

REPORT

PREPARED BY HEMSON FOR MUNICIPALITY OF NORTH PERTH

MUNICIPALITY OF NORTH PERTH WATER FINANCIAL PLAN

August 19, 2024

Drinking Water License Numbers: 091-101, 091-102, 091-103, 091-104

Financial Plan Number: 091-301A



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1. INTRODUCTION

The Municipality of North Perth provides potable to approximately 5,500 connections throughout the Municipality. The fee structure for water service includes a fixed monthly charge (differentiated by meter size) plus a consumption charge for each cubic metre of water consumed. In this regard, the Municipality employs a constant rate per cubic meter for residential customers while the non-residential customers are on a declining block rate structure. The Municipality of North Perth last completed the comprehensive Water and Wastewater Financial Plans in 2017 to then comply with their drinking water license renewal requirements. The Water and Wastewater Financial Plans took into consideration the Municipality's financial position based on audited financial statements, prior year actuals, and future year budgets (adjusted for inflation and growth assumptions).

Since the completion of the last financial plan, the Municipality has experienced some changes in service delivery costs, capital costs, financing costs, and water usage. In addition, the Municipality's Drinking Water Licence for each system is set to expire in 2025 and is required to be updated. These changes prompted a utility rate study to ensure the Municipality continues to recover the full cost of providing water services.

The purpose of this document is to present a water financial plan for the Municipality of North Perth that is prepared consistent with requirements of the *Safe Drinking Water Act, 2002* (the SDWA) and its associated regulation, *Ontario Regulation 453/07*. The water financial plan prepared is part of the process required for the Municipality to renew its municipal drinking water license under the SDWA. The financial plan is based on the results of the recently completed 2024 Water and Wastewater Rate Study, which requires a thorough analysis of operating and capital needs, as well as consideration of available funding sources. Therefore, the key forecast assumptions outlined throughout this document are consistent with those included in the rate study which is set to be presented to Council on August 12th, 2024. The Water and Wastewater Rate Study has been prepared under separate cover.

The financial plan includes specific statements such as: statement of operations, statement of financial position, and statement of cash flow. In addition, a statement of net financial assets/debt has been prepared. Although this statement is not required under O. Reg 453/07, it does provide further information about the financial performance of the Municipality's water system. Section 2 of the report explains each statement in greater detail.

The financial plan is prepared for a 10-year forecast period from 2025-2034 with 2025 being the base year. For the purpose of this report, 2024 will be used as the reference year for continuity within the report.

2. BACKGROUND

In 2017, the Municipality of North Perth approved the Water Financial Plan prepared as one of the submission requirements necessary in renewing their municipal drinking water licence under the *Safe Drinking Water Act, 2002* (SDWA). The Municipality is now required to update the Financial Plan to again renew its drinking water license.

Financial Plans are defined in section 30(1) of the SDWA as follows: Financial plans that satisfy the requirements prescribed by the Minister, in any other case, 2002, c. 32, s. 30(1).

At this time, the *Sustainable Water and Sewage Systems Act, 2002* has been repealed, however, the standards identified underpin the specific requirements of s. 30 outlined in O.Reg. 453/07.

The SDWA and O. Reg. 453/07 include the following general requirements for a financial plan:

- Mandatory for all municipal water systems and recommended for wastewater systems;
- Includes a planning horizon of at least six years (commencing when the system first serves the public, for new systems);
- Must be completed and approved by the later of July 1, 2010, and the date that is six months after the first licence is issued;
- May be amended and additional information may be included beyond what is prescribed, as necessary; and
- Must be approved by Council resolution indicating that the drinking water system is financially viable.

The Municipality is now required to update the Financial Plan to renew its drinking water licence. The Financial Plan requirement for a licence renewal generally mirrors the requirements to obtain a licence for a new system under the SDWA. In accordance with the regulation, this Financial Plan will apply to the first year to which the drinking water system's existing municipal drinking water licence would expire (in 2025).

In addition to the above noted general requirements, the following specific statements are required in the financial plan:

Statement of Operations

This statement includes details on the projected financial operations itemized by total revenues, total expenses, annual surplus/deficit, and the cumulative surplus/deficit for each year in which the financial plan applies. An annual surplus represents funds available to the Municipality to fund non-operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow the reserve and reserve funds. The Statement of Operations is discussed in more detail later in this report and is included as Table 1.

