



The Township of Cramahe Drinking Water System

Financial Plan

January 18, 2021



Sharratt Water Management Ltd.
Sustainable Water Management Specialists

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Financial Plan

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Introduction

The Township of Cramahe has authorized Sharratt Water Management Ltd. (SWML) to develop the Financial Plan for the Township's drinking water system. A renewal of the drinking water system is now required and a financial plan must be prepared, approved by Council, and submitted to the provincial Ministry of Municipal Affairs and Housing in order to obtain a licence renewal.

This Financial Plan has been prepared in accordance with the Financial Plan regulation (O. Reg. 453/07 set out in appendix 1, made under the Safe Drinking Water Act, 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".

In order to develop this financial plan, water system capital needs from 2020 to 2030, identified by Lakefront Utility Services Inc. (LUSI), have been projected in current dollars and then inflated to reflect the cost of the project in the year it is undertaken. Asset renewal has been considered from 2031 to 2109, in order to provide a longer-term context for this plan. In addition, operating costs have been inflated and projected to 2030. The revenue needed to support the operating and capital plan is laid out in a funding plan that relies largely on user fees based on rates, reserve interest, imposts, government grants and occasional miscellaneous revenues. User fees from rates are set so that adequate reserves are developed in order to fund future capital and major maintenance expenses to at least 2030, and ideally, to maintain reserves at a sustainable level well into the future. This plan is based on the planning assumptions concerning future inflation and interest rates as well as the level of asset renewal and replacement. The Cramahe Water and Wastewater Rate Study dated January 18, 2021 is the foundation document for this report.

The Financial Plan is also based on the tangible 2019 capital asset information that the Township generated in accordance with the Public Sector Accounting Board (PSAB) standard PS 3150 requirements. The Financial Plan includes a projection of financial and non-financial tangible capital assets to the year 2026, consistent with the six-year planning horizon required by Reg. 453/07.

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 initially obtain a Municipal Drinking Water Licence and to renew the licence at preset times. Five elements 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.

Regulation 453/07 of the Safe Drinking Water Act was passed in 2007 and contains several provisions affecting the preparation of Financial Plans pertaining to the licensing of a water system:

- 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 O. Reg. 453/07, S. 1(1).
- 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 with 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.
- Once a system is licensed, the municipality's Financial Plan is required to be updated every 5 years, in conjunction with every application for license renewal.

1.2 Recent Accounting and Policy Changes

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 components of the water

system, be included in municipal financial statements. The new accounting standard PS 3150 came into effect on January 1, 2009. This provides for a sharper focus on the depreciation of the capital asset base of the water system and the need to plan for renewal and replacement on a timely basis. This data is an integral component of the financial statements included in this Financial Plan.

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.

In June 2007, the government of Ontario proposed a lead action plan. The Financial Plans regulation contains requirements for municipalities to include in their Financial Plans, the costs associated with replacing lead service pipes, if any exist, that are part of the drinking water system.

1.3 Township of Cramahe Water System

The Township of Cramahe water system, as of December 31, 2020, serves 1,023 residential, industrial, commercial and institutional accounts. All users are metered.

The Township uses a two-part rate structure with a fixed or basic charge that increases for larger meter sizes. It also has a volumetric charge that applies to all water used. The water rates, for 2020, are as set out in Table 1:

Table 1 Cramahe Water Rates 2020

Water Rate		2020
Metered Monthly Fixed Charge - Minimum Charge		
Meter Size	Millimetres (inches)	Monthly \$
	15-22 (.62-.75)	22.79
	25 (1.0)	31.9
	40 (1.5)	41.02
	50 (2.0)	66.09
	75 (3.0)	250.67
Metered Volumetric Charge - All Water Registered on Meter		
Per Cubic Metre (220 gallons) in \$		2.06
A water bill is calculated by taking the number of months by the monthly rate for that particular meter size, and adding the volume of water used multiplied by \$2.06 per cubic metre. Thus a family of four, with a 15 mm meter, that used 100 cubic metres over three months would receive a quarterly bill for \$22.79 times 3 or \$68.37 plus \$2.06 times 100 or \$20.60 for a total bill of \$88.97 for water only.		

Operating Plan

The operating plan details the recurring minor maintenance as well as the capital renewal and major maintenance investment costs required to sustain the drinking water system. These costs are detailed in the attachments to this Financial Plan document. Some key assumptions are set out below.

2.1 Operations Expenses

Operating costs such as labour, chemicals, insurance and other costs are projected to increase at 2.0% per annum, equipment repair at 3% and energy is projected to increase at 5% per annum for the 2020 - 2026 periods. These are itemized in table 5.1 of the January 18, 2021 Township of Cramahe Water/Wastewater Rate Report.

2.2 Capital Renewal Expenditures

Capital renewal and major maintenance costs have been projected to 2030 by Lakeshore Utilities Services Incorporated (LUSI), the water system operator, and funding needs for these costs have been included in the user fee revenue needs estimates for 2021-2030. The intent of the operating plan is to ensure that funding will be available, when needed, at least for the projected capital and major maintenance costs between 2020 and 2030, and to 2109. Capital renewal and replacement costs are projected to increase at 3.0% per year to 2109. These are projected in Figure 5.1 of the Cramahe Water and Wastewater Rate Study dated January 18, 2021.

