,727,781	9,792,282	10,459,671	11,091,378	15,658,273	16,104,553	16,256,775	16,383,031
ACCUMULATED SURPLUS	\$ 10,886,524	\$ 11,634,795	\$ 12,038,556	\$ 12,449,111	\$ 12,855,200	\$ 13,259,676	\$ 13,655,100	\$ 18,035,192	\$ 18,363,709	\$ 18,696,359	\$ 19,036,503

APPENDIX B

CAPITAL PROJECTIONS

8-6 10 Year Capital Projects

Town of Erin - Water Treatment System- 10 Year Capital Budget Projections													
10 Year Capital Budget Projections	Useful Life	Multi-year Capital Budget	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Replace pickups(2), van	10	115,000	\$ 5,600	\$ 5,600	\$ 5,600	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 11,500	\$ 11,500	
Replace trailer	15	45,000		\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	
Hillsburgh Well #3 generator enclosure, transfer switch	30	40,000	\$ 1,333	\$ 1,333	\$ 1,333	\$ 1,333	\$ 1,333	\$ 1,333	\$ 1,333	\$ 1,333	\$ 1,333	\$ 1,333	
GIS Mapping	20	50,000		\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	
Water Rate Study & Financial Plan	5	41,000	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,800	\$ 8,200	\$ 8,200	\$ 8,200	\$ 8,200	\$ 8,200	
Energy Conservation & Demand Management Plan CDM	5	16,000	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	
Meter Replacement Program	15	110,000	\$ 733	\$ 1,467	\$ 2,200	\$ 2,933	\$ 3,667	\$ 4,400	\$ 5,133	\$ 5,867	\$ 6,600	\$ 7,333	
Radio Meter Reading Device	15	18,500		\$ 567	\$ 567	\$ 567	\$ 567	\$ 567	\$ 567	\$ 1,233	\$ 1,233	\$ 1,233	
Water Tower, Erin; Proces instrumentation	15	20,259		\$ 1,351	\$ 1,351	\$ 1,351	\$ 1,351	\$ 1,351	\$ 1,351	\$ 1,351	\$ 1,351	\$ 1,351	
Water Tower, Erin; Building services	60	20,259		\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	
Water Tower, Erin; Process Equipment	25	221,377					\$ 8,855	\$ 8,855	\$ 8,855	\$ 8,855	\$ 8,855	\$ 8,855	
Hillsburgh Well # 2, Process instrumentation, data logger	25	10,000	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	
Hillsburgh Well # 2, Building Services	60	15,322		\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	
Hillsburgh Well # 2; Process equipment	25	157,814			\$ 6,313	\$ 6,313	\$ 6,313	\$ 6,313	\$ 6,313	\$ 6,313	\$ 6,313	\$ 6,313	
Hillsburgh Well # 3, Building Services	60	15,322		\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	
Hillsburgh Well # 3; Process equipment	25	11,000			\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	
Hillsburgh Well # 3; Process electrical (Energy CDM?)	25	29,751	\$ 1,190	\$ 1,190	\$ 1,190	\$ 1,190	\$ 1,190	\$ 1,190	\$ 1,190	\$ 1,190	\$ 1,190	\$ 1,190	
Hillsburgh Well # 3, Process instrumentation, data logger	25	10,000	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	
Hillsburgh Well # 3; Process piping	40	81,275			\$ 2,032	\$ 2,032	\$ 2,032	\$ 2,032	\$ 2,032	\$ 2,032	\$ 2,032	\$ 2,032	
Erin Well # 7, Process instrumentation, data logger	25	10,000	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	
Erin Well # 7; Building services	60	18,844										\$ 314	
Erin Well # 8, Process instrumentation, data logger	25	10,000	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	
Erin Well # 8; Building services	60	15,322		\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	\$ 255	
Erin Well # 8; Process Equipment	25	172,448									\$ 6,898	\$ 6,898	
Asset Management Plan Update	10	21,000				\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 2,100	\$ 2,100	\$ 2,100	
New Water Supply Erin	80	2,964,000	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 5,329	\$ 37,050	\$ 37,050	\$ 37,050	\$ 37,050	\$ 37,050	
New Water Supply Hillsburgh	80	2,425,000							\$ 30,313	\$ 30,313	\$ 30,313	\$ 30,313	
