



TOWNSHIP OF NIPIGON
DRINKING WATER SYSTEM

FINANCIAL PLAN



bain smith
business valuation + consulting inc.

FINANCIAL PLAN # 233-301

***This Financial Plan was approved by Town Council
on May 17, 2011.***

This Financial Plan was prepared for:



Township of Nipigon
Drinking Water Services
P.O. Box 160, 52 Front Street
Nipigon, ON P0T 2J0

Prepared by:



Donna Smith



bain smith business valuation + consulting inc.
Ste 177, 307 Euclid Avenue
Thunder Bay, ON P7E 6G6

Date:

May 2011

**THE CORPORATION OF THE TOWNSHIP OF NIPIGON
DRINKING WATER SYSTEM
FINANCIAL PLAN**

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
Expected Achievements.....	1
Operating Plan	1
Funding Plan.....	2
Financial Plan	2
INTRODUCTION.....	3
Ministry of Environment Financial Plans Regulation 453/07	3
Township of Nipigon Drinking Water System.....	4
OPERATING PLAN.....	4
Operations	4
Capital Costs.....	5
Debt Management.....	7
Total Cash Expenditures	8
FUNDING PLAN	8
Operating Revenues.....	8
One Time Government Funding	9
New Debt	10
Funding to Meet Cash Requirements	10
FINANCIAL PLAN	11
New Public Sector Accounting Standards.....	11
Projected Statement of Financial Position	12
Projected Statement of Operations.....	13
Projected Statement of Cash Flow	14
SUMMARY	15
FEEDBACK AND CONTINUOUS IMPROVEMENT.....	15
ENDNOTES.....	15
APPENDIX ONE - PROJECTED FINANCIAL STATEMENTS	



EXECUTIVE SUMMARY

In 2007, the Ministry of Environment released Regulation 453/07 requiring all municipalities to complete a Financial Plan for their drinking water system. The Corporation of the Township of Nipigon Drinking Water System encloses its Financial Plan herein. It is prepared in accordance with the MOE Financial Plans Regulation (O. Reg. 453/07).

In preparing this Financial Plan, the financial impacts of the drinking water system have been considered. Based on the Projected Financial Statements and the assumptions herein, the Water System will be financially viable and will provide safe drinking water for both the short term and long term.

Expected Achievements

Through the process of developing this Financial Plan, the Water System set out to achieve the following:

- ✓ Financial viability;
- ✓ Limit overall water costs and remain affordable;
- ✓ Provide safe drinking water in short term and long term; and
- ✓ Ensure that sufficient resources are available to replace and rehabilitate the capital infrastructure as required.

Operating Plan

The operating plan includes its day to day operations maintaining and administering the drinking water system; the capital investments that it will incur to renew and replace its existing capital infrastructure; and debt management, being the resulting debt repayments and interest charges that are incurred to achieve the above. Key highlights from the operating plan include:

- ✓ Commencing the year 2012, the wages and benefits are projected to increase by 2% each year. The other operating expenses will be increased by 2% in the year 2012 and by 3.0% per year thereafter;
- ✓ Total capital infrastructure investment for the drinking water system up to 2030 is expected to be around \$6.8 million;
- ✓ In order to keep water rate increases affordable, debt will be secured to finance a small portion of the capital infrastructure renewals; and
- ✓ Total projected cash expenditures, including operating expenses, capital costs and debt repayment and interest charges will be an average of \$410,000 from 2011 to 2019, and increase to \$1 million thereafter.



Funding Plan

The funding plan was developed to determine the most appropriate balance of operating revenues, short term one-time government funding and new debt financing. The achievements of the funding plan include:

- ✓ The new water rates will continue to be affordable over the long term;
- ✓ This plan does not rely on the use of municipal tax dollars to operate the Water System;
- ✓ Additional debt of \$1.6 million will be required over twenty years, financing approximately 24% of total capital investments;
- ✓ Through a combination of operating revenues and new debt, it is projected that the Water System will achieve sufficient cash receipts to cover its annual cash expenditures; and
- ✓ Revenue levels will gradually increase to allow the Water System to invest in a reserve fund for significant future capital investments.

Financial Plan

Appendix One of this Financial Plan includes projected financial statements for the Water System. These statements include a projected statement of financial position, projected statement of operations and projected statement of cash flow for the periods ending from December 31, 2011 to 2030.

As required, these statements are in accordance with the new Public Sector Accounting Standards. Actual results will vary from the projections herein and the differences may be material.



INTRODUCTION

This financial plan of the Nipigon Drinking Water System (the "Water System") was prepared in accordance with Regulation 453/07 as approved by the Ontario Ministry of Environment on August 14, 2007. The process in developing this plan was focused on the achievement of a balance between managing water rate increases while ensuring that the water system will continue to provide safe drinking water in the long term. Recognizing that the utilization of one-time funding sources to maintain the water system is limited, an approach, where the capital infrastructure replacement has been deferred in order to develop a financially sustainable system, has been adopted.

Considering historic results and future needs, twenty year financial projections to the year 2030 were prepared. In these projections, the Water System will achieve financial viability, while providing safe drinking water over the short and long term.

Ministry of Environment Financial Plans Regulation 453/07

Drinking water system owners are required to prepare a financial plan for their drinking water system as part of the new Municipal Drinking Water Licensing Program as set out in Part V of the Safe Drinking Water Act (SDWA). The financial plan must be prepared in accordance with the Ministry of Environment Financial Plans Regulation 453/07.

Regulation 453/07 requires the following:

- ✓ the financial plan be approved by resolution of Council that specifies that the drinking water system is financially viable;
- ✓ full-cost accounting to be utilized to determine the true cost of the drinking water system; and
- ✓ projections be at least six years, but recommends a long term plan.

There are numerous recommendations and other guidelines that have been prepared to assist the municipalities in the development of their financial plan.



Township of Nipigon Drinking Water System

The Water System's top priority is to provide affordable, safe and sustainable supply of water. Over the past several years, management has focused on training its operators; developing operational procedures to ensure that the system will continuously meet the MOE regulations; and achieving its accreditations. The Water System has complied with the newer strict rules and the Drinking Water Quality Management System; improved the filter effluent quality and stabilized the primary free chlorine residuals; and reduced the amount of water loss.

Through the development of this long term financial plan, the Public Works Committee and management are encouraged that the Water System's priorities will be accomplished in a prudent manner.

OPERATING PLAN

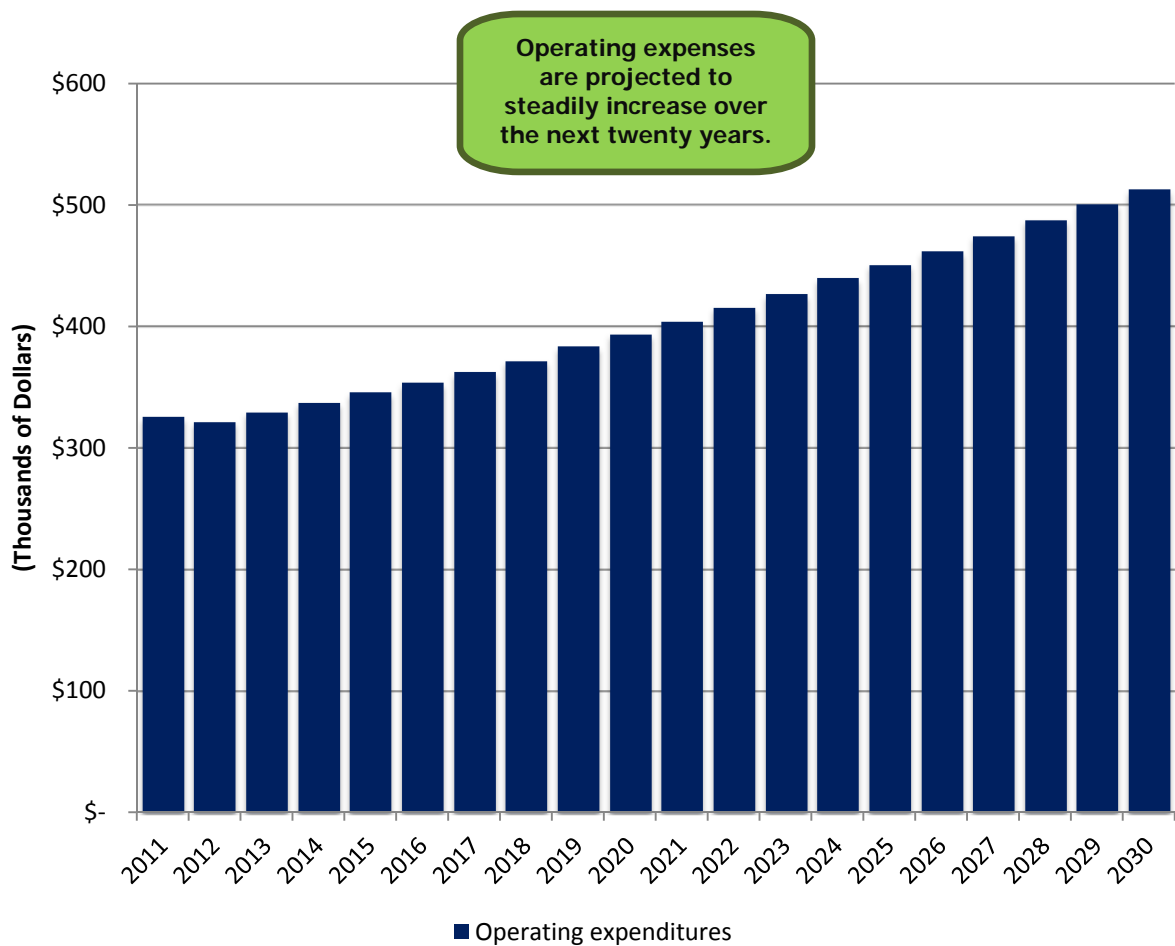
Through the achievement of its operating plan, the Water System will provide safe drinking water in the short term and long term. The Water System's operating plan includes its day to day operations maintaining and administering the drinking water system; the capital investments that it will incur to renew and replace its existing capital infrastructure; and debt management, being the resulting debt repayments and interest charges that are incurred to achieve the above.

