



CANTON/TOWNSHIP
ALFRED & PLANTAGENET

The Township of Alfred and Plantagenet

Wendover Drinking Water System

Financial Plan # 169-302

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 Wendover 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 Wendover 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 Wendover 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 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.

Wendover Drinking Water System

The Wendover Drinking Water System is located on the Ottawa River, east of Ottawa. The DWS services a population of approximately 1,250. The Wendover Water Works consists of: one (1) low lift pumping station, one (1) Class II Water Treatment Plant with a design capacity of 1,806 cubic meters/day at a raw water temperature above 1 degree Celsius and 1,517 cubic meters/day below 1 degree Celsius, one (1) 1,940 cubic meter elevated water storage tank and a Class II distribution system with 6.2 km of piping. The WTP consists of: a dual train packaged water treatment plant with provision for a second unit, a four (4) cell 220 cubic meter clear water reservoir, two (2) vertical turbine high lift pumps, two (2) horizontal submersible turbine back wash water pumps, and two (2) wash water holding tanks, discharging waste water to the adjoining Water Pollution Control Plant.

The WTP and water tower were put into service in 2001. The Distribution System was replaced almost in its entirety in 2007/2008. The water meters were installed in 2009.

2. Financial Operating Plan

The financial operating plan includes the full costs of operating the Wendover 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 Wendover 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 Wendover DWS, some of which include wages for OCWA operators, utility costs, major maintenance, payment in lieu and repair items for the upkeep of the drinking water system as well as other miscellaneous costs such as 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 Wendover DWS were \$293,045 in 2015. The projected operating expenses for the remainder of the study period generally fall just below \$300,000, slowly rising to just above \$300,000 by the end of 2021. The operating costs primarily fluctuate according to the variance in major maintenance costs. By the end of 2021, the operating expenses are expected to reach \$321,154.

2.2 Capital Costs

There are numerous major maintenance items forecasted up until the year 2021 to maintain the DWS. Many of these items are considered yearly maintenance and repair; therefore are viewed as an expense. Many items identified in the capital and major maintenance forecast were estimated to be \$5000 or less. However, there are several items that will be capitalized based on their estimated cost and nature of the work to be completed. One (1) low lift pump and one (1) high lift pump are anticipated to be replaced in 2016 and 2017 respectively, each at a cost of \$10,000. Furthermore, a second treatment train is projected to be installed at the WTP in 2019 at a cost of approximately \$150,000. Finally, in 2020, one (1) grinder pump and one (1) flow meter are scheduled to be replaced at respective costs of \$7000 and \$10,000.

In addition to the works completed at the WTP described above, yearly installation of new water meters has been budgeted at a cost of \$8000 per year up to 2021.

2.3 Debt Management

The Wendover 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 Wendover 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-Lefavre 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 connection charges, sales of meters and miscellaneous other revenues.

3.1 Water Rates

The Wendover DWS currently (in 2015) services approximately 663 connections in the village of Wendover. 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 \$2,650 per connection.

The historic and proposed water rates charged to consumers can be found in Table 1.1 below. The flat rates and metered rates have historically stayed relatively constant, but in 2015 had a slight increase in the rate per connection as well as the metered rate. The rates set in 2015 are assumed to stay constant for the duration 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	\$1.54	\$1.54	\$1.57	\$1.57	\$1.57	\$1.57	\$1.57	\$1.57	\$1.57	\$1.57
	-	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Flat Rate	\$206	\$206	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210
	-	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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 Wendover system that had a balance of \$343,833 at the beginning of 2015. This reserve fund is expected to increase in size due to user rates and connection fees generating larger revenue than the expenditures of the system. This excess revenue is then transferred to the reserve fund and amasses a total of \$704,199 by the end of 2021.

The reserve fund was also used to finance two (2) loans, the Evergreen loan and an internal loan for road works. The Evergreen and internal loans included interest rates of 4.6% and 3.75% respectively to generate additional revenues. The Evergreen and internal road work loans are anticipated to be paid by in full by the end of 2017 and 2020, respectively.

The reserve fund has been assumed to generate an interest of 2% per year over the study period.

