

**Water and Wastewater
Financial Plan**

O.Reg 453/07



Town of Penetanguishene

June 2022

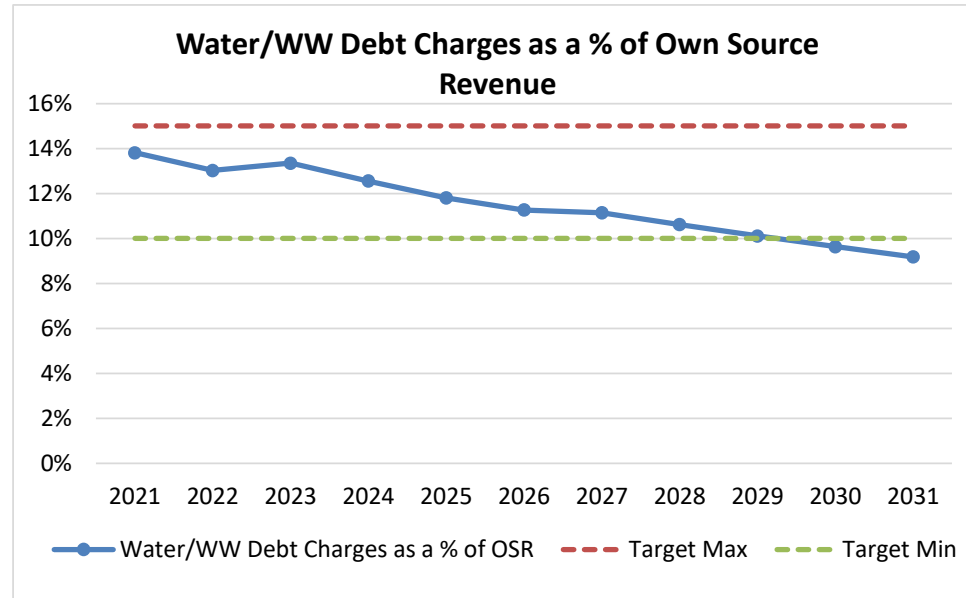
Table of Contents

Introduction	1	Reporting Requirements	26
Review of Regulatory and Legislative Requirements	2	Water O.Reg	27
Required Statements	3	Wastewater O.Reg	32
Principles of Financial Sustainability	5	Water/WW Consolidated	37
The LRFP is Dynamic	6		
Background Information	7		
Sources of Data to Prepare Long Range Financial Plan	8		
Consumption Trends	9		
Cost of Service and Affordability	10		
Ratepayer Affordability	10		
Number of Customers	12		
Historical Water and Wastewater Rates	13		
Forecast Assumptions	15		
Reserve and Revenue Stability Strategies	16		
Debt Financing Strategies	17		
Summary of Financial Environment and Assumptions	18		
Summary of Financial Environment and Assumptions	19		
Forecast	20		
Operating Budget Forecast	21		
Capital Budget Forecast	23		
Debt Forecast	24		
Rate Forecast	25		

Executive Summary

- The Town of Penetanguishene, along with other Ontario municipalities that are responsible for the provision of drinking water, is required to meet the requirements set out in the Financial Plans Regulations O.Reg.453/07. This includes the development of a long range financial plan to guide the Town in planning and decision-making and it:
 - Examines fiscal trends;
 - Identifies fiscal issues and opportunities;
 - Increases communication & awareness;
 - Stimulates long-term thinking;
 - Helps establish fiscal policies and goals;
 - Ensures a reasonable degree of stability and predictability in the rate burden;
 - Provides a fair sharing in the distribution of resources between current and future ratepayers;
 - Ensures sustainable cash flows;
 - Maximizes financial flexibility; and
 - Minimizes financial vulnerability during economic downturns.
- Consistent with the experiences in other Ontario municipalities, water consumption has been trending down in both the residential and the Industrial, Commercial and Institutional (ICI) sectors. This places pressure on rates as many of the system costs are fixed.
- Based on 2021-2022 rates, the customer cost of water/ww services is approximately 9.5% lower than the peer average for a residential customer that consumes 200 m3 per year. For non-residential customers, the cost of service in Penetanguishene ranges from 0.9% to 3.8% lower than the peer average.

- Over the next 10 years, no new debt is planned for water or wastewater. An optimal target of 10%-15% of debt charges as a percentage of own source revenues is recommended to maintain sufficient financial flexibility. The Town is within the recommended target range over the next 8 years.



- As stated by the Canadian Waterworks Association (CWWA), there is and always will be a lot of variation in rate setting practices given that there is no single rate setting approach or rate structure. At the heart of the methodology for setting water and wastewater rates is the concept of a two-part rate structure, a volumetric charge and a fixed charge. Of over 100 Ontario municipalities surveyed, approximately 90% have a two-tiered rate structure, consistent with the approach in Penetanguishene. The range of costs allocated to volumetric charge ranged from 0-100% with a survey.
 - The Town’s existing rate setting practice is to recover approximately 76-78% of revenues from the volumetric charge and the remainder from the fixed monthly charge. The recommended approach in setting the rates is to maintain the same rate proportion of fixed and volumetric charges. The existing allocation continues to support affordability objectives, provides an adequate level of revenue stability and incentive to conserve.

10 Year Long Range Financial Plan Forecast

- The long range financial forecast results in:

- Water - 4.5% annual increase in 2023-2025, 5% for the remainder of the 10 year forecast.

		2022	2023	2024	2025	2026	2027	2028
Water								
Water Usage Charge (Volumetric) per m3		\$ 1.50	\$ 1.57	\$ 1.64	\$ 1.71	\$ 1.80	\$ 1.89	\$ 1.98
Water Charge based on Meter Size - Monthly	5/8"	\$ 9.03	\$ 9.44	\$ 9.86	\$ 10.30	\$ 10.82	\$ 11.36	\$ 11.93
	3/4"	\$ 9.03	\$ 9.44	\$ 9.86	\$ 10.30	\$ 10.82	\$ 11.36	\$ 11.93
	1"	\$ 12.66	\$ 13.23	\$ 13.83	\$ 14.45	\$ 15.17	\$ 15.93	\$ 16.72
	1.5"	\$ 16.26	\$ 16.99	\$ 17.76	\$ 18.56	\$ 19.48	\$ 20.46	\$ 21.48
	2"	\$ 26.20	\$ 27.38	\$ 28.61	\$ 29.90	\$ 31.39	\$ 32.96	\$ 34.61
	3"	\$ 99.38	\$ 103.85	\$ 108.53	\$ 113.41	\$ 119.08	\$ 125.03	\$ 131.29
	4"	\$ 126.47	\$ 132.16	\$ 138.11	\$ 144.32	\$ 151.54	\$ 159.12	\$ 167.07
	6"	\$ 189.71	\$ 198.25	\$ 207.17	\$ 216.49	\$ 227.32	\$ 238.68	\$ 250.61
Volumetric Rate change		0.0%	4.5%	4.5%	4.5%	5.0%	5.0%	5.0%
Fixed Rate Change		0.0%	4.5%	4.5%	4.5%	5.0%	5.0%	5.0%
		2022	2023	2024	2025	2026	2027	2028
Wastewater								
Wastewater Surcharge rate		186.00%	192.23%	198.67%	205.32%	205.32%	205.32%	205.32%
Wastewater Usage Charge (Volumetric) per m3		\$ 2.79	\$ 3.01	\$ 3.25	\$ 3.51	\$ 3.69	\$ 3.87	\$ 4.07
Wastewater Charge based on Meter Size - Monthly	5/8"	\$ 16.81	\$ 18.16	\$ 19.61	\$ 21.18	\$ 22.24	\$ 23.35	\$ 24.52
	3/4"	\$ 16.81	\$ 18.16	\$ 19.61	\$ 21.18	\$ 22.24	\$ 23.35	\$ 24.52
	1"	\$ 23.56	\$ 25.45	\$ 27.49	\$ 29.68	\$ 31.17	\$ 32.73	\$ 34.36
	1.5"	\$ 30.26	\$ 32.68	\$ 35.30	\$ 38.12	\$ 40.03	\$ 42.03	\$ 44.13
	2"	\$ 48.77	\$ 52.67	\$ 56.89	\$ 61.44	\$ 64.51	\$ 67.73	\$ 71.12
	3"	\$ 184.98	\$ 199.78	\$ 215.76	\$ 233.02	\$ 244.67	\$ 256.91	\$ 269.75
	4"	\$ 235.41	\$ 254.24	\$ 274.58	\$ 296.54	\$ 311.37	\$ 326.94	\$ 343.29
	6"	\$ 353.12	\$ 381.37	\$ 411.88	\$ 444.83	\$ 467.07	\$ 490.42	\$ 514.94
Volumetric Rate change		6.1%	8.0%	8.0%	8.0%	5.0%	5.0%	5.0%
Fixed Rate Change		6.2%	8.0%	8.0%	8.0%	5.0%	5.0%	5.0%

- Wastewater - 8% annual increase in 2023-2025, 5% for the remainder of the 10 year forecast.

Introduction - Water and Wastewater Financial Plan



Review of Regulatory and Legislative Requirements

The Town of Penetanguishene, along with other Ontario municipalities that are responsible for the provision of drinking water, is required to meet the requirements set out in the Financial Plans Regulations O.Reg.453/07.

The Town of Penetanguishene is taking a proactive approach and has recognized the need for a long-term financial planning process that assesses the financial implications of current and proposed policies in its water and wastewater operations. The goal of the financial plan is to ensure that the Town's operations are in a sound financial position and services can be provided on a sustainable basis.

Ontario Reg. 453/07 provides the following parameters with regards to s.30 (1) part b of the Safe Drinking Water Act for municipal drinking water licence renewal:

- The financial plan must be approved by Council resolution (or governing body)
- The financial plan must include details regarding lead service pipe replacement
- The financial plan must include a statement that the financial impacts have been considered and apply for a minimum six year period commencing in the year in which the existing municipal drinking water licence expires
- A copy of the financial plan must be submitted to the Ministry of Municipal Affairs and Housing

- For each year to which the financial plans apply, the financial plans must include the following:
 - Details of the proposed or projected financial position of the drinking water system itemized by:
 - total financial assets
 - total liabilities
 - net debt
 - non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses
 - changes in tangible capital assets that are additions, donations, write downs and disposals
 - Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by:
 - operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges
 - capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets
 - investing transactions that are acquisitions and disposal of investments
 - financing transactions that are proceeds from the issuance of debt and debt repayment
 - changes in cash and cash equivalents during the year, and
 - cash and cash equivalents at the beginning and end of the year.

- The financial plan 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 PSAB) for each year in which the financial plans apply
- The financial plan is 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

General Approach to Preparing the Town’s LRFPP

The LRFPP identifies the key financial strategies that will influence the building of a sustainable long-term financial future and takes into account:

- Expected expenses and capital outlays for each year of the plan;
- Expected revenues for each year; and
- Financial performance measures.

Required Statements

There are three statements that must be completed, in accordance with the O. Reg. 453/07. These include:

Statement of Operations

The ***Statement of Operations*** summarizes the revenues and operating expenses for a given period.