Statement of Financial Position

This statement includes details on the financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets. In recording the tangible capital assets, the Municipality is able to account for its ability to provide for future benefits. A net financial asset position on this statement indicates whether the water system has the financial resources necessary to fund its future operations. The Statement of Financial Position is discussed in more detail later in this report and is included as Table 2.

Statement of Cash Flow

This statement provides information on the generation and use of cash resources. The gross cash receipts/payments are itemized by operating, capital, investing, and financial transactions. Itemizing the cash receipts and payments by category allows the reader to understand where the cash is being generated (e.g. water rates), and how the cash is being used (e.g. capital and operating expenses).

Statement of Net Financial Assets/Debt

Although this statement is not required under O.Reg 453/07, it does provide further information about the financial performance of the Municipality's water systems. The Statement of Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support the operating and tangible capital asset costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period.

The remainder of this study sets out the information and analysis upon which the statements were prepared.

Section 3 includes a discussion on the key inputs and documents used to develop the financial plan consistent with the governing legislation.

Section 4 includes the Statement of Operations, Statement of Financial Position, Statement of Cash Flows, and Statement of Change in Net Financial Assets/Debt that form the Financial Plan for Water Services.

Section 5 includes the Notes and Assumptions to the Financial Plan.

Overview of Results

In developing this Water Financial Plan, the Municipality recognizes that this is a living document, and it is expected to be reviewed again with any update or completion of a utility rate study.

With this said, in reviewing the reporting requirements of this financial plan at this time, the Municipal water system continues to be financially sustainable. Furthermore, the Municipality requires careful monitoring of both operating and capital expenditures to continue to ensure financial sustainability of the systems.

3. KEY INPUTS

This chapter discusses the key inputs and documents used to develop the financial plan consistent with the governing legislation. The costs, revenues and assumptions used in preparing the financial projections are based on the Municipality's data such as the 2024 operating budget and capital plan, the 2024 Development Charges Background Study, year-end reserve continuity schedules and other relevant information provided by staff. Importantly, the key assumptions identified below reflect the key inputs into the 2024 water and wastewater rate study which informs this plan. The five key financial inputs discussed below drive the prescribed statements outlined in Section 2 and are described in more detail in Section 4 of this report.

I. EXPENDITURE AND REVENUE FORECAST

The expenditure and revenue forecasts are based upon the information obtained from the Municipality's 2024 operating budgets and the ten-year capital plan. This includes a forecast of operating expenditures and revenues to 2034 with the provision for annual contributions to reserves for the purpose of asset repair and replacement. The Municipality recovers most of its costs through user fees charged to its customers that include a monthly fixed fee, with an additional consumption charge for each cubic metre of water consumed. The forecast of expenditures and revenues is included as Appendix A - Table 1.

Operating and non-rate revenue projections assume the following increases in expenditures and non-rate revenues:

- Salaries, Wages, and Benefits – 3% per annum;
- Materials, Service, and Maintenance – 2% per annum;
- Hydro, Utilities, and Telecom – 4% per annum;
- Contracted Services – 3% per annum;
- Payment in Lieu of Taxes and Recoveries – 2% per annum;
- Internal Allocations – 2% per annum;
- Miscellaneous Non-User Rate Revenue – 2% per annum;

Service Enhancements and Mandatory Requirements

Based on discussions with Municipality staff, in order for the Municipality to continue to adapt to ongoing legislative requirements and customer demands, an allocation for enhanced services and programs which may be required in the future has been incorporated

into the analysis. As a result, one additional FTE (at \$120,000 per annum) has been assumed starting in 2026 in order to continue to provide the current levels of service. The cost has been allocated evenly between water and wastewater services and the salary is adjusted annually for inflation (at a rate of 3.0%).

II. CAPITAL EXPENDITURES

The Municipality's capital budget forecast used in preparing the financial plan is outlined in Appendix A - Table 2. This table identifies the cumulative cost for all in-year capital projects over the planning period and identifies the annual funding sources as outlined by Municipality staff and Council. In total, over the 2025-2034 period, approximately \$21.0 million in non-growth capital is required to support water services.

In most instances, water reserves are largely used to fund in-year capital expenditure requirements, while debt financing measures are available to offset years with particularly high expenditures or where existing reserve funds were insufficient to cover the cost (thereby ensuring reserves maintain a positive position throughout the period). No expenditures exceeding the reserve fund balance in any year of the planning period has been identified, and the analysis predicts that the balances of both the water reserve and the water development charges reserve funds will remain in a healthy position. There is no anticipated need for debt financing for rate-funded water projects.

