



The Corporation of the Township of Whitewater Region

Financial Plan #203-301B

Cobden Drinking Water System – Licence #203-101
Beachburg Drinking Water System – Licence #203-102
Haley Drinking Water System – Licence #203-103

2015 – 2021

Prepared By:
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June 2nd, 2015

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1. Introduction

1.1 Overview

The Corporation of the Township of Whitewater Region is the owner of three (3) Municipal Drinking Water Systems. The Cobden Drinking Water System is a surface water system that serves a population of roughly 965. Both the Beachburg and Haley Drinking Water Systems are groundwater systems which serve a population of roughly 900 and 92 respectfully. The Haley Drinking Water System is a Small Residential System while both the Cobden and Beachburg Drinking Water Systems are Large Residential Systems.

The Ontario Safe Drinking Water Act, 2002, O. Reg. 453/07 puts forth a requirement for Drinking Water Systems to attain a Drinking Water Licence. One of the five (5) key requirements to attaining a Drinking Water Licence is the preparation of a Financial Plan representative of a period of at least six (6) years.

In the Spring of 2012, on behalf of the Corporation of the Township of Whitewater Region, Watson & Associates Economists Ltd. Prepared Financial Plan #203-301A to satisfy the Ontario requirement. Financial Plans must be consistent with the Public Sector Accounting Board (PSAB) requirements for financial statement presentation and must be submitted to the Ontario Ministry of Municipal Affairs and Housing as per O. Reg. 453/07.

Financial Statements in general must include the following:

Statement of Financial Position
Statement of Cash Flow
Statement of Operations

Prepared Financial Plans must also be passed by Resolution of the Council of the Municipality and available to the public for viewing.

In June, 2015, the Municipal Drinking Water Licences (#203-101, #203-102 and #203-103) for the Townships three (3) Drinking Water Systems will expire. To attain the said Licence renewals, the prepared Financial Plan must forecast at least six (6) years forward at the time of renewal. Financial Plan #203-301A will fall short of the six (6) year forecasted period. The Corporation of the Township of Whitewater Region has prepared the following Financial Plan #203-301B to satisfy this requirement.

2. 2015 Water Rates

2.1 Cobden Water Rates

The following Table identifies current 2015 Water Rates for the Village of Cobden (By-Law #15-06-799):

Unit Type	Number of Units	Rate	Term
Residential	378	160.04	Quarterly
Small Commercial	34	160.04	Quarterly
Medium Commercial	17	240.06	Quarterly
High Commercial	13	320.08	Quarterly
Multi Residential 2 nd and Subsequent Units	84	160.04 128.03	Quarterly
Residential 2	4	160.04	Quarterly
High Commercial 2	1	320.08	Quarterly

2.2 Beachburg Water Rates

The following Table identifies current 2015 Water Rates for the Village of Beachburg (By-Law #15-06-799):

Unit Type	Number of Units	Rate	Term
Residential	399.5	157.79	Quarterly
Small Commercial	15	157.79	Quarterly
Medium Commercial	8	236.69	Quarterly
High Commercial	13	315.59	Quarterly
Multi Residential 2 nd and Subsequent Units	33	157.79 126.23	Quarterly
Residential 2	4	157.79	Quarterly
Small Commercial 2	1	157.79	Quarterly

2.3 Haley Water Rates

The following Table identifies current 2015 Water Rates for the Haley Town Site (By-Law #15-06-799):

Unit Type	Number of Units	Rate	Term
Residential	33	435.24	Quarterly

3. Lead Pipe Replacement

Lead Sampling associated costs are accounted for in the Operating Expenses within Financial Plan #203-301B No Provision for Lead Pipe Replacement is included within this Plan.

4. Cash Reserves

There are no Cash Reserves dedicated to the Township's three (3) Drinking Water Systems

5. Financial Planning (Sustainability, Cost Recovery and Asset Lifecycle Management)

Although full cost recovery may continue to be a target of Municipalities that own and offer drinking water services, the path to achievement is perplexing, as is the identification, planning and replacement of Tangible Capital Assets as they move through their usable lifecycle. Sustaining financial stability while managing these assets, securing funding, setting user rates and providing services will prove challenging.

Financial Planning and the subsequent Financial Plan Model, as presented, may aid Municipalities progress through the changing legislation and regulatory framework and the provision of quality services to their system users. Ultimately, Municipalities must engage in ingenuity, strategy and opportunity to realize service efficiency and affordability.

6. Financial Statements

6.1 Statement of Operations

	Forecast						
	2015	2016	2017	2018	2019	2020	2021
Revenue							
Water Billings	756,023	778,704	802,065	826,127	850,911	876,438	902,731
Other Revenue	400	400	400	400	400	400	400
Total Revenue	756,423	779,104	802,465	826,527	851,311	876,838	903,131
Expenditures							
Operation	280,563	288,980	297,649	306,578	315,775	325,248	335,005
Debt Interest	71,047	68,965	66,788	64,512	62,129	59,637	57,781
Amortization	195,259	195,610	195,962	196,315	196,668	197,022	197,377
Contracts	417,000	429,510	442,395	455,667	469,337	483,417	497,920
Loss on Disposal of Assets	-	-	-	-	-	-	-
Total Expenses	963,869	983,065	1,002,794	1,023,072	1,043,909	1,065,324	1,088,083
Annual Surplus (Deficit)	(207,446)	(203,961)	(200,329)	(196,545)	(192,598)	(188,486)	(184,952)
Accumulated Surplus (Deficit), Beginning of Year	6,590,749	6,383,303	6,179,342	5,979,013	5,782,468	5,589,870	5,401,384
Accumulated Surplus (Deficit), End of Year	6,383,303	6,179,342	5,979,013	5,782,468	5,589,870	5,401,384	5,216,432

