



**Town of Gore Bay**

**WATER FINANCIAL PLAN  
2020 – 2028**

**Water Financial Plan No.: 258-301A**

**In accordance with O.Reg. 453/07**

**Project No.: 20-105**

Prepared by:



**Infrastructure  
Solutions**

Infrastructure Solutions (Software) Inc.  
6925 Century Avenue, Main Floor  
[www.infrasol.ca](http://www.infrasol.ca)

April 22nd, 2020  
Rev1: July 2, 2020

**Infrastructure Solutions (Software) Inc.**

6925 Century Avenue, Main Floor  
Mississauga, ON, L5N 7K2  
Cell (647) 801- 6401  
neil@infrasol.ca

Stasia Carr  
CAO/Clerk  
Town of Gore Bay  
P.O. Box 590, 15 Water Street  
Gore Bay, ON, P0P 1H0

**Re: Water Financial Plan**

Dear Stasia,

We are pleased to submit the final version of your Water Financial Plan report.

We appreciate the opportunity to be of assistance to the Town of Gore Bay with this undertaking and look forward to working again with you and your staff in the future.

Please call if you have any questions.

Yours truly,

**Infrastructure Solutions (Software) Inc.**



Neil Roberts  
President  
**Infrastructure Solutions (Software) Inc.**

# TABLE OF CONTENTS

<b>1</b>	<b><i>INTRODUCTION AND PROJECT SCOPE</i></b> .....	<b>5</b>
	1.1 OBJECTIVES .....	5
	1.2 STUDY AREA .....	6
	1.3 WATER SYSTEM.....	6
<b>2</b>	<b><i>Provincial Requirements</i></b> .....	<b>7</b>
	2.1 FINANCIAL PLAN REQUIREMENTS – GENERAL .....	8
	2.2 FINANCIAL PLAN REQUIREMENTS – EXISTING SYSTEM.....	8
	2.3 SUSTAINABLE FINANCIAL PLANNING.....	9
<b>3</b>	<b><i>KEY CONSIDERATIONS</i></b> .....	<b>10</b>
	3.1 CUSTOMER GROWTH & CONSUMPTION .....	10
	3.2 OPERATING AND MAINTENANCE (O&M) COST PROJECTIONS .....	11
	3.3 CAPITAL FORECAST .....	13
	3.4 REVENUE PROJECTIONS .....	13
	3.5 WATER/WASTEWATER BILL COMPARISON WITH OTHER COMMUNITIES .....	15
	3.6 DEBT REPAYMENT.....	15
	3.7 RESERVE BALANCES.....	16
	3.8 TANGIBLE CAPITAL ASSET (TCA) ANALYSIS .....	16
	3.9 LEAD PIPE REPLACEMENT.....	17
<b>4</b>	<b><i>WATER FINANCIAL PLAN</i></b> .....	<b>17</b>
	4.1 STATEMENT OF FINANCIAL POSITION .....	18
	4.2 STATEMENT OF OPERATIONS .....	18
	4.3 STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/DEBT .....	19
	4.4 STATEMENT OF CASH FLOW.....	19
<b>5</b>	<b><i>NOTES TO FINANCIAL PLAN</i></b> .....	<b>19</b>
	5.1 RECEIVABLES AND PAYABLES .....	19
	5.2 DEBT .....	20
	5.3 DEFERRED REVENUE .....	20
	5.4 TANGIBLE CAPITAL ASSETS (TCA).....	20
	5.5 INTEREST EARNED .....	20
	5.6 OPERATING EXPENSES.....	20
<b>6</b>	<b><i>PROCESS FOR APPROVAL AND SUBMISSION</i></b> .....	<b>21</b>
<b>7</b>	<b><i>RECOMMENDATIONS</i></b> .....	<b>21</b>
	<b><i>APPENDIX A: STATEMENT OF FINANCIAL POSITION</i></b> .....	<b>22</b>
	<b><i>APPENDIX B: STATEMENT OF OPERATIONS</i></b> .....	<b>23</b>
	<b><i>APPENDIX C: STATEMENT OF CHANGE IN NET FINANCIAL POSITON</i></b> .....	<b>24</b>
	<b><i>APPENDIX D: STATEMENT OF CASH FLOW</i></b> .....	<b>25</b>

**LIST OF FIGURES:**

FIGURE	1	Study Area
FIGURE	2	Water Treatment Plant
FIGURE	3	2019 Water Operating Expenses
FIGURE	4	Water and Sewer User Fees

**LIST OF TABLES:**

TABLE	3-1	Water - Customer Growth & Consumption
TABLE	3-2	Raw Water vs. Treated Water
TABLE	3-3	Wastewater - Customer Growth & Consumption
TABLE	3-4	O&M Cost Projections (Water)
TABLE	3-5	Water Capital Projects
TABLE	3-6	Flat Rate Structure – 2019 Rates
TABLE	3-7	Water Revenue Requirements
TABLE	3-8	Water/Sewer Bill Comparisons
TABLE	3-9	Debt Repayment Schedule
TABLE	3-10	Water Treatment Plant Reserve
TABLE	3-11	Total All Water/Sewer Reserve
TABLE	3-12	Water TCA Summary

# 1 INTRODUCTION AND PROJECT SCOPE

## 1.1 OBJECTIVES

Infrastructure Solutions (Software) Inc. (ISI) was retained by the Town of Gore Bay to prepare a Water Financial Plan for the communal water system. The Financial Plan has been developed and prepared with a forward-looking approach at the financial position of the Town's water system. The plan is not audited, and it does contain various estimates and assumptions as explained in Section 5: "Notes to the Financial Plan".

The Water Financial Plan fulfills one of the five submission requirements for the purposes of obtaining a municipal drinking water license as per the Safe Drinking Water Act 2002 (SDWA). The prescribed reporting requirements for a financial plan are defined by Ontario Regulation 453/07 (O. Reg. 453/07). In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. The Financial Plan under O. Reg. 453/07 is required to cover a period of at least six (6) years, and this Plan's period is from 2020 to 2028 inclusive.

The Town of Gore Bay is a municipality with a population of approximately 867 according to the 2016 Canada census. The water users in Gore Bay are non-metered, with 354 customer accounts on a flat rate.

Under O. Reg 188/07, the Town is required to renew its Drinking Water System License (License No. 258-101). The licensing process dictates the preparation of a water system financial plan in accordance with O.Reg. 453/07, and submission to the Ministry of the Environment (MOE) within six (6) months of receiving the license. The Town has undertaken this Water Financial Plan in order to ensure that sufficient funds will be in place to cover the short-term water system operating costs and full water system life-cycle asset renewal and replacement costs over a nine (9) year period.

This Water and Wastewater Financial Plan carried out the following task:

- Compilation of the current and projected operating costs for the 2020-2028 period
- Projections of capital renewal and replacement costs to 2028
- Revenue projections
- Debt requirements and projections
- Tangible Capital Asset projections
- Statement of Financial Position, Statement of Operations, Statement of Change in Net Financial Assets/Debt, and Statement of Cash Flow

The intent of the project is to develop a sustainable financing plan that will fully meet the current financial needs, as well as make full provision for renewing all water system financial assets. The cost of renewing financial assets has been identified for the 2020 to 2028 period. For each year, from 2020-2028, user fees have been set such that funds will be available when needed to meet future projected capital renewal and replacement needs.