Statement of Cash Flows

The ***Statement of Cash Flows*** reports on how activities were financed for a given period which provides a measure of the changes in cash for that period.

Statement of Financial Position

The ***Statement of Financial Position*** 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.

The categories of financial information have been developed to ensure:

- that they provide a sound picture of the financial position of a drinking water system
- that they are aligned with municipal financial statements prepared on a full accrual accounting basis
- consistent financial planning for municipal water services

The goal of the financial plan is to provide the Town with a realistic and informed view of the water and wastewater operating and capital expenditures needed over time to maintain the integrity and health of its physical infrastructure and to accommodate growth and new environmental standards. As such, a Long Range Financial Plan (LRFP) creates a more purposeful approach to long-term financial management and helps align short term actions with long term financial strategies.



Importance of a Long Range Financial Plan

A LRFP is a framework to guide the Town in planning and decision-making and it:

- Examines fiscal trends;
- Identifies fiscal issues and opportunities;
- Increases communication & awareness;
- Stimulates long-term thinking;
- Helps establish fiscal policies and goals;
- Ensures a reasonable degree of stability and predictability in the rate burden;
- Provides a fair sharing in the distribution of resources between current and future ratepayers;
- Ensures sustainable cash flows;
- Maximizes financial flexibility; and
- Minimizes financial vulnerability during economic downturns.

Principles of Financial Sustainability

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.

The LRFPP will be instrumental in the Town’s ability to meet the Provincial reporting requirements included in O.Reg. 453/07 for water and wastewater operations and has been developed in recognition of the above noted principles.



The LRFP is Dynamic—Regular Updates Will Be Undertaken

This document puts the Town’s water & wastewater financial condition in perspective, discusses the current challenges and risks and provides a sustainable financial forecast. The plan also provides a framework for guiding the annual budget and the financial planning over a longer horizon. The LRFP helps to understand the implications that today’s decisions have on future budgets. The LRFP has been prepared to meet the regulatory requirements. It does not represent a formal multi-year budget. The approval of the budget is undertaken annually.

Great effort has been made to present accurate financial projections, based upon the data available at this time. In accordance with the regulations, financial plans must be updated in conjunction with an application for licence renewal (i.e. every 5 years), however, there are many potential circumstances that could occur within the short to medium term that would affect the assumptions in the projections for operating and capital. Council priorities, planning policies, changes to service levels, consumption projections and infrastructure requirements, will certainly lead to changes and the LRFP should be adjusted to reflect these changes as they occur.

As a best practice, The Ministry of the Environment document entitled “Toward Financial Sustainability” suggests that Financial Plans should be updated on an annual forward looking basis. By doing so, continuous improvement will be fostered and results can be considered as part of the annual budget process.

It is well recognized that a Financial Plan is a **dynamic document** that should be updated and re-evaluated, on an **ongoing** basis to:

- Amend the assumptions, projections and strategies based on changes in the municipal environment
- Continue building awareness of the results of projections of current operating and capital spending and funding levels
- Assist the Town in determining the extent of its financial challenges
- Reconfirm the key financial goals and strategies that should guide future planning
- Spur the development of actions in future business plans that would respond to the long-term strategies

*Background Information Used to Prepare the
Water and Wastewater Financial Plan*

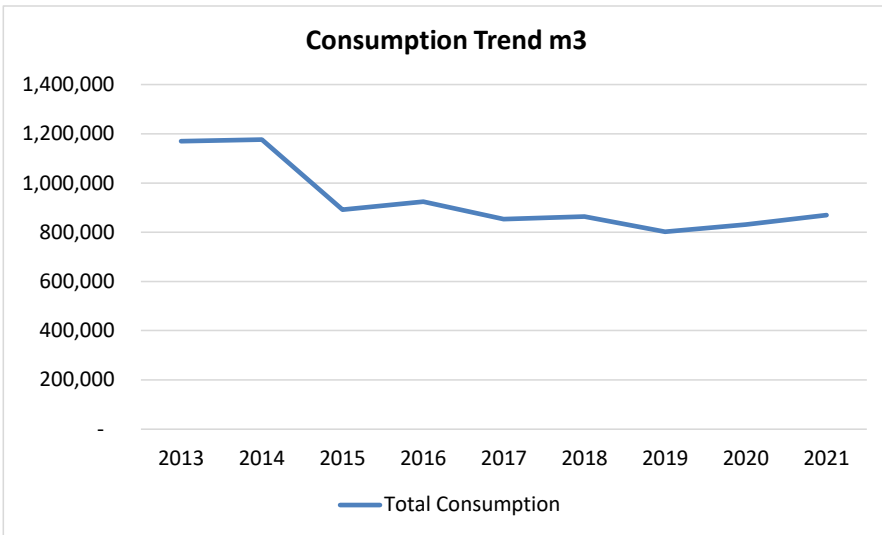


Sources of Data to Prepare Long Range Financial Plan

- ***Reserves***—Water/WW Lifecycle Reserve projected opening balance 2022 which took into consideration any commitments from previous years.
- ***Operating Budget***—The 2019-2022 Operating Budgets for Water and Wastewater.
- ***Capital Budget***—The 10 year projected Capital Budget.
- ***Financial Information Return (FIRs) 2020***—The Town’s FIR was used in the preparation of the O. Regs with respect to amortization information.
- ***Consumption***—Consumption trends were provided to determine an appropriate assumption with respect to rate setting. As will be shown later in the report, despite increases in growth, the overall trend reflects declining consumptions. This is important to consider in establishing future rates and revenue stability.
- ***Customer Accounts and Meters by Size***—Customer account information by meter size.
- ***Historical Rates***—A review was undertaken of the historical rates to gain perspective into the strategies that have been deployed to support financial sustainability.
- ***Debt Schedules***—Water and Wastewater debt schedules.

Consumption Trends

Consistent with the experiences in other Ontario municipalities, water consumption has been trending down in both the residential and the Industrial, Commercial and Institutional (ICI) sectors. While weather conditions creates some fluctuation, the overall trend in Penetanguishene reflects a downward trend. The following summarizes the key findings and observations:



- From 2016 to 2018, the Town has experienced a reduction in the amount of water consumed of 20% from the previous 3 year period. And from the period 2019 to 2021, a further 3% reduction.

Comparison of 3 year averages m3 (000's)	Average Annual Consumption	Difference from previous
2013-2015	1,079,556	
2016-2018	863,568	-20%
2019-2021	833,811	-3%

- Consumption reductions related to the non-residential sector reflects the loss of one major industrial customer, the high school closure and reduced consumption associated with the hospital.
- Analyzing consumption is important because this is the basis upon which rates are set. The Town currently recovers between 76% to 78% of the revenues from the volumetric rate. As such, consumption assumptions are important.
- There is a need to reset assumptions to reflect the decline in consumption. The 2022 operating budgeted revenues from rates were based on a consumption of 937,821 m³ meters. Our recommendation for 2023 consumption is use the consumption over the last three years of 833,811 m³, a reduction of approximately 11.1%.
- Note that an adjustment has also been made to the wastewater billable consumption which has also been lower than anticipated.

Cost of Service and Ratepayer Affordability

- An analysis of the 2021-2022 water and wastewater rates in Penetanguishene was undertaken against other municipalities within the surrounding area as well as some additional municipalities with similar population as Penetanguishene.
- As shown in the table, the customer cost of water/ww services is approximately 9.5% lower than the peer average for a residential customer that consumes 200 m3 per year.
- For non-residential customers, the cost of service in Penetanguishene ranges from 0.9% to 3.8% lower than the peer average.
- Differences in rates are impacted by the overall age of the system, the condition of the infrastructure, the complexity of the system and the strategies used to address infrastructure gaps.

Volume Meter Size	Residential	Commercial	Industrial	Industrial
	200 m3 5/8"	10,000 m3 2"	30,000 m3 3"	100,000 m3 4"
New Tecumseth	\$ 940	\$ 47,000	\$ 141,000	\$ 419,600
Orillia	\$ 988	\$ 36,755	\$ 111,339	\$ 360,541
Midland	\$ 1,014	\$ 37,612	\$ 110,549	\$ 359,793
Collingwood	\$ 1,052	\$ 19,731	\$ 54,426	\$ 174,100
Orangeville	\$ 1,071	\$ 42,995	\$ 127,528	\$ 423,326
Barrie	\$ 1,150	\$ 44,235	\$ 130,261	\$ 422,800
North Dumfries	\$ 1,174	\$ 49,292	\$ 147,492	\$ 491,192
Innisfil	\$ 1,246	\$ 37,663	\$ 112,467	\$ 369,367
Bracebridge	\$ 1,290	\$ 46,301	\$ 139,240	\$ 453,992
Gravenhurst	\$ 1,290	\$ 46,301	\$ 139,240	\$ 453,992
Huntsville	\$ 1,290	\$ 46,301	\$ 139,240	\$ 453,992
Owen Sound	\$ 1,344	\$ 39,193	\$ 114,438	\$ 373,310
Tay	\$ 1,346	\$ 67,300	\$ 201,900	\$ 673,000
Springwater	\$ 1,536	\$ 58,348	\$ 174,548	\$ 581,248
Grey Highlands	\$ 1,560	\$ 24,404	\$ 61,733	\$ 173,889
Lambton Shores	\$ 1,676	\$ 66,380	\$ 195,711	\$ 642,080
Parry Sound	\$ 1,977	\$ 64,056	\$ 189,008	\$ 604,895
Peer Average	\$ 1,291	\$ 45,522	\$ 134,713	\$ 437,125
Penetanguishene	\$ 1,168	\$ 43,800	\$ 132,112	\$ 433,343
% Below Average	-9.5%	-3.8%	-1.9%	-0.9%

Ratepayer Affordability

- Ratepayer affordability has also been taken into consideration in the projection of water/wastewater rates. Ratepayer affordability compares the cost of water/ww services in relation to average household income.
- As shown in the table, in 2021 using this affordability metric, Penetanguishene is at the survey average of peer municipal comparators.



Municipality	2021 Est. Avg. Household Income	2021 Residential Water/WW Costs 200 m3	Affordability Metric
New Tecumseth	\$ 113,057	\$ 940	0.8%
North Dumfries	\$ 138,966	\$ 1,174	0.8%
Orangeville	\$ 107,959	\$ 1,071	1.0%
Springwater	\$ 153,279	\$ 1,536	1.0%
Collingwood	\$ 98,006	\$ 1,052	1.1%
Innisfil	\$ 115,243	\$ 1,246	1.1%
Barrie	\$ 102,948	\$ 1,150	1.1%
Orillia	\$ 79,821	\$ 988	1.2%
Huntsville	\$ 102,844	\$ 1,290	1.3%
Midland	\$ 78,930	\$ 1,014	1.3%
Bracebridge	\$ 99,653	\$ 1,290	1.3%
Gravenhurst	\$ 91,638	\$ 1,290	1.4%
Grey Highlands	\$ 110,153	\$ 1,560	1.4%
Tay	\$ 89,472	\$ 1,346	1.5%
Owen Sound	\$ 75,861	\$ 1,344	1.8%
Lambton Shores	\$ 93,596	\$ 1,676	1.8%
Parry Sound	\$ 72,147	\$ 1,977	2.7%
Average	\$ 101,387	\$ 1,291	1.3%
Penetanguishene	\$ 90,680	\$ 1,168	1.3%

Source: 2022 rate by-laws, 2021 household income Manifold Data Mining.