2.3 Debt Servicing Costs

The Township currently has 20% of one loan outstanding. The whole loan was taken out for \$1,720,000 on January 1, 2020 for a 30-year term. This loan is shared between the water system, wastewater and roads. The water system's 20% share of the principal is \$344,000. The schedule is shown in appendix 3. No further debt is projected at this time until 2035.

2.4 Lead Replacement Costs

There is no lead present in the system and as a result, no funds have been set aside for lead abatement. There is only a Ministry of the Environment requirement to check for lead in the distribution system every third year.

2.5 Source Water Protection Costs

In 2014, \$23,250, and in 2015, an additional \$26,661 was spent on the development of a source protection plan. At this stage, no additional funds are projected as needed.

3.0 Funding Plan

The funding plan lays how the Township will generate the required funds to meet the expenditure requirements detailed in the operating plan. The funding plan is detailed in the appendices to this Financial Plan report. The funding plan proposed will rely primarily on user fees, reserve interest, when the reserve is in surplus, and miscellaneous source of revenue. Some key assumptions and results are presented below.

3.1 Government Grants

No allowance has been made for any new government grants in the 2021-2030 periods. Should grants be obtained, the funds displaced would likely be placed in the reserves to reduce the size of any needed future loans.

3.2 Debt

The existing loan taken out in 2020 as part of a road renewal project will continue for thirty years. This is set out in appendix 3. By 2035, some additional debt is projected. The cost of this debt is included in the long-range reserve projections.

3.3 Required User Fees

Based on this funding plan, the Cramahe user fees are projected to increase at 6% per annum for at least the next 15 years, about 3.5% above inflation and 2% from 2036 to 2109. An additional ten new residential connections per year will help offset some the rate increases that would otherwise result from the projected increase in user fees.

4.0 Continuous Improvement

Provincial regulation 453/07 requires that the Financial Plans be updated every 5 years, along with the request for the renewal of the Drinking Water Licence. This on-going update will assist in revisiting the assumptions made to develop the operating and funding plans as well as re-assessing the need for capital renewal and major maintenance expenditures.

5.0 Financial Plan Summary

This section provides a summary of principal features concerning the current and future state of the water system contained in the projected Financial Statements over 7 years (2020-2026) in compliance with O. Reg. 453. The detailed financial statements, required by Reg.453/07, are set out in tabular form in Section 6. The notes regarding the various line entries in the financial statements are presented at the end of the financial statement section.

5.1 Statement of Financial Position (Table 6.1)

One important feature of a water system is a statement of it's the net financial assets/debt. A positive number indicates that the system has the 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 Cramahe water system's net financial assets are shown in Figure 5.1:

