

Projected Financial Statements of

**CORPORATION OF THE TOWN  
OF LAURENTIAN HILLS**

Waterworks System

Financial Plan Number 261-302

Years ended December 31, 2020 through 2030  
(Unaudited - see Notice to Reader)



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## **NOTICE TO READER ON THE COMPILATION OF A FINANCIAL PROJECTION**

We have compiled the financial projections of the Corporation of the Town of Laurentian Hills Waterworks System Financial Plan Number 261-302 consisting of the statement of financial position at December 31, 2019, and projected statement of financial position for the years ended December 31, 2020 through 2030, the statement of operations, change in net financial assets and cash flows for the year ended December 31, 2019, and the projected statement of operations, change in net financial assets and cash flows for the years ended December 31, 2020 through 2030 using assumptions, including the hypothesis set out in Note 1, with an effective date of November 18, 2020, and other information provided by management. Our engagement was performed in accordance with the applicable guidance on compilation of a financial projection set out in the CPA Canada Handbook - Assurance.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions, including the hypothesis, or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance on the financial projection or assumptions, including the hypothesis. Further, since this financial projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothesis occurs, and the variations may be material. We have no responsibility to update this communication for events and circumstances occurring after the date of this communication.

### **SCOTT ROSIEN BLACK & LOCKE**

Licensed Public Accountants  
Chartered Professional Accountants

Pembroke, Ontario  
November 18, 2020

# CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Statement of Financial Position  
(Unaudited – see Notice to Reader)

December 31, 2019, with projected figures for 2020 through 2030

	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Financial Assets</b>												
Cash	\$ 369,311	\$ 391,527	\$ 413,876	\$ 436,359	\$ 458,977	\$ 481,731	\$ 504,621	\$ 527,649	\$ 550,815	\$ 574,120	\$ 597,565	\$ 621,150
Accounts receivable	32,310	24,301	24,397	24,446	26,944	26,998	27,051	29,817	29,876	29,935	32,994	33,059
Due from the Corporation of the Town of Laurentian Hills	–	–	–	–	–	–	–	–	–	–	10,900	101,705
	401,621	415,828	438,273	460,805	485,921	508,729	531,672	557,466	580,691	604,055	641,459	755,914
<b>Financial Liabilities</b>												
Due to the Corporation of the Town of Laurentian Hills	345,644	336,816	333,500	331,105	303,388	274,157	245,862	193,403	135,131	77,765	–	–
<b>Net Financial Assets</b>	55,977	79,012	104,773	129,700	182,533	234,572	285,810	364,063	445,560	526,290	641,459	755,914
<b>Non-Financial Assets</b>												
Tangible capital assets – net (note 2)	1,584,618	1,387,186	1,214,563	1,046,898	939,233	891,568	844,221	797,500	750,779	704,228	657,858	611,488
<b>Accumulated Surplus</b> (note 3)	<b>\$ 1,640,595</b>	<b>\$ 1,466,198</b>	<b>\$ 1,319,336</b>	<b>\$ 1,176,598</b>	<b>\$ 1,121,766</b>	<b>\$ 1,126,140</b>	<b>\$ 1,130,031</b>	<b>\$ 1,161,563</b>	<b>\$ 1,196,339</b>	<b>\$ 1,230,518</b>	<b>\$ 1,299,317</b>	<b>\$ 1,367,402</b>

The accompanying notes are an integral part of these projected financial statements.

# CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Statement of Operations  
(Unaudited – see Notice to Reader)

Year ended December 31, 2019, with projected figures for 2020 through 2030

	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Revenues</b>												
Service charges to users	\$ 283,030	\$ 283,124	\$ 283,654	\$ 284,222	\$ 313,268	\$ 313,892	\$ 314,517	\$ 346,667	\$ 347,354	\$ 348,041	\$ 383,610	\$ 384,365
Frontage and connection charges	80	–	–	–	–	–	–	–	–	–	–	–
Late payment fees	2,154	2,100	2,695	2,700	2,976	2,982	2,988	3,293	3,300	3,306	3,644	3,651
Interest on reserve fund	4,980	2,216	2,349	2,483	2,618	2,754	2,890	3,028	3,166	3,305	3,445	3,585
<b>Total revenues</b>	<b>290,244</b>	<b>287,440</b>	<b>288,698</b>	<b>289,405</b>	<b>318,862</b>	<b>319,628</b>	<b>320,395</b>	<b>352,988</b>	<b>353,820</b>	<b>354,652</b>	<b>390,699</b>	<b>391,601</b>
<b>Expenditures</b>												
Operation and maintenance	212,423	242,316	243,769	245,231	246,703	248,183	249,671	251,168	252,675	254,192	255,717	257,250
General administration	18,064	22,089	19,168	19,247	19,326	19,406	19,486	23,567	19,648	19,730	19,813	19,896
Amortization of tangible capital assets	197,432	197,432	172,623	167,665	107,665	47,665	47,347	46,721	46,721	46,551	46,370	46,370
<b>Total expenditures</b>	<b>427,919</b>	<b>461,837</b>	<b>435,560</b>	<b>432,143</b>	<b>373,694</b>	<b>315,254</b>	<b>316,504</b>	<b>321,456</b>	<b>319,044</b>	<b>320,473</b>	<b>321,900</b>	<b>323,516</b>
<b>Annual surplus (deficit)</b>	<b>(137,675)</b>	<b>(174,397)</b>	<b>(146,862)</b>	<b>(142,738)</b>	<b>(54,832)</b>	<b>4,374</b>	<b>3,891</b>	<b>31,532</b>	<b>34,776</b>	<b>34,179</b>	<b>68,799</b>	<b>68,085</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,778,270</b>	<b>1,640,595</b>	<b>1,466,198</b>	<b>1,319,336</b>	<b>1,176,598</b>	<b>1,121,766</b>	<b>1,126,140</b>	<b>1,130,031</b>	<b>1,161,563</b>	<b>1,196,339</b>	<b>1,230,518</b>	<b>1,299,317</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 1,640,595</b>	<b>\$ 1,466,198</b>	<b>\$ 1,319,336</b>	<b>\$ 1,176,598</b>	<b>\$ 1,121,766</b>	<b>\$ 1,126,140</b>	<b>\$ 1,130,031</b>	<b>\$ 1,161,563</b>	<b>\$ 1,196,339</b>	<b>\$ 1,230,518</b>	<b>\$ 1,299,317</b>	<b>\$ 1,367,402</b>

The accompanying notes are an integral part of these projected financial statements.

# CORPORATION OF THE TOWN OF LAURENTIAN HILLS

## Waterworks System

### Statement of Change in Net Financial Assets (Unaudited – see Notice to Reader)

Year ended December 31, 2019, with projected figures for 2020 through 2030

	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual surplus (deficit)	\$ (137,675)	\$ (174,397)	\$ (146,862)	\$ (142,738)	\$ (54,832)	\$ 4,374	\$ 3,891	\$ 31,532	\$ 34,776	\$ 34,179	\$ 68,799	\$ 68,085
Amortization of tangible capital assets	197,432	197,432	172,623	167,665	107,665	47,665	47,347	46,721	46,721	46,551	46,370	46,370
Increase in net financial assets	59,757	23,035	25,761	24,927	52,833	52,039	51,238	78,253	81,497	80,730	115,169	114,455
Net financial assets (liabilities), beginning of year	(3,780)	55,977	79,012	104,773	129,700	182,533	234,572	285,810	364,063	445,560	526,290	641,459
<b>Net financial assets, end of year</b>	<b>\$ 55,977</b>	<b>\$ 79,012</b>	<b>\$ 104,773</b>	<b>\$ 129,700</b>	<b>\$ 182,533</b>	<b>\$ 234,572</b>	<b>\$ 285,810</b>	<b>\$ 364,063</b>	<b>\$ 445,560</b>	<b>\$ 526,290</b>	<b>\$ 641,459</b>	<b>\$ 755,914</b>

The accompanying notes are an integral part of these projected financial statements.

# CORPORATION OF THE TOWN OF LAURENTIAN HILLS

## Waterworks System

### Statement of Cash Flows

(Unaudited – see Notice to Reader)

Year ended December 31, 2019, with projected figures for 2020 through 2030

	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Operations:</b>												
Annual surplus (deficit)	\$ (137,675)	\$ (174,397)	\$ (146,862)	\$ (142,738)	\$ (54,832)	\$ 4,374	\$ 3,891	\$ 31,532	\$ 34,776	\$ 34,179	\$ 68,799	\$ 68,085
Non-cash charges to operations:												
Amortization of tangible capital assets	197,432	197,432	172,623	167,665	107,665	47,665	47,347	46,721	46,721	46,551	46,370	46,370
Changes in non-cash working capital:												
Decrease in due to the Corporation of the Town of Laurentian Hills	(24,114)	(8,828)	(3,316)	(2,395)	(27,717)	(29,231)	(28,295)	(52,459)	(58,272)	(57,366)	(88,665)	(90,805)
Decrease (increase) in accounts receivable	(12,514)	8,009	(96)	(49)	(2,498)	(54)	(53)	(2,766)	(59)	(59)	(3,059)	(65)
Increase in cash from operations	23,129	22,216	22,349	22,483	22,618	22,754	22,890	23,028	23,166	23,305	23,445	23,585
Cash, beginning of year	346,182	369,311	391,527	413,876	436,359	458,977	481,731	504,621	527,649	550,815	574,120	597,565
<b>Cash, end of year</b>	<b>\$ 369,311</b>	<b>\$ 391,527</b>	<b>\$ 413,876</b>	<b>\$ 436,359</b>	<b>\$ 458,977</b>	<b>\$ 481,731</b>	<b>\$ 504,621</b>	<b>\$ 527,649</b>	<b>\$ 550,815</b>	<b>\$ 574,120</b>	<b>\$ 597,565</b>	<b>\$ 621,150</b>