Number of Customers

The following summarizes the number of 2021 customer accounts for water and wastewater services.

	2021	2021
	Water	WW
New Accounts		
5/8"	2,850	2,681
3/4"	12	12
1"	33	33
1.5"	26	24
2"	39	38
3"	4	3
4"	8	8
6"	5	4
8"	-	-
Total	2,977	2,803

- In the calculation of rates, the above noted number of customers has been used as the base.

Meter Equivalencies

Fairness and equity principles ensure that customers are contributing equitably toward revenue requirements. A key consideration in ensuring fairness and equity principles are adhered to was to review the differentials by meter size used to recover fixed costs.

Equivalent meter ratios for the meters and services are based on representative metering costs. The costs for installing, maintaining and replacing customer meters and services increase with the size of the service and the corresponding equivalent meter ratio increases for this reason. Equivalent meter ratios for the meters and services are based on representative metering costs using 5/8" meter as a base.

The following table provides the existing meter equivalencies used by the Town. These ratios are in accordance with CWWA standards and should continue to be used to establish fixed meter rates.

	ME
5/8"	1.00
3/4"	1.00
1"	1.40
1.5"	1.80
2"	2.90
3"	11.00
4"	14.00
6"	21.00

Historical Water and Wastewater Rates

		2018	2019	2020	2021	2022
Water						
Water Usage Charge (Volumetric) per m3		\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
Water Charge based on Meter Size - Monthly	5/8"	\$ 9.03	\$ 9.03	\$ 9.03	\$ 9.03	\$ 9.03
	3/4"	\$ 9.03	\$ 9.03	\$ 9.03	\$ 9.03	\$ 9.03
	1"	\$ 12.66	\$ 12.66	\$ 12.66	\$ 12.66	\$ 12.66
	1.5"	\$ 16.26	\$ 16.26	\$ 16.26	\$ 16.26	\$ 16.26
	2"	\$ 26.20	\$ 26.20	\$ 26.20	\$ 26.20	\$ 26.20
	3"	\$ 99.38	\$ 99.38	\$ 99.38	\$ 99.38	\$ 99.38
	4"	\$ 126.47	\$ 126.47	\$ 126.47	\$ 126.47	\$ 126.47
	6"	\$ 189.71	\$ 189.71	\$ 189.71	\$ 189.71	\$ 189.71
Volumetric Rate change			0.0%	0.0%	0.0%	0.0%
Fixed Rate Change			0.0%	0.1%	0.0%	0.0%
		2018	2019	2020	2021	2022
Wastewater						
Wastewater Surcharge rate		147.40%	156.00%	165.33%	175.33%	186.00%
Wastewater Usage Charge (Volumetric) per m3		\$ 2.21	\$ 2.34	\$ 2.48	\$ 2.63	\$ 2.79
Wastewater Charge based on Meter Size - Monthly	5/8"	\$ 13.30	\$ 14.08	\$ 14.93	\$ 15.83	\$ 16.81
	3/4"	\$ 13.30	\$ 14.08	\$ 14.93	\$ 15.83	\$ 16.81
	1"	\$ 18.66	\$ 19.75	\$ 20.93	\$ 22.20	\$ 23.56
	1.5"	\$ 23.97	\$ 25.36	\$ 26.88	\$ 28.51	\$ 30.26
	2"	\$ 38.61	\$ 40.87	\$ 43.32	\$ 45.94	\$ 48.77
	3"	\$ 146.48	\$ 155.03	\$ 164.31	\$ 174.25	\$ 184.98
	4"	\$ 186.42	\$ 197.29	\$ 209.10	\$ 221.74	\$ 235.41
	6"	\$ 279.63	\$ 295.94	\$ 313.65	\$ 332.62	\$ 353.12
Volumetric Rate change			5.8%	6.0%	6.0%	6.1%
Fixed Rate Change			5.8%	6.0%	6.0%	6.2%

- As shown in the tables, there have been no increases in water rates over the past four years. As will be shown later in the report, future increases are recommended as a result in a decline in water consumption to ensure the rates are recovering the full cost of service.
- Wastewater rates have increased by approximately 6% over the past four years. As will be shown later in the report, future rate increases are required to ensure the rates are recovering the full cost of service.

- As stated by the Canadian Waterworks Association (CWWA), there is and always will be a lot of variation in rate setting practices given that there is no single rate setting approach or rate structure. At the heart of the methodology for setting water and wastewater rates is the concept of a two-part rate structure, a volumetric charge and a fixed charge.
- Of over 100 Ontario municipalities surveyed, approximately 90% have a two-tiered rate structure, consistent with the approach in Penetanguishene. The range of costs allocated to volumetric charge ranged from 0-100% with a survey.
- The Town's existing rate setting practice is to recover approximately 76-78% of revenues from the volumetric charge and the remainder from the fixed monthly charge.
- The extent to which costs are recovered from the fixed monthly versus the volumetric rate varies depending on the underlying goals and objectives of the municipality.
- Municipalities have different objectives in setting rates including but not limited to conservation, revenue stability, simple to understand and administer, infrastructure sustainability (full cost recovery) and economic development.
- Assigning a higher proportion of costs to be recovered from the fixed monthly rate while supporting revenue stability, creates affordability challenges for small consumption residential customers.
- Municipalities where conservation is important tend to establish a lower proportion of the costs to be recovered on the fixed monthly charge.
- The recommended approach in setting the rates is to maintain the same rate proportion of fixed and volumetric charges. The existing allocation continues to support affordability objectives and with approximately 23% from the fixed monthly charges, there is an adequate level of revenue stability.

Forecast Assumptions
Water and Wastewater Financial Plan



Reserves and Revenue Stability Strategies

A Reserve is a financial provision or amount that is designated for a future purpose that extends beyond the current fiscal year. While its balance may vary over the course of a year, the Reserve is carried forward from one fiscal year to the next to facilitate multi-year financial planning. Reserves can be established to meet specific liabilities such as the replacement/acquisition of capital assets or to protect against known risks or unforeseen circumstances that may create financial difficulties.

The purpose for maintaining reserves includes:

- To provide for rate stabilization;
- To provide financing for one-time or short term requirements;
- To make provisions for replacements/renewals/acquisitions of assets/infrastructure that are currently being consumed;
- To avoid spikes in funding requirements for large capital projects by reducing their reliance on long-term debt borrowings;
- To provide a source of internal financing;
- To ensure adequate and sustainable cash flows; and
- To provide **financial sustainability**

- The following principles were used in preparing the Financial Plan:

Reserve and Revenue Stability Strategies

- *The Town will maintain all infrastructure in a state of good repair by implementing life cycle costing and providing adequate annual contributions to the replacement reserves to fund the future rehabilitation/replacement of assets.*
- *The Town will target setting aside a contribution to the Water and Wastewater Reserve based on the annual amortization expense.*



Debt Financing Strategies

Debt management may be defined as the process of providing for the payment of interest and principal payments on existing debt and the planning for new debt issuance at a level which will optimize borrowing cost and not impair the financial position of the municipality.

The prudent use of debt is acknowledged as a fundamental component to well developed and credible financial management and supports financial discipline and stability.

Adherence to a debt management plan signals to credit rating agencies and capital markets that the municipality is well managed and should meet its obligations.

Increasing levels of debt that are growing faster than tax revenues will also put pressure on other programs and future capital priorities and reduce the amount of discretionary spending in the operating budget.

To mitigate these concerns, municipalities need to strike a balance with debt. Too little debt can severely restrict the funds available for financing infrastructure, while too much debt is fiscally unsustainable over the long-term.

Hence, municipalities need to ensure that:

- Future debt service payments can be made in full and on time, without jeopardizing the provision of essential services;
- Outstanding debt obligations will not threaten long-term financial stability of the municipality; and
- The amount of outstanding debt will not place undue burden on residents and businesses.

The Province regulates the amount of debt by setting a repayment limit of 25% of own source revenue. If the Town were to reach that limit, future operating budgets would be severely constrained or revenues would have to increase significantly.

- The following principle was used in preparing the Financial Plan:

Debt Financing Strategies

- Principal and interest for water and wastewater rate supported debt on a consolidated basis will not to exceed 25% of own source revenues with an optimal target of 10%-15%. This maintains sufficient financial flexibility.

Summary of Financial Environment and Assumptions

Water and Wastewater Financial Plan



Summary of Financial Environment and Assumptions

The following summarizes the key challenges, risks and opportunities to long-term financial sustainability which have been addressed as part of the Financial Plan:

- **Expenditure Increases**—5% annually for Fuel and Insurance, with 3% annually for all other expenditures
- **Rate Revenue Requirements**—Water rate revenue requirement increases of 4.5% annually from 2023-2025 with 5% annually thereafter, and wastewater increases of 8% annually from 2023-2025 and 5% for the remainder of the plan.
- **Other Revenues**— 2% annually
- **Sources of Financing**—Capital Reserves were used as the primary source of financing as defined in the Town’s Capital Budget document.
- **Debt Issuance Interest Rates**—No new rate supported debt has been forecast as the reserve contributions support the replacement of assets.
- **Service Standards**—Water and wastewater programs are maintained at their current service levels.
- **Development Charge Revenues**—The 10 year forecast includes assumptions with respect to Development Charge Revenues to support growth related projects. These reflect the projections in the Development Charge Background Study.
- **Capital Requirements**—The total capital replacement budget for the 10 year period 2022-2031 is as follows:
 - Water—\$4.575 million
 - Wastewater—\$3.208 million
- The total capital growth-related budget for the 10 year period 2022-2031 is as follows:
 - Water—\$786,750
 - Wastewater—\$904,944
- **Regulatory and Legislative Environment**—Municipalities across Ontario have consistently identified legislative and regulatory changes and requirements as a major factor driving the cost of service over the past 10 years and will continue to be a factor well into the future. Statutes and associated regulations that dictate service levels include:
 - Municipal Act;
 - Clean Water Act;
 - Water Opportunities Act;
 - Ontario Water Resources Act;
 - Safe Drinking Water Act (SDWA);
 - Federal Regs. for effluent quality under the Fisheries Act;
 - Sustainable Water and Sewage Systems Act; and
 - PSAB 3150, Tangible Capital Assets Reporting

Forecast
Water and Wastewater Financial Plan



Summary of Water Operating Budget Forecast

The Town’s objective in establishing the Water rates is maintain the existing rates from 2022-2031 to support affordability and the prioritization of water capital needs. An increase of 4.5% is recommended from 2023-2025 and 5% annually thereafter.

