CITY OF STRATFORD

WATER
ONTARIO REGULATION 453/07
FINANCIAL PLAN

FINANCIAL PLAN # 074-301

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Planning for growth

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1. INTRODUCTION

1. INTRODUCTION

1.1 Study Purpose

Watson & Associates Economists Ltd. (Watson) was retained by the City of Stratford (the City) to prepare a water and wastewater financial plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water license as per the *Safe Drinking Water Act, 2002*. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. This detailed financial planning and forecasting in regards to the City's water and wastewater systems has already been completed and documented by Watson within the "City of Stratford Water and Wastewater Rate Study 2014" (2014 Rate Study). The objective of the report provided herein is to convert the findings of the 2014 Rate Study into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation 453/07 (O.Reg. 453/07).

1.2 Background

The Safe Drinking Water Act (SDWA) was passed in December, 2002 in order to address some of the recommendations made by the Walkerton Inquiry Part II report. One of the main requirements of the Act is the mandatory licensing of municipal water providers. Section 31 (1) specifically states,

> "No person shall,
>
> a) establish a new municipal drinking water system or replace or carry out an alteration to a municipal drinking water system except under the authority of and in accordance with an approval under this Part or a drinking water works permit; or
>
> b) use or operate a municipal drinking water system that was established before or after this section comes into force except under the authority of and in accordance with an approval under this Part or municipal drinking water licence"

In order to become licensed, a municipality must satisfy five key requirements as per section 44 (1):

1. Obtain a drinking water works permit.
2. Acceptance of the operational plan for the system based on the Drinking Water Quality Management Standard.
3. Accreditation of the Operating Authority.
4. Prepare and provide a financial plan.
5. Obtain permit to take water.

The preparation of a financial plan is a key requirement for licensing and as such, must be undertaken by all water providers.

1.2.1 Financial Plan Defined

Section 30 (1) of the SDWA provides the following definition of financial plans:

"financial plans" means,

(a) financial plans that satisfy the requirements of subsection (2), but only if,
  (i) Bill 175 (Sustainable Water and Sewage Systems Act, 2002, introduced on September 23, 2002) receives Royal Assent, and
  (ii) sections 3 and 9 of Bill 175 (Sustainable Water and Sewage Systems Act, 2002) are in force, or

(b) financial plans that satisfy the requirements prescribed by the Minister, in any other case. 2002, c. 32, s. 30 (1).

As of time of writing, the Sustainable Water and Sewage Systems Act, 2002 (SWSSA) cited above has been repealed (see Section 2.2 of this report) however, the standards that it directs underpin the specific requirements of s.30 (1) part b as they are outlined in O.Reg. 453/07 and which will be examined in detail below.

1.2.2 Financial Plan Requirements – New System

O.Reg. 453/07 provides the following parameters with regards to s.30 (1) part b of the SDWA for *new* water systems:

- Financial plans must be approved by Council resolution (or governing body) indicating that the drinking water system is financially viable;
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six year period (commencing when the system first serves the public);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per Public Sector Accounting Board (PSAB) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system.
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plan is to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.3 Financial Plan Requirements – Existing System

O.Reg. 453/07 also provides details with regards to s.30 (1) part b of the SDWA for ***existing*** water systems. The requirements for existing systems are summarized as follows:

- Financial plans must be approved by Council resolution (or governing body);
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six year period (commencing in the year of licence expiry);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a "Statement of Operations" as per the PSAB) for each year in which the financial plans apply;
- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the components of a "Statement of Financial Position" as per PSAB) for each year in which the financial plans apply; and
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a "Statement of Cash Flow" as per PSAB) for each year in which the financial plans apply.
- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system.
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plan is to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.4 Financial Plan Requirements - General

Given that the legislation falls under the SDWA, a financial plan is ***mandatory*** for water systems and ***encouraged*** for wastewater systems. The financial plans shall be for a forecast period of at least six years but longer planning horizons are encouraged. The financial plan is to be completed, approved and submitted at the time of licence renewal (i.e. six months prior to licence expiry). Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary.

The financial plan must contain on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence document.

1.2.5 Public Sector Accounting Board (PSAB) Requirements

The components of the financial plans indicated by the regulation are consistent with the requirements for financial statement presentation as set out in section PS1200 of the Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Handbook:

> *"Financial statements should include a Statement of Financial Position, a Statement of Operations, a Statement of Change in Net Debt, and a Statement of Cash Flow."*

Both the Statement of Financial Position and the Statement of Operations were required for financial reporting purposes in pre-2009 reporting years. However, the format changed in 2009 to conform to the requirements of PS1200 and PS3150 (see Figures 1-1 and 1-2). Financial statements are now reported on a full accrual accounting basis, which will continue in future years. The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when they are actually paid for. Since an exchange of cash is not necessary to report a financial transaction, the accrual method is meant to provide a more accurate picture of financial position. Before 2009, financial results were reported on a modified cash basis of accounting whereby revenues and expenses are recognized when cash is paid or received and only certain accrual-type items such as payables and receivables are recognized at year-end. The difference between the methods is in the timing of when transactions are reported. This timing difference has impacted the presentation of the statements in that various accounts have been added or deleted in order to properly report the transactions.

Moreover since the 2009 fiscal year, additional information relating to the accounting treatment of tangible capital assets is included in annual reporting, as indicated by the requirements under section PS3150. Pre-2009, the costs to acquire, develop and/or construct capital assets were expensed in the year in which they occur. Going forward, 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. The reporting of tangible capital assets requires further changes to the format of existing financial statements. From a financial planning perspective, this change is significant for water and wastewater assets as they can represent a significant portion of the City's total assets.

The Statement of Cash Flow and the Statement of Change in Net Financial Assets/Debt (which is a new statement as of 2009) are required statements going forward. The Statement of Change in Net Financial Assets/Debt reports on whether enough revenue was generated in a period to cover the expenses in the period and whether sufficient resources have been generated to support current and future activities (see Figure 1-3). The Statement of Cash Flow reports on how activities were financed for a given period providing a measure of the changes in cash for that period (see Figure 1-4).

It should be noted that the Statement of Reserves and Reserve Funds and the Statement of Capital, as used by the public sector pre-2009, have now been eliminated by the new reporting format. The balances and transactions that make up these two statements have been transferred to either the Statement of Operations or the Statement of Financial Position depending on the nature of the account.

FIGURE 1-1
STATEMENT OF FINANCIAL POSITION

OLD FORMAT (PRE-2009)	2009 AND FUTURE
Assets	**Financial Assets**
Financial Assets	
Cash	Cash
Accounts Receivable	Accounts Receivable
Investments	Investments
Inventory for resale	Inventory for resale
Other Assets	Other Assets
Total Financial Assets	Total Financial Assets
Non-Financial Assets	
Inventory of Supplies	
Prepaid Expenses	
Total Non-Financial Assets	
Liabilities	**Liabilities**
Accounts Payable & Accrued Liabilities	Accounts Payable & Accrued Liabilities
Debt (Principal only)	Debt (Principal only)
Other (DC Reserves-Deferred Revenue)	Other (DC Reserves-Deferred Revenue)
Total Liabilities	Total Liabilities
NET ASSETS	**NET FINANCIAL ASSETS/(DEBT)**
Municipal Position	**Non-Financial Assets**
Fund Balances	Tangible Capital Assets
Current Fund	Inventory of Supplies
Capital Fund	Prepaid Expenses
Reserves and Reserve Funds	Total Non-Financial Assets
Amounts to be Recovered	
From Future Revenues	
From Reserves & Reserve Funds	
TOTAL MUNICIPAL POSITION	**ACCUMULATED SURPLUS/(DEFICIT)**

FIGURE 1-2
STATEMENT OF OPERATIONS

OLD FORMAT (PRE-2009)	2009 AND FUTURE
Revenues	**Revenue**
Base Charge Revenue	Base Charge Revenue
Rate Based Revenue	Rate Based Revenue
Transfers from Reserves	Earned DC Revenue
Other Revenue	Other Revenue
Total Revenues	**Total Revenue**
Expenditures	**Expenses**
Operating Expenses	Operating Expenses
	Interest on Debt
	Amortization
Capital	Other
Total Expenditures	**Total Expenses**
Net Revenues for the year	**Annual Surplus/(Deficit)**
Increase (decrease) in amounts to be recovered	**Accum. Surplus/(Deficit), beg. of year**
Change in fund balances	**Accum. Surplus/(Deficit), end of year**

FIGURE 1-3
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/DEBT

2009 AND FUTURE

Annual Surplus/(Deficit)
Less: Acquisition of tangible capital assets
Add: Amortization of tangible capital assets
(Gain)/Loss on disposal of tangible capital assets
Add: Proceeds on sale of tangible capital assets
Add: Write-downs of tangible capital assets
Sub-total
Less: Acquisition of supplies inventory
Less: Acquisition of prepaid expenses
Add: Consumption of supplies inventory
Add: Use of prepaid expenses
Sub-total
(Increase)/Decrease in net financial assets/net debt
Net financial assets/(net debt), beginning of year
Net financial assets/(net debt), end of year

FIGURE 1-4
STATEMENT OF CASH FLOW[1]

DIRECT METHOD	INDIRECT METHOD
Operating Transactions	**Operating Transactions**
Cash received from:	Annual Surplus/(Deficit)
Water Operations	Add: Amortization of Tangible Capital Assets
Less: Cash paid for:	Loss/(Gain) on sale of Tangible Capital Assets
Operating expenses	Decrease/(Increase) in Accounts Receivable
Finance charges	Increase/(Decrease) in Accounts Payable
	Decrease/(Increase) in Inventories for sale
	Other items
Cash provided by operating transactions	**Cash provided by operating transactions**
Capital Transactions	**Capital Transactions**
Proceeds on sale of tangible capital assets	Proceeds on sale of tangible capital assets
Less: Cash used to acquire tangible capital assets	Less: Cash used to acquire tangible capital assets
Cash applied to capital transactions	**Cash applied to capital transactions**
Investing Transactions	**Investing Transactions**
Proceeds from investments	Proceeds from investments
Less: Cash used to acquire investments	Less: Cash used to acquire investments
Cash provided by (applied to) investing transactions	**Cash provided by (applied to) investing transactions**
Financing Transactions	**Financing Transactions**
Proceeds from debt issue	Proceeds from debt issue
Less: Debt repayment (principal only)	Less: Debt repayment (principal only)
Cash applied to financing transactions	**Cash applied to financing transactions**
Increase in cash and cash equivalents	**Increase in cash and cash equivalents**
Cash and cash equivalents, beginning of year	**Cash and cash equivalents, beginning of year**
Cash and cash equivalents, end of year	**Cash and cash equivalents, end of year**

[1] The statement of cash flow can be prepared using either the direct or indirect methods. The indirect method derives cash flow by making adjustments to the net surplus/deficit reported on the statement of operations. The direct method calculates cash flow identifying the direct sources and uses of cash.

2. SUSTAINABLE FINANCIAL PLANNING

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2.1 Introduction

In general, sustainability refers to the ability to maintain a certain position over time. While the SDWA requires a declaration of the financial plan's sustainability, it does not give a clear definition of what would be considered sustainable. Instead, the Ministry of the Environment released a guideline ("Towards Financially Sustainable Drinking-Water and Wastewater Systems") that provides possible approaches to achieving sustainability. The Province's Principles of Financially Sustainable Water and Wastewater Services are provided below:

Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.

Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.

Principle #3: Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.

Principle #4: Life-cycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.

Principle #5: An asset management plan is a key input to the development of a financial plan.

Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.

Principle #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.

Principle #8: Financial plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.

Principle #9: Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

2.2 *Sustainable Water and Sewage Systems Act*

The *Sustainable Water and Sewage Systems Act* (SWSSA) was passed on December 13, 2002. The intent of the Act was to introduce the requirement for municipalities to undertake an assessment of the "full cost" of providing their water and the wastewater services. In total, there were 40 areas within the Act to which the Minister could have made Regulations. It is noted that, the regulations, which accompany the Act, were not issued and the Act was repealed on December 31, 2012.

2.3 *Water Opportunities Act, 2010* (Bill 72)

Since the passage of the *Safe Drinking Water Act,* changes and refinements to the legislation have been introduced, including Bill 72. Bill 72 was introduced into legislation on May 18, 2010 and received Royal Assent on November 29, 2010, as the *Water Opportunities Act*.

The purposes of the *Water Opportunities Act* are to: foster innovative water, wastewater and storm water technologies, services and practices; create opportunities for economic development and clean-technology jobs; and conserve and sustain water resources. To achieve this Bill 72 provides for the creation of performance targets (financial, operational and maintenance related), which will vary by service type and location and the required submission of conservation and sustainability plans for water, wastewater and storm water.

The sustainability plan in Bill 72 expands on interim legislation for financial plans included in O.Reg 453/07, to include the following:

- an asset management plan for the physical infrastructure;
- financial plan;
- water conservation plan (for water service only);
- a risk assessment;
- a strategy for maintaining and improving the services; and
- additional information considered advisable.

