

# WATER FINANCIAL PLAN



**City of Belleville**

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**November 2020**

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# **I INTRODUCTION**

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This City of Belleville Water Financial Plan is presented as one of the mandatory submission requirements necessary to renew a municipal drinking water license under the *Safe Drinking Water Act, 2002 (SDWA)*.

The SDWA and O. Reg. 453/07 outline the requirements for a Water Financial Plan, these include the following general requirements:

- a planning horizon of at least six years (commencing when the system first serves the public, for new systems);
- completed and approved by the application date for license renewal
- may be amended and additional information may be included beyond what is prescribed, as necessary;
- be approved by Council resolution indicating that the drinking water system is financially viable;
- the financial plans must be made available to the public and published on the City's website
- a copy of the financial plans must be provided to the Ministry of Municipal Affairs and Housing

In late 2009, Hemson completed a water rate study for the City of Belleville, including a full cost recovery model. The detailed analysis completed in the rate setting exercise formed the basis for the rate approach currently utilized by the water and wastewater utilities. The full cost recovery model is regularly updated with current information and assumptions in setting the annual water and wastewater rates for the City. Section II provides a summary of the pertinent information regarding the water rate approach.

To satisfy the financial requirements of section 30(1), the following specific statements and summary have been provided in Section III:

- **Statement of Operations**
- **Statement of Financial Position**
- **Statement of Cash Flow**
- **Statement of Net Financial Assets/Debt**
- **Summary of Tangible Capital Assets**

Section IV includes the Notes and Assumptions to the Financial Plan. As the City does not maintain all financial information separately for water services, assumption used in the preparation of the statements are included in this section.

## **II SUMMARY OF CURRENT RATE APPROACH**

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In 2009 Hemson Consulting was retained by the City of Belleville to prepare a report on water rates, a capital replacement schedule and the implementation of a full cost recovery water rates which included the reports required under the *Sustainable Water and Sewage Systems Act*.

The Full Cost of Services Report provided an inventory and asset management plan, ensuring the integrity of the water infrastructure and addressed the full cost of providing water services, including provisions for the periodic rehabilitation and eventual replacement of the water infrastructure.

The Cost Recovery Plan consisted of a revenue plan, identifying the revenue requirements to finance the system and also included the development of water rates which will fund the expansion, upgrading, rehabilitation, replacement, operation and maintenance of the water systems. Financing, administrative and all other relevant costs related to providing the services were also included.

The current water and wastewater structure is based on the analysis and recommendations found in these reports. The asset inventory was further refined as the city completed its Asset Management Plan in June 2014. This plan included an updated Financial Model for both Water and Wastewater assets which has been considered in the development of current rate and financial projections. Currently the City is undergoing an update to its asset management plan which will bring it in alignment with the requirements under O. Reg. 588-17 Asset Management Planning for Municipal Infrastructure and will be adopted by July 2021.

### **A. RATE APPROACH**

The first step in a rate setting study is to establish a customer and anticipated water consumption forecast for the study period. For the City of Belleville, a conservative approach was undertaken which assumed no customer growth and constant consumption over the forecast period from 2020 to 2030.

In the next step, as part of the Asset Management Study in 2014, the City updated its inventory of water assets, including the expected useful life, and valuation costs. The remaining useful life of the assets was used to determine the asset replacements anticipated during the planning period. Growth related infrastructure needs are usually

funded through development charges and direct developer contributions for local and internal servicing needs. The non-growth related costs will therefore require funding from the City, through the user rates.

The City’s current water rates, reserves and annual operating budgets were analyzed. Based on this analysis, the financial position of the City’s water system was reviewed and a strategy for the City to achieve full cost recovery for its water services was developed. The impact of implementing full cost recovery rates on City residents and businesses over time was analyzed and a mitigation strategy adopted.

## B. WATER RATES

The City of Belleville’s water rates contains two components: a fixed rate; and a volumetric rate. The rate table below summarizes the fixed rate for a 5/8” meter, broken down between Fire and Water services.

