

REPORT

PREPARED BY HEMSON FOR MUNICIPALITY OF NORTH PERTH

MUNICIPALITY OF NORTH PERTH WASTEWATER FINANCIAL PLAN

August 19, 2024



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1. INTRODUCTION

The Municipality of North Perth is responsible for collecting and treating wastewater generated from within the Municipality. This service is provided to approximately 5,500 connections, both residential and commercial. The fee structure for wastewater service includes a fixed monthly charge (differentiated by meter size) plus a consumption charge for each cubic metre of wastewater generated¹. 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. As part of this process, the Municipality completed a Wastewater Financial Plan to compliment the water plan required for its water licence renewal application in accordance with the *Safe Drinking Water Act* (SDWA) and *Ontario Regulation 453/07* (O. Reg. 453/07). While the legislation does not require a Wastewater Financial Plan, it is recommended. Therefore, this updated Wastewater Financial Plan has been prepared in a in the same manor as the Water Financial Plan, which was prepared consistent with requirements of the *Safe Drinking Water Act* (the SDWA) and its associated regulation *Ontario Regulation 453/07*. The preparation of a financial plan requires an analysis of operating and capital needs, as well as consideration of available funding sources. 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 wastewater 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, recognizing the first year of the plan is considered to be 2025.

¹ Wastewater generation is based on billed water for most accounts in the municipality except the select accounts on special agreements on those measured at the septate receiving station.

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). At this time, the Municipality approved an update to the Wastewater Financial Plan, which has been prepared in the same form as the mandatory Water Financial Plan. For information purposes, 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.

Similar to the Water Financial Plan, 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). The requirements for a licence renewal mirror the requirements for the financial plan prepared for the drinking water licence (as detailed above).

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 wastewater 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. wastewater 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 wastewater system. 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 Wastewater Services.

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

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. 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 wastewater 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 \$25.7 million in non-growth capital is required to support wastewater services.

In most instances, wastewater 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 balance of the wastewater reserves will remain in a healthy position. There is no anticipated need for debt financing for rate-funded wastewater projects.

III. RESERVE FUND STATEMENTS

Wastewater Reserves – General

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

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

Development Charge Reserve Fund – Wastewater 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 wastewater system 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’s wastewater 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	\$48,631	\$51,468	\$59,631	\$61,938	\$64,123	\$66,290	\$68,469	\$70,804	\$73,116	\$75,498	\$78,048
Plus: Acquisitions - Repair/Replacement	\$2,358	\$5,047	\$2,281	\$2,158	\$2,138	\$2,150	\$2,305	\$2,281	\$2,350	\$2,518	\$2,459
Plus: Acquisitions - Growth Related	\$479	\$3,116	\$27	\$27	\$28	\$29	\$30	\$31	\$32	\$33	\$0
Less: Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Tangible Capital Assets	\$51,468	\$59,631	\$61,938	\$64,123	\$66,290	\$68,469	\$70,804	\$73,116	\$75,498	\$78,048	\$80,508
Opening Accumulated Amortization	\$15,571	\$16,452	\$17,333	\$18,214	\$19,095	\$19,976	\$20,857	\$21,738	\$22,619	\$23,500	\$24,381
Plus: Amortization Expense	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881
Less: Amortization of Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Accumulated Amortization	\$16,452	\$17,333	\$18,214	\$19,095	\$19,976	\$20,857	\$21,738	\$22,619	\$23,500	\$24,381	\$25,262
Net Book Value	\$35,016	\$42,298	\$43,724	\$45,029	\$46,314	\$47,613	\$49,066	\$50,497	\$51,997	\$53,667	\$55,246

