



CANTON/TOWNSHIP
ALFRED & PLANTAGENET

The Township of Alfred and Plantagenet

Alfred/Lefaiivre Drinking Water System

Financial Plan # 169-301

August 14, 2015

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1. Introduction

The Corporation of the Township of Alfred and Plantagenet (the Township) has retained the Ontario Clean Water Agency (OCWA) to develop a financial plan for the Alfred/Lefaire Drinking Water System (DWS) in order to comply with the financial plan regulation (O. Reg. 453/07) made under the Safe Drinking Water Act.

The financial plan contained herein has been prepared in accordance with O. Reg. 453/07, as well as the provisions of the financial planning guidelines published by the Ministry of the Environment (MOE) in August 2007 entitled “Toward Financially Sustainable Drinking-Water and Wastewater Systems”.

The financial plan was prepared for the Alfred/Lefaire DWS based on information supplied by the Township and operational staff, including future capital and major maintenance projects, water system financial information, as well as tangible capital asset information that the Township generated in accordance with the Public Sector Accounting Board (PSAB) standard PS 3150 requirements.

The information supplied by the Township was used to generate a financial operating plan that forecasted future annual expenditure requirements from the year 2015 through to 2021. A revenue plan, relying mostly on user fees was generated to support the expenditure requirements outlined in the operating plan. The information generated in the operating and revenue plans along with the tangible capital asset information was used to develop a financial plan for the Alfred/Lefaire DWS covering a study period from 2015 to 2021 in accordance with O.Reg. 453/07 requirements (minimum 6 year study period).

1.1 Legislative Context to Financial Planning

There have been a number of legislative initiatives affecting water system management and operations over the past decade. These initiatives were a result of the water borne illness tragedy in Walkerton in 2000. Following this event, the Government of Ontario established a public inquiry chaired by the Honourable Dennis O'Connor to look into the tragedy. The Inquiry Report recommended a comprehensive approach to the delivery of safe drinking water in Ontario.

The MOE has responded to the Inquiry recommendations by making legislative changes. One change directly related to the development of this Financial Plan was the passage of the Safe Drinking Water Act, 2002 (SDWA). It requires owners of a municipal drinking water system to apply for and obtain a Municipal Drinking Water Licence. There are five elements that must be in place in order for the owner of a drinking water system to obtain a licence:

- 1) A Drinking Water Works Permit to establish or alter a drinking-water system.
- 2) An accepted Operational Plan. The Drinking Water Quality Management Standard (DWQMS) is the standard upon which operational plans are based. The plan documents an operating authority's quality management system (QMS).

- 3) An Accredited Operating Authority. A third party audit of an operating authority's QMS will be the basis for accreditation.
- 4) A Permit to Take Water.
- 5) A Financial Plan that must be prepared and approved in accordance with the prescribed requirements in the Financial Plans Regulation.

Under section 30 of the SDWA, the Financial Plan element of the licence program must either be prepared in accordance with the Sustainable Water and Sewage System Act, 2002 (SWSSA) or in accordance with the requirements set by the Minister of the Environment. SWSSA regulations have not been published. Accordingly, the requirements set by the Minister of Environment apply as per the 2007 MOE guidelines.

Regulation 453/07 of the Safe Drinking Water Act was passed in 2007 and contains two key provisions that apply to an existing water system:

1. A person who makes an application under the Act for a municipal drinking water licence shall, before making the application, prepare and approve financial plans for the system that satisfy the requirements of Reg. 453/07. O. Reg. 453/07, S. 1(1).
2. As a condition in a municipal drinking water licence that is issued in response to an application made under section 33 of the Act for a municipal drinking water licence, the Director shall include a requirement that the owner of the drinking water system, by the later of July 1, 2010 and the date that is six months after the date the first licence for the system is issued, prepare and approve financial plans for the system that satisfy the requirements prescribed Reg. 453/07. O. Reg. 453, S. 1(3).

Several other provisions are also set out in the regulation that must be met by a municipality operating a water system:

- The financial plan must be approved by a resolution that is passed by the Council of the municipality.
- The financial plan must apply to a period of at least six years.
- The financial plan must be available, upon request, to members of the public at no charge and posted on the internet (if the municipality maintains a website).
- The municipality must provide notice as deemed appropriate to advise the public of the availability of the financial plan.

Once a system is licenced, the municipality’s Financial Plan is required to be updated every five years, in conjunction with every application for license renewal. A full documentation of the financial plan regulation, O.Reg. 453/07 can be found in Attachment 1.

In June 2006, the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered accountants approved new municipal financial accounting and reporting standards requiring that tangible capital assets (TCA), including the assets of drinking water systems, be included in municipal financial statements. Stat 3150 came into effect on January 1, 2009.

The Clean Water Act, 2006 targets the protection of drinking water supplies through the development of collaborative, locally driven, science and watershed based source protection plans. According to the MOE financial planning guidelines, Financial Plans should include source water protection costs related to the provision of water services. Utilities are encouraged to have, at minimum, estimates of any current source protection costs as a separate cost item by the time that their Financial Plans are required in order to effectively align with the anticipated approval timelines for source protection plans (2010-2012).

In June 2007, the government of Ontario proposed a lead action plan. The Financial Plans regulation requires municipalities’ Financial Plans to include the costs associated with replacing lead service pipes that are part of their drinking water system.

