



Township of Assiginack

**O.REG. 453/07
WATER SYSTEM FINANCIAL PLAN
NO. 254-301A
(March 2016)**



DFA Infrastructure International Inc.



DFA Infrastructure International Inc.

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March 14, 2016

Alton Hobbs
C.A.O.
Township of Assiginack
P.O. Box 238
25B Spragge Street
Manitowaning, ON
POP 1N0

**Re: Township of Assiginack
O.Reg. 453/07 Water System Financial Plan No. 254-301A (March 2016)**

Dear Alton:

We are pleased to submit the updated Water System Financial Plan No. 254-301A prepared in accordance with the requirements of O.Reg 453/07 as required for the water system licence renewal application.

The attached Water System Financial Plan is based on the extent of the information as provided by the Township.

Please do not hesitate to contact us if you have any questions or require clarification on any aspect of the financial plan.

Yours truly,

DFA Infrastructure International Inc.

Derek Ali, MBA, P.Eng.
President

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1 Introduction

1.1 Background

The Township of Assiginack (Township) maintains two water treatment plants providing drinking water to approximately 355 customers through its Manitowaning and Sunsite Estates drinking water systems. The Township retains the services of the Ontario Clean Water Agency (OCWA) to operate these facilities and recovers its water related costs through a flat fee charged to its customers with no financial support from property taxes.

Under O.Reg. 188/07, the Township is required to obtain a Drinking Water System Licence which was received on September 14th, 2011 and is valid for a period of 5 years. As such, the existing drinking water system licence is due to expire on September 14th, 2016. A condition of the application for renewal of the licences is the preparation of an updated water system financial plan in accordance with O.Reg. 453/07. This document presents the updated financial plan.

1.2 Purpose

The primary purpose of this document is to present an updated single water financial plan as defined in O.Reg. 453/07, thereby allowing the Township to fulfil its obligations under the drinking water licensing regulations for the renewal of its drinking water systems licence as shown in Table 1.1. The number for the updated financial plan is 245-301A as it covers all of the water systems.

Table 1-1: Water Systems Included in the Updated Financial Plan

Water System	Licence No.
Sunsite Drinking Water System	254-101
Manitowaning Drinking Water System	242-102

2 Regulatory Requirements

Regulation 188/07 under the Safe Drinking Water Act, 2002 requires Ontario municipalities to apply for and obtain drinking water system licences as part of their overall Drinking Water Quality Management System (DWQMS). One of the requirements for obtaining and renewing drinking water licences is preparing a financial plan in accordance with O.Reg. 453/07. In general, the financial plan must include financial statements on the following:

- The proposed or projected financial position of the drinking water system;

- The proposed or projected gross cash receipts and gross cash payments;
- The proposed or projected financial operations of the drinking water system; and
- Details on the extent to which the above information applies to the replacement of lead service pipes, if applicable.

Appendix A lists each requirement of the regulation and references the respective financial statements and other items that contain relevant information required under each item. The financial plan must apply to a period of at least six (6) years with the first year being the year the existing licence expires. In the Township's case, the updated plan covers the period 2016 to 2021 inclusive. It is anticipated that this financial plan would be made available to the public at no charge and posted on the Township's website following final approval of the plan by resolution of Council. This will be confirmed through separate correspondence at the time of submission to the Ministry of Municipal Affairs and Housing (MMAH).

3 Key Considerations

This section presents the projections for key items over the six (6) year period and the assumptions used in order to prepare the financial plan. These include:

- Operations & Maintenance (O&M) cost projections;
- Capital Budget forecasts;
- Revenue Requirements;
- Debt Repayments;
- Tangible Capital Asset (TCA) projections; and
- Reserve Projections.

The financial projections are based on the data sources identified in Table 4-4 and other relevant information provided by Township staff.

3.1 Operations & Maintenance (O&M) Cost Projections

The Township's annual operating budget includes costs related to the following:

- Water system operations and maintenance costs;
- Transfers to capital reserves; and
- Debt servicing costs.

A portion of these costs is offset by various non-rate revenues and recoveries.