V. PROJECTION OF RATES

While the change to wastewater rate is proposed to be lower from 2024 to 2025 than the previous years, 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 Wastewater Rates (10-Year Projection)											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Fixed Charge Per Equivalent Connection	\$26.66	\$27.46	\$28.28	\$29.13	\$30.01	\$30.91	\$31.83	\$32.79	\$33.77	\$34.79	\$35.83
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	\$1.72	\$1.77	\$1.82	\$1.88	\$1.94	\$1.99	\$2.05	\$2.12	\$2.18	\$2.24	\$2.31
Cost per Cubic Meter - <400m3	\$1.49	\$1.53	\$1.58	\$1.63	\$1.68	\$1.73	\$1.78	\$1.83	\$1.89	\$1.94	\$2.00
Cost per Cubic Meter - 400-800m3	\$1.32	\$1.36	\$1.40	\$1.44	\$1.49	\$1.53	\$1.58	\$1.62	\$1.67	\$1.72	\$1.77
Cost per Cubic Meter - >800m3	\$1.13	\$1.16	\$1.20	\$1.23	\$1.27	\$1.31	\$1.35	\$1.39	\$1.43	\$1.47	\$1.52
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. WASTEWATER FINANCIAL PLAN

This section summarizes the complete financial plan for the Municipality of North Perth's wastewater 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 wastewater 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 \$5.81 million with expenditures of \$4.35 million. As revenues exceed expenses, an annual surplus for 2024 is projected to be approximately \$1.45 million. The beginning period accumulated surplus of \$41.4 million is equal to the opening reserve 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 \$29.50 million by the end of 2034. 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 wastewater 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 wastewater 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 wastewater system has a net financial asset position for all years throughout the 10-year period, as the deferred revenue plus wastewater system debt is never forecasted to exceed the financial assets on hand. As a result, in 2024, net financial assets are approximately \$7.87 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	\$5,100	\$5,636	\$5,875	\$6,169	\$6,476	\$6,796	\$7,130	\$7,478	\$7,840	\$8,218	\$8,611
Non Rate Revenue	\$118	\$409	\$409	\$409	\$410	\$410	\$410	\$410	\$411	\$411	\$411
Earned DC Revenue	\$479	\$3,116	\$27	\$27	\$28	\$29	\$30	\$31	\$32	\$33	\$0
Interest Earned	\$107	\$31	\$73	\$79	\$87	\$98	\$111	\$127	\$146	\$167	\$193
Total Revenue	\$5,805	\$9,192	\$6,383	\$6,685	\$7,001	\$7,333	\$7,681	\$8,046	\$8,429	\$8,828	\$9,215
Expenditures											
Amortization Expense	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881
In-Year Asset Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on Debt Expense	\$229	\$214	\$205	\$197	\$188	\$180	\$171	\$161	\$152	\$143	\$133
Operating Expense	\$3,237	\$3,332	\$3,490	\$3,594	\$3,700	\$3,810	\$3,923	\$4,039	\$4,160	\$4,284	\$4,412
Total Expenditures	\$4,347	\$4,427	\$4,577	\$4,671	\$4,769	\$4,870	\$4,974	\$5,082	\$5,193	\$5,307	\$5,426
Annual Surplus/(Deficit)	\$1,457	\$4,765	\$1,807	\$2,013	\$2,232	\$2,463	\$2,706	\$2,964	\$3,236	\$3,521	\$3,790
Annual Surplus/(Deficit)	\$1,457	\$4,765	\$1,807	\$2,013	\$2,232	\$2,463	\$2,706	\$2,964	\$3,236	\$3,521	\$3,790
Accumulated Surplus, Beginning of Period	\$41,432	\$42,889	\$47,655	\$49,461	\$51,474	\$53,706	\$56,170	\$58,876	\$61,840	\$65,076	\$68,597
Accumulated Surplus, End of Period	\$42,889	\$47,655	\$49,461	\$51,474	\$53,706	\$56,170	\$58,876	\$61,840	\$65,076	\$68,597	\$72,386