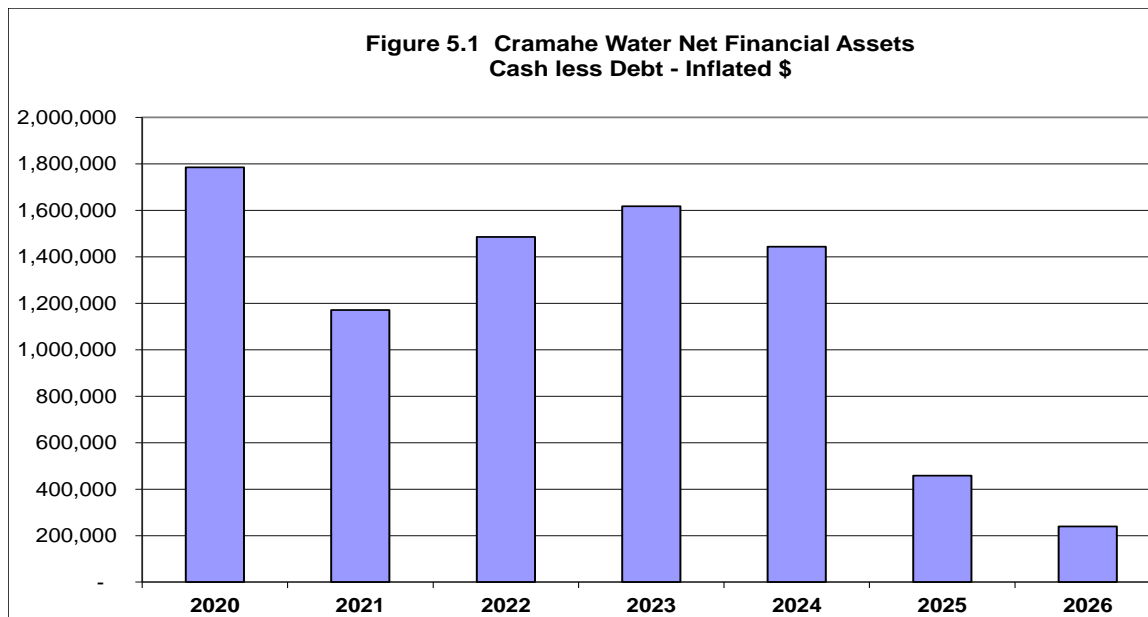
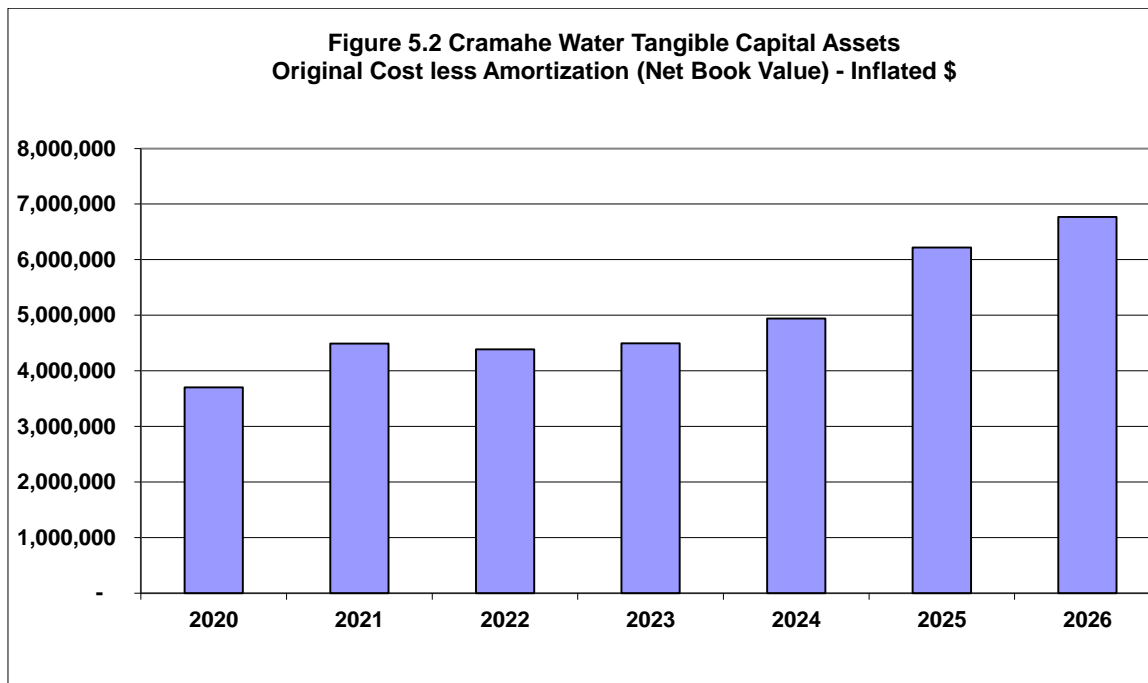


Figure 5.1 shows that that the system is projected to have maintain its cash reserves to 2024. In 2025, the reserves are drawn down to financial capital investments. Appendix 2 shows the projected net financial asset year-end totals to 2109. The 2026-2028 period is one instance where financial assets are drawn down due to capital investment. The second is in 2035 when major capital investments are needed. All financial assets forming the basis for figure 5.1 are priced in inflated dollars, with the assumption that water user fees increase at 6% per annum or about three and one half percent above inflation.

A second feature is the total value of the water system's tangible capital assets such as wells, reservoirs and water lines. Consideration of the value of tangible capital assets is part of PSAB compliance. The current value of the capital assets is termed net book value (NBV). It is the original cost of an asset less the accumulated amortization. Tangible capital assets, once installed, are being used, and are immediately decreasing in value. Annual amortization, for purposes of this study, is determined by dividing the original (historic) cost of an asset by its expected lifetime in years. Amortization is accumulated in equal annual increments (straight-line method) as the asset wears out so that by the end of the last year of the expected life of the asset, amortization equals the original value of the asset. At that time, the asset has no net book value.