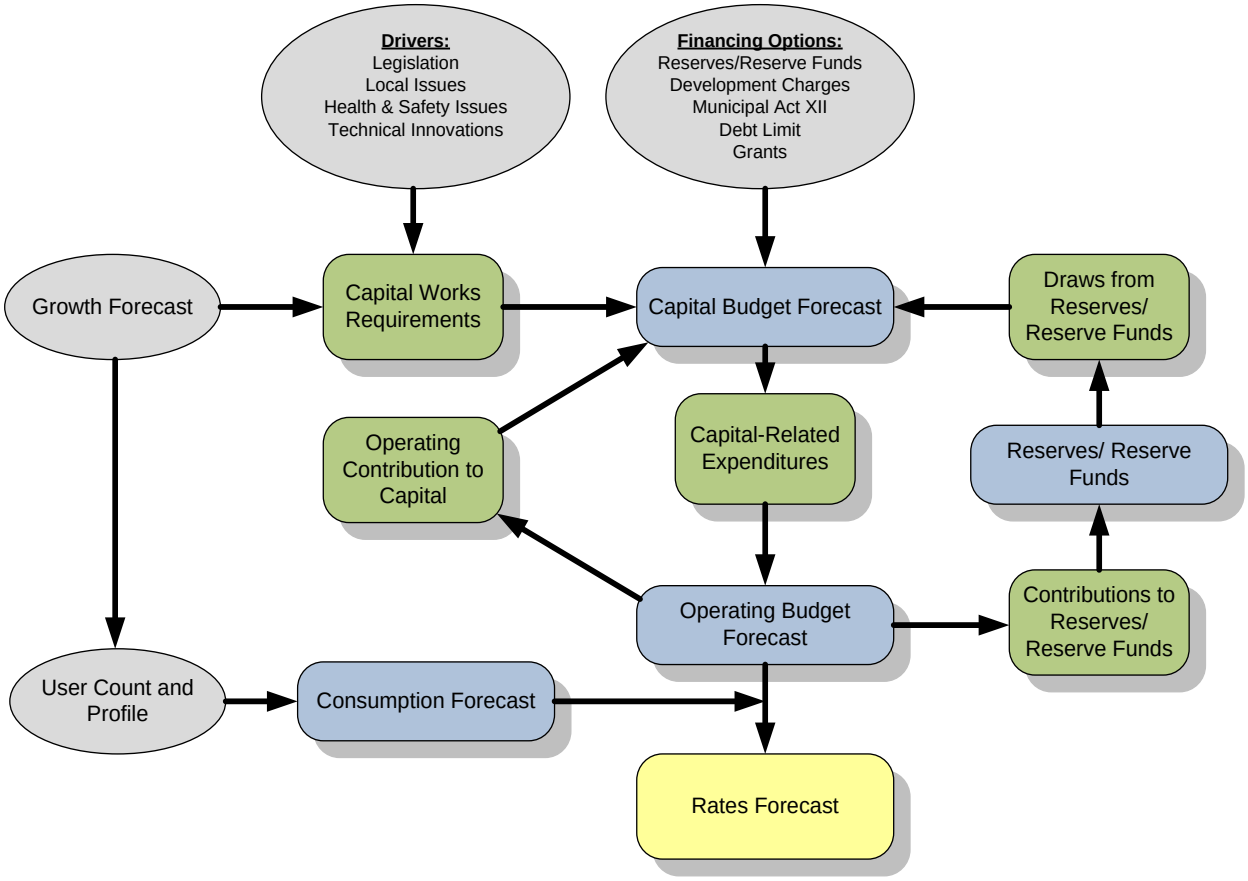
Where a Board has jurisdiction over a service, the plan (and any plan amendments) must be approved by the municipality in which the municipal service is provided, before submission to the Minister. The Minister may also direct preparation of joint or partially joint plans.

Regulations (still forthcoming) will prescribe details in regard to any time periods or time limits, contents of the plans, identifying which portions of the plan will require certification, the public consultation process (if required), limitations updates and refinements.

2.4 Water and Wastewater Rate Study

As noted above, Watson has already completed extensive financial planning as documented in the 2014 Rate Study conducted on behalf of the City. The study process was designed to address "full cost" principles and reflect the guiding principles toward sustainable financial planning. Figure 2-1 below summarizes the process.

FIGURE 2-1
WATER AND WASTEWATER RATE CALCULATION PROCESS



As a result of employing this process, the 2014 Rate Study provides a sound financial plan for the City's water and wastewater system by providing:

- A detailed assessment of current and future capital needs including an analysis of potential funding sources*;*
- An analysis of fixed and variable operating costs in order to determine how they will be impacted by evolving infrastructure needs and system growth*;*
- A review and recommendation on rate structures that ensure revenues are equitable and sufficient to meet system needs*;* and
- A public process that involves ongoing consultation with the main stakeholders including the City staff, Council, the general public (specifically the users of the system) and others with the aim of gaining input and collaboration on the sustainability of the financial plan.

The details of the financial plan arising from the 2014 Rate Study are contained in Appendix A. A summary of the water and wastewater rates projected for the City are as follows:

Water:

Average Annual Residential Water Bill (Based on consumption of 200 m^3)

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Base Monthly Charge	$ -	$ 1.00	$ 2.00	$ 3.00	$ 4.00	$ 5.00	$ 5.10	$ 5.20	$ 5.31	$ 5.41	$ 5.52
Annual Base Charge	$ -	$ 12.00	$ 24.00	$ 36.00	$ 48.00	$ 60.00	$ 61.20	$ 62.42	$ 63.67	$ 64.95	$ 66.24
Volume Charge (First 3 m^3)	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Volume Charge (After first 3 m^3)	$ 1.02	$ 1.02	$ 1.02	$ 1.02	$ 1.02	$ 1.02	$ 1.02	$ 1.02	$ 1.02	$ 1.02	$ 1.02
Volume Forecast (First 3 m^3)	36	36	36	36	36	36	36	36	36	36	36
Volume Forecast (After first 3 m^3)	164	164	164	164	164	164	164	164	164	164	164
Annual Volume Bill (First 3 m^3)	$ 90.00	$ 90.00	$ 90.00	$ 90.00	$ 90.00	$ 90.00	$ 90.00	$ 90.00	$ 90.00	$ 90.00	$ 90.00
Annual Volume Bill (After first 3 m^3)	$167.28	$167.28	$167.28	$167.28	$167.28	$167.28	$167.28	$167.28	$167.28	$167.28	$167.28
Annual Water Bill	**$257.28**	**$269.28**	**$281.28**	**$293.28**	**$305.28**	**$317.28**	**$318.48**	**$319.70**	**$320.95**	**$322.23**	**$323.52**

*Minimum Monthly Bill of $7.50

Wastewater:

Average Annual Residential Wastewater Bill (Based on volume of 200 m^3)

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Base Monthly Charge	$ -	$ 1.00	$ 2.00	$ 3.00	$ 4.00	$ 5.00	$ 6.00	$ 7.00	$ 8.00	$ 9.00	$ 10.00
Annual Base Charge	$ -	$ 12.00	$ 24.00	$ 36.00	$ 48.00	$ 60.00	$ 72.00	$ 84.00	$ 96.00	$ 108.00	$ 120.00
Volume Charge (First 3 m^3)	$ 3.90	$ 3.94	$ 3.98	$ 4.02	$ 4.06	$ 4.10	$ 4.14	$ 4.18	$ 4.22	$ 4.27	$ 4.31
Volume Charge (After first 3 m^3)	$ 1.59	$ 1.61	$ 1.62	$ 1.64	$ 1.66	$ 1.67	$ 1.69	$ 1.71	$ 1.72	$ 1.74	$ 1.76
Volume Forecast (First 3 m^3)	36	36	36	36	36	36	36	36	36	36	36
Volume Forecast (After first 3 m^3)	164	164	164	164	164	164	164	164	164	164	164
Annual Volume Bill (First 3 m^3)	$ 140.40	$ 141.80	$ 143.22	$ 144.65	$ 146.10	$ 147.56	$ 149.04	$ 150.53	$ 152.03	$ 153.55	$ 155.09
Annual Volume Bill (After first 3 m^3)	$ 260.96	$ 263.57	$ 266.20	$ 268.86	$ 271.55	$ 274.27	$ 277.01	$ 279.78	$ 282.58	$ 285.40	$ 288.26
Annual Wastewater Bill	**$ 401.36**	**$ 417.37**	**$ 433.42**	**$ 449.52**	**$ 465.65**	**$ 481.83**	**$ 498.05**	**$ 514.31**	**$ 530.61**	**$ 546.96**	**$ 563.35**

*Minimum Monthly Bill of $11.70

3. APPROACH

3. APPROACH

3.1 Overview

The 2014 Rate Study has been prepared on a modified cash basis; therefore a conversion was required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the financial plan. It is noted that the financial plan has been prepared for both water and wastewater; however, the focus of the remaining chapters will be on water only. The complete financial plan for wastewater is provided in Appendix B.

3.2 Conversion Process

The conversion from the existing modified cash basis financial plan to the full accrual reporting format required under O.Reg. 453/07 can be summarized in the following steps:

1. Calculate Tangible Capital Asset Balances
2. Convert Statement of Operations
3. Convert Statement of Financial Position
4. Convert Statement of Cash Flow and Net Assets/Debt
5. Verification and Note Preparation

3.2.1 Calculate Tangible Capital Asset Balances

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water assets, an inventory has already been compiled and summarized within the 2014 Rate Study as well as part of the City's annual PSAB 3150 compliance processes. Given the prospective nature of the 2014 Rate Study, replacement cost is provided for each asset. However, historical cost (which is the original cost to purchase, develop, or construct each asset) is required for financial reporting purposes. Once historical cost is established, the following calculations are made to determine net book value:

- Accumulated amortization up to the year prior to the first forecast year.
- Amortization expense on existing assets for each year of the forecast period.
- Acquisition of new assets for each year of the forecast period.
- Disposals and related gains or losses for each year of forecast period.

Future water capital needs have also been determined and summarized within the 2014 Rate Study. However, these estimates only represent future assets that the City anticipates purchasing or constructing without consideration for assets that are contributed by developers and other parties (at no or partial cost to the City). These contributed assets could form a significant part of the infrastructure going forward in terms of the sustainability of the system as a whole and despite their non-monetary nature; the financial plan may need to be adjusted in order to properly account for these transactions. Once the sequence and total asset acquisition has been determined for the forecast period, annual amortization of these assets for each year is calculated in a similar manner as that used for existing assets.

Once the historical cost, accumulated amortization, and amortization expenses are calculated as described above, the total net book value of the tangible capital assets can be determined and recorded on the Statement of Financial Position.

3.2.2 Convert Statement of Operations

As per section 1.2.5 above, the new Statement of Operations eliminates and/or adds certain transactions that have been reported differently by municipalities since 2009 (see Figure 3-1). A wide range of adjustments will be considered and will depend on the size and complexity of the system. For example, the revenues and expenses associated with the now obsolete Statement of Capital and Statement of Reserves and Reserve Funds (see Section 1.2.5) will need to be adjusted for and included within the Statement of Operations. This includes all non-tangible capital asset costs previously included in the capital statement (i.e. expenses related to various studies) while at the same time eliminating all expenditures incurred to acquire tangible capital assets which will now form part of the tangible capital asset balance discussed in section 3.2.1.

Transfers to and from reserves are no longer explicitly reported on the Statement of Operations. Instead, these transactions are represented by changes in cash and accumulated surplus. Also, debt repayment costs relating to the principal payment portion only need to be removed, as they no longer qualify as an expense for reporting purposes. Principal payments will now be reported as a decrease in debt liability on the Statement of Financial Position. Finally, expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets will be reported on the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives.

FIGURE 3-1
City of Stratford
Conversion Adjustments
Statement of Operations (Water)

Modified Cash Basis	Budget 2015	Adjustments DR	Adjustments CR	Full Accrual Budget 2015	Accrual Basis
Revenues					**Revenues**
Base Charge Revenue	186,054			186,054	Base Charge Revenue
Rate Based Revenue	3,809,206			3,809,206	Rate Based Revenue
Transfers from Reserves	-	-			
			36,754	36,754	Earned Development Charges Revenue
Other Revenue	216,246		76,569	292,815	Other Revenue
Total Revenues	**4,211,506**			**4,324,829**	**Total Revenues**
Expenditures					**Expenses**
Operating	3,464,790	13,692		3,478,482	Operating Expenses
Capital					
Transfers to Reserves	710,470		710,470		
Transfers to Capital	36,246		36,246		
Debt Repayment (Principal & Interest)	-		-	-	Interest on Debt
		426,620		426,620	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
Total Expenditures	**4,211,506**			**3,905,102**	**Total Expenses**
Net Expenditures	**-**			**419,727**	**Annual Surplus/(Deficit)**
Increase (decrease) in amounts to be recovered	**-**			16,921,695	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	**-**	**419,727**	**-**	**17,341,422**	**Accumulated Surplus/(Deficit), end of year**

TOTAL ADJUSTMENTS	**860,039**	**860,039**

Note: The combined adjustments above should be balanced and net to $0 (i.e. Total DR = Total CR)

3.2.3 Convert Statement of Financial Position

Once the Statement of Operations has been converted and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded (see Figure 3-2). As noted earlier, the applicable balances from the Statement of Capital and the Statement of Reserve and Reserve Funds will need to be transferred to this statement. The opening/actual balances for the remaining accounts such as accounts receivable, inventory, accounts payable, outstanding debt (principal only), are recorded and classified according to the structure of the Statement of Financial Position as outlined in PS1200.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the City and as such, will be difficult to isolate the information that is relevant to water. An example of this is accounts receivable, which may be administered centrally by the Finance Department. Ontario Regulation 453/07 allows for the exclusion of these numbers if they are not known at the time of preparing the financial plan. Please refer to the Financial Plan Notes in Chapter 4 for more details.

3.2.4 Convert Statement of Cash Flow and Net Financial Assets/Debt

The Statement of Cash Flow summarizes how the City financed its activities or in other words, how the costs of providing services were recovered. The statement is derived using comparative Statement of Financial Position, the current Statement of Operations and other available transaction data.

The Statement of Change in Net Financial Assets/Debt is a new statement which reconciles the difference between the surplus or deficit from current operations and the change in net financial assets/debt for the year. This is significant, as net debt provides an indication of future revenue requirements. In order to complete the Statement of Net Financial Assets/Debt, additional information regarding any gains/losses on disposals of assets, asset write-downs, acquisition/use of supplies inventory, and the acquisition use of prepaid expenses is necessary, (if applicable). Although the Statement of Change in Net Financial Assets/Debt is not required under O.Reg. 453/07, it has been included in this report as a further indicator of financial viability.