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	\$10,853	\$6,384	\$7,951	\$9,670	\$11,672	\$13,936	\$16,329	\$19,055	\$21,633	\$24,353	\$27,505
Total Assets	\$10,853	\$6,384	\$7,951	\$9,670	\$11,672	\$13,936	\$16,329	\$19,055	\$21,633	\$24,353	\$27,505
Liabilities											
Debt	\$0	(\$367)	(\$743)	(\$1,127)	(\$1,520)	(\$1,921)	(\$2,331)	(\$2,751)	(\$3,180)	(\$3,618)	(\$4,066)
Deferred Revenue	\$2,980	\$1,395	\$2,957	\$4,351	\$5,800	\$7,301	\$8,850	\$10,463	\$11,734	\$13,042	\$14,430
Total Liabilities	\$2,980	\$1,027	\$2,214	\$3,224	\$4,280	\$5,379	\$6,519	\$7,712	\$8,554	\$9,424	\$10,364
Net Financial Assets/(Debt)	\$7,873	\$5,357	\$5,737	\$6,446	\$7,392	\$8,557	\$9,810	\$11,343	\$13,078	\$14,929	\$17,141
Non-Financial Assets											
Tangible Capital Assets	\$35,016	\$42,298	\$43,724	\$45,029	\$46,314	\$47,613	\$49,066	\$50,497	\$51,997	\$53,667	\$55,246
Accumulated Surplus/(Deficit)	\$42,889	\$47,655	\$49,461	\$51,474	\$53,706	\$56,170	\$58,876	\$61,840	\$65,076	\$68,597	\$72,386

Overall, the net financial asset position is expected to increase to a surplus of \$17.14 million by the end of 2034.

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 \$35.02 million in 2024 and are anticipated to grow to \$55.25 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 (\$3.23 million) will be used to support the 2024 capital transactions (\$2.84 million). 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 \$495,000 increase in cash equivalents since the cash provided by operating is greater than the cost of capital transactions in the year. The Municipality's cash position is expected to increase from \$10.85 million at the end of 2024 to \$27.51 million by the end of 2034. Any changes to the Municipality's growth or non-growth capital plan will affect this projection.

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 forecasted surplus (\$1.46 million) and amortization (\$881,000) does not exceed the forecasted capital expenditures (\$2.84 million), resulting in a decrease in net financial assets for 2024. As the capital program becomes more intensive in 2025, the decrease in net financial assets is expected to continue before beginning to increase for the remainder of the period. Net financial assets are expected to eventually reach \$17.14 million in 2034. It is important to note that the actual change in net financial assets is positive for most years which does indicate the Municipality is increasing its cash position throughout the period while reducing the 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)	\$1,457	\$4,765	\$1,807	\$2,013	\$2,232	\$2,463	\$2,706	\$2,964	\$3,236	\$3,521	\$3,790
Add: Amortization of TCA's	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881
Less: DC Revenues	(\$479)	(\$3,116)	(\$27)	(\$27)	(\$28)	(\$29)	(\$30)	(\$31)	(\$32)	(\$33)	\$0
Add: DC Proceeds	\$1,472	\$1,530	\$1,589	\$1,422	\$1,477	\$1,530	\$1,580	\$1,643	\$1,303	\$1,340	\$1,389
Less: Interest Proceeds	(\$107)	(\$31)	(\$73)	(\$79)	(\$87)	(\$98)	(\$111)	(\$127)	(\$146)	(\$167)	(\$193)
Add: In-Year Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Operating:	\$3,225	\$4,030	\$4,177	\$4,210	\$4,475	\$4,747	\$5,027	\$5,331	\$5,242	\$5,542	\$5,866
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	(\$2,837)	(\$8,163)	(\$2,307)	(\$2,185)	(\$2,167)	(\$2,179)	(\$2,334)	(\$2,312)	(\$2,382)	(\$2,551)	(\$2,459)
Cash Applied to Capital	(\$2,837)	(\$8,163)	(\$2,307)	(\$2,185)	(\$2,167)	(\$2,179)	(\$2,334)	(\$2,312)	(\$2,382)	(\$2,551)	(\$2,459)
Investing Transactions											
Proceeds from Investments	\$107	\$31	\$73	\$79	\$87	\$98	\$111	\$127	\$146	\$167	\$193
Less: Cash Used to Acquire Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Investing	\$107	\$31	\$73	\$79	\$87	\$98	\$111	\$127	\$146	\$167	\$193
Financing Transactions											
Proceeds from Debt Issues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Debt Repayment (principal only)	\$0	(\$367)	(\$376)	(\$384)	(\$393)	(\$401)	(\$410)	(\$419)	(\$429)	(\$438)	(\$448)
Cash Applied to Financing	\$0	(\$367)	(\$376)	(\$384)	(\$393)	(\$401)	(\$410)	(\$419)	(\$429)	(\$438)	(\$448)
Increase/(Decrease) in Cash and Cash Equivalents	\$495	(\$4,469)	\$1,567	\$1,719	\$2,002	\$2,265	\$2,392	\$2,726	\$2,578	\$2,720	\$3,152
Cash and Cash Equivalents											
Beginning of Period	\$10,358	\$10,853	\$6,384	\$7,951	\$9,670	\$11,672	\$13,936	\$16,329	\$19,055	\$21,633	\$24,353
Increase/(Decrease)	\$495	(\$4,469)	\$1,567	\$1,719	\$2,002	\$2,265	\$2,392	\$2,726	\$2,578	\$2,720	\$3,152
End of Period	\$10,853	\$6,384	\$7,951	\$9,670	\$11,672	\$13,936	\$16,329	\$19,055	\$21,633	\$24,353	\$27,505

