



Water Long-Range Financial Plan

In Accordance with O.Reg. 453/07



Municipality of Middlesex Centre

April 2021

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Introduction - Water Financial Plan



Purpose & Regulatory Review

The Municipality of Middlesex Centre, 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 Municipality of Middlesex Centre 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 as well as Council approved decisions in its water operations. The goal of this plan is to provide the Municipality with a realistic and informed view of 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.

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; and
- 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; and
 - 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

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.

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 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; and
- consistent financial planning for municipal water services.

This financial plan also provides a framework for guiding the annual budget and the financial planning over a longer horizon. The water financial plan has been prepared in accordance with regulatory requirements, however, it does not represent a formal multi-year budget. The approval of the budget is undertaken annually.

Importance of a Long Range Financial Plan

A LRFPP is a framework to guide the Municipality in planning and decision-making and it:

- Examines fiscal trends (past and future);
- 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.

General Approach to Preparing the Municipality'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;
- Financial performance measures; and
- Sensitivity analysis on key assumptions.

The LRFP is Dynamic—Regular Updates Will Be Undertaken

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 Municipality in determining the extent of its financial challenges;
- Reconfirm the key financial goals and strategies that should guide future planning; and
- Spur the development of actions in future business plans that would respond to the long-term strategies.



Water Financial Plan



New Information Available to Support the Financial Plan

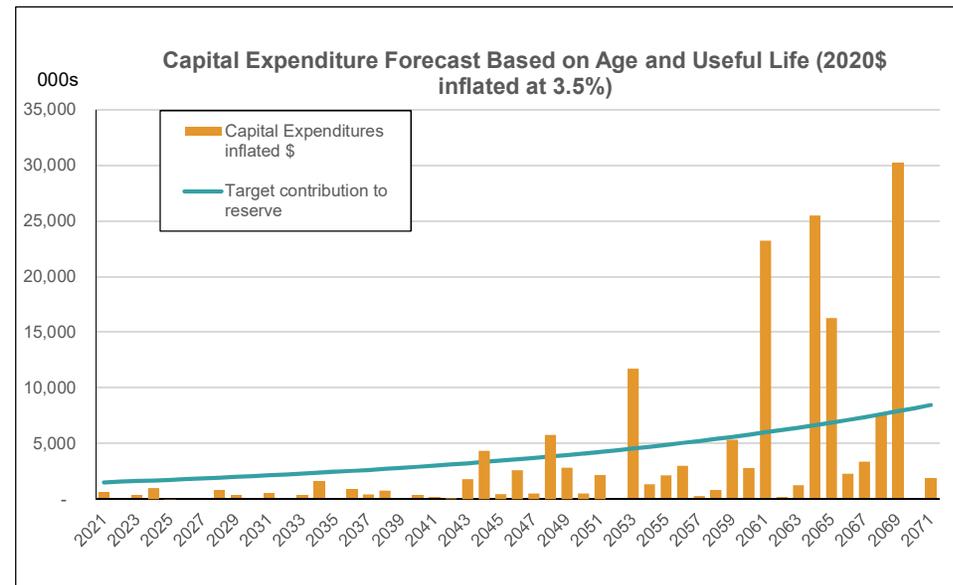
A Financial Plan was developed in 2015 for the Municipality of Middlesex Centre in accordance with O. Reg 453/07. This updated financial plan was developed based on the most current information available to the Municipality.

Water System Background

In 2021, the Middlesex Centre updated its Asset Management Plan (AMP). The updated AMP provides new information on the replacement value of the Municipality’s water assets and required revenues to support financial sustainability. As illustrated below the replacement value of the water operations capital assets is approximately \$77 million.

Asset Class	Replacement Value
Watermains	\$49,439,484
Hydrants	\$2,299,123
Valves	\$1,545,300
Booster Station	\$5,680,000
Water Tower	\$11,760,000
Water Treatment Plant	\$6,250,000
Total	\$76,973,906

Based on the Asset Management Plan, the following graph shows the water renewal needs over the next 50 years.



Middlesex Centre water treatment and distribution system is relatively new with assets that have a long useful life. As illustrated above large capital expenditures do not occur until approximately 2043. This provides an opportunity for Middlesex Centre to gradually build the capital reserves to meet future capital replacement costs. The Asset Management Plan estimated an annual capital replacement funding target of approximately \$1.5 million in 2021 dollars and that this be increased annually by 3.5% taking into account inflation.