Development Charges Background Study	5	20,000					\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 4,000	
Water Hydro Building, Erin; Overhead doors	25	32,961						\$ 1,318	\$ 1,318	\$ 1,318	\$ 1,318	\$ 1,318	
Water Hydro Building, Erin; Hollow metal doors	25	18,448					\$ 738	\$ 738	\$ 738	\$ 738	\$ 738	\$ 738	
Water Hydro Building, Erin; Lighting	25	46,366						\$ 1,855	\$ 1,855	\$ 1,855	\$ 1,855	\$ 1,855	
Watermain; Erin, Charles St - section 2300, iron	80	-							\$ -	\$ -	\$ -	\$ -	
Watermain; Erin, Daniel St - section 14900, iron	80	137,884				\$ 1,724	\$ 1,724	\$ 1,724	\$ 1,724	\$ 1,724	\$ 1,724	\$ 1,724	
Watermain; Erin, Daniel St - section 15000, iron	80	224,644				\$ 2,808	\$ 2,808	\$ 2,808	\$ 2,808	\$ 2,808	\$ 2,808	\$ 2,808	
Watermain; Erin, Daniel St - section 16000, iron	80	292,575				\$ 3,657	\$ 3,657	\$ 3,657	\$ 3,657	\$ 3,657	\$ 3,657	\$ 3,657	
Watermain; Erin, Daniel St - section 17000a, iron	80	96,189				\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	
Watermain; Erin, Daniel St - section 17000b, iron	80	197,532				\$ 2,469	\$ 2,469	\$ 2,469	\$ 2,469	\$ 2,469	\$ 2,469	\$ 2,469	
Watermain; Erin, Water St - section 5200, iron	80	-						\$ -	\$ -	\$ -	\$ -	\$ -	
Watermain; Erin, Millwood Rd - section 5300, iron	80	139,133					\$ 1,739	\$ 1,739	\$ 1,739	\$ 1,739	\$ 1,739	\$ 1,739	
Watermain; Erin, Spring St - section 6100, iron	80	97,279				\$ 1,216	\$ 1,216	\$ 1,216	\$ 1,216	\$ 1,216	\$ 1,216	\$ 1,216	
Watermain; Erin, English St - section 6300, iron	80	99,274				\$ 1,241	\$ 1,241	\$ 1,241	\$ 1,241	\$ 1,241	\$ 1,241	\$ 1,241	
Watermain; Erin, Dundas St E - section 12000, iron	80	98,593								\$ 1,232	\$ 1,232	\$ 1,232	
Watermain; Erin, Dundas St E - section 13000a, iron	80	53,706									\$ 671	\$ 671	
Watermain; Erin, Dundas St E - section 13000b, iron	80	45,200									\$ 565	\$ 565	
Watermain; Erin, Dundas St E - section 13000c, iron	80	193,125									\$ 2,414	\$ 2,414	
Watermain; Erin, Tower Feed Line - section 2100, iron	80	-							\$ -	\$ -	\$ -	\$ -	
Watermain; Erin, Tower Feed Line - section NR102, iron	80	-										\$ -	
Watermain; Erin, Pine St - section 7000, iron	80	100,532								\$ 1,257	\$ 1,257	\$ 1,257	
Watermain; Erin, Ross St - section 7200, iron	80	91,755								\$ 1,147	\$ 1,147	\$ 1,147	
Watermain; Erin, Church St - section 2400, iron	80	126,266	\$ 1,578	\$ 1,578	\$ 1,578	\$ 1,578	\$ 1,578	\$ 1,578	\$ 1,578	\$ 1,578	\$ 1,578	\$ 1,578	
Watermain; Erin, Church Blvd - section 2450, iron	80	22,952								\$ 287	\$ 287	\$ 287	
Watermain; Erin, Church Blvd - section 2500, iron	80	90,663								\$ 1,133	\$ 1,133	\$ 1,133	
Watermain; Erin, Centre St - section 2600, iron	80	148,259		\$ 1,853	\$ 1,853	\$ 1,853	\$ 1,853	\$ 1,853	\$ 1,853	\$ 1,853	\$ 1,853	\$ 1,853	
Watermain; Erin, Sunnyside Dr - section 3100, iron	80	114,763								\$ 1,435	\$ 1,435	\$ 1,435	
Watermain; Hillsburgh, Spruce St -section 01395a, pvc	80	-									\$ -	\$ -	
Watermain; Hillsburgh, Spruce St -section 01395b, pvc	80	-									\$ -	\$ -	
Watermain; Hillsburgh, Ellen Cr - section 01370, iron	80	465,555										\$ 5,819	
Watermain; Hillsburgh, Alice Gt - section 01377, iron	80	61,792										\$ 772	
Watermain; Erin, Waterford Dr - section 05620, iron	80	-										\$ -	
Watermain; Hillsburgh, Mill St - section 01360, iron	80	347,888								\$ 4,349	\$ 4,349	\$ 4,349	
Watermain; Hillsburgh, Mill St - section 01402, iron	80	65,428								\$ 818	\$ 818	\$ 818	
Capital Projections - Amortization		\$ 10,093,255	\$ 14,933	\$ 21,835	\$ 29,876	\$ 47,794	\$ 63,125	\$ 88,312	\$ 151,079	\$ 164,003	\$ 177,517	\$ 187,157	
2014 Capital Projects			\$ 142,000	\$ 335,516	\$ 290,742	\$ 370,089	\$ 988,273	\$ 975,718	\$ 4,973,672	\$ 865,982	\$ 584,072	\$ 567,191	