1.2 Township of Alfred and Plantagenet – Drinking Water System

The Township comprises two (2) Drinking Water Systems:

- The Wendover Drinking Water System, and
- The Alfred/Lefavre Drinking Water System.

Both systems are owned by the Township of Alfred and Plantagenet and operated by the Ontario Clean Water Agency.

Alfred/Lefavre Drinking Water System

The Alfred/Lefavre DWS services a population of approximately 4,000 set in three different locations within the Township: the Villages of Alfred, Lefavre, and Plantagenet. The System also services a village within a neighbouring Municipality, the Village of St. Isidore in the Municipality of The Nation.

The Alfred/Lefavre Drinking Water System consists of a surface water treatment plant (Lefavre WTP) that draws water from the Ottawa River. The Lefavre WTP is a conventional filtration plant with two process trains. One train utilizes an Actiflow® process package plant with a Dusenflow® filtration system and the other train utilizes a reactor type clarifier/flocculator with dual media filters. The Lefavre WTP also includes pH control, UV and chlorination disinfection system, onsite storage, high lift pumping and standby power. The distribution system includes two (2) elevated storage tanks (one in Alfred and the other in Plantagenet) and one (1) grade level reservoir.

2. Financial Operating Plan

The financial operating plan includes the full costs of operating the Alfred/Lefaiivre DWS on an ongoing basis and includes capital investments, operating costs, maintenance costs, administration costs, debt repayment and interest charges (if any).

A financial operating plan for the Alfred/Lefaiivre DWS was developed using historical financial information and projecting the information forward to forecast the annual expenditure requirements, while taking into account inflation and any growth forecast.

2.1 Operating Expenses

There are numerous recurring operating expenses for the Alfred/Lefaiivre DWS, some of which include wages for OCWA operators, utility costs, major maintenance and repair items for the upkeep of the drinking water system as well as other miscellaneous costs such as office supplies, municipal staff wages and salaries, and professional fees. Some operating costs are projected to increase on an annual basis at a rate of 2% per year up to the end of the study period. Hydro/Utility costs however, are projected to increase at a rate of 5% per year over the study period. Major maintenance costs vary year-to-year and depend on the needs of the system and expected remaining useful life of some assets. The total water operating expenses (excluding capital items and amortization) for the Alfred/Lefaiivre DWS were \$636,572 in 2015. The projected operating expenses for the remainder of the study period generally fall just above \$600,000, fluctuating according to the variance in major maintenance costs. By the end of 2021, the operating expenses are expected to reach \$702,811.

2.2 Capital Costs

Although ongoing yearly maintenance and repair of the Alfred/Lefaiivre DWS is forecasted, most of these costs will be considered an expense. Most items identified in the capital and major maintenance forecast were estimated to be \$5000 or less. One of the process trains at the WTP has been allocated funds to complete maintenance work in 2019, however as this will comprise of several smaller maintenance items, it has been deemed as a major maintenance rather than a capital item. Additionally, the media in the filter train is expected to be replaced within the study period, but is also viewed as an ongoing operating and maintenance cost.

2.3 Debt Management

The Alfred/Lefaiivre DWS did not have any debt at the beginning of 2015. No new debt is forecasted to be incurred during the study period.

2.4 Lead Pipe Replacement Costs

There are no costs associated with lead pipe replacement for the Alfred/Lefaiivre DWS.

2.5 Source Water Protection Costs

The Town had source water protection costs of \$30,138 in 2014, following by two source water protection costs of \$44,905 and \$14,957 in 2015. These amounts were funded by source water protection grants designated to cover the Town’s source water protection costs, but were distributed evenly between the Wendover, Plantagenet and Alfred-Lefaire systems, each contributing \$10,046 in 2014 and \$19,954 in 2015.

3. Funding Plan

A funding plan was developed to ensure that the annual expenditures forecasted in the financial operating plan can be sustained over the study period. The funding plan relies on operating revenues from the direct users of the drinking water system through water rates in combination with the sale of water to neighboring villages, contributions from the villages to maintain the DWS assets, and miscellaneous other revenues.

3.1 Water Rates

The Alfred/Lefaire DWS currently (in 2015) services approximately 1144 connections in the Alfred Lefaire region. Users of the DWS are charged a yearly flat rate as well as a metered rate (per m³) and it has been assumed for this financial plan that this rate structure will continue for the duration of the study period.

In addition to the metered and flat rates charged to existing users, connection fees are applied at a rate of \$1297 and \$809 for Alfred and Lefaire, respectively.

Since there are several communities that are connected to the WTP located in Alfred/Lefaire, the Township charges these communities an amount that is based on the water used by each community. These charges help pay for the operating and maintenance costs described in Section 2.1 that are associated with the upkeep of the DWS. The village of Plantagenet in 2015 is anticipated to cover 24.56% of these costs, while the First Nation of St. Isadore is anticipated to cover 16.89% of these costs. The remainder of the costs will be paid for by Alfred/Lefaire.

The historic and proposed water rates charged to consumers can be found in Table 1.1. The flat rates and metered rates have historically increased by 3% per year. This is proposed to continue from 2015 to the end of the study period.

Table 1.1 – Water Rate Charge per Year

Type of Unit	Water Rate per Year/ % Increase Over Previous Year								
	Historic		Proposed						
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Metered Rate	\$0.85	\$0.87	\$0.89	\$0.92	\$0.94	\$0.97	\$1.00	\$1.03	\$1.06
	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Flat Rate	\$175	\$180	\$185	\$191	\$196	\$202	\$208	\$214	\$221
	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

3.2 Debt and Cash Reserves

Based on the current revenue and expenditure forecasts for the study period, there will be no requirement to raise any additional funds through borrowing.