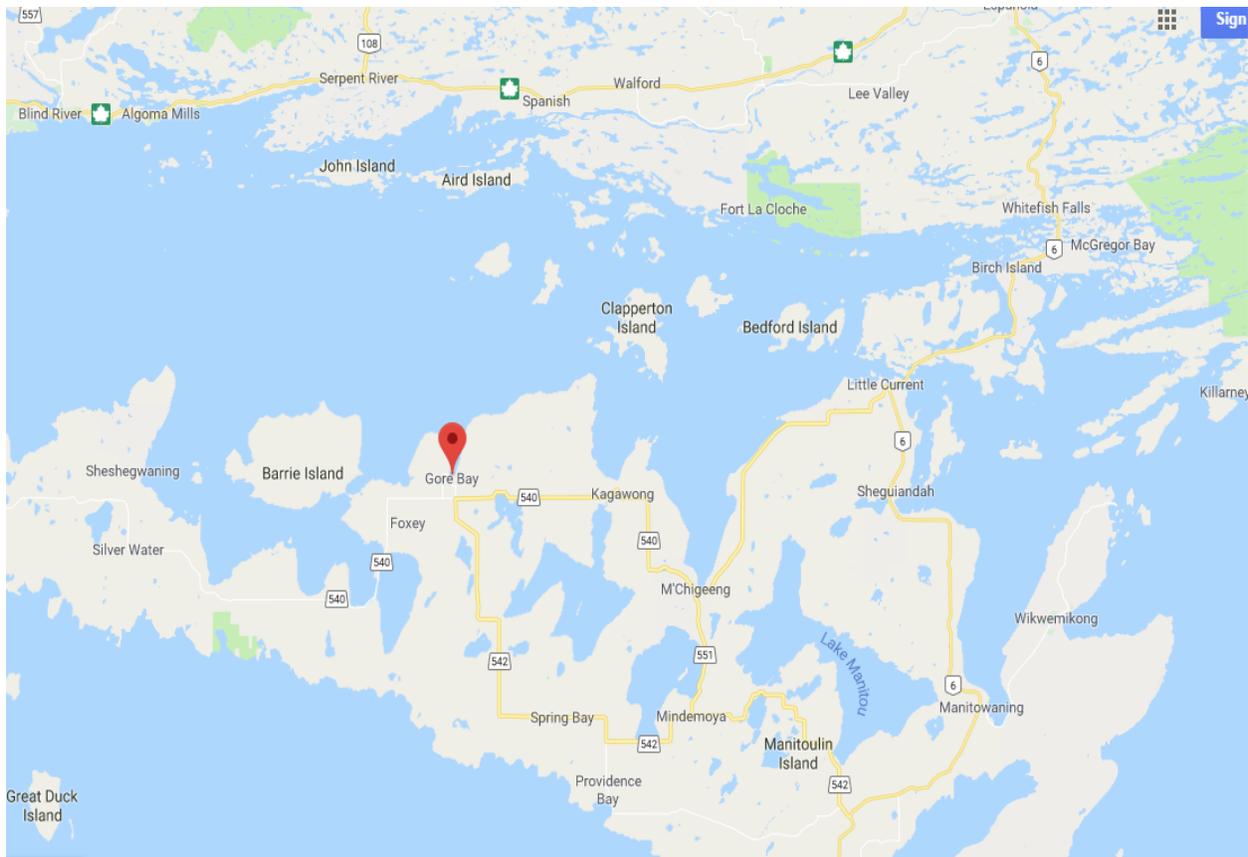
The costs of the identified short-term capital renewal needs have been combined with projections of the operating costs to produce an overall projection of the system costs. Various methods have

been utilized to supply the necessary financial resources to pay for the Operations & Maintenance (O&M) and the capital projects. These include loans, if any, user fees and reserves. User fees are the key component of the financial plan as they pay down any loan and build up reserves.

The current rate structure as per the 2019 Water By-law combined with the rate increases as proposed in the 2019 Gore Bay Water/Wastewater Rate Study generates sufficient funds to fully meet the projected needs of the financial plan. It is recommended that the rates be monitored annually to determine if projected revenues and expenditures are in line with expectations.

## 1.2 STUDY AREA

The Town of Gore Bay is a Town of a Manitoulin Island in Ontario, Canada. Located on Gore Bay, a bay of Lake Huron's North Channel, it is one of the two incorporated towns of Manitoulin District. It is surrounded by indented shorelines that rival natural formations anywhere. The Town is proud of its heritage of farming, fishing and timbering to its modern era of tourism.



**Figure 1 - Study Area (Source: Google Maps)**

## 1.3 WATER SYSTEM

The Gore Bay Drinking Water System comprises a membrane filtration surface water treatment plant and a drinking water distribution system. The water treatment plant consists of a 400 mm outside diameter HDPE intake; a low lift pumping station fitted with level monitoring, one intake

isolation butterfly valve, two (2) 5 mm mesh manual pre-screens in series, and three (3) vertical turbine pumps; two (2) packaged membrane units, each with 32 microfiltration membrane modules; one (1) chlorine contact tank; one (1) clean water reservoir and one (1) high lift pumping station. The plant consists of various chemical feed systems and utilizes sodium hypochlorite for disinfection. Non-chemical membrane wash water is returned to Gore Bay while membrane wash water is neutralized and discharged to the sanitary sewer system. The Gore Bay drinking water distribution system consists of approximately 14.7 kilometers of distribution water mains of various diameters.

*Source: Ministry of the Environment of Ontario; Gore Bay Drinking Water System Inspection Report, August 22, 2019, Parise Drolet.*



**Figure 2 - Water Treatment Plant**

## **2 Provincial Requirements**

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

“No person shall,

- a) establish a new municipal drinking water system or replace or carry out an alteration to a municipal drinking water system except under the authority of and in accordance with an approval under this Part or a drinking water works permit; or
- b) use or operate a municipal drinking water system that was established before or after this section comes into force except under the authority of and in accordance with an approval under this Part or municipal drinking water license.”

One of the main requirements of the SDWA is the mandatory licensing of municipal water providers, as per section 31 (1). In order to become licensed, a municipality must satisfy five key requirements as per section 44 (1):

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

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

## **2.1 FINANCIAL PLAN REQUIREMENTS – GENERAL**

Under the SDWA, a financial plan is mandatory for water systems and encouraged for wastewater systems. The financial plans shall be for a period of at least six years, but longer planning horizons are encouraged. Once a water system is licensed, the Town's Water Financial Plan is required to be updated every five (5) years, in conjunction with the application for license renewal. Financial plans may be amended, and additional information beyond what is prescribed can be included if deemed necessary.

## **2.2 FINANCIAL PLAN REQUIREMENTS – EXISTING SYSTEM**

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

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

## 2.3 SUSTAINABLE FINANCIAL PLANNING

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

- Principle #1:* Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.
- Principle #2:* An integrated approach to planning among water, wastewater, and stormwater 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 that 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 principles help form the framework for a sustainable financial plan. The substance of the financial plan may be derived from SWSSA which will require, once in force, municipalities to assess the "full cost" of providing water and wastewater services. Full cost as defined in subsections 3(7) and 4(7), and includes:

*"source protection, operating costs, financing costs, renewal and replacement costs and improvement costs associated with extracting, treating or distributing water to the public and collecting, treating or discharging wastewater, and such other costs which may be specified by regulation."*

Furthermore, municipalities will be required to inventory and report their current infrastructure and how it will be maintained and managed going forward. Municipalities will then be required to report on the full cost of services and how these costs will be recovered and paid for. The principles of SWSSA ensure that a long-term plan for sustainable asset management is developed and that all costs for providing water and wastewater services are assessed so that there is sufficient funding for system needs.

Although SWSSA has not come into force, The Financial Plan has been prepared such that the Town will be both SDWA and SWSSA compliant.