III. RESERVE FUND STATEMENTS

Water Reserves – General

Both the 2024 Water Reserve Fund opening balance and the projected transfers to and from the Water Reserve was provided by municipal staff and accounts for the cumulative water reserves available for the water system. These figures are outlined in Appendix A – Table 3.

The Water Reserve is used to fund non-growth-related capital projects as well as the repair and replacement of water assets. Additionally, these funds can be used to address revenue shortfalls that can arise from fluctuating annual water consumption (i.e. less water is billed during wet summers).

Development Charge Reserve Fund – Water Services

The Development Charge Reserve Fund is used to fund growth-related capital projects outlined in the Municipality's Development Charges Background Study. The timing and costs of each project is subject to change based on annual capital budget reviews. It is important to note that the Municipality will be undertaking an update to the DC Study over the

upcoming year, which will likely further adjust the quantum and timing of capital projects to correspond with the development outlook. Furthermore, the revenues identified in this plan are based on the fully calculated DC rates and the growth trends identified therein, which may be amended before a new Development Charges Bylaw is passed. As a note, the DC Reserve Fund balance is assumed to accrue no interest over the planning period.

IV. TANGIBLE CAPITAL ASSET ANALYSIS (TCA)

The Municipality’s internal TCA data, in tandem with Financial Information Returns filed by the Municipality were used to develop financial information related to the water systems assets. The statements included are not audited documents and contain estimates and assumptions as described below.

The following assumptions were made in regard to tangible capital assets:

- The amortization of assets is based on the amortization expense for 2022 and was assumed to remain consistent throughout the period;
- It is assumed that no write-offs occurred in any of the years;
- It is assumed that there were no gains or losses on the disposal of assets (assets were disposed when they had reached the end of their useful life and therefore the historic cost is equal to accumulated depreciation); and
- Contributed assets were unknown and therefore not included in the forecast.

A summary of the forecasted tangible capital asset balances for the Municipality water system is as follows:

Municipality Of North Perth TCA Analysis (\$000s)											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Tangible Capital Assets	\$21,167	\$21,477	\$23,496	\$25,331	\$27,254	\$29,348	\$31,388	\$33,549	\$35,714	\$38,007	\$40,369
Plus: Acquisitions - Repair/Replacement	\$250	\$1,813	\$1,835	\$1,923	\$2,093	\$2,040	\$2,161	\$2,165	\$2,293	\$2,362	\$2,325
Plus: Acquisitions - Growth Related	\$60	\$206	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Tangible Capital Assets	\$21,477	\$23,496	\$25,331	\$27,254	\$29,348	\$31,388	\$33,549	\$35,714	\$38,007	\$40,369	\$42,694
Opening Accumulated Amortization	\$7,593	\$7,873	\$8,154	\$8,435	\$8,715	\$8,996	\$9,277	\$9,557	\$9,838	\$10,119	\$10,399
Plus: Amortization Expense	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281
Less: Amortization of Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Accumulated Amortization	\$7,873	\$8,154	\$8,435	\$8,715	\$8,996	\$9,277	\$9,557	\$9,838	\$10,119	\$10,399	\$10,680
Net Book Value	\$13,604	\$15,342	\$16,896	\$18,539	\$20,352	\$22,111	\$23,992	\$25,876	\$27,888	\$29,969	\$32,013

Note: These figures are based on unaudited documents

V. PROJECTION OF RATES

While the change to water rate is proposed to be lower from 2024 to 2025 than the previous year, the rates are projected to increase moving forward (post 2025) to ensure long-term

fiscal stability of the services. The table below provides a snapshot of the calculated utility rates required for 2025-2034.

Municipality Of North Perth - Calculated Water Rates (10-Year Projection)											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Fixed Charge Per Equivalent Connection	\$21.34	\$21.98	\$22.64	\$23.32	\$24.02	\$24.74	\$25.48	\$26.25	\$27.03	\$27.84	\$28.68
Increase (%)		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cost per Cubic Meter Residential	\$1.28	\$1.32	\$1.36	\$1.40	\$1.44	\$1.48	\$1.53	\$1.57	\$1.62	\$1.67	\$1.72
Cost per Cubic Meter <400m3	\$0.96	\$0.99	\$1.02	\$1.05	\$1.08	\$1.11	\$1.15	\$1.18	\$1.22	\$1.25	\$1.29
Cost per Cubic Meter 400-800m3	\$0.87	\$0.90	\$0.92	\$0.95	\$0.98	\$1.01	\$1.04	\$1.07	\$1.10	\$1.14	\$1.17
Cost per Cubic Meter >800m3	\$0.74	\$0.76	\$0.78	\$0.80	\$0.83	\$0.85	\$0.88	\$0.90	\$0.93	\$0.96	\$0.99
Increase (%)		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Additional detail surrounding the rate analysis is more fully described in the water and wastewater rate study report (August 12th, 2024) prepared under a separate cover.