There is a reserve fund for the Alfred/Lefavre system that had a balance of \$80,559 at the beginning of 2015. This reserve fund is expected to increase in size each year due to user rates and connection fees generating larger revenue than the expenditures of the system. This surplus is transferred to the reserve fund and is expected to amass a total of \$389,562 by the end of 2021. This reserve has been assumed to generate an interest of 2% per year over the study period.

An additional reserve is set aside for Alfred/Lefavre that is maintained at a constant level throughout the study period. This reserve had a balance of \$17,000 at the beginning of 2015 and will remain with this amount until the end of the study period.

3.3 Government Grant

There are no grants anticipated for the study period as it is unknown what funding programs will become available in the next few years.

4. Financial Plan Summary – Alfred/Lefavre

This section provides a summary of principal features concerning the current and projected future state of the Alfred/Lefavre DWS. The financial information is contained in financial statements covering six years (2015-2021) in compliance with O. Reg. 453. Detailed financial statements are set out in tabular form in Section 5. Notes regarding the financial statements are presented at the end of the financial statement section of this report.

4.1 Statement of Financial Position (Table 5.1)

An important feature of a water system is its net financial assets. A positive net financial asset indicates that the system has resources to deal with future capital and other needs. A negative number indicates that past capital and other investments must be financed from future revenues. The Alfred/Lefavre DWS's net financial assets are shown in Figure 4.1 below.

Figure 4.1 – Alfred/Lefavre Net Financial Assets

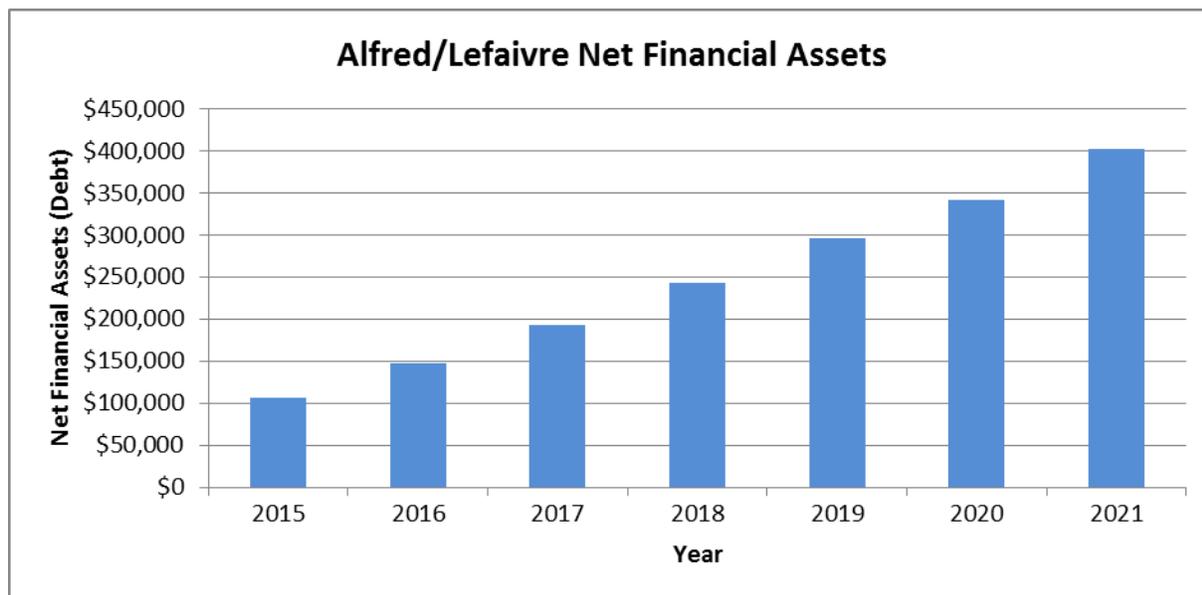


Figure 4.1 shows positive and growing net financial assets are projected up to the year 2021. The positive financial asset position is primarily attributed to the reserve fund continuing to grow throughout the study period. The positive, growing net financial assets indicates that the position of the Township is strong in 2015, and continues to improve as additional funds are added to the reserve fund.

A second feature of the water system is the total value of the system’s tangible capital assets (plant equipment, watermains). Consideration of the value of tangible capital assets (TCA) is part of PSAB compliance. The current value of the capital assets is termed net book value (NBV). NBV is the difference between the original cost of an asset less the accumulated amortization.

Water systems have a great deal of resources tied up in tangible capital assets and managing these assets is critical to maintaining current and future levels of service. Tangible capital assets, once installed, are being used and are decreasing in value. An increase in net book value of tangible capital assets is an indication that assets have been renewed faster than they were used. A decrease in net book value indicates that assets are being used, or amortized, faster than they are renewed. The net book value of the assets is set out in Figure 4.2. As shown in the figure, a decrease in the TCA NBV occurs each year during the study period as no capitalized items were added to the system and the existing capital items were being amortized. This does not indicate that the system is not being maintained, but that the maintenance completed on the system is regarded as routine maintenance for operation. Therefore, the overall asset position begins decreasing linearly according to the yearly amortization until the end of the study period.

