

Table 4.1
WEST PERTH FINANCIAL PLAN FOR WATER WORKS

Revised September 8, 2010

	2010 Budget	2011	2012	2013	2014	2015	2016
FINANCIAL POSITION							
Non-financial assets (Tangible capital assets)							
Existing water mains and facilities	12,490,945	12,490,945	12,490,945	12,490,945	12,490,945	12,490,945	12,490,945
Less: Accumulated amortization	(244,614)	(489,228)	(733,842)	(978,456)	(1,223,070)	(1,467,684)	(1,712,298)
New water mains and facilities - at cost	779,280	1,169,280	1,419,280	1,669,280	1,919,280	2,174,280	2,424,280
Total NON-FINANCIAL ASSETS	13,025,611	13,170,997	13,176,383	13,181,769	13,187,155	13,197,541	13,202,927
Liabilities							
Long-term debt (Note #1)	878,893	770,484	659,491	545,851	429,502	310,380	188,417
Total LIABILITIES	878,893	770,484	659,491	545,851	429,502	310,380	188,417
Financial assets							
Cash and cash equivalents	636,049	501,087	496,788	482,947	459,354	420,793	377,047
Total FINANCIAL ASSETS	636,049	501,087	496,788	482,947	459,354	420,793	377,047
NET DEBT (Liabilities - Assets)	242,844	269,397	162,703	62,904	(29,851)	(110,414)	(188,629)
Financial position (Note #2)	12,782,767	12,901,600	13,013,680	13,118,865	13,217,006	13,307,955	13,391,556
(Non Finance assets - Net Debt)							
Analysis of financial position							
Equity in tangible capital assets (Note #3)	12,146,718	12,400,513	12,516,892	12,635,918	12,757,653	12,887,161	13,014,510
Reserves and reserve funds	636,049	501,087	496,788	482,947	459,354	420,793	377,047
General surplus (deficit)	-	-	-	-	-	-	-
Financial position (from analysis)	12,782,767	12,901,600	13,013,680	13,118,865	13,217,006	13,307,955	13,391,556

Notes:

1. In 2007, the net cost of Well #4 was debt financed over a period of 10 years at an interest rate of 2.37%
2. Values shown from year to year for financial position are cumulative
3. This value is equal to the total non-financial assets less long-term debt.

Key Terms:

- Amortization Expense - This value is the annual reduction in value of tangible capital assets based on the items original value and straight line depreciation over its anticipated useful life. It represents a portion of the cost which could be recovered each year for the eventual replacement of existing works. There is currently no legislated requirement to recover this cost, it is anticipated that there may be in the future.
- Net Debt - Shows the overall debt situation by netting the value of liabilities and debts with its cash and cash equivalents. This value can be used when deciding if more long-term debt should be incurred in any year over the life of the financial plan.
- Reserves and Reserve Funds - This shows the accumulated reserve balance over the life of the financial plan. This value can be useful when planning for long and short term capital replacement.
- Financial Position - The total financial and non-financial assets less the liabilities the municipality's water department holds.

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	2010 Budget	2011	2012	2013	2014	2015	2016
FINANCIAL OPERATIONS							
Revenue							
Federal/Provincial grants	331,000	-	-	-	-	-	-
Water sales	224,601	338,867	338,867	338,867	338,867	338,867	338,867
Surcharge	313,083	469,719	469,719	469,719	469,719	469,719	469,719
Connection charges	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Interest Earned (Promissory Note to WP)	86,004	87,724	89,478	91,268	93,093	94,955	96,854
Hydrant Revenue	53,600	54,672	55,765	56,881	58,018	59,179	60,362
Rent	24,900	25,398	25,906	26,424	26,953	27,492	28,041
Miscellaneous	5,000	5,100	5,202	5,306	5,412	5,520	5,631
Total REVENUE	1,049,188	992,480	995,937	999,465	1,003,062	1,006,731	1,010,474
Expenses							
Salaries and Wages	15,400	15,708	16,022	16,343	16,669	17,003	17,343
Benefits	3,821	3,897	3,975	4,055	4,136	4,219	4,303
Administration	3,300	3,366	3,433	3,502	3,572	3,643	3,716
Continuing Education	1,500	1,530	1,561	1,592	1,624	1,656	1,689
Billing and Collecting	51,000	52,020	53,060	54,122	55,204	56,308	57,434
Operator Contract	275,000	280,500	286,110	291,832	297,669	303,622	309,695
Building - maintenance	48,300	49,266	50,251	51,256	52,281	53,327	54,394
Building - insurance	12,500	12,750	13,005	13,265	13,530	13,801	14,077
Building - taxes	2,194	2,238	2,283	2,328	2,375	2,422	2,471
Legal, Consulting	5,400	5,508	5,618	5,731	5,845	5,962	6,081
Memberships	700	714	728	743	758	773	788
Mileage	200	204	208	212	216	221	225
Power purchased	60,000	61,800	63,654	65,564	67,531	69,556	71,643
Pump plant maintenance and repair	45,000	45,900	46,818	47,754	48,709	49,684	50,677
Well maintenance	5,000	5,100	5,202	5,306	5,412	5,520	5,631
Distribution system	20,000	20,400	20,808	21,224	21,649	22,082	22,523
Water meter maintenance	30,000	30,600	31,212	31,836	32,473	33,122	33,785
Sampling	6,000	6,120	6,242	6,367	6,495	6,624	6,757
Small Tools	6,000	6,120	6,242	6,367	6,495	6,624	6,757
Expenses to be billed	5,000	5,100	5,202	5,306	5,412	5,520	5,631
Subtotal Operating Expense	596,315	608,841	621,636	634,705	648,055	661,692	675,621
Interest on long-term debt	20,191	17,607	14,961	12,251	9,478	6,638	3,730
Loss (gain) on disposal of tangible capital ass	-	-	-	-	-	-	-
Amortization of capital assets	244,614	244,614	244,614	244,614	244,614	244,614	244,614
Total EXPENSES	861,120	871,062	881,211	891,571	902,147	912,943	923,965
Net Revenue (Deficit) for the year	188,068	121,418	114,726	107,894	100,915	93,788	86,509