4. WATER FINANCIAL PLAN

This section summarizes the complete financial plan for the Municipality of North Perth's water system. The financial plan represents a forecast or projection of the Municipality's future financial position. The statements included in this study are not audited documents and contain estimates and assumptions as described in Section 5 of this report.

A. STATEMENT OF OPERATIONS – TABLE 1

The Statement of Operations provides information on the revenues and expenses generated from the water system in each year. An annual surplus will be generated where annual revenues exceed annual expenses for the year. Conversely, where the expenses exceed the revenues, an annual deficit will result. The annual surplus is available to fund non-operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow the reserve funds.

In 2024, the projected revenue is \$2.48 million with expenditures of \$1.71 million. As revenues exceed expenses, an annual surplus is projected of approximately \$770,000. The beginning period accumulated surplus of \$18.44 million is equal to the opening reserve fund balances, plus tangible capital assets, and less any debt obligations and deferred revenue. A reconciliation of this amount can be found in Table 5. The Municipality's forecasted Statement of Operations indicates an annual surplus for all years projected, with the accumulated surplus growing by approximately \$15.35 million. This supports the Municipality's need to grow its reserve funds to pay for the repair and replacement of capital assets.

B. STATEMENT OF FINANCIAL POSITION – TABLE 2

The Statement of Financial Position provides information on the assets and liabilities of the Municipality's water system. Net Financial Assets/(Debt) is the difference between assets and liabilities. A position of net financial assets occurs when assets are greater than liabilities. Conversely, net financial debt occurs when liabilities exceed their assets. A net financial assets position implies that the system has the financial resources required to fund its future operations. A net financial debt position indicates that future revenues will be required to pay for past transactions. The Municipality's water system is forecast to have a net financial asset position for all years throughout the 10-year period since no water-related-debt has been identified, and the balance of financial assets always exceeds any deferred revenue from development charges. As a result, in 2024, net financial assets total approximately \$5.60 million.

Table 1
Municipality Of North Perth
Statement of Operations
in \$000's

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues											
<i>Water Sales</i>											
Metered	\$2,307	\$2,555	\$2,701	\$2,887	\$3,082	\$3,286	\$3,499	\$3,723	\$3,956	\$4,200	\$4,456
<i>Non Rate Revenue</i>	\$29	\$30	\$30	\$31	\$32	\$32	\$33	\$33	\$34	\$35	\$36
<i>Earned DC Revenue</i>	\$60	\$206	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Interest Earned</i>	\$83	\$63	\$55	\$47	\$38	\$36	\$32	\$32	\$31	\$33	\$38
<i>Total Revenue</i>	\$2,478	\$2,854	\$2,786	\$2,965	\$3,152	\$3,354	\$3,564	\$3,788	\$4,022	\$4,269	\$4,529
Expenditures											
Amortization Expense	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281
In-Year Asset Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on Debt Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expense	\$1,428	\$1,465	\$1,564	\$1,605	\$1,647	\$1,691	\$1,736	\$1,782	\$1,829	\$1,878	\$1,928
<i>Total Expenditures</i>	\$1,709	\$1,746	\$1,844	\$1,886	\$1,928	\$1,972	\$2,016	\$2,063	\$2,110	\$2,159	\$2,209
Annual Surplus/(Deficit)	\$770	\$1,108	\$942	\$1,080	\$1,224	\$1,382	\$1,547	\$1,725	\$1,912	\$2,110	\$2,320
Annual Surplus/(Deficit)	\$770	\$1,108	\$942	\$1,080	\$1,224	\$1,382	\$1,547	\$1,725	\$1,912	\$2,110	\$2,320
Accumulated Surplus, Beginning of Period	\$18,436	\$19,206	\$20,315	\$21,256	\$22,336	\$23,559	\$24,942	\$26,489	\$28,214	\$30,126	\$32,236
Accumulated Surplus, End of Period	\$19,206	\$20,315	\$21,256	\$22,336	\$23,559	\$24,942	\$26,489	\$28,214	\$30,126	\$32,236	\$34,557

