



Lake Huron
Primary Water Supply System

FINANCIAL PLAN

#001-301

Safe Drinking Water Act, 2002
O.Reg. 453/07

Consolidated Financial Model for Municipal Drinking Water Licence Renewal

October 4, 2018

LAKE HURON PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position

	Audited	Forecast (unaudited)						
	2017	2018	2019	2020	2021	2022	2023	2024
Financial assets								
Due from Corporation of the City of London ⁽¹⁾	23,505,532	28,241,253	28,427,375	29,799,961	35,380,174	37,439,989	42,509,883	52,823,485
Trade and other receivables	627,445	718,777	644,765	678,522	688,897	734,740	743,107	759,894
Total financial assets	24,132,978	28,960,030	29,072,140	30,478,483	36,069,071	38,174,729	43,252,990	53,583,379
Financial liabilities								
Accounts payable and accrued liabilities	2,260,810	2,439,541	2,586,649	2,655,985	2,635,764	2,842,396	2,845,672	2,827,084
Deferred revenue ⁽²⁾	674,777	-	-	-	-	-	-	-
Accrued interest on long-term debt	54,196	47,232	40,146	32,935	25,598	18,130	11,693	6,154
Net long-term debt	9,254,783	8,065,505	6,855,466	5,624,221	4,371,161	3,096,037	1,996,776	1,050,968
Total financial liabilities	12,244,566	10,552,278	9,482,261	8,313,141	7,032,523	5,956,563	4,854,141	3,884,206
Net financial assets / (debt)	11,888,412	18,407,752	19,589,879	22,165,342	29,036,548	32,218,166	38,398,849	49,699,173
Non-financial assets								
Tangible capital assets (net)	157,682,748	156,421,402	156,952,489	156,703,149	152,426,624	152,336,249	149,319,172	141,746,833
Prepaid expenses	206,664	155,517	160,183	164,988	169,938	175,036	180,287	185,696
Total non-financial assets	157,889,412	156,576,919	157,112,672	156,868,137	152,596,562	152,511,285	149,499,459	141,932,529
Accumulated surplus	169,777,824	174,984,671	176,702,551	179,033,479	181,633,110	184,729,451	187,898,308	191,631,702

* subject to rounding

Notes:

(1) As the Administering Municipality, the Corporation of the City of London manages the daily operations of the Lake Huron Primary Water Supply System (LHPWSS). The Corporation maintains a separate general ledger on behalf of the LHPWSS. All funds are paid and received through the Corporation's bank account and are held for use by the LHPWSS.

(2) Deferred revenue consists of funding received from the Province of Ontario related to the HELP program.

Disclaimer

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LAKE HURON PRIMARY WATER SUPPLY SYSTEM
Pro-forma Statement of Operations

	Audited	Forecast (unaudited)						
	2017	2018	2019	2020	2021	2022	2023	2024
Revenues								
User charges	21,583,674	23,295,777	22,080,000	22,773,000	23,592,000	24,439,000	25,317,000	25,823,340
Investment income	297,350	509,484	484,637	453,021	517,105	594,458	689,269	770,429
Transfer payments ⁽¹⁾								
Provincial	36,300	674,777	-	-	-	-	-	-
Federal	35,845	674,777	-	-	-	-	-	-
Other ⁽²⁾	5,313	-	-	520,000		680,000	-	-
Total revenues	21,958,483	25,154,815	22,564,637	23,746,021	24,109,105	25,713,458	26,006,269	26,593,769
Expenses								
Salaries, wages and benefits	520,345	748,866	750,099	771,922	794,386	817,510	841,313	866,525
Materials and supplies	10,396,226	10,602,046	11,120,753	11,513,518	11,866,677	12,341,296	12,670,504	13,105,339
Contracted services ⁽³⁾	441,603	875,188	1,095,793	1,029,340	550,021	1,092,982	754,745	199,141
Rents and financial expenses	47,174	80,912	82,500	84,150	85,833	87,549	89,300	91,086
Interest on long-term debt	195,819	186,570	168,933	148,135	124,344	97,782	66,995	40,320
Amortization	7,064,735	7,246,134	7,415,220	7,649,233	7,863,948	7,950,126	8,178,936	8,316,456
Administrative charges	203,173	208,252	213,459	218,795	224,265	229,872	235,619	241,509
Total expenses	18,869,075	19,947,968	20,846,757	21,415,093	21,509,474	22,617,117	22,837,412	22,860,376
Annual surplus	3,089,408	5,206,847	1,717,880	2,330,928	2,599,631	3,096,341	3,168,857	3,733,393
Accumulated surplus, beginning of year	166,688,416	169,777,824	174,984,671	176,702,551	179,033,479	181,633,110	184,729,451	187,898,308
Accumulated surplus, end of year	169,777,824	174,984,671	176,702,551	179,033,479	181,633,110	184,729,451	187,898,308	191,631,702

* subject to rounding

Notes:

- (1) Transfer payments are primarily comprised of funding received from the Federal and Provincial governments relating to the HELP program.
- (2) Other Revenue includes Miscellaneous Revenue and estimated one-time incentive payments from Independent Electricity System Operator (IESO) for High Lift Pump Replacements.
- (3) Contracted services includes capital expenditures which do not qualify as a Tangible Capital Asset under the PSAB 3150 definition.