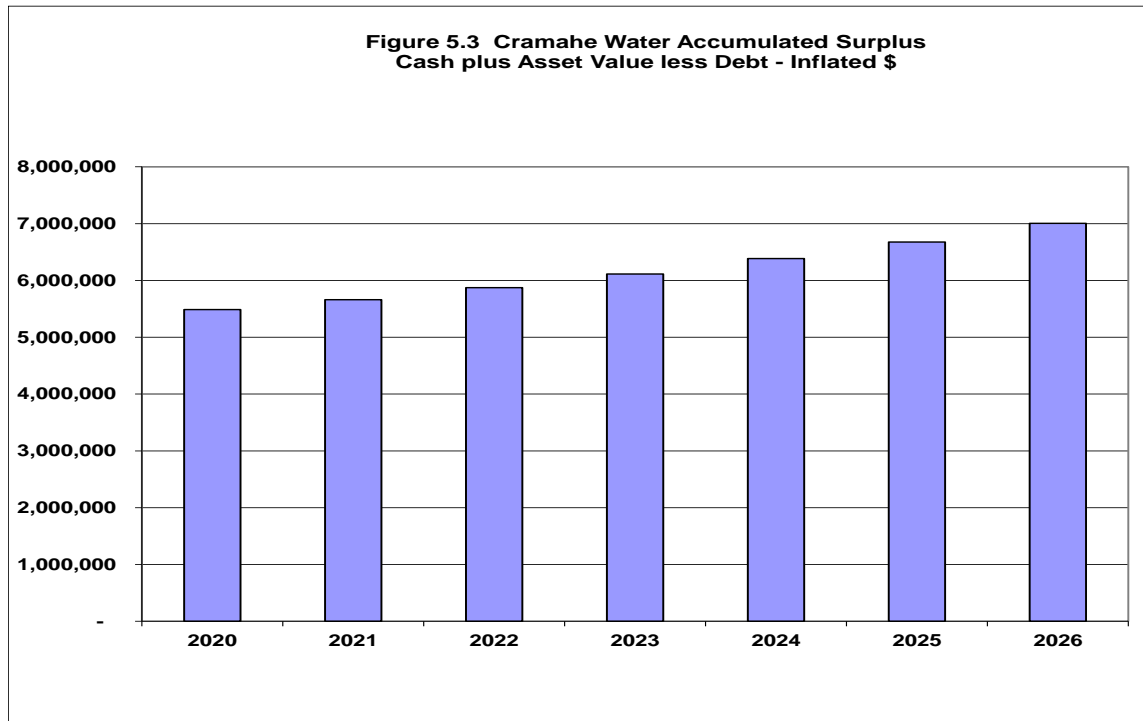
Water systems have a great deal of resources tied up in tangible capital assets and managing these assets is critical to maintaining current and future levels of service. The Township's water assets in 2019 are estimated to have a \$19 million replacement cost. As has been noted above, tangible capital assets, once installed, are being used and decrease in value due to amortization. An increase in tangible capital assets is an indication that assets have been renewed faster than they are used. A decrease indicates that assets are being used, or amortized, faster than they are renewed. The value of the Township's water system assets is set out in Figure 5.2 and detailed in appendix 5



The net book value increases from \$3.7 million in 2020 to \$6.77 million in 2026. This means that the Township proposes major investments in its water system over the next five

years. This also explains the net financial assets declines as illustrated in figure 5.1. The funds are proposed to be used to upgrade and expand the water system.

A third feature is the accumulated surplus set out in Figure 5.3. It represents cash on hand plus the net book value of tangible capital assets less debt.



The cash and asset value is projected to increase from \$5.5 million in 2020 to \$7.0 million in 2026. The Township projected to gain value during this period with the increase in tangible capital assets. This projected increase in accumulated surplus is a positive development.

5.2 Statement of Operations (Table 6.2)

This statement summarizes the operating revenues and expenditures. The expenditures include ongoing operating costs plus asset amortization. It provides an indication of whether or not the system assets are being maintained on a year over year basis and is illustrated in Figure 5.4:

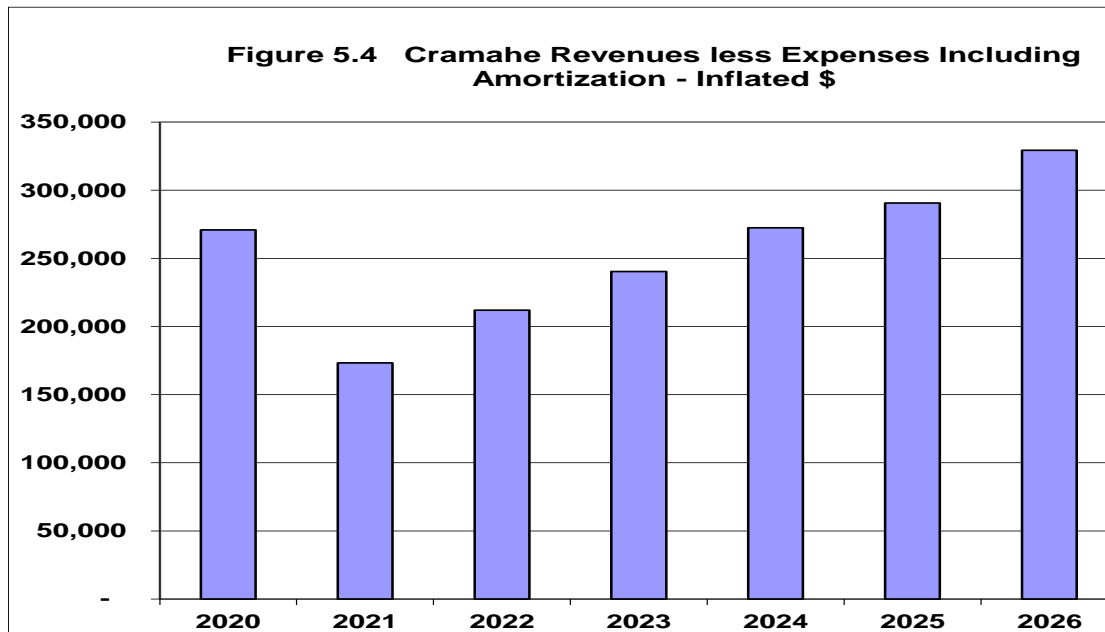


Figure 5.4 indicates that more is being set aside in reserves for renewal than the decline in the value of the tangible capital assets in all years. This is a very positive indicator.