Operations

The Water System has been providing safe drinking water for about 70 years. While it has been operating the water system without incident for many years, the system is aging and requiring capital infrastructure replacement in the future.

Some of the Water System's key operating expenses include personnel costs; utilities; and materials and supplies, repairs and maintenance. Annual operating expenses are projected to be approximately \$326,000 in 2011. Of these costs, both wages and benefits, and, materials, supplies, repairs and maintenance, each make up approximately 25%.





Key Assumptions in Projections

The detailed operating expenses are outlined in the projected statement of operations, included as part of Appendix One. In these projections, it is assumed that operating expenses will increase by 2% in the year 2012 and by 3.0% per year thereafter, and wages and benefits will increase by 2% per year.

Capital Costs

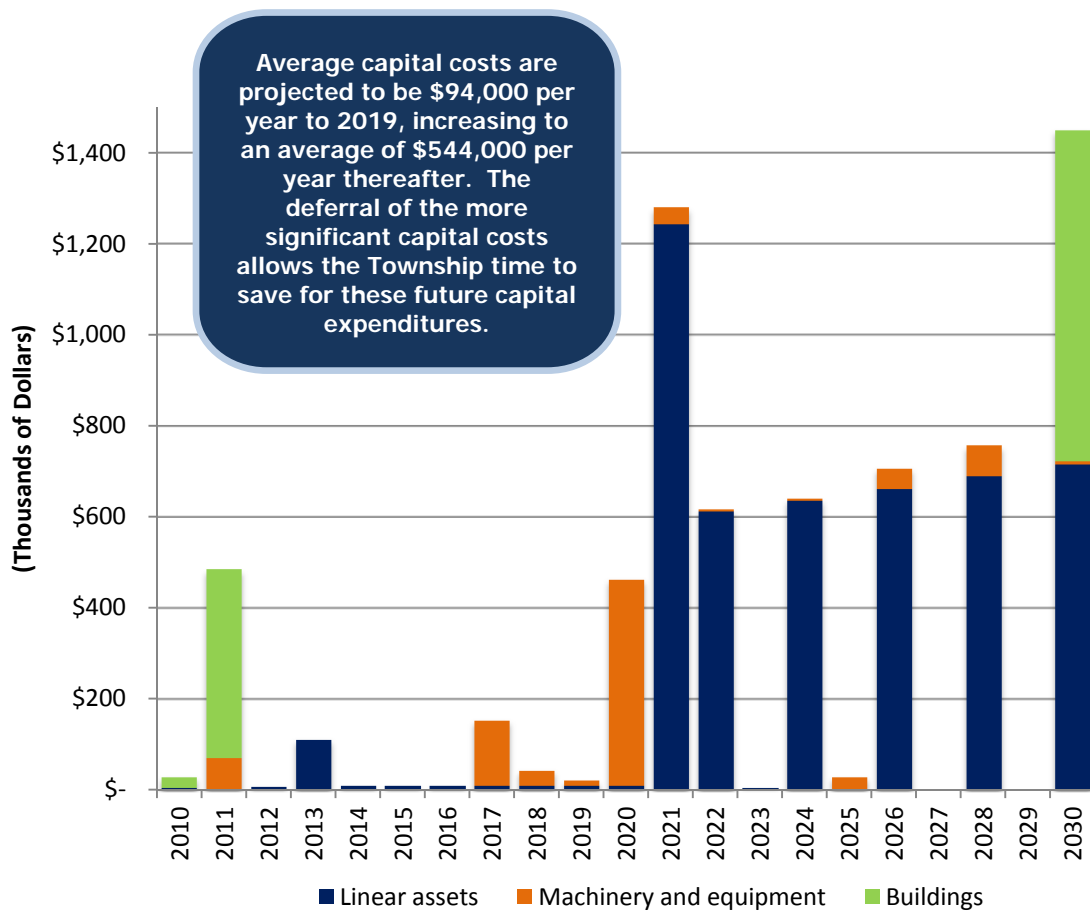
To enable the delivery of safe drinking water to all, the water system holds significant assets, including: a water treatment plant; two reservoirs; one chlorine contact tank; 15 kilometres of watermains; two water pumphouses; 700 service connections, 67 fire hydrants, and many valves¹. In the financial statements, the water treatment plant, pumphouses and reservoirs; the watermains, hydrants and service connections; and the valves, scada system and other equipment are referred to as buildings, linear assets and machinery and equipment respectively. These assets are referred to as capital.

In determining the future capital costs, the renewal and rehabilitation of the Town’s water system has been considered. The prioritization of the capital infrastructure replacement was based on safety, cost and operational efficiencies. While some capital



assets have reached their useful life, these assets can continue to provide value to the Water System but may require additional maintenance until they are replaced.

As the Town's Water System ages, there will be significant capital costs required to upgrade and maintain it. While shown below, much of the capital costs have been deferred to beyond ten years, these capital costs represent the beginning of a long tenure of rehabilitation and upgrading. From 2011 to 2019, it is projected that approximately \$850,000 will be spent on capital expenditures, and from 2020 to 2030, about \$6 million in capital expenditures will be incurred. These expenditures will ensure the delivery of safe drinking water to Nipigon residents over the long term, and will be performed in a cost-effective manner through priority planning and integration with other Town department upgrades.



Future Significant Capital Costs

Looking beyond twenty years from now, this plan, which will be updated continuously over time, will allow the Water System to have a good portion of its own funds available to pay for these significant capital investments, such as new watermains, or a new water treatment plant.



Key Assumptions in Projections

Capital costs will be incurred as set out on Schedule Two of these projections (Appendix One). The capital costs have been projected based on existing plans or management estimates, and adjusted for inflation to the year in which the costs will be incurred. It is assumed that all projects will be completed in the year in which they were started.

Debt Management

Debt management is the ability to repay debt over time, including both principal payments and interest charges. Currently the Water System does not owe any debt. However, as the Water System is required to replace its capital infrastructure, it will require debt in order to finance the completion of the capital projects.

To accomplish the capital plan, it is projected that the Township will require approximately \$1.6 million in debt over the twenty year period. Debt reaches its highest level of \$1.1 million in 2030. Principal payments and interest costs on the debt increase over time, averaging \$12,000 per year from 2011 to 2019; and \$68,000 per year from 2020 to 2030. Beyond that time, the older debt becomes fully repaid, reducing the payments.

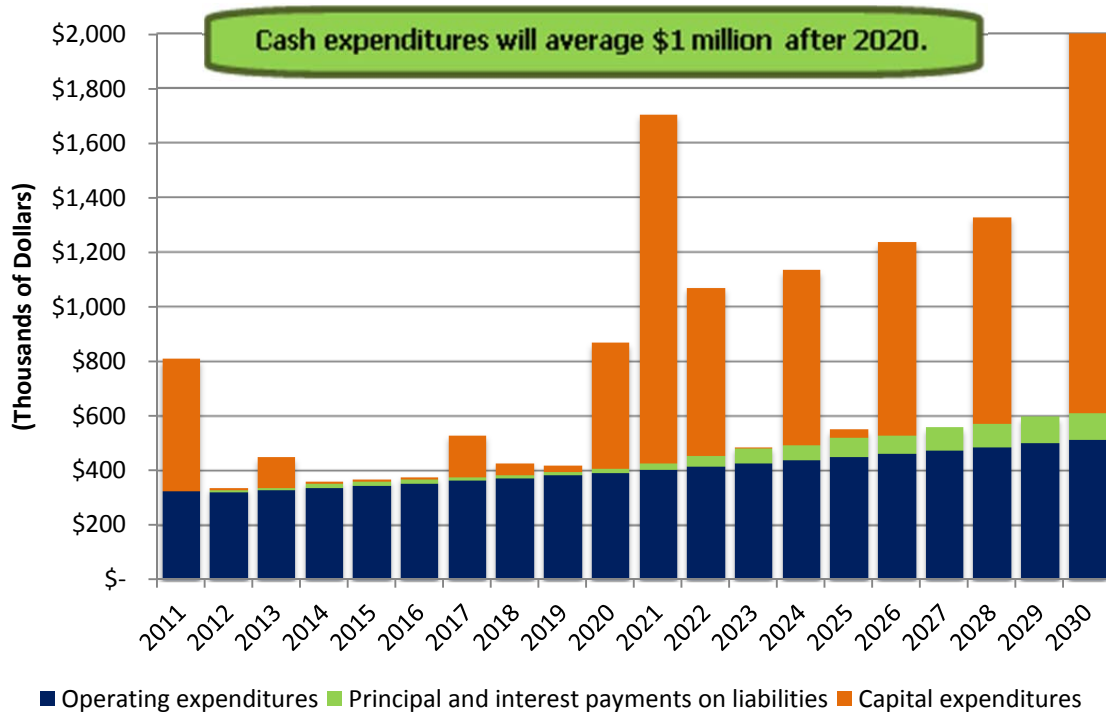
Key Assumptions in Projections

Schedule One, or the projected statement of liabilities and accumulated surplus, included as part of Appendix One, provides the detailed debt levels and repayments over the projected period, as well as assumptions. It is assumed that debt will be repaid semi-annually over twenty years, interest charged at a rate of 4% compounded semi-annually. Should interest rates increase, the cash expenditures would also increase.