Annual Funding Shortfall

Middlesex Centre has established a Water Reserve to fund the replacement/acquisition of capital assets and to provide for rate stabilization. The following principles were used in preparing the Financial Plan.

- *The Municipality 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 Municipality will target setting aside a contribution to the Water Reserve in accordance with the water Asset Management Plan recommendations.*
- *Maintain a minimum target Water Reserve balance of 5% to 10% of the asset replacement cost.*

- The following table compares the 2021 operating budget contribution for the replacement of capital assets to the recommended Asset Management Plan.

Capital Contributions (000s)	Water
2021 Capital Contribution for Asset Replacement	\$ 1,371
2021 Sustainable funding contribution requirement	\$ 1,514
2021 Estimated Funding Gap	\$ (144)

- As shown above, the 2021 annual contribution to the capital program is approximately \$144 thousands below the Asset Management plan recommended lifecycle funding target.
- This Water Financial Plan has been developed to gradually increase contributions to the Water Reserve in accordance with the Asset Management plan and also maintain a minimum balance in the reserve of 5% to 10% of asset replacement costs.

Key Financial Assumptions

The following provides the key assumptions in the Forecast:

- **Expenditure & Revenue Increases**—based on:
 - Salary and wages and benefits increase of 2% annually
 - Miscellaneous expenses increase of 2.0% annually
 - Insurance expenses increase of 20.0% for 2022 and 2023 and 10% annually thereafter
 - Hydro expenses increase of 5.0% annually
 - 3% increase in consumption related to projected growth
 - Water purchase costs assumes a 2% annual increase for inflation and an additional 3% for new growth
 - Existing debt charges—50% is recoverable from development charge revenues
- Delaware new water supply commences in 2022 and water purchase will be from LHPWSS instead of the City of London.
- **Capital Projects**—The Municipality’s 5-year Water Capital Budgets (2021-2025) prepared by staff was used in the development of the financial plan. In addition, from 2026-2030, the AMP was used as the basis for forecasting purposes. The 5-year Capital Plan includes \$7.5 million for water capital expenditures. It is noted that historically the Municipality only approves a one year capital budget and adjustments may be required to the forecast to reflect Council approved budgets.
- **Capital Reserve**—The opening balance for the 2021 Reserve is based on the year-end balance of 2020. Over the 10-year period, contributions to the reserve are based on the recommended Asset Management plan sustainable level of funding target.
- **Sources of Financing**—Capital Reserves, and Development Charge Reserve Funds were used as the sole source of financing. No new debt is forecast over the 10 year period.
- **Disposals**—The forecast assumes no disposals of tangible capital assets.

Summary of Water Operating Budget Forecast

The Municipality's objective in establishing the Water 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 Municipality's existing asset base and replace assets where appropriate. The following table reflects the 10 year Water Operating Budget forecast from 2021 to 2030.