Figure 4.2 – Alfred/Lefavre Tangible Capital Assets

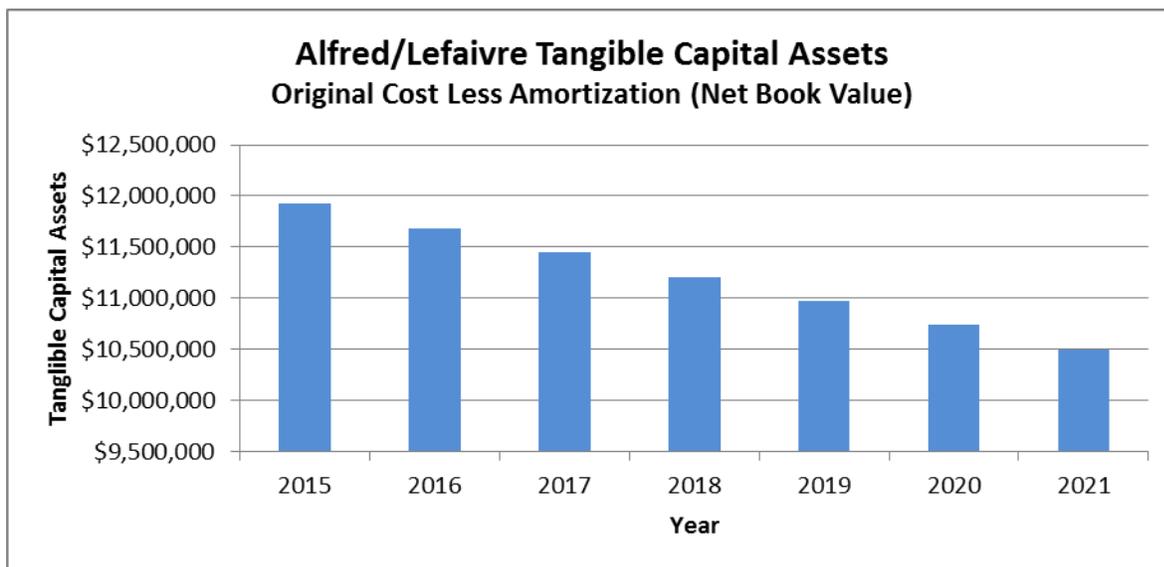
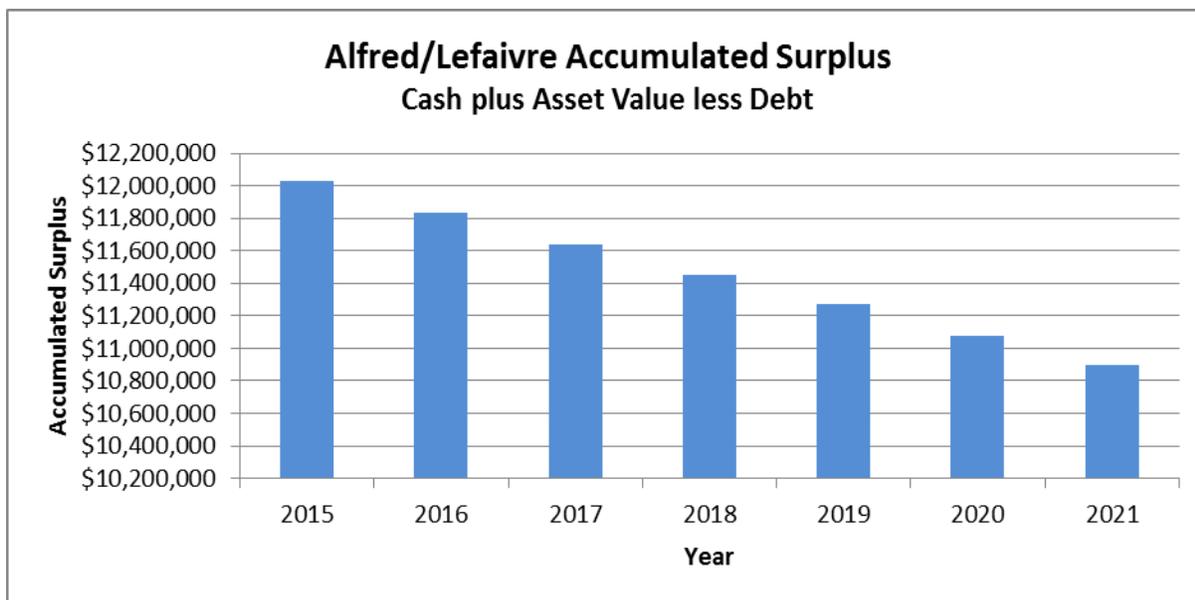


Figure 4.3 sets out the accumulated surplus, which represents cash on hand plus the net book value of tangible capital assets less debt. The water system is projected to show an overall decrease in accumulated surplus from 2015 to 2021. Each year shows a decrease in overall accumulated surplus due to the yearly amortization of the capital assets. This is showing that the combined cash and asset position is weakening over the study period. Although the amount in the reserve fund is increasing over the study period, the assets are being amortized without being replaced. As a result, the amortization or loss of value of the asset is occurring at a faster rate than the continuous contribution to the reserve fund.

