



**Utilities Kingston  
Report to Council  
Report Number 19-155**

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**To:** Mayor and Council  
**From:** Jim Keech, President and CEO, Utilities Kingston  
**Resource Staff:** Randy Murphy, Chief Financial Officer, Utilities Kingston  
**Date of Meeting:** May 21, 2019  
**Subject:** Addition to Drinking Water System Financial Plan

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**Executive Summary:**

The renewal of the Drinking Water System Licence requires the approval of a 6 year (2019-2024) financial plan which is attached to this report.

**Recommendation:**

**That** Council approve the Corporation of the City of Kingston Drinking Water Supply System 2019-2024 Financial Plan as provided in Exhibit A of this report; and

**That** Council authorize the President and CEO of 1425445 Ontario Limited (o/a Utilities Kingston) to sign the formal endorsement of these plans and submit the plan to the required ministries.

May 21, 2019

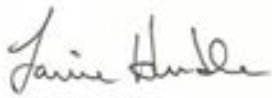
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**Authorizing Signatures:**



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**Jim Keech, President and CEO,  
Utilities Kingston**



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**Lanie Hurdle, Acting Chief  
Administrative Officer**

**Consultation with the following Members of the Corporate Management Team:**

Gary Dyke, Commissioner, Corporate Enterprise Services	Not required
Peter Huigenbos, Acting Commissioner, Community Services	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	Not required
Sheila Kidd, Commissioner, Transportation & Public Works	Not required

May 21, 2019

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**Options/Discussion:**

On February 19, 2019, Kingston City Council approved the Drinking Water Supply System Financial Plan for the period 2019-2023. This plan was presented during the 2019 budget deliberations process and was prepared for a 5 year period, including 2019. Since submission to the required Provincial ministries, the Ministry of the Environment, Conservation and Parks has requested a financial plan that is for 5 years subsequent to the current year instead of for 5 years inclusive of the current year. As such, an additional year, 2024, has been added to the previously approved financial plan. The 2024 year reflects the information presented during the 2019 budget deliberations. All other years, 2019-2023, are identical to the previously approved plan.

**Existing Policy/By-Law:**

Not applicable.

**Notice Provisions:**

Not applicable.

**Accessibility Considerations:**

Not applicable.

**Financial Considerations:**

As detailed in the report.

**Contacts:**

Jim Keech, President and CEO, Utilities Kingston, 613-546-1181 Extension 2217

Randy Murphy, Chief Financial Officer, Utilities Kingston, 613-446-1181 Extension 2317

**Other City of Kingston Staff Consulted:**

Not applicable.

**Exhibits Attached:**

Exhibit A - Corporation of the City of Kingston Drinking Water Supply System 2019-2024  
Financial Plan