Table 2
Municipality Of North Perth
Statement of Financial Position
in \$000's

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Financial Assets											
Cash	\$6,319	\$6,113	\$6,152	\$6,181	\$6,206	\$6,464	\$6,787	\$7,309	\$7,756	\$8,348	\$9,206
Total Assets	\$6,319	\$6,113	\$6,152	\$6,181	\$6,206	\$6,464	\$6,787	\$7,309	\$7,756	\$8,348	\$9,206
Liabilities											
Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Revenue	\$716	\$1,140	\$1,793	\$2,384	\$2,998	\$3,634	\$4,290	\$4,971	\$5,518	\$6,081	\$6,663
Total Liabilities	\$716	\$1,140	\$1,793	\$2,384	\$2,998	\$3,634	\$4,290	\$4,971	\$5,518	\$6,081	\$6,663
Net Financial Assets/(Debt)	\$5,603	\$4,973	\$4,360	\$3,797	\$3,208	\$2,830	\$2,497	\$2,339	\$2,238	\$2,267	\$2,543
Non-Financial Assets											
Tangible Capital Assets	\$13,604	\$15,342	\$16,896	\$18,539	\$20,352	\$22,111	\$23,992	\$25,876	\$27,888	\$29,969	\$32,013
Accumulated Surplus/(Deficit)	\$19,206	\$20,315	\$21,256	\$22,336	\$23,559	\$24,942	\$26,489	\$28,214	\$30,126	\$32,236	\$34,557

Overall, the net financial asset position is expected to decrease to a surplus of \$2.54 million in 2034. The decrease can largely be attributed to the advanced capital asset repair and replacement program identified through the results of the preliminary 2025 AMP work. These costs are being funded entirely from reserves. Should the work be deferred or different from what was identified in the replacement schedule of the AMP, it would be reflected in the reserve fund balances of this statement.

The Statement of Financial Position also provides information on the Municipality's tangible capital assets. The reporting of tangible capital assets is a requirement under PS3150 of the Public Sector Accounting Board. Prior to 2009, the costs to acquire or construct capital assets were expensed in the year in which they occur. As of 2009 municipalities are required to capitalize their assets and account for their ability to provide future benefits. An increase in the tangible capital asset balance suggests that new assets have been acquired, and a decrease in the balance indicates the disposal, write down or use of assets. The Municipality's tangible capital assets are valued at an estimated \$13.60 million in 2024 and are anticipated to grow to \$32.01 million by the end of the period.

C. STATEMENT OF CASH FLOW – TABLE 3

The Statement of Cash Flow provides information on the generation and use of cash resources in the following categories: operating; capital; investments; and financing activities. The statement describes how the cash from operations (\$1.51 million) will be used to support the 2024 capital transactions (\$310,000). The difference between the total cash generated and cash used results in an increase or decrease in cash and cash equivalents. The beginning of period cash and cash equivalents is equal to the water reserve funds on hand at the start of the period.

In 2024, the Municipality will see a \$1.29 million increase in cash equivalents, mainly due to the timing of capital-related-expenditures, which are expected to be lower in 2024 compared to average spending. The Municipality's cash position is expected to increase from \$6.32 million at the end of 2024 to \$9.21 million by the end of 2034. As indicated in the Table 2 description, the decrease can largely be attributed to the advanced capital asset repair and replacement program identified through the results of the preliminary 2025 AMP work. These costs are being funded entirely from reserves and cash on hand.

D. STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/DEBT – TABLE 4

The Statement of Change in Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support the operating and tangible capital asset costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. The statement outlines that the surplus (\$770,000) and amortization (\$281,000) exceed the forecasted capital expenditures (\$310,000), resulting in an increase in net financial assets for 2024. As the capital program becomes more intensive over the next few years, the net financial assets are expected to become negative for most years throughout the period, and net financial assets are expected to eventually decline to \$2.54 million. It is important to note that the actual change in net financial assets is positive for some years which does indicate the Municipality is increasing its cash position throughout the period and there is no reliance on debt to fund capital.