### 3 KEY CONSIDERATIONS

This section presents the projections settled for key items over the nine (9) year period and the assumptions made in order to prepare this Financial Plan. These include:

- Customer growth
- Operations & Maintenance (O&M)
- Capital budget forecasts;
- Revenue requirements
- Debt requirements and repayment
- Capital Reserves and operating reserve projections
- Tangible Capital Asset (TCA) projections

It should be noted that while this Financial Plan meets O. Reg. 453/7 requirements, the Town's 2019 Water Rate Study fully assesses the Town's water/wastewater infrastructure and considers factors such as estimated useful life, asset replacement requirements, conservation, and reserve requirements over a 50-year term to plan for sustainable for long-term water and wastewater infrastructure management.

#### 3.1 CUSTOMER GROWTH & CONSUMPTION

The Town currently has 354 water customer accounts that are projected to consume approximately 195,166 m<sup>3</sup> of water in 2019 which represents about 551 m<sup>3</sup> per customer account. The details are listed in Table 3.1. Approximately 6% of the water treated is not consumed possibly due to system loss, as shown in Table 3.2. One of the causes could be water main failures. It is recommended that the Town consider a more detailed line conditions review to determine whether system losses can be reduced.

The Town has 290 Sewer accounts, as detailed in Table 3.3.

The number of customer accounts has remained stagnant from 2017 to 2019. It is therefore assumed that the population and number of accounts will stay about the same for the plan period. Tables 3-1 and 3-2 summarize customer growth and consumption, raw water production and treated water volumes.

**Table 3-1: Water - Customer Growth & Consumption**

Customer Accounts	2017	2018	2019 *)	2020	2021	2022	2023	2024	2025	2026	2027	2028
Residential		278	278	278	278	278	278	278	278	278	278	278
Commercial		56	56	56	56	56	56	56	56	56	56	56
Industrial		1	1	1	1	1	1	1	1	1	1	1
Hospitality		5	5	5	5	5	5	5	5	5	5	5
Government		6	6	6	6	6	6	6	6	6	6	6
Municipal		7	7	7	7	7	7	7	7	7	7	7
Institutional		1	1	1	1	1	1	1	1	1	1	1
<b>Total Connections</b>	<b>354</b>											
Consumption (m <sup>3</sup> )	166,637	193,233	195,166	195,166	195,166	195,166	195,166	195,166	195,166	195,166	195,166	195,166
Consumption (m <sup>3</sup> )/ Account	471	546	551	551	551	551	551	551	551	551	551	551
Consumption Increase (%)	-4%	16%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%

**Table 3-2: Raw Water vs. Treated Water**

Description	2017	2018	2019 *)
Raw Water Production (m3)	179,543	206,008	n/a
Consumption (m <sup>3</sup> )	166,637	193,233	195,166
Consumption (m <sup>3</sup> )/ Account	471	546	551
Consumption Increase (%)	-4%	16%	1%
Non-Revenue Water (m <sup>3</sup> )	12,906	12,775	n/a
Water Loss (%)	7%	6%	6%

**Table 3-3: Wastewater - Customer Growth & Consumption**

Sewer Accounts	2018	2019 *)	2020	2021	2022	2023	2024	2025	2026	2027	2028
Residential	223	223	223	223	223	223	223	223	223	223	223
Commercial	49	49	49	49	49	49	49	49	49	49	49
Industrial	1	1	1	1	1	1	1	1	1	1	1
Hospitality	5	5	5	5	5	5	5	5	5	5	5
Government	4	4	4	4	4	4	4	4	4	4	4
Municipal	7	7	7	7	7	7	7	7	7	7	7
Institutional	1	1	1	1	1	1	1	1	1	1	1
Total Connections	290	290	290	290	290	290	290	290	290	290	290

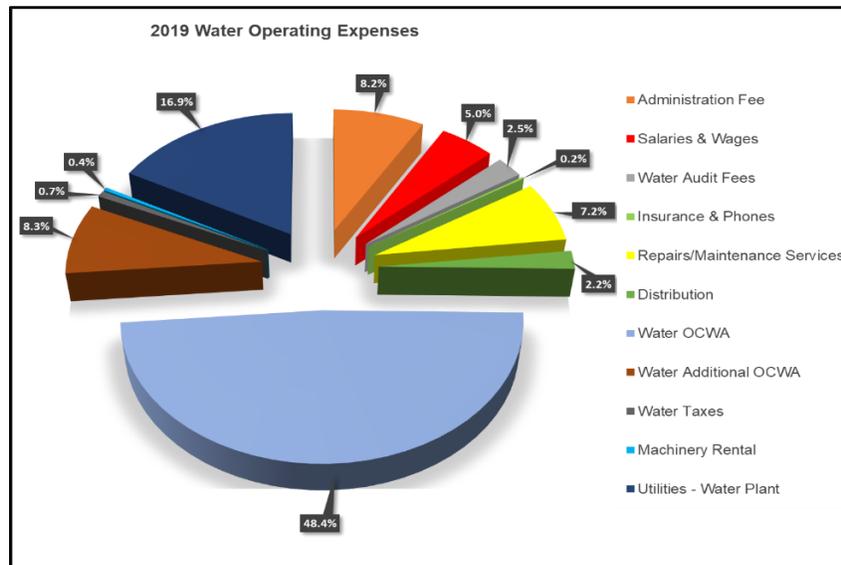
\*) 2019 data were not available at the time of the study and are estimates.

### 3.2 OPERATING AND MAINTENANCE (O&M) COST PROJECTIONS

The Town’s annual operating budget for water includes costs related to the following:

- Water systems operations and maintenance (contracted with OCWA)
- Debt repayments related to the water treatment plant
- Transfers to the Water Capital Reserve fund
- Transfers to capital to undertake the annual capital program. The Town draws on the reserve fund to finance its annual capital programs.

The breakdown of the water operating expenses in 2019 are shown in Figure 3:



**Figure 3: 2019 Water Operating Expenses**

The following assumptions were made for projecting the gross costs and rate revenues over the six (9)-year period from 2020 to 2028 using 2019 as the base budget year:

- The annual operating costs for water treatment and distribution would increase by 2.0% per year
- The debt payments would be funded through annual transfers to operations from the water reserves. The special levies to users related to this debt would be collected and transferred to the water reserve
- The non-revenue was determined by adding the provincial revenue, Ontario Small Waterworks Assistance (OSWAP), and transfer from the water reserve
- Any year-end surplus would be transferred to the Operating Reserve at the end of the year and returned to the operating budget as revenue in the following year. Nevertheless, the Town may consider transferring a portion of the surplus to the Water Capital Reserve provided there are enough funds in the Operating Reserve
- Capital projects for the water system in the 2020-2028 period are shown in Table 3-5.

Table 3.4 summarizes the gross operating costs and net costs to be recovered from the annual water rates and user fees.