## REPORT 19-155 EXHIBIT A

**Corporation of the City of Kingston  
Drinking Water Supply System  
Statement of Financial Position  
December 31**

	<b>Audited 2017</b>	<b>Planned 2018</b>	<b>Planned 2019</b>	<b>Planned 2020</b>	<b>Planned 2021</b>	<b>Planned 2022</b>	<b>Planned 2023</b>	<b>Planned 2024</b>
<b>Assets</b>								
Cash & Cash Equivalents	\$ 49,493,596	\$ 34,738,332	\$ 38,904,303	\$ 26,190,482	\$ 26,799,647	\$ 27,855,215	\$ 29,453,041	\$ 32,415,319
Accounts Receivable	2,215,190	2,215,190	2,215,190	2,215,190	2,215,190	2,215,190	2,215,190	2,215,190
Inventory	315,105	315,105	315,105	315,105	315,105	315,105	315,105	315,105
Total current assets	<u>\$ 52,023,890</u>	<u>\$ 37,268,627</u>	<u>\$ 41,434,598</u>	<u>\$ 28,720,776</u>	<u>\$ 29,329,942</u>	<u>\$ 30,385,510</u>	<u>\$ 31,983,336</u>	<u>\$ 34,945,614</u>
Tangible Capital Assets - Cost	\$ 414,622,180	\$ 444,383,518	\$ 454,583,243	\$ 481,060,173	\$ 494,905,841	\$ 509,173,282	\$ 523,567,533	\$ 536,928,828
(detail schedules attached) - Amortization	(114,060,651)	(123,650,738)	(133,614,685)	(144,169,063)	(155,213,364)	(166,623,802)	(178,397,663)	(190,752,777)
Total non current assets	<u>\$ 300,561,529</u>	<u>\$ 320,732,780</u>	<u>\$ 320,968,558</u>	<u>\$ 336,891,110</u>	<u>\$ 339,692,477</u>	<u>\$ 342,549,480</u>	<u>\$ 345,169,869</u>	<u>\$ 346,176,050</u>
<b>Total Assets</b>	<b><u>\$ 352,585,419</u></b>	<b><u>\$ 358,001,407</u></b>	<b><u>\$ 362,403,156</u></b>	<b><u>\$ 365,611,886</u></b>	<b><u>\$ 369,022,419</u></b>	<b><u>\$ 372,934,990</u></b>	<b><u>\$ 377,153,205</u></b>	<b><u>\$ 381,121,664</u></b>
<b>Liabilities</b>								
Long Term Liabilities (Net Debt)	\$ 61,094,418	\$ 59,531,451	\$ 57,930,970	\$ 56,282,109	\$ 54,583,155	\$ 52,832,330	\$ 51,027,795	\$ 49,167,645
<b>Surplus</b>	<b>\$ 291,491,001</b>	<b>\$ 298,469,956</b>	<b>\$ 304,472,186</b>	<b>\$ 309,329,777</b>	<b>\$ 314,439,264</b>	<b>\$ 320,102,660</b>	<b>\$ 326,125,409</b>	<b>\$ 331,954,019</b>
<b>Total Liabilities &amp; Surplus</b>	<b><u>\$ 352,585,419</u></b>	<b><u>\$ 358,001,407</u></b>	<b><u>\$ 362,403,156</u></b>	<b><u>\$ 365,611,886</u></b>	<b><u>\$ 369,022,419</u></b>	<b><u>\$ 372,934,990</u></b>	<b><u>\$ 377,153,205</u></b>	<b><u>\$ 381,121,664</u></b>

*NOTE: Actual results will differ and these differences could be material*

# REPORT 19-155 EXHIBIT A

Corporation of the City of Kingston  
 Drinking Water Supply System  
 Statement of Revenues and Expenditures  
 December 31

	Audited 2017	Planned 2018	Planned 2019	Planned 2020	Planned 2021	Planned 2022	Planned 2023	Planned 2024
<b>Revenues</b>								
Water Rates	\$ 25,210,000	\$ 27,734,174	\$ 28,204,819	\$ 29,220,192	\$ 30,242,899	\$ 31,240,915	\$ 32,178,142	\$ 33,143,486
Funding - Development (Impost)	3,545,493	3,824,168	3,063,240	2,024,504	2,231,899	2,446,339	2,517,266	2,204,210
Funding - Grants	4,664,653	-	-	-	-	-	-	-
Interest Income	1,154,456	1,244,807	1,088,315	961,992	783,105	807,707	846,920	914,311
User Charges	425,369	364,000	364,000	364,000	364,000	364,000	364,000	364,000
	<u>\$ 34,999,970</u>	<u>\$ 33,167,149</u>	<u>\$ 32,720,373</u>	<u>\$ 32,570,688</u>	<u>\$ 33,621,903</u>	<u>\$ 34,858,961</u>	<u>\$ 35,906,328</u>	<u>\$ 36,626,007</u>
<b>Expenses</b>								
Operating	\$ 13,052,007	\$ 14,505,986	\$ 14,716,878	\$ 15,177,339	\$ 15,544,862	\$ 15,921,573	\$ 16,307,701	\$ 16,703,483
Interest - Long Term	1,002,082	2,092,122	2,037,318	1,981,380	1,923,253	1,863,554	1,802,016	1,738,799
Interest - Short Term	303,804	-	-	-	-	-	-	-
Amortization	8,940,019	9,590,087	9,963,947	10,554,378	11,044,301	11,410,438	11,773,861	12,355,114
	<u>\$ 23,297,912</u>	<u>\$ 26,188,194</u>	<u>\$ 26,718,143</u>	<u>\$ 27,713,098</u>	<u>\$ 28,512,416</u>	<u>\$ 29,195,565</u>	<u>\$ 29,883,579</u>	<u>\$ 30,797,396</u>
<b>Surplus for the year</b>	\$ 11,702,059	\$ 6,978,955	\$ 6,002,230	\$ 4,857,591	\$ 5,109,487	\$ 5,663,396	\$ 6,022,749	\$ 5,828,610
<b>Surplus, beginning of year</b>	279,788,942	291,491,001	298,469,956	304,472,186	309,329,777	314,439,264	320,102,660	326,125,409
<b>Surplus, end of year</b>	<u>\$ 291,491,001</u>	<u>\$ 298,469,956</u>	<u>\$ 304,472,186</u>	<u>\$ 309,329,777</u>	<u>\$ 314,439,264</u>	<u>\$ 320,102,660</u>	<u>\$ 326,125,409</u>	<u>\$ 331,954,019</u>