Table 3
Municipality Of North Perth
Statement of Cash Flow
In \$000's

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Transactions											
Annual Surplus/(Deficit)	\$770	\$1,108	\$942	\$1,080	\$1,224	\$1,382	\$1,547	\$1,725	\$1,912	\$2,110	\$2,320
Add: Amortization of TCA's	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281
Less: DC Revenues	(\$60)	(\$206)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add: DC Proceeds	\$606	\$629	\$653	\$592	\$614	\$636	\$656	\$681	\$547	\$563	\$582
Less: Interest Proceeds	(\$83)	(\$63)	(\$55)	(\$47)	(\$38)	(\$36)	(\$32)	(\$32)	(\$31)	(\$33)	(\$38)
Add: In-Year Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Operating:	\$1,514	\$1,749	\$1,820	\$1,905	\$2,080	\$2,263	\$2,452	\$2,656	\$2,709	\$2,920	\$3,146
Capital Transactions											
Proceeds on Sale of Tangible Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Cash Used to Acquire Tangible Capital Assets	(\$310)	(\$2,019)	(\$1,835)	(\$1,923)	(\$2,093)	(\$2,040)	(\$2,161)	(\$2,165)	(\$2,293)	(\$2,362)	(\$2,325)
Cash Applied to Capital	(\$310)	(\$2,019)	(\$1,835)	(\$1,923)	(\$2,093)	(\$2,040)	(\$2,161)	(\$2,165)	(\$2,293)	(\$2,362)	(\$2,325)
Investing Transactions											
Proceeds from Investments	\$83	\$63	\$55	\$47	\$38	\$36	\$32	\$32	\$31	\$33	\$38
Less: Cash Used to Acquire Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Investing	\$83	\$63	\$55	\$47	\$38	\$36	\$32	\$32	\$31	\$33	\$38
Financing Transactions											
Proceeds from Debt Issues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Debt Repayment (principal only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Applied to Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increase/(Decrease) in Cash and Cash Equivalents	\$1,287	(\$206)	\$40	\$29	\$25	\$258	\$323	\$523	\$447	\$592	\$858
Cash and Cash Equivalents											
Beginning of Period	\$5,032	\$6,319	\$6,113	\$6,152	\$6,181	\$6,206	\$6,464	\$6,787	\$7,309	\$7,756	\$8,348
Increase/(Decrease)	\$1,287	(\$206)	\$40	\$29	\$25	\$258	\$323	\$523	\$447	\$592	\$858
End of Period	\$6,319	\$6,113	\$6,152	\$6,181	\$6,206	\$6,464	\$6,787	\$7,309	\$7,756	\$8,348	\$9,206

Table 4
Municipality Of North Perth
Statement of Change in Net Financial Assets/(Debt)
in \$000's

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Surplus/(Deficit)	\$770	\$1,108	\$942	\$1,080	\$1,224	\$1,382	\$1,547	\$1,725	\$1,912	\$2,110	\$2,320
Amortization of Tangible Capital Assets	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281
Less: Acquisition of Tangible Capital Assets	(\$310)	(\$2,019)	(\$1,835)	(\$1,923)	(\$2,093)	(\$2,040)	(\$2,161)	(\$2,165)	(\$2,293)	(\$2,362)	(\$2,325)
<i>Change in Net Financial Assets/(Debt)</i>	\$741	(\$630)	(\$613)	(\$563)	(\$589)	(\$377)	(\$333)	(\$158)	(\$100)	\$29	\$276
<i>Net Financial Assets/(Debt)</i>											
Beginning of Period	\$4,862	\$5,603	\$4,973	\$4,360	\$3,797	\$3,208	\$2,830	\$2,497	\$2,339	\$2,238	\$2,267
Increase/(Decrease)	\$741	(\$630)	(\$613)	(\$563)	(\$589)	(\$377)	(\$333)	(\$158)	(\$100)	\$29	\$276
End of Period	\$5,603	\$4,973	\$4,360	\$3,797	\$3,208	\$2,830	\$2,497	\$2,339	\$2,238	\$2,267	\$2,543

5. NOTES AND ASSUMPTIONS TO FINANCIAL PLAN

Section 3(2) of O. Reg. 453/07 states that the information is required only if the information is known to the owner at the time the financial plan is prepared. The assumptions used in preparing the financial plan are noted below.

I. CASH

The beginning of period Cash and Cash equivalents contained in the Statement of Cash Flows is the total of the opening balance of reserve funds. The opening balances were unaudited at the time the Financial Plan was prepared and may change.

II. RECEIVABLES AND PAYABLES

It is assumed that the water receivables and payables are not significant and therefore have not been identified.

III. DEBT

As of December 31, 2023, the Municipality had no outstanding water-related debt. The Municipality is not anticipated to require additional debt financing to carry-out the non-growth related capital program.

IV. DEFERRED REVENUE

Deferred revenue represents the development charge reserve fund balance. For financial reporting purposes, development charges are deemed a liability until they are used to acquire or construct the infrastructure for which they were collected.

V. ACCUMULATED SURPLUS

The accumulated surplus for all years in the forecast period is contained in Table 5.