FIGURE 3-2
City of Stratford
Conversion Adjustments
Statement of Financial Position (Water)

Modified Cash Basis	Budget 2015	Adjustments DR	Adjustments CR	Full Accrual Budget 2015	Accrual Basis
ASSETS					**ASSETS**
Financial Assets					**Financial Assets**
Cash	5,304,921			5,304,922	Cash
Accounts Receivable	268,973			268,973	Accounts Receivable
Total Financial Assets	*5,573,894*			*5,573,895*	*Total Financial Assets*
LIABILITIES					**Liabilities**
Accounts Payable & Accrued Liabilities	335,318			335,318	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	-			-	Debt (Principal only)
Deferred Revenue	57,394			57,394	Deferred Revenue
Other	-			-	Other
Total Liabilities	*392,712*			*392,712*	*Total Liabilities*
Net Assets/(Debt)	**5,181,182**			**5,181,183**	**Net Financial Assets/(Debt)**
					Non-Financial Assets
		12,173,931	13,692	12,160,239	Tangible Capital Assets
		-		-	Inventory of Supplies
		-		-	Prepaid Expenses
				12,160,239	**Total Non-Financial Assets**
Municipal Position					
Water Reserves	5,181,182	5,181,182	-		
Gas Tax Reserve Fund	-	-	-		
Development Charge Reserve Fund	57,394	57,394	-		
Amounts to be Recovered	(57,394)	-	57,394		
Total Municipal Position	**5,181,182**		17,341,421	**17,341,422**	**Accumulated Surplus/(Deficit), end of year**

TOTAL ADJUSTMENTS	**17,412,507**	**17,412,507**

Note: The combined adjustments above should be balanced and net to $0 (i.e. Total DR = Total CR)

3.2.5 Verification and Note Preparation

The final step in the conversion process is to ensure that all of the statements created by the previous steps are in balance. The Statement of Financial Position summarizes the resources and obligations of the City at a set point in time. The Statement of Operations summarizes how these resources and obligations changed over the reporting period. To this end, the accumulated surplus/deficit reported on the Statement of Financial Position should equal the accumulated surplus/deficit reported on the Statement of Operations.

The Statement of Change in Net Financial Assets/Debt and the Statement of Financial Position are also linked in terms of reporting on net financial assets/debt. On the Statement of Financial Position, net financial assets/debt is equal to the difference between financial assets and liabilities and should equal net financial assets/debt as calculated on the Statement of Net Financial Assets/Debt.

While not part of the financial plan, the accompanying notes are important to summarize the assumptions and estimates made in preparing the financial plan. Some of the significant assumptions that need to be addressed within the financial plan are as follows:

a. Opening cash balances Opening cash balances are necessary to complete the Statement of Cash Flows and balance the Statement of Financial Position. Preferably, opening cash balances should be derived from actual information contained within the City's ledgers. However, it may not be possible to extract this information from the ledgers for water alone; therefore a reasonable proxy will be needed. One approach is to assume that opening cash balances equal ending reserve and reserve fund balances from the previous year adjusted for accrual-based transactions reflected by accounts receivable/payable balances. The following equation outlines this approach:

   Ending Reserve/Reserve Fund Balance
   Plus: Ending Accounts Payable Balance
   Less: Ending Accounts Receivable Balance
   Equals: Approximate Ending Cash Balance

b. Amortization Expense The method and timing of amortization should be based on the City's amortization policy. Otherwise, an assumption will need to be made and applied consistently throughout the financial plan.

c. Accumulated Amortization Will be based on the culmination of accumulated amortization expenses throughout the life of each asset however derived, along

with information on construction/acquisition date and useful life obtained from the 2014 Rate Study.

d. Contributed Assets As noted earlier, contributed assets could represent a significant part of the City's infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation may be required in order to adequately capture these assets. In the case where contributed assets are deemed to be insignificant or unknown, an assumption of "no contributed assets within the forecast period" will be made.

e. Accumulated Surplus The magnitude of the surplus in this area may precipitate the need for additional explanation especially in the first year of reporting. This Accumulated Surplus captures the historical infrastructure investment which has not been reported in the past but has accumulated to significant levels. It also includes all water reserve and reserve fund balances.

f. Other Revenues Will represent the recognition of revenues previously deferred (i.e. development charge revenues) and/or accrued revenues (developer contributions), and/or other minor miscellaneous revenues.

4. FINANCIAL PLAN

4. FINANCIAL PLAN

4.1 Introduction

The following tables provide the complete financial plan for the City's water system. A brief description and analysis of each table is provided below. It is important to note that the financial plan that follows is a forward look at the financial position of the City's water system. It is not an audited document[1] and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

4.2 Water Financial Plan

4.2.1 Statement of Financial Position (Table 4-1)

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the City's water system. The first important indicator is net financial assets/(debt), which is defined as the difference between financial assets and liabilities. This indicator provides an indication of the system's "future revenue requirement". A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. Table 4-1 indicates that in 2015, the City's water system will be in a net financial asset position of approximately $5.2 million. After 2015, the financial plan forecasts a relatively constant yet generally increasing net financial asset position in each subsequent year of the forecast period. Net financial assets are projected to grow to over $5.3 million by the end of 2024.

Another important indicator on the Statement of Financial Position is the tangible capital asset balance. As noted earlier, providing this information is a requirement for municipalities as part of PSAB 3150 compliance and is significant from a financial planning perspective for the following reasons:

- Tangible capital assets such as water mains are imperative to water service delivery.
- These assets represent significant economic resources in terms of their historical and replacement costs. Therefore, ongoing capital asset management is essential to managing significant replacements and repairs.
- The annual maintenance required by these assets has an enduring impact on water operational budgets.

[1] O.Reg. 453/07 does not require an audited financial plan.

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the City or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. A use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows tangible capital assets are expected to grow over approximately $5.9 million over the 10-year forecast period. This indicates that the City has plans to invest in tangible capital assets in excess of the anticipated use of existing assets over the forecast period.

4.2.2 Statement of Operations (Table 4-2)

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates the ratio of expenses to revenues fluctuating between 85% and 91% over the forecast period. As a result, annual surplus fluctuates between $420,000 and $763,000 over the forecast period. It is important to note that an annual surplus is beneficial to ensure funding is available to non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments.

Another important indicator on this statement is accumulated surplus/deficit. An accumulated surplus indicates that the available net resources are sufficient to provide future water services. An accumulated deficit indicates that resources are insufficient to provide future services and that borrowing or rate increases are required to finance annual deficits. From Table 4-2, the financial plan proposes to add approximately $5.9 million to a 2014 accumulated surplus of $16.9 million over the forecast period. This accumulated surplus, as indicated in Table 4-2, is predominantly made up of reserve and reserve fund balances as well as historical investments in tangible capital assets.

4.2.3 Statement of Change in Net Financial Assets/Debt (Table 4-3)

The Statement of Change in Net Financial Assets/Debt indicates whether revenue generated was sufficient to cover operating and non-financial asset costs (i.e. inventory supplies, prepaid expenses, tangible capital assets, etc.) and in so doing, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. Table 4-3 indicates that forecasted tangible capital asset acquisitions (net of amortization for the year) exceed the forecasted annual surplus for 2015, 2016 and 2022 to 2024, resulting in a decrease in net financial assets during these years. In each of the remaining years (2017 – 2021), forecasted annual surplus exceeds forecasted tangible capital asset acquisitions (net of amortization for the year). This allows for a long term plan of funding capital through accumulated

surplus (i.e. reserves and reserve funds). This is evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions improving from 0.88 in 2015 to 1.04 in 2020 and 1.00 in 2024[1].

4.2.4 Statement of Cash Flow (Table 4-4)

The Statement of Cash Flow summarizes how the water system is expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash and accrual based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e. tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the City's water system to remain relatively constant but improve slightly from a balance of approximately $5.4 million at the beginning of 2015, to approximately $5.6 million by the end of 2024. For further discussions, on projected cash balances please refer to the Notes to the Financial Plan.

[1] A desirable ratio is 1:1 or better.

Table 4-1
City of Stratford
Statement of Financial Position: Water Services
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2015 - 2024

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financial Assets											
Cash	1	5,304,922	5,296,520	5,337,288	5,446,376	5,626,257	5,743,779	5,805,562	5,799,714	5,723,672	5,565,967
Accounts Receivable	1	268,973	258,642	268,869	279,214	289,670	300,244	302,908	305,614	308,358	311,134
Total Financial Assets		5,573,895	5,555,162	5,606,157	5,725,590	5,915,927	6,044,023	6,108,470	6,105,328	6,032,030	5,877,101
Liabilities											
Accounts Payable & Accrued Liabilities	1	335,318	346,904	354,366	362,023	370,323	378,824	387,534	396,465	405,657	415,058
Debt (Principal only)	2	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	3	57,394	68,081	79,622	91,031	103,397	115,737	129,104	142,548	156,090	163,399
Total Liabilities		392,712	414,985	433,988	453,054	473,720	494,561	516,638	539,013	561,747	578,457
Net Financial Assets/(Debt)		**5,181,183**	**5,140,177**	**5,172,169**	**5,272,536**	**5,442,207**	**5,549,462**	**5,591,832**	**5,566,315**	**5,470,283**	**5,298,644**
Non-Financial Assets											
Tangible Capital Assets	4	12,160,239	12,697,376	13,272,846	13,862,967	14,456,520	15,052,949	15,650,832	16,252,978	16,869,232	17,494,293
Total Non-Financial Assets		12,160,239	12,697,376	13,272,846	13,862,967	14,456,520	15,052,949	15,650,832	16,252,978	16,869,232	17,494,293
Accumulated Surplus/(Deficit)	5	**17,341,422**	**17,837,553**	**18,445,015**	**19,135,503**	**19,898,727**	**20,602,411**	**21,242,664**	**21,819,293**	**22,339,515**	**22,792,937**

Financial Indicators	**Total Change**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1) Increase/(Decrease) in Net Financial Assets	4,501	(112,960)	(41,006)	31,992	100,367	169,671	107,255	42,370	(25,517)	(96,032)	(171,639)
2) Increase/(Decrease) in Tangible Capital Assets	5,866,741	532,687	537,137	575,470	590,121	593,553	596,429	597,883	602,146	616,254	625,061
3) Increase/(Decrease) in Accumulated Surplus	5,871,242	419,727	496,131	607,462	690,488	763,224	703,684	640,253	576,629	520,222	453,422

Table 4-2
City of Stratford
Statement of Operations: Water Services
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2015 - 2024

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water Revenue											
Base Charge Revenue		186,054	328,254	472,254	618,054	765,654	785,557	805,950	826,844	848,252	870,186
Rate Based Revenue		3,809,206	3,828,502	3,847,798	3,867,094	3,886,390	3,905,686	3,924,982	3,944,278	3,963,574	3,982,870
Earned Development Charges Revenue	3	36,754	38,029	38,290	39,536	39,766	40,982	41,181	42,365	43,532	44,683
Other Revenue	6	292,815	296,534	301,446	307,383	314,461	320,630	326,057	330,596	334,110	336,622
Total Revenues		4,324,829	4,491,319	4,659,788	4,832,067	5,006,271	5,052,855	5,098,170	5,144,083	5,189,468	5,234,361
Water Expenses											
Operating Expenses	Sch. 4-1	3,478,482	3,553,291	3,630,036	3,713,229	3,798,418	3,885,723	3,975,227	4,067,331	4,161,535	4,258,370
Interest on Debt	2	-	-	-	-	-	-	-	-	-	-
Amortization	4	426,620	441,897	422,290	428,350	444,629	463,448	482,690	500,123	507,711	522,569
Total Expenses		3,905,102	3,995,188	4,052,326	4,141,579	4,243,047	4,349,171	4,457,917	4,567,454	4,669,246	4,780,939
Annual Surplus/(Deficit)		**419,727**	**496,131**	**607,462**	**690,488**	**763,224**	**703,684**	**640,253**	**576,629**	**520,222**	**453,422**
Accumulated Surplus/(Deficit), beginning of year	5	16,921,695	17,341,422	17,837,553	18,445,015	19,135,503	19,898,727	20,602,411	21,242,664	21,819,293	22,339,515
Accumulated Surplus/(Deficit), end of year		17,341,422	17,837,553	18,445,015	19,135,503	19,898,727	20,602,411	21,242,664	21,819,293	22,339,515	22,792,937

Note 5:

Accumulated Surplus/(Deficit) Reconciliation:		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Reserve Balances											
Reserves: Development Charges		57,394	68,081	79,622	91,031	103,397	115,737	129,104	142,548	156,090	163,399
Reserves: Capital/Other		5,181,183	5,140,177	5,172,169	5,272,536	5,442,207	5,549,462	5,591,832	5,566,315	5,470,283	5,298,644
Total Reserves Balance		**5,238,577**	**5,208,258**	**5,251,791**	**5,363,567**	**5,545,604**	**5,665,199**	**5,720,936**	**5,708,863**	**5,626,373**	**5,462,043**
Less: Debt Obligations and Deferred Revenue		(57,394)	(68,081)	(79,622)	(91,031)	(103,397)	(115,737)	(129,104)	(142,548)	(156,090)	(163,399)
Add: Tangible Capital Assets	4	12,160,239	12,697,376	13,272,846	13,862,967	14,456,520	15,052,949	15,650,832	16,252,978	16,869,232	17,494,293
Total Ending Balance		**17,341,422**	**17,837,553**	**18,445,015**	**19,135,503**	**19,898,727**	**20,602,411**	**21,242,664**	**21,819,293**	**22,339,515**	**22,792,937**

Financial Indicators	**Total Change**	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1) Expense to Revenue Ratio		90%	89%	87%	86%	85%	86%	87%	89%	90%	91%
2) Increase/(Decrease) in Accumulated Surplus	5,871,242	419,727	496,131	607,462	690,488	763,224	703,684	640,253	576,629	520,222	453,422

SCHEDULE 4-1
City of Stratford
Schedule of Operating Expenses: Water Services
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2015 - 2024