**Table 3-4: Water O&M Cost Projections**

Fiscal Years	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Description</b>	<b>Actual</b>		<b>Forecasted</b>									
<b>O &amp; M Expenditures</b>												
Water Operations	116,000	116,000	116,000	118,320	120,686	123,100	125,562	128,073	130,635	133,248	135,912	138,631
Additional Cost OCWA	13,793	20,000	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902
Power and Pumping	39,016	40,600	40,600	41,412	42,240	43,085	43,947	44,826	45,722	46,637	47,569	48,521
Distribution	18,265	20,000	17,157	17,500	17,850	18,207	18,571	18,942	19,321	19,708	20,102	20,504
Administration	13,047	29,550	19,740	20,135	20,538	20,948	21,367	21,795	22,231	22,675	23,129	23,591
Audit	6,000	6,000	6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030	7,171
Equipment Rental	1,810	1,000	937	955	975	994	1,014	1,034	1,055	1,076	1,097	1,119
Materials	20,185	1,380	17,351	17,698	18,052	18,413	18,781	19,157	19,540	19,931	20,329	20,736
Insurance	318	318	318	324	331	337	344	351	358	365	373	380
Water Taxes	1,725	1,725	1,725	1,760	1,795	1,831	1,867	1,905	1,943	1,981	2,021	2,062
<b>Total Operating and Maintenance</b>	<b>230,159</b>	<b>236,573</b>	<b>239,827</b>	<b>244,624</b>	<b>249,516</b>	<b>254,507</b>	<b>259,597</b>	<b>264,789</b>	<b>270,085</b>	<b>275,486</b>	<b>280,996</b>	<b>286,616</b>
<b>Capital and Debt Service Expenditures</b>												
Transfer to Capital												
Transfer to Capital	0	5,553	0	0	310,544	0	0	0	0	0	0	6,770
Transfer to Water Capital												
Water Financial Plan												
Debt Repayment	146,900	146,900	146,900	146,900	146,900	146,900	146,900	146,900	146,900	146,900	146,900	146,900
<b>Gross Annual Expenses</b>	<b>377,059</b>	<b>389,026</b>	<b>386,727</b>	<b>391,524</b>	<b>706,960</b>	<b>401,407</b>	<b>406,497</b>	<b>411,689</b>	<b>416,984</b>	<b>422,386</b>	<b>427,896</b>	<b>440,285</b>
<b>Non-Rate Revenues</b>												
Transfer from Water Reserve	-94,038	-123,206	-105,995	-91,356	-386,000	-58,203	-39,498	-19,233	2,706	26,440	52,100	73,058
Building Canada Fund Provincial OSWAP												
Special Levy for WTP Loan Repayment		0	0	0	0	0	0	0	0	0	0	0
<b>Non-Rate Revenues</b>	<b>-94,038</b>	<b>-123,206</b>	<b>-105,995</b>	<b>-91,356</b>	<b>-386,000</b>	<b>-58,203</b>	<b>-39,498</b>	<b>-19,233</b>	<b>2,706</b>	<b>26,440</b>	<b>52,100</b>	<b>73,058</b>
Transfer from Water Reserve	94,038	123,206	105,995	91,356	386,000	58,203	39,498	19,233	-2,706	-26,440	-52,100	-73,058
Less Transfer Capital WTP Reserve		-5,553	0	0	-310,544	0	0	0	0	0	0	-6,770
<b>Transfer Operating from Reserves</b>	<b>94,038</b>	<b>117,653</b>	<b>105,995</b>	<b>91,356</b>	<b>75,456</b>	<b>58,203</b>	<b>39,498</b>	<b>19,233</b>	<b>-2,706</b>	<b>-26,440</b>	<b>-52,100</b>	<b>-79,828</b>
<b>Net Operating Cost to be Recovered from Rates</b>	<b>377,059</b>	<b>383,473</b>	<b>386,727</b>	<b>391,524</b>	<b>396,416</b>	<b>401,407</b>	<b>406,497</b>	<b>411,689</b>	<b>416,984</b>	<b>422,386</b>	<b>427,896</b>	<b>433,516</b>

### 3.3 CAPITAL FORECAST

The capital program includes amounts required for life cycle asset replacement or renewal. For the 2020-2028 period the TCA projects have been incorporated into the capital improvement plan. The capital needs have been inflated at an annual rate of 2.00%.

**Table 3-5: Water Capital Projects**

Asset ID	Asset Name	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
EQ-WTP	Contact Tank Analyzer	5,553	0	0	0	0	0	0	0	0	0	5,553
EQ-WTP	Membrane Filters	0	0	0	292,632	0	0	0	0	0	0	0
Total Water Capital Projects		5,553	0	0	292,632	0	0	0	0	0	0	5,553
Total Water Capital Projects (inflated)		5,553	0	0	310,544	0	0	0	0	0	0	6,770

### 3.4 REVENUE PROJECTIONS

Each year, the Town amends its fees and charges to customers such that the annual costs are recovered in the water system. The Town presently has 354 water and 290 sewer connections. The rates must be set to cover both operational and capital program expenditures. The Town uses an unmetered flat-rate system, with rates set for various categories of customers.

The apartment rate is 75% of the single-family residential rate. The base commercial rate is the same as the apartment rate and includes Stores, Shops, Offices, Banks, Churches and Masonic Lodge. For the modified commercial rate, the Town charges two (2) times base commercial rate and includes Salon, Spa, Barber, Garage, Doctor, Dentist, Funeral Home and Market Gardens. Also, for Bed & Breakfast the Town charges the residential rate plus 25% of the apartment rate per unit.

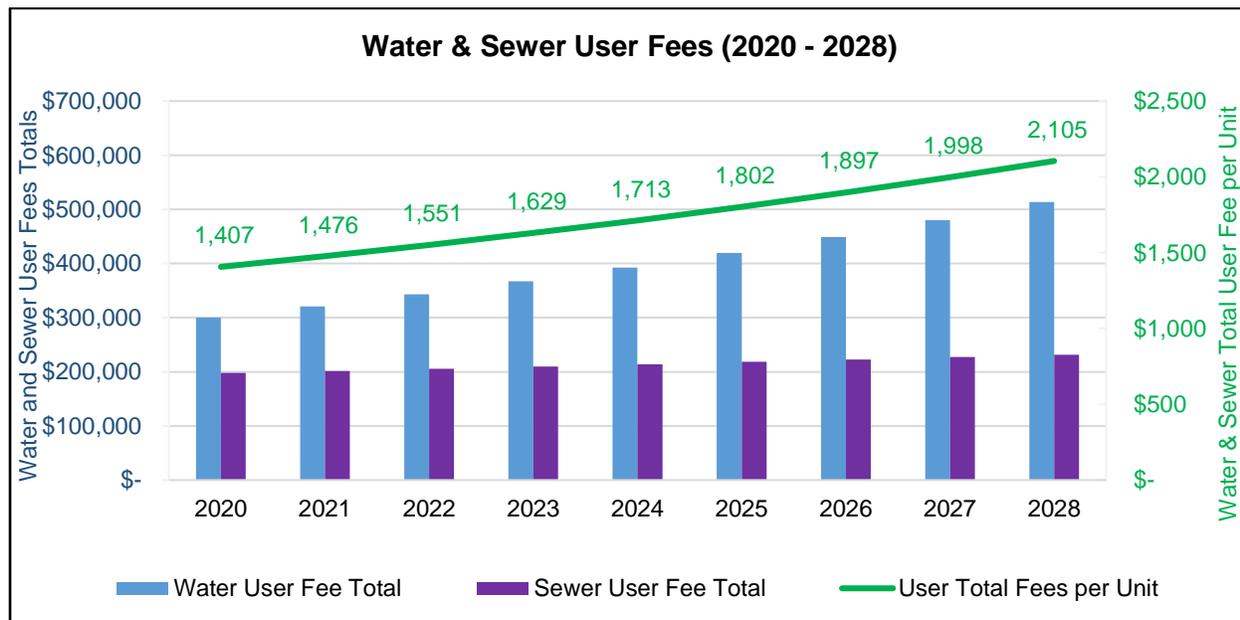
For Food Service, the Town charges the modified commercial rate to Coffee Shop and Takeout. Also, the Town charges two (2) times the modified commercial rate to Restaurant/Lounge. For government customers “Low Use” charges apply to Post Office, Service Ontario and LCBO. “Medium Use” charges apply to OPP, MTO, and Ambulance. Finally, “High Use” charges apply to the Courthouse.