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)	\$1,457	\$4,765	\$1,807	\$2,013	\$2,232	\$2,463	\$2,706	\$2,964	\$3,236	\$3,521	\$3,790
Amortization of Tangible Capital Assets	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881
Less: Acquisition of Tangible Capital Assets	(\$2,837)	(\$8,163)	(\$2,307)	(\$2,185)	(\$2,167)	(\$2,179)	(\$2,334)	(\$2,312)	(\$2,382)	(\$2,551)	(\$2,459)
<i>Change in Net Financial Assets/(Debt)</i>	(\$498)	(\$2,516)	\$380	\$709	\$946	\$1,165	\$1,253	\$1,533	\$1,735	\$1,851	\$2,211
<i>Net Financial Assets/(Debt)</i>											
Beginning of Period	\$8,372	\$7,873	\$5,357	\$5,737	\$6,446	\$7,392	\$8,557	\$9,810	\$11,343	\$13,078	\$14,929
Increase/(Decrease)	(\$498)	(\$2,516)	\$380	\$709	\$946	\$1,165	\$1,253	\$1,533	\$1,735	\$1,851	\$2,211
End of Period	\$7,873	\$5,357	\$5,737	\$6,446	\$7,392	\$8,557	\$9,810	\$11,343	\$13,078	\$14,929	\$17,141

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 wastewater receivables and payables are not significant and therefore have not been identified.

III. DEBT

As of December 31, 2024, the Municipality had one outstanding wastewater-related debt from the 2021 upgrades done to the wastewater treatment plant. In total, a blended payment of about \$581,000 will be made each year until the principal is reduced to nil. In 2024, this payment represents about 63% principal and 37% in interest. The remaining principle on this debenture will total \$9.71 million by the end of 2024. The Municipality is not anticipated to require additional debt financing to carry-out the non-growth-related capital program. See Appendix A – Table 4 for the Debenture Schedule.

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>	\$1,986										
<i>Sewer Reserve Fund</i>	\$8,372										
Total Reserve Fund Balance	\$10,358										
<i>Less: Debt Obligations and Deferred Revenue</i>	(\$1,986)										
<i>Add: Tangible Capital Assets</i>	\$33,060										
Total Opening Balance	\$41,432	\$42,889	\$47,655	\$49,461	\$51,474	\$53,706	\$56,170	\$58,876	\$61,840	\$65,076	\$68,597
<i>Add: Contributions to/(from) Reserve Funds (excl DC)</i>											
<i>Water Reserve Fund</i>	(\$498)	(\$2,884)	\$5	\$325	\$554	\$764	\$843	\$1,113	\$1,307	\$1,413	\$1,763
Total Change in Reserve Funds	(\$498)	(\$2,884)	\$5	\$325	\$554	\$764	\$843	\$1,113	\$1,307	\$1,413	\$1,763
<i>Add: Changes in TCA during the year</i>											
<i>Capital Assets Acquired/(Disposed)</i>	\$2,837	\$8,163	\$2,307	\$2,185	\$2,167	\$2,179	\$2,334	\$2,312	\$2,382	\$2,551	\$2,459
<i>Amortization of Capital Assets</i>	(\$881)	(\$881)	(\$881)	(\$881)	(\$881)	(\$881)	(\$881)	(\$881)	(\$881)	(\$881)	(\$881)
Total Changes in Tangible Capital Assets	\$1,956	\$7,282	\$1,426	\$1,304	\$1,286	\$1,298	\$1,453	\$1,431	\$1,500	\$1,670	\$1,578
Subtract Changes in Debt Position											
<i>New Debt</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Debt Repayment</i>	\$0	\$367	\$376	\$384	\$393	\$401	\$410	\$419	\$429	\$438	\$448
Total Change in Debt	\$0	\$367	\$376	\$384	\$393	\$401	\$410	\$419	\$429	\$438	\$448
Total Ending Balance	\$42,889	\$47,655	\$49,461	\$51,474	\$53,706	\$56,170	\$58,876	\$61,840	\$65,076	\$68,597	\$72,386