Water	2021 Budget	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenues										
Metered Water Revenue	\$ 2,138,195	\$ 2,225,647	\$ 2,315,007	\$ 2,409,691	\$ 2,507,404	\$ 2,608,577	\$ 2,713,442	\$ 2,822,794	\$ 2,936,270	\$ 3,054,413
Infrastructure Lifecycle Reserve	\$ 911,513	\$ 948,794	\$ 986,888	\$ 1,027,252	\$ 1,068,907	\$ 1,112,037	\$ 1,156,741	\$ 1,203,358	\$ 1,251,733	\$ 1,302,097
Transfer from DC Reserves - Debt	\$ 157,090	\$ 152,915	\$ 148,741	\$ 144,657	\$ 140,391	\$ 136,217	\$ 132,042	\$ 127,913	\$ 123,693	\$ 119,518
Other Service Charges	\$ 137,494	\$ 144,090	\$ 151,004	\$ 158,429	\$ 166,265	\$ 174,550	\$ 183,317	\$ 192,632	\$ 202,496	\$ 212,966
Total Revenues	\$ 3,344,292	\$ 3,471,447	\$ 3,601,640	\$ 3,740,030	\$ 3,882,967	\$ 4,031,382	\$ 4,185,543	\$ 4,346,697	\$ 4,514,192	\$ 4,688,994
EXPENSES										
Salaries, Wages & Benefits	\$ 425,075	\$ 447,328	\$ 463,968	\$ 481,364	\$ 494,168	\$ 507,415	\$ 521,011	\$ 531,432	\$ 542,060	\$ 552,901
Water Purchase	\$ 602,680	\$ 515,302	\$ 546,712	\$ 580,453	\$ 616,071	\$ 653,748	\$ 693,629	\$ 736,014	\$ 780,914	\$ 828,581
Hydro	\$ 171,018	\$ 181,573	\$ 192,640	\$ 204,529	\$ 217,079	\$ 230,355	\$ 244,408	\$ 259,343	\$ 275,164	\$ 291,960
Equipment Repairs & Maintenance	\$ 160,220	\$ 170,109	\$ 180,477	\$ 191,616	\$ 203,374	\$ 215,811	\$ 228,977	\$ 242,968	\$ 257,791	\$ 273,526
Other Expenses	\$ 300,455	\$ 309,521	\$ 325,649	\$ 339,065	\$ 353,289	\$ 368,397	\$ 384,459	\$ 401,578	\$ 419,817	\$ 439,283
Transfer to Reserves	\$ 1,370,666	\$ 1,541,784	\$ 1,594,713	\$ 1,653,688	\$ 1,718,203	\$ 1,783,223	\$ 1,848,975	\$ 1,919,536	\$ 1,991,061	\$ 2,063,706
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Charges - Principal Payments	\$ 224,442	\$ 224,442	\$ 224,442	\$ 224,442	\$ 224,442	\$ 224,442	\$ 224,442	\$ 224,442	\$ 224,442	\$ 224,442
Debt Charges - Interest Payments	\$ 89,737	\$ 81,388	\$ 73,039	\$ 64,873	\$ 56,340	\$ 47,991	\$ 39,642	\$ 31,384	\$ 22,943	\$ 14,594
Total Expenses	\$ 3,344,292	\$ 3,471,447	\$ 3,601,640	\$ 3,740,030	\$ 3,882,967	\$ 4,031,382	\$ 4,185,543	\$ 4,346,697	\$ 4,514,192	\$ 4,688,994
NET Spending	\$ -									
Rate Revenue Requirements % Change	3.1%	4.1%	4.0%	4.1%	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%

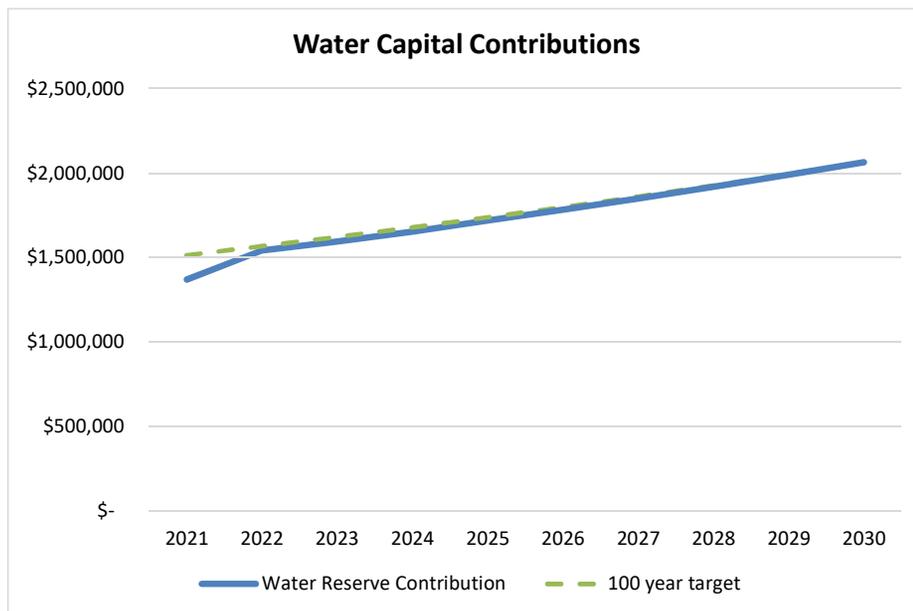
The increase in rate revenue requirements is projected to be recovered from approximately 3% increase in new growth. Water rates are projected to increase by approximately 1% in each year.