<b>Proposed Fixed Monthly Charges – Water (per 5/8” meter)</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>	<b>2029</b>	<b>2030</b>
<b>Fire Protection</b>	\$5.89	\$6.07	\$6.25	\$6.44	\$6.64	\$6.84	\$7.05	\$7.26	\$7.48	\$7.71	\$7.94
<b>Water Service</b>	\$24.77	\$25.52	\$26.30	\$27.10	\$27.92	\$28.77	\$29.64	\$30.54	\$31.47	\$32.43	\$33.42
<b>Total Charges</b>	\$30.66	\$31.59	\$32.55	\$33.54	\$34.56	\$35.61	\$36.69	\$37.80	\$38.95	\$40.14	\$41.36

The second component to the City’s water rate is the volumetric rate. These rates are based on the level of consumption used in a month. There are three tiers to the rates: less than 454 cubic metres, greater than 454 but not more than 22,727 cubic metres; and greater than 22,727 cubic metres. The table below summarizes the volumetric rates.

<b>Proposed Volumetric Charges – Water</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>	<b>2029</b>	<b>2030</b>
<b>First 454 m3</b>	\$1.86	\$1.92	\$1.98	\$2.05	\$2.12	\$2.19	\$2.26	\$2.33	\$2.41	\$2.49	\$2.57
<b>454 – 22,727 m3</b>	\$1.41	\$1.46	\$1.50	\$1.55	\$1.61	\$1.66	\$1.71	\$1.77	\$1.83	\$1.89	\$1.95
<b>22,727 + m3</b>	\$0.85	\$0.88	\$0.90	\$0.94	\$0.97	\$1.00	\$1.03	\$1.06	\$1.10	\$1.14	\$1.17

The City’s 2020 water rates and policies are set out in By-law 2019-81. Schedule B to the by-law as attached, sets out the rates for the all types of users.

### **III WATER FINANCIAL PLAN**

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This section summarizes the complete financial plan for the City's water system. The financial plan represents a forecast or projection of the City's future financial position. The statements included in this study are not audited documents and contain estimates and assumptions as described in section IV of this report.

#### **A. STATEMENT OF OPERATIONS – TABLE 1**

The Statement of Operations provides information on the revenues and expenses generated from the water 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 reserves and reserve funds.

In 2020, the projected revenue is \$15.9 million with expenditures of \$8.4 million. As revenues exceed expenses, an annual surplus is projected of \$7.5 million before amortization. The beginning period accumulated surplus of \$113.9 million is equal to the opening reserve balances, plus tangible capital assets, and less any debt obligations and deferred revenue.

The City's forecasted Statement of Operations indicates an annual surplus in each year projected, with the accumulated surplus growing by approximately \$79.9 million. This supports a Full Cost Recovery methodology and the City's need to grow its reserves to pay for the rehabilitation and ultimate replacement of the City's tangible capital assets. Identified below the Statement of Operations is a comparison of the Net Surplus before Amortization compared to the estimated contributions identified in the City's Asset Management Plan. Full Cost Recovery will be achieved by 2026.

#### **B. STATEMENT OF FINANCIAL POSITION – TABLE 2**

The Statement of Financial Position provides information on the assets and liabilities of the City's water 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 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.

Based on the current Asset Management Plan, it is anticipated that the City will need to issue new debt periodically to support its capital requirements over the next eleven years. In 2020, the total liabilities are approximately \$16.0 million which primarily consist of outstanding debt of \$11.9 million. The total financial assets in 2020 are \$25.9 million resulting in net financial debt of \$9.9 million. The net financial assets are expected to increase over the forecast period to \$76.3 million. This increase is in line with the Asset Management Planning approach, and is important to ensure sufficient funds are available to support required capital replacement, rehabilitation and growth.

The Statement of Financial Position also provides information on the City's tangible capital assets. An increase in the net book value of tangible capital assets suggests that new assets have been acquired, and a decrease in the balance indicates the utilization of assets (amortization) and/or disposal/write downs of assets.