3.3 Government Grant

In 2015, Wendover received a grant totaling \$1,000 to assist in funding an energy audit for the water system. There are no additional 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 – Wendover

This section provides a summary of principal features concerning the current and projected future state of the Wendover 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 Wendover DWS's net financial assets are shown in Figure 4.1 below.

Figure 4.1 – Wendover Net Financial Assets

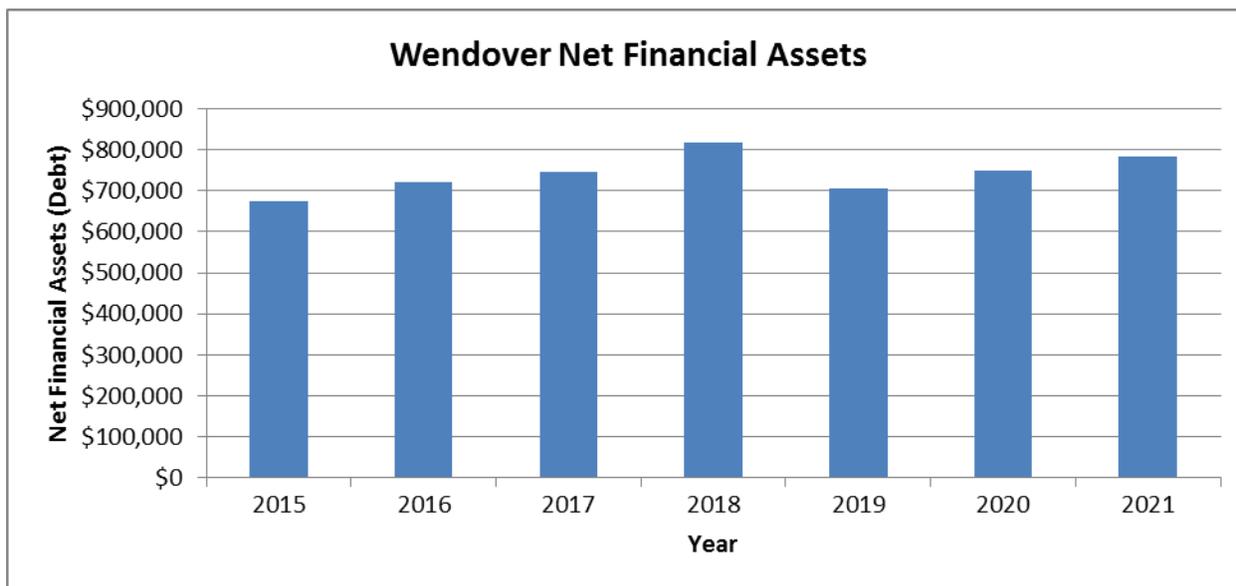


Figure 4.1 shows positive and growing net financial assets are projected for most years up to the year 2021. The positive financial asset position is primarily attributed to the reserve fund continuing to grow throughout the study period. The drop in net financial assets in the year 2019 is due to a requirement to borrow from the reserve fund to assist in financing the installation of a second treatment train at the WTP mentioned in Section 2.2 The positive, growing net financial assets indicates that the position of the Township is strong in 2015, and generally 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, with the exception of 2019. There are some minor capital projects that occur each year; however, these projects are not large enough to outweigh the amortization that occurs. The one exception is in 2019, representing the significant upgrade occurring at the WTP to include a second treatment train. In addition to the smaller capital works at the WTP, there are ongoing minor and major maintenance items that are not reflected in the Figure 4.2. Therefore, the overall asset position decreases until the end of the study period.