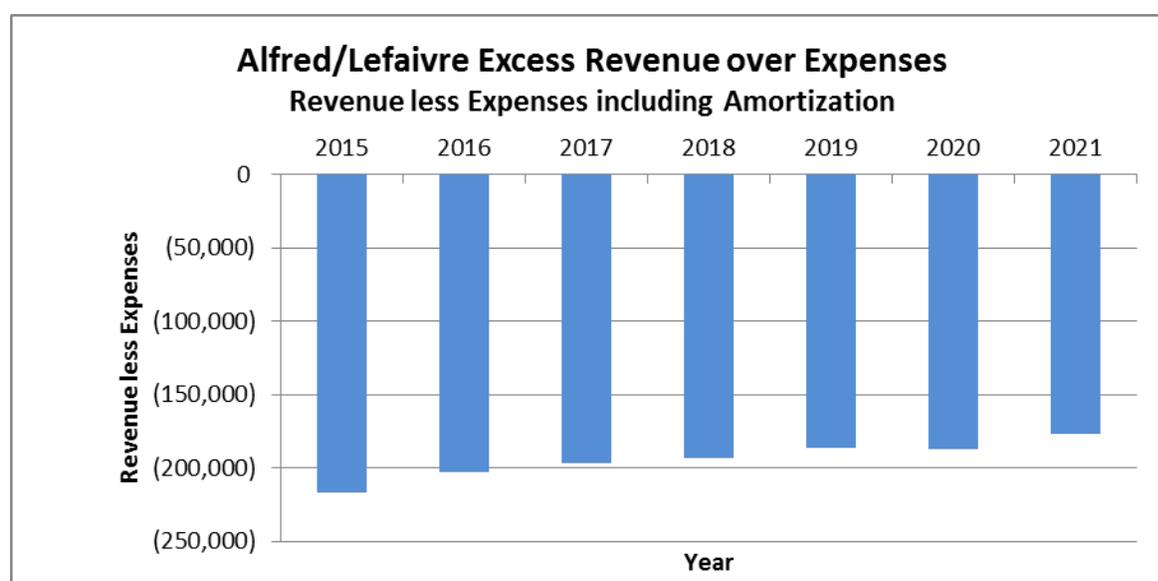
Figure 4.3 – Alfred/Lefavre Accumulated Surplus



4.2 Statement of Operations (Table 5.2)

This statement summarizes revenues and expenditures. Revenue includes revenues from connected users, new connection fees and other miscellaneous revenues. Expenditures include ongoing operating costs, maintenance items and asset amortization. Figure 4.4 projects that the system’s excess of revenues over expenses, including amortization, has negative values throughout the study period. However, it must be noted that a significant portion of the negative values can be attributed to the amortization of assets for the Alfred/Lefavre DWS. Since the amortization is stable throughout the study period, and the values shown in the graph increase over time, it signifies that the revenues are slowly catching up to the expenses plus amortization over time.

Figure 4.4 – Excess Revenue over Expenses



4.3 Continuous Improvement

The SDWA requires renewal of Municipal Drinking Water Licences every five (5) years. The Financial Plan regulation requires the preparation and approval of a financial plan before making an application for renewal of a Drinking Water License. Thus each Financial Plan will require updating at a minimum frequency of every five years. This on-going update will assist in revisiting the assumptions made in the original financial plan, to develop the operating and funding plans as well as re-assessing the need for capital renewal and major maintenance expenditures.

4.4 Conclusion

The Alfred/Lefavre DWS is currently financially self-sustaining on its own and is able to fund ongoing operating and capital costs from the revenue generated from the water system users. Additionally, a

surplus is set aside in the reserve fund each year. This scenario is forecasted to continue throughout the study period. The financial statements reveal that Alfred/Lefaivre DWS is projected be in good financial shape over the study period with no need for borrowing over the next few years.

In reviewing these statements, it is important to keep in mind that a number of assumptions have been made concerning inflation, interest rates, and growth projections. Actual numbers may significantly deviate from these over time. In addition, capital and major maintenance cost estimates and schedule may vary from current projections. There is a need to monitor the progress of this plan and make adjustments as needed.

The detailed financial statements are set out in tabular form in the following Section and were the basis for the above summary.

5. Financial Statements

The detailed financial statements are set out in the following tables. Section 6 details the notes that correspond to the “notes” numbers on the right side of the tables.

Table 5.1 – Statement of Financial Position

Statement of Financial Position	2015	2016	2017	2018	2019	2020	2021	Notes
Financial Assets								
Cash/Cash Equivalents								
Reserve Fund	\$90,017	\$129,875	\$175,878	\$225,787	\$278,260	\$328,708	\$389,562	1
Reserve	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	2
Total Cash/Cash Equivalents	\$107,017	\$146,875	\$192,878	\$242,787	\$295,260	\$345,708	\$406,562	
Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Financial Assets	\$107,016.95	\$146,874.76	\$192,877.76	\$242,787.38	\$295,260.36	\$345,707.67	\$406,562.16	
Liabilities								
Accounts Payable (Capital)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Principal/Working Deficit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Liabilities	\$0							
Net Financial Assets (Debt)	\$107,017	\$146,875	\$192,878	\$242,787	\$295,260	\$345,708	\$406,562	
Non Financial Assets								3,4
Tangible Capital Asset Cost (Closing)	\$15,703,936	\$15,703,936	\$15,703,936	\$15,703,936	\$15,703,936	\$15,703,936	\$15,703,936	5
Changes in Tangible Capital Assets - Additions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	3
Tangible Capital Asset Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Accumulated Amortization (closing)	\$3,763,069	\$4,006,020	\$4,248,970	\$4,491,920	\$4,730,736	\$4,968,263	\$5,205,789	3
Total Non Financial Assets	\$11,940,866	\$11,697,916	\$11,454,966	\$11,212,015	\$10,973,199	\$10,735,673	\$10,498,147	
Accumulated Surplus(deficit)	\$12,047,883	\$11,844,791	\$11,647,843	\$11,454,803	\$11,268,460	\$11,081,381	\$10,904,709	

Note: Unaudited for Planning Purposes Only – Actual results will differ from the above and these differences could be material.

