



TOWN OF AMHERSTBURG

MUNICIPAL DRINKING WATER SUPPLY SYSTEM

FINANCIAL PLAN 2014 - 2020

December 2014

**TOWN OF AMHERSTBURG
MUNICIPAL DRINKING WATER SYSTEM**

FINANCIAL PLAN

Introduction

Under the Safe Drinking Water Act 2002 and Regulation 188/07, the Town of Amherstburg is required to prepare and have approved by resolution of Council a Financial Plan in order to remain licensed to operate and maintain Amherstburg's Municipal Drinking Water System.

The Financial Plan applies for a six year period from 2014 - 2020.

Regulatory Requirements

Ontario Regulation 453/07 which regulates the particular requirements of a Financial Plan requires that the plan include the following:

1. Details of the proposed or projected financial position of the drinking water system itemized by,
 - A. Total financial assets,
 - B. Total liabilities,
 - C. Net debt,
 - D. Non-financial assets that are tangible capital assets, tangible capital asset under construction, inventories of supplied and prepaid expenses, and
 - E. Changes in tangible capital assets that are addition, donation, write downs and disposals.

2. Details of the proposed or projected financial operations of the drinking water system itemized by,
 - A. Total revenue, further itemized by water rates, user charges and other revenues,
 - B. Total expenses further itemized by amortization expenses, interest expenses and other expenses,
 - C. Annual surplus or deficit, and
 - D. Accumulated surplus or deficit.

3. Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by,
 - A. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges,
 - B. Capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,
 - C. Investing transactions that are acquisitions and disposal of investments,
 - D. Financing transactions that are proceeds from the issuance of debt and debt repayment,
 - E. Changes in cash and cash equivalents during the year, and
 - F. Cash and cash equivalents at the beginning and end of the year.

4. Details of the extent to which the information described above relate directly to the replacement of lead services.

The following three tables summarize the requirements listed above.

Table 1 – Statement of Financial Position

Table 2 – Statement of Financial Operations

Table 3 – Statement of Cash Flow

Lead Services

As a requirement of the Ministry of the Environment's Drinking Water Systems Regulation O. Reg. 170/03, the Town of Amherstburg was mandated to perform testing at private residential taps to check for lead in the drinking water. Through this testing and sampling program it has been determined that although there are lead services present in the Town it is not a significant issue that requires a Lead Services Replacement Program.

Lead services are replaced individually when they are encountered in conjunction to capital work such as road reconstruction projects. The financial plan/budget for individual lead service replacements are included within capital works project budgets.

TABLE 1

**The Corporation of the Town of Amherstburg
Municipal Drinking Water Supply System**

Statement of Financial Position

	2014	2015	2016	2017	2018	2019	2020
Financial Assets							
Cash and cash equivalents	\$ 768,774	\$ 1,479,967	\$ 1,838,085	\$ 1,534,718	\$ 1,062,270	\$ 1,049,660	\$ 1,133,522
Accounts receivable	\$ 360,406	\$ 376,345	\$ 388,341	\$ 400,610	\$ 412,859	\$ 427,633	\$ 443,235
Total Financial Assets	\$ 1,129,180	\$ 1,856,312	\$ 2,226,426	\$ 1,935,328	\$ 1,475,128	\$ 1,477,294	\$ 1,576,757
Liabilities							
Accounts payable	\$ 356,717	\$ 363,590	\$ 370,218	\$ 377,350	\$ 384,302	\$ 392,369	\$ 400,769
DC Reserve (deferred revenue)	\$ 1,067,597	\$ 1,391,696	\$ 1,531,428	\$ 858,309	\$ -	\$ -	\$ -
Debt	\$ 4,203,513	\$ 5,933,038	\$ 9,352,665	\$ 13,355,656	\$ 15,105,800	\$ 20,621,260	\$ 20,523,735
Total Liabilities	\$ 5,627,827	\$ 7,688,324	\$ 11,254,311	\$ 14,591,315	\$ 15,490,103	\$ 21,013,629	\$ 20,924,504
Net Financial Debt	\$ 4,498,647	\$ 5,832,012	\$ 9,027,885	\$ 12,655,987	\$ 14,014,974	\$ 19,536,335	\$ 19,347,748
Non-Financial Assets							
Tangible capital assets	\$ 81,989,107	\$ 83,250,121	\$ 86,567,934	\$ 90,900,990	\$ 93,673,044	\$ 103,793,940	\$ 102,799,777
Inventories of supplies	\$ 263,997	\$ 269,086	\$ 273,998	\$ 279,280	\$ 284,431	\$ 290,397	\$ 296,608
Prepaid expenses	\$ 131,998	\$ 134,543	\$ 136,999	\$ 139,640	\$ 142,216	\$ 145,199	\$ 148,304
Total Non-Financial Assets	\$ 82,385,102	\$ 83,653,750	\$ 86,978,931	\$ 91,319,910	\$ 94,099,691	\$ 104,229,536	\$ 103,244,690
Accumulated Surplus	\$ 77,886,455	\$ 77,821,738	\$ 77,951,046	\$ 78,663,923	\$ 80,084,717	\$ 84,693,201	\$ 83,896,942