Figure 4.2 – Wendover Tangible Capital Assets

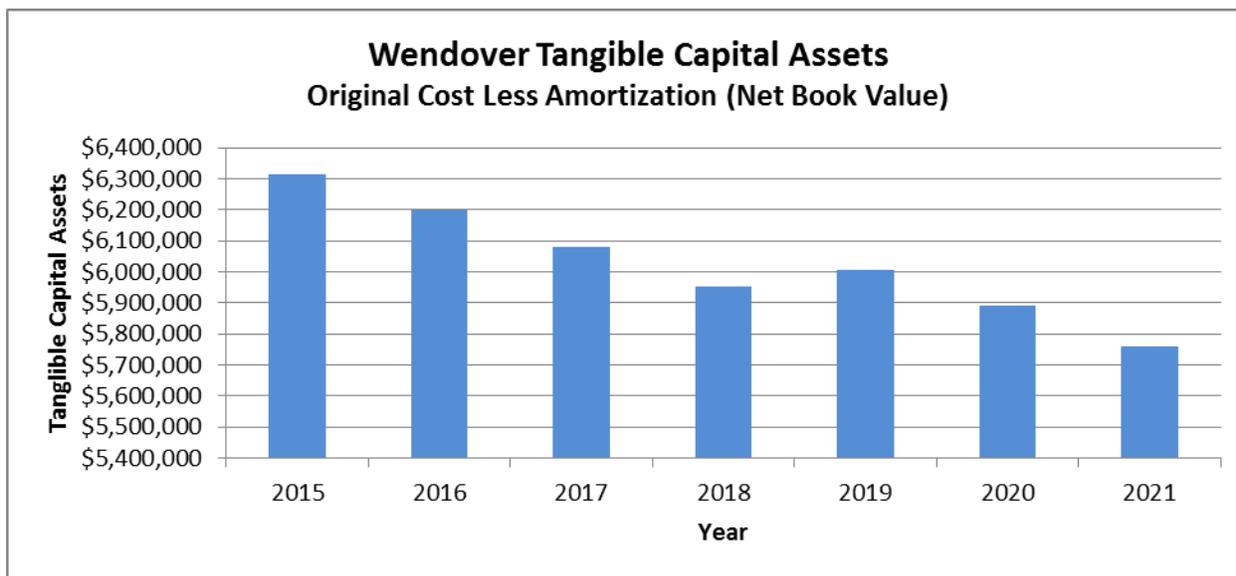
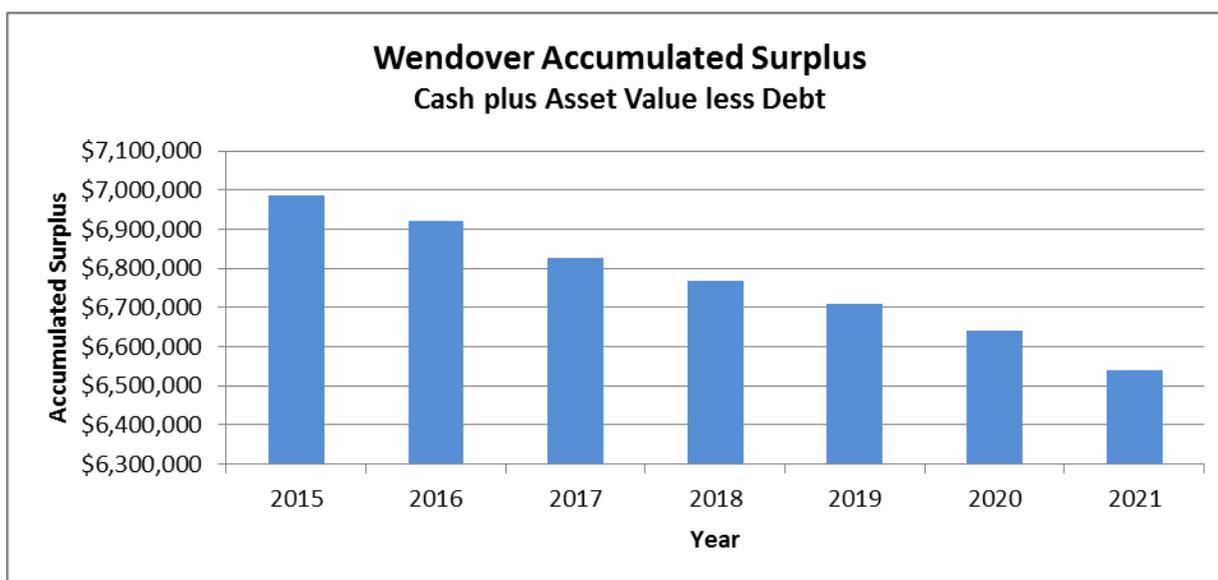


Figure 4.3 sets out the accumulated surplus, which represents cash on hand plus the net book value of tangible capital assets less debt. The water system is projected to show an overall decrease in accumulated surplus from 2015 to 2021. Each year shows a decrease in overall accumulated surplus due to 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 for most years, 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.