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Expenses											
Water Administration		1,252,000	1,277,000	1,302,600	1,328,700	1,355,200	1,382,300	1,409,900	1,438,100	1,466,800	1,496,000
Water Supply		1,222,400	1,256,200	1,291,100	1,327,300	1,364,700	1,403,400	1,443,300	1,484,600	1,527,300	1,571,600
Water Distribution		949,389	964,324	979,496	999,200	1,019,300	1,039,600	1,060,400	1,081,800	1,103,400	1,125,400
Administration		41,000	41,800	42,600	43,500	44,400	45,300	46,200	47,100	48,000	49,000
Non TCA - Expenses from Capital Budget	7	13,693	13,966	14,240	14,529	14,818	15,123	15,427	15,731	16,035	16,370
TOTAL OPERATING EXPENSES		**3,478,482**	**3,553,291**	**3,630,036**	**3,713,229**	**3,798,418**	**3,885,723**	**3,975,227**	**4,067,331**	**4,161,535**	**4,258,370**

Table 4-3
City of Stratford
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2015 - 2024

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Annual Surplus/(Deficit)		419,727	496,131	607,462	690,488	763,224	703,684	640,253	576,629	520,222	453,422
Less: Acquisition of Tangible Capital Assets	4	(959,307)	(979,034)	(997,760)	(1,018,471)	(1,038,182)	(1,059,877)	(1,080,573)	(1,102,269)	(1,123,965)	(1,147,630)
Add: Amortization of Tangible Capital Assets	4	426,620	441,897	422,290	428,350	444,629	463,448	482,690	500,123	507,711	522,569
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		(532,687)	(537,137)	(575,470)	(590,121)	(593,553)	(596,429)	(597,883)	(602,146)	(616,254)	(625,061)
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(112,960)	(41,006)	31,992	100,367	169,671	107,255	42,370	(25,517)	(96,032)	(171,639)
Net Financial Assets/(Net Debt), beginning of year		5,294,143	5,181,183	5,140,177	5,172,169	5,272,536	5,442,207	5,549,462	5,591,832	5,566,315	5,470,283
Net Financial Assets/(Net Debt), end of year		**5,181,183**	**5,140,177**	**5,172,169**	**5,272,536**	**5,442,207**	**5,549,462**	**5,591,832**	**5,566,315**	**5,470,283**	**5,298,644**

Financial Indicators	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1) Acquisition of Tangible Capital Assets (Cumulative)	959,307	1,938,341	2,936,101	3,954,572	4,992,754	6,052,631	7,133,204	8,235,473	9,359,438	10,507,068
2) Annual Surplus/Deficit before Amortization (Cumulative)	846,347	1,784,375	2,814,127	3,932,965	5,140,818	6,307,950	7,430,893	8,507,645	9,535,578	10,511,569
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)	0.88	0.92	0.96	0.99	1.03	1.04	1.04	1.03	1.02	1.00

Table 4-4
City of Stratford
Statement of Cash Flow - Indirect Method: Water Services
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2015 - 2024

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Transactions											
Annual Surplus/Deficit		419,727	496,131	607,462	690,488	763,224	703,684	640,253	576,629	520,222	453,422
Add: Amortization of TCA's	4	426,620	441,897	422,290	428,350	444,629	463,448	482,690	500,123	507,711	522,569
Less: Earned Deferred Revenue	3	(36,754)	(38,029)	(38,290)	(39,536)	(39,766)	(40,982)	(41,181)	(42,365)	(43,532)	(44,683)
Add: Deferred Revenue Proceeds		47,617	48,716	49,831	50,945	52,132	53,322	54,548	55,809	57,074	51,992
Change in A/R (Increase)/Decrease		-	10,331	(10,227)	(10,345)	(10,456)	(10,574)	(2,664)	(2,706)	(2,744)	(2,776)
Change in A/P Increase/(Decrease)		-	11,586	7,462	7,657	8,300	8,501	8,710	8,931	9,192	9,401
Less: Interest Proceeds		(76,569)	(75,963)	(76,436)	(77,919)	(80,427)	(82,012)	(82,638)	(82,261)	(80,842)	(78,305)
Cash Provided by Operating Transactions		780,641	894,669	962,092	1,049,640	1,137,636	1,095,387	1,059,718	1,014,160	967,081	911,620
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(959,307)	(979,034)	(997,760)	(1,018,471)	(1,038,182)	(1,059,877)	(1,080,573)	(1,102,269)	(1,123,965)	(1,147,630)
Cash Applied to Capital Transactions		(959,307)	(979,034)	(997,760)	(1,018,471)	(1,038,182)	(1,059,877)	(1,080,573)	(1,102,269)	(1,123,965)	(1,147,630)
Investing Transactions											
Proceeds from Investments		76,569	75,963	76,436	77,919	80,427	82,012	82,638	82,261	80,842	78,305
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		76,569	75,963	76,436	77,919	80,427	82,012	82,638	82,261	80,842	78,305
Financing Transactions											
Proceeds from Debt Issue	2	-	-	-	-	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	-	-	-	-	-	-	-	-	-	-
Cash Applied to Financing Transactions		-	-	-	-	-	-	-	-	-	-
Increase in Cash and Cash Equivalents		(102,097)	(8,402)	40,768	109,088	179,881	117,522	61,783	(5,848)	(76,042)	(157,705)
Cash and Cash Equivalents, beginning of year	1	5,407,019	5,304,922	5,296,520	5,337,288	5,446,376	5,626,257	5,743,779	5,805,562	5,799,714	5,723,672
Cash and Cash Equivalents, end of year	1	**5,304,922**	**5,296,520**	**5,337,288**	**5,446,376**	**5,626,257**	**5,743,779**	**5,805,562**	**5,799,714**	**5,723,672**	**5,565,967**

WATER
NOTES TO FINANCIAL PLAN

The financial plan format as outlined in Chapter 4 closely approximates the full accrual format used by municipalities (2009 onward) on their audited financial statements. However, the financial plan is not an audited document and contains various estimates. In this regard, Section 3 (2) of O.Reg. 453/07 states the following:

> "Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared:
>
> 1. Sub-subparagraphs 4 i A, B and C of subsection (1)
> 2. Sub-subparagraphs 4 iii A, C, E and F of subsection (1)."

The information referred to in sub-subparagraphs 4 i A, B and C of subsection (1) includes:

A. Total financial assets (i.e. cash and receivables);
B. Total liabilities (i.e. payables, debt and deferred revenue);
C. Net debt (i.e. the difference between A and B above).

The information referred to in sub-subparagraphs 4 iii A, C, E and F of subsection (1) includes:

A. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges
C. Investing transactions that are acquisitions and disposal of investments
E. Change in cash and cash equivalents during the year
F. Cash and cash equivalents at the beginning and end of the year

In order to show a balanced financial plan in a full accrual format for the City of Stratford, some of the items listed above have been estimated given that the City does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses).

The assumptions used have been documented below:

1. Cash, Receivables and Payables

   It is assumed that the opening cash balances required to complete the financial plan are equal to:

   Ending Reserve/Reserve Fund Balance
   Plus: Ending Accounts Payable Balance
   Less: Ending Accounts Receivable Balance
   Equals: Approximate Ending Cash Balance

   For the City of Stratford, water receivables and payables were estimated for 2014 based on the proportionate share of the average City wide receivables and payables for 2012 and 2013, respectively, which was used to estimate receivables and payables throughout the forecast period. Therefore, the opening cash balance was estimated based on the above calculation.

2. Debt

   There is no outstanding water related debt at the end of 2014 and no debt proceeds are anticipated throughout the forecast period. For financial reporting purposes, debt principal payments represent a decrease in debt liability and the interest payments represent a current year operating expense.

3. Deferred Revenue

   Deferred revenue is made up of water development charge reserve fund balances which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected.

4. Tangible Capital Assets

   - Opening net book value of tangible capital assets includes water related assets in the following categories:
     i. Infrastructure
     ii. Facilities
     iii. Vehicles
     iv. Equipment
   - Amortization is calculated by the City based on the straight-line approach with amortization beginning the month after being put into service. For the planned asset additions, no amortization was taken in the year of purchase/construction.
   - Given the planned asset replacement forecast in the 2014 Rate Study, useful life on acquisitions is assumed to be equal to the weighted average useful life for all assets on hand in each respective asset category.
   - Write-offs are assumed to equal $0 for each year in the forecast period.

- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced, unless the asset is documented as a new asset. The value of each asset disposal is calculated by estimating the original purchase/construction date and deflating current replacement cost values to those estimated dates in order to calculate original historical cost.
- Gains/losses on disposal are assumed to be $0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- Residual value is assumed to be $0 for all assets contained within the forecast period.
- Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant/ unknown during the forecast period and are therefore assumed to be $0.
- The City is unaware of any specific lead service piping in the municipal water system. However when older portions of the water main system are replaced as part of the ongoing replacement program, any lead service pipes will be replaced if and when found.

The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Tangible Capital Asset Balance	23,433,710	24,249,695	25,080,255	25,923,120	26,781,405	27,655,277	28,542,489	29,442,275	30,357,110	31,286,245
Acquisitions	959,307	979,034	997,760	1,018,471	1,038,182	1,059,877	1,080,573	1,102,269	1,123,965	1,147,630
Disposals	143,322	148,474	154,895	160,186	164,310	172,665	180,787	187,434	194,830	203,020
Closing Tangible Capital Asset Balance	**24,249,695**	**25,080,255**	**25,923,120**	**26,781,405**	**27,655,277**	**28,542,489**	**29,442,275**	**30,357,110**	**31,286,245**	**32,230,855**
Opening Accumulated Amortization	11,806,158	12,089,456	12,382,879	12,650,274	12,918,438	13,198,757	13,489,540	13,791,443	14,104,132	14,417,013
Amortization Expense	426,620	441,897	422,290	428,350	444,629	463,448	482,690	500,123	507,711	522,569
Amortization on Disposal	143,322	148,474	154,895	160,186	164,310	172,665	180,787	187,434	194,830	203,020
Ending Accumulated Amortization	**12,089,456**	**12,382,879**	**12,650,274**	**12,918,438**	**13,198,757**	**13,489,540**	**13,791,443**	**14,104,132**	**14,417,013**	**14,736,562**
Net Book Value	**12,160,239**	**12,697,376**	**13,272,846**	**13,862,967**	**14,456,520**	**15,052,949**	**15,650,832**	**16,252,978**	**16,869,232**	**17,494,293**

5. Accumulated Surplus

Opening accumulated surplus for the forecast period is reconciled as follows:

Wastewater	2015 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	46,531
Reserves: Capital/Other	5,294,143
Total Reserves Balance	**5,340,674**
Less: Debt Obligations and Deferred Revenue	(46,531)
Less: Unfinanced Capital	-
Add: Tangible Capital Assets	11,627,552
Total Opening Balance	**16,921,695**

The accumulated surplus reconciliation for all years within the forecast period is contained in Table 4-2.

6. Other revenue

   Other revenue includes rental income, interest income and other non-operating general revenues.

7. Operating Expenses

   Capital expenditures for items not meeting the definition of tangible capital assets have been reclassified as operating expenses and have been expensed in the year in which they occur.

5. PROCESS FOR FINANCIAL PLAN APPROVAL AND SUBMISSION TO THE PROVINCE

5. PROCESS FOR APPROVAL AND SUBMISSION TO THE PROVINCE

As mentioned in section 1.2, the requirement to prepare the financial plan is provided in Section 32 (5) 2 ii of the SDWA. Proof of the preparation of a financial plan is one of the submission requirements for municipal drinking water licensing and upon completion, must be submitted to the Ministry of the Environment. As part of O.Reg. 453/07, the process established for plan approval, public circulation and filing is set out as follows:

1. The financial plan must be approved by resolution of the municipality who owns the drinking water system or the governing body of the owner. (O.Reg. 453/07, Section 3 (1) 1)

2. The owner of the drinking water system must provide notice advertising the availability of the financial plan. The plans will be made available to the public upon request and without charge. The plans must also be made available to the public on the municipality's website. (O.Reg. 453/07, Section 3 (1) 5)

3. The owner of the drinking water system must provide a copy of the financial plan to the Director of Policy Branch, Ministry of Municipal Affairs and Housing. (O.Reg. 453/07, Section 3 (1) 6)

4. The owner of the drinking water system must provide proof satisfactory to the Ministry of the Environment that the financial plans for the system satisfy the requirements under the Safe Drinking Water Act. (SDWA Section 32 (5) 2 ii)

6. RECOMMENDATIONS

6. RECOMMENDATIONS

This report presents the water and wastewater financial plan for the City of Stratford in accordance with the mandatory reporting formats for water systems as detailed in O.Reg. 453/07. It is important to note that while mandatory, the financial plan is provided for Council's interest and approval however, for decision making purposes, it may be more informative to rely on the information contained within the 2014 Rate Study. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The City of Stratford Water and Wastewater Financial Plan prepared by Watson & Associates Economists Ltd. dated December 23, 2014 be approved.