The 2019 rate structure as per Bylaw 2019-11 is shown in Table 3-6:

**Table 3-6 Flat Rate Structure (2019 Rates)**

Gore Bay Utility Rate Bylaw 2019-11				
Classification	Water		Sewer	
	Connections	Water Flat Rate	Connections	Sewer Flat Rate
Base Residential Rate	258	469.00	206	375.00
Apartments (75% of Base Residential)	23	352.00 per Unit	22	281.00 per Unit
Base Commercial	24	352.00	22	281.00
Modified Commercial	19	704.00	15	562.00
Farm with Livestock	1	1408.00		
Specialized Commercial - 2x Modified	1	1408.00	1	1,124.00
Specialized Commercial - 3x Modified	2	2112.00	1	1,686.00
Food Service Rate - Modified	1	704.00	1	562.00
Food Service - 2x Modified	3	1408.00	3	1,124.00
Accommodation Rate - 4x Modified	1	2816.00	1	2,248.00
B&B (Residential plus 25% Apt Rate/Unit)	3	557.00 plus \$88/unit	3	445.25 plus \$70.25/unit
Industrial (Manitoulin Transport) 20x Base	1	7040.00	1	5,620.00
Institutional - 10x Modified	1	7040.00	1	5,620.00
Institutional - 16x Modified		11264.00		8,992.00
Government Low Use - Base Commercial	2	352.00	2	281.00
Government Medium Use - Modified	3	704.00	1	562.00
Government High Use - 3x Modified	1	2112.00	1	1,686.00
Municipal - Modified	4	704.00	4	562.00
Municipal 2x Modified	2	1408.00	2	1,124.00
Municipal 3x Modified	2	2112.00	2	1,686.00
Private Clubs - 2x Modified	1	1408.00		1,124.00
Legion - Commercial	1	704.00	1	562.00
<b>Total</b>	<b>354</b>		<b>290</b>	

The projected user fee revenues for 2020 to 2028 are shown in Figure 4. The rates were increased by approximately 3% in 2019. The rates for 2020 to 2028 were developed by applying a 7% increase each year over the previous year's rates. These proposed rate increases were established as part of the 50-year 2019 Water Rate Study to meet all operating and capital renewal requirements.



**Figure 4 – Water and Sewer User Fees**

The annual revenue requirements and projected revenues are summarized in Table 3-7.

**Table 3-7 Water Revenue Requirements**

Description	Actuals				Forecasted							
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Net Cost to Be Recovered from Rates	377,059	377,919	386,727	391,524	396,416	401,407	406,497	411,689	416,984	422,386	427,896	426,746
Water Revenue from User Rates	283,021	271,374	280,732	300,168	320,960	343,203	366,999	392,456	419,690	448,826	479,996	513,344
Required Annual Increase in Rates		-4%	3%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Surplus/(Deficit)	-\$94,038	-\$106,545	-\$105,995	-\$91,356	-\$75,456	-\$58,203	-\$39,498	-\$19,233	\$2,706	\$26,440	\$52,100	\$86,597

On an annual basis, the current revenues are not sufficient to cover the operating expenses, including debt service payments. Deficits in the early years are funded through reserves. Due to the rate increases, a surplus is achieved starting in 2025, reaching a projected annual surplus of \$86,597 in 2028.

### 3.5 WATER/WASTEWATER BILL COMPARISON WITH OTHER COMMUNITIES

The projected water/sewer bills for Gore Bay are compared with bills for a number of communities in the vicinity, and to water systems further away. The bill comparisons are set out in Table 3-8.

The data show that Gore Bay's rates are among the least expensive in the table. Many communities, that have less expensive water now, may have to make major investments in new capital soon, which will drive rate increases to build the necessary reserves to manage future capital expenditures.

**Table 3-8 Water/Sewer Bill Comparisons**

Water & Wastewater Bill Comparisons with Northern Ontario Communities		
Utility (Residential)	Water Bill	Wastewater Bill
<b>Town of Gore Bay 2019</b>	<b>\$ 469.00</b>	<b>\$ 375.00</b>
Municipality of Central Manitoulin (Mindemoya) 2018	\$ 865.32	\$ 694.68
City of Elliot Lake 2018	\$ 656.72	\$ 656.72
Town of Markstay-Warren 2019	\$ 800.00	\$ 380.00
Municipality of Greenstone 2019	\$ 888.56	\$ 817.48
Township of Terrace Bay 2019	\$ 695.40	n/a
Municipality of Kincardine 2019	\$ 389.88	\$ 414.60
Village of Hilton Beach 2019	\$ 540.00	\$ 636.00
Town of Rainy River (2018)	\$ 876.60	\$ 246.60
Town of Cochrane (2017)	\$ 760.80	\$ 578.16
Note: Based on Utility Rate By-Laws		

### 3.6 DEBT REPAYMENT

The Town has an existing debt related to Water Treatment Plant in the OSIFA contract identified in By-Law Number 2006. The original debenture amount is \$2,097,858. The annual payments and remaining debt balance for the 2020-2028 period are shown in Table 3-9. No future debt is expected to be incurred during the forecasted period for capital projects.

**Table 3-9 Debt Repayment Schedule**

Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Annual Debt Charges	146,900	146,900	146,900	146,900	146,900	146,900	146,900	146,900	146,900	146,900
Total Annual Interest	67,945	64,005	59,868	55,524	50,964	46,176	41,149	35,871	30,330	24,512
Total Annual Principal Repayments	78,955	82,895	87,032	91,376	95,936	100,724	105,751	111,029	116,570	122,387
New Debt	-	-	-	-	-	-	-	-	-	-
Total Annual Outstanding Debt	1,318,745	1,235,850	1,148,817	1,057,442	961,506	860,782	755,031	644,002	527,433	405,045

### 3.7 RESERVE BALANCES

Reserves are quantities of funds, drawn from user fees, and set aside to deal with unexpected and scheduled equipment repairs, and with the renewal of aging water system components. The Town has a water system reserve of \$117,183 as of December 2018, which is fully designated to the repayment of the debenture on the Water Filtration Plant. There is also a combined water and sewer reserve fund in the amount of \$1,039,398, with all reserves totaling \$1,156,581 as of December 31, 2018. The 2019 year-end reserves were estimated based on incurred and budgeted expenses for that year, as supplied by the Town. These reserves will be used to fund non growth-related future water capital renewal projects. For this report, an inflation rate of 2% per annum was used to develop the projected water reserves. Another assumption is a 2% rate of interest earned on reserve balances which is the current yield for low risk investment funds.

**Table 3-10 Water Treatment Plant Reserve**

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Opening Value	258,359	117,183	13,532	(77,553)	(465,104)	(532,610)	(582,759)	(613,647)	(623,215)	(609,239)	(569,324)
User Fee Net	(141,347)	(105,995)	(91,356)	(75,456)	(58,203)	(39,498)	(19,233)	2,706	26,440	52,100	79,828
Capital Investment	5,553	-	-	310,544	-	-	-	-	-	-	6,770
Interest on Reserves	5,724	2,344	271	(1,551)	(9,302)	(10,652)	(11,655)	(12,273)	(12,464)	(12,185)	(11,386)
Close Inflated	117,183	13,532	(77,553)	(465,104)	(532,610)	(582,759)	(613,647)	(623,215)	(609,239)	(569,324)	(507,652)
Close in 2018 \$	117,183	13,266	(74,542)	(438,278)	(492,049)	(527,823)	(544,901)	(542,546)	(519,980)	(476,385)	(416,451)