TABLE 2

The Corporation of the Town of Amherstburg
Municipal Drinking Water Supply System

Statement of Financial Operations

	2014	2015	2016	2017	2018	2019	2020
Revenues							
Water Rate Revenues	\$ 4,324,868	\$ 4,516,138	\$ 4,660,088	\$ 4,807,325	\$ 4,954,302	\$ 5,131,601	\$ 5,318,818
Other revenues	\$ 28,498	\$ 31,797	\$ 305,226	\$ 1,126,975	\$ 1,888,491	\$ 5,522,252	\$ 12,584
Grants	\$ 24,000	\$ 21,420	\$ 24,970	\$ 28,653	\$ 25,978	\$ 41,955	\$ 42,794
Interest on cash and cash equivalents	\$ 7,552	\$ 7,688	\$ 14,800	\$ 18,381	\$ 15,347	\$ 10,623	\$ 10,497
Total Revenues	\$ 4,384,918	\$ 4,577,043	\$ 5,005,083	\$ 5,981,333	\$ 6,884,119	\$ 10,706,431	\$ 5,384,692
Expenses							
Operating and Maintenance	\$ 3,167,959	\$ 3,229,030	\$ 3,287,977	\$ 3,351,355	\$ 3,413,175	\$ 3,484,767	\$ 3,559,299
Amortization of tangible assets	\$ 1,046,093	\$ 1,072,746	\$ 1,148,624	\$ 1,267,999	\$ 1,333,611	\$ 1,590,090	\$ 1,600,038
Total interest expense	\$ 155,524	\$ 271,827	\$ 439,174	\$ 649,102	\$ 716,538	\$ 1,023,091	\$ 1,021,614
Total Expenses	\$ 4,369,576	\$ 4,573,603	\$ 4,875,775	\$ 5,268,456	\$ 5,463,324	\$ 6,097,947	\$ 6,180,951
Surplus/deficit from current years activities	\$ 15,342	\$ 3,441	\$ 129,308	\$ 712,877	\$ 1,420,795	\$ 4,608,483	\$ (796,259)
Use of reserves accumulated in previous years	\$ (40,842)	\$ (68,158)	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Surplus/(Deficit)	\$ (25,500)	\$ (64,717)	\$ 129,308	\$ 712,877	\$ 1,420,795	\$ 4,608,483	\$ (796,259)
Accumulated Surplus, beginning of year	\$ 77,911,955	\$ 77,886,455	\$ 77,821,738	\$ 77,951,046	\$ 78,663,923	\$ 80,084,717	\$ 84,693,201
Accumulated Surplus, end of year	\$ 77,886,455	\$ 77,821,738	\$ 77,951,046	\$ 78,663,923	\$ 80,084,717	\$ 84,693,201	\$ 83,896,942

TABLE 3

The Corporation of the Town of Amherstburg
Municipal Drinking Water Supply System