2. Notice of availability of the Financial Plan be advertised.

3. The Financial Plan, the Council Resolution approving the Financial Plan, and the Water and Wastewater Rate Study underpinning the Financial Plan be submitted to the Ministry of Municipal Affairs and Housing. (O.Reg. 453/07, Section 3 (1) 6)

4. The Financial Plan, the Council Resolution approving the Financial Plan, and the Water and Wastewater Rate Study underpinning the Financial Plan be submitted to the Ministry of the Environment, satisfying the requirements under the Safe Drinking Water Act. (SDWA Section 32 (5) 2 ii))

APPENDIX A
2014 WATER AND WASTEWATER RATE STUDY – SUMMARY TABLES

Table A-1
City of Stratford
Water Service
Capital Budget Forecast
Inflated $

Description	Budget 2014	Total	Forecast									
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital Expenditures												
All Capital (No Growth)	-	9,855,000	900,000	918,000	936,000	955,000	974,000	994,000	1,014,000	1,034,000	1,054,000	1,076,000
Growth Related Capital	-	802,000	73,000	75,000	76,000	78,000	79,000	81,000	82,000	84,000	86,000	88,000
		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	-	10,657,000	973,000	993,000	1,012,000	1,033,000	1,053,000	1,075,000	1,096,000	1,118,000	1,140,000	1,164,000
Capital Financing												
Grants, Subsidies and Other Contributions to New Development		396,882	36,246	36,971	37,710	38,464	39,234	40,018	40,819	41,635	42,468	43,317
Development Charges Reserve Fund	-	405,118	36,754	38,029	38,290	39,536	39,766	40,982	41,181	42,365	43,532	44,683
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-
Water Reserve	-	9,855,000	900,000	918,000	936,000	955,000	974,000	994,000	1,014,000	1,034,000	1,054,000	1,076,000
Total Capital Financing	-	10,657,000	973,000	993,000	1,012,000	1,033,000	1,053,000	1,075,000	1,096,000	1,118,000	1,140,000	1,164,000

Inflated Grant funding to fund DC related projects

Table A-2
City of Stratford
Water Service
Schedule of Non-Growth Related Debenture Repayments
Inflated $

Debenture Year	2014	Principal (Inflated)	Forecast									
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015		-		-	-	-	-	-	-	-	-	-
2016		-			-	-	-	-	-	-	-	-
2017		-				-	-	-	-	-	-	-
2018		-					-	-	-	-	-	-
2019		-						-	-	-	-	-
2020		-							-	-	-	-
2021		-								-	-	-
2022		-									-	-
2023		-										-
2024		-										
Total Annual Debt Charges	-	**-**	-	-	-	-	-	-	-	-	-	-

Table A-3
City of Stratford
Water Service
Schedule of Growth Related Debenture Repayments
Inflated $

Debenture Year	2014	Principal (Inflated)	Forecast									
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015		-		-	-	-	-	-	-	-	-	-
2016		-			-	-	-	-	-	-	-	-
2017		-				-	-	-	-	-	-	-
2018		-					-	-	-	-	-	-
2019		-						-	-	-	-	-
2020		-							-	-	-	-
2021		-								-	-	-
2022		-									-	-
2023		-										-
2024		-										
Total Annual Debt Charges	-	**-**	-	-	-	-	-	-	-	-	-	-

Table A-4
City of Stratford
Water Service
Water Reserves/ Reserve Funds Continuity
Inflated $

Description	2014		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	3,385,289		4,340,892	4,110,610	3,950,523	3,861,647	3,839,334	3,884,484	3,865,350	3,779,435	3,623,710	3,395,516
Transfer from Operating	891,452		608,970	699,531	790,056	875,948	961,744	917,743	872,232	824,722	775,626	724,555
Transfer to Capital	-		900,000	918,000	936,000	955,000	974,000	994,000	1,014,000	1,034,000	1,054,000	1,076,000
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	4,276,741		4,049,862	3,892,141	3,804,579	3,782,595	3,827,078	3,808,226	3,723,581	3,570,157	3,345,335	3,044,071
Interest	64,151		60,748	58,382	57,069	56,739	57,406	57,123	55,854	53,552	50,180	45,661

Table A-5
City of Stratford
Water Service
Water Reserves/ Reserve Funds Continuity - Vehicles
Inflated $

Description	2014		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	837,664		953,251	1,070,573	1,189,654	1,310,521	1,433,201	1,557,722	1,684,110	1,812,394	1,942,603	2,074,764
Transfer from Operating	101,500		101,500	101,500	101,500	101,500	101,500	101,500	101,500	101,500	101,500	101,500
Transfer to Capital	-		-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	939,164		1,054,751	1,172,073	1,291,154	1,412,021	1,534,701	1,659,222	1,785,610	1,913,894	2,044,103	2,176,264
Interest	14,087		15,821	17,581	19,367	21,180	23,021	24,888	26,784	28,708	30,662	32,644

Table A-6
City of Stratford
Water Service
Water Development Charges Reserve Fund Continuity
Inflated $

Description	2014		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	-		46,531	57,394	68,081	79,622	91,031	103,397	115,738	129,104	142,548	156,089
Development Charge Proceeds	45,843		46,769	47,710	48,654	49,600	50,604	51,612	52,640	53,702	54,767	49,577
Transfer to Capital	-		36,754	38,029	38,290	39,536	39,766	40,982	41,181	42,365	43,532	44,683
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	45,843		56,546	67,075	78,445	89,686	101,869	114,028	127,196	140,441	153,782	160,983
Interest	688		848	1,006	1,177	1,345	1,528	1,710	1,908	2,107	2,307	2,415
Gross Required from Development Charges	-		73,000	75,000	76,000	78,000	79,000	81,000	82,000	84,000	86,000	88,000
Less Grants	-		36,246	36,971	37,710	38,464	39,234	40,018	40,819	41,635	42,468	43,317
Net Required from Development Charges	-		36,754	38,029	38,290	39,536	39,766	40,982	41,181	42,365	43,532	44,683

Table A-7
City of Stratford
Water Service
Water Lifecycle Reserve Fund Continuity
Inflated $

Description	2014		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	-		-	-	-	-	-	-	-	-	-	-
Transfer from Operating	-		-	-	-	-	-	-	-	-	-	-
Transfer to Capital	-		-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	-		-	-	-	-	-	-	-	-	-	-
Interest	-		-	-	-	-	-	-	-	-	-	-

Table A-8
City of Stratford
Water Services
Operating Budget Forecast
Inflated $

Description	Budget	Forecast									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenditures											
Operating Costs		-	-	-	-	-	-	-	-	-	-
Water Administration											
F.T. SALARIES & WAGES	276,868	282,400	288,000	293,800	299,700	305,700	311,800	318,000	324,400	330,900	337,500
F.T. BENEFITS	186,603	190,300	194,100	198,000	202,000	206,000	210,100	214,300	218,600	223,000	227,500
P.T. BENEFITS	-	-	-	-	-	-	-	-	-	-	-
PAYROLL - EAP, WSIB	-	-	-	-	-	-	-	-	-	-	-
CLOTHING	-	-	-	-	-	-	-	-	-	-	-
MATERIALS	8,000	8,200	8,400	8,600	8,800	9,000	9,200	9,400	9,600	9,800	10,000
OFFICE SUPPLIES AND PAPER	-	-	-	-	-	-	-	-	-	-	-
POSTAGE	-	-	-	-	-	-	-	-	-	-	-
PRINTING	-	-	-	-	-	-	-	-	-	-	-
MEALS & MEETING COSTS	905	900	900	900	900	900	900	900	900	900	900
ADVERTISING	-	-	-	-	-	-	-	-	-	-	-
CONSULTANTS	25,000	25,500	26,000	26,500	27,000	27,500	28,100	28,700	29,300	29,900	30,500
COURIER/FREIGHT	-	-	-	-	-	-	-	-	-	-	-
LEGAL	-	-	-	-	-	-	-	-	-	-	-
MEMBERSHIPS	5,750	5,900	6,000	6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,800
SERVICES - OTHER	18,000	18,400	18,800	19,200	19,600	20,000	20,400	20,800	21,200	21,600	22,000
TELEPHONE - CELL PHONES	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700
TRAINING - EXPENSES	8,385	8,600	8,800	9,000	9,200	9,400	9,600	9,800	10,000	10,200	10,400
AMORTIZATION	470,090	479,500	489,100	498,900	508,900	519,100	529,500	540,100	550,900	561,900	573,100
CITY OWNED RENTAL EXPENSE	1,110	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
INTERFUNCTIONAL TRANSFERS	687,051	700,800	714,800	729,100	743,700	758,600	773,800	789,300	805,100	821,200	837,600
OFFICE EQUIPMENT AND FURNISHINGS	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOOLS & SMALL EQUIPMENT	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900	6,000
		-	-	-	-	-	-	-	-	-	-
Water Supply		-	-	-	-	-	-	-	-	-	-
F.T. SALARIES & WAGES	201,793	205,800	209,900	214,100	218,400	222,800	227,300	231,800	236,400	241,100	245,900
F.T. BENEFITS	52,466	53,500	54,600	55,700	56,800	57,900	59,100	60,300	61,500	62,700	64,000
HYDRO	295,562	310,300	325,800	342,100	359,200	377,200	396,100	415,900	436,700	458,500	481,400
MATERIALS	169,539	172,900	176,400	179,900	183,500	187,200	190,900	194,700	198,600	202,600	206,700
MEALS & MEETING COSTS	-	-	-	-	-	-	-	-	-	-	-
R & M - BUILDINGS & EQUIPMENT (EXCLUDES VEHICLES)	17,122	17,500	17,900	18,300	18,700	19,100	19,500	19,900	20,300	20,700	21,100
VEHICLE - FUEL	-	-	-	-	-	-	-	-	-	-	-
CONTRACTORS	70,000	71,400	72,800	74,300	75,800	77,300	78,800	80,400	82,000	83,600	85,300
COURIER/FREIGHT	-	-	-	-	-	-	-	-	-	-	-
SERVICES - OTHER	352,521	359,600	366,800	374,100	381,600	389,200	397,000	404,900	413,000	421,300	429,700
TELEPHONE - BASIC	-	-	-	-	-	-	-	-	-	-	-
CITY OWNED RENTAL EXPENSE	30,800	31,400	32,000	32,600	33,300	34,000	34,700	35,400	36,100	36,800	37,500
		-	-	-	-	-	-	-	-	-	-
Water Distribution		-	-	-	-	-	-	-	-	-	-
F.T. SALARIES & WAGES	376,806	384,300	392,000	399,800	407,800	416,000	424,300	432,800	441,500	450,300	459,300
PART TIME SALARIES & WAGES	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900	6,000
F.T. BENEFITS	97,970	99,900	101,900	103,900	106,000	108,100	110,300	112,500	114,800	117,100	119,400
P.T. BENEFITS	1,260	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
HYDRO	-	-	-	-	-	-	-	-	-	-	-
MATERIALS	108,770	110,900	113,100	115,400	117,700	120,100	122,500	125,000	127,500	130,100	132,700
MEALS & MEETING COSTS	570	600	600	600	600	600	600	600	600	600	600
VEHICLE - FUEL	7,400	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300
VEHICLE - REPAIRS & EXPENSES	-	-	-	-	-	-	-	-	-	-	-
CONTRACTORS	59,000	60,200	61,400	62,600	63,900	65,200	66,500	67,800	69,200	70,600	72,000
COURIER/FREIGHT	-										
SERVICES - OTHER	117,700	121,231	121,809	122,404	124,900	127,400	129,900	132,500	135,200	137,900	140,700
CITY OWNED RENTAL EXPENSE	110,500	110,500	110,500	110,500	112,700	115,000	117,300	119,600	122,000	124,400	126,900
WATER-WATER DISTRIBUTION-Interfunctional transfer	46,920	47,858	48,816	49,792	50,800	51,800	52,800	53,900	55,000	56,100	57,200
Administration		41,000	41,800	42,600	43,500	44,400	45,300	46,200	47,100	48,000	49,000
Sub Total Operating	3,819,161	3,944,289	4,028,424	4,114,696	4,207,600	4,302,700	4,400,100	4,499,900	4,602,500	4,707,400	4,815,100

Description	Budget	Forecast									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital-Related											
Existing Debt (Principal) - Growth Related											
Existing Debt (Interest) - Growth Related											
New Growth Related Debt (Principal)		-	-	-	-	-	-	-	-	-	-
New Growth Related Debt (Interest)		-	-	-	-	-	-	-	-	-	-
Existing Debt (Principal) - Non-Growth Related											
Existing Debt (Interest) - Non-Growth Related											
New Non-Growth Related Debt (Principal)		-	-	-	-	-	-	-	-	-	-
New Non-Growth Related Debt (Interest)		-	-	-	-	-	-	-	-	-	-
LESS ADJUSTMENT TO DEPRECIATION EXPENSE	(470,090)	(479,500)	(489,100)	(498,900)	(508,900)	(519,100)	(529,500)	(540,100)	(550,900)	(561,900)	(573,100)
Transfer to Vehicle Reserve	101,500	101,500	101,500	101,500	101,500	101,500	101,500	101,500	101,500	101,500	101,500
Transfer to Capital		-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	891,452	608,970	699,531	790,056	875,948	961,744	917,743	872,232	824,722	775,626	724,555
Sub Total Capital Related	522,862	230,970	311,931	392,656	468,548	544,144	489,743	433,632	375,322	315,226	252,955
Total Expenditures	4,342,023	4,175,260	4,340,356	4,507,352	4,676,148	4,846,844	4,889,843	4,933,532	4,977,822	5,022,626	5,068,055
Revenues											
Base Charge - Metered Customers	45,654	186,054	328,254	472,254	618,054	765,654	785,557	805,950	826,844	848,252	870,186
Flat Rate											
Minimum Charge											
Water Revenue (2014 Budget)											
Recoverables	30,000	30,000	30,600	31,200	31,800	32,400	33,000	33,700	34,400	35,100	35,800
CITY OWN RENTAL REVENUE	150,000	150,000	153,000	156,100	159,200	162,400	165,600	168,900	172,300	175,700	179,200
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	225,654	366,054	511,854	659,554	809,054	960,454	984,157	1,008,550	1,033,544	1,059,052	1,085,186
Water Billing Recovery - Operating	4,116,369	3,809,206	3,828,502	3,847,798	3,867,094	3,886,390	3,905,686	3,924,982	3,944,278	3,963,574	3,982,870
Lifecycle Reserve Contribution ($)											
Water Billing Recovery - Total	**4,116,369**	**3,809,206**	**3,828,502**	**3,847,798**	**3,867,094**	**3,886,390**	**3,905,686**	**3,924,982**	**3,944,278**	**3,963,574**	**3,982,870**