The assumptions used in arriving at the projection of the gross costs and non-rate revenues over the six (6)-year period from 2016 to 2021 are as follows:

- Water O&M costs (not including non-recurring costs and reserve transfers) increase annually by 2.0%;
- Transfers to capital reserves are assumed to remain constant over the forecast period;
- Annual debt servicing costs over the forecast period reflects estimated debt servicing on the existing debt issued for the Water Treatment Plant.
- Revenues from non-rate fees and charges are increase over the forecast period by 2.0%; and
- Recoveries are related to the debt servicing of the Water Treatment Plant debt which is billed directly to water users.

Table 3-1 summarizes the gross operating costs, non-rate revenues and recoveries, and net costs to be recovered from users through the Township's water charges.

Table 3-1: O&M Cost Projections

	2016	2017	2018	2019	2020	2021
Water Works Operating	\$159,576	\$162,768	\$166,023	\$169,343	\$172,730	\$176,185
Water Works Hydro	\$60,180	\$61,384	\$62,611	\$63,863	\$65,141	\$66,444
Phone/Internet	\$2,601	\$2,653	\$2,706	\$2,760	\$2,815	\$2,872
Miscellaneous Wages	\$1,020	\$1,040	\$1,061	\$1,082	\$1,104	\$1,126
Equipment, Repairs, Materials and Supplies	\$26,928	\$27,467	\$28,016	\$28,576	\$29,148	\$29,731
Insurance Premium	\$10,261	\$10,466	\$10,676	\$10,889	\$11,107	\$11,329
Tax Levy	\$6,774	\$6,774	\$6,774	\$0	\$0	\$0
Transfer to Reserves	\$30,700	\$30,700	\$30,700	\$30,700	\$30,700	\$30,700
Debt Servicing	\$68,400	\$68,400	\$68,400	\$68,400	\$68,400	\$68,400
Gross Operating Costs	\$366,440	\$371,651	\$376,967	\$375,615	\$381,145	\$386,786
Misc Revenue (Fill-up Station)	\$2,040	\$2,081	\$2,122	\$2,165	\$2,208	\$2,252
Recover of Water Debt From Users	\$68,400	\$68,400	\$68,400	\$68,400	\$68,400	\$68,400
Non-Rate Revenues	\$70,440	\$70,481	\$70,522	\$70,565	\$70,608	\$70,652
Net Operating Cost to be Recovered from Rates	\$296,000	\$301,171	\$306,445	\$305,050	\$310,537	\$316,134

3.2 Capital Budget Forecast

The capital budget forecast used for the financial plan is presented in Appendix B. This identifies the planned capital needs between 2016 and 2021. (Projects and associated costs were provided by OCWA and adjusted where necessary)

3.3 Revenue Requirements

The Township recovers its nets costs through flat user fees charged to its various customer classes. The projection of user revenues over the six (6)-year period from 2016 to 2021 are detailed in Table 3-2.

Table 3-2: Revenue Projections

	2016	2017	2018	2019	2020	2021
Total User Revenue	\$296,000	\$301,171	\$306,445	\$305,050	\$310,537	\$316,134
Annual Percent Increase		1.75%	1.75%	-0.46%	1.80%	1.80%

3.4 Debt Projections

The Township is projected to hold a 2016 opening debt balance of \$799 thousand related to the Water Treatment Plant. As reflected in Table 3-3, the Township's outstanding debt is expected to decrease to \$498 thousand by 2021.

Table 3-3: Debt Projections

	2016	2017	2018	2019	2020	2021
Opening Debt Balance	\$ 798,672	\$ 751,837	\$ 703,736	\$ 654,337	\$ 603,604	\$ 551,501
New Debt Issue	\$ -					
Principal Repayment	\$ 46,836	\$ 48,100	\$ 49,399	\$ 50,733	\$ 52,103	\$ 53,509
Closing Debt Balance	\$ 751,837	\$ 703,736	\$ 654,337	\$ 603,604	\$ 551,501	\$ 497,992

3.5 TCA Projections

The Township's PSAB 3150 TCA data was used to develop the financial information related to the Township's water assets which include:

- Infrastructure;
- Buildings; and
- Machinery and Equipment.

The TCA projections for the study period are presented in Table 3-4 and are based on the following assumptions:

- Amortization of existing assets is based on the Township's Tangible Capital Assets Policies and Procedures. Amortization of new assets is based on straight line depreciation with half-year depreciation charged in the year of acquisition;
- Historical costs, life expectancy and remaining useful life as per the PSAB 3150 data provided by the Township;
- Fully depreciated assets continue to be used in service i.e. no asset removals;
- New assets acquired are based on the capital forecast presented in Appendix B. These are added to the TCA in the year of acquisition and depreciated over their useful life; and

- Contributed assets from new development are assumed to be zero as current growth is mostly due to infilling.