Table 5
Municipality Of North Perth
Reconciliation of Accumulated Surplus
in \$000's

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Accumulated Surplus consists of:											
Opening Reserve Fund Balance											
<i>DC Reserve Fund</i>	\$170										
<i>Water Reserve Fund</i>	\$4,862										
Total Reserve Fund Balance	\$5,032										
<i>Less: Debt Obligations and Deferred Revenue</i>	(\$170)										
<i>Add: Tangible Capital Assets</i>	\$13,574										
Total Opening Balance	\$18,436	\$19,206	\$20,315	\$21,256	\$22,336	\$23,559	\$24,942	\$26,489	\$28,214	\$30,126	\$32,236
<i>Add: Contributions to/(from) Reserve Funds (excl DC)</i>											
<i>Water Reserve Fund</i>	\$741	(\$630)	(\$613)	(\$563)	(\$589)	(\$377)	(\$333)	(\$158)	(\$100)	\$29	\$276
Total Change in Reserve Funds	\$741	(\$630)	(\$613)	(\$563)	(\$589)	(\$377)	(\$333)	(\$158)	(\$100)	\$29	\$276
<i>Add: Changes in TCA during the year</i>											
<i>Capital Assets Acquired/(Disposed)</i>	\$310	\$2,019	\$1,835	\$1,923	\$2,093	\$2,040	\$2,161	\$2,165	\$2,293	\$2,362	\$2,325
<i>Amortization of Capital Assets</i>	(\$281)	(\$281)	(\$281)	(\$281)	(\$281)	(\$281)	(\$281)	(\$281)	(\$281)	(\$281)	(\$281)
Total Changes in Tangible Capital Assets	\$29	\$1,738	\$1,555	\$1,643	\$1,813	\$1,760	\$1,881	\$1,884	\$2,012	\$2,081	\$2,044
Subtract Changes in Debt Position											
<i>New Debt</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Change in Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ending Balance	\$19,206	\$20,315	\$21,256	\$22,336	\$23,559	\$24,942	\$26,489	\$28,214	\$30,126	\$32,236	\$34,557

VI. LEAD PIPES

Ontario Regulation 453/07 contains a requirement for municipalities to include in the Financial Plan the cost associated with replacing lead pipes that are part of the drinking water system. The Municipality currently does not have to replace any lead pipes and does not expect to replace any in the future. Therefore, no provision for lead pipe replacement is required for this plan.

APPENDIX A

SUPPORTING TABLES

Appendix A - Table 1
Municipality Of North Perth
Operating Budget Forecast
in \$000's

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures											
Operating Costs											
Annual Gross Operating Expenditures	\$1,427.9	\$1,465.3	\$1,503.7	\$1,543.2	\$1,583.7	\$1,625.4	\$1,668.2	\$1,712.3	\$1,757.5	\$1,804.1	\$1,851.9
Future Assumed Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Service Enhancements	\$0.0	\$0.0	\$60.0	\$61.8	\$63.7	\$65.6	\$67.5	\$69.6	\$71.6	\$73.8	\$76.0
	\$1,427.9	\$1,465.3	\$1,563.7	\$1,605.0	\$1,647.4	\$1,691.0	\$1,735.8	\$1,781.8	\$1,829.2	\$1,877.9	\$1,927.9
Capital Related Costs											
Non-Growth Capital	\$250.0	\$1,812.8	\$1,835.4	\$1,923.2	\$2,093.4	\$2,040.3	\$2,161.2	\$2,164.6	\$2,292.9	\$2,361.6	\$2,325.0
Growth-Related Capital	\$60.0	\$206.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Future Debt Financing	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	\$310.0	\$2,018.8	\$1,835.4	\$1,923.2	\$2,093.4	\$2,040.3	\$2,161.2	\$2,164.6	\$2,292.9	\$2,361.6	\$2,325.0
Reserve Fund Contribution											
Contributions to/(from) Water Reserve Fund	\$619.0	\$831.1	\$878.9	\$1,024.4	\$1,177.5	\$1,338.5	\$1,507.7	\$1,685.6	\$1,872.5	\$2,068.7	\$2,274.6
Amortization of Water Infrastructure	\$288.7	\$288.7	\$288.7	\$288.7	\$288.7	\$288.7	\$288.7	\$288.7	\$288.7	\$288.7	\$288.7
Contributions from DC Water Reserve Fund	(\$60.0)	(\$206.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	\$847.7	\$913.9	\$1,167.6	\$1,313.1	\$1,466.2	\$1,627.2	\$1,796.5	\$1,974.4	\$2,161.2	\$2,357.4	\$2,563.4
Total Expenditures	\$2,585.7	\$4,398.0	\$4,566.7	\$4,841.3	\$5,207.0	\$5,358.5	\$5,693.5	\$5,920.8	\$6,283.3	\$6,596.9	\$6,816.3
Revenues											
Water Billing Revenue	\$2,306.5	\$2,555.4	\$2,701.0	\$2,887.2	\$3,082.0	\$3,286.0	\$3,499.4	\$3,722.7	\$3,956.3	\$4,200.5	\$4,455.7
Transfer From Reserves for Capital	\$250.0	\$1,812.8	\$1,835.4	\$1,923.2	\$2,093.4	\$2,040.3	\$2,161.2	\$2,164.6	\$2,292.9	\$2,361.6	\$2,325.0
Non-User Rate Revenues	\$29.2	\$29.7	\$30.3	\$30.9	\$31.6	\$32.2	\$32.8	\$33.5	\$34.2	\$34.8	\$35.5
	\$2,585.7	\$4,398.0	\$4,566.7	\$4,841.3	\$5,207.0	\$5,358.5	\$5,693.5	\$5,920.8	\$6,283.3	\$6,596.9	\$6,816.3