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LAKE HURON PRIMARY WATER SUPPLY SYSTEM
Projected Statement of Net Financial Assets

	Audited	Forecast (unaudited)						
	2017	2018	2019	2020	2021	2022	2023	2024
Annual surplus	3,089,408	5,206,847	1,717,880	2,330,928	2,599,631	3,096,341	3,168,857	3,733,393
Acquisition of tangible capital assets	(6,352,470)	(5,984,788)	(7,946,307)	(7,399,893)	(3,587,423)	(7,859,751)	(5,161,859)	(744,117)
Amortization of tangible capital assets	7,064,735	7,246,134	7,415,220	7,649,233	7,863,948	7,950,126	8,178,936	8,316,456
	3,801,673	6,468,193	1,186,793	2,580,268	6,876,156	3,186,716	6,185,934	11,305,732
Change in prepaid expenses	(43,368)	51,147	(4,666)	(4,805)	(4,950)	(5,098)	(5,251)	(5,409)
Change in net financial assets	3,758,305	6,519,340	1,182,127	2,575,463	6,871,206	3,181,618	6,180,683	11,300,323
Net financial assets, beginning of year	8,130,107	11,888,412	18,407,752	19,589,879	22,165,342	29,036,548	32,218,166	38,398,849
Net financial assets, end of year	11,888,412	18,407,752	19,589,879	22,165,342	29,036,548	32,218,166	38,398,849	49,699,173

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LAKE HURON PRIMARY WATER SUPPLY SYSTEM
Statement of Cash Flows

	Audited	Forecast (unaudited)						
	2017	2018	2019	2020	2021	2022	2023	2024
Cash provided by:								
Operating activities:								
Annual surplus	3,089,408	5,206,847	1,717,880	2,330,928	2,599,631	3,096,341	3,168,857	3,733,393
Items not involving cash:								
Amortization	7,064,735	7,246,134	7,415,220	7,649,233	7,863,948	7,950,126	8,178,936	8,316,456
Amortization of debt discount	8,066	8,202	8,202	8,202	8,202	8,202	6,974	5,944
Change in non-cash assets and liabilities:								
Due from Corporation of City of London	(2,804,625)	(4,735,722)	(186,122)	(1,372,586)	(5,580,213)	(2,059,815)	(5,069,894)	(10,313,601)
Prepaid expenses	(43,368)	51,147	(4,666)	(4,805)	(4,950)	(5,098)	(5,251)	(5,409)
Trade and other receivables	425,718	(91,332)	74,012	(33,757)	(10,375)	(45,843)	(8,367)	(16,787)
Accounts payable and accrued liabilities	(613,967)	178,731	147,108	69,336	(20,221)	206,632	3,276	(18,588)
Deferred revenue	(36,300)	(674,777)	-	-	-	-	-	-
Accrued interest on long-term debt	(1,688)	(6,964)	(7,086)	(7,211)	(7,337)	(7,468)	(6,437)	(5,539)
Net change in cash from operating activities	7,087,979	7,182,266	9,164,548	8,639,340	4,848,685	9,143,077	6,268,094	1,695,869
Capital activities:								
Purchase of tangible capital assets	(6,352,470)	(5,984,788)	(7,946,307)	(7,399,893)	(3,587,423)	(7,859,751)	(5,161,859)	(744,117)
Cash used in capital activities	(6,352,470)	(5,984,788)	(7,946,307)	(7,399,893)	(3,587,423)	(7,859,751)	(5,161,859)	(744,117)
Financing activities:								
Proceeds of long term debt	404,232	-	-	-	-	-	-	-
Repayment of long-term debt	(1,139,741)	(1,197,478)	(1,218,241)	(1,239,447)	(1,261,262)	(1,283,326)	(1,106,235)	(951,752)
Cash used in financing activities	(735,509)	(1,197,478)	(1,218,241)	(1,239,447)	(1,261,262)	(1,283,326)	(1,106,235)	(951,752)
Net change in cash flows	-	-	-	-	-	-	-	-
Cash and short-term investments, beginning of year	-	-	-	-	-	-	-	-
Cash and short-term investments, end of year	-	-	-	-	-	-	-	-

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