### **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. For 2020, the statement describes how the cash from operations (\$8.2 million), cash used for capital (\$2.6 million) and cash used in financing transactions (\$1.3 million) will result in the overall cash increase of \$4.3 million for the year. 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 reserves and reserve funds on hand at the start of the period. The City's cash position will increase throughout the forecast period and accumulate to \$92.1 million. This increase in cash position is consistent with the Asset Management Planning approach and helps ensure sufficient funding for asset replacement in the future.



**D. STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/DEBT**

The Statement of Change in Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support operating and capital asset (TCA) costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. In 2020, the forecasted annual surplus (\$4.6 million) and amortization (\$2.9 million) exceed capital expenditures (\$2.6 million) resulting in a net asset position for the year. Over the forecast period, net financial assets will increase to \$76.3 million.

**E. SUMMARY OF TANGIBLE CAPITAL ASSETS**

The Summary of Tangible Capital Assets outlines the anticipated asset acquisition and amortization expense for the forecast period. These forecasted expenditures are consistent with the City's Asset Management Plan. From 2020 to 2030, the investment in tangible capital assets will rise by \$46.0 million or 28% and accumulated amortization will increase by \$37.4 million.

**Table 1**  
**City of Belleville**  
**Statement of Operations (000's)**  
**Water Services**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>REVENUE</b>											
<b>Water Sales</b>											
Metered	\$ 8,737	\$ 9,048	\$ 9,361	\$ 9,724	\$ 10,089	\$ 10,457	\$ 10,827	\$ 11,200	\$ 11,623	\$ 12,049	\$ 12,479
Bulk	527	545	564	585	606	627	650	673	697	722	748
	9,264	9,593	9,925	10,309	10,695	11,084	11,477	11,873	12,320	12,771	13,227
<b>Fixed Charges</b>											
Flat Rate Water	53	54	55	56	57	58	59	60	62	63	64
Service Charges	4,770	4,956	5,152	5,355	5,564	5,783	6,010	6,246	6,492	6,749	7,015
Fire Protection	1,211	1,258	1,306	1,356	1,410	1,464	1,521	1,579	1,640	1,705	1,770
Customer Service Charges	131	134	136	139	142	145	148	151	154	157	160
	6,165	6,402	6,649	6,906	7,173	7,450	7,738	8,036	8,348	8,674	9,009
<b>Other Revenue</b>	524	534	546	558	566	579	591	602	615	627	640
<b>TOTAL REVENUE</b>	<b>\$ 15,953</b>	<b>\$ 16,529</b>	<b>\$ 17,120</b>	<b>\$ 17,773</b>	<b>\$ 18,434</b>	<b>\$ 19,113</b>	<b>\$ 19,806</b>	<b>\$ 20,511</b>	<b>\$ 21,283</b>	<b>\$ 22,072</b>	<b>\$ 22,876</b>
<b>EXPENDITURES</b>											
Operating	6,689	6,822	6,958	7,099	7,238	7,384	7,533	7,683	7,835	7,993	8,152
Debt Payments	1,748	1,109	1,070	1,087	1,105	1,105	1,105	1,105	1,105	1,105	1,105
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,437</b>	<b>\$ 7,931</b>	<b>\$ 8,028</b>	<b>\$ 8,186</b>	<b>\$ 8,343</b>	<b>\$ 8,489</b>	<b>\$ 8,638</b>	<b>\$ 8,788</b>	<b>\$ 8,940</b>	<b>\$ 9,098</b>	<b>\$ 9,257</b>
<b>Net Surplus before Amortization</b>	7,516	8,598	9,092	9,587	10,091	10,624	11,168	11,723	12,343	12,974	13,619
<b>AMORTIZATION</b>	2,867	2,931	3,098	3,243	3,363	3,501	3,566	3,634	3,693	3,742	3,795
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>\$ 4,649</b>	<b>\$ 5,667</b>	<b>\$ 5,994</b>	<b>\$ 6,344</b>	<b>\$ 6,728</b>	<b>\$ 7,123</b>	<b>\$ 7,602</b>	<b>\$ 8,089</b>	<b>\$ 8,650</b>	<b>\$ 9,232</b>	<b>\$ 9,824</b>