Table 5.2 – Statement of Financial Operation

Statement of Financial Operations	2015	2016	2017	2018	2019	2020	2021	Notes
Total Revenues								
User Fees								
Metered Rate Revenues	\$169,100	\$187,534	\$193,986	\$200,657	\$207,553	\$214,682	\$222,053	
Fixed Rate Revenues	\$234,950	\$222,753	\$230,417	\$238,340	\$246,531	\$255,000	\$263,754	
Total User Fees	\$404,050	\$410,287	\$424,403	\$438,997	\$454,084	\$469,682	\$485,807	6
Sale of Water to Plantagenet	\$140,800	\$122,028	\$125,474	\$129,040	\$132,729	\$136,548	\$140,501	7
Contribution from Plantagenet - Mat & Rep	\$0	\$7,855	\$9,888	\$10,493	\$11,762	\$15,045	\$10,286	8
Sale of Water to Nation	\$99,154	\$83,919	\$86,289	\$88,741	\$91,278	\$93,905	\$96,623	9
Sale of Water to Nation - Mat & Rep	\$0	\$5,402	\$6,800	\$7,216	\$8,089	\$10,347	\$7,074	10
Development/Connection Charges								
Frontage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Rebate Payable	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	11
Source Water Protection	\$19,954	\$0	\$0	\$0	\$0	\$0	\$0	12
Interest	\$1,611	\$1,800	\$2,597	\$3,518	\$4,516	\$5,565	\$6,574	13
Other Revenues	\$9,800	\$9,800	\$9,800	\$9,800	\$9,800	\$9,800	\$9,800	
Grants								
Rural Infrastructure Initiative	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Revenues	682,369	648,090	672,252	694,805	719,258	747,892	763,666	
Expenses								
Operating including major maintenance	\$652,726	\$604,318	\$622,217	\$640,743	\$662,508	\$693,039	\$698,274	14
Cont. to Alfred Lagoon Sludge	\$3,800	\$3,914	\$4,031	\$4,152	\$4,277	\$4,405	\$4,537	15
Total Operating	656,526	608,232	626,249	644,895	666,785	697,444	702,811	
Debt Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Amortization	\$242,950	\$242,950	\$242,950	\$242,950	\$238,816	\$237,526	\$237,526	3
Total Expenses	899,476	851,183	869,199	887,845	905,601	934,970	940,337	
Excess of Revenues over Expenses before Other	-\$217,107	-\$203,092	-\$196,947	-\$193,041	-\$186,343	-\$187,079	-\$176,672	
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
transfer from reserve fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Previous Year's Deficit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transfer from Ward 3 Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Excess of Revenues over Expenses	(217,107)	(203,092)	(196,947)	(193,041)	(186,343)	(187,079)	(176,672)	
Annual Surplus (Deficit) Beginning of year	\$12,264,990	\$12,047,883	\$11,844,790	\$11,647,843	\$11,454,803	\$11,268,459	\$11,081,380	
Accumulated Surplus (Deficit) End of Year	\$12,047,883	\$11,844,790	\$11,647,843	\$11,454,803	\$11,268,459	\$11,081,380	\$10,904,709	

Note: Unaudited for Planning Purposes Only – Actual results will differ from the above and these differences could be material.

Table 5.3 – Statement of Change in Cash Flow

Statement of Cash Flow		2015	2016	2017	2018	2019	2020	2021	Notes
Operating									
Total Operating Revenues		\$680,758	\$646,290	\$669,654	\$691,287	\$714,742	\$742,326	\$757,091	
Cash paid for Operating		\$656,526	\$608,232	\$626,249	\$644,895	\$666,785	\$697,444	\$702,811	14
Cash paid for Financing (Debt Interest)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Excess of Operating Revenues Over Operating Expenses		\$24,232	\$38,057	\$43,406	\$46,392	\$47,957	\$44,882	\$54,280	
Deduct Non Cash Charges to Operations									
Amortization		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Others		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total		\$0							
Working Capital Items									
Accounts Receivable		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Inventory		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Capital Work in Progress		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Cash provided by Operating Transactions		\$24,232	\$38,057	\$43,406	\$46,392	\$47,957	\$44,882	\$54,280	
Capital									
Acquisition of TCAs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	16
Proceeds on Disposal of TCA		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Cash used in Capital Transactions		\$0							
Investing									
Cash (used in)/Provided by Investing Activities (interest)		\$1,611	\$1,800	\$2,597	\$3,518	\$4,516	\$5,565	\$6,574	12
Increase (decrease) Cash Provided by Investing Activities		\$1,611	\$1,800	\$2,597	\$3,518	\$4,516	\$5,565	\$6,574	
Financing									
Previous Year's Deficit		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transfer from Ward 3 Reserve		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Cash Provided by (used) in Financing Activities		\$0							
Increase (decrease) in Cash Equivalents		\$25,843	\$39,858	\$46,003	\$49,910	\$52,473	\$50,447	\$60,854	
Cash and Cash Equivalents at the beginning of the Year		\$81,174	\$107,017	\$146,875	\$192,878	\$242,788	\$295,261	\$345,708	
Cash and Cash Equivalents at the End of the Year		\$107,017	\$146,875	\$192,878	\$242,788	\$295,261	\$345,708	\$406,562	

Note: Unaudited for Planning Purposes Only – Actual results will differ from the above and these difference could be material.