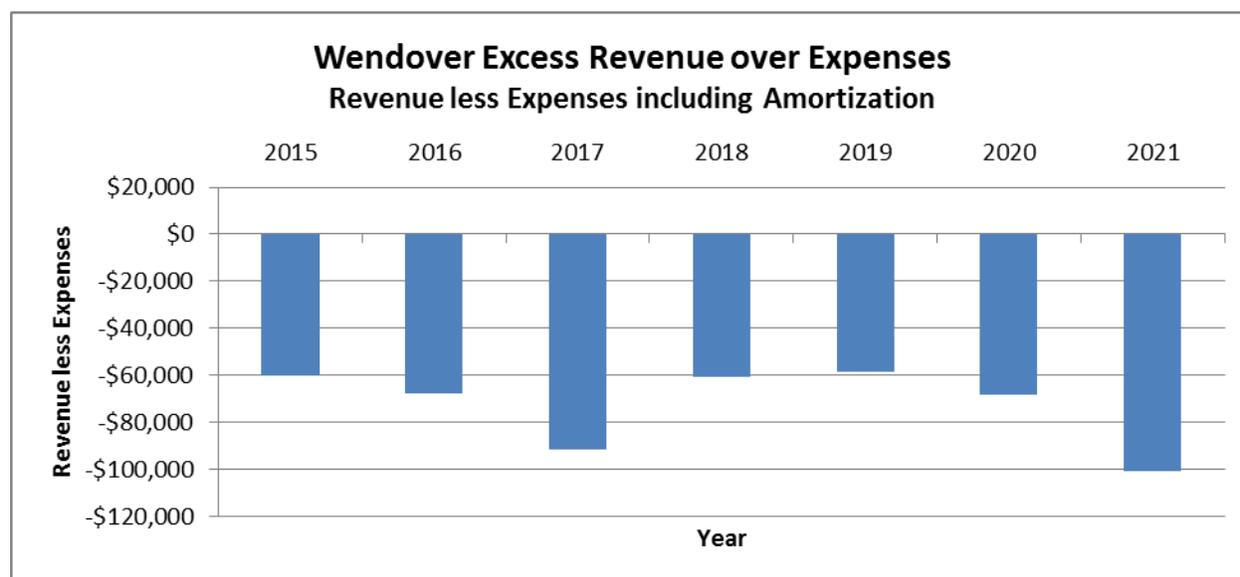
Figure 4.3 – Wendover Accumulated Surplus



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. A significant portion of the negative values can be attributed to the amortization of assets for the Wendover DWS. The amortization increases throughout the study period as additional assets are added and the revenues generated are unable to offset this amortization rate.

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 Licence. 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 Wendover 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 as well as set aside a portion of the revenues in the reserve fund. This scenario is forecasted to continue throughout the