Contribution to Asset Management	2020	2021	2022	2023	2024	2025	2026	Total
Net Surplus before Amortization	7,516	8,598	9,092	9,587	10,091	10,624	11,168	66,676
Asset Management Plan (2014)	7,865	8,850	9,245	9,600	9,967	10,346	10,737	66,610
<b>Surplus / (Shortfall)</b>	<b>\$ (349)</b>	<b>\$ (252)</b>	<b>\$ (153)</b>	<b>\$ (13)</b>	<b>\$ 124</b>	<b>\$ 278</b>	<b>\$ 431</b>	<b>\$ 66</b>

- Full Cost recovery achieved by 2026

**Table 2**  
**City of Belleville**  
**Statement of Financial Position (000s)**  
**Water Services**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>FINANCIAL ASSETS</b>											
Cash & Cash Equivalents	\$ 25,906	\$ 32,018	\$ 27,305	\$ 35,244	\$ 35,914	\$ 43,744	\$ 52,234	\$ 61,096	\$ 70,915	\$ 81,157	\$ 92,063
<b>TOTAL ASSETS</b>	<b>\$ 25,906</b>	<b>\$ 32,018</b>	<b>\$ 27,305</b>	<b>\$ 35,244</b>	<b>\$ 35,914</b>	<b>\$ 43,744</b>	<b>\$ 52,234</b>	<b>\$ 61,096</b>	<b>\$ 70,915</b>	<b>\$ 81,157</b>	<b>\$ 92,063</b>
<b>LIABILITIES</b>											
Debt	11,890	11,642	10,953	10,832	10,079	9,299	8,493	7,659	6,796	5,904	4,981
Deferred Revenue	4,094	4,818	4,369	5,123	5,892	6,676	7,477	8,294	9,125	9,974	10,737
<b>TOTAL LIABILITIES</b>	<b>\$ 15,984</b>	<b>\$ 16,460</b>	<b>\$ 15,322</b>	<b>\$ 15,955</b>	<b>\$ 15,971</b>	<b>\$ 15,975</b>	<b>\$ 15,970</b>	<b>\$ 15,953</b>	<b>\$ 15,921</b>	<b>\$ 15,878</b>	<b>\$ 15,718</b>
<b>NET FINANCIAL ASSETS/(DEBT)</b>	<b>\$ 9,922</b>	<b>\$ 15,558</b>	<b>\$ 11,983</b>	<b>\$ 19,289</b>	<b>\$ 19,943</b>	<b>\$ 27,769</b>	<b>\$ 36,264</b>	<b>\$ 45,143</b>	<b>\$ 54,994</b>	<b>\$ 65,279</b>	<b>\$ 76,345</b>
<b>NON FINANCIAL ASSETS</b>											
Tangible Capital Assets	108,667	108,698	118,267	117,305	123,379	122,676	121,783	120,993	119,792	118,739	117,497
<b>ACCUMULATED SURPLUS/(DEFICIT)</b>	<b>\$ 118,589</b>	<b>\$ 124,256</b>	<b>\$ 130,250</b>	<b>\$ 136,594</b>	<b>\$ 143,322</b>	<b>\$ 150,445</b>	<b>\$ 158,047</b>	<b>\$ 166,136</b>	<b>\$ 174,786</b>	<b>\$ 184,018</b>	<b>\$ 193,842</b>