Water	2022 Budget	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues										
Billing Revenue	\$ (1,767,500)	\$ (1,684,002)	\$ (1,759,782)	\$ (1,838,972)	\$ (1,930,920)	\$ (2,027,466)	\$ (2,128,840)	\$ (2,235,282)	\$ (2,347,046)	\$ (2,464,398)
Other Revenues	\$ (58,210)	\$ (59,374)	\$ (60,562)	\$ (61,773)	\$ (63,008)	\$ (64,269)	\$ (65,554)	\$ (66,865)	\$ (68,202)	\$ (69,566)
Total Revenues	\$ (1,825,710)	\$ (1,743,376)	\$ (1,820,343)	\$ (1,900,745)	\$ (1,993,929)	\$ (2,091,735)	\$ (2,194,394)	\$ (2,302,147)	\$ (2,415,248)	\$ (2,533,964)
EXPENSES										
Salaries, Wages & Benefits	\$ 775,120	\$ 798,374	\$ 822,325	\$ 846,995	\$ 872,404	\$ 898,577	\$ 925,534	\$ 953,300	\$ 981,899	\$ 1,011,356
Computer Services	\$ 28,500	\$ 29,355	\$ 30,236	\$ 31,143	\$ 32,077	\$ 33,039	\$ 34,030	\$ 35,051	\$ 36,103	\$ 37,186
Contracted Services	\$ 49,000	\$ 50,470	\$ 51,984	\$ 53,544	\$ 55,150	\$ 56,804	\$ 58,509	\$ 60,264	\$ 62,072	\$ 63,934
Fuel	\$ 9,000	\$ 9,450	\$ 9,923	\$ 10,419	\$ 10,940	\$ 11,487	\$ 12,061	\$ 12,664	\$ 13,297	\$ 13,962
Hydro	\$ 183,600	\$ 189,108	\$ 194,781	\$ 200,625	\$ 206,643	\$ 212,843	\$ 219,228	\$ 225,805	\$ 232,579	\$ 239,556
Insurance	\$ 70,753	\$ 74,291	\$ 78,005	\$ 81,905	\$ 86,001	\$ 90,301	\$ 94,816	\$ 99,557	\$ 104,534	\$ 109,761
Legal	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633	\$ 652
Maintenance	\$ 233,040	\$ 240,031	\$ 247,232	\$ 254,649	\$ 262,289	\$ 270,157	\$ 278,262	\$ 286,610	\$ 295,208	\$ 304,064
Materials & Supplies	\$ 65,300	\$ 67,259	\$ 69,277	\$ 71,355	\$ 73,496	\$ 75,701	\$ 77,972	\$ 80,311	\$ 82,720	\$ 85,202
Other Expenses	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898	\$ 2,985	\$ 3,075	\$ 3,167	\$ 3,262
Payment in Lieu	\$ 34,000	\$ 35,020	\$ 36,071	\$ 37,153	\$ 38,267	\$ 39,415	\$ 40,598	\$ 41,816	\$ 43,070	\$ 44,362
Transfer to Reserve	\$ 346,932	\$ 219,463	\$ 249,863	\$ 282,215	\$ 325,821	\$ 372,469	\$ 422,338	\$ 475,616	\$ 532,501	\$ 593,202
Debt Charges - Principal Existing	\$ 10,247	\$ 10,632	\$ 11,031	\$ 11,445	\$ 11,875	\$ 12,321	\$ 12,783	\$ 13,263	\$ 13,761	\$ 14,278
Debt Charges - Interest Existing	\$ 17,218	\$ 16,833	\$ 16,434	\$ 16,020	\$ 15,590	\$ 15,144	\$ 14,682	\$ 14,202	\$ 13,704	\$ 13,187
Total Expenses	\$ 1,825,710	\$ 1,743,376	\$ 1,820,343	\$ 1,900,745	\$ 1,993,929	\$ 2,091,735	\$ 2,194,394	\$ 2,302,147	\$ 2,415,248	\$ 2,533,964
NET Spending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue % Change		-4.7%	4.5%	4.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Summary of Wastewater Operating Budget Forecast

The Town's objective in establishing the Wastewater rates is to avoid large fluctuations from year to year and to ensure that rates are set at a level to adequately cover current operating costs, maintain and repair the Town's existing asset base and replace assets where appropriate. The following table reflects the wastewater operating budget forecast. As there is currently a negative reserve position expected in 2021, there is a need to gradually increase reserve contributions while at the same time maintaining ratepayer affordability. An increase of 8% is recommended from 2023-2025 and 5% annually thereafter.

Wastewater	2022 Budget	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues										
Billing Revenue	\$ (2,696,453)	\$ (2,664,626)	\$ (2,877,796)	\$ (3,108,020)	\$ (3,263,421)	\$ (3,426,592)	\$ (3,597,921)	\$ (3,777,817)	\$ (3,966,708)	\$ (4,165,043)
Transfer from Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OCIF Grant	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ (200,000)					
Total Revenues	\$ (2,896,453)	\$ (2,864,626)	\$ (3,077,796)	\$ (3,308,020)	\$ (3,463,421)	\$ (3,426,592)	\$ (3,597,921)	\$ (3,777,817)	\$ (3,966,708)	\$ (4,165,043)
EXPENSES										
Salaries, Wages & Benefits	\$ 725,012	\$ 746,762	\$ 769,165	\$ 792,240	\$ 816,007	\$ 840,488	\$ 865,702	\$ 891,673	\$ 918,424	\$ 945,976
Computer Services	\$ 43,000	\$ 44,290	\$ 45,619	\$ 46,987	\$ 48,397	\$ 49,849	\$ 51,344	\$ 52,885	\$ 54,471	\$ 56,105
Contracted Services	\$ 40,000	\$ 41,200	\$ 42,436	\$ 43,709	\$ 45,020	\$ 46,371	\$ 47,762	\$ 49,195	\$ 50,671	\$ 52,191
Fuel	\$ 12,150	\$ 12,758	\$ 13,395	\$ 14,065	\$ 14,768	\$ 15,507	\$ 16,282	\$ 17,096	\$ 17,951	\$ 18,849
Hydro	\$ 405,600	\$ 417,768	\$ 430,301	\$ 443,210	\$ 456,506	\$ 470,202	\$ 484,308	\$ 498,837	\$ 513,802	\$ 529,216
Insurance	\$ 101,076	\$ 106,130	\$ 111,436	\$ 117,008	\$ 122,859	\$ 129,001	\$ 135,452	\$ 142,224	\$ 149,335	\$ 156,802
Legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ 324,700	\$ 334,441	\$ 344,474	\$ 354,808	\$ 365,453	\$ 376,416	\$ 387,709	\$ 399,340	\$ 411,320	\$ 423,660
Materials & Supplies	\$ 235,125	\$ 242,179	\$ 249,444	\$ 256,927	\$ 264,635	\$ 272,574	\$ 280,752	\$ 289,174	\$ 297,849	\$ 306,785
Other Expenses	\$ 44,900	\$ 46,247	\$ 47,634	\$ 49,063	\$ 50,535	\$ 52,051	\$ 53,613	\$ 55,221	\$ 56,878	\$ 58,584
Payment in Lieu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Reserve	\$ 377,359	\$ 285,322	\$ 436,360	\$ 602,469	\$ 691,708	\$ 586,603	\$ 687,468	\$ 794,642	\$ 908,475	\$ 1,029,345
Loan Charges - Principal Existing	\$ 22,778									
Loan Charges - Interest Existing	\$ 8,675									
Debt Charges - Principal Existing	\$ 220,803	\$ 251,840	\$ 260,384	\$ 269,222	\$ 278,362	\$ 287,816	\$ 297,596	\$ 307,713	\$ 318,179	\$ 329,003
Debt Charges - Interest Existing	\$ 335,275	\$ 335,690	\$ 327,147	\$ 318,310	\$ 309,170	\$ 299,713	\$ 289,933	\$ 279,817	\$ 269,353	\$ 258,528
Total Expenses	\$ 2,896,453	\$ 2,864,626	\$ 3,077,796	\$ 3,308,020	\$ 3,463,421	\$ 3,426,592	\$ 3,597,921	\$ 3,777,817	\$ 3,966,708	\$ 4,165,043
NET Spending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue % Change		-1.2%	8.0%	8.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Summary of Water Capital Budget Forecast

The following table summarizes the Capital Budget forecast for the next 10 years and the associated funding source.

The 10 year capital plan, from 2022-2031 includes:

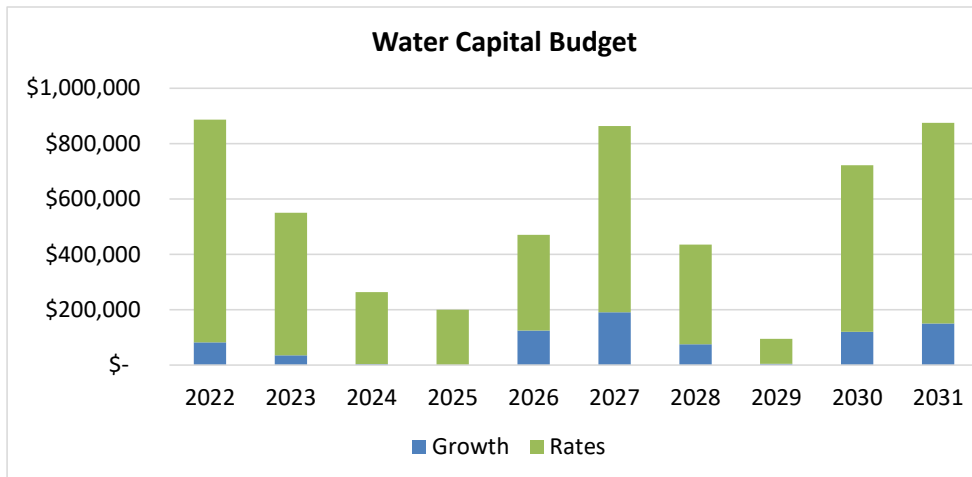
- \$4.575 million is forecast in capital requirements to be funded from the user fees and \$0.786 million from development charges (referred to as growth in the graph below).
- No debt is planned over the forecast period.

Summary of Wastewater Capital Budget Forecast

The following table summarizes the Capital Budget forecast for the next 10 years and the associated funding source.

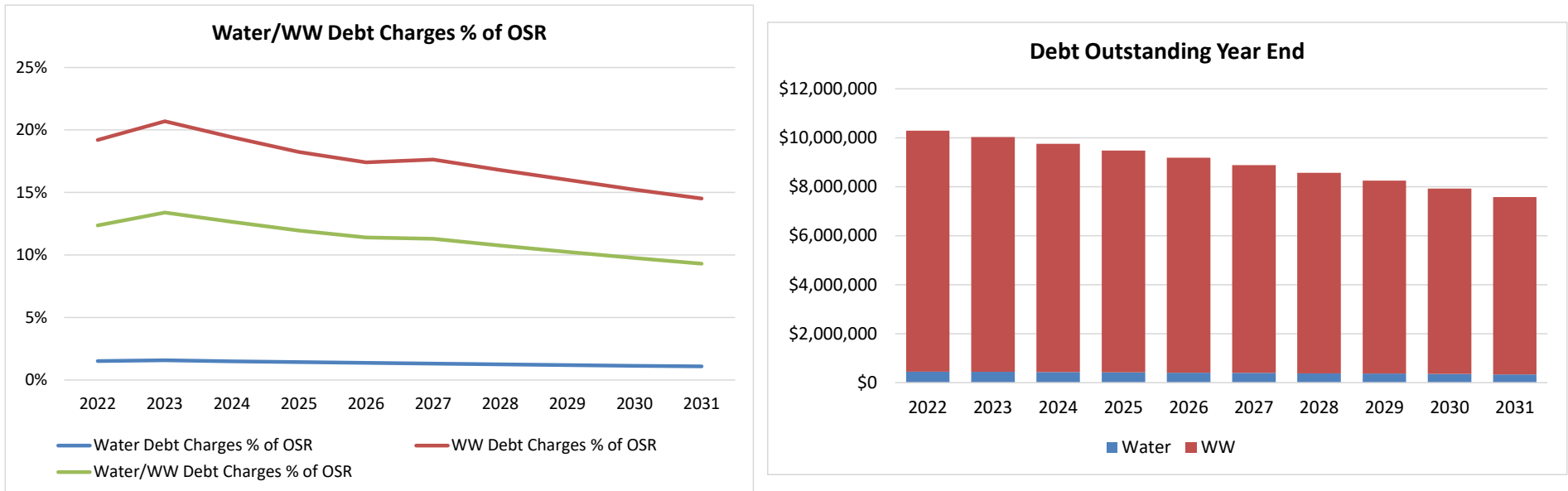
The 10 year capital plan, from 2022-2031 includes:

- \$3.208 million is forecast in capital requirements to be funded from the user fees and \$0.905 million from development charges (referred to as growth in the graph below).
- No debt is planned over the forecast period.