Notes:

- *Annual Surplus (Deficit) will determine whether revenues generated are sufficient to cover incurred expenses and if net financial assets have been maintained or depleted.
- *An Accumulated Surplus indicates that available net resources are sufficient to provide future water service needs.
- *An Accumulated Deficit indicates that resources are insufficient to provide future service needs and that rate increases or borrowing are necessary to finance annual deficits.
- *Reserve balances identified in Accumulated Surplus (Deficit). \$25,000 contribution into reserves annually in Operation (Expenditures).
- *Water Billings (Revenue) assumes a 3% annual increase in rates.
- *Operations, Contracts and Administration (Expenditures) all assume a 3% annual increase in costs.
- *These statements are unaudited and for planning purposes only.

6.2 Statement of Financial Position (December 31st, 2014)

	Forecast						
	2015	2016	2017	2018	2019	2020	2021
Financial Assets							
Cash and Cash Equivalents	539,635	620,580	713,667	820,717	943,825	1,085,399	1,248,209
Accounts Receivables	5,776	6,065	6,368	6,686	7,020	7,371	7,740
Total Financial Assets	545,411	626,645	720,035	827,403	950,845	1,092,770	1,255,949
Liabilities							
Accounts Payable	1,522	1,568	1,615	1,663	1,713	1,764	1,817
Debt Principle	1,648,389	1,569,724	1,514,353	1,456,518	1,396,105	1,332,999	1,293,888
Due to General Fund	538,235	538,235	538,235	538,235	538,235	538,235	538,235
Total Liabilities	2,188,146	2,109,527	2,054,203	1,996,416	1,936,053	1,872,998	1,833,940
Net Financial Assets (Liabilities)	(1,642,735)	(1,482,882)	(1,334,168)	(1,169,013)	(985,208)	(780,228)	(577,991)
Non-Financial Assets							
Tangible Capital Assets	8,236,652	8,047,209	7,862,123	7,681,294	7,504,624	7,332,018	7,163,382
Changes in Tangible Capital Assets (Additions / Disposal)	-	-	-	-	-	-	-
Total Non-Financial Assets	8,236,652	8,047,209	7,862,123	7,681,294	7,504,624	7,332,018	7,163,382
Accumulated Surplus (Deficit)	6,593,917	6,564,327	6,527,955	6,512,281	6,519,416	6,551,790	6,585,391

Notes:

*The Statement of Financial Position indicates whether generated revenue covered operating costs and non-financial asset costs.

*Cash and Cash Equivalents assumes a 15% annual increase.

*Accounts Receivable assumes a 5% annual increase.

*Accounts Payable assumes a 3% annual increase.

*Liabilities – Due to General Fund as well as Cash & Cash Equivalents indicates *as of December 31st, 2014*.

*Non-Financial Assets – Tangible Capital Assets assumes a 2.3% annual decrease.

*These statements are unaudited and for planning purposes only.

6.3 Statement of Cash Flow (December 31st, 2014)

	Forecast						
	2015	2016	2017	2018	2019	2020	2021
Operating Transactions							
Annual Surplus/(Deficit)	(207,446)	(203,961)	(200,329)	(196,545)	(192,598)	(188,486)	(184,952)
Add Amortization (no Cash)	195,259	195,610	195,962	196,315	196,668	197,022	197,377
Cash Provided by Operating Transactions	(12,187)	(8,351)	(4,367)	(230)	4,070	8,536	12,425
Capital Transactions							
Acquisition of Tangible Capital Assets	-	-	-	-	-	-	-
Proceeds on Disposal of TCA	-	-	-	-	-	-	-
Cash Used in Capital Transactions	-	-	-	-	-	-	-
Finance Transactions							
Proceeds from the Issue of Debt	-	-	-	-	-	-	-
Debt Repayment	51,870	54,179	56,590	59,110	61,744	64,522	67,426
Cash Applied to Financing Transactions	(51,870)	(54,179)	(56,590)	(59,110)	(61,744)	(64,522)	(67,426)
Increase (Decrease) in Cash Equivalents	(64,057)	(62,530)	(60,957)	(59,340)	(57,674)	(55,986)	(55,001)
Cash and Cash Equivalents, Beginning of Year	539,635	620,580	713,667	820,717	943,825	1,085,399	1,248,209
Cash and Cash Equivalents, End of Year	475,578	558,050	652,710	761,377	886,151	1,029,4134	1,193,208

Notes:

*The Statement of Cash Flow identifies the Cash Aspect of Transactions. It should summarize how the water system(s) is expected to generate and utilize cash resources.

*Cash and Cash Equivalents indicates *as of December 31st, 2014* and assumes a 15% annual increase.

*These statements are unaudited and for planning purposes only.