Total Cash Expenditures

The Town of Nipigon Drinking Water System has increasing cash expenditures, including operating expenses, debt repayments and interest charges, and capital costs. From 2012 to 2019, average cash expenditures are projected to be about \$410,000. In 2020, once the more significant capital infrastructure projects commence, average cash expenditures are projected to be \$1 million per year.



Note that the aggregate cash expenditures cannot be found on any of the projected financial statements attached in Appendix One. Rather, these cash expenditures are gathered from the various statements to illustrate the cash required to operate a safe drinking water system.

FUNDING PLAN

As discussed previously, cash expenditures are projected to be an average of \$410,000 per year from 2011 to 2019, and \$1 million per year thereafter. To fund these critical expenditures, the Water System will rely on a blend of operating revenues, short term one-time government funding and new debt financing.

Operating Revenues

Operating revenues include water fees and other charges. The water rates are flat quarterly rates and are not reliant on consumption. At this time, the flat rate water structure is assumed to continue over the twenty year period. However, it is projected



that the water meters will be purchased and as such the rate structure may change during this period.

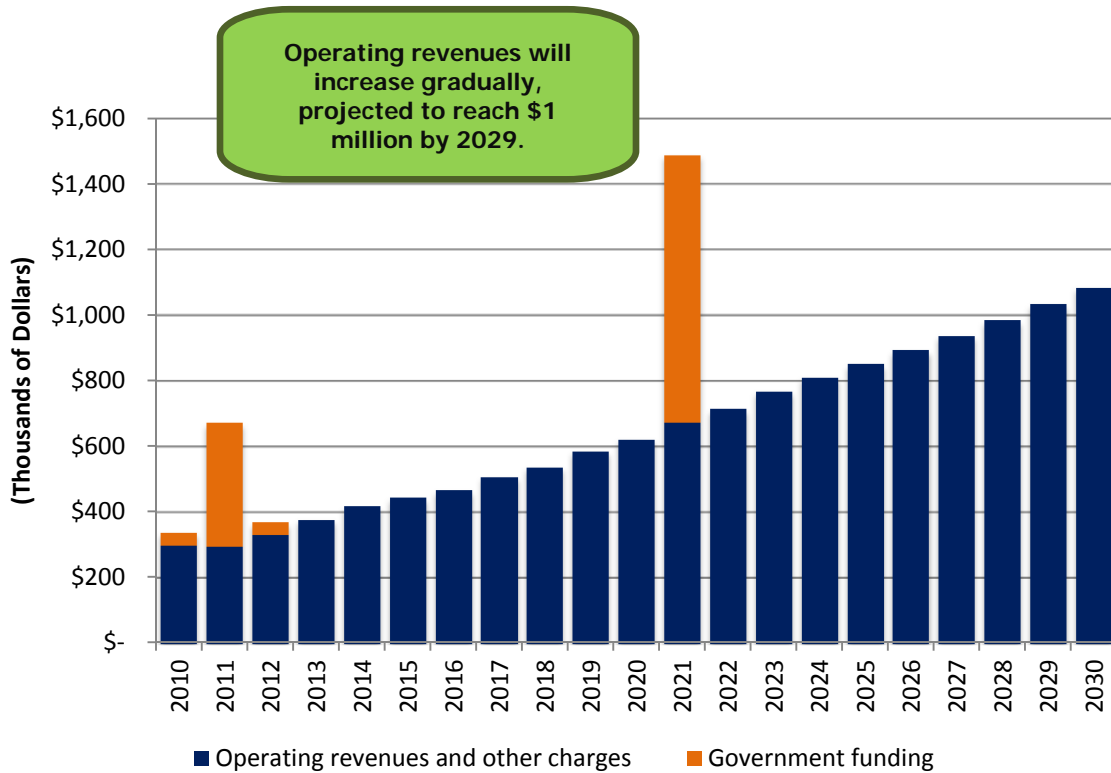
Over the projected period, operating revenues are expected to gradually increase to \$1 million (the average cash expenditure level).

	2012	2013	2014	2015	2016	2017 to 2022 Alternating years	2023	2024 and thereafter
% Increase in Projected Operating Revenues	15%	15%	10%	5%	5%	10% and 5%	8.0%	5.0%

It is assumed that water rate increases for the year will occur in the second quarter of the year. See the graph below for an illustration of the projected operating revenues. They are also summarized on the Projected Statement of Operations in Appendix One.

One Time Government Funding

Although receipt of certain one-time government funding is projected, long term government funding or use of municipal tax dollars has not been assumed in creating this sustainable model. Refer to the Projected Statement of Operations in Appendix One for the details related to the government funding that is projected to be received by the Water System.



New Debt

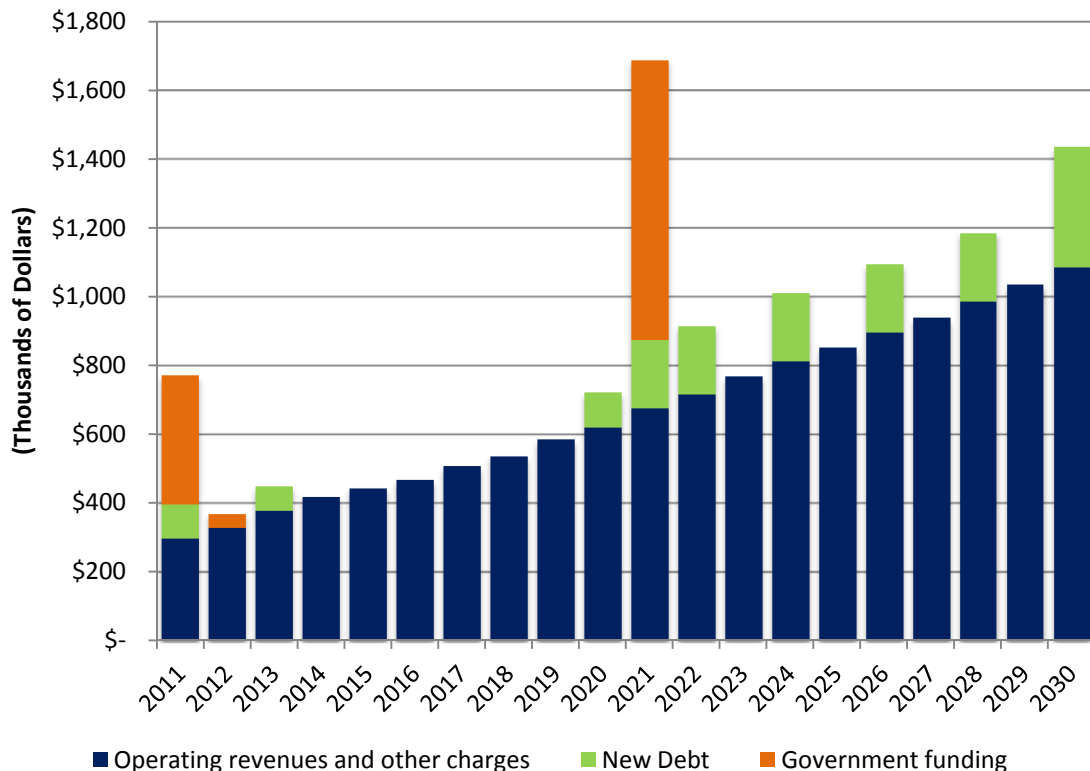
While it is planned to gradually increase operating revenues, there is still monies required to cover the major capital expenditures. In this financial plan, through careful consideration for rising debt levels and rate increases charged to customers, it is projected that new debt will be required. The Township will require approximately \$1.6 million in debt over the twenty year period.

Key Assumptions in Projections

The existing and new debt is outlined on Schedule One in Appendix One. To arrive at the projections herein, it is assumed that new debt of \$1.6 million will be incurred over the projected period, and debt will be repaid semi-annually over twenty years, interest charged at 4% compounded semi-annually.

Funding to Meet Cash Requirements

Recapping, the funds required to pay for The Water System' cash expenditures will be derived from operating revenues, one time funding and new debt incurred, as shown below. Further it will use its capital reserves that it builds up over time as a result of prudent and responsible planning.



Through accessing all of these sources, it is projected that The Water System will achieve sufficient available cash to meet its annual expenditures.



FINANCIAL PLAN

The financial impacts of the drinking water system have been considered through the projected financial statements for years ending December 31, 2011 to 2030, included as Appendix One, and summarized below. These financial statements are required by the Financial Plans Regulation to include a full-cost accounting, meaning that the all of the costs, whether operating, financial or capital, related to operating the drinking water system, must be included².