Debt Forecast

The following graph provides a summary of the debt charges as a percentage of own source revenues and the total debt outstanding for water and wastewater over the next 10 years.



Debt charges as a percentage of own source revenues gradually reduce over the forecast as no new debt is forecast to be issued over the next 10 years. Total debt charges as a percentage of own source revenues was 13% in 2023 and reduces to 9% in 2031 on a consolidated basis.

Debt outstanding for water and wastewater are also shown above. By 2031, the combined water/ww debt outstanding is \$7.58 million compared with the 2022 level of \$10.3 million. Should a large project be required before there are sufficient funds available in reserves, the Town is well positioned to issue debt based on the existing low levels of debt.

Projected Water and Wastewater Rates

Based on the assumptions in terms of the rate revenue requirement, consumption and growth, the following provides a summary of the forecast rates over the forecast period for a residential customer consuming 200 m³ annually.

200 m ³ residential impact - 5/8"										
		Water		WW			Cost of service			Blended Percentage Increase from Prior Year
Year	Annual Consumption m ³	Fixed Monthly	Volumetric	Fixed Monthly	WW Surcharge	Volumetric	Water	WW	Total	
2021	200	\$ 9.03	\$ 1.50	\$ 15.83	175.3%	\$ 2.63	\$ 408	\$ 716	\$ 1,124	
2022	200	\$ 9.03	\$ 1.50	\$ 16.81	186.0%	\$ 2.79	\$ 408	\$ 760	\$ 1,168	3.9%
2023	200	\$ 9.44	\$ 1.57	\$ 18.16	192.2%	\$ 3.01	\$ 427	\$ 820	\$ 1,247	6.8%
2024	200	\$ 9.86	\$ 1.64	\$ 19.61	198.7%	\$ 3.25	\$ 446	\$ 886	\$ 1,332	6.8%
2025	200	\$ 10.30	\$ 1.71	\$ 21.18	205.3%	\$ 3.51	\$ 466	\$ 957	\$ 1,423	6.8%
2026	200	\$ 10.82	\$ 1.80	\$ 22.24	205.3%	\$ 3.69	\$ 489	\$ 1,005	\$ 1,494	5.0%
2027	200	\$ 11.36	\$ 1.89	\$ 23.35	205.3%	\$ 3.87	\$ 514	\$ 1,055	\$ 1,569	5.0%
2028	200	\$ 11.93	\$ 1.98	\$ 24.52	205.3%	\$ 4.07	\$ 539	\$ 1,108	\$ 1,647	5.0%
2029	200	\$ 12.53	\$ 2.08	\$ 25.74	205.3%	\$ 4.27	\$ 566	\$ 1,163	\$ 1,729	5.0%
2030	200	\$ 13.15	\$ 2.18	\$ 27.03	205.3%	\$ 4.49	\$ 595	\$ 1,221	\$ 1,816	5.0%
2031	200	\$ 13.81	\$ 2.29	\$ 28.38	205.3%	\$ 4.71	\$ 624	\$ 1,282	\$ 1,907	5.0%

On a blended average annual basis, the cost increase of water/ww service for a typical customer is approximately 3.9% to 6.8% over the next 4 years and then reduces to 5% for the remainder of the forecast period.

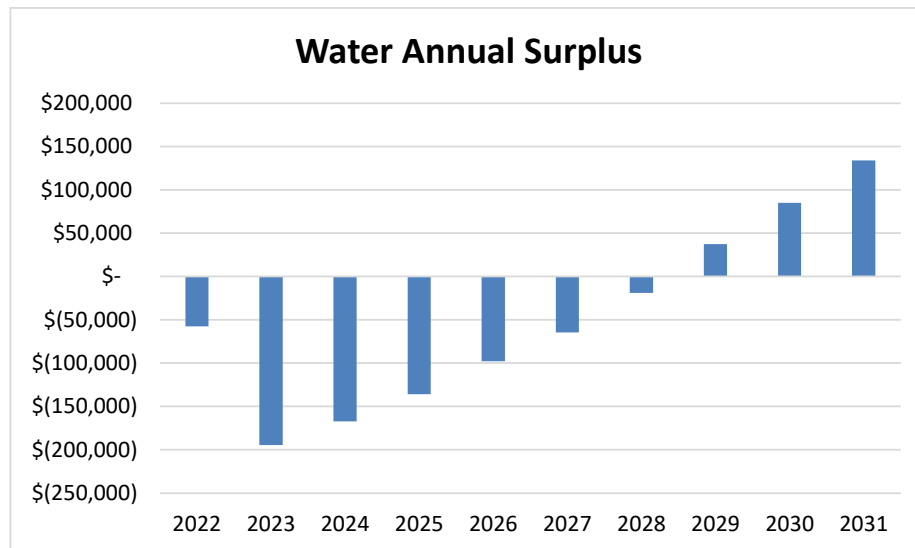
***Reporting Requirements
O. Reg 453/07***



Water Financial Plan—O.Reg. 453/07

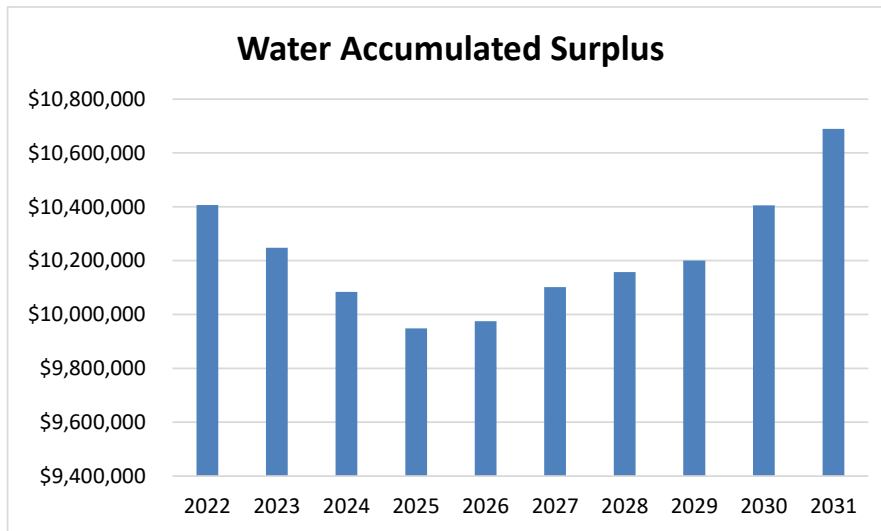
The Financial Plan has been prepared in accordance with the regulation (O.Reg. 453/07) made under the Safe Drinking Water Act. The Financial Plan regulation requires that the plans be updated every five years along with the request for the renewal of the drinking water licence. This ongoing update will assist in revisiting the assumptions made to develop the operating and funding plans as well as reassessing the needs for capital renewal and major maintenance expenses.

- **Statement of Financial Operations**—This statement summarizes the revenues and expenditures. The expenditures include ongoing operating costs plus asset amortization. As shown in the statement of financial operations and in the graph below, the Town is generating excess expenses over revenues including amortization for water, for the first six years, surpluses are generated in 2029-2031.

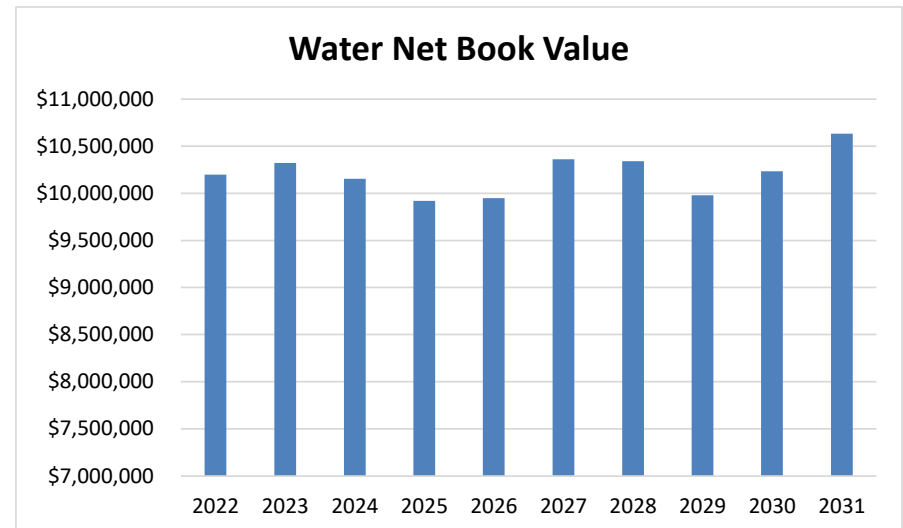


- **Cash Receipts or Gross Cash Payments (Cash Flows)** —The cash flow statement summarizes how the water system is expected to generate and utilize cash resources. The transactions that generate and use cash include the projection of cash to be received from revenues, cash to be used for operating expenditures and financing charges, cash projected to be used to acquire capital assets and projected financial transactions that are the proceeds from debt or debt principal repayment. Cash balances are positive throughout the forecast period, as reflected in the Financial Statements.
- **Net Financial Assets**—An important feature of a water system is its net financial assets. A positive number indicates that the system has the resources to deal with future capital and other needs. A negative number indicates that past capital and other investments must be financed from future revenues. No debt was anticipated throughout the term. The Town’s net financial assets remain positive throughout the forecast period.

- Accumulated Surplus**—Another financial indicator that is reflected in the financial position statement is the accumulated surplus. This indicator represents cash on hand plus the net book value of tangible capital assets less debt. The accumulated surplus is forecast to increase from 2025 to 2031, as shown below and in the Statement of Financial Position.



- Tangible Capital Assets (Net Book Value)** - Water systems have a great deal of resources tied up in tangible capital assets and managing these assets is critical to maintaining current and future levels of service. An increase in net book value of tangible capital assets is an indication that assets have been renewed faster than they were used. A decrease in net book value indicates that assets are being used, or amortized, faster than they are renewed. The net book value is projected to increase for water, from \$10.198 million in 2022 to \$10.631 million in 2031.