The accompanying notes are an integral part of these projected financial statements.

# CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Notes to the Projected Financial Statements  
(Unaudited – see Notice to Reader)

Years ended December 31, 2020 through 2030

## 1. Significant Assumptions:

These financial projections have been prepared as at November 18, 2020, on the basis of the following assumptions made by the management of the Corporation of the Town of Laurentian Hills Waterworks System (the Waterworks System). These assumptions are based on management's judgement of the most likely course of action, based on information existing at the date these projections were prepared.

However, unanticipated events and circumstances may occur; therefore, the actual results achieved during the projected periods may vary from the projected results and the variations may be material.

These financial projections have been prepared to comply with the requirements of the Safe Drinking Water Act in conjunction with the renewal of the Waterworks System municipal drinking water license issued under financial plan number 261-302.

In preparing these projections, management has made the following significant assumptions:

### (a) Basis of Projections:

Projected figures for the year ending December 31, 2020 are based on the Corporation of the Town of Laurentian Hills Waterworks System Council approved budget with adjustments for actual results to November 18, 2020.

Projected figures for the statement of operations for the years ending December 31, 2021 through 2030 have been increased by 0.6% annually with exceptions for unusual transactions.

The Waterworks System takes water from Corry Lake to supply its users. It is assumed that Corry Lake will continue to provide sufficient water to cover the needs of the Waterworks System.

### (b) Revenues:

#### (i) Service charges to users:

Service charges to users is calculated as the number of connections multiplied by the rate in effect as follows:

	Total Connections	New Connections	Bi-monthly Rate
2020	498	2	\$ 95
2021	499	1	95
2022	500	1	95
2023	501	1	104
2024	502	1	104
2025	503	1	104
2026	504	1	114
2027	505	1	114
2028	506	1	114
2029	507	1	126
2030	508	1	126

# CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Notes to the Projected Financial Statements, continued  
(Unaudited – see Notice to Reader)

Years ended December 31, 2020 through 2030

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## 1. Significant Assumptions (continued):

### (i) Service charges to users (continued):

New connections are assumed to be made September 1 of each year.

The number of new connections is limited by the existing capacity of the wastewater system which has not been included in these projections.

Water rates are assumed to increase by 10% every three years beginning January 1, 2023.

### (ii) Late payment fees:

Late payment fees were estimated as a percentage of annual service charges to users. The percentage used of 0.95% is based on prior years audited financial reports.

### (iii) Interest on reserve funds:

Interest on reserve funds is calculated as 0.6% of the prior year balance.

## (c) Expenditures:

### (i) Operation and maintenance:

The Waterworks System has an operating agreement related to the shared operation of the water treatment and wastewater operations. The contract includes provision for annual increases that approximate inflation and expires March 31, 2024. It is assumed that a similar contract will be entered into at that time at a similar rate of inflation.

### (ii) General administration:

An annual administration charge of \$6,000 is recorded each year, paid to the Corporation of the Town of Laurentian Hills.

It is expected that a financial projection will need to be performed in conjunction with each renewal of the municipal drinking water license. The cost of these projections have been provided for as follows: 2020 - \$3,000 and 2026 - \$4,000.

## (d) Tangible Capital Assets:

No consideration has been made for assets that may be contributed to the Waterworks System by developers or other third parties.

No capital expenditures are projected.

## (e) Reserve Funds:

The projections include an annual contribution of \$20,000 plus interest to the Waterworks System reserve fund. This fund will earn interest at 0.6% annually.



# **CORPORATION OF THE TOWN OF LAURENTIAN HILLS**

Waterworks System

Notes to the Projected Financial Statements, continued  
(Unaudited – see Notice to Reader)

Years ended December 31, 2020 through 2030

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## **1. Significant Assumptions (continued):**

### **(f) Accounts Receivable:**

Accounts receivable were estimated as a percentage of annual service charges to users and late payment fees. The percentage used of 8.52% is based on prior years audited financial reports.