Summary of Water Capital Budget Forecast

Water Capital Projects	2021	2022	2023	2024	2025	Total 5 years
Water Supply Interconnection Phase 2	\$2,000,000	\$ -	\$ -	\$ -	\$ -	\$2,000,000
Water main replacement & twinning	\$ 913,050	\$ -	\$ -	\$ -	\$ -	\$ 913,050
Watermains Replacement Program	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$2,000,000
Servicing of Tunks Lane	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Glendon Drive Water main Extension	\$ -	\$ 440,000	\$ -	\$ -	\$ -	\$ 440,000
Coldstream Road Alignment	\$ -	\$ 175,000	\$ -	\$ -	\$ -	\$ 175,000
Lake Huron Primary Water Supply Connection	\$ 93,750	\$1,343,750	\$ -	\$ -	\$ -	\$1,437,500
Facility Condition Assessment Melrose	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment Improvements	\$ 30,875	\$ -	\$ -	\$ -	\$ -	\$ 30,875
Facility Condition Assessment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment Improvements	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Half-Ton Pickup - Replace 2010 Econoline 4301	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
SCADA Replacement	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Reservoir Cleaning & Inspections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chemical Pump Upgrades & Replacements	\$ 22,560	\$ -	\$ -	\$ -	\$ -	\$ 22,560
Water Master Plan	\$ 125,000					\$ 125,000
Total	\$3,520,235	\$2,458,750	\$500,000	\$500,000	\$500,000	\$7,478,985
Reserves Financing	\$3,316,235	\$2,458,750	\$500,000	\$500,000	\$500,000	\$7,274,985
Debt Financing						\$ -
DC Financing \$ re: Interconnection Phase 2	\$ 204,000	\$ -	\$ -	\$ -	\$ -	\$ 204,000
Other		\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$3,520,235	\$2,458,750	\$500,000	\$500,000	\$500,000	\$7,478,985

Summary of Water Annual Capital Contributions

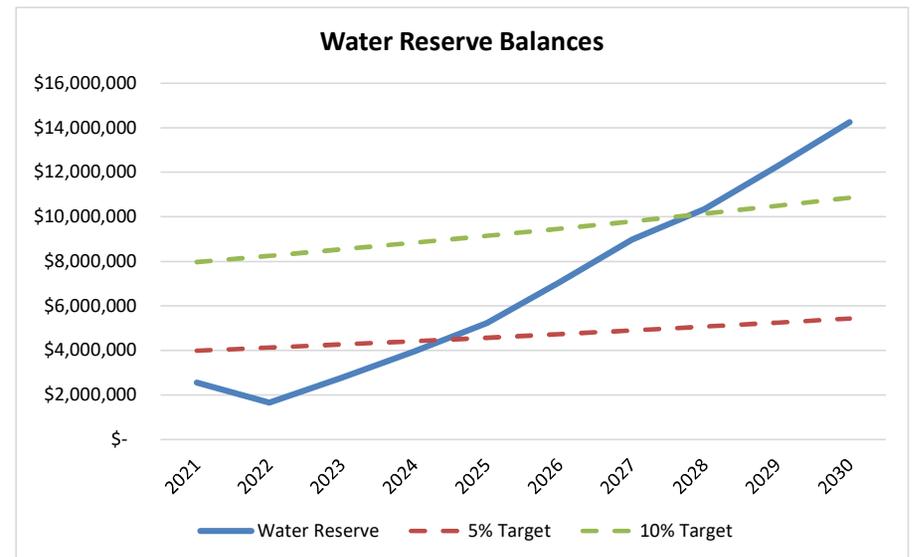
The following graph provides the annual contributions to the Water Reserve based on the 100 year forecast.



As illustrated above the projected annual Water Capital Reserve contributions are projected to meet the target over the 10 year period.