Statement of Financial Operations—Water

	Budget	Projected								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues										
Rate Revenues	\$ 1,767,500	\$ 1,684,002	\$ 1,759,782	\$ 1,838,972	\$ 1,930,920	\$ 2,027,466	\$ 2,128,840	\$ 2,235,282	\$ 2,347,046	\$ 2,464,398
Other Revenues	\$ 58,210	\$ 59,374	\$ 60,562	\$ 61,773	\$ 63,008	\$ 64,269	\$ 65,554	\$ 66,865	\$ 68,202	\$ 69,566
Interest Revenues	\$ 6,569	\$ 3,679	\$ 3,614	\$ 4,473	\$ 4,321	\$ 1,363	\$ 2,000	\$ 5,877	\$ 5,240	\$ 3,975
Total Revenues	\$ 1,832,279	\$ 1,747,055	\$ 1,823,958	\$ 1,905,217	\$ 1,998,249	\$ 2,093,098	\$ 2,196,394	\$ 2,308,023	\$ 2,420,488	\$ 2,537,939
Operating Expenses										
Salaries, Wages & Benefits	\$ 775,120	\$ 798,374	\$ 822,325	\$ 846,995	\$ 872,404	\$ 898,577	\$ 925,534	\$ 953,300	\$ 981,899	\$ 1,011,356
Contracted Services	\$ 49,000	\$ 50,470	\$ 51,984	\$ 53,544	\$ 55,150	\$ 56,804	\$ 58,509	\$ 60,264	\$ 62,072	\$ 63,934
Utilities - Hydro	\$ 183,600	\$ 189,108	\$ 194,781	\$ 200,625	\$ 206,643	\$ 212,843	\$ 219,228	\$ 225,805	\$ 232,579	\$ 239,556
Maintenance	\$ 233,040	\$ 240,031	\$ 247,232	\$ 254,649	\$ 262,289	\$ 270,157	\$ 278,262	\$ 286,610	\$ 295,208	\$ 304,064
Materials and Supplies	\$ 65,300	\$ 67,259	\$ 69,277	\$ 71,355	\$ 73,496	\$ 75,701	\$ 77,972	\$ 80,311	\$ 82,720	\$ 85,202
Other Expenses	\$ 145,253	\$ 151,206	\$ 157,417	\$ 163,898	\$ 170,661	\$ 177,720	\$ 185,087	\$ 192,777	\$ 200,805	\$ 209,186
Total Operating Expenses	\$ 1,451,313	\$ 1,496,447	\$ 1,543,016	\$ 1,591,065	\$ 1,640,643	\$ 1,691,801	\$ 1,744,591	\$ 1,799,066	\$ 1,855,283	\$ 1,913,298
Debt Charges										
Debt Charges - Interest Payments	\$ 17,218	\$ 16,833	\$ 16,434	\$ 16,020	\$ 15,590	\$ 15,144	\$ 14,682	\$ 14,202	\$ 13,704	\$ 13,187
Amortization Expense										
Water Assets	\$ 421,409	\$ 428,284	\$ 431,580	\$ 434,080	\$ 439,962	\$ 450,755	\$ 456,193	\$ 457,380	\$ 466,405	\$ 477,343
Total Expenses	\$ 1,889,940	\$ 1,941,564	\$ 1,991,030	\$ 2,041,165	\$ 2,096,195	\$ 2,157,701	\$ 2,215,465	\$ 2,270,648	\$ 2,335,392	\$ 2,403,828
Annual Surplus/Deficit	\$ (57,661)	\$ (194,509)	\$ (167,072)	\$ (135,947)	\$ (97,945)	\$ (64,602)	\$ (19,071)	\$ 37,375	\$ 85,097	\$ 134,112

Statement of Cash Flow/Cash Receipts—Water

	Budget	Projected								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Revenues	\$ 1,832,279	\$ 1,747,055	\$ 1,823,958	\$ 1,905,217	\$ 1,998,249	\$ 2,093,098	\$ 2,196,394	\$ 2,308,023	\$ 2,420,488	\$ 2,537,939
Cash Paid For										
Operating Costs	\$ 1,451,313	\$ 1,496,447	\$ 1,543,016	\$ 1,591,065	\$ 1,640,643	\$ 1,691,801	\$ 1,744,591	\$ 1,799,066	\$ 1,855,283	\$ 1,913,298
Debt Repayment - Debt Interest	\$ 17,218	\$ 16,833	\$ 16,434	\$ 16,020	\$ 15,590	\$ 15,144	\$ 14,682	\$ 14,202	\$ 13,704	\$ 13,187
Cash Provided from Operating Transactions	\$ 363,748	\$ 233,774	\$ 264,508	\$ 298,133	\$ 342,016	\$ 386,153	\$ 437,122	\$ 494,755	\$ 551,502	\$ 611,455
Capital Transactions										
Acquisition of TCA	\$ 887,000	\$ 550,000	\$ 263,750	\$ 200,000	\$ 470,500	\$ 863,500	\$ 435,000	\$ 95,000	\$ 722,000	\$ 875,000
Finance Transactions										
Proceeds from Debt Issues										
Proceeds from DCs	\$ 82,000	\$ 35,000	\$ 3,750	\$ -	\$ 125,000	\$ 191,000	\$ 75,000	\$ 5,000	\$ 120,000	\$ 150,000
Debt Repayment - Principal	\$ 10,247	\$ 10,632	\$ 11,031	\$ 11,445	\$ 11,875	\$ 12,321	\$ 12,783	\$ 13,263	\$ 13,761	\$ 14,278
Increase/(Decrease) in Cash Equivalents	\$ (451,499)	\$ (291,858)	\$ (6,523)	\$ 86,688	\$ (15,359)	\$ (298,668)	\$ 64,338	\$ 391,492	\$ (64,259)	\$ (127,823)
Cash and Cash Equivalents at Beginning Balance	\$ 1,114,930	\$ 663,430	\$ 371,573	\$ 365,050	\$ 451,738	\$ 436,379	\$ 137,711	\$ 202,049	\$ 593,542	\$ 529,283
Cash and Cash Equivalents at Ending Balance	\$ 663,430	\$ 371,573	\$ 365,050	\$ 451,738	\$ 436,379	\$ 137,711	\$ 202,049	\$ 593,542	\$ 529,283	\$ 401,459

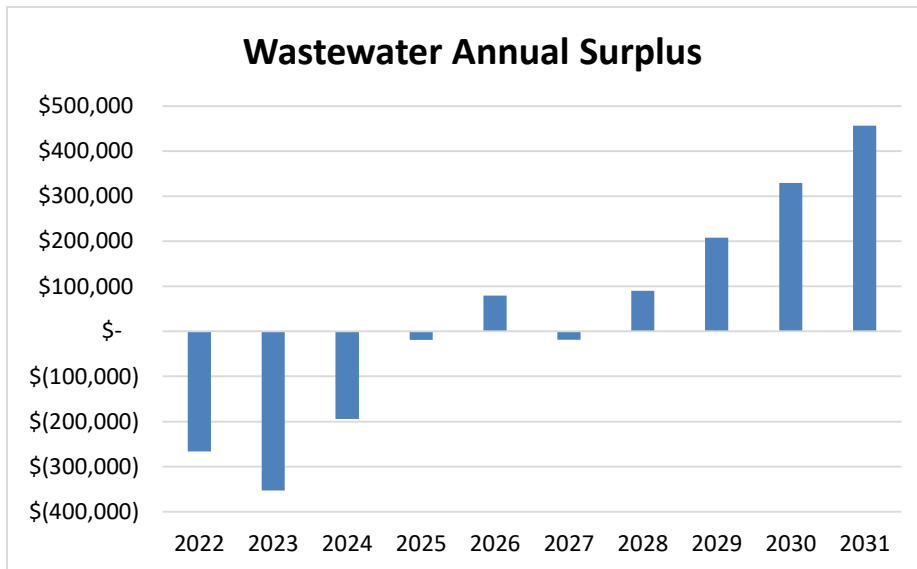
Statement of Financial Position—Water

	Budget	Projected								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Financial Assets										
Cash	\$ 663,430	\$ 371,573	\$ 365,050	\$ 451,738	\$ 436,379	\$ 137,711	\$ 202,049	\$ 593,542	\$ 529,283	\$ 401,459
Liabilities										
Debt - Principal Outstanding	\$ 455,134	\$ 444,503	\$ 433,472	\$ 422,026	\$ 410,152	\$ 397,831	\$ 385,048	\$ 371,784	\$ 358,023	\$ 343,745
Net Financial Assets	\$ 208,296	\$ (72,930)	\$ (68,422)	\$ 29,711	\$ 26,227	\$ (260,120)	\$ (182,998)	\$ 221,757	\$ 171,259	\$ 57,714
Non-Financial Assets										
Tangible Capital Assets	\$ 17,636,446	\$ 18,523,446	\$ 19,073,446	\$ 19,337,196	\$ 19,537,196	\$ 20,007,696	\$ 20,871,196	\$ 21,306,196	\$ 21,401,196	\$ 22,123,196
Additions to Tangible Capital Assets	\$ 887,000	\$ 550,000	\$ 263,750	\$ 200,000	\$ 470,500	\$ 863,500	\$ 435,000	\$ 95,000	\$ 722,000	\$ 875,000
Accumulated Amortization	\$ 8,324,773	\$ 8,753,056	\$ 9,184,636	\$ 9,618,717	\$ 10,058,678	\$ 10,509,434	\$ 10,965,627	\$ 11,423,007	\$ 11,889,412	\$ 12,366,755
Total Non-Financial Assets	\$ 10,198,674	\$ 10,320,390	\$ 10,152,560	\$ 9,918,479	\$ 9,949,018	\$ 10,361,762	\$ 10,340,569	\$ 9,978,189	\$ 10,233,784	\$ 10,631,441
Accumulated Surplus	\$ 10,406,969	\$ 10,247,460	\$ 10,084,138	\$ 9,948,190	\$ 9,975,245	\$ 10,101,642	\$ 10,157,571	\$ 10,199,946	\$ 10,405,043	\$ 10,689,155
Cash as a % of Non-Financial Assets	6.5%	3.6%	3.6%	4.6%	4.4%	1.3%	2.0%	5.9%	5.2%	3.8%
Debt as a % of Non-Financial Assets	4.5%	4.3%	4.3%	4.3%	4.1%	3.8%	3.7%	3.7%	3.5%	3.2%

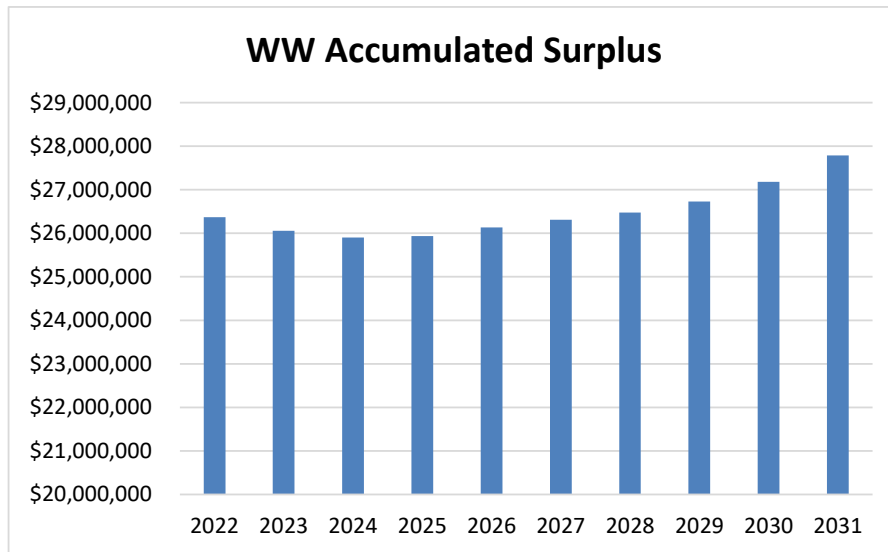
Wastewater Financial Plan—O.Reg. 453/07

- **Statement of Financial Operations**—This statement summarizes the revenues and expenditures. The expenditures include ongoing operating costs plus asset amortization. This statement indicates that the system and its asset base are projected to be maintained with funds being available each year for future capital renewal or major maintenance. As shown in the statement of financial operations and in the graph below, the Town is generating excess revenues commencing in 2028.