**Table 3-11 Total All Water/Sewer Reserves**

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Opening Value	1,286,494	1,156,581	1,151,774	1,163,071	881,542	923,803	987,272	1,073,965	1,186,054	1,325,876	1,495,949
User Fee Net	(96,165)	(27,939)	(11,738)	5,753	24,631	44,993	66,947	90,609	116,102	143,556	173,112
Capital Investment	50,735	-	-	310,544	-	-	-	-	-	-	6,770
Interest on Reserves	16,987	23,132	23,035	23,261	17,631	18,476	19,745	21,479	23,721	26,518	29,919
Close Inflated	1,156,581	1,151,774	1,163,071	881,542	923,803	987,272	1,073,965	1,186,054	1,325,876	1,495,949	1,692,211
Close in 2018 \$	1,156,581	1,129,190	1,117,907	830,697	853,451	894,203	953,650	1,032,531	1,131,623	1,251,744	1,388,202

### 3.8 TANGIBLE CAPITAL ASSET (TCA) ANALYSIS

The Town's PSAB 3150 TCA data was used to develop the financial material related to the water assets which include the following:

- Treatment plant assets including the land, buildings and equipment. In terms of the equipment, a breakdown of the water treatment plant is necessary to determine the depreciation expense of every component instead of taking one historical cost. For example, in the TCA policy, a pump house for the water category has a useful life of 20 years. Therefore, it would not be correct to depreciate this asset in its useful life when there are other components that have less remaining useful years.

- Also, linear assets such as water mains, valves, hydrants, and service connections were taken into consideration.
- The useful life of the assets was taken from the Town's TCA policy and substantiated with engineering experience.
- TCA policy was followed for the amortization of new assets, and straight-line depreciation was used at the beginning of the year of acquisition.
- Fully depreciated assets are kept in use unless they are disposed of.
- Some assets in the water system require replacement within the 2020 - 2028 period.
- Some future projects are deemed to be operational because they do not meet the definition of the TCA capitalization threshold. Therefore, they are considered as an operational expense in the financial statements.

**Table 3-12 Water TCA Summary**

TCA	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Historical Cost	4,465,216	5,513,400	6,545,145	6,545,145	6,545,145	6,855,689	6,855,689	6,855,689	6,855,689	6,855,689	6,855,689	6,855,689
Acquisitions	1,048,184	1,031,745			310,544							6,770
Disposals												
Closing TCA balance (HC)	5,513,400	6,545,145	6,545,145	6,545,145	6,855,689	6,855,689	6,855,689	6,855,689	6,855,689	6,855,689	6,855,689	6,862,458
Accumulated Amortization (Beginning)	2,794,419	2,918,577	3,041,230	3,177,640	3,314,049	3,450,459	3,607,571	3,764,684	3,921,796	4,078,909	4,236,021	4,393,134
Amortization Expense	124,158	122,653	136,410	136,410	136,410	157,113	157,113	157,113	157,113	157,113	157,113	157,113
Amortization on Disposal												
Accumulated Amortization (Ending)	2,918,577	3,041,230	3,177,640	3,314,049	3,450,459	3,607,571	3,764,684	3,921,796	4,078,909	4,236,021	4,393,134	4,550,246
Net Book Value	2,594,823	3,503,915	3,367,505	3,231,096	3,405,230	3,248,117	3,091,005	2,933,892	2,776,780	2,619,667	2,462,555	2,312,212

The TCA consolidated information is summarized in Table 3-11. The current book value of the water assets is about \$3,367,505 decreasing to \$2,312,212 by 2028. Therefore, the water system would be about 66% depreciated by 2028. This suggests the assets, on average, are approaching the 1/3 point of their useful life expectancies.

### 3.9 LEAD PIPE REPLACEMENT

The Town water supply system has no lead pipes. The water system is constantly tested for lead and other impurities and test results show no lead contamination exists in the system. However, if the test results indicate lead levels in your water, water service connections will be replaced at the earliest convenience with other-water-related repairs. Therefore, there are no noteworthy financial costs linked to lead pipe replacement.

## 4 WATER FINANCIAL PLAN

The financial plan guidelines were used to select the method for preparing the Town of Gore Bay Drinking Water. These steps include the determination of the current period expenses and forecast future period expense; determination and forecasting capital expenditure needs; the identification of all current revenue sources and forecast revenues; and the preparation of the financial statements.

For the current expenses, three categories were included for the purpose of this financial plan: operating costs, interest, and amortization. The current period operating expenses were determined from the Town's 2019 unofficial budget, which also included expense details for the year 2018. Further information relating to the assumed rates of increase for future operating expenses can be found in the Notes to the Financial Plan.

In the event that the Town should determine that there is a need to incur new debt, then the forecasted interest expense will require revision. The annual amortization expenses were calculated using the straight-line method and were based on PSAB information provided by the Municipality, as well as the estimated useful lives and historic costs of the assets. The capital expenditures and the useful lives of all the assets included in the projections were provided by the Town.

#### **4.1 STATEMENT OF FINANCIAL POSITION**

The Statement of Financial Position shows the assets, liabilities, and accumulated surplus of the Town's water system. The net financial assets/debt is defined as the difference between financial assets and liabilities; this indicator provides an indication of the system's future revenue requirement. The Statement of Financial Position (Appendix A) indicates that from 2019 to 2028, the net debt position of the Town's water system is expected to be eliminated from \$583,526 in 2019 to a net surplus position of \$320,592 in 2028. In addition to this, the total change in the net financial asset has an increase in the amount of \$992,654. A net financial surplus position means that the financial assets are more than financial liabilities, and it implies that sufficient resources exist in the system to finance future operations.

The tangible capital asset balance is another important indicator. Generally, an increase in the tangible capital asset balance indicates the acquisition of assets either through purchase by the municipality or contribution/donation by a third party. A decrease in the tangible capital asset balance can indicate disposal, write down, or use of assets. The use of assets usually results in an increase in accumulated amortization where annual amortization expenses arise as a result of allocating the cost of the asset to operations over the asset's useful life. The Town's Tangible Capital Asset Balance decreases by \$1,191,703 during the 2019 to 2028 period.

#### **4.2 STATEMENT OF OPERATIONS**

The Statement of Operations is a summary of the revenues and expenses generated by the water system for a given period. The annual surplus/deficit determines whether the revenues generated were enough to meet the expenses incurred and in turn, whether net financial assets have been maintained or depleted. The Statement of Operations (Appendix B) shows an annual deficit in 2019 of \$57,455 decreasing to an annual deficit of \$27,955 in 2028. An annual deficit does not provide sufficient funding to manage non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments.

The accumulated surplus/deficit is a significant indicator that measures whether the available net resources are enough to provide future water services. An accumulated deficit means that resources are insufficient to provide for such services. As a result, borrowing or rate increases are needed to finance annual deficits. The accumulated end of year surplus is projected to decrease from 2,783,980 in 2019 to \$2,632,803 in 2028. This accumulated surplus primarily comprises reserve and reserve fund balances as well as historic investments in tangible capital assets.

### **4.3 STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/DEBT**

The Statement of Change in Net Financial Assets/Debt indicates whether the revenue generated was sufficient to provide for operating and non-financial asset costs such as prepaid expenses, inventory supplies, tangible capital assets, etc. This Statement explains the variance between the annual surplus/deficit and the change in net financial assets/debt for the period. The Statement of Change in Net Financial Position (Appendix C) indicates that in each of the projected years the forecasted annual surplus exceeds forecasted tangible capital asset acquisitions (net of amortization) for the year. As noted in the Statement of Change in Net Financial Assets, the total change in net financial asset has a net surplus position of \$320,592 in 2028. This implies that sufficient resources exist in the system to finance future operations through an accumulated surplus such as revenues or reserve funds.