Flow of Funds Statement

	2014	2015	2016	2017	2018	2019	2020
Cash from Operations							
Earnings before interest expenses	\$ 172,068	\$ 274,764	\$ 569,184	\$ 1,364,679	\$ 2,141,732	\$ 5,633,978	\$ 226,336
Plus amortization of tangible capital assets	\$ 1,044,891	\$ 1,073,250	\$ 1,147,923	\$ 1,265,300	\$ 1,329,212	\$ 1,587,685	\$ 1,599,057
Plus DC contributions	\$ 333,471	\$ 344,499	\$ 433,332	\$ 441,999	\$ 450,839	\$ 459,856	\$ 469,053
Less earned DC revenue	\$ (17,324)	\$ (20,400)	\$ (293,601)	\$ (1,115,117)	\$ (1,876,396)	\$ (5,509,915)	\$ -
Total	\$ 1,533,106	\$ 1,672,113	\$ 1,856,838	\$ 1,956,860	\$ 2,045,387	\$ 2,171,604	\$ 2,294,446
Cash from the Movement of Balance Sheet Accounts							
Accounts payable - increase/(decrease)	\$ 356,717	\$ 6,873	\$ 6,628	\$ 7,132	\$ 6,952	\$ 8,066	\$ 8,400
Pensions and other employee benefits - increase/(decrease)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable - (increase)/decrease	\$ -	\$ (15,939)	\$ (11,996)	\$ (12,270)	\$ (12,248)	\$ (14,775)	\$ (15,601)
Inventory - (increase)/decrease	\$ (238,797)	\$ (5,089)	\$ (4,912)	\$ (5,282)	\$ (5,152)	\$ (5,966)	\$ (6,211)
Prepaid expenses - (increase)/decrease	\$ (119,398)	\$ (2,545)	\$ (2,456)	\$ (2,641)	\$ (2,576)	\$ (2,983)	\$ (3,106)
Total	\$ (1,478)	\$ (16,700)	\$ (12,736)	\$ (13,060)	\$ (13,024)	\$ (15,657)	\$ (16,518)
Proceeds of New Debt							
Short term capital loans	\$ 201,520	\$ 2,170,612	\$ 3,943,521	\$ 4,427,005	\$ 2,220,036	\$ 6,139,176	\$ 567,361
DC reserve fund loan	\$ -	\$ -	\$ -	\$ -	\$ 567,248	\$ 5,128,283	\$ 314,211
Long term loans	\$ -	\$ 2,000,086	\$ 3,860,812	\$ 4,709,607	\$ 1,785,237	\$ 6,746,127	\$ 567,361
Total	\$ 201,520	\$ 4,170,698	\$ 7,804,333	\$ 9,136,612	\$ 4,572,521	\$ 18,013,586	\$ 1,448,932
Cash Used for Debt Service							
Interest costs	\$ (155,524)	\$ (271,827)	\$ (439,174)	\$ (649,102)	\$ (716,538)	\$ (1,023,091)	\$ (1,021,614)
Repayment of short-term capital loans	\$ 0	\$ (2,000,086)	\$ (3,860,812)	\$ (4,709,607)	\$ (1,785,237)	\$ (6,746,127)	\$ (567,361)
Repayment of DC debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (78,223)	\$ (783,264)
Repayment of long-term debt	\$ (328,913)	\$ (441,087)	\$ (523,894)	\$ (424,015)	\$ (469,891)	\$ (623,716)	\$ (664,885)
Total	\$ (484,437)	\$ (2,713,000)	\$ (4,823,881)	\$ (5,782,724)	\$ (2,971,667)	\$ (8,471,157)	\$ (3,037,123)
Cash Available for Capital Finance	\$ 1,248,711	\$ 3,113,111	\$ 4,824,555	\$ 5,297,688	\$ 3,633,217	\$ 11,698,376	\$ 689,737
Acquisition of Tangible Capital assets							
New project investments	\$ (1,194,250)	\$ (2,333,760)	\$ (4,466,437)	\$ (5,601,056)	\$ (4,105,665)	\$ (11,710,985)	\$ (605,875)
Major repairs and replacements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (1,194,250)	\$ (2,333,760)	\$ (4,466,437)	\$ (5,601,056)	\$ (4,105,665)	\$ (11,710,985)	\$ (605,875)
Cash Surplus (Deficit) from Current Years Activities							
Plus ST loans to cover deficits	\$ 54,461	\$ 779,351	\$ 358,118	\$ (303,367)	\$ (472,448)	\$ (12,609)	\$ 83,861
Less repayment of short term loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less use of reserves accumulated in previous years	\$ (40,842)	\$ (68,158)	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Surplus (Deficit)	\$ 13,619	\$ 711,193	\$ 358,118	\$ (303,367)	\$ (472,448)	\$ (12,609)	\$ 83,861
Cash and cash equivalents, beginning of year	\$ 755,155	\$ 768,774	\$ 1,479,967	\$ 1,838,085	\$ 1,534,718	\$ 1,062,270	\$ 1,049,660
Cash and cash equivalents, end of year	\$ 768,774	\$ 1,479,967	\$ 1,838,085	\$ 1,534,718	\$ 1,062,270	\$ 1,049,660	\$ 1,133,522