5.3 Statement of Cash Flow (Table 6.3)

This fifth feature shows how revenues are generated and spent over the study period. The expenditures include operating expenses and capital acquisitions. These are shown in Table 6.3 and set out in Figure 5.5.

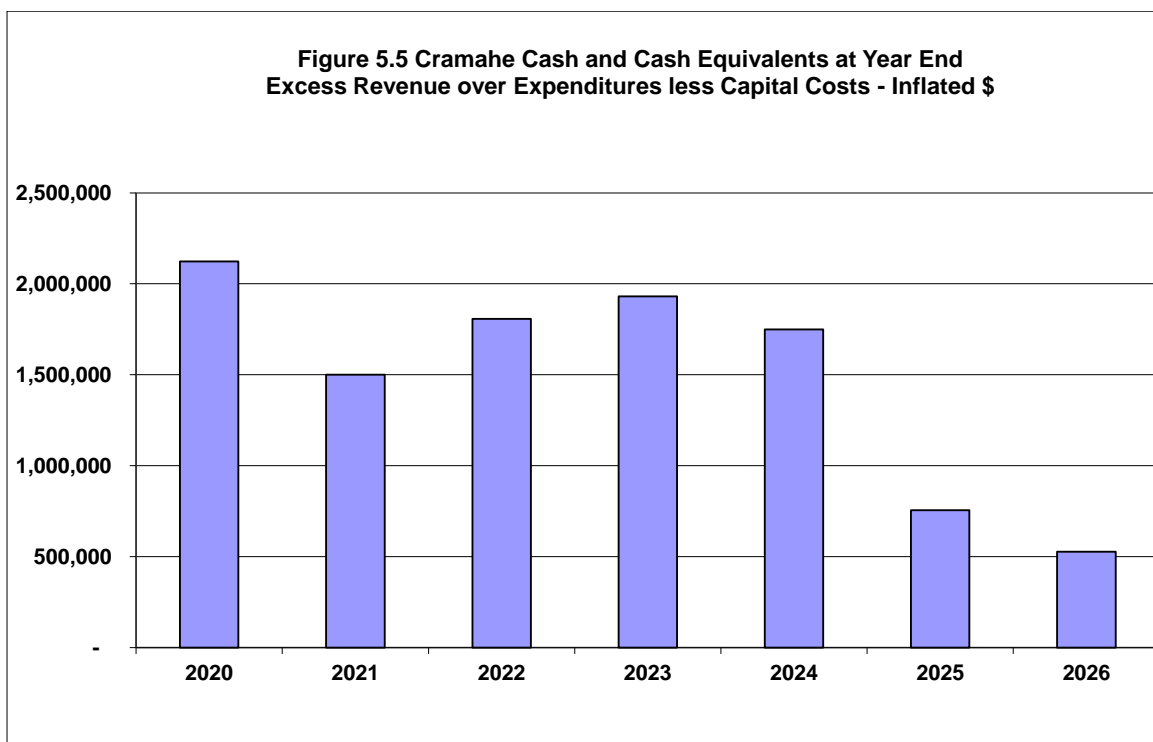


Figure 5.5 indicates that the cash equivalents from reserves, in inflated dollars, was steady to 2024 and then declined. As was shown in figure 5.2, this decline in cash will be offset by an increase in asset value through capital investment in new water lines, well commissioning and meter installation.

5.4 Conclusion

The Cramahe water system is in fine financial shape now. It has the reserves to deal with emergencies and the strong reserve position sets the stage for tackling major capital renewal in the next five years and again in mid-2030s. Reserves will be drawn down in the next five years to make capital investments. The detailed financial statements, set out in tabular form as specified in Reg. 453/07, that were the basis for the above summary charts, follow in Section 6.



6.0 Financial Statements

The detailed financial statements are set out in the following tables followed by the notes that correspond to the numbers in the tables.

6.1 Statement of Financial Position

Table 6.1 Statement of Financial Position - Township of Cramahe Water System- Inflated \$								
	2020	2021	2022	2023	2024	2025	2026	Notes
Financial Assets								
Cash and Cash Equivalents	2,122,447	1,500,179	1,807,333	1,931,490	1,749,458	755,439	527,248	1
Long Term Accounts Receivable	-	-	-	-	-	-	-	
Deposits	-	-	-	-	-	-	-	
Total Financial Assets	2,122,447	1,500,179	1,807,333	1,931,490	1,749,458	755,439	527,248	
Liabilities								
Accounts Payable (Capital)	-	-	-	-	-	-	-	
Debt Principal Outstanding	336,688	329,162	321,416	313,442	305,235	296,787	288,092	2
Deferred Revenue (Dev Charge Reserve Bal.)	-	-	-	-	-	-	-	
Government Grant	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	-	-	
Total Liabilities	336,688	329,162	321,416	313,442	305,235	296,787	288,092	
Net Financial Assets (Debt)	1,785,759	1,171,017	1,485,917	1,618,047	1,444,223	458,652	239,157	
Non Financial Assets								
Tangible Capital Asset Cost	5,240,696	5,260,296	6,151,246	6,151,246	6,369,792	6,932,546	8,341,586	3
Additions to Tangible Capital Assets - Cost	19,600	890,950	-	218,545	562,754	1,409,040	693,110	4
Constuction in Progress	-	-	-	-	-	-	-	
Loss on Disposal	-	-	-	-	-	-	-	
Accumulated Amortization incl. Addition	1,558,131	1,661,058	1,763,984	1,874,195	1,990,659	2,123,475	2,267,730	5
Total Non Financial Assets (Net Book Value)	3,702,165	4,490,189	4,387,262	4,495,597	4,941,887	6,218,110	6,766,966	6
Accumulated Surplus/(deficit)	5,487,924	5,661,206	5,873,180	6,113,644	6,386,110	6,676,763	7,006,123	
Note: Unaudited for Planning Purposes Only - Actual results will differ from the above and these differences could be material.								