study period. Although the revenues do not offset the rate of amortization seen in Wendover, the financial statements reveal that Wendover 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	\$457,731	\$542,510	\$604,759	\$695,625	\$607,070	\$670,747	\$704,199	1
Reserve	\$77,714	\$77,714	\$77,714	\$77,714	\$77,714	\$77,714	\$77,714	2
FCM Reserve/Surplus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Cash/Cash Equivalents	\$535,445	\$620,224	\$682,473	\$773,339	\$684,784	\$748,461	\$781,913	
Investments								
Evergreen Loan - Principal	\$31,061	\$15,327	\$0	\$0	\$0	\$0	\$0	3
Internal Loan - Principal	\$106,581	\$86,084	\$64,804	\$42,713	\$19,779	\$0	\$0	4
Total Investments	\$137,642	\$101,410	\$64,804	\$42,713	\$19,779	\$0	\$0	
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Financial Assets	\$673,087	\$721,634	\$747,277	\$816,052	\$704,563	\$748,461	\$781,913	
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 (Surplus/Debt)	\$673,087	\$721,634	\$747,277	\$816,052	\$704,563	\$748,461	\$781,913	
Non Financial Assets								
Tangible Capital Asset Cost (Closing)	\$8,166,124	\$8,186,014	\$8,206,302	\$8,214,791	\$8,410,170	\$8,440,588	\$8,449,597	5,6
Changes in Tangible Capital Assets - Additions	\$0	\$19,890	\$20,288	\$8,490	\$195,379	\$30,417	\$9,009	5
Tangible Capital Asset Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Accumulated Amortization (closing)	\$1,852,025	\$1,988,325	\$2,125,838	\$2,263,776	\$2,406,032	\$2,548,839	\$2,692,096	5
Total Non Financial Assets	\$6,314,099	\$6,197,689	\$6,080,463	\$5,951,015	\$6,004,138	\$5,891,749	\$5,757,501	
Accumulated Surplus(deficit)	\$6,987,186	\$6,919,324	\$6,827,741	\$6,767,067	\$6,708,701	\$6,640,210	\$6,539,414	

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	
Total Revenues								
User Fees								7
Metered Rate Revenues	\$142,900	\$157,314	\$158,256	\$160,611	\$162,966	\$165,321	\$166,499	
Fixed Rate Revenues	\$139,230	\$140,280	\$141,120	\$143,220	\$145,320	\$147,420	\$148,470	
Total User Fees	\$282,130	\$297,594	\$299,376	\$303,831	\$308,286	\$312,741	\$314,969	
Development/Connection Charges								
Connection Charges - new house	\$2,000	\$588	\$471	\$1,177	\$1,177	\$1,177	\$588	8
Sale of Meters	\$5,500	\$1,618	\$1,294	\$3,235	\$3,235	\$3,235	\$1,618	9
Wendover Water Charges	\$45,050	\$13,250	\$10,600	\$26,500	\$26,500	\$26,500	\$13,250	10
Total Development/Connection Charges	\$52,550	\$15,456	\$12,365	\$30,912	\$30,912	\$30,912	\$15,456	
Rebate Payable	\$6,300	11						
Source Water Protection	\$19,954	\$0	\$0	\$0	\$0	\$0	\$0	12
Interest	\$13,063	\$13,895	\$14,085	\$14,148	\$15,123	\$12,483	\$13,415	13
Lease on Water Tower	\$9,535	14						
Other Revenues	\$3,500	\$3,570	\$3,641	\$3,714	\$3,789	\$3,864	\$3,942	
Grants								
Grant - Energy Audit	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	
Total Grants	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	
Total Revenues	\$388,032	\$346,350	\$345,302	\$368,440	\$373,944	\$375,835	\$363,616	
Expenses								
Operating	\$312,999	\$277,913	\$299,371	\$291,176	\$290,054	\$301,519	\$321,154	15
Debt Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Amortization	\$135,110	\$136,300	\$137,514	\$137,938	\$142,256	\$142,807	\$143,257	
Total Expenses	\$448,109	\$414,213	\$436,885	\$429,115	\$432,309	\$444,326	\$464,412	
Excess of Revenues over Expenses before Other	-\$60,077	-\$67,862	-\$91,583	-\$60,674	-\$58,365	-\$68,491	-\$100,796	
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Excess of Revenues over Expenses	-\$60,077	-\$67,862	-\$91,583	-\$60,674	-\$58,365	-\$68,491	-\$100,796	
Annual Surplus (Deficit) Beginning of year	\$7,047,263	\$6,987,186	\$6,919,323	\$6,827,741	\$6,767,067	\$6,708,701	\$6,640,210	
Accumulated Surplus (Deficit) End of Year	\$6,987,186	\$6,919,323	\$6,827,741	\$6,767,067	\$6,708,701	\$6,640,210	\$6,539,414	