*NOTE: Actual results will differ and these differences could be material*

# REPORT 19-155 EXHIBIT A

Corporation of the City of Kingston  
 Drinking Water Supply System  
 Statement of Cash Flow  
 December 31

	<u>Audited 2017</u>	<u>Planned 2018</u>	<u>Planned 2019</u>	<u>Planned 2020</u>	<u>Planned 2021</u>	<u>Planned 2022</u>	<u>Planned 2023</u>	<u>Planned 2024</u>
<b>Operating Activities</b>								
<b>Net Surplus for the year from operations</b>	\$ 11,702,059	\$ 6,978,955	\$ 6,002,230	\$ 4,857,591	\$ 5,109,487	\$ 5,663,396	\$ 6,022,749	\$ 5,828,610
add back non cash items								
Amortization	8,940,019	9,590,087	9,963,947	10,554,378	11,044,301	11,410,438	11,773,861	12,355,114
<b>Net Cash receipts from operations</b>	<u>\$ 20,642,078</u>	<u>\$ 16,569,042</u>	<u>\$ 15,966,178</u>	<u>\$ 15,411,969</u>	<u>\$ 16,153,788</u>	<u>\$ 17,073,834</u>	<u>\$ 17,796,610</u>	<u>\$ 18,183,724</u>
<b>Investing Activities</b>								
Purchase of Tangible Capital Assets	-\$ 12,309,176	-\$ 29,761,338	-\$ 10,199,725	-\$ 26,476,930	-\$ 13,845,668	-\$ 14,267,441	-\$ 14,394,250	-\$ 13,361,295
<b>Financing Activities</b>								
Receipt of (repayment of) Long Term Debt	-\$ 799,767	-\$ 1,562,967	-\$ 1,600,481	-\$ 1,648,861	-\$ 1,698,954	-\$ 1,750,825	-\$ 1,804,535	-\$ 1,860,151
Increase/(Decrease) in Cash and Cash Equivalents	\$ 7,533,135	-\$ 14,755,263	\$ 4,165,971	-\$ 12,713,821	\$ 609,166	\$ 1,055,568	\$ 1,597,825	\$ 2,962,278
Cash and Cash Equivalents, beginning of year	41,960,460	49,493,596	34,738,332	38,904,304	26,190,482	26,799,648	27,855,216	29,453,041
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 49,493,596</u>	<u>\$ 34,738,332</u>	<u>\$ 38,904,304</u>	<u>\$ 26,190,482</u>	<u>\$ 26,799,648</u>	<u>\$ 27,855,216</u>	<u>\$ 29,453,041</u>	<u>\$ 32,415,319</u>

*NOTE: Actual results will differ and these differences could be material*

# REPORT 19-155 EXHIBIT A

**Corporation of the City of Kingston  
Drinking Water Supply System  
Tangible Capital Asset Cost Continuity Schedule  
December 31**