6.2 Statement of Financial Operations

Table 6.2 Statement of Financial Operations - Township of Cramahe Water System - Inflated \$								
	2020	2021	2022	2023	2024	2025	2026	Notes
Revenues								
User Fees	664,860	710,000	752,600	797,756	845,621	896,359	950,140	7
Other Revenues - Impost Fees and Misc.	16,284	11,000	11,174	11,351	11,531	11,714	11,899	8
Interest on Reserves	-	-	-	-	-	-	-	
Earned Dev Charge Revenues	-	-	-	-	-	-	-	
Total Revenues	681,144	721,000	763,774	809,107	857,152	908,072	962,040	
Expenses								
Day to Day Operating Expenses	311,571	435,049	439,351	449,136	459,161	475,782	479,851	9
Debt Interest	9,958	9,743	9,523	9,296	9,062	8,821	8,574	10
Amortization	88,664	102,926	102,926	110,211	116,464	132,816	144,254	11
Loss on Asset Disposal	-	-	-	-	-	-	-	
Lead Abatement	-	-	-	-	-	-	-	12
Source Water Protection	-	-	-	-	-	-	-	13
Total Expenses	410,192	547,719	551,800	568,642	584,686	617,419	632,679	
	-	-	-	-	-	-	-	
Excess (Deficit) of Revenues over Expenses	270,951	173,281	211,974	240,465	272,466	290,653	329,360	14
Other								
Working Capital	-	-	-	-	-	-	-	
Government Transfers	-	-	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	-	
Accounting Adjustment	-	-	-	-	-	-	-	
Excess (Deficit) of Revenues over Expenses	270,951	173,281	211,974	240,465	272,466	290,653	329,360	
Accumulated Surplus (Deficit) Beginning of year	5,216,973	5,487,924	5,661,206	5,873,180	6,113,644	6,386,110	6,676,763	
Accumulated Surplus (Deficit) End of Year	5,487,924	5,661,206	5,873,180	6,113,644	6,386,110	6,676,763	7,006,123	
Note: Unaudited for Planning Purposes Only - Actual results will differ from the above and these differences could be material.								

6.3 Statement of Cash Flow

Table 6.3 Statements of Change in Cash Flow - Township of Cramahe Water System - Inflated \$								
	2020	2021	2022	2023	2024	2025	2026	Notes
Operating Transactions								
Total Operating Revenues	681,144	721,000	763,774	809,107	857,152	908,072	962,040	
Total Cash for Operating Expenses	410,192	547,719	551,800	568,642	584,686	617,419	632,679	15
Interest from Cash Reserves	-	-	-	-	-	-	-	
Excess of Revenues Over Expenses	270,951	173,281	211,974	240,465	272,466	290,653	329,360	
Deduct Non Cash Charges to Operations								
Amortization	88,664	102,926	102,926	110,211	116,464	132,816	144,254	16
Loss on the Disposal of Assets	-	-	-	-	-	-	-	
Total	88,664	102,926	102,926	110,211	116,464	132,816	144,254	
Working Capital Items								
Accounts Receivable	-	-	-	-	-	-	-	
Working Capital Items	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Cash provided/used in Operating Transactions	-	-	-	-	-	-	-	
Capital Transactions								
Acquisition of TCAs	19,600	890,950	-	218,545	562,754	1,409,040	693,110	4
Proceeds on Disposal of TCA	-	-	-	-	-	-	-	
Cash provided/used in Capital Transactions	19,600	890,950	-	218,545	562,754	1,409,040	693,110	
Investing Transactions								
Proceeds from Investments	-	-	-	-	-	-	-	
Cash (used in) Provided by Investing Activities	-	-	-	-	-	-	-	
Cash Provided/used in Investing Transactions	-	-	-	-	-	-	-	
Financing Transactions								
Other	-	-	-	-	-	-	-	
Proceeds from Debentures/Loans	-	-	-	-	-	-	-	
Debt Principal Repayment	7,312	7,526	7,747	7,974	8,207	8,448	8,696	2
Proceeds from Government Grants	-	-	-	-	-	-	-	
Working Surplus	-	-	-	-	-	-	-	
Cash Provided by/(used) in Financing Activities	7,312	7,526	7,747	7,974	8,207	8,448	8,696	
Increase (decrease) in Cash Equivalents	332,703	(622,268)	307,154	124,157	(182,032)	(994,018)	(228,191)	
Cash and Cash Equivalents at the beginning of the Year	1,789,744	2,122,447	1,500,179	1,807,333	1,931,490	1,749,458	755,439	
Cash and Cash Equivalents at the End of the Year	2,122,447	1,500,179	1,807,333	1,931,490	1,749,458	755,439	527,248	
Note: Unaudited for Planning Purposes Only - Actual results will differ from the above and these differences could be material.								