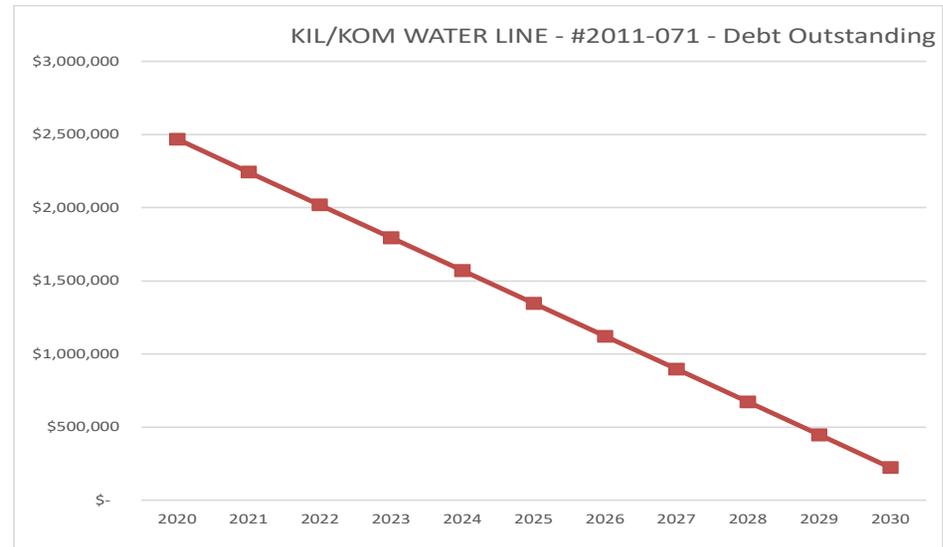
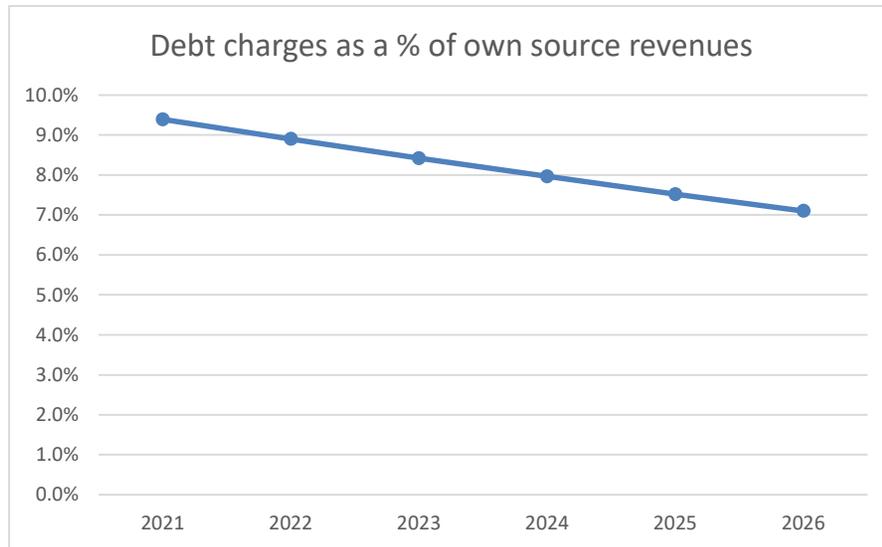
Reserve Balance

The following graph show the balance of the water reserve. As mentioned previously, the majority of capital replacement costs do not occur until 2043 and beyond. The Reserve is projected to grow to meet these future requirements.



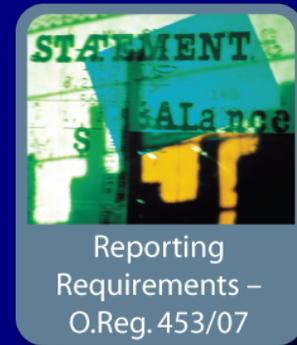
Summary of Debt

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



As shown above, debt charges are declining over the 10 year forecast. Debt outstanding for water is also shown above and declines over the next 10 years.

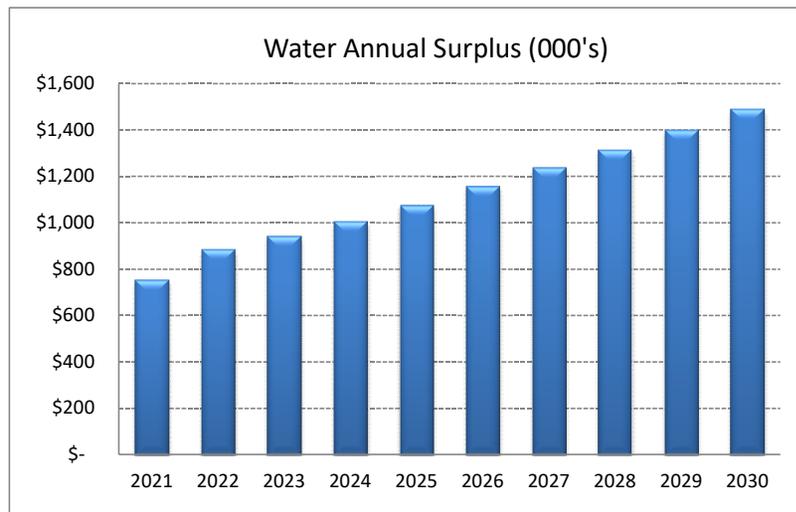
***Reporting Requirements
O. Reg 453/07***