Table A-9
City of Stratford
Water Services
Water Rate Forecast
Inflated $

Description	2014	Existing	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Water Billing Recovery	4,116,369		3,809,206	3,828,502	3,847,798	3,867,094	3,886,390	3,905,686	3,924,982	3,944,278	3,963,574	3,982,870
Total Consumption	3,106,952		3,121,952	3,136,952	3,151,952	3,166,952	3,181,952	3,196,952	3,211,952	3,226,952	3,241,952	3,256,952
Declining Block Structure												
Number of Forecasted Customers	11,631		11,706	11,781	11,856	11,931	12,006	12,081	12,156	12,231	12,306	12,381
Number of Flat Rate Customers	21		21	21	21	21	21	21	21	21	21	21
Consumption Forecast By Block (m^3)												
Metered Customers First 3 m3	417,348		421,416	424,116	426,816	429,516	432,216	434,916	437,616	440,316	443,016	445,716
Metered Customers After First 3 m3	2,676,460		2,694,992	2,707,292	2,719,592	2,731,892	2,744,192	2,756,492	2,768,792	2,781,092	2,793,392	2,805,692
Flat Rate Volume (based on 22 m3) First 3 m3	756		756	756	756	756	756	756	756	756	756	756
Flat Rate Volume (based on 22 m3) After first 3 m3	4,788		4,788	4,788	4,788	4,788	4,788	4,788	4,788	4,788	4,788	4,788
Check Total Consumption	3,099,352		3,121,952	3,136,952	3,151,952	3,166,952	3,181,952	3,196,952	3,211,952	3,226,952	3,241,952	3,256,952
Declining Block Rates ($/$m^3$)												
Metered Customers First 3 m3	**2.500**	**2.500**	**2.500**	**2.500**	**2.500**	**2.500**	**2.500**	**2.500**	**2.500**	**2.500**	**2.500**	**2.500**
Metered Customers After First 3 m3	**1.020**	**1.020**	**1.020**	**1.020**	**1.020**	**1.020**	**1.020**	**1.020**	**1.020**	**1.020**	**1.020**	**1.020**
Minimum Monthly Charge	**7.500**	**7.500**	**7.500**	**7.500**	**7.500**	**7.500**	**7.500**	**7.500**	**7.500**	**7.500**	**7.500**	**7.500**
Check Revenue												
Metered Customers First 3 m3	1,043,370		1,053,540	1,060,290	1,067,040	1,073,790	1,080,540	1,087,290	1,094,040	1,100,790	1,107,540	1,114,290
Metered Customers After First 3 m3	2,729,989		2,748,892	2,761,438	2,773,984	2,786,530	2,799,076	2,811,622	2,824,168	2,836,714	2,849,260	2,861,806
Flat Rate Volume (based on 22 m3) First 3 m3	1,890		1,890	1,890	1,890	1,890	1,890	1,890	1,890	1,890	1,890	1,890
Flat Rate Volume (based on 22 m3) After first 3 m3	4,884		4,884	4,884	4,884	4,884	4,884	4,884	4,884	4,884	4,884	4,884
Minimum Monthly Charge	87,390		87,953	88,515	89,078	89,640	90,203	90,765	91,328	91,890	92,452	93,015
Check Total Revenue	3,867,523		3,897,158	3,917,017	3,936,875	3,956,734	3,976,592	3,996,451	4,016,309	4,036,168	4,056,026	4,075,885
Annual % Change			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Table A-10
City of Stratford
Wastewater Service
Capital Budget Forecast
Inflated $

Description	Budget 2014	Total	Forecast									
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital Expenditures												
Sanitary Pumping Station Improvements + WPCP	-	17,346,000	1,584,000	1,616,000	1,648,000	1,681,000	1,715,000	1,749,000	1,784,000	1,820,000	1,856,000	1,893,000
All Other Capital (No Growth)	659,600	4,716,000	431,000	439,000	448,000	457,000	466,000	475,000	485,000	495,000	505,000	515,000
Growth Related Capital	2,720,000	20,505,000	1,873,000	1,910,000	1,948,000	1,987,000	2,027,000	2,068,000	2,109,000	2,151,000	2,194,000	2,238,000
	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	3,379,600	42,567,000	3,888,000	3,965,000	4,044,000	4,125,000	4,208,000	4,292,000	4,378,000	4,466,000	4,555,000	4,646,000
Capital Financing												
Grants, Subsidies and Other Contributions to New Development		3,140,721	286,831	292,568	298,419	304,388	310,475	316,685	323,018	329,479	336,068	342,790
Development Charges Reserve Fund	2,420,800	-	-	-	-	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	15,206,569	1,322,579	1,364,013	1,406,485	1,449,996	1,494,546	1,539,135	1,585,724	1,633,351	1,681,018	1,729,723
Growth Related Debenture Requirements	193,800	16,569,710	1,513,590	1,543,420	1,574,096	1,605,616	1,637,978	1,671,180	1,704,258	1,738,170	1,772,914	1,808,488
Operating Contributions	765,000	7,650,000	765,000	765,000	765,000	765,000	765,000	765,000	765,000	765,000	765,000	765,000
Lifecycle Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-
Wastewater Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Financing	3,379,600	42,567,000	3,888,000	3,965,000	4,044,000	4,125,000	4,208,000	4,292,000	4,378,000	4,466,000	4,555,000	4,646,000

Inflated Grant funding to fund DC related projects

Table A-11
City of Stratford
Wastewater Service
Schedule of Non-Growth Related Debenture Repayments
Inflated $

Debenture Year	2014	Principal (Inflated)	Forecast									
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015		1,322,579		159,029	159,029	159,029	159,029	159,029	159,029	159,029	159,029	159,029
2016		1,364,013			164,011	164,011	164,011	164,011	164,011	164,011	164,011	164,011
2017		1,406,485				169,118	169,118	169,118	169,118	169,118	169,118	169,118
2018		1,449,996					174,350	174,350	174,350	174,350	174,350	174,350
2019		1,494,546						179,706	179,706	179,706	179,706	179,706
2020		1,539,135							185,068	185,068	185,068	185,068
2021		1,585,724								190,670	190,670	190,670
2022		1,633,351									196,396	196,396
2023		1,681,018										202,128
2024		1,729,723										
Total Annual Debt Charges	-	**15,206,569**	-	159,029	323,039	492,157	666,507	846,213	1,031,281	1,221,950	1,418,347	1,620,474

Table A-12
City of Stratford
Wastewater Service
Schedule of Growth Related Debenture Repayments
Inflated $

Debenture Year	2014	Principal (Inflated)	Forecast									
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015		1,513,590		181,996	181,996	181,996	181,996	181,996	181,996	181,996	181,996	181,996
2016		1,543,420			185,583	185,583	185,583	185,583	185,583	185,583	185,583	185,583
2017		1,574,096				189,271	189,271	189,271	189,271	189,271	189,271	189,271
2018		1,605,616					193,061	193,061	193,061	193,061	193,061	193,061
2019		1,637,978						196,953	196,953	196,953	196,953	196,953
2020		1,671,180							200,945	200,945	200,945	200,945
2021		1,704,258								204,922	204,922	204,922
2022		1,738,170									209,000	209,000
2023		1,772,914										213,178
2024		1,808,488										
Total Annual Debt Charges	-	**16,569,710**	-	181,996	367,579	556,850	749,912	946,865	1,147,810	1,352,732	1,561,732	1,774,910

Table A-13
City of Stratford
Wastewater Service
Wastewater Reserves/ Reserve Funds Continuity
Inflated $

Description	2014		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	(4,908,135)		(4,537,212)	(3,937,369)	(3,254,208)	(2,485,629)	(1,636,459)	(701,471)	311,393	1,402,088	2,666,203	4,022,922
Transfer from Operating	437,975		658,031	731,253	805,312	873,355	945,355	1,008,262	1,069,974	1,224,713	1,297,267	1,346,065
Transfer to Capital	-		-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	(4,470,160)		(3,879,181)	(3,206,116)	(2,448,896)	(1,612,275)	(691,104)	306,791	1,381,367	2,626,801	3,963,470	5,368,987
Interest	(67,052)		(58,188)	(48,092)	(36,733)	(24,184)	(10,367)	4,602	20,721	39,402	59,452	80,535

Table A-14
City of Stratford
Wastewater Service
PUBLIC WORKS Equipment Depriciation Fund
Inflated $

Description	2014		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	767,724		828,975	891,144	954,247	1,018,295	1,083,305	1,149,289	1,216,264	1,284,243	1,353,241	1,423,275
Transfer from Operating	49,000		49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000
Transfer to Capital	-		-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	816,724		877,975	940,144	1,003,247	1,067,295	1,132,305	1,198,289	1,265,264	1,333,243	1,402,241	1,472,275
Interest	12,251		13,170	14,102	15,049	16,009	16,985	17,974	18,979	19,999	21,034	22,084

Table A-15
City of Stratford
Wastewater Service
Wastewater Development Charges Reserve Fund Continuity
Inflated $

Description	2014		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	2,154,605		128,096	536,244	773,959	835,173	713,682	403,030	(103,384)	(812,339)	(1,730,780)	(2,865,798)
Development Charge Proceeds	392,398		400,223	408,273	416,451	424,813	433,303	441,979	450,859	459,869	469,066	423,618
Transfer to Capital	2,420,800		-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-		-	181,996	367,579	556,850	749,912	946,865	1,147,810	1,352,732	1,561,732	1,774,910
Closing Balance	126,203		528,319	762,521	822,830	703,135	397,074	(101,856)	(800,334)	(1,705,202)	(2,823,446)	(4,217,090)
Interest	1,893		7,925	11,438	12,342	10,547	5,956	(1,528)	(12,005)	(25,578)	(42,352)	(63,256)
Gross Required from Development Charges	2,614,600		1,800,421	1,835,988	1,872,515	1,910,004	1,948,454	1,987,865	2,027,276	2,067,649	2,108,983	2,151,278
Less Grants	-		286,831	292,568	298,419	304,388	310,475	316,685	323,018	329,479	336,068	342,790
Net Required from Development Charges	2,614,600	-	1,513,590	1,543,420	1,574,096	1,605,616	1,637,978	1,671,180	1,704,258	1,738,170	1,772,914	1,808,488

Address Negative Balances

Table A-16
City of Stratford
Wastewater Service
Wastewater Lifecycle Reserve Fund Continuity
Inflated $

Description	2014		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	-		-	-	-	-	-	-	-	-	-	-
Transfer from Operating	-		-	-	-	-	-	-	-	-	-	-
Transfer to Capital	-		-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	-		-	-	-	-	-	-	-	-	-	-
Interest	-		-	-	-	-	-	-	-	-	-	-

Table A-17
City of Stratford
Wastewater Services
Operating Budget Forecast
Inflated $

Description	Budget 2014	Forecast 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenditures											
Operating Costs											
Sanitary Administration		-	-	-	-	-	-	-	-	-	-
F.T. SALARIES & WAGES	-										
F.T. BENEFITS	-	-	-	-	-	-	-	-	-	-	-
CLOTHING	-	-	-	-	-	-	-	-	-	-	-
SERVICES - OTHER	334,496	341,200	348,000	355,000	362,100	369,300	376,700	384,200	391,900	399,700	407,700
TRAINING - EXPENSES	10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800	12,000
AMORTIZATION	581,773	593,400	605,300	617,400	629,700	642,300	655,100	668,200	681,600	695,200	709,100
CITY OWNED RENTAL EXPENSE	-	-	-	-	-	-	-	-	-	-	-
TOOLS & SMALL EQUIPMENT	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
		-	-	-	-	-	-	-	-	-	-
Sanitary Treatment		-	-	-	-	-	-	-	-	-	-
HYDRO	389,774	397,600	405,600	413,700	422,000	430,400	439,000	447,800	456,800	465,900	475,200
CONTRACTORS - OCWA	875,625	893,100	911,000	929,200	947,800	966,800	986,100	1,005,800	1,025,900	1,046,400	1,067,300
SERVICES - OTHER	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Sanitary Collection		-	-	-	-	-	-	-	-	-	-
F.T. SALARIES & WAGES	181,672	185,300	189,000	192,800	196,700	200,600	204,600	208,700	212,900	217,200	221,500
F.T. BENEFITS	51,777	52,800	53,900	55,000	56,100	57,200	58,300	59,500	60,700	61,900	63,100
HYDRO	35,000	36,800	38,600	40,500	42,500	44,600	46,800	49,100	51,600	54,200	56,900
WATER / SEWAGE	-	-	-	-	-	-	-	-	-	-	-
MATERIALS	52,001	53,000	54,100	55,200	56,300	57,400	58,500	59,700	60,900	62,100	63,300
R & M - BUILDINGS & EQUIPMENT (EXCLUDES VEHICLES)	25,000	25,500	26,000	26,500	27,000	27,500	28,100	28,700	29,300	29,900	30,500
VEHICLE - FUEL	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
VEHICLE - REPAIRS & EXPENSES	-	-	-	-	-	-	-	-	-	-	-
SERVICES - OTHER	28,900	29,500	30,100	30,700	31,300	31,900	32,500	33,200	33,900	34,600	35,300
TELEPHONE - BASIC	-	-	-	-	-	-	-	-	-	-	-
TELEPHONE - CELL PHONES	-	-	-	-	-	-	-	-	-	-	-
CITY OWNED RENTAL EXPENSE	59,000	60,200	61,400	62,600	63,900	65,200	66,500	67,800	69,200	70,600	72,000
Administration		63,000	64,300	65,600	66,900	68,200	69,600	71,000	72,400	73,800	75,300
Sub Total Operating	2,630,017	2,746,800	2,803,100	2,860,400	2,918,900	2,978,400	3,039,200	3,101,500	3,165,300	3,230,100	3,296,200
Capital-Related											
Existing Debt (Principal) - Growth Related											
Existing Debt (Interest) - Growth Related											
New Growth Related Debt (Principal)		-	129,020	265,099	408,556	559,720	718,934	886,550	1,062,853	1,248,217	1,443,030
New Growth Related Debt (Interest)		-	52,976	102,480	148,295	190,192	227,931	261,259	289,879	313,515	331,880
Existing Debt (Principal) - Non-Growth Related	2,672,000	1,816,774	1,828,760	1,834,086	1,840,786	1,852,458	1,868,407	1,882,469	1,773,466	1,759,486	1,772,095
Existing Debt (Interest) - Non-Growth Related		811,250	756,324	704,456	655,619	595,010	535,822	476,330	443,167	393,847	338,089
New Non-Growth Related Debt (Principal)		-	112,738	232,955	360,999	497,233	642,034	795,703	958,722	1,131,506	1,314,401
New Non-Growth Related Debt (Interest)		-	46,290	90,085	131,158	169,273	204,179	235,578	263,229	286,841	306,074
LESS ADJUSTMENT TO DEPRECIATION EXPENSE	(581,773)	(593,400)	(605,300)	(617,400)	(629,700)	(642,300)	(655,100)	(668,200)	(681,600)	(695,200)	(709,100)
Transfer to Public Works Equipment Depreciation Reserve	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000
Transfer to Capital	765,000	765,000	765,000	765,000	765,000	765,000	765,000	765,000	765,000	765,000	765,000
Transfer to Capital Reserve	437,975	658,031	731,253	805,312	873,355	945,355	1,008,262	1,069,974	1,224,713	1,297,267	1,346,065
Sub Total Capital Related	3,342,202	3,506,655	3,866,062	4,231,073	4,603,067	4,980,942	5,364,469	5,753,664	6,148,428	6,549,479	6,956,532
Total Expenditures	5,972,219	6,253,455	6,669,162	7,091,473	7,521,967	7,959,342	8,403,669	8,855,164	9,313,728	9,779,579	10,252,732
Revenues											
Base Charge	-	140,400	282,600	426,600	572,400	720,000	869,400	1,020,600	1,173,600	1,328,400	1,485,000
Flat Charge Revenue											
Minimum Charge											
RECOVERABLES	14,000	14,000	14,300	14,600	14,900	15,200	15,500	15,800	16,100	16,400	16,700
CITY OWN RENTAL REVENUE	96,787	97,271	97,757	98,246	100,200	102,200	104,200	106,300	108,400	110,600	112,800
Other Revenue			-	-	-	-	-	-	-	-	-
Contributions from Development Charges Reserve Fund	-	-	181,996	367,579	556,850	749,912	946,865	1,147,810	1,352,732	1,561,732	1,774,910
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	110,787	251,671	576,653	907,025	1,244,350	1,587,312	1,935,965	2,290,510	2,650,832	3,017,132	3,389,410
Wastewater Billing Recovery - Operating	5,861,432	6,001,784	6,092,509	6,184,448	6,277,616	6,372,030	6,467,704	6,564,654	6,662,896	6,762,447	6,863,323
Lifecycle Reserve Contribution ($)											
Wastewater Billing Recovery - Total	**5,861,432**	**6,001,784**	**6,092,509**	**6,184,448**	**6,277,616**	**6,372,030**	**6,467,704**	**6,564,654**	**6,662,896**	**6,762,447**	**6,863,323**