6. Notes on the Alfred/Lefaivre DWS Financial Plan

The Alfred/Lefaivre DWS Financial Plan represents a forecast of the financial performance of the drinking water system over a study period starting in 2015 through to 2021. The following notes are intended to document and/or clarify some of the assumptions made in generating the financial information contained in the tables. The reader is cautioned that the financial plan contains un-audited financial information and is subject to change.

- 1) Reserve Fund - Any surpluses and contributions to reserve is assumed to go into the Reserve Fund with interest calculated at 2.0% per year on the reserve balance.
- 2) Reserve – Township maintains a reserve that is projected to be maintained at \$17,000 throughout the study period. No interest is generated on this balance.
- 3) Capital works are assumed to have no residual value when they have reached the end of their projected life. Future capital works costs are in 2015 costs, inflated to future installation year cost at an inflation rate of 2% per annum. The projected future costs of capital items include a 15% contingency. Amortization was determined using the straight line method. All works are assumed to have been put into service or disposed of at the beginning of the year (January 1).
- 4) The cost of replacement or addition of capital assets at the Alfred/Lefaivre Water Treatment Plant is shared with the Municipality of the Nation to cover the supply of water to St. Isidore. The Nation will pay approximately 17% of future capital costs. Plantagenet is expected to contribute approximately 25% of these costs.
- 5) Tangible Capital Assets Cost (Closing) – Includes changes (additions, disposals, write-downs) in tangible capital assets during the year.
- 6) User Fees – User fees are broken down into metered user fees (per m³) and fixed users fees (annual fee).
- 7) Sale of Water to Plantagenet – Plantagenet’s share of the operating cost of the Alfred/Lefaivre Water Treatment Plant.
- 8) Contribution from Plantagenet - Mat & Rep – Plantagenet’s share of the major maintenance cost of the Alfred/Lefaivre Water Treatment Plant.
- 9) Sale of Water to Nation – St. Isidore’s share of the operating cost of the Alfred/Lefaivre Water Treatment Plant.
- 10) Sale of Water to Nation - Mat & Rep – St. Isidore’s share of the major maintenance cost of the Alfred/Lefaivre Water Treatment Plant.
- 11) Rebate Payable – Users are provided a discount to their water bills if they pay the bill in advance, which is reflected as a rebate in the revenue and expenditure plan.

- 12) Source Water Protection – The Town had source water protection costs of \$30,138 in 2014, following by two source water protection costs of \$44,905 and \$14,957 in 2015. The costs were distributed evenly between the Wendover, Plantagenet and Alfred-Lefavre systems, each contributing \$10,046 in 2014 and \$19,954 in 2015.
- 13) Interest - Interest is calculated at a rate of 2.0% per year on the “Reserve Fund” balances.
- 14) Operating Costs – Operating costs are projected to increase at 2% per annum for most items and 5% per annum for energy. Operating costs also includes major maintenance items, which are major non-routine costs that are not capital items. The projected future costs of major maintenance items include a 15% contingency.
- 15) Contribution to Alfred Lagoon Sludge – Expense attributable to Alfred/Lefavre for the operation of the sludge lagoon
- 16) Acquisition of TCA – there are no acquisitions of TCA for the Water Treatment Plant or distribution system.

Attachment 1

Ontario Regulation 453/07

Safe Drinking Water Act, 2002
ONTARIO REGULATION 453/07
FINANCIAL PLANS

Consolidation Period: From April 1, 2008 to the [e-Laws currency date](#).

Last amendment: O. Reg. 69/08.

This is the English version of a bilingual regulation.

Requirement to prepare financial plans

1. (1) A person who makes an application under clause 32 (1) (b) of the Act for a municipal drinking water licence shall, before making the application, prepare and approve financial plans for the system that satisfy the requirements prescribed under section 2. O. Reg. 453/07, s. 1 (1).

(2) A person who makes an application under subsection 32 (4) of the Act for the renewal of a municipal drinking water licence shall, before making the application, prepare and approve financial plans for the system that satisfy the requirements prescribed under section 3. O. Reg. 453/07, s. 1 (2).

(3) As a condition in a municipal drinking water licence that is issued in response to an application made under section 33 of the Act for a municipal drinking water licence, the Director shall include a requirement that the owner of the drinking water system, by the later of July 1, 2010 and the date that is six months after the date the first licence for the system is issued, prepare and approve financial plans for the system that satisfy the requirements prescribed under section 3. O. Reg. 453/07, s. 1 (3).

(4) The Director shall include, as a condition in a municipal drinking water licence, the requirement set out in subsection (3) in any amendments to a license made after the application, if the condition is not satisfied at the time when the amendment is made. O. Reg. 453/07, s. 1 (4).