“As a general principle, municipalities should plan to raise adequate resources for their water systems from local revenue sources, barring exceptional circumstances.”
Recommendation 48
Report of the Walkerton Inquiry

The projected financial statements include the following:

Projected Statement of Financial Position

- Financial assets and liabilities; and
- Other non-financial assets, including inventory and capital assets.
- See Schedule One and Two for supporting detail

Projected Statement of Operations

- Revenues;
- Operating expenses, and interest on long term debt; and
- Amortization.

Projected Statement of Cash Flow

- Operating transactions;
- Financing (new debt and debt repayments) transactions;
- Capital transactions (capital costs).
- All of which will increase or decrease cash held by the Water System

These projected financial statements are prepared to conform to new Public Sector Accounting Standards. These statements reflect the Town of Nipigon’s accounting policies, along with estimates and assumptions related to the operations of the Water System, and are based on 2010 actual results, as derived from the Water System’s internal financial statements of the Town of Nipigon.

Actual results will vary from these projections and the differences may be material. Any future changes to accounting policies or key assumptions will impact these projected financial statements, and should be updated to reflect such changes.

New Public Sector Accounting Standards

In 2006, the Canadian Institute of Chartered Accountant’s Public Sector Accounting Board approved that municipalities will prepare annual financial statements, utilizing full accrual accounting. In simple terms, full-accrual accounting means that all



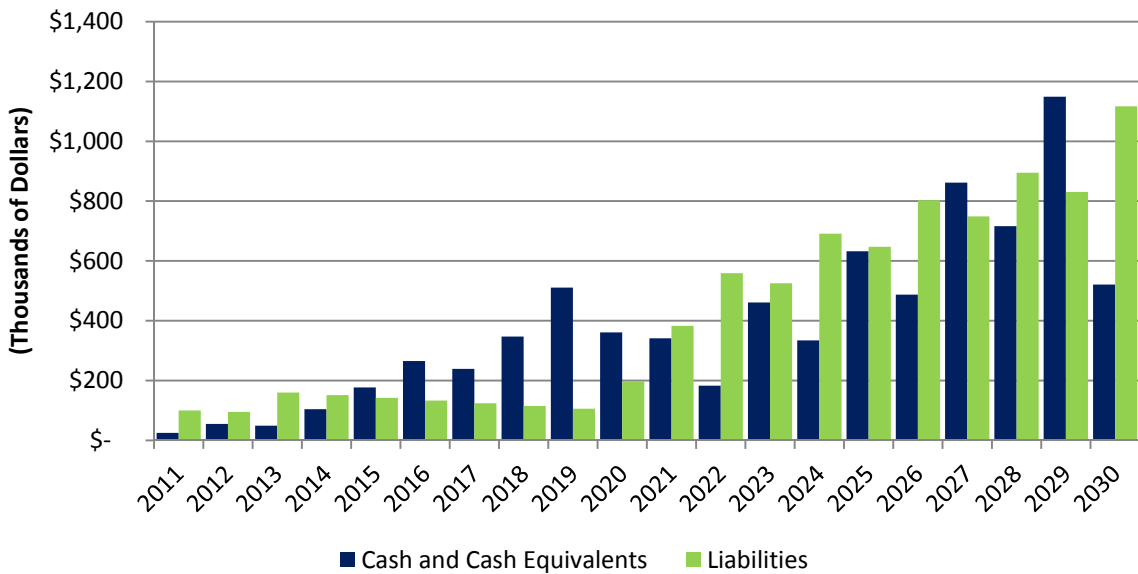
municipalities will be required to include tangible capital assets in the financial statements.

Projected Statement of Financial Position

The projected statement of financial position reflects both the financial and non-financial assets of the Water System.

Net Financial assets

Net financial assets are the financial assets, including cash and accounts receivable, offset by the liabilities (debt) of The Water System. Net financial assets are projected to be as follows:

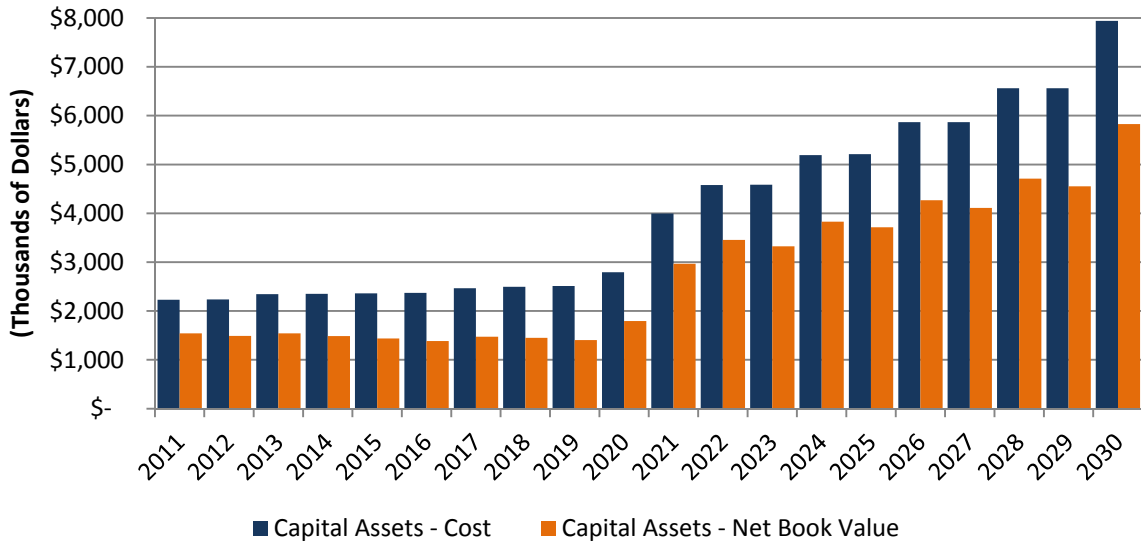


Over the projected period, the cash levels fluctuate as money is saved until a significant capital expenditure is incurred. Debt levels do continue to increase over time. Note the consistency in the debt level increases in this chart, compared to the increase in capital assets in the chart below. Essentially, debt levels increase to cover a portion of the costs of the new capital infrastructure.



Non-Financial Assets

Non-financial assets include capital assets. The capital assets represent the infrastructure required to provide safe drinking water to the community. These capital assets are recorded at net book value, which is their original cost, less accumulated amortization. Below, the cost and net book value of the capital assets has been illustrated.



Accumulated Surplus

The accumulated surplus is a relatively new term in Municipal financial statements. It is essentially the accumulation of the Water System's excess of revenues over expenses over time.

Projected Statement of Operations

The projected statement of operations includes the revenues less the expenses, arriving at the excess or net revenues over expenses.

Revenues

Revenues include both operating revenues and one time government funding received. A chart illustrating the revenues earned over time is shown on page 10.

Expenses

Expenses include a list of detailed projected expenses, including operating expenses, interest on long term debt and amortization. Amortization is the write off of the capital assets or the water system infrastructure over their useful life. It does not represent a cash expenditure.



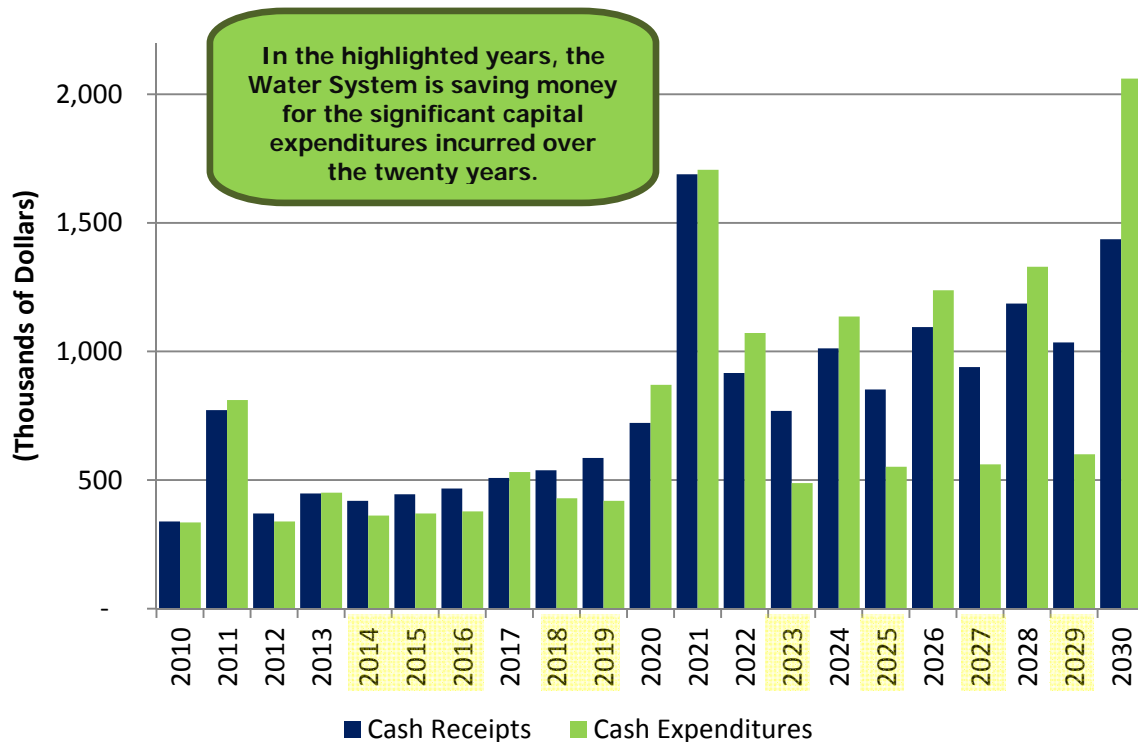
Projected Statement of Cash Flow

The projected statement of cash flow is a very useful statement for a capital intensive organization such as The Water System. This projected statement of cash flow summarizes the key transactions that either increase or decrease the organization’s cash balance. It is set out in three sections: operating transactions; capital transactions and financing transactions.