Table A-18
City of Stratford
Wastewater Services
Wastewater Rate Forecast
Inflated $

Description	2014		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Wastewater Billing Recovery	5,861,432		6,001,784	6,092,509	6,184,448	6,277,616	6,372,030	6,467,704	6,564,654	6,662,896	6,762,447	6,863,323
Total Consumption (m^3)	3,106,952		3,121,952	3,136,952	3,151,952	3,166,952	3,181,952	3,196,952	3,211,952	3,226,952	3,241,952	3,256,952
Declining Block Structure												
Number of Forecasted Customers	11,631		11,706	11,781	11,856	11,931	12,006	12,081	12,156	12,231	12,306	12,381
Number of Flat Rate Customers	21		21	21	21	21	21	21	21	21	21	21
Volume Forecast By Block (m^3)												
Metered Customers First 3 m3	417,348		421,416	424,116	426,816	429,516	432,216	434,916	437,616	440,316	443,016	445,716
Metered Customers After First 3 m3	2,676,460		2,694,992	2,707,292	2,719,592	2,731,892	2,744,192	2,756,492	2,768,792	2,781,092	2,793,392	2,805,692
Flat Rate Volume (based on 22 m3) First 3 m3	756		756	756	756	756	756	756	756	756	756	756
Flat Rate Volume (based on 22 m3) After first 3 m3	4,788		4,788	4,788	4,788	4,788	4,788	4,788	4,788	4,788	4,788	4,788
Check Total Consumption	3,099,352		3,121,952	3,136,952	3,151,952	3,166,952	3,181,952	3,196,952	3,211,952	3,226,952	3,241,952	3,256,952
Declining Block Rates ($/$m^3$)												
Metered Customers First 3 m3	**3.900**	**3.900**	**3.939**	**3.978**	**4.018**	**4.058**	**4.099**	**4.140**	**4.181**	**4.223**	**4.265**	**4.308**
Metered Customers After First 3 m3	**1.591**	**1.591**	**1.607**	**1.623**	**1.639**	**1.656**	**1.672**	**1.689**	**1.706**	**1.723**	**1.740**	**1.758**
Minimum Monthly Charge	**11.700**	**11.700**	**11.817**	**11.935**	**12.055**	**12.175**	**12.297**	**12.420**	**12.544**	**12.669**	**12.796**	**12.924**
Check Revenue												
Metered Customers First 3 m3	1,627,657		1,659,958	1,687,299	1,715,021	1,743,129	1,771,627	1,800,521	1,829,816	1,859,517	1,889,628	1,920,156
Metered Customers After First 3 m3	4,258,783		4,331,154	4,394,431	4,458,540	4,523,492	4,589,297	4,655,965	4,723,509	4,791,937	4,861,262	4,931,494
Flat Rate Volume (based on 22 m3) First 3 m3	2,948		2,978	3,008	3,038	3,068	3,099	3,130	3,161	3,193	3,225	3,257
Flat Rate Volume (based on 22 m3) After first 3 m3	7,619		7,695	7,772	7,850	7,928	8,007	8,087	8,168	8,250	8,332	8,416
Minimum Monthly Charge	136,328		138,578	140,859	143,172	145,516	147,894	150,304	152,748	155,226	157,738	160,284
Check Total Revenue	6,033,336		6,140,362	6,233,368	6,327,620	6,423,133	6,519,924	6,618,008	6,717,402	6,818,122	6,920,185	7,023,607
Annual % Change			1%	1%	1%	1%	1%	1%	1%	1%	1%	1%

APPENDIX B
WASTEWATER FINANCIAL PLAN

FIGURE B-1
City of Stratford
Conversion Adjustments
Statement of Operations (Wastewater)

Modified Cash Basis	Budget 2015	Adjustments DR	Adjustments CR	Full Accrual Budget 2015	Accrual Basis
Revenues					**Revenues**
Base Charge Revenue	140,400			140,400	Base Charge Revenue
Rate Based Revenue	6,001,784			6,001,784	Rate Based Revenue
Transfers from Reserves	-	-			
			-	-	Earned Development Charges and Gas Tax Revenue
			-	-	Developer Contributions
Other Revenue	398,102		(45,018)	353,084	Other Revenue
Total Revenues	**6,540,286**			**6,495,268**	**Total Revenues**
Expenditures					**Expenses**
Operating	2,153,400	33,026		2,186,426	Operating Expenses
Capital					
Transfers to Reserves	707,031		707,031		
Transfers to Capital	1,051,831		1,051,831		
Debt Repayment (Principal & Interest)	2,628,024		1,816,774	811,250	Interest on Debt
		526,532		526,532	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
Total Expenditures	**6,540,286**			**3,524,208**	**Total Expenses**
Net Expenditures	**-**			**2,971,060**	**Annual Surplus/(Deficit)**
Increase (decrease) in amounts to be recovered	**-**			(1,640,532)	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	**-**	**2,971,060**	**-**	**1,330,528**	**Accumulated Surplus/(Deficit), end of year**

TOTAL ADJUSTMENTS	**3,530,618**	**3,530,618**

Note: The combined adjustments above should be balanced and net to $0 (i.e. Total DR = Total CR)

FIGURE B-2
City of Stratford
Conversion Adjustments
Statement of Financial Position (Wastewater)

Modified Cash Basis	Budget 2015	Adjustments DR	Adjustments CR	Full Accrual Budget 2015	Accrual Basis
ASSETS					**ASSETS**
Financial Assets					**Financial Assets**
Cash	(2,674,862)			-	Cash
Accounts Receivable	369,957			369,958	Accounts Receivable
Total Financial Assets	*(2,304,905)*			*369,958*	*Total Financial Assets*
LIABILITIES					**Liabilities**
				2,674,863	Bank Indebtedness
Accounts Payable & Accrued Liabilities	205,075			205,075	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	24,306,196			24,306,196	Debt (Principal only)
Deferred Revenue	536,244			536,244	Deferred Revenue
Other	-			-	Other
Total Liabilities	*25,047,515*			*27,722,378*	*Total Liabilities*
Net Assets/(Debt)	**(27,352,420)**			**(27,352,420)**	**Net Financial Assets/(Debt)**
					Non-Financial Assets
		28,715,974	33,026	28,682,948	Tangible Capital Assets
		-		-	Inventory of Supplies
		-		-	Prepaid Expenses
				28,682,948	**Total Non-Financial Assets**
Municipal Position					
Wastewater Reserves	(3,046,224)	-	3,046,224		
Gas Tax Reserve Fund	-	-	-		
Development Charge Reserve Fund	536,244	536,244	-		
Amounts to be Recovered	(24,842,440)	-	24,842,440		
Total Municipal Position	**(27,352,420)**		1,330,528	**1,330,528**	**Accumulated Surplus/(Deficit), end of year**

TOTAL ADJUSTMENTS	**29,252,218**	**29,252,218**

Note: The combined adjustments above should be balanced and net to $0 (i.e. Total DR = Total CR)

Table B-1
City of Stratford
Statement of Financial Position: Wastewater Services
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2015 - 2024

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financial Assets											
Cash	1	-	-	-	-	648,584	1,211,569	1,650,768	2,054,845	2,335,914	2,408,266
Accounts Receivable	1	369,958	387,379	401,857	416,520	431,464	446,600	461,923	477,445	493,156	509,068
Total Financial Assets		369,958	387,379	401,857	416,520	1,080,048	1,658,169	2,112,691	2,532,290	2,829,070	2,917,334
Liabilities											
Bank Indebtedness		2,674,863	1,697,778	813,970	31,419	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	205,075	215,604	220,049	224,575	229,201	233,896	238,702	243,628	248,674	253,801
Debt (Principal only)	2	24,306,196	25,143,108	25,791,549	26,236,820	26,459,933	26,440,874	26,166,133	25,742,614	25,057,336	24,066,021
Deferred Revenue	3	536,244	773,959	835,173	713,682	403,030	(103,383)	(812,339)	(1,730,780)	(2,865,798)	(4,280,346)
Total Liabilities		27,722,378	27,830,449	27,660,741	27,206,496	27,092,164	26,571,387	25,592,496	24,255,462	22,440,212	20,039,476
Net Financial Assets/(Debt)		**(27,352,420)**	**(27,443,070)**	**(27,258,884)**	**(26,789,976)**	**(26,012,116)**	**(24,913,218)**	**(23,479,805)**	**(21,723,172)**	**(19,611,142)**	**(17,122,142)**
Non-Financial Assets											
Tangible Capital Assets	4	28,682,948	32,043,236	35,433,710	38,838,935	42,261,200	45,702,043	49,158,778	52,664,562	56,187,912	59,730,392
Total Non-Financial Assets		28,682,948	32,043,236	35,433,710	38,838,935	42,261,200	45,702,043	49,158,778	52,664,562	56,187,912	59,730,392
Accumulated Surplus/(Deficit)	5	**1,330,528**	**4,600,166**	**8,174,826**	**12,048,959**	**16,249,084**	**20,788,825**	**25,678,973**	**30,941,390**	**36,576,770**	**42,608,250**

Financial Indicators	**Total Change**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1) Increase/(Decrease) in Net Financial Assets	9,872,896	(357,382)	(90,650)	184,186	468,908	777,860	1,098,898	1,433,413	1,756,633	2,112,030	2,489,000
2) Increase/(Decrease) in Tangible Capital Assets	34,375,886	3,328,442	3,360,288	3,390,474	3,405,225	3,422,265	3,440,843	3,456,735	3,505,784	3,523,350	3,542,480
3) Increase/(Decrease) in Accumulated Surplus	44,248,782	2,971,060	3,269,638	3,574,660	3,874,133	4,200,125	4,539,741	4,890,148	5,262,417	5,635,380	6,031,480

Table B-2
City of Stratford
Statement of Operations: Wastewater Services
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2015 - 2024

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Wastewater Revenue											
Base Charge Revenue		140,400	282,600	426,600	572,400	720,000	869,400	1,020,600	1,173,600	1,328,400	1,485,000
Rate Based Revenue		6,001,784	6,092,509	6,184,448	6,277,616	6,372,030	6,467,704	6,564,654	6,662,896	6,762,447	6,863,323
Earned Development Charges Revenue	3	-	181,996	367,579	556,850	749,912	946,865	1,147,810	1,352,732	1,561,732	1,774,910
Other Revenue	6	353,084	370,635	389,580	411,313	434,493	458,961	484,817	513,380	543,554	574,909
Total Revenues		6,495,268	6,927,740	7,368,207	7,818,179	8,276,435	8,742,930	9,217,881	9,702,608	10,196,133	10,698,142
Wastewater Expenses											
Operating Expenses	Sch. 4-1	2,186,426	2,231,439	2,277,329	2,324,218	2,371,808	2,420,498	2,470,464	2,521,630	2,573,596	2,626,563
Interest on Debt	2	811,250	855,590	897,021	935,071	954,475	967,932	973,168	996,275	994,203	976,042
Amortization	4	526,532	571,073	619,197	684,757	750,027	814,759	884,101	922,286	992,954	1,064,057
Total Expenses		3,524,208	3,658,102	3,793,547	3,944,046	4,076,310	4,203,189	4,327,733	4,440,191	4,560,753	4,666,662
Annual Surplus/(Deficit)		**2,971,060**	**3,269,638**	**3,574,660**	**3,874,133**	**4,200,125**	**4,539,741**	**4,890,148**	**5,262,417**	**5,635,380**	**6,031,480**
Accumulated Surplus/(Deficit), beginning of year	5	(1,640,532)	1,330,528	4,600,166	8,174,826	12,048,959	16,249,084	20,788,825	25,678,973	30,941,390	36,576,770
Accumulated Surplus/(Deficit), end of year		1,330,528	4,600,166	8,174,826	12,048,959	16,249,084	20,788,825	25,678,973	30,941,390	36,576,770	42,608,250