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	2010 Budget	2011	2012	2013	2014	2015	2016
CASH FLOW							
Operating Transactions							
Net revenue (deficit) for the year	188,068	121,418	114,726	107,894	100,915	93,788	86,509
Deduct capital portion of revenue:							
Federal/Provincial grants	(331,000)	-	-	-	-	-	-
Capital surcharge for completed projects	-	-	-	-	-	-	-
Add-back (deduct) non-cash expense:							
Loss (gain) on disposal of tangible capital assets	-	-	-	-	-	-	-
Amortization of capital assets	244,614	244,614	244,614	244,614	244,614	244,614	244,614
Total OPERATING TRANSACTIONS	101,682	366,032	359,340	352,508	345,529	338,402	331,123
Capital Transactions							
Proceeds of sale of tangible capital assets	-	-	-	-	-	-	-
Growth related	-	-	-	-	-	-	-
Service enhancement	-	-	-	-	-	-	-
Lead service reduction	-	-	-	-	-	-	-
Replacement of existing plant	-	-	-	-	-	-	-
Consulting services for capital GIS	(1,000)	-	-	-	-	-	-
SCADA	(1,000)	-	-	-	-	-	-
Permit to take water	(6,000)	-	-	-	-	-	-
DWWP/MOE Licensing	(50,000)	-	-	-	-	(5,000)	-
Asset Management Plan	-	(30,000)	-	-	-	-	-
Manuals-operating, contingency	(2,000)	-	-	-	-	-	-
Standpipe, reservoir inspection	(1,000)	-	-	-	-	-	-
Standpipe, painting	(110,000)	(110,000)	-	-	-	-	-
Capital construction	(608,280)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Total CAPITAL TRANSACTIONS	(779,280)	(390,000)	(250,000)	(250,000)	(250,000)	(255,000)	(250,000)
Investing transactions							
Proceeds from portfolio investments	-	-	-	-	-	-	-
Purchase of portfolio investments	-	-	-	-	-	-	-
Total INVESTING TRANSACTIONS	-	-	-	-	-	-	-
Financing transactions							
Federal/Provincial grants	331,000	-	-	-	-	-	-
Capital surcharge for completed projects	-	-	-	-	-	-	-
Proceeds from debt issues	-	-	-	-	-	-	-
Debt repayment - principal	(108,409)	(110,993)	(113,640)	(116,349)	(119,123)	(121,963)	(124,870)
Total FINANCING TRANSACTIONS	222,591	(110,993)	(113,640)	(116,349)	(119,123)	(121,963)	(124,870)
Net Cash Receipts (Payments) for the year	(455,007)	(134,962)	(4,299)	(13,841)	(23,594)	(38,560)	(43,747)
Cash at beginning of year	1,091,056	636,049	501,087	496,788	482,947	459,354	420,793
Cash at end of year	636,049	501,087	496,788	482,947	459,354	420,793	377,047
Additional information:							
Temporary borrowing (transfers to reserve)	455,007	134,962	4,299	13,841	23,594	38,560	43,747
Debt charges interest and principal	128,600	128,600	128,600	128,600	128,600	128,600	128,600