Projected operating transactions section is a summary of the projected net revenues over expenses, adjusted for any non-cash items. Projected capital transactions show the capital additions and sale of assets, if any, while the projected financing transactions reveal if any new debt will be incurred and the amount of debt that will be repaid.

In the Operating Plan section of this financial plan, the cash expenditures, such as operating expenses, debt repayments and capital costs, were identified. In the Funding Plan section of this financial plan, the cash receipts, or funds required to cover the cash expenditures were discussed. These funds include operating revenues, one time funding and new debt.

This next chart below is a summary of those cash expenditures and receipts, which is essentially a summary of the Projected Statement of Cash Flow.



Over the twenty year period, it is projected that the Water System will responsibly save for its many future capital expenditures. While it will still utilize debt to cover a portion



of its capital costs, the Water System will be in a position to continue its capital infrastructure program beyond 2030.

SUMMARY

This Financial Plan has been prepared in accordance with the MOE Financial Plans Regulation (O. Reg. 453/07). The process in developing this plan has focused on the achievement of a balance between managing water rate increases while ensuring that the water system will continue to provide safe drinking water in the long term. Recognizing that the utilization of one-time funding sources to maintain the water system is limited, an approach, where the capital infrastructure replacement has been deferred in order to develop a financially sustainable system, has been adopted.

- ✓ Achieves financial viability
- ✓ Limit overall water costs and remain affordable
- ✓ Provides safe drinking water in short term and long term
- ✓ Ensures that sufficient resources are available to replace and rehabilitate the capital infrastructure as required

This Financial Plan must be approved by a Town Council resolution, indicating that as a result of this plan, Nipigon Drinking Water System is financially viable.

FEEDBACK AND CONTINUOUS IMPROVEMENT

The financial plan must be updated every five years but it is recommended to be updated more frequently to reflect changes in operations, economic climate, financing costs, consumption and pricing.

ENDNOTES

¹ There are no lead service connections within the Nipigon Drinking Water System.

² Environmental Commissioner of Ontario. 2008. "MOE's Financial Plans Regulation for Municipal Drinking Water Systems." *Getting to K(N)ow, Eco Annual Report, 2007-08*. Toronto: The Queen's Printer for Ontario. 90-94. Retrieved from http://www.ecoissues.ca/wiki/index.php?title=MOES%E2%80%99s_Financial_Plans_Regulation_for_Municipal_Drinking_Water_Systems



APPENDIX ONE

PROJECTED FINANCIAL STATEMENTS
OF
THE TOWNSHIP OF NIPIGON
DRINKING WATER SYSTEM



**THE CORPORATION OF THE TOWNSHIP OF NIPIGON
NIPIGON DRINKING WATER SYSTEM
PROJECTED STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2010 TO 2030

(\$ THOUSANDS)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
	(Restated- Note 1)																					
FINANCIAL ASSETS																						
Cash and cash equivalents	2	\$ 62	\$ 25	\$ 55	\$ 49	\$ 104	\$ 177	\$ 265	\$ 239	\$ 347	\$ 511	\$ 361	\$ 341	\$ 183	\$ 461	\$ 334	\$ 632	\$ 487	\$ 862	\$ 716	\$ 1,149	\$ 521
Accounts receivable	3	19	17	18	21	23	25	26	29	30	33	35	38	40	43	46	48	50	53	56	58	61
		81	42	73	70	127	202	291	268	377	544	396	379	223	504	380	680	537	915	772	1,207	582
LIABILITIES (SCHEDULE ONE)																						
Long term debt		-	100	95	160	151	142	133	124	115	106	197	383	559	525	691	647	803	749	895	831	1,117
NET FINANCIAL ASSETS (DEBT)																						
		81	(58)	(22)	(90)	(24)	60	158	144	262	438	199	(4)	(336)	(21)	(311)	33	(266)	166	(123)	376	(535)
NON-FINANCIAL ASSETS																						
Capital assets (Schedule Two)																						
Land		36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36
Buildings		624	1,010	974	938	902	866	830	794	759	725	691	657	624	592	561	530	500	470	440	410	1,099
Linear assets		185	179	181	286	287	288	289	289	289	291	1,506	2,064	2,009	2,580	2,510	3,096	3,015	3,617	3,524	4,142	
Machinery and equipment		263	317	299	281	263	246	229	355	367	356	776	770	732	689	651	637	637	591	618	582	552
		1,108	1,542	1,490	1,541	1,488	1,436	1,384	1,474	1,451	1,406	1,794	2,969	3,456	3,326	3,828	3,713	4,269	4,112	4,711	4,552	5,829
ACCUMULATED SURPLUS (SCHEDULE ONE)																						
		\$ 1,189	\$ 1,484	\$ 1,468	\$ 1,451	\$ 1,464	\$ 1,496	\$ 1,542	\$ 1,618	\$ 1,713	\$ 1,844	\$ 1,993	\$ 2,965	\$ 3,120	\$ 3,305	\$ 3,517	\$ 3,746	\$ 4,003	\$ 4,278	\$ 4,588	\$ 4,928	\$ 5,294

Notes and Assumptions:

Actual results achieved for the period covered will vary from this information presented. The differences may be material.

See Township of Nipigon Audited Financial Statements for the Year ended December 31, 2010 for the Town's accounting policies.

1. The assets and liabilities for 2010 are derived from internal financial information of the Township of Nipigon. They have been restated to conform with new Public sector accounting standards.
2. Derived from the Projected Statement of Cash Flows.
3. Accounts receivable has been calculated based on the average historic sales turnover rate (operating revenue/accounts receivable=sales turnover rate). The five year normalized average rate was calculated to be 17.5 times.

PROJECTED STATEMENT OF FINANCIAL POSITION

**THE CORPORATION OF THE TOWNSHIP OF NIPIGON
NIPIGON DRINKING WATER SYSTEMS
PROJECTED STATEMENT OF OPERATIONS**

FOR THE YEARS ENDING DECEMBER 31, 2010 TO 2030

(\$ THOUSANDS)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
	(Actual)	(Budget)																				
REVENUES																						
Operating revenues	2	\$ 290	\$ 289	\$ 322	\$ 370	\$ 411	\$ 437	\$ 458	\$ 499	\$ 529	\$ 576	\$ 612	\$ 665	\$ 706	\$ 758	\$ 801	\$ 841	\$ 883	\$ 927	\$ 974	\$1,022	\$1,073
Other charges	3	9	8	8	8	8	8	9	9	9	10	10	10	10	11	11	11	12	12	12	13	13
Government funding	4	40	375	40	-	-	-	-	-	-	-	814	-	-	-	-	-	-	-	-	-	-
		<u>339</u>	<u>672</u>	<u>370</u>	<u>378</u>	<u>419</u>	<u>445</u>	<u>467</u>	<u>508</u>	<u>538</u>	<u>586</u>	<u>622</u>	<u>1,489</u>	<u>716</u>	<u>769</u>	<u>812</u>	<u>852</u>	<u>895</u>	<u>939</u>	<u>986</u>	<u>1,035</u>	<u>1,086</u>
EXPENSES																						
Amortization	5	43	51	60	61	62	61	61	64	66	66	75	105	130	135	139	145	151	157	159	159	174
Interest on long term debt	6	-	-	4	4	6	6	6	5	5	4	8	15	22	21	27	25	32	29	35	35	33
Administrative expenses	7	63	40	41	42	43	44	45	46	47	48	49	50	52	54	56	58	60	62	64	66	68
Salaries, wages, benefits and training	8	99	119	121	123	125	128	131	134	137	140	143	146	149	152	155	158	161	164	167	170	173
Materials, parts and supplies	7	80	98	100	103	106	109	112	115	118	122	126	130	134	138	142	146	150	155	160	165	170
Repairs and maintenance	7	7	5	5	5	6	6	6	6	6	7	7	7	7	7	8	8	8	8	9	9	9
Professional services	9	13	20	10	11	11	11	11	12	12	13	13	14	14	15	15	15	16	16	17	17	17
Utilities	7	43	44	45	46	47	48	49	50	52	54	56	58	60	62	64	66	68	70	72	74	76
		<u>348</u>	<u>377</u>	<u>386</u>	<u>395</u>	<u>406</u>	<u>413</u>	<u>421</u>	<u>432</u>	<u>443</u>	<u>455</u>	<u>473</u>	<u>517</u>	<u>561</u>	<u>584</u>	<u>600</u>	<u>623</u>	<u>638</u>	<u>664</u>	<u>676</u>	<u>695</u>	<u>720</u>
EXCESS REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)		<u>\$ (9)</u>	<u>\$ 295</u>	<u>\$ (16)</u>	<u>\$ (17)</u>	<u>\$ 13</u>	<u>\$ 32</u>	<u>\$ 46</u>	<u>\$ 76</u>	<u>\$ 95</u>	<u>\$ 131</u>	<u>\$ 149</u>	<u>\$ 972</u>	<u>\$ 155</u>	<u>\$ 185</u>	<u>\$ 212</u>	<u>\$ 229</u>	<u>\$ 257</u>	<u>\$ 275</u>	<u>\$ 310</u>	<u>\$ 340</u>	<u>\$ 366</u>

Notes and Assumptions:

Actual results achieved for the period covered will vary from this information presented. The differences may be material.