6.4 Notes on the Cramahe Water System Financial Plan

1. Cash and cash equivalent is represented by the funds in short-term bank investments drawn from the capital reserve. The reserve is set out in appendix 3.
2. The water systems shares a loan with the roads department and the sewer system. The loan is for 30 years and begins on January 1, 2020 with an interest rate of 2.99%. The water share of the principal is \$344,000. The debt situation is set out in appendix 4.
3. This the actual historic value (cost in the year the asset was installed) of the Township's assets reaching back to 1960 when the water system was established.
4. These are capital projects according to the PSAB definition of capital. These new projects will be put into service during the year, and amortization commenced on January 1.
5. Amortization was determined using the straight-line method, meaning that the asset is amortized by the same amount each year. All current assets and all new works are assumed, for purposes of this study, to have been constructed or disposed of on January 1 in most cases. This is the sum of the opening amortization for the year plus the annual amortization.
6. The Township valued tangible capital assets acquired to the end of 2019. This project has projected the valuation of new capital assets and capital asset replacement to 2026. Capital works that are replaced are assumed, for purposes of this study, to be removed from service, in most cases, on January 1 of the year. Most assets were placed in service on January 1 so that a full year of amortization is applied in the first year. Those installed on July 1 or later had .5 year of amortization applied in the first year. Amortization was determined using the straight-line method. This line represents the original cost of asset less all accumulated amortization. The original historic costs, additions to the system, amortization, and closing net present values is set out in appendix 5.
7. This user fee revenue from the fixed and variable portion of the water charges paid by the residential, commercial, industrial and institutional users.
8. Funding provided by impost fees and a small amount of miscellaneous revenue.
9. Day to day operating costs cover wages, office supplies, chemicals, energy and other features needed to run a water system. Most are projected to increase at 2.5% per with a figure of 5% per annum for energy.
10. Debt interest is on the debt set out in note 2 above.
11. This is the annual amortization of each water system asset, that is placed into service, both existing and those to be constructed, determined by dividing original (historic) acquisition value of the asset by the number of years it is expected to be in service. The amortization of each asset is summed to yield an annual figure that is shown here as a non-financial expense.
12. There is no lead present in the system and as a result, no funds have been set aside for lead abatement, and only limited testing is required every three years.
13. In 2014, \$23,250 was spent and in 2015, \$26,661 was spent on source protection planning. At this stage, no additional funds are projected as needed.
14. Operating expenses that factor into the total on this line include annual amortization, a non-financial cost.
15. As set out in note #14 above, this figure includes amortization
16. Amortization, a non-financial cost, was included in the operating expenses described in notes 14 and 15 above, but are non-financial expenses, and therefore, in order to deal only with financial expenditures, this line shows the addition of amortization to total system cash flows.

Appendix 1 Ontario Regulation 453/07

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.