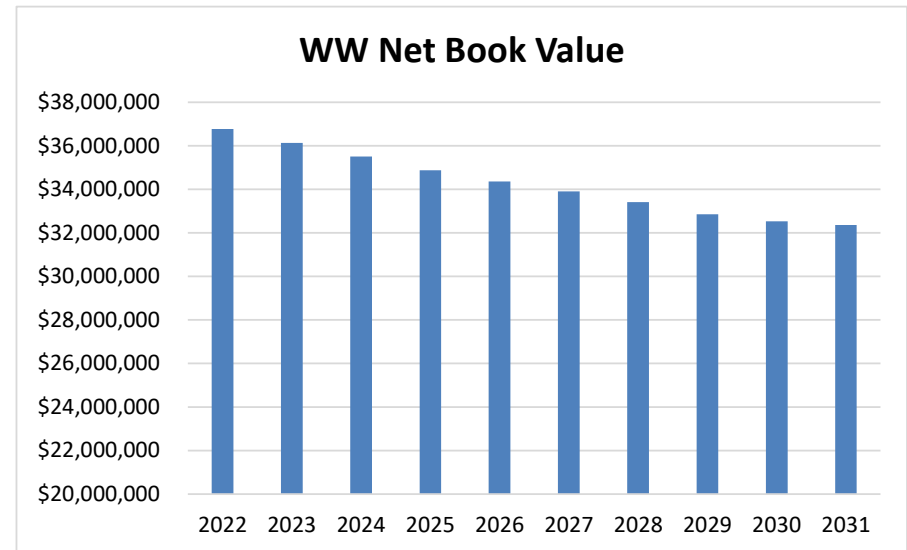
- **Cash Receipts or Gross Cash Payments (Cash Flows)** —The cash flow statement summarizes how the wastewater system is expected to generate and utilize cash resources. The transactions that generate and use cash include the projection of cash to be received from revenues, cash to be used for operating expenditures and financing charges, cash projected to be used to acquire capital assets and projected financial transactions that are the proceeds from debt or debt principal repayment. Cash balances are negative until 2025.
- **Net Financial Assets**—An important feature of a wastewater system is its net financial assets. A positive number indicates that the system has the resources to deal with future capital and other needs. A negative number indicates that past capital and other investments must be financed from future revenues. Wastewater net financial assets are in a negative position throughout the forecast but is improving. No debt was anticipated throughout the term.



- **Accumulated Surplus**—Another financial indicator that is reflected in the financial position statement is the accumulated surplus. This indicator represents cash on hand plus the net book value of tangible capital assets less debt. The accumulated surplus is forecast is shown below and in the Statement of Financial Position.



- **Tangible Capital Assets (Net Book Value)** - Wastewater systems have a great deal of resources tied up in tangible capital assets and managing these assets is critical to maintaining current and future levels of service. An increase in net book value of tangible capital assets is an indication that assets have been renewed faster than they were used. A decrease in net book value indicates that assets are being used, or amortized, faster than they are renewed. The net book value is projected to decrease for wastewater, from \$36.775 million in 2022 to \$32.356 million in 2031.



Statement of Financial Operations—Wastewater

	Budget	Projected								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues										
Rate Revenues	\$ 2,696,453	\$ 2,664,626	\$ 2,877,796	\$ 3,108,020	\$ 3,263,421	\$ 3,426,592	\$ 3,597,921	\$ 3,777,817	\$ 3,966,708	\$ 4,165,043
Other Revenues	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenues	\$ (5,622)	\$ (4,875)	\$ (2,770)	\$ 1,027	\$ 5,549	\$ 8,866	\$ 12,429	\$ 17,430	\$ 21,890	\$ 26,403
Total Revenues	\$ 2,890,831	\$ 2,859,751	\$ 3,075,026	\$ 3,309,047	\$ 3,468,970	\$ 3,435,457	\$ 3,610,350	\$ 3,795,247	\$ 3,988,598	\$ 4,191,447
Operating Expenses										
Salaries, Wages & Benefits	\$ 725,012	\$ 746,762	\$ 769,165	\$ 792,240	\$ 816,007	\$ 840,488	\$ 865,702	\$ 891,673	\$ 918,424	\$ 945,976
Contracted Services	\$ 40,000	\$ 41,200	\$ 42,436	\$ 43,709	\$ 45,020	\$ 46,371	\$ 47,762	\$ 49,195	\$ 50,671	\$ 52,191
Utilities - Hydro	\$ 405,600	\$ 417,768	\$ 430,301	\$ 443,210	\$ 456,506	\$ 470,202	\$ 484,308	\$ 498,837	\$ 513,802	\$ 529,216
Maintenance	\$ 324,700	\$ 334,441	\$ 344,474	\$ 354,808	\$ 365,453	\$ 376,416	\$ 387,709	\$ 399,340	\$ 411,320	\$ 423,660
Materials and Supplies	\$ 235,125	\$ 242,179	\$ 249,444	\$ 256,927	\$ 264,635	\$ 272,574	\$ 280,752	\$ 289,174	\$ 297,849	\$ 306,785
Other Expenses	\$ 201,126	\$ 209,424	\$ 218,085	\$ 227,124	\$ 236,559	\$ 246,408	\$ 256,691	\$ 267,426	\$ 278,635	\$ 290,340
Total Operating Expenses	\$ 1,931,563	\$ 1,991,774	\$ 2,053,905	\$ 2,118,019	\$ 2,184,181	\$ 2,252,459	\$ 2,322,923	\$ 2,395,646	\$ 2,470,701	\$ 2,548,168
Debt Charges										
Debt Charges - Interest Payments	\$ 343,950	\$ 335,690	\$ 327,147	\$ 318,310	\$ 309,170	\$ 299,713	\$ 289,933	\$ 279,817	\$ 269,353	\$ 258,528
Amortization Expense										
Wastewater Assets	\$ 881,912	\$ 884,912	\$ 888,221	\$ 891,596	\$ 896,165	\$ 901,808	\$ 906,996	\$ 911,396	\$ 918,896	\$ 928,271
Total Expenses	\$ 3,157,425	\$ 3,212,376	\$ 3,269,273	\$ 3,327,925	\$ 3,389,515	\$ 3,453,981	\$ 3,519,852	\$ 3,586,858	\$ 3,658,950	\$ 3,734,967
Annual Surplus/Deficit	\$ (266,593)	\$ (352,625)	\$ (194,247)	\$ (18,878)	\$ 79,454	\$ (18,524)	\$ 90,498	\$ 208,389	\$ 329,648	\$ 456,480

Statement of Cash Flow/Cash Receipts—Wastewater

	Budget	Projected									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Total Revenues	\$ 2,890,831	\$ 2,859,751	\$ 3,075,026	\$ 3,309,047	\$ 3,468,970	\$ 3,435,457	\$ 3,610,350	\$ 3,795,247	\$ 3,988,598	\$ 4,191,447	
Cash Paid For											
Operating Costs	\$ 1,931,563	\$ 1,991,774	\$ 2,053,905	\$ 2,118,019	\$ 2,184,181	\$ 2,252,459	\$ 2,322,923	\$ 2,395,646	\$ 2,470,701	\$ 2,548,168	
Debt Repayment - Debt Interest	\$ 343,950	\$ 335,690	\$ 327,147	\$ 318,310	\$ 309,170	\$ 299,713	\$ 289,933	\$ 279,817	\$ 269,353	\$ 258,528	
Cash Provided from Operating Transactions	\$ 615,318	\$ 532,287	\$ 693,974	\$ 872,717	\$ 975,619	\$ 883,285	\$ 997,494	\$ 1,119,785	\$ 1,248,544	\$ 1,384,751	
Capital Transactions											
Acquisition of TCA	\$ 405,000	\$ 240,000	\$ 264,750	\$ 270,000	\$ 365,500	\$ 451,500	\$ 415,000	\$ 352,000	\$ 600,000	\$ 750,000	
Finance Transactions											
Proceeds from Debt Issues											
Proceeds from DCs	\$ 70,000	\$ 35,000	\$ 43,750	\$ 50,000	\$ 125,000	\$ 191,000	\$ 75,000	\$ 45,000	\$ 120,097	\$ 150,097	
Debt Repayment - Principal	\$ 243,581	\$ 251,840	\$ 260,384	\$ 269,222	\$ 278,362	\$ 287,816	\$ 297,596	\$ 307,713	\$ 318,179	\$ 329,003	
Increase/(Decrease) in Cash Equivalents	\$ 36,737	\$ 75,447	\$ 212,590	\$ 383,496	\$ 456,757	\$ 334,969	\$ 359,898	\$ 505,072	\$ 450,462	\$ 455,845	
Cash and Cash Equivalents at Beginning Balance	\$ (604,545)	\$ (567,808)	\$ (492,361)	\$ (279,771)	\$ 103,725	\$ 560,482	\$ 895,451	\$ 1,255,348	\$ 1,760,420	\$ 2,210,882	
Cash and Cash Equivalents at Ending Balance	\$ (567,808)	\$ (492,361)	\$ (279,771)	\$ 103,725	\$ 560,482	\$ 895,451	\$ 1,255,348	\$ 1,760,420	\$ 2,210,882	\$ 2,666,728	