**Table 3**  
**City of Belleville**  
**Statement of Cash Flow (000s)**  
**Water Services**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>OPERATING TRANSACTIONS</b>											
Annual Surplus/(Deficit)	\$ 4,649	\$ 5,667	\$ 5,994	\$ 6,344	\$ 6,728	\$ 7,123	\$ 7,602	\$ 8,089	\$ 8,650	\$ 9,232	\$ 9,824
Add: Amortization of TCA	2,867	2,931	3,098	3,243	3,363	3,501	3,566	3,634	3,693	3,742	3,795
Less: DC Revenue	-	-	(1,188)	-	-	-	-	-	-	-	-
Add: DC Proceeds	709	724	739	754	769	784	801	817	831	849	763
<b>TOTAL CASH PROVIDED BY OPERATING</b>	<b>\$ 8,225</b>	<b>\$ 9,322</b>	<b>\$ 8,643</b>	<b>\$ 10,341</b>	<b>\$ 10,860</b>	<b>\$ 11,408</b>	<b>\$ 11,969</b>	<b>\$ 12,540</b>	<b>\$ 13,174</b>	<b>\$ 13,823</b>	<b>\$ 14,382</b>
<b>CAPITAL TRANSACTIONS</b>											
Less: Cash used to Acquire TCA	(2,598)	(2,962)	(12,667)	(2,281)	(9,437)	(2,798)	(2,673)	(2,844)	(2,492)	(2,689)	(2,553)
<b>TOTAL CASH PROVIDED BY CAPITAL</b>	<b>(2,598)</b>	<b>(2,962)</b>	<b>(12,667)</b>	<b>(2,281)</b>	<b>(9,437)</b>	<b>(2,798)</b>	<b>(2,673)</b>	<b>(2,844)</b>	<b>(2,492)</b>	<b>(2,689)</b>	<b>(2,553)</b>
<b>FINANCING TRANSACTIONS</b>											
Proceeds from debt issues	-	462	-	600	-	-	-	-	-	-	-
Less: Debt repayment (principal only)	(1,320)	(710)	(689)	(721)	(753)	(780)	(806)	(834)	(863)	(892)	(923)
<b>TOTAL CASH PROVIDED BY FINANCING</b>	<b>\$ (1,320)</b>	<b>\$ (248)</b>	<b>\$ (689)</b>	<b>\$ (121)</b>	<b>\$ (753)</b>	<b>\$ (780)</b>	<b>\$ (806)</b>	<b>\$ (834)</b>	<b>\$ (863)</b>	<b>\$ (892)</b>	<b>\$ (923)</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>\$ 4,307</b>	<b>\$ 6,112</b>	<b>\$ (4,713)</b>	<b>\$ 7,939</b>	<b>\$ 670</b>	<b>\$ 7,830</b>	<b>\$ 8,490</b>	<b>\$ 8,862</b>	<b>\$ 9,819</b>	<b>\$ 10,242</b>	<b>\$ 10,906</b>
<b>CASH AND CASH EQUIVALENTS</b>											
Beginning of Period	\$ 21,599	\$ 25,906	\$ 32,018	\$ 27,305	\$ 35,244	\$ 35,914	\$ 43,744	\$ 52,234	\$ 61,096	\$ 70,915	\$ 81,157
Increase/(Decrease)	4,307	6,112	(4,713)	7,939	670	7,830	8,490	8,862	9,819	10,242	10,906
End of Period	<b>\$ 25,906</b>	<b>\$ 32,018</b>	<b>\$ 27,305</b>	<b>\$ 35,244</b>	<b>\$ 35,914</b>	<b>\$ 43,744</b>	<b>\$ 52,234</b>	<b>\$ 61,096</b>	<b>\$ 70,915</b>	<b>\$ 81,157</b>	<b>\$ 92,063</b>