### **(g) Due from/to the Corporation of the Town of Laurentian Hills:**

The Corporation of the Town of Laurentian Hills does not maintain all financial asset and financial liability data separately for the Waterworks System. To provide a balanced set of financial statements any surplus or deficit in working capital has been shown as a financial asset or financial liability due from or due to the Corporation of the Town of Laurentian Hills. Interest is not applied to these balances.

# CORPORATION OF THE TOWN OF LAURENTIAN HILLS

## Waterworks System

Notes to the Projected Financial Statements, continued  
(Unaudited – see Notice to Reader)

Years ended December 31, 2020 through 2030

### 2. Tangible Capital Assets:

- (a) Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	Estimated useful life
Waterworks system	10 to 80 years

The Corporation of the Town of Laurentian Hills Waterworks System has a capitalization threshold so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

- (b) Tangible Capital Assets:

	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cost	\$ 8,285,881	\$ 8,285,881	\$ 8,285,881	\$ 8,285,881	\$ 8,285,881	\$ 8,285,881	\$ 8,285,881	\$ 8,285,881	\$ 8,285,881	\$ 8,285,881	\$ 8,285,881	\$ 8,285,881
Accumulated amortization												
Balance, beginning of year	6,503,831	6,701,263	6,898,695	7,071,318	7,238,983	7,346,648	7,394,313	7,441,660	7,488,381	7,535,102	7,581,653	7,628,023
Amortization during the year	197,432	197,432	172,623	167,665	107,665	47,665	47,347	46,721	46,721	46,551	46,370	46,370
Balance, end of year	6,701,263	6,898,695	7,071,318	7,238,983	7,346,648	7,394,313	7,441,660	7,488,381	7,535,102	7,581,653	7,628,023	7,674,393
Net book value of tangible capital assets	\$ 1,584,618	\$ 1,387,186	\$ 1,214,563	\$ 1,046,898	\$ 939,233	\$ 891,568	\$ 844,221	\$ 797,500	\$ 750,779	\$ 704,228	\$ 657,858	\$ 611,488

# CORPORATION OF THE TOWN OF LAURENTIAN HILLS

## Waterworks System

Notes to the Projected Financial Statements, continued  
(Unaudited – see Notice to Reader)

Years ended December 31, 2020 through 2030

### 3. Accumulated Surplus:

	Actual											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Reserve fund	\$ 369,311	\$ 391,527	\$ 413,876	\$ 436,359	\$ 458,977	\$ 481,731	\$ 504,621	\$ 527,649	\$ 550,815	\$ 574,120	\$ 597,565	\$ 621,150
Invested in tangible capital assets	1,584,618	1,387,186	1,214,563	1,046,898	939,233	891,568	844,221	797,500	750,779	704,228	657,858	611,488
General revenue fund	(313,334)	(312,515)	(309,103)	(306,659)	(276,444)	(247,159)	(218,811)	(163,586)	(105,255)	(47,830)	43,894	134,764
<b>Accumulated surplus</b>	<b>\$ 1,640,595</b>	<b>\$ 1,466,198</b>	<b>\$ 1,319,336</b>	<b>\$ 1,176,598</b>	<b>\$ 1,121,766</b>	<b>\$ 1,126,140</b>	<b>\$ 1,130,031</b>	<b>\$ 1,161,563</b>	<b>\$ 1,196,339</b>	<b>\$ 1,230,518</b>	<b>\$ 1,299,317</b>	<b>\$ 1,367,402</b>

### 4. Continuity of Reserve Fund:

	Actual											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Balance, beginning of year	\$ 346,182	\$ 369,311	\$ 391,527	\$ 413,876	\$ 436,359	\$ 458,977	\$ 481,731	\$ 504,621	\$ 527,649	\$ 550,815	\$ 574,120	\$ 597,565
Transfers in	18,149	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Interest	4,980	2,216	2,349	2,483	2,618	2,754	2,890	3,028	3,166	3,305	3,445	3,585
<b>Balance, end of year</b>	<b>\$ 369,311</b>	<b>\$ 391,527</b>	<b>\$ 413,876</b>	<b>\$ 436,359</b>	<b>\$ 458,977</b>	<b>\$ 481,731</b>	<b>\$ 504,621</b>	<b>\$ 527,649</b>	<b>\$ 550,815</b>	<b>\$ 574,120</b>	<b>\$ 597,565</b>	<b>\$ 621,150</b>