



Elgin Area
Primary Water Supply System

Financial Plan

#048-301

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

Consolidated Financial Model for Municipal Drinking Water Licence Renewal

October 8, 2020

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position

	Audited	Forecast (unaudited)						
	2019	2020	2021	2022	2023	2024	2025	2026
Financial assets								
Due from Corporation of the City of London ⁽¹⁾	10,613,374	4,411,082	6,515,803	9,709,768	8,729,890	6,750,876	11,100,384	17,508,129
Trade and other receivables	1,089,187	1,165,254	1,174,021	1,222,343	1,274,801	1,328,572	1,383,764	1,423,180
Long-term loan receivable ⁽²⁾	206,543	181,076	154,790	128,240	101,423	74,336	46,978	19,345
Total financial assets	11,909,104	5,757,412	7,844,614	11,060,350	10,106,114	8,153,784	12,531,126	18,950,653
Financial liabilities								
Accounts payable and accrued liabilities	1,045,990	1,021,208	991,461	1,001,226	1,083,230	1,115,798	1,067,428	1,068,437
Accrued interest on long-term debt	89,283	75,672	59,998	42,647	34,238	25,268	15,324	4,556
Net long-term debt	12,107,323	9,898,522	7,641,188	5,333,202	4,164,888	2,971,458	1,751,653	501,708
Total financial liabilities	13,242,596	10,995,402	8,692,647	6,377,075	5,282,356	4,112,525	2,834,405	1,574,701
Net financial assets / (debt)	(1,333,492)	(5,237,990)	(848,033)	4,683,275	4,823,758	4,041,259	9,696,722	17,375,952
Non-financial assets								
Tangible capital assets (net)	66,699,790	73,441,921	71,889,071	69,697,260	72,963,981	77,344,034	76,028,715	73,094,311
Prepaid expenses	116,086	125,373	135,403	146,235	157,934	170,569	184,215	198,952
Total non-financial assets	66,815,876	73,567,294	72,024,474	69,843,495	73,121,915	77,514,603	76,212,930	73,293,263
Accumulated surplus	65,482,384	68,329,304	71,176,441	74,526,770	77,945,673	81,555,862	85,909,652	90,669,215

* subject to rounding

Notes:

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

(2) The Municipality of Dutton Dunwich has entered into a water supply agreement resulting in a buy-in charge of \$252,000. Dutton Dunwich requested and the Elgin PWSS Board agreed to payment of this buy-in charge over a 10 year term bearing interest on the outstanding amount.

Disclaimer

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Pro-forma Statement of Operations

	Audited	Forecast (unaudited)						
	2019	2020	2021	2022	2023	2024	2025	2026
Revenues								
User charges	12,974,247	13,686,325	13,977,000	14,524,000	15,112,000	15,724,000	16,360,000	16,784,311
Investment income	256,607	255,150	305,174	346,268	396,700	439,103	474,807	530,205
Other ⁽¹⁾	24,868	240,000	6,000	6,000	6,000	6,000	6,000	6,000
Total revenues	13,255,722	14,181,476	14,288,174	14,876,268	15,514,700	16,169,103	16,840,807	17,320,516
Expenses								
Salaries, wages and benefits	765,473	652,553	754,150	768,700	783,500	798,800	814,300	838,680
Materials and supplies	5,898,379	5,607,132	5,963,600	6,065,500	6,160,700	6,258,100	6,358,200	6,469,339
Contracted services ⁽²⁾	797,667	1,018,749	347,135	299,863	778,956	899,552	434,726	305,345
Rents and financial expenses	66,618	71,342	70,800	71,900	73,000	74,100	75,200	76,328
Interest on long-term debt	336,853	304,806	254,237	198,228	129,118	101,766	71,699	36,706
Amortization	3,444,594	3,502,541	3,871,015	3,938,948	3,985,023	4,238,295	4,541,793	4,640,588
Administrative charges	213,459	177,432	180,100	182,800	185,500	188,300	191,100	193,967
Total expenses	11,523,043	11,334,555	11,441,037	11,525,939	12,095,797	12,558,913	12,487,018	12,560,952
Annual surplus	1,732,679	2,846,921	2,847,137	3,350,329	3,418,902	3,610,190	4,353,789	4,759,564
Accumulated surplus, beginning of year	63,749,705	65,482,384	68,329,305	71,176,441	74,526,770	77,945,673	81,555,863	85,909,652
Accumulated surplus, end of year	65,482,384	68,329,305	71,176,441	74,526,770	77,945,673	81,555,863	85,909,652	90,669,216

* subject to rounding

Notes:

(1) Other Revenue includes Miscellaneous Revenue and estimated one-time incentive payments from Independent Electricity System Operator (IESO) for High Lift Pump Replacements.