	<b>Audited 2017</b>	<b>Planned 2018</b>	<b>Planned 2019</b>	<b>Planned 2020</b>	<b>Planned 2021</b>	<b>Planned 2022</b>	<b>Planned 2023</b>	<b>Planned 2024</b>
<b>Land</b>								
Opening Balance	\$ 1,953,992	\$ 1,953,992	\$ 1,953,992	\$ 1,953,992	\$ 1,953,992	\$ 1,953,992	\$ 1,953,992	\$ 1,953,992
Additions during the Year	-	-	-	-	-	-	-	-
Closing Balance	<u>\$ 1,953,992</u>	<u>\$ 1,953,992</u>	<u>\$ 1,953,992</u>	<u>\$ 1,953,992</u>	<u>\$ 1,953,992</u>	<u>\$ 1,953,992</u>	<u>\$ 1,953,992</u>	<u>\$ 1,953,992</u>
<b>Water Facilities</b>								
Opening Balance	\$ 112,195,828	\$ 114,002,116	\$ 119,419,218	\$ 120,334,218	\$ 122,054,218	\$ 122,629,218	\$ 125,324,218	\$ 126,399,218
Additions during the Year	1,806,287	5,417,102	915,000	1,720,000	575,000	2,695,000	1,075,000	785,000
Closing Balance	<u>\$ 114,002,116</u>	<u>\$ 119,419,218</u>	<u>\$ 120,334,218</u>	<u>\$ 122,054,218</u>	<u>\$ 122,629,218</u>	<u>\$ 125,324,218</u>	<u>\$ 126,399,218</u>	<u>\$ 127,184,218</u>
<b>Distribution System</b>								
Opening Balance	\$ 272,991,370	\$ 282,426,152	\$ 303,502,738	\$ 311,102,738	\$ 334,014,738	\$ 345,414,738	\$ 355,214,738	\$ 367,014,738
Additions during the Year	9,434,782	21,076,586	7,600,000	22,912,000	11,400,000	9,800,000	11,800,000	10,900,000
Closing Balance	<u>\$ 282,426,152</u>	<u>\$ 303,502,738</u>	<u>\$ 311,102,738</u>	<u>\$ 334,014,738</u>	<u>\$ 345,414,738</u>	<u>\$ 355,214,738</u>	<u>\$ 367,014,738</u>	<u>\$ 377,914,738</u>
<b>Meters</b>								
Opening Balance	\$ 10,821,701	\$ 11,663,800	\$ 12,668,630	\$ 13,154,630	\$ 13,865,630	\$ 14,565,630	\$ 15,265,630	\$ 16,015,630
Additions during the Year	842,099	1,004,830	486,000	711,000	700,000	700,000	750,000	840,000
Closing Balance	<u>\$ 11,663,800</u>	<u>\$ 12,668,630</u>	<u>\$ 13,154,630</u>	<u>\$ 13,865,630</u>	<u>\$ 14,565,630</u>	<u>\$ 15,265,630</u>	<u>\$ 16,015,630</u>	<u>\$ 16,855,630</u>
<b>Equipment</b>								
Opening Balance	\$ 4,350,113	\$ 4,576,121	\$ 6,838,940	\$ 8,037,665	\$ 9,171,594	\$ 10,342,262	\$ 11,414,704	\$ 12,183,954
Additions during the Year	226,008	2,262,819	1,198,725	1,133,930	1,170,668	1,072,441	769,250	836,295
Closing Balance	<u>\$ 4,576,121</u>	<u>\$ 6,838,940</u>	<u>\$ 8,037,665</u>	<u>\$ 9,171,594</u>	<u>\$ 10,342,262</u>	<u>\$ 11,414,704</u>	<u>\$ 12,183,954</u>	<u>\$ 13,020,249</u>
<b>Total Tangible Capital Assets</b>								
Opening Balance	\$ 402,313,005	\$ 414,622,180	\$ 444,383,518	\$ 454,583,243	\$ 481,060,173	\$ 494,905,841	\$ 509,173,282	\$ 523,567,533
Additions during the Year	12,309,176	29,761,338	10,199,725	26,476,930	13,845,668	14,267,441	14,394,250	13,361,295
Closing Balance	<u>\$ 414,622,180</u>	<u>\$ 444,383,518</u>	<u>\$ 454,583,243</u>	<u>\$ 481,060,173</u>	<u>\$ 494,905,841</u>	<u>\$ 509,173,282</u>	<u>\$ 523,567,533</u>	<u>\$ 536,928,828</u>