**Table 4**  
**City of Belleville**  
**Statement of Change in Net Financial Assets/(Debt) (000s)**  
**Water Services**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Surplus/(Deficit)	\$ 4,649	\$ 5,667	\$ 5,994	\$ 6,344	\$ 6,728	\$ 7,123	\$ 7,602	\$ 8,089	\$ 8,650	\$ 9,232	\$ 9,824
Amortization of Tangible Capital Assets	2,867	2,931	3,098	3,243	3,363	3,501	3,566	3,634	3,693	3,742	3,795
Less: Acquisition of Tangible Capital Assets	(2,598)	(2,962)	(12,667)	(2,281)	(9,437)	(2,798)	(2,673)	(2,844)	(2,492)	(2,689)	(2,553)
<b>CHANGE IN NET FINANCIAL ASSETS/(DEBT)</b>	<b>\$ 4,918</b>	<b>\$ 5,636</b>	<b>\$ (3,575)</b>	<b>\$ 7,306</b>	<b>\$ 654</b>	<b>\$ 7,826</b>	<b>\$ 8,495</b>	<b>\$ 8,879</b>	<b>\$ 9,851</b>	<b>\$ 10,285</b>	<b>\$ 11,066</b>
<b>NET FINANCIAL ASSETS/(DEBT)</b>											
Beginning of the Period	\$ 5,004	\$ 9,922	\$ 15,558	\$ 11,983	\$ 19,289	\$ 19,943	\$ 27,769	\$ 36,264	\$ 45,143	\$ 54,994	\$ 65,279
Increase/Decrease	4,918	5,636	(3,575)	7,306	654	7,826	8,495	8,879	9,851	10,285	11,066
<b>END OF PERIOD</b>	<b>\$ 9,922</b>	<b>\$ 15,558</b>	<b>\$ 11,983</b>	<b>\$ 19,289</b>	<b>\$ 19,943</b>	<b>\$ 27,769</b>	<b>\$ 36,264</b>	<b>\$ 45,143</b>	<b>\$ 54,994</b>	<b>\$ 65,279</b>	<b>\$ 76,345</b>

**Table 5**  
**City of Belleville**  
**Summary of Tangible Capital Assets (TCA) Balances (000s)**  
**Water Services**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>TANGIBLE CAPITAL ASSETS</b>											
<b>Opening Tangible Capital Assets</b>	\$ 162,706	\$ 165,304	\$ 168,266	\$ 180,933	\$ 183,214	\$ 192,651	\$ 195,449	\$ 198,122	\$ 200,966	\$ 203,458	\$ 206,147
Plus: Acquisitions - Repair/Replacement	2,598	2,962	5,324	2,281	9,437	2,798	2,673	2,844	2,492	2,689	2,553
Plus: Acquisitions - Growth	-	-	7,343	-	-	-	-	-	-	-	-
<b>Closing Tangible Capital Assets</b>	<b>\$ 165,304</b>	<b>\$ 168,266</b>	<b>\$ 180,933</b>	<b>\$ 183,214</b>	<b>\$ 192,651</b>	<b>\$ 195,449</b>	<b>\$ 198,122</b>	<b>\$ 200,966</b>	<b>\$ 203,458</b>	<b>\$ 206,147</b>	<b>\$ 208,700</b>
<b>ACCUMULATED AMORTIZATION</b>											
<b>Opening Accumulated Amortization</b>	\$ 53,770	\$ 56,637	\$ 59,568	\$ 62,666	\$ 65,909	\$ 69,272	\$ 72,773	\$ 76,339	\$ 79,973	\$ 83,666	\$ 87,408
Plus: Amortization Expense	2,867	2,931	3,098	3,243	3,363	3,501	3,566	3,634	3,693	3,742	3,795
<b>Closing Accumulated Amortization</b>	<b>\$ 56,637</b>	<b>\$ 59,568</b>	<b>\$ 62,666</b>	<b>\$ 65,909</b>	<b>\$ 69,272</b>	<b>\$ 72,773</b>	<b>\$ 76,339</b>	<b>\$ 79,973</b>	<b>\$ 83,666</b>	<b>\$ 87,408</b>	<b>\$ 91,203</b>
<b>NET BOOK VALUE</b>	<b>\$ 108,667</b>	<b>\$ 108,698</b>	<b>\$ 118,267</b>	<b>\$ 117,305</b>	<b>\$ 123,379</b>	<b>\$ 122,676</b>	<b>\$ 121,783</b>	<b>\$ 120,993</b>	<b>\$ 119,792</b>	<b>\$ 118,739</b>	<b>\$ 117,497</b>

## **IV NOTES AND ASSUMPTIONS TO FINANCIAL PLAN**

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Section 3(2) of O Reg. 453/07 states that the details of the financial plan statements used are required only to the extent the information is known to the owner at the time the financial plans are prepared. To that end, the City does not maintain all financial information separately for water services. The assumptions used in preparing the financial plan are noted below. The notes are referenced in Table 1 through 5 with the number shown below.