As detailed in Table 3-3, the depreciated value of the Township's water system is projected to decrease from approximately \$10.0 million at the end of 2016 to \$8.6 million at the end of 2021.

Table 3-4: TCA Projections

	2016	2017	2018	2019	2020	2021
Historical Cost	\$ 14,974,085	\$ 14,974,085	\$ 14,988,003	\$ 14,988,003	\$ 14,988,003	\$ 14,988,003
Accumulated Amortization (Beginning)	\$ 4,741,942	\$ 5,017,052	\$ 5,292,499	\$ 5,568,719	\$ 5,845,711	\$ 6,122,703
Amortization Expense	\$ 275,110	\$ 275,447	\$ 276,220	\$ 276,992	\$ 276,992	\$ 276,992
Accumulated Amortization (Ending)	\$ 5,009,917	\$ 5,285,364	\$ 5,544,602	\$ 5,821,594	\$ 6,098,586	\$ 6,375,578
Net Book Value	\$ 9,964,168	\$ 9,688,721	\$ 9,443,401	\$ 9,166,409	\$ 8,889,417	\$ 8,612,425

3.6 Reserve Balances

The projected transfers to and from the Township's water related reserve and reserve funds and their respective balances are presented in Tables 3-5 to 3-6 and include reserves related to:

- Manitowaning Water Capital Reserve; and
- Sunsite Capital Reserve.

Contributions to the Capital Reserves were based on the 2016 operating budget with the contributions being kept constant over the forecast period. Reserve contributions to fund the proposed water capital forecast have been allocated proportionally from the Manitowaning and Sunsite Water Capital Reserve based on the annual operating contributions to the respective reserves.

Table 3-5: Manitowaning Capital Reserve

	2016	2017	2018	2019	2020	2021
Opening Balance	\$77,646	\$85,519	\$100,573	\$99,116	\$114,017	\$128,840
Transfer from Operating	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Transfer from Capital	\$2,554	\$2,554	\$2,554	\$2,554	\$2,554	\$2,554
Transfer to Capital	\$9,681	\$2,500	\$19,011	\$2,652	\$2,732	\$0
Closing Balance	\$85,519	\$100,573	\$99,116	\$114,017	\$128,840	\$146,394

Table 3-6: Sunsite Reserve

	2016	2017	2018	2019	2020	2021
Opening Balance	\$92,387	\$99,622	\$113,176	\$112,201	\$125,621	\$138,971
Transfer from Operating	\$13,200	\$13,200	\$13,200	\$13,200	\$13,200	\$13,200
Transfer from Capital	\$2,554	\$2,554	\$2,554	\$2,554	\$2,554	\$2,554
Transfer to Capital	\$8,519	\$2,200	\$16,730	\$2,334	\$2,404	\$0
Closing Balance	\$99,622	\$113,176	\$112,201	\$125,621	\$138,971	\$154,725

3.7 Lead Service Pipe Removal

Based on the information provided by the Township, there are no lead pipes to be replaced. Therefore, the financial statements do not include costs associated with lead service pipe removal.

4 Financial Statements

This financial plan involves the review, analysis and assessment of financial information relevant to the Township's water system including costs, revenues, debt, cash transactions and Tangible Capital Assets (TCA) to prepare the following three (3) financial statements covering the period 2016 to 2021 as required under O.Reg. 453/07:

- Statement of Financial Position;
- Statement of Operations; and
- Statement of Cash Flow.

4.1 Statement of Financial Position

The Statement of Financial Position is presented in Table 4-1. This statement summarizes the Township's water-related financial and non-financial assets (Tangible Capital Assets-TCA) and liabilities, and provides the net financial asset/ (net debt) position and accumulated surplus related to managing the water system.

Financial assets are primarily cash balances in the water capital reserves. Cash balances see an increase over the forecast period of \$103 thousand, or from \$180 thousand in 2016, to \$283 thousand in 2021. Financial liabilities consist of the Water Treatment Plans long-term debt balance. Total financial liabilities are \$752 thousand in 2016, declining to \$498 thousand by 2021.

The non