Appendix A - Table 2
Municipality Of North Perth
Capital Budget Forecast
in \$000's

Capital Budget Forecast											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Program											
Non-Growth Related	\$250	\$1,813	\$1,835	\$1,923	\$2,093	\$2,040	\$2,161	\$2,165	\$2,293	\$2,362	\$2,325
Growth Related ⁽¹⁾	\$60	\$206	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$310	\$2,019	\$1,835	\$1,923	\$2,093	\$2,040	\$2,161	\$2,165	\$2,293	\$2,362	\$2,325
Funding Sources											
Transfer From Reserve for Capital	\$250	\$1,813	\$1,835	\$1,923	\$2,093	\$2,040	\$2,161	\$2,165	\$2,293	\$2,362	\$2,325
Operating Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from DC Reserves	\$60	\$206	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debenture Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Funding	\$310	\$2,019	\$1,835	\$1,923	\$2,093	\$2,040	\$2,161	\$2,165	\$2,293	\$2,362	\$2,325

Appendix A - Table 3
Municipality Of North Perth
Reserve Fund Continuity ^{(1) (2)}
in \$000's

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water Reserves - General											
Opening Balance	\$4,862	\$5,603	\$4,973	\$4,360	\$3,797	\$3,208	\$2,830	\$2,497	\$2,339	\$2,238	\$2,267
Transfer to Reserve Funds	\$908	\$1,120	\$1,168	\$1,313	\$1,466	\$1,627	\$1,796	\$1,974	\$2,161	\$2,357	\$2,563
Transfer from Reserves (To Capital)	(\$250)	(\$1,813)	(\$1,835)	(\$1,923)	(\$2,093)	(\$2,040)	(\$2,161)	(\$2,165)	(\$2,293)	(\$2,362)	(\$2,325)
<i>Interest Earned</i>	\$73	\$84	\$75	\$65	\$57	\$48	\$42	\$37	\$35	\$34	\$34
<i>Interest on In-Year Transactions</i>	\$10	(\$21)	(\$20)	(\$18)	(\$19)	(\$12)	(\$11)	(\$6)	(\$4)	(\$0)	\$4
Ending Balance	\$5,603	\$4,973	\$4,360	\$3,797	\$3,208	\$2,830	\$2,497	\$2,339	\$2,238	\$2,267	\$2,543
Debenture Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Development Charges Reserve Fund - Water Services											
Opening Balance	\$170	\$716	\$1,140	\$1,793	\$2,384	\$2,998	\$3,634	\$4,290	\$4,971	\$5,518	\$6,081
Revenue	\$606	\$629	\$653	\$592	\$614	\$636	\$656	\$681	\$547	\$563	\$582
Transfer to Capital	(\$60)	(\$206)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Operating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$716	\$1,140	\$1,793	\$2,384	\$2,998	\$3,634	\$4,290	\$4,971	\$5,518	\$6,081	\$6,663
Debenture Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Note 1: Reserve fund balances are unaudited at the time of study. The 2024 Opening DC Reserve Fund Balance has been estimated based on the 2023 year-end balance</i>											
<i>Note 2: Revenues from the NEMP Area are excluded from DC Revenue Forecast</i>											