### **1. Cash**

The beginning of period Cash and Cash equivalents contained in the Statement of Cash Flows is the total of the opening balance of reserves and reserve funds. The opening balances were unaudited at the time the Financial Plan was prepared and may change.

### **2. Receivables and Payables**

It is assumed that the water receivables and payables are not significant and therefore have not been identified

### **3. Debt**

Outstanding debt of \$ 13.2 million existed at the end of 2019. All new debt was based on a 25 year debenture term, with interest rates between 2.50% and 3.0%.

A summary of new debt included in the analysis is summarized below:

Year	\$
2021	462,000
2023	600,000

For the purposes of preparing the Financial Plan, it was assumed that all new debt requirements would be funded through debentures and aligns with the City's debt management policy. This does not preclude the City from opting to fund debt internally or through other means that they deem appropriate.

#### **4. 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.

#### **5. Tangible Capital Assets**

The following assumptions were made in regard to tangible capital assets:

- The amortization of assets was calculated using a straight-line approach with amortization commencing in the year that it was acquired or constructed.
- The useful life of each asset, as included in the City's asset register, was included in the calculation of amortization
- 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)
- Contributed assets were unknown and therefore not included in the forecast



Schedule "B" to By-law Number 2019-81

**THE CORPORATION OF THE CITY OF BELLEVILLE**

**Effective May 1, 2019**

**WATER RATES**

**General Service & Residential**

<i>Monthly Water Consumption (per cubic metre m<sup>3</sup>)</i>		
<b>Metered</b>		
First 455 cubic metres	\$	1.86
Next 22,275 cubic metres	\$	1.41
Over 22,730 cubic metres	\$	0.85
<b>Bulk</b>	\$	2.42
<i>Monthly Fixed Charges</i>		
Meter Size	Service	Fire Protection
5/8	\$ 24.77	\$ 5.89
3/4	\$ 24.77	\$ 5.89
1	\$ 27.25	\$ 7.81
1 1/2	\$ 39.63	\$ 15.61
2	\$ 52.02	\$ 23.45
3	\$ 76.79	\$ 39.07
4	\$ 140.95	\$ 78.13
6	\$ 235.33	\$ 136.71
8	\$ 334.42	\$ 195.36
10	\$ 446.14	\$ 271.34
<i>Monthly Flat Rate Water Charges (Service Not Metered)</i>		
City of Belleville	\$	44.86
Point Anne	\$	114.35
<i>Quarterly Water Building Charges</i>		
Single to 5 units	\$	123.52
6 units to 12 units	\$	243.84
13 units to 26 units	\$	487.67
Over 26 units	\$	975.39
<i>Other Charges</i>		
<b>Collection Charge</b>	\$	25.00
<b>Reconnection Charge - regular business hours</b>	\$	40.00
<b>Seasonal Disconnection &amp; Reconnection</b>	\$	80.00
<b>Change of Occupancy</b>	\$	25.00
<b>Returned Cheque (plus bank charges)</b>	\$	30.00
<b>Late Payment Penalty/Interest (Monthly)</b>		1.25%
<b>Locate Services, Leak Detection &amp; Hydrant Maintenance</b>		
Belleville General Service, per hour	\$	90.00
Outside Belleville per hour	\$	180.00
<b>Service Tap (per service)</b>		
3/4" and 1" service	\$	175.00
1 1/2" and 2" service	\$	350.00
4", 6", 8" service	\$	700.00
<b>Outside Belleville, applicable rates plus per hour travel rate</b>	\$	90.00
<b>Replace Damaged Meter</b>		
5/8" to 1"	\$	200.00
Over 1"		Time and materials
<i>Customer Deposits</i>		
<b>Residential</b>	\$	215.00
<b>General Service - based on estimated bill for 3 billing periods</b>		
<b>Bulk Water Key Deposit</b>	\$	105.00