### **4.4 STATEMENT OF CASH FLOW**

The Statement of Cash Flow is a summary of the way in which the water system is projected to generate and use cash resources during the planning period. The transactions that provide/use cash are categorized, such as operating, capital, investing, and financing activities as shown in Appendix D. Since this statement focuses on the cash aspect of these transactions it is the linkage between cash and accrual-based reporting. Appendix D illustrates that cash from operations will fund capital transactions (i.e. tangible capital asset acquisitions), pay down any debt, and build enough reserve funds by 2028. It is assumed that any annual operating surplus/deficit is transferred to/from the reserve fund. As a result the financial plan projects the cash position of the Town's water system to maintain a balance of \$784,335 throughout the plan period.

## **5 NOTES TO FINANCIAL PLAN**

The financial plan format above approximate the full accrual format, however the financial plan is not an audited document and contains various estimates. In order to show a balanced financial plan in full accrual format for the Town, some items have been estimated. The assumptions used have been documented below.

### **5.1 RECEIVABLES AND PAYABLES**

Historical water account receivables and payables were identified by the Town's staff, which were used to project system cash, receivable and payable balances throughout the forecast period. The account receivable for water at the end of 2018 was \$31,332.

A multiplier equal to the average 2018 and 2017 ending Accounts Receivable balances as a percentage of revenues was calculated and then applied to projected revenues in each year of the forecast period to determine annual Accounts Receivable balances. Similarly, projected accounts payable were valued based on a multiplier equal to the average 2018 and 2017 ending Account Payable balances as a percentage of expenditures. The opening cash balance at the beginning of the year 2019 was \$784,335.

## 5.2 DEBT

The outstanding water related debt at the end of 2019 was determined to be \$1,318,745. Principal repayments for existing debt over the forecast period is scheduled in Table 3-7.

## 5.3 DEFERRED REVENUE

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

## 5.4 TANGIBLE CAPITAL ASSETS (TCA)

The amortization of existing assets is a non-cash annual cost that mirrors the annual use of assets until the end of their respective useful lives. It should be distinguished that since depreciation is based on the historical cost at the time the asset was placed in service, it does not account for inflation since the year of installation. Therefore, replacement cost estimates based on indexing historical costs to the replacement year are used for projecting future asset replacement costs. The Town's PSAB 3150 TCA data was used to develop the financial information and asset replacement forecasts related to the Water system. The TCA projections are based on the following:

- Amortization is calculated based on using the straight-line approach with no amortization in the year amortization in the year of acquisition or construction.
- The Town staff provided the useful life on acquisitions.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposal occurs when the asset is being replaced.
- Gains/losses on disposal are assumed to be \$0.
- Residual value is assumed to be \$0 for all assets contained within the forecast period.
- Contributed Assets are deemed to be insignificant or unknown during the forecast period and are therefore assumed to be \$0.
- Some future projects are deemed to be operational if they do not meet the definition of Tangible Capital Assets. Therefore, these projects are considered as operating expense in the financial statements.
- The summary of the balance of tangible capital assets is presented in Table 3.11.

## 5.5 INTEREST EARNED

Interest earned, represents the interest earned on the Town's bank account.

## 5.6 OPERATING EXPENSES

Capital expenditures not meeting the definition of tangible capital assets are classified as operating expenses and are expensed in the year in which they occur.

## 6 PROCESS FOR APPROVAL AND SUBMISSION

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

1. The financial plan must be approved by resolution of the municipality who owns the drinking water system, or the governing body of the owner (O. Reg. 453/07, Section 3 (1) 1).
2. The owner of the drinking water system must provide a notice advertising the availability of the financial plan. The plan must be made available to the public upon request and free of charge. The plan must also be made available to the public on the municipality's website (O. Reg. 453/07, Section 3 (1) 5).
3. The owner of the drinking water system must provide a copy of the financial plan to the Director of Policy Branch, Ministry of Municipal Affairs and Housing (O. Reg. 453/07, Section 3 (1) 6).
4. The Council Resolution approving the financial plan shall be submitted to the Ministry of the Environment as part of the application for a municipal drinking water license (SDWA, Section 32 (5) 2 ii).

## 7 RECOMMENDATIONS

Our recommendations are as follows:

- The Town approves this Water Financial Plan to provide a self-sustainable water infrastructure consistent with O.Reg 453/07 and SWSSA.
- The Town continues to revise the Water Rate By-Law every five years as per the provincial requirements.
- The Town promotes consumption and efficient water usage which reduces operating costs and capital investment needs over time.
- The Town embraces its 2019 Water/Wastewater Rate Study to set water and sewer rates. A Water Financial Plan does not effectively determine major capital expenditures and reserve requirements outside the 9-year window of the Plan. The Rate Study examines all major water components over a 50 year timeframe to determine future rates taking into consideration factors such as estimated useful life, asset replacement requirements, conservation, equity, and so on. These factors significantly impact full cost recovery and allow for sustainable long-term water infrastructure management.

All of which is respectfully submitted,

Infrastructure Solutions Inc. Per:



Neil Roberts  
President

## APPENDIX A: STATEMENT OF FINANCIAL POSITION

**Town of Gore Bay  
Statement of Financial Position (Water)  
Unaudited: For Financial Planning Purposes Only  
2019-2028**

Water System	Notes	Estimated	Forecasted									
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
<b>Financial Assets</b>												
Cash and Cash Equivalents		784,335	784,335	784,335	784,335	784,335	784,335	784,335	784,335	784,335	784,335	784,335
Accounts Receivable		31,959	32,598	33,250	33,915	34,594	35,285	35,991	36,711	37,445	38,194	
Due from Federal Government - GST												
Due from Town												
Investments												
Inventory for resale												
<b>Total Financial Assets</b>		816,294	816,933	817,585	818,250	818,928	819,620	820,326	821,046	821,780	822,529	
<b>Liabilities</b>												
Accounts Payable		81,075	82,697	84,350	86,038	87,758	89,513	91,304	93,130	94,992	96,892	
Long-Term Liabilities (principal only)	See Table 3-9	1,318,745	1,235,850	1,148,817	1,057,442	961,506	860,782	755,031	644,002	527,433	405,045	
Deferred revenue - obligatory reserves												
Deferred revenue - other												
Other												
<b>Total Financial Liabilities</b>		1,399,820	1,318,546	1,233,168	1,143,479	1,049,264	950,295	846,335	737,132	622,425	501,937	
<b>Net Financial Assets/(Net Debt)</b>		(583,526)	(501,613)	(415,583)	(325,229)	(230,336)	(130,675)	(26,009)	83,914	199,355	320,592	
<b>Non-Financial Assets</b>												
Tangible Capital Assets		6,545,145	6,545,145	6,855,689	6,855,689	6,855,689	6,855,689	6,855,689	6,855,689	6,855,689	6,862,458	
Accumulated Amortization		(3,177,640)	(3,314,049)	(3,450,459)	(3,607,571)	(3,764,684)	(3,921,796)	(4,078,909)	(4,236,021)	(4,393,134)	(4,550,246)	
<b>Total Non-Financial Assets</b>		3,367,505	3,231,096	3,405,230	3,248,117	3,091,005	2,933,892	2,776,780	2,619,667	2,462,555	2,312,212	
<b>Accumulated Surplus / (Deficit)</b>		2,783,980	2,729,483	2,989,647	2,922,888	2,860,669	2,803,217	2,750,771	2,703,581	2,661,910	2,632,803	
<b>Financial Indicators</b>												
	<b>Total Change</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	
1) Increase/(Decrease) in Net Financial Assets	992,654	78,955	82,895	87,032	91,376	95,936	100,724	105,751	111,029	116,570	122,387	
2) Increase/(Decrease) in Tangible Capital Assets	(1,191,703)	(136,410)	(136,410)	174,134	(157,113)	(157,113)	(157,113)	(157,113)	(157,113)	(157,113)	(150,343)	
3) Increase/(Decrease) in Accumulated Surplus	(199,049)	(57,455)	(53,515)	261,166	(65,737)	(61,177)	(56,389)	(51,362)	(46,084)	(40,543)	(27,955)	