See Township of Nipigon Audited Financial Statements for the Year ended December 31, 2010 for the Town's accounting policies.

- The assets and liabilities for 2010 are derived from internal financial information of the Township of Nipigon. They have been restated to conform with new generally accepted accounting principles.
- Operating revenues includes waterworks fees, access charges and fire protection fees, other customer and miscellaneous charges. The water rate structure charged to customers will change during this projected period and all of these charges will be included within the new water rate structure. The majority of these charges depend on both the water rates and the billable consumption.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual increase (decrease)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Projected water consumption (m3)	387	386	386	386	386	386	386	386	386	386	386	386	386	386	386	386	386	386	386	386	386
Projected operating revenues	\$ 290	\$ 289	\$ 322	\$ 370	\$ 411	\$ 437	\$ 458	\$ 499	\$ 529	\$ 576	\$ 612	\$ 665	\$ 706	\$ 758	\$ 801	\$ 841	\$ 883	\$ 927	\$ 974	\$1,022	\$1,073
Percentage increase			11.4%	14.9%	11.1%	6.3%	4.8%	9.0%	6.0%	8.9%	6.3%	8.7%	6.2%	7.4%	5.7%	5.0%	5.0%	5.0%	5.1%	4.9%	5.0%

- Other charges includes customer penalties and fire hydrant revenues.
- Other government funding includes one-time funding anticipated to complete various capital projects.
- Amortization is calculated on a straight-line basis at rates which reflect the estimated useful life of the asset. In the year in which the asset was purchased or disposed of, one half of the amortization will be charged. The useful life of each category of capital asset is shown on Schedule One of these projected statements.
- Interest on long-term debt, includes interest on new debentures purchased during the projected period. It is assumed that all debentures will be charged an interest rate of 4.0% and paid over a period of twenty years.
- Operating expenditures will increase annually as follows:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	0.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
- Salaries, wages, benefits and training will increase at a rate of 2% annually.
- Professional fees are budgeted to be \$20,000 in 2011, and average \$10,000 per year thereafter and adjusting for inflation of 2%.

PROJECTED STATEMENT OF OPERATIONS

**THE CORPORATION OF THE TOWNSHIP OF NIPIGON
NIPIGON DRINKING WATER SYSTEM
PROJECTED STATEMENT OF CASH FLOWS**

FOR THE YEARS ENDING DECEMBER 31, 2011 TO 2030

(\$ THOUSANDS)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
OPERATING TRANSACTIONS																				
Projected excess of revenues over expenses	\$ 295	\$ (16)	\$ (17)	\$ 13	\$ 32	\$ 46	\$ 76	\$ 95	\$ 131	\$ 149	\$ 972	\$ 155	\$ 185	\$ 212	\$ 229	\$ 257	\$ 275	\$ 310	\$ 340	\$ 366
Deduct non-cash items:																				
Amortization	51	60	61	62	61	61	64	66	66	75	105	130	135	139	145	151	157	159	159	174
Deduct working capital items																				
Accounts receivable	2	(1)	(3)	(2)	(2)	(1)	(3)	(1)	(3)	(2)	(3)	(2)	(3)	(3)	(2)	(2)	(3)	(3)	(2)	(3)
Cash provided by operating transactions	<u>348</u>	<u>43</u>	<u>41</u>	<u>73</u>	<u>91</u>	<u>106</u>	<u>137</u>	<u>160</u>	<u>194</u>	<u>222</u>	<u>1,074</u>	<u>283</u>	<u>317</u>	<u>348</u>	<u>372</u>	<u>406</u>	<u>429</u>	<u>466</u>	<u>497</u>	<u>537</u>
FINANCING TRANSACTIONS																				
1 Proceeds from debentures	100	-	70	-	-	-	-	-	-	100	200	200	-	200	-	200	-	200	-	350
Repayment of long-term debt	-	(5)	(5)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(14)	(24)	(34)	(34)	(44)	(44)	(54)	(54)	(64)	(64)
Cash provided (used) by financing transactions	<u>100</u>	<u>(5)</u>	<u>65</u>	<u>(9)</u>	<u>(9)</u>	<u>(9)</u>	<u>(9)</u>	<u>(9)</u>	<u>(9)</u>	<u>91</u>	<u>186</u>	<u>176</u>	<u>(34)</u>	<u>166</u>	<u>(44)</u>	<u>156</u>	<u>(54)</u>	<u>146</u>	<u>(64)</u>	<u>286</u>
CAPITAL TRANSACTIONS																				
2 Capital assets purchases																				
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	(415)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(728)
Linear assets	-	(8)	(112)	(9)	(9)	(9)	(9)	(9)	(9)	(10)	(1,244)	(612)	(5)	(636)	-	(662)	-	(689)	-	(717)
Machinery and equipment	(70)	-	-	-	-	-	(145)	(34)	(12)	(453)	(36)	(5)	(5)	(30)	(45)	-	(69)	(69)	-	(6)
Cash used for capital transactions	<u>(485)</u>	<u>(8)</u>	<u>(112)</u>	<u>(9)</u>	<u>(9)</u>	<u>(9)</u>	<u>(154)</u>	<u>(43)</u>	<u>(21)</u>	<u>(463)</u>	<u>(1,280)</u>	<u>(617)</u>	<u>(5)</u>	<u>(641)</u>	<u>(30)</u>	<u>(707)</u>	<u>-</u>	<u>(758)</u>	<u>-</u>	<u>(1,451)</u>
PROJECTED INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(37)</u>	<u>30</u>	<u>(6)</u>	<u>55</u>	<u>73</u>	<u>88</u>	<u>(26)</u>	<u>108</u>	<u>164</u>	<u>(150)</u>	<u>(20)</u>	<u>(158)</u>	<u>278</u>	<u>(127)</u>	<u>298</u>	<u>(145)</u>	<u>375</u>	<u>(146)</u>	<u>433</u>	<u>(628)</u>
Cash and cash equivalents, beginning of the year	62	25	55	49	104	177	265	239	347	511	361	341	183	461	334	632	487	862	716	1,149
Cash and cash equivalents, end of the year	<u>3</u> <u>\$ 25</u>	<u>\$ 55</u>	<u>\$ 49</u>	<u>\$ 104</u>	<u>\$ 177</u>	<u>\$ 265</u>	<u>\$ 239</u>	<u>\$ 347</u>	<u>\$ 511</u>	<u>\$ 361</u>	<u>\$ 341</u>	<u>\$ 183</u>	<u>\$ 461</u>	<u>\$ 334</u>	<u>\$ 632</u>	<u>\$ 487</u>	<u>\$ 862</u>	<u>\$ 716</u>	<u>\$ 1,149</u>	<u>\$ 521</u>

Notes and Assumptions:

Actual results achieved for the period covered will vary from this information presented. The differences may be material.
See Township of Nipigon Audited Financial Statements for the Year ended December 31, 2010 for the Town's accounting policies.

1 See Schedule One for the details of the financing transactions.

2 See Schedule Two for the details of the capital transactions.

3 The balance of the cash and cash equivalents at the end of each year reflects the monies available for the future capital expenditures. Interest earned on this balance has not been calculated.