(2) Contracted services includes capital expenditures which do not qualify as a Tangible Capital Asset under the PSAB 3150 definition.

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Projected Statement of Change in Net Financial Assets/(Debt)

	Audited	Forecast (unaudited)						
	2019	2020	2021	2022	2023	2024	2025	2026
Annual surplus	1,732,679	2,846,921	2,847,137	3,350,329	3,418,902	3,610,190	4,353,789	4,759,564
Acquisition of tangible capital assets	(1,996,385)	(10,244,672)	(2,318,165)	(1,747,137)	(7,251,744)	(8,618,348)	(3,226,474)	(1,706,184)
Amortization of tangible capital assets	3,444,594	3,502,541	3,871,015	3,938,948	3,985,023	4,238,295	4,541,793	4,640,588
	3,180,888	(3,895,210)	4,399,987	5,542,140	152,181	(769,863)	5,669,108	7,693,968
Change in prepaid expenses	(29,906)	(9,287)	(10,030)	(10,832)	(11,699)	(12,635)	(13,646)	(14,737)
Change in net financial assets/(debt)	3,150,982	(3,904,497)	4,389,957	5,531,308	140,482	(782,498)	5,655,462	7,679,231
Net financial assets/(debt), beginning of year	- 4,484,474	- 1,333,492	- 5,237,989	- 848,033	4,683,275	4,823,758	4,041,260	9,696,722
Net financial assets/(debt), end of year	(1,333,492)	(5,237,989)	(848,033)	4,683,275	4,823,758	4,041,260	9,696,722	17,375,953

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Cash Flows

	Audited	Forecast (unaudited)						
	2019	2020	2021	2022	2023	2024	2025	2026
Cash provided by:								
Operating activities:								
Annual surplus	1,732,679	2,846,921	2,847,137	3,350,329	3,418,902	3,610,190	4,353,789	4,759,564
Items not involving cash:								
Amortization	3,444,594	3,502,541	3,871,015	3,938,948	3,985,023	4,238,295	4,541,793	4,640,588
Amortization of debt discount	15,178	15,178	15,178	15,178	7,810	7,810	7,810	5,417
Change in non-cash assets and liabilities:								
Due from Corporation of City of London	(913,296)	6,202,292	(2,104,721)	(3,193,965)	979,878	1,979,014	(4,349,509)	(6,407,744)
Prepaid expenses	(29,906)	(9,287)	(10,030)	(10,832)	(11,699)	(12,635)	(13,646)	(14,737)
Trade and other receivables	1,032,923	(76,067)	(8,767)	(48,322)	(52,458)	(53,771)	(55,192)	(39,416)
Accounts payable and accrued liabilities	(1,117,749)	(24,782)	(29,747)	9,765	82,004	32,568	(48,370)	1,009
Accrued interest on long-term debt	(13,153)	(13,611)	(15,674)	(17,351)	(8,409)	(8,969)	(9,945)	(10,768)
Net change in cash from operating activities	4,151,270	12,443,184	4,564,390	4,043,750	8,401,052	9,792,502	4,426,731	2,933,912
Capital activities:								
Purchase of tangible capital assets	(1,996,385)	(10,244,672)	(2,318,165)	(1,747,137)	(7,251,744)	(8,618,348)	(3,226,474)	(1,706,184)
Cash used in capital activities	(1,996,385)	(10,244,672)	(2,318,165)	(1,747,137)	(7,251,744)	(8,618,348)	(3,226,474)	(1,706,184)
Financing activities:								
Proceeds of long term debt	-	-	-	-	-	-	-	-
Repayment of long-term debt	(2,177,530)	(2,223,979)	(2,272,512)	(2,323,163)	(1,176,125)	(1,201,240)	(1,227,615)	(1,255,362)
Loan Receivables	22,645	25,467	26,286	26,550	26,817	27,086	27,358	27,633
Cash used in financing activities	(2,154,885)	(2,198,512)	(2,246,225)	(2,296,613)	(1,149,308)	(1,174,154)	(1,200,257)	(1,227,728)
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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