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	\$3,236.9	\$3,332.1	\$3,430.4	\$3,531.7	\$3,636.2	\$3,744.0	\$3,855.2	\$3,969.8	\$4,088.1	\$4,210.1	\$4,336.0
Existing Debt	\$229.4	\$580.9	\$580.9	\$580.9	\$580.9	\$580.9	\$580.9	\$580.9	\$580.9	\$580.9	\$580.9
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
	\$3,466.2	\$3,913.1	\$4,071.3	\$4,174.5	\$4,280.8	\$4,390.5	\$4,503.6	\$4,620.3	\$4,740.7	\$4,864.9	\$4,992.9
Capital Related Costs											
Non-Growth Capital	\$2,358.0	\$5,047.0	\$2,280.9	\$2,158.1	\$2,138.5	\$2,150.5	\$2,304.5	\$2,281.4	\$2,349.9	\$2,518.2	\$2,459.4
Growth-Related Capital	\$479.0	\$3,115.8	\$26.5	\$27.3	\$28.1	\$29.0	\$29.9	\$30.7	\$31.7	\$32.6	\$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
	\$2,837.0	\$8,162.8	\$2,307.5	\$2,185.5	\$2,166.6	\$2,179.4	\$2,334.4	\$2,312.2	\$2,381.5	\$2,550.8	\$2,459.4
Reserve Fund Contribution											
Contributions to/(from) Water Reserve Fund	\$873.6	\$1,254.0	\$1,334.2	\$1,525.9	\$1,726.8	\$1,937.5	\$2,158.2	\$2,389.5	\$2,631.6	\$2,885.2	\$3,150.6
Amortization of Water Infrastructure	\$878.5	\$878.5	\$878.5	\$878.5	\$878.5	\$878.5	\$878.5	\$878.5	\$878.5	\$878.5	\$878.5
Contributions from DC Water Reserve Fund	(\$479.0)	(\$3,115.8)	(\$26.5)	(\$27.3)	(\$28.1)	(\$29.0)	(\$29.9)	(\$30.7)	(\$31.7)	(\$32.6)	\$0.0
	\$1,273.1	(\$983.3)	\$2,186.2	\$2,377.0	\$2,577.2	\$2,787.0	\$3,006.8	\$3,237.2	\$3,478.4	\$3,731.1	\$4,029.1
Total Expenditures	\$7,576.3	\$11,092.5	\$8,565.0	\$8,736.9	\$9,024.6	\$9,356.9	\$9,844.8	\$10,169.7	\$10,600.7	\$11,146.8	\$11,481.4
Revenues											
Water Billing Revenue	\$5,100.0	\$5,636.5	\$5,874.8	\$6,169.3	\$6,476.4	\$6,796.5	\$7,130.1	\$7,477.8	\$7,840.1	\$8,217.6	\$8,610.8
Transfer From Reserves for Capital	\$2,358.0	\$5,047.0	\$2,280.9	\$2,158.1	\$2,138.5	\$2,150.5	\$2,304.5	\$2,281.4	\$2,349.9	\$2,518.2	\$2,459.4
Non-User Rate Revenues	\$118.3	\$409.0	\$409.3	\$409.5	\$409.7	\$410.0	\$410.2	\$410.5	\$410.7	\$411.0	\$411.3
	\$7,576.3	\$11,092.5	\$8,565.0	\$8,736.9	\$9,024.6	\$9,356.9	\$9,844.8	\$10,169.7	\$10,600.7	\$11,146.8	\$11,481.4