Financial plan requirements; new systems

2. For the purposes of clause (b) of the definition of “financial plans” in subsection 30 (1) of the Act, the following requirements are prescribed for financial plans that are required by subsection 1 (1) to satisfy the requirements of this section:

1. The financial plans must be approved by a resolution that indicates that the drinking water system is financially viable and that is passed by,
 - i. the council of the municipality, if the owner of the drinking water system is a municipality, or
 - ii. the governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.
2. The financial plans,
 - i. must include a statement that the financial impacts of the drinking water system have been considered, and
 - ii. must apply for a period of at least six years.
3. The first year to which the financial plan must apply is the year in which the drinking water system is expected to first serve the public.
4. For each year in which the financial plans apply, the financial plans must include details of the proposed or projected financial operations of the drinking water system itemized by,
 - i. total revenues, further itemized by water rates, user charges and other revenues,
 - ii. total expenses, further itemized by amortization expenses, interest expenses and other expenses,
 - iii. annual surplus or deficit, and
 - iv. accumulated surplus or deficit.
5. The owner of the drinking water system must,
 - i. make the financial plans available, on request, to members of the public who are served by the drinking water system without charge,
 - ii. make the financial plans available to members of the public without charge through publication on the Internet, if the owner maintains a website on the Internet, and

- iii. provide notice advising the public of the availability of the financial plans under subparagraphs i and ii, if applicable, in a manner that, in the opinion of the owner, will bring the notice to the attention of members of the public who are served by the drinking water system.
6. The owner of the drinking water system must give a copy of the financial plans to the Ministry of Municipal Affairs and Housing. O. Reg. 453/07, s. 2.

Financial plan requirements; licence renewal

3. (1) For the purposes of clause (b) of the definition of “financial plans” in subsection 30 (1) of the Act, the following requirements are prescribed for financial plans that are required by subsection 1 (2) or a condition that is included in a municipal drinking water licence under subsection 1 (3) to satisfy the requirements of this section:

1. The financial plans must be approved by a resolution that is passed by,
 - i. the council of the municipality, if the owner of the drinking water system is a municipality, or
 - ii. the governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.
2. The financial plans must apply to a period of at least six years.
3. The first year to which the financial plans must apply must be the year determined in accordance with the following rules:
 - i. If the financial plans are required by subsection 1 (2), the first year to which the financial plans must apply must be the year in which the drinking water system’s existing municipal drinking water licence would otherwise expire.
 - ii. If the financial plans are required by a condition that was included in a municipal drinking water licence under subsection 1 (3), the first year to which the financial plans must apply must be the later of 2010 and the year in which the first licence for the system was issued.
4. Subject to subsection (2), for each year to which the financial plans apply, the financial plans must include the following:
 - i. Details of the proposed or projected financial position of the drinking water system itemized by,
 - A. total financial assets,
 - B. total liabilities,
 - C. net debt,
 - D. non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses, and
 - E. changes in tangible capital assets that are additions, donations, write downs and disposals.
 - ii. Details of the proposed or projected financial operations of the drinking water system itemized by,
 - A. total revenues, further itemized by water rates, user charges and other revenues,
 - B. total expenses, further itemized by amortization expenses, interest expenses and other expenses,
 - C. annual surplus or deficit, and
 - D. accumulated surplus or deficit.
 - iii. Details of the drinking water system’s proposed or projected gross cash receipts and gross cash payments itemized by,
 - A. operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges,
 - B. capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,
 - C. investing transactions that are acquisitions and disposal of investments,
 - D. financing transactions that are proceeds from the issuance of debt and debt repayment,
 - E. changes in cash and cash equivalents during the year, and
 - F. cash and cash equivalents at the beginning and end of the year.

- iv. Details of the extent to which the information described in subparagraphs i, ii and iii relates directly to the replacement of lead service pipes as defined in section 15.1- 3 of Schedule 15.1 to Ontario Regulation 170/03 (Drinking Water Systems), made under the Act.
 5. The owner of the drinking water system must,
 - i. make the financial plans available, on request, to members of the public who are served by the drinking water system without charge,
 - ii. make the financial plans available to members of the public without charge through publication on the Internet, if the owner maintains a website on the Internet, and
 - iii. provide notice advising the public of the availability of the financial plans under subparagraphs i and ii, if applicable, in a manner that, in the opinion of the owner, will bring the notice to the attention of members of the public who are served by the drinking water system.
 6. The owner of the drinking water system must give a copy of the financial plans to the Ministry of Municipal Affairs and Housing. O. Reg. 453/07, s. 3 (1).
- (2) Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared:
1. Sub-subparagraphs 4 i A, B and C of subsection (1).
 2. Sub-subparagraphs 4 iii A, C, E and F of subsection (1). O. Reg. 453/07, s. 3 (2).

Alternative requirements for two or more drinking water systems

4. If section 3 applies to the financial plans of two or more drinking water systems that are solely owned by the same owner, the requirements prescribed by the section may, as an alternative, be satisfied by financial plans that comply with the section but treat those systems as if they were one drinking water system. O. Reg. 453/07, s. 4.

Amendment of financial plans

5. Sections 2 and 3 do not prevent financial plans from being amended. O. Reg. 453/07, s. 5.

Additional information

6. The requirements of this Regulation do not prevent a person from providing additional information in financial plans prepared for the purpose of meeting the requirements of the Act. O. Reg. 453/07, s. 6.