Statement of Financial Position—Wastewater

	Budget	Projected								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Financial Assets										
Cash	\$ (567,808)	\$ (492,361)	\$ (279,771)	\$ 103,725	\$ 560,482	\$ 895,451	\$ 1,255,348	\$ 1,760,420	\$ 2,210,882	\$ 2,666,728
Liabilities										
Debt - Principal Outstanding	\$ 9,836,951	\$ 9,585,111	\$ 9,324,728	\$ 9,055,506	\$ 8,777,144	\$ 8,489,328	\$ 8,191,732	\$ 7,884,019	\$ 7,565,840	\$ 7,236,838
Net Financial Assets	\$ (10,404,759)	\$ (10,077,472)	\$ (9,604,499)	\$ (8,951,781)	\$ (8,216,662)	\$ (7,593,877)	\$ (6,936,383)	\$ (6,123,598)	\$ (5,354,958)	\$ (4,570,110)
Non-Financial Assets										
Tangible Capital Assets	\$ 46,724,148	\$ 47,129,148	\$ 47,369,148	\$ 47,633,898	\$ 47,903,898	\$ 48,269,398	\$ 48,720,898	\$ 49,135,898	\$ 49,487,898	\$ 50,087,898
Additions to Tangible Capital Assets	\$ 405,000	\$ 240,000	\$ 264,750	\$ 270,000	\$ 365,500	\$ 451,500	\$ 415,000	\$ 352,000	\$ 600,000	\$ 750,000
Accumulated Amortization	\$ 10,353,678	\$ 11,238,589	\$ 12,126,810	\$ 13,018,406	\$ 13,914,570	\$ 14,816,379	\$ 15,723,375	\$ 16,634,771	\$ 17,553,666	\$ 18,481,937
Total Non-Financial Assets	\$ 36,775,471	\$ 36,130,559	\$ 35,507,088	\$ 34,885,492	\$ 34,354,828	\$ 33,904,519	\$ 33,412,523	\$ 32,853,128	\$ 32,534,232	\$ 32,355,961
Accumulated Surplus	\$ 26,370,712	\$ 26,053,087	\$ 25,902,590	\$ 25,933,711	\$ 26,138,166	\$ 26,310,642	\$ 26,476,140	\$ 26,729,529	\$ 27,179,274	\$ 27,785,851
Cash as a % of Non-Financial Assets	-1.5%	-1.4%	-0.8%	0.3%	1.6%	2.6%	3.8%	5.4%	6.8%	8.2%
Debt as a % of Non-Financial Assets	26.7%	26.5%	26.3%	26.0%	25.5%	25.0%	24.5%	24.0%	23.3%	22.4%

Statement of Financial Operations—Water and Wastewater—Consolidated

	Budget	Projected									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Revenues											
Rate Revenues	\$ 4,463,953	\$ 4,348,627	\$ 4,637,577	\$ 4,946,991	\$ 5,194,341	\$ 5,454,058	\$ 5,726,761	\$ 6,013,099	\$ 6,313,754	\$ 6,629,441	
Other Revenues	\$ 258,210	\$ 259,374	\$ 260,562	\$ 261,773	\$ 263,008	\$ 64,269	\$ 65,554	\$ 66,865	\$ 68,202	\$ 69,566	
Interest Revenues	\$ 947	\$ (1,196)	\$ 844	\$ 5,500	\$ 9,870	\$ 10,229	\$ 14,430	\$ 23,307	\$ 27,130	\$ 30,378	
Total Revenues	\$ 4,723,110	\$ 4,606,806	\$ 4,898,983	\$ 5,214,264	\$ 5,467,219	\$ 5,528,556	\$ 5,806,744	\$ 6,103,270	\$ 6,409,086	\$ 6,729,386	
Operating Expenses											
Salaries, Wages & Benefits	\$ 1,500,132	\$ 1,545,136	\$ 1,591,490	\$ 1,639,235	\$ 1,688,412	\$ 1,739,064	\$ 1,791,236	\$ 1,844,973	\$ 1,900,322	\$ 1,957,332	
Contracted Services	\$ 89,000	\$ 91,670	\$ 94,420	\$ 97,253	\$ 100,170	\$ 103,175	\$ 106,271	\$ 109,459	\$ 112,743	\$ 116,125	
Utilities - Hydro	\$ 589,200	\$ 606,876	\$ 625,082	\$ 643,835	\$ 663,150	\$ 683,044	\$ 703,536	\$ 724,642	\$ 746,381	\$ 768,772	
Maintenance	\$ 557,740	\$ 574,472	\$ 591,706	\$ 609,458	\$ 627,741	\$ 646,574	\$ 665,971	\$ 685,950	\$ 706,528	\$ 727,724	
Materials and Supplies	\$ 300,425	\$ 309,438	\$ 318,721	\$ 328,283	\$ 338,131	\$ 348,275	\$ 358,723	\$ 369,485	\$ 380,569	\$ 391,986	
Other Expenses	\$ 346,379	\$ 360,630	\$ 375,501	\$ 391,022	\$ 407,220	\$ 424,128	\$ 441,778	\$ 460,203	\$ 479,440	\$ 499,526	
Total Operating Expenses	\$ 3,382,876	\$ 3,488,222	\$ 3,596,921	\$ 3,709,084	\$ 3,824,824	\$ 3,944,260	\$ 4,067,514	\$ 4,194,712	\$ 4,325,984	\$ 4,461,466	
Debt Charges											
Debt Charges - Interest Payments	\$ 361,168	\$ 352,523	\$ 343,581	\$ 334,330	\$ 324,759	\$ 314,858	\$ 304,615	\$ 294,018	\$ 283,057	\$ 271,715	
Amortization Expense											
Water/WW Assets	\$ 1,303,320	\$ 1,313,195	\$ 1,319,801	\$ 1,325,676	\$ 1,336,126	\$ 1,352,564	\$ 1,363,189	\$ 1,368,776	\$ 1,385,301	\$ 1,405,614	
Total Expenses	\$ 5,047,364	\$ 5,153,940	\$ 5,260,303	\$ 5,369,090	\$ 5,485,710	\$ 5,611,682	\$ 5,735,318	\$ 5,857,506	\$ 5,994,342	\$ 6,138,794	
Annual Surplus/Deficit	\$ (324,254)	\$ (547,134)	\$ (361,320)	\$ (154,826)	\$ (18,491)	\$ (83,126)	\$ 71,427	\$ 245,764	\$ 414,745	\$ 590,591	

Statement of Cash Flow/Cash Receipts—Water and Wastewater—Consolidated

	Budget	Projected									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Total Revenues	\$ 4,723,110	\$ 4,606,806	\$ 4,898,983	\$ 5,214,264	\$ 5,467,219	\$ 5,528,556	\$ 5,806,744	\$ 6,103,270	\$ 6,409,086	\$ 6,729,386	
Cash Paid For											
Operating Costs	\$ 3,382,876	\$ 3,488,222	\$ 3,596,921	\$ 3,709,084	\$ 3,824,824	\$ 3,944,260	\$ 4,067,514	\$ 4,194,712	\$ 4,325,984	\$ 4,461,466	
Debt Repayment - Debt Interest	\$ 361,168	\$ 352,523	\$ 343,581	\$ 334,330	\$ 324,759	\$ 314,858	\$ 304,615	\$ 294,018	\$ 283,057	\$ 271,715	
Cash Provided from Operating Transactions	\$ 979,066	\$ 766,061	\$ 958,482	\$ 1,170,850	\$ 1,317,635	\$ 1,269,438	\$ 1,434,615	\$ 1,614,540	\$ 1,800,046	\$ 1,996,205	
Capital Transactions											
Acquisition of TCA	\$ 1,292,000	\$ 790,000	\$ 528,500	\$ 470,000	\$ 836,000	\$ 1,315,000	\$ 850,000	\$ 447,000	\$ 1,322,000	\$ 1,625,000	
Finance Transactions											
Proceeds from Debt Issues											
Proceeds from DCs	\$ 152,000	\$ 70,000	\$ 47,500	\$ 50,000	\$ 250,000	\$ 382,000	\$ 150,000	\$ 50,000	\$ 240,097	\$ 300,097	
Debt Repayment - Principal	\$ 253,828	\$ 262,471	\$ 271,415	\$ 280,667	\$ 290,237	\$ 300,137	\$ 310,380	\$ 320,976	\$ 331,940	\$ 343,281	
Increase/(Decrease) in Cash Equivalents	\$ (414,762)	\$ (216,411)	\$ 206,067	\$ 470,184	\$ 441,398	\$ 36,301	\$ 424,236	\$ 896,564	\$ 386,203	\$ 328,022	
Cash and Cash Equivalents at Beginning Balance	\$ 510,385	\$ 95,623	\$ (120,788)	\$ 85,279	\$ 555,463	\$ 996,861	\$ 1,033,162	\$ 1,457,398	\$ 2,353,962	\$ 2,740,165	
Cash and Cash Equivalents at Ending Balance	\$ 95,623	\$ (120,788)	\$ 85,279	\$ 555,463	\$ 996,861	\$ 1,033,162	\$ 1,457,398	\$ 2,353,962	\$ 2,740,165	\$ 3,068,187	

Statement of Financial Position—Water and Wastewater—Consolidated

	Budget	Projected									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Financial Assets											
Cash	\$ 95,623	\$ (120,788)	\$ 85,279	\$ 555,463	\$ 996,861	\$ 1,033,162	\$ 1,457,398	\$ 2,353,962	\$ 2,740,165	\$ 3,068,187	
Liabilities											
Debt - Principal Outstanding	\$ 10,292,086	\$ 10,029,614	\$ 9,758,199	\$ 9,477,533	\$ 9,187,296	\$ 8,887,159	\$ 8,576,779	\$ 8,255,803	\$ 7,923,863	\$ 7,580,583	
Net Financial Assets	\$ (10,196,463)	\$ (10,150,402)	\$ (9,672,920)	\$ (8,922,070)	\$ (8,190,435)	\$ (7,853,997)	\$ (7,119,382)	\$ (5,901,841)	\$ (5,183,698)	\$ (4,512,396)	
Non-Financial Assets											
Tangible Capital Assets	\$ 64,360,594	\$ 65,652,594	\$ 66,442,594	\$ 66,971,094	\$ 67,441,094	\$ 68,277,094	\$ 69,592,094	\$ 70,442,094	\$ 70,889,094	\$ 72,211,094	
Additions to Tangible Capital Assets	\$ 1,292,000	\$ 790,000	\$ 528,500	\$ 470,000	\$ 836,000	\$ 1,315,000	\$ 850,000	\$ 447,000	\$ 1,322,000	\$ 1,625,000	
Accumulated Amortization	\$ 18,678,450	\$ 19,991,645	\$ 21,311,446	\$ 22,637,123	\$ 23,973,249	\$ 25,325,813	\$ 26,689,001	\$ 28,057,778	\$ 29,443,079	\$ 30,848,693	
Total Non-Financial Assets	\$ 46,974,144	\$ 46,450,949	\$ 45,659,648	\$ 44,803,972	\$ 44,303,845	\$ 44,266,282	\$ 43,753,093	\$ 42,831,317	\$ 42,768,015	\$ 42,987,402	
Accumulated Surplus	\$ 36,777,681	\$ 36,300,547	\$ 35,986,727	\$ 35,881,901	\$ 36,113,410	\$ 36,412,284	\$ 36,633,711	\$ 36,929,475	\$ 37,584,317	\$ 38,475,005	
Cash as a % of Non-Financial Assets	0.2%	-0.3%	0.2%	1.2%	2.3%	2.3%	3.3%	5.5%	6.4%	7.1%	
Debt as a % of Non-Financial Assets	21.9%	21.6%	21.4%	21.2%	20.7%	20.1%	19.6%	19.3%	18.5%	17.6%	