Accounts Receivable, ending 2018	31,332	Water & WW User Fees plus User Capital
Accounts Payable & Accrued Liabilities, ending 2018	79,485	General A/P & Accruals

## APPENDIX B: STATEMENT OF OPERATIONS

Town of Gore Bay  
Statement of Operations (Water)  
Unaudited: For Financial Planning Purposes Only  
2019-2028

Water System	Notes	Estimated	Forecasted									
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
<b>Revenue</b>												
Water User Fees		280,732	300,168	320,960	343,203	366,999	392,456	419,690	448,826	479,996	513,344	
Earned Deferred Revenue												
Other Revenue - From Reserves		105,995	91,356	386,000	58,203	39,498	19,233	-2,706	-26,440	-52,100	-73,058	
<b>Total Revenues</b>		<b>386,727</b>	<b>391,524</b>	<b>706,960</b>	<b>401,407</b>	<b>406,497</b>	<b>411,689</b>	<b>416,984</b>	<b>422,386</b>	<b>427,896</b>	<b>440,285</b>	
<b>Expenses</b>												
Operating Expenditures	See Table 3-3	239,827	244,624	249,516	254,507	259,597	264,789	270,085	275,486	280,996	286,616	
Interest on Debt		67,945	64,005	59,868	55,524	50,964	46,176	41,149	35,871	30,330	24,512	
Amortization		136,410	136,410	136,410	157,113	157,113	157,113	157,113	157,113	157,113	157,113	
Loss on Sale of Tangible Capital Assets												
Other												
Total Expenses		444,182	445,038	445,794	467,143	467,673	468,077	468,346	468,470	468,439	468,241	
Annual Surplus / (Deficit)		(57,455)	(53,515)	261,166	(65,737)	(61,177)	(56,389)	(51,362)	(46,084)	(40,543)	(27,955)	
Accumulated Surplus / (Deficit), beginning of year		2,841,435	2,783,980	2,729,483	2,989,647	2,922,888	2,860,669	2,803,217	2,750,771	2,703,581	2,661,910	
Accumulated Surplus / (Deficit), end of year		2,783,980	2,729,483	2,989,647	2,922,888	2,860,669	2,803,217	2,750,771	2,703,581	2,661,910	2,632,803	
<b>Financial Indicator</b>	<b>Total Change</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	
Increase/(decrease) in Accumulated Surplus	(84,467)	(57,455)	(53,515)	261,166	(65,737)	(61,177)	(56,389)	(51,362)	(46,084)	(40,543)	(27,955)	
Expense to Revenue Ratio		115%	114%	63%	116%	115%	114%	112%	111%	109%	106%	

## APPENDIX C: STATEMENT OF CHANGE IN NET FINANCIAL POSITON

**Town of Gore Bay**  
**Statement of Changes in Net Financial Assets/(Debt) (Water)**  
**Unaudited: For Financial Planning Purposes Only**  
**2019-2028**

Water System	Notes	Estimated	Forecasted								
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Annual Surplus/(Deficit)		(57,455)	(53,515)	261,166	(65,737)	(61,177)	(56,389)	(51,362)	(46,084)	(40,543)	(27,955)
Less: Acquisition of Tangible Capital Assets		0	0	(310,544)	0	0	0	0	0	0	(6,770)
Add: Amortization of Tangible Capital Assets		136,410	136,410	136,410	157,113	157,113	157,113	157,113	157,113	157,113	157,113
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Subtotal		78,955	82,895	87,032	91,376	95,936	100,724	105,751	111,029	116,570	122,387
Less: Acquisition of supplies inventory		-	-	-	-	-	-	-	-	-	-
Less: Acquisition of prepaid expenses		-	-	-	-	-	-	-	-	-	-
Add: Consumption of supplies inventory		-	-	-	-	-	-	-	-	-	-
Add: Use of prepaid expenses		-	-	-	-	-	-	-	-	-	-
Subtotal		0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) in Net Financial Assets/(Net Debt)		78,955	82,895	87,032	91,376	95,936	100,724	105,751	111,029	116,570	122,387
Net Financial Assets/(Net Debt), beginning of year		(662,480)	(583,526)	(501,613)	(415,583)	(325,229)	(230,336)	(130,675)	(26,009)	83,914	199,355
Net Financial Assets /(Net Debt), end of year		(583,526)	(501,613)	(415,583)	(325,229)	(230,336)	(130,675)	(26,009)	83,914	199,355	320,592

Net Financial Assets /(Net Debt), end of year for 2018	(662,480)
--	-----------

Financial Indicators	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1) Acquisition of Tangible Capital Assets (Cumulative)	0	0	310,544	310,544	310,544	310,544	310,544	310,544	310,544	317,313
2) Annual Surplus(Deficit) before Amortization (Cumulative)	78,955	161,850	559,425	650,801	746,737	847,461	953,212	1,064,240	1,180,810	1,309,967

## APPENDIX D: STATEMENT OF CASH FLOW

**Town of Gore Bay  
Statement of Cash Flow (Water)  
Unaudited: For Financial Planning Purposes Only  
2019-2028**

Water System	Notes	Estimated	Forecasted									
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
<b>Cash provided by:</b>												
<b>Operating Activities</b>												
Annual Surplus/Deficit		(57,455)	(53,515)	261,166	(65,737)	(61,177)	(56,389)	(51,362)	(46,084)	(40,543)	(27,955)	
Non-Cash Items												
Add: Amortization of TCA's		136,410	136,410	136,410	157,113	157,113	157,113	157,113	157,113	157,113	157,113	
Change in A/R (Increase)/(Decrease)												
Change in A/P (Increase)/(Decrease)												
Less: Interest Proceeds												
<b>Net Change in Cash Provided by Operating Activities</b>		78,955	82,895	397,576	91,376	95,936	100,724	105,751	111,029	116,570	129,157	
<b>Capital Activities</b>												
Proceeds on sale of Tangible Capital Assets		0	0	0	0	0	0	0	0	0	0	
Less: Cash to acquire Tangible Capital Assets		0	0	(310,544)	0	0	0	0	0	0	(6,770)	
<b>Net Change in Cash Used in Capital Activities</b>		0	0	(310,544)	0	0	0	0	0	0	(6,770)	
<b>Investing Activities</b>												
Proceeds from investments												
Less: Cash used to acquire investments												
<b>Net Change in Cash Used in Investing Activities</b>												
<b>Financing Activities</b>												
Proceeds from Debt Issue												
Less: Debt Repayment (principal only)		(78,955)	(82,895)	(87,032)	(91,376)	(95,936)	(100,724)	(105,751)	(111,029)	(116,570)	(122,387)	
<b>Net Change in Cash Used in Financing Activities</b>		(78,955)	(82,895)	(87,032)	(91,376)	(95,936)	(100,724)	(105,751)	(111,029)	(116,570)	(122,387)	
<b>Net Change in Cash and Cash Equivalents</b>		0	0	0	0	0	0	0	0	0	0	
Cash and Cash Equivalents, beginning of year		784,335	784,335	784,335	784,335	784,335	784,335	784,335	784,335	784,335	784,335	
Cash and Cash Equivalents, end of year		784,335	784,335	784,335	784,335	784,335	784,335	784,335	784,335	784,335	784,335	
Cash and Cash Equivalents, end of year 2018		784,335										