Water Financial Plan—O.Reg. 453/07—Introduction

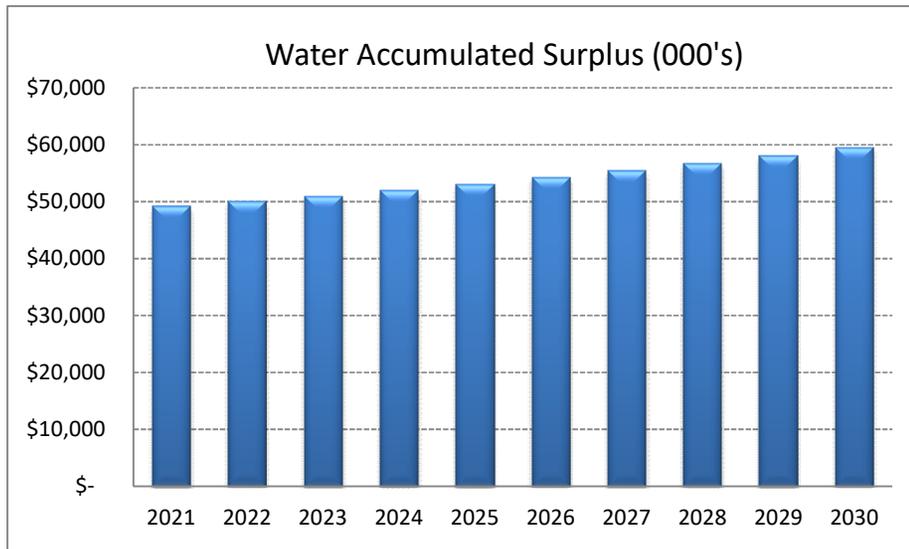
The Financial Plan has been prepared in accordance with the regulation (O.Reg. 453/07) made under the Safe Drinking Water Act. Given that the requirements for a financial plan is legislated under the Act, a financial plan is mandatory for water systems. The financial plans shall be for a forecast period of at least six years.

- 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 Municipality is generating an increasing amount of excess revenues over expenses including amortization for water, throughout the forecast period.
- 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.

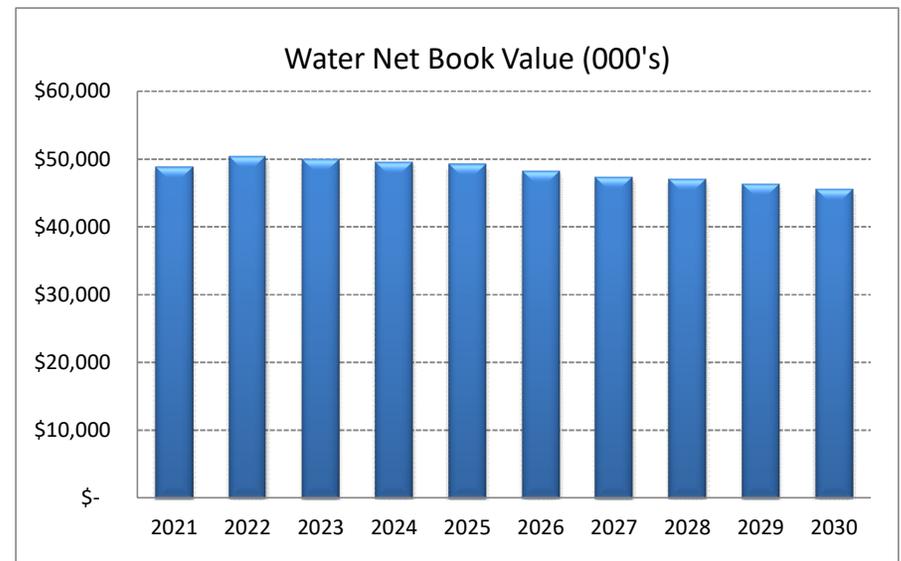


Financial Position Highlights

- **Accumulated Surplus**—A third 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 2021 to 2030, 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. The net book value is projected to decrease for water, from \$48.9 million in 2021 to \$45.5 million in 2030. This is due to the fact that the majority of assets to be replaced occurs after the 10 year projection.