*NOTE: Actual results will differ and these differences could be material*

# REPORT 19-155 EXHIBIT A

**Corporation of the City of Kingston  
Drinking Water Supply System  
Tangible Capital Asset amortization Continuity Schedule  
December 31**

	Audited 2017	Planned 2018	Planned 2019	Planned 2020	Planned 2021	Planned 2022	Planned 2023	Planned 2024
<b>Land</b>								
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions during the Year	0							
Closing Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Water Facilities Accumulated Amortization</b>								
Opening Balance	\$ 35,976,158	\$ 40,032,305	\$ 44,107,710	\$ 48,237,287	\$ 52,402,363	\$ 56,590,389	\$ 60,811,115	\$ 65,069,541
Additions during the Year	4,056,147	4,075,405	4,129,577	4,165,076	4,188,026	4,220,726	4,258,426	4,357,451
Closing Balance	\$ 40,032,305	\$ 44,107,710	\$ 48,237,287	\$ 52,402,363	\$ 56,590,389	\$ 60,811,115	\$ 65,069,541	\$ 69,426,992
<b>Distribution System Accumulated Amortization</b>								
Opening Balance	\$ 64,199,132	\$ 68,178,364	\$ 72,623,908	\$ 77,280,218	\$ 82,317,648	\$ 87,698,197	\$ 93,290,747	\$ 99,099,297
Additions during the Year	3,979,231	4,445,544	4,656,310	5,037,430	5,380,550	5,592,550	5,808,550	6,120,245
Closing Balance	\$ 68,178,364	\$ 72,623,908	\$ 77,280,218	\$ 82,317,648	\$ 87,698,197	\$ 93,290,747	\$ 99,099,297	\$ 105,219,542
<b>Meters Accumulated Amortization</b>								
Opening Balance	\$ 2,597,134	\$ 3,313,930	\$ 4,096,941	\$ 4,913,447	\$ 5,786,052	\$ 6,705,691	\$ 7,671,996	\$ 8,686,635
Additions during the Year	716,796	783,011	816,506	872,605	919,639	966,305	1,014,639	1,117,606
Closing Balance	\$ 3,313,930	\$ 4,096,941	\$ 4,913,447	\$ 5,786,052	\$ 6,705,691	\$ 7,671,996	\$ 8,686,635	\$ 9,804,242
<b>Equipment Accumulated Amortization</b>								
Opening Balance	\$ 2,348,208	\$ 2,536,052	\$ 2,822,179	\$ 3,183,734	\$ 3,663,000	\$ 4,219,087	\$ 4,849,944	\$ 5,542,191
Additions during the Year	187,844	286,127	361,555	479,267	556,087	630,857	692,247	759,812
Closing Balance	\$ 2,536,052	\$ 2,822,179	\$ 3,183,734	\$ 3,663,000	\$ 4,219,087	\$ 4,849,944	\$ 5,542,191	\$ 6,302,002
<b>Total Tangible Capital Assets Accumulated Amortization</b>								
Opening Balance	\$ 105,120,632	\$ 114,060,651	\$ 123,650,738	\$ 133,614,685	\$ 144,169,063	\$ 155,213,364	\$ 166,623,802	\$ 178,397,663
Additions during the Year	8,940,019	9,590,087	9,963,947	10,554,378	11,044,301	11,410,438	11,773,861	12,355,114
Closing Balance	\$ 114,060,651	\$ 123,650,738	\$ 133,614,685	\$ 144,169,063	\$ 155,213,364	\$ 166,623,802	\$ 178,397,663	\$ 190,752,777

**NOTE: Actual results will differ and these differences could be material**