PROJECTED STATEMENT OF CASH FLOWS

**THE CORPORATION OF THE TOWNSHIP OF NIPIGON
NIPIGON DRINKING WATER SYSTEM
SCHEDULE OF PROJECTED LIABILITIES AND ACCUMULATED SURPLUS**

FOR THE YEARS ENDING DECEMBER 31, 2011 TO 2030

(\$ THOUSANDS)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
LIABILITIES																				
New debentures																				
Opening	\$ -	\$ 100	\$ 95	\$ 160	\$ 151	\$ 142	\$ 133	\$ 124	\$ 115	\$ 106	\$ 197	\$ 383	\$ 559	\$ 525	\$ 691	\$ 647	\$ 803	\$ 749	\$ 895	\$ 831
Repayments	-	(5)	(5)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(14)	(24)	(34)	(34)	(44)	(44)	(54)	(54)	(64)	(64)
New debentures	100	-	70	-	-	-	-	-	-	100	200	200	-	200	-	200	-	200	-	350
	<u>\$ 100</u>	<u>\$ 95</u>	<u>\$ 160</u>	<u>\$ 151</u>	<u>\$ 142</u>	<u>\$ 133</u>	<u>\$ 124</u>	<u>\$ 115</u>	<u>\$ 106</u>	<u>\$ 197</u>	<u>\$ 383</u>	<u>\$ 559</u>	<u>\$ 525</u>	<u>\$ 691</u>	<u>\$ 647</u>	<u>\$ 803</u>	<u>\$ 749</u>	<u>\$ 895</u>	<u>\$ 831</u>	<u>\$ 1,117</u>
ACCUMULATED SURPLUS																				
Waterworks Reserve Fund																				
Opening	\$ 62	\$ 25	\$ 55	\$ 49	\$ 104	\$ 177	\$ 265	\$ 239	\$ 347	\$ 511	\$ 361	\$ 341	\$ 183	\$ 461	\$ 334	\$ 632	\$ 487	\$ 862	\$ 716	\$ 1,149
Net increase (decrease)	(37)	30	(6)	55	73	88	(26)	108	164	(150)	(20)	(158)	278	(127)	298	(145)	375	(146)	433	(628)
Closing	<u>\$ 25</u>	<u>\$ 55</u>	<u>\$ 49</u>	<u>\$ 104</u>	<u>\$ 177</u>	<u>\$ 265</u>	<u>\$ 239</u>	<u>\$ 347</u>	<u>\$ 511</u>	<u>\$ 361</u>	<u>\$ 341</u>	<u>\$ 183</u>	<u>\$ 461</u>	<u>\$ 334</u>	<u>\$ 632</u>	<u>\$ 487</u>	<u>\$ 862</u>	<u>\$ 716</u>	<u>\$ 1,149</u>	<u>\$ 521</u>
Surpluses																				
Opening	\$ 1,127	\$ 1,459	\$ 1,413	\$ 1,402	\$ 1,360	\$ 1,319	\$ 1,277	\$ 1,379	\$ 1,366	\$ 1,333	\$ 1,632	\$ 2,624	\$ 2,937	\$ 2,844	\$ 3,183	\$ 3,114	\$ 3,516	\$ 3,416	\$ 3,872	\$ 3,779
Net increase (decrease)	332	(46)	(11)	(42)	(41)	(42)	102	(13)	(33)	299	992	313	(93)	339	(69)	402	(100)	456	(93)	994
Closing	<u>\$ 1,459</u>	<u>\$ 1,413</u>	<u>\$ 1,402</u>	<u>\$ 1,360</u>	<u>\$ 1,319</u>	<u>\$ 1,277</u>	<u>\$ 1,379</u>	<u>\$ 1,366</u>	<u>\$ 1,333</u>	<u>\$ 1,632</u>	<u>\$ 2,624</u>	<u>\$ 2,937</u>	<u>\$ 2,844</u>	<u>\$ 3,183</u>	<u>\$ 3,114</u>	<u>\$ 3,516</u>	<u>\$ 3,416</u>	<u>\$ 3,872</u>	<u>\$ 3,779</u>	<u>\$ 4,773</u>
Accumulated Surplus																				
Opening	\$ 1,189	\$ 1,484	\$ 1,468	\$ 1,451	\$ 1,464	\$ 1,496	\$ 1,542	\$ 1,618	\$ 1,713	\$ 1,844	\$ 1,993	\$ 2,965	\$ 3,120	\$ 3,305	\$ 3,517	\$ 3,746	\$ 4,003	\$ 4,278	\$ 4,588	\$ 4,928
Net adjustments	295	(16)	(17)	13	32	46	76	95	131	149	972	155	185	212	229	257	275	310	340	366
Closing	<u>\$ 1,484</u>	<u>\$ 1,468</u>	<u>\$ 1,451</u>	<u>\$ 1,464</u>	<u>\$ 1,496</u>	<u>\$ 1,542</u>	<u>\$ 1,618</u>	<u>\$ 1,713</u>	<u>\$ 1,844</u>	<u>\$ 1,993</u>	<u>\$ 2,965</u>	<u>\$ 3,120</u>	<u>\$ 3,305</u>	<u>\$ 3,517</u>	<u>\$ 3,746</u>	<u>\$ 4,003</u>	<u>\$ 4,278</u>	<u>\$ 4,588</u>	<u>\$ 4,928</u>	<u>\$ 5,294</u>

Notes and Assumptions:

Actual results achieved for the period covered will vary from this information presented. The differences may be material.

See Township of Nipigon Audited Financial Statements for the Year ended December 31, 2010 for the Town's accounting policies.

1 The Township does not separate the Water Services accounts payable from the rest of the Township. For the purposes of these projections, it is assumed that expenses are paid immediately and there are no accounts payable held in the organization.

2 Water Services will require new debt to pay for some of its future capital costs. All new debt will be sought in the form of debentures from external sources. The interest rate on the debentures will be:

The terms of the new debentures will be payable semi-annually over twenty years, interest compounded semi-annually.

Cumulative new debentures	\$ 100	\$ 100	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 270	\$ 470	\$ 670	\$ 670	\$ 870	\$ 870	\$ 1,070	\$ 1,070	\$ 1,270	\$ 1,270	\$ 1,620
---------------------------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	----------	----------	----------	----------	----------

3 The waterworks reserve fund represents an amount of cash saved to fund future tangible capital asset purchases.

**THE CORPORATION OF THE TOWNSHIP OF NIPIGON
NIPIGON DRINKING WATER SYSTEM
SCHEDULE OF PROJECTED CAPITAL ASSET ACQUISITIONS, DISPOSALS AND ACCUMULATED AMORTIZATION
FOR THE YEARS ENDING DECEMBER 31, 2010 TO 2030**