Statement of Financial Operations—Water

Statement of Financial Operations - Water	Budget	Projected									
	(000's)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Water Total Revenues											
Metered Water Revenue	\$ 2,138	\$ 2,226	\$ 2,315	\$ 2,410	\$ 2,507	\$ 2,609	\$ 2,713	\$ 2,823	\$ 2,936	\$ 3,054	
Infrastructure Lifecycle Reserve	\$ 912	\$ 949	\$ 987	\$ 1,027	\$ 1,069	\$ 1,112	\$ 1,157	\$ 1,203	\$ 1,252	\$ 1,302	
Transfer from DC Reserves - Debt	\$ 157	\$ 153	\$ 149	\$ 145	\$ 140	\$ 136	\$ 132	\$ 128	\$ 124	\$ 120	
Other Service Charges	\$ 137	\$ 144	\$ 151	\$ 158	\$ 166	\$ 175	\$ 183	\$ 193	\$ 202	\$ 213	
Interest on Reserves	\$ 23	\$ 15	\$ 25	\$ 36	\$ 48	\$ 65	\$ 82	\$ 95	\$ 112	\$ 131	
Total Revenues	\$ 3,368	\$ 3,487	\$ 3,627	\$ 3,776	\$ 3,931	\$ 4,096	\$ 4,268	\$ 4,442	\$ 4,627	\$ 4,820	
Water Total Expenses											
Salaries, Wages & Benefits	\$ 425	\$ 447	\$ 464	\$ 481	\$ 494	\$ 507	\$ 521	\$ 531	\$ 542	\$ 553	
Water Purchase	\$ 603	\$ 515	\$ 547	\$ 580	\$ 616	\$ 654	\$ 694	\$ 736	\$ 781	\$ 829	
Hydro	\$ 171	\$ 182	\$ 193	\$ 205	\$ 217	\$ 230	\$ 244	\$ 259	\$ 275	\$ 292	
Equipment Repairs & Maintenance	\$ 160	\$ 170	\$ 180	\$ 192	\$ 203	\$ 216	\$ 229	\$ 243	\$ 258	\$ 274	
Other Expenses	\$ 300	\$ 310	\$ 326	\$ 339	\$ 353	\$ 368	\$ 384	\$ 402	\$ 420	\$ 439	
Total Operating Expenses	\$ 1,659	\$ 1,624	\$ 1,709	\$ 1,797	\$ 1,884	\$ 1,976	\$ 2,072	\$ 2,171	\$ 2,276	\$ 2,386	
Debt Charges											
Debt Charges - Interest Payments Rates	\$ 90	\$ 81	\$ 73	\$ 65	\$ 56	\$ 48	\$ 40	\$ 31	\$ 23	\$ 15	
Amortization Expense											
Water Assets	\$ 866	\$ 897	\$ 903	\$ 909	\$ 916	\$ 916	\$ 916	\$ 924	\$ 926	\$ 927	
Total Expenses	\$ 2,615	\$ 2,602	\$ 2,685	\$ 2,771	\$ 2,856	\$ 2,940	\$ 3,028	\$ 3,127	\$ 3,225	\$ 3,328	
Annual Surplus/(Deficit)	\$ 753	\$ 885	\$ 942	\$ 1,005	\$ 1,075	\$ 1,156	\$ 1,240	\$ 1,315	\$ 1,401	\$ 1,492	