Note 5:

Accumulated Surplus/(Deficit) Reconciliation:		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Reserve Balances											
Reserves: Development Charges		536,244	773,959	835,173	713,682	403,030	(103,383)	(812,339)	(1,730,780)	(2,865,798)	(4,280,346)
Reserves: Capital/Other		(3,046,224)	(2,299,962)	(1,467,335)	(553,156)	447,817	1,527,656	2,686,328	4,019,442	5,446,194	6,943,879
Total Reserves Balance		**(2,509,980)**	**(1,526,003)**	**(632,162)**	**160,526**	**850,847**	**1,424,273**	**1,873,989**	**2,288,662**	**2,580,396**	**2,663,533**
Less: Debt Obligations and Deferred Revenue		(24,842,440)	(25,917,067)	(26,626,722)	(26,950,502)	(26,862,963)	(26,337,491)	(25,353,794)	(24,011,834)	(22,191,538)	(19,785,675)
Add: Tangible Capital Assets	4	28,682,948	32,043,236	35,433,710	38,838,935	42,261,200	45,702,043	49,158,778	52,664,562	56,187,912	59,730,392
Total Ending Balance		**1,330,528**	**4,600,166**	**8,174,826**	**12,048,959**	**16,249,084**	**20,788,825**	**25,678,973**	**30,941,390**	**36,576,770**	**42,608,250**

Financial Indicators	**Total Change**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1) Expense to Revenue Ratio		54%	53%	51%	50%	49%	48%	47%	46%	45%	44%
2) Increase/(Decrease) in Accumulated Surplus	44,248,782	2,971,060	3,269,638	3,574,660	3,874,133	4,200,125	4,539,741	4,890,148	5,262,417	5,635,380	6,031,480

SCHEDULE B-1
City of Stratford
Schedule of Operating Expenses: Wastewater Services
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2015 - 2024

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Expenses											
Sanitary Administration		354,000	361,100	368,400	375,800	383,300	391,000	398,800	406,800	414,900	423,200
Sanitary Treatment		1,290,700	1,316,600	1,342,900	1,369,800	1,397,200	1,425,100	1,453,600	1,482,700	1,512,300	1,542,500
Sanitary Collection		445,700	455,800	466,100	476,700	487,400	498,400	509,900	521,800	533,900	546,100
Administration		63,000	64,300	65,600	66,900	68,200	69,600	71,000	72,400	73,800	75,300
Non TCA - Expenses from Capital Budget	7	33,026	33,639	34,329	35,018	35,708	36,398	37,164	37,930	38,696	39,463
TOTAL OPERATING EXPENSES		**2,186,426**	**2,231,439**	**2,277,329**	**2,324,218**	**2,371,808**	**2,420,498**	**2,470,464**	**2,521,630**	**2,573,596**	**2,626,563**

Table B-3
City of Stratford
Statement of Changes in Net Financial Assets/Debt: Wastewater Services
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2015 - 2024

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Annual Surplus/(Deficit)		2,971,060	3,269,638	3,574,660	3,874,133	4,200,125	4,539,741	4,890,148	5,262,417	5,635,380	6,031,480
Less: Acquisition of Tangible Capital Assets	4	(3,854,974)	(3,931,361)	(4,009,671)	(4,089,982)	(4,172,292)	(4,255,602)	(4,340,836)	(4,428,070)	(4,516,304)	(4,606,537)
Add: Amortization of Tangible Capital Assets	4	526,532	571,073	619,197	684,757	750,027	814,759	884,101	922,286	992,954	1,064,057
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		(3,328,442)	(3,360,288)	(3,390,474)	(3,405,225)	(3,422,265)	(3,440,843)	(3,456,735)	(3,505,784)	(3,523,350)	(3,542,480)
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(357,382)	(90,650)	184,186	468,908	777,860	1,098,898	1,433,413	1,756,633	2,112,030	2,489,000
Net Financial Assets/(Net Debt), beginning of year		(26,995,038)	(27,352,420)	(27,443,070)	(27,258,884)	(26,789,976)	(26,012,116)	(24,913,218)	(23,479,805)	(21,723,172)	(19,611,142)
Net Financial Assets/(Net Debt), end of year		**(27,352,420)**	**(27,443,070)**	**(27,258,884)**	**(26,789,976)**	**(26,012,116)**	**(24,913,218)**	**(23,479,805)**	**(21,723,172)**	**(19,611,142)**	**(17,122,142)**

Financial Indicators	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1) Acquisition of Tangible Capital Assets (Cumulative)	3,854,974	7,786,335	11,796,006	15,885,988	20,058,280	24,313,882	28,654,718	33,082,788	37,599,092	42,205,629
2) Annual Surplus/Deficit before Amortization (Cumulative)	3,497,592	7,338,303	11,532,160	16,091,050	21,041,202	26,395,702	32,169,951	38,354,654	44,982,988	52,078,525
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)	0.91	0.94	0.98	1.01	1.05	1.09	1.12	1.16	1.20	1.23

Table B-4
City of Stratford
Statement of Cash Flow - Indirect Method: Wastewater Services
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2015 - 2024

	Notes	Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Transactions											
Annual Surplus/Deficit		2,971,060	3,269,638	3,574,660	3,874,133	4,200,125	4,539,741	4,890,148	5,262,417	5,635,380	6,031,480
Add: Amortization of TCA's	4	526,532	571,073	619,197	684,757	750,027	814,759	884,101	922,286	992,954	1,064,057
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Earned Deferred Revenue	3	-	(181,996)	(367,579)	(556,850)	(749,912)	(946,865)	(1,147,810)	(1,352,732)	(1,561,732)	(1,774,910)
Less: Developer Contributions		-	-	-	-	-	-	-	-	-	-
Add: Deferred Revenue Proceeds		408,148	419,711	428,793	435,360	439,259	440,451	438,854	434,291	426,714	360,362
Change in A/R (Increase)/Decrease		-	(17,422)	(14,478)	(14,664)	(14,943)	(15,134)	(15,324)	(15,521)	(15,712)	(15,911)
Change in A/P Increase/(Decrease)		-	10,529	4,445	4,526	4,626	4,695	4,806	4,926	5,046	5,127
Less: Interest Proceeds		45,018	33,990	21,685	8,175	(6,618)	(22,576)	(39,699)	(59,401)	(80,486)	(102,619)
Cash Provided by Operating Transactions		3,950,758	4,105,523	4,266,723	4,435,437	4,622,564	4,815,071	5,015,076	5,196,266	5,402,164	5,567,586
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(3,854,974)	(3,931,361)	(4,009,671)	(4,089,982)	(4,172,292)	(4,255,602)	(4,340,836)	(4,428,070)	(4,516,304)	(4,606,537)
Cash Applied to Capital Transactions		(3,854,974)	(3,931,361)	(4,009,671)	(4,089,982)	(4,172,292)	(4,255,602)	(4,340,836)	(4,428,070)	(4,516,304)	(4,606,537)
Investing Transactions											
Proceeds from Investments		(45,018)	(33,990)	(21,685)	(8,175)	6,618	22,576	39,699	59,401	80,486	102,619
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		(45,018)	(33,990)	(21,685)	(8,175)	6,618	22,576	39,699	59,401	80,486	102,619
Financing Transactions											
Proceeds from Debt Issue	2	2,836,169	2,907,432	2,980,581	3,055,612	3,132,525	3,210,315	3,289,982	3,371,521	3,453,932	3,538,210
Less: Debt Repayment (Principal only)	2	(1,816,774)	(2,070,519)	(2,332,140)	(2,610,341)	(2,909,412)	(3,229,375)	(3,564,722)	(3,795,041)	(4,139,209)	(4,529,526)
Cash Applied to Financing Transactions		1,019,395	836,913	648,441	445,271	223,113	(19,060)	(274,740)	(423,520)	(685,277)	(991,316)
Increase in Cash and Cash Equivalents		1,070,161	977,085	883,808	782,551	680,003	562,985	439,199	404,077	281,069	72,352
Cash and Cash Equivalents, beginning of year	1	(3,745,024)	(2,674,863)	(1,697,778)	(813,970)	(31,419)	648,584	1,211,569	1,650,768	2,054,845	2,335,914
Cash and Cash Equivalents, end of year	1	**(2,674,863)**	**(1,697,778)**	**(813,970)**	**(31,419)**	**648,584**	**1,211,569**	**1,650,768**	**2,054,845**	**2,335,914**	**2,408,266**

WASTEWATER
NOTES TO FINANCIAL PLAN

The financial plan format as outlined in Chapter 4 closely approximates the full accrual format used by municipalities (2009 onward) on their audited financial statements. However, the financial plan is not an audited document and contains various estimates. In this regard, Section 3 (2) of O.Reg. 453/07 states the following:

> "Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared:
>
> 3. Sub-subparagraphs 4 i A, B and C of subsection (1)
> 4. Sub-subparagraphs 4 iii A, C, E and F of subsection (1)."

The information referred to in sub-subparagraphs 4 i A, B and C of subsection (1) includes:

A. Total financial assets (i.e. cash and receivables);
B. Total liabilities (i.e. payables, debt and deferred revenue);
C. Net debt (i.e. the difference between A and B above).

The information referred to in sub-subparagraphs 4 iii A, C, E and F of subsection (1) includes:

A. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges
C. Investing transactions that are acquisitions and disposal of investments
E. Change in cash and cash equivalents during the year
F. Cash and cash equivalents at the beginning and end of the year

In order to show a balanced financial plan in a full accrual format for the City of Stratford, some of the items listed above have been estimated given that the City does not maintain all financial asset and liability data separately for wastewater. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses). The assumptions used have been documented below:

1. Cash, Receivables and Payables

It is assumed that the opening cash balances required to complete the financial plan are equal to:

Ending Reserve/Reserve Fund Balance
Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
Equals: Approximate Ending Cash Balance

For the City of Stratford, wastewater receivables and payables were estimated for 2014 based on the proportionate share of the average City wide receivables and payables for 2012 and 2013, respectively, which was used to estimate receivables and payables throughout the forecast period. Therefore, the opening cash balance was estimated based on the above calculation.

3. Debt

Wastewater related outstanding debt at the end of 2014 is $23,286,800, with additional debt proceeds expected over the forecast period. *Principal* repayments for existing and new debt over the forecast period scheduled as follows:

Year	Principal Payments
2015	1,816,774
2016	2,070,519
2017	2,332,140
2018	2,610,341
2019	2,909,412
2020	3,229,375
2021	3,564,722
2022	3,795,041
2023	4,139,209
2024	4,529,526
Total	$ 30,997,059

For financial reporting purposes, debt principal payments represent a decrease in debt liability and the interest payments represent a current year operating expense.

3. Deferred Revenue

Deferred revenue is made up of wastewater development charge reserve fund balances which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected.

4. Tangible Capital Assets
   - Opening net book value of tangible capital assets includes wastewater related assets in the following categories:
     i. Infrastructure
     ii. Facilities
     iii. Vehicles
     iv. Equipment
   - Amortization is calculated by the City based on the straight-line approach with amortization beginning the month after being put into service. For planned asset additions over the forecast period, no amortization was taken in the year of purchase/construction.
   - Given the planned asset replacement forecast in the 2014 Rate Study, useful life on acquisitions is assumed to be equal to the weighted average useful life for all assets on hand in the respective asset category.
   - Write-offs are assumed to equal $0 for each year in the forecast period.
   - Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced, unless the asset is documented as a new asset. The value of each asset disposal is calculated by estimating the original purchase/construction date and deflating current replacement cost values to those estimated dates in order to calculate original historical cost.
   - Gains/losses on disposal are assumed to be $0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
   - Residual value is assumed to be $0 for all assets contained within the forecast period.
   - Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant/ unknown during the forecast period and are therefore assumed to be $0

The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Opening Tangible Capital Asset Balance	43,407,553	47,101,215	50,859,971	54,683,916	58,575,746	62,535,417	66,556,519	70,638,612	74,783,813	78,987,409
Acquisitions	3,854,974	3,931,361	4,009,671	4,089,982	4,172,292	4,255,602	4,340,836	4,428,070	4,516,304	4,606,537
Disposals	161,312	172,605	185,726	198,152	212,621	234,500	258,743	282,869	312,708	378,091
Closing Tangible Capital Asset Balance	**47,101,215**	**50,859,971**	**54,683,916**	**58,575,746**	**62,535,417**	**66,556,519**	**70,638,612**	**74,783,813**	**78,987,409**	**83,215,855**
Opening Accumulated Amortization	18,053,047	18,418,267	18,816,735	19,250,206	19,736,811	20,274,217	20,854,476	21,479,834	22,119,251	22,799,497
Amortization Expense	526,532	571,073	619,197	684,757	750,027	814,759	884,101	922,286	992,954	1,064,057
Amortization on Disposal	161,312	172,605	185,726	198,152	212,621	234,500	258,743	282,869	312,708	378,091
Ending Accumulated Amortization	**18,418,267**	**18,816,735**	**19,250,206**	**19,736,811**	**20,274,217**	**20,854,476**	**21,479,834**	**22,119,251**	**22,799,497**	**23,485,463**
Net Book Value	**28,682,948**	**32,043,236**	**35,433,710**	**38,838,935**	**42,261,200**	**45,702,043**	**49,158,778**	**52,664,562**	**56,187,912**	**59,730,392**

5. Accumulated Surplus

Opening accumulated surplus/(deficit) for the forecast period is reconciled as follows:

Wastewater	2015 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	128,096
Reserves: Capital/Other	(3,708,238)
Total Reserves Balance	**(3,580,142)**
Less: Debt Obligations and Deferred Revenue	(23,414,896)
Add: Tangible Capital Assets	25,354,506
Total Opening Balance	**(1,640,532)**

The accumulated surplus reconciliation for all years within the forecast period is contained in Table B-2.

6. Other revenue

Other revenue includes rental income, interest income and other non-operating general revenues.

7. Operating Expenses

Capital expenditures for items not meeting the definition of tangible capital assets have been reclassified as operating expenses and have been expensed in the year in which they occur.