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	\$2,358	\$5,047	\$2,281	\$2,158	\$2,138	\$2,150	\$2,305	\$2,281	\$2,350	\$2,518	\$2,459
Growth Related ⁽¹⁾	\$479	\$3,116	\$27	\$27	\$28	\$29	\$30	\$31	\$32	\$33	\$0
Total	\$2,837	\$8,163	\$2,307	\$2,185	\$2,167	\$2,179	\$2,334	\$2,312	\$2,382	\$2,551	\$2,459
Funding Sources											
Transfer From Reserve for Capital	\$2,358	\$5,047	\$2,281	\$2,158	\$2,138	\$2,150	\$2,305	\$2,281	\$2,350	\$2,518	\$2,459
Operating Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from DC Reserves	\$479	\$3,116	\$27	\$27	\$28	\$29	\$30	\$31	\$32	\$33	\$0
Debenture Requirements	\$0	\$0	\$0	(\$0)	(\$0)	\$0	\$0	\$0	(\$0)	\$0	\$0
Total Funding	\$2,837	\$8,163	\$2,307	\$2,185	\$2,167	\$2,179	\$2,334	\$2,312	\$2,382	\$2,551	\$2,459

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
Wastewater Reserves - General											
Opening Balance	\$8,372	\$7,873	\$4,989	\$4,994	\$5,319	\$5,872	\$6,636	\$7,479	\$8,592	\$9,899	\$11,311
Transfer to Reserve Funds	\$1,752	\$2,132	\$2,213	\$2,404	\$2,605	\$2,816	\$3,037	\$3,268	\$3,510	\$3,764	\$4,029
Transfer from Reserves (To Capital)	(\$2,358)	(\$5,047)	(\$2,281)	(\$2,158)	(\$2,138)	(\$2,150)	(\$2,305)	(\$2,281)	(\$2,350)	(\$2,518)	(\$2,459)
<i>Interest Earned</i>	<i>\$126</i>	<i>\$118</i>	<i>\$75</i>	<i>\$75</i>	<i>\$80</i>	<i>\$88</i>	<i>\$100</i>	<i>\$112</i>	<i>\$129</i>	<i>\$148</i>	<i>\$170</i>
<i>Interest on In-Year Transactions</i>	<i>(\$18)</i>	<i>(\$87)</i>	<i>(\$2)</i>	<i>\$4</i>	<i>\$7</i>	<i>\$10</i>	<i>\$11</i>	<i>\$15</i>	<i>\$17</i>	<i>\$19</i>	<i>\$24</i>
Ending Balance	\$7,873	\$4,989	\$4,994	\$5,319	\$5,872	\$6,636	\$7,479	\$8,592	\$9,899	\$11,311	\$13,074
Debenture Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Development Charges Reserve Fund - Wastewater Services											
Opening Balance	\$1,986	\$2,980	\$1,395	\$2,957	\$4,351	\$5,800	\$7,301	\$8,850	\$10,463	\$11,734	\$13,042
Revenue	\$1,472	\$1,530	\$1,589	\$1,422	\$1,477	\$1,530	\$1,580	\$1,643	\$1,303	\$1,340	\$1,389
Transfer to Capital	(\$479)	(\$3,116)	(\$27)	(\$27)	(\$28)	(\$29)	(\$30)	(\$31)	(\$32)	(\$33)	\$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	\$2,980	\$1,395	\$2,957	\$4,351	\$5,800	\$7,301	\$8,850	\$10,463	\$11,734	\$13,042	\$14,430
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>											

Appendix A - Table 4
Municipality Of North Perth
Non-Growth Related Debenture Schedule
in \$000's

	2024		2025		2026		2027		2028		2029	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
WWTP Upgrade ⁽¹⁾	\$0	\$229	\$367	\$214	\$376	\$205	\$384	\$197	\$393	\$188	\$401	\$180
Total	\$0	\$229	\$367	\$214	\$376	\$205	\$384	\$197	\$393	\$188	\$401	\$180

	2030		2031		2032		2033		2034		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
WWTP Upgrade ⁽¹⁾	\$410	\$171	\$419	\$161	\$429	\$152	\$438	\$143	\$448	\$133	\$4,066	\$1,972
Total	\$410	\$171	\$419	\$161	\$429	\$152	\$438	\$143	\$448	\$133	\$4,066	\$1,972

Note 1: Principal amount in 2024 assumed to be paid from another source.