Statement of Cash Flow/Cash Receipts—Water

Statement of Cash Flow - Water	Budget	Projected									
(000's)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Total Revenues	\$ 3,368	\$ 3,487	\$ 3,627	\$ 3,776	\$ 3,931	\$ 4,096	\$ 4,268	\$ 4,442	\$ 4,627	\$ 4,820	
Cash Paid For											
Operating Costs	\$ 1,659	\$ 1,624	\$ 1,709	\$ 1,797	\$ 1,884	\$ 1,976	\$ 2,072	\$ 2,171	\$ 2,276	\$ 2,386	
Debt Repayment - Debt Interest	\$ 90	\$ 81	\$ 73	\$ 65	\$ 56	\$ 48	\$ 40	\$ 31	\$ 23	\$ 15	
Cash Provided From Operating Transactions	\$ 1,619	\$ 1,781	\$ 1,845	\$ 1,914	\$ 1,991	\$ 2,072	\$ 2,156	\$ 2,239	\$ 2,328	\$ 2,419	
Capital Transactions											
Acquisition of TCA	\$ 3,520	\$ 2,459	\$ 500	\$ 500	\$ 500	\$ 28	\$ 11	\$ 643	\$ 194	\$ 191	
Finance Transactions											
DC Financing \$	\$ 204										
Debt Repayment - Principal Rates	\$ 224	\$ 224	\$ 224	\$ 224	\$ 224	\$ 224	\$ 224	\$ 224	\$ 224	\$ 224	
Increase/(Decrease) in Cash Equivalents	\$ (1,922)	\$ (902)	\$ 1,120	\$ 1,190	\$ 1,266	\$ 1,820	\$ 1,921	\$ 1,372	\$ 1,909	\$ 2,004	
Cash and Cash Equivalents at Beginning Balance	\$ 4,482	\$ 2,559	\$ 1,658	\$ 2,778	\$ 3,968	\$ 5,234	\$ 7,054	\$ 8,974	\$ 10,346	\$ 12,255	
Cash and Cash Equivalents at Ending Balance	\$ 2,559	\$ 1,658	\$ 2,778	\$ 3,968	\$ 5,234	\$ 7,054	\$ 8,974	\$ 10,346	\$ 12,255	\$ 14,259	

As shown above, the year end reserve balance has increased from \$2.56 million to \$14.26 million from 2021-2030. Growing the reserve balance is required to address large capital replacement requirements beyond the 10 year forecast.

Statement of Financial Position—Water

Statement of Financial Position - Water (000's)	Budget	Projected								
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Financial Assets										
Cash	\$ 2,559	\$ 1,658	\$ 2,778	\$ 3,968	\$ 5,234	\$ 7,054	\$ 8,974	\$ 10,346	\$ 12,255	\$ 14,259
Liabilities										
Debt - Principal Outstanding DC	\$ 2,244	\$ 2,020	\$ 1,796	\$ 1,571	\$ 1,347	\$ 1,122	\$ 898	\$ 673	\$ 449	\$ 224
Debt - Principal Outstanding Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Financial Assets	\$ 315	\$ (362)	\$ 982	\$ 2,397	\$ 3,887	\$ 5,931	\$ 8,076	\$ 9,673	\$ 11,806	\$ 14,034
Non-Financial Assets										
Tangible Capital Assets	\$ 57,923	\$ 61,443	\$ 63,902	\$ 64,402	\$ 64,902	\$ 65,402	\$ 65,430	\$ 65,441	\$ 66,083	\$ 66,278
Additions to Tangible Capital Assets	\$ 3,520	\$ 2,459	\$ 500	\$ 500	\$ 500	\$ 28	\$ 11	\$ 643	\$ 194	\$ 41
Accumulated Amortization	\$ 12,568	\$ 13,465	\$ 14,368	\$ 15,277	\$ 16,193	\$ 17,109	\$ 18,025	\$ 18,949	\$ 19,875	\$ 20,802
Total Non-Financial Assets	\$ 48,875	\$ 50,437	\$ 50,034	\$ 49,624	\$ 49,209	\$ 48,321	\$ 47,416	\$ 47,135	\$ 46,402	\$ 45,517
Accumulated Surplus	\$ 49,190	\$ 50,074	\$ 51,016	\$ 52,021	\$ 53,096	\$ 54,253	\$ 55,492	\$ 56,807	\$ 58,209	\$ 59,551

The accumulated surplus increases from \$49.2 million to \$59.5 million due to reserve balance cash increases from \$2.56 million in 2021 to \$14.26 million in 2030 and debt outstanding reduces from \$2.2 million in 2021 to \$224,000 in 2030.