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	
Operating								
Total Operating Revenues	\$374,969	\$332,455	\$331,217	\$354,292	\$358,821	\$363,352	\$350,201	
Cash paid for Operating	\$312,999	\$277,913	\$299,371	\$291,176	\$290,054	\$301,519	\$321,154	
Cash paid for Financing (Debt Interest)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Excess of Operating Revenues Over Operating Expenses	\$61,970	\$54,542	\$31,846	\$63,116	\$68,768	\$61,833	\$29,047	
Deduct Non Cash Charges to Operations								
Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Others	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$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	\$61,970	\$54,542	\$31,846	\$63,116	\$68,768	\$61,833	\$29,047	
Capital								
Acquisition of TCAs	\$0	-\$19,890	-\$20,288	-\$8,490	-\$195,379	-\$30,417	-\$9,009	16
Proceeds on Disposal of TCA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Cash used in Capital Transactions	\$0	-\$19,890	-\$20,288	-\$8,490	-\$195,379	-\$30,417	-\$9,009	
Investing								
Cash (used in)/Provided by Investing Activities (interest)	\$13,063	\$13,895	\$14,085	\$14,148	\$15,123	\$12,483	\$13,415	
cash provided by Evergreen	\$15,042	\$15,734	\$15,327	\$0	\$0	\$0	\$0	17
cash provided by internal Loan	\$19,744	\$20,497	\$21,279	\$22,091	\$22,934	\$19,779	\$0	18
Increase (decrease) Cash Provided by Investing Activities	\$47,849	\$50,127	\$50,691	\$36,240	\$38,057	\$32,261	\$13,415	
Financing								
Repayment of Long Term Debt (principal)								
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Cash Provided by (used) in Financing Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Increase (decrease) in Cash Equivalents	\$109,819	\$84,779	\$62,249	\$90,865	-\$88,554	\$63,677	\$33,452	
Cash and Cash Equivalents at the beginning of the Year	\$563,268	\$673,087	\$757,866	\$820,115	\$910,981	\$822,426	\$886,103	
Cash and Cash Equivalents at the End of the Year	\$673,087	\$757,866	\$820,115	\$910,981	\$822,426	\$886,103	\$919,555	

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

6. Notes on the Wendover DWS Financial Plan

The Wendover 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 \$77,714 throughout the study period. No interest is generated on this balance.
- 3) Investment Evergreen Loan – Township receives repayment on loan to Evergreen with last repayment to occur in 2017. This investment generates interest at 4.60%.
- 4) Investment Internal Loan – Township receives repayment on internal loan with interest generated at 3.75%.
- 5) 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 a 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).
- 6) Tangible Capital Assets Cost (Closing) – Includes changes (additions, disposals, write-downs) in tangible capital assets during the year.
- 7) User Fees – User fees are broken down into metered user fees (per m³) and fixed user fees (annual fee).
- 8) Connection Charges – Connection charges of \$2000 were budgeted for 2015, which were divided between 17 additional connections. This per unit rate was applied each year thereafter for any additional connections.
- 9) Sale of Meters – Sale of Meter charges of \$5500 were budgeted for 2015 which were divided between 17 additional connections. This per unit rate was applied each year thereafter for any additional connections.
- 10) Wendover Water Charges – A charge of \$2650 is charged to any new connection in Wendover.
- 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 in the on “Reserve Fund” balances.
- 14) Lease on Water Tower – Rental revenues applied to the village for the use of the water tower.
- 15) Operating Costs – Operating costs are projected to increase at 2% per annum for most items and 5% per annum for energy. Operating costs 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.
- 16) Acquisition of TCA – Acquisition of TCA reflects water meters to be added to the system each year. It also includes one (1) low lift pump and one (1) high lift pump in 2016 and 2017 respectively, each at a cost of \$10,000; a second treatment train at the WTP in 2019 at a cost of approximately \$150,000; and one (1) grinder pump and one (1) flow meter at respective costs of \$7000 and \$10,000 in 2020.
- 17) Cash Provided by Evergreen – Receipt of principal on loan to Evergreen (also see note 3).
- 18) Cash Provided by Internal Loan – Receipt of principal on internal loan (also see note 4).

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.