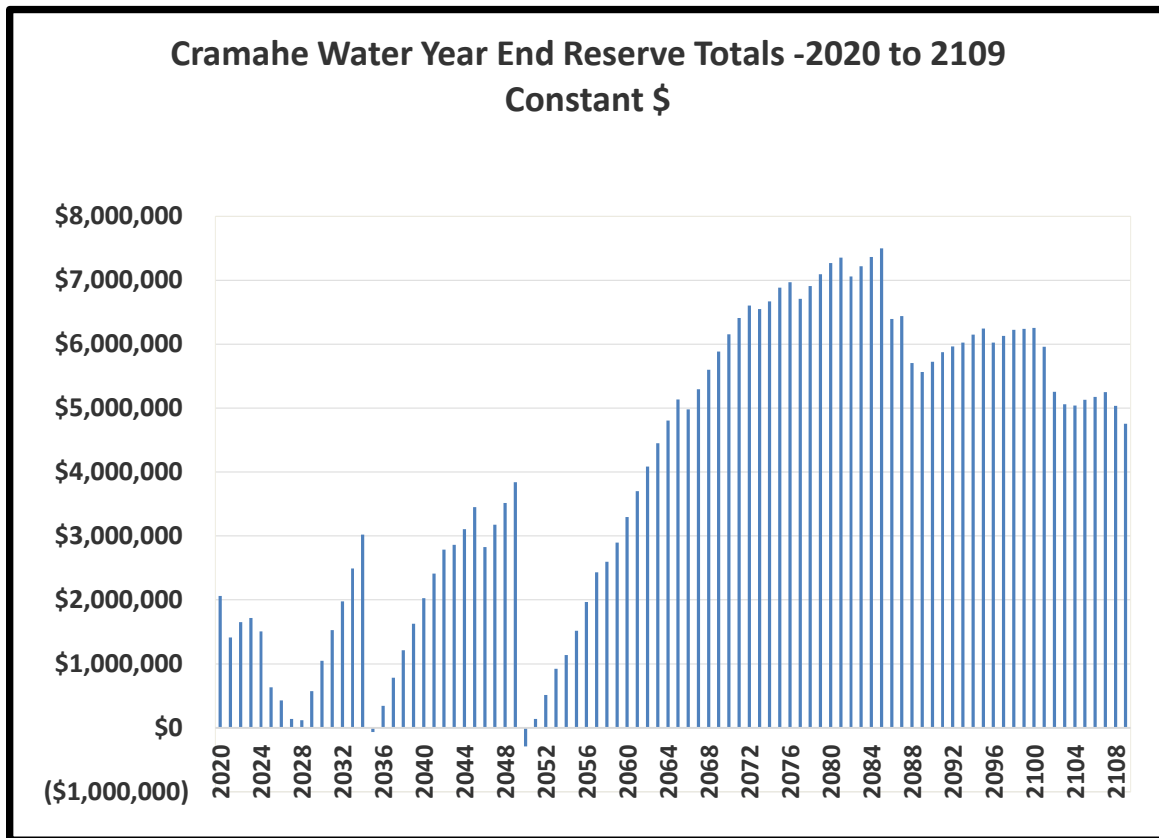
Amendment of financial plans

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.

Appendix 2 Cramahe Water System Reserve Year End Totals 2020 to 2109



Appendix 3 Cramahe Water Reserve 2020-2030 Inflated \$

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Value	\$1,789,744	\$2,122,447	\$1,500,179	\$1,807,333	\$1,931,490	\$1,749,458	\$755,439	\$527,248	\$177,667	\$157,287	\$771,100
Addition (Withdrawal) from (to) Ops	\$332,703	(\$622,268)	\$307,154	\$124,157	(\$182,032)	(\$994,018)	(\$228,191)	(\$349,581)	(\$20,381)	\$613,813	\$676,149
Interest on Deficit (loan)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,330	\$4,719	\$0
Close Inflated \$	\$2,122,447	\$1,500,179	\$1,807,333	\$1,931,490	\$1,749,458	\$755,439	\$527,248	\$177,667	\$157,287	\$771,100	\$1,447,249
Close in 2019\$	\$2,060,629	\$1,414,063	\$1,653,966	\$1,716,104	\$1,509,097	\$632,669	\$428,701	\$140,252	\$120,547	\$573,770	\$1,045,523

Appendix 4 Cramahe Water System Debt 2020-2030 Inflated \$

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Loan Road, Water and Sewer	01/01/2020 to 01/01/2049											
Principal	1,720,000	36,558	37,630	38,733	39,868	41,037	42,239	43,478	44,752	46,064	47,303	48,804
Interest		49,788	48,716	47,613	46,478	45,309	44,107	42,869	41,594	40,282	39,043	37,542
Total		86,346	86,346	86,346	86,346	86,346	86,346	86,346	86,346	86,346	86,346	86,346
-		-	-									
Water Share 20%	20%											
Principal	344,000	7,312	7,526	7,747	7,974	8,207	8,448	8,696	8,950	9,213	9,461	9,761
Interest	2.91%	9,958	9,743	9,523	9,296	9,062	8,821	8,574	8,319	8,056	7,809	7,508
Total		17,269	17,269	17,269	17,269	17,269	17,269	17,269	17,269	17,269	17,269	17,269
Principal Remaining	344,000	336,688	329,162	321,416	313,442	305,235	296,787	288,092				
Wastewater Share 33%												
Principal	33%	12,064	12,418	12,782	13,156	13,542	13,939	14,348	14,768	15,201	15,610	16,105
Interest	567,600	16,430	16,076	15,712	15,338	14,952	14,555	14,147	13,726	13,293	12,884	12,389
Total		28,494	28,494	28,494	28,494	28,494	28,494	28,494	28,494	28,494	28,494	28,494

Appendix 5 Cramahe Tangible Capital Assets 2020-2026 Inflated \$

	2020	2021	2022	2023	2024	2025	2026
Opening NBV	3,771,229	3,702,165	4,490,189	4,387,262	4,495,597	4,941,887	6,218,110
Original Cost	5,240,696	5,260,296	6,151,246	6,151,246	6,369,792	6,932,546	8,341,586
Additions	19,600	890,950	-	218,545	562,754	1,409,040	693,110
Disposal	-	-	-	-	-	-	-
Closing Cost	5,260,296	6,151,246	6,151,246	6,369,792	6,932,546	8,341,586	9,034,696
Annual Amortization	88,664	102,926	102,926	110,211	116,464	132,816	144,254
Accumulated Amortization	1,558,131	1,661,058	1,763,984	1,874,195	1,990,659	2,123,475	2,267,730
Closing NBV	3,702,165	4,490,189	4,387,262	4,495,597	4,941,887	6,218,110	6,766,966

Note: Additions are new investments in water mains, meters, well commissioning and electrical components