(\$ THOUSANDS)	2010 (Actual- Note 1)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Capital assets - Cost (below)																					
Land	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36
Buildings	802	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,888
Linear assets	510	510	518	624	633	642	651	660	669	678	687	1,869	2,450	2,455	3,059	3,059	3,688	3,688	4,343	4,343	5,024
Machinery and equipment	446	488	488	488	488	488	488	575	595	602	874	896	899	899	902	920	947	947	988	988	992
	<u>\$ 1,794</u>	<u>\$ 2,230</u>	<u>\$ 2,238</u>	<u>\$ 2,344</u>	<u>\$ 2,353</u>	<u>\$ 2,362</u>	<u>\$ 2,371</u>	<u>\$ 2,467</u>	<u>\$ 2,496</u>	<u>\$ 2,512</u>	<u>\$ 2,793</u>	<u>\$ 3,997</u>	<u>\$ 4,581</u>	<u>\$ 4,586</u>	<u>\$ 5,193</u>	<u>\$ 5,211</u>	<u>\$ 5,867</u>	<u>\$ 5,867</u>	<u>\$ 6,563</u>	<u>\$ 6,563</u>	<u>\$ 7,940</u>
Capital assets - Accumulated amortization (Page 2)																					
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	178	186	222	258	294	330	366	402	437	471	505	539	572	604	635	666	696	726	756	786	789
Linear assets	325	331	337	338	346	354	362	371	380	389	396	363	386	446	479	549	592	673	726	819	882
Machinery and equipment	183	171	189	207	225	242	259	220	228	246	98	126	167	210	251	283	310	356	370	406	440
	<u>\$ 686</u>	<u>\$ 688</u>	<u>\$ 748</u>	<u>\$ 803</u>	<u>\$ 865</u>	<u>\$ 926</u>	<u>\$ 987</u>	<u>\$ 993</u>	<u>\$ 1,045</u>	<u>\$ 1,106</u>	<u>\$ 999</u>	<u>\$ 1,028</u>	<u>\$ 1,125</u>	<u>\$ 1,260</u>	<u>\$ 1,365</u>	<u>\$ 1,498</u>	<u>\$ 1,598</u>	<u>\$ 1,755</u>	<u>\$ 1,852</u>	<u>\$ 2,011</u>	<u>\$ 2,111</u>
Capital assets - Net book value																					
Land	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36
Buildings	624	1,010	974	938	902	866	830	794	759	725	691	657	624	592	561	530	500	470	440	410	1,099
Linear assets	185	179	181	286	287	288	289	289	289	291	1,506	2,064	2,009	2,580	2,510	3,096	3,015	3,617	3,524	4,142	
Machinery and equipment	263	317	299	281	263	246	229	355	367	356	776	770	732	689	651	637	637	591	618	582	552
	<u>\$ 1,108</u>	<u>\$ 1,542</u>	<u>\$ 1,490</u>	<u>\$ 1,541</u>	<u>\$ 1,488</u>	<u>\$ 1,436</u>	<u>\$ 1,384</u>	<u>\$ 1,474</u>	<u>\$ 1,451</u>	<u>\$ 1,406</u>	<u>\$ 1,794</u>	<u>\$ 2,969</u>	<u>\$ 3,456</u>	<u>\$ 3,326</u>	<u>\$ 3,828</u>	<u>\$ 3,713</u>	<u>\$ 4,269</u>	<u>\$ 4,112</u>	<u>\$ 4,711</u>	<u>\$ 4,552</u>	<u>\$ 5,829</u>
Capital Cost																					
(\$ THOUSANDS)	2010 (Actual)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Land																					
Opening	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36
Additions	² -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	³ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 36</u>
Buildings																					
Opening	\$ 777	\$ 802	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196	\$ 1,196
Additions	² 25	415	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	728
Disposals	³ -	(21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(36)
Closing	<u>\$ 802</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 1,888</u>
Linear assets																					
Opening	\$ 505	\$ 510	\$ 510	\$ 518	\$ 624	\$ 633	\$ 642	\$ 651	\$ 660	\$ 669	\$ 678	\$ 687	\$ 1,869	\$ 2,450	\$ 2,455	\$ 3,059	\$ 3,059	\$ 3,688	\$ 3,688	\$ 4,343	\$ 4,343
Additions	² 5	-	8	112	9	9	9	9	9	9	10	1,244	612	5	636	-	662	-	689	-	717
Disposals	³ -	-	-	(6)	-	-	-	-	-	-	(1)	(62)	(31)	-	(32)	-	(33)	-	(34)	-	(36)
Closing	<u>\$ 510</u>	<u>\$ 510</u>	<u>\$ 518</u>	<u>\$ 624</u>	<u>\$ 633</u>	<u>\$ 642</u>	<u>\$ 651</u>	<u>\$ 660</u>	<u>\$ 669</u>	<u>\$ 678</u>	<u>\$ 1,869</u>	<u>\$ 2,450</u>	<u>\$ 2,455</u>	<u>\$ 3,059</u>	<u>\$ 3,059</u>	<u>\$ 3,688</u>	<u>\$ 3,688</u>	<u>\$ 4,343</u>	<u>\$ 4,343</u>	<u>\$ 5,024</u>	
Machinery and equipment																					
Opening	\$ 446	\$ 446	\$ 488	\$ 488	\$ 488	\$ 488	\$ 488	\$ 488	\$ 575	\$ 595	\$ 602	\$ 874	\$ 896	\$ 899	\$ 899	\$ 902	\$ 920	\$ 947	\$ 947	\$ 988	\$ 988
Additions	² -	70	-	-	-	-	-	145	34	12	453	36	5	-	5	30	45	-	69	-	6
Disposals	³ -	(28)	-	-	-	-	-	(58)	(14)	(5)	(181)	(14)	(2)	-	(2)	(12)	(18)	-	(28)	-	(2)
Closing	<u>\$ 446</u>	<u>\$ 488</u>	<u>\$ 488</u>	<u>\$ 488</u>	<u>\$ 488</u>	<u>\$ 488</u>	<u>\$ 488</u>	<u>\$ 575</u>	<u>\$ 595</u>	<u>\$ 602</u>	<u>\$ 874</u>	<u>\$ 896</u>	<u>\$ 899</u>	<u>\$ 899</u>	<u>\$ 902</u>	<u>\$ 920</u>	<u>\$ 947</u>	<u>\$ 947</u>	<u>\$ 988</u>	<u>\$ 988</u>	<u>\$ 992</u>
Total																					
Opening	\$ 1,764	\$ 1,794	\$ 2,230	\$ 2,238	\$ 2,344	\$ 2,353	\$ 2,362	\$ 2,371	\$ 2,467	\$ 2,496	\$ 2,512	\$ 2,793	\$ 3,997	\$ 4,581	\$ 4,586	\$ 5,193	\$ 5,211	\$ 5,867	\$ 5,867	\$ 6,563	\$ 6,563
Additions	² 30	485	8	112	9	9	9	154	43	21	463	1,280	617	5	641	30	707	-	758	-	1,451
Disposals	³ -	(49)	-	(6)	-	-	-	(58)	(14)	(5)	(182)	(76)	(33)	-	(34)	(12)	(51)	-	(62)	-	(74)
TOTAL	<u>\$ 1,794</u>	<u>\$ 2,230</u>	<u>\$ 2,238</u>	<u>\$ 2,344</u>	<u>\$ 2,353</u>	<u>\$ 2,362</u>	<u>\$ 2,371</u>	<u>\$ 2,467</u>	<u>\$ 2,496</u>	<u>\$ 2,512</u>	<u>\$ 2,793</u>	<u>\$ 3,997</u>	<u>\$ 4,581</u>	<u>\$ 4,586</u>	<u>\$ 5,193</u>	<u>\$ 5,211</u>	<u>\$ 5,867</u>	<u>\$ 5,867</u>	<u>\$ 6,563</u>	<u>\$ 6,563</u>	<u>\$ 7,940</u>

**THE CORPORATION OF THE TOWNSHIP OF NIPIGON
NIPIGON DRINKING WATER SYSTEM
SCHEDULE OF PROJECTED CAPITAL ASSET ACQUISITIONS, DISPOSALS AND ACCUMULATED AMORTIZATION
FOR THE YEARS ENDING DECEMBER 31, 2010 TO 2030**

Accumulated Amortization																						
(\$ THOUSANDS)	Useful Life (Years)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Land																						
Opening		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization for the year	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings																						
Opening	15 to 75	\$ 156	\$ 178	\$ 186	\$ 222	\$ 258	\$ 294	\$ 330	\$ 366	\$ 402	\$ 437	\$ 471	\$ 505	\$ 539	\$ 572	\$ 604	\$ 635	\$ 666	\$ 696	\$ 726	\$ 756	\$ 786
Amortization for the year	4	22	29	36	36	36	36	36	36	35	34	34	34	33	32	31	31	30	30	30	30	39
Disposals	3	-	(21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(36)
Closing		\$ 178	\$ 186	\$ 222	\$ 258	\$ 294	\$ 330	\$ 366	\$ 402	\$ 437	\$ 471	\$ 505	\$ 539	\$ 572	\$ 604	\$ 635	\$ 666	\$ 696	\$ 726	\$ 756	\$ 786	\$ 789
Linear assets																						
Opening	40 to 60	\$ 319	\$ 325	\$ 331	\$ 337	\$ 338	\$ 346	\$ 354	\$ 362	\$ 371	\$ 380	\$ 389	\$ 396	\$ 363	\$ 386	\$ 446	\$ 479	\$ 549	\$ 592	\$ 673	\$ 726	\$ 819
Amortization for the year	4	6	6	6	7	8	8	8	9	9	9	8	29	54	60	65	70	76	81	87	93	99
Disposals	3	-	-	-	(6)	-	-	-	-	-	-	(1)	(62)	(31)	-	(32)	-	(33)	-	(34)	-	(36)
Closing		\$ 325	\$ 331	\$ 337	\$ 338	\$ 346	\$ 354	\$ 362	\$ 371	\$ 380	\$ 389	\$ 396	\$ 363	\$ 446	\$ 479	\$ 549	\$ 592	\$ 673	\$ 726	\$ 819	\$ 882	
Machinery and equipment																						
Opening	25 to 40	\$ 168	\$ 183	\$ 171	\$ 189	\$ 207	\$ 225	\$ 242	\$ 259	\$ 220	\$ 228	\$ 246	\$ 98	\$ 126	\$ 167	\$ 210	\$ 251	\$ 283	\$ 310	\$ 356	\$ 370	\$ 406
Amortization for the year	4	15	16	18	18	18	17	17	19	22	23	33	42	43	43	44	45	46	46	42	36	36
Disposals	3	-	(28)	-	-	-	-	-	(58)	(14)	(5)	(181)	(14)	(2)	-	(2)	(12)	(18)	-	(28)	-	(2)
Closing		\$ 183	\$ 171	\$ 189	\$ 207	\$ 225	\$ 242	\$ 259	\$ 220	\$ 228	\$ 246	\$ 98	\$ 126	\$ 167	\$ 210	\$ 251	\$ 283	\$ 310	\$ 356	\$ 370	\$ 406	\$ 440
Total																						
Opening		\$ 643	\$ 686	\$ 688	\$ 748	\$ 803	\$ 865	\$ 926	\$ 987	\$ 993	\$ 1,045	\$ 1,106	\$ 999	\$ 1,028	\$ 1,125	\$ 1,260	\$ 1,365	\$ 1,498	\$ 1,598	\$ 1,755	\$ 1,852	\$ 2,011
Amortization for the year		43	51	60	61	62	61	61	64	66	66	75	105	130	135	139	145	151	157	159	159	174
Disposals		-	(49)	-	(6)	-	-	-	(58)	(14)	(5)	(182)	(76)	(33)	-	(34)	(12)	(51)	-	(62)	-	(74)
Closing		\$ 686	\$ 688	\$ 748	\$ 803	\$ 865	\$ 926	\$ 987	\$ 993	\$ 1,045	\$ 1,106	\$ 999	\$ 1,028	\$ 1,125	\$ 1,260	\$ 1,365	\$ 1,498	\$ 1,598	\$ 1,755	\$ 1,852	\$ 2,011	\$ 2,111

Notes and Assumptions:

Actual results achieved for the period covered will vary from this information presented. The differences may be material.

See Township of Nipigon Audited Financial Statements for the Year ended December 31, 2010 for the Town's accounting policies.

1 The actual capital assets costs, additions, disposals, accumulated amortization have been provided by the Township of Nipigon finance department.

2 Additions are defined as tangible capital assets, which have been put into service to provide future benefits. It is assumed that all projects will be completed in the year in which they have begun.

3 If a capital outlay is incurred, it is assumed that it will be replacing an existing asset. It is assumed that the cost of the disposed asset is 5%, 5% and 40% of the cost of the new building, linear and machinery and equipment asset respectively. It is also assumed that the capital asset is fully amortized.

4 Amortization is calculated on a straight-line basis at rates which reflect the estimated useful life of the asset. In the year in which the asset was purchased, one half of the amortization will be charged. The useful life of each category of capital asset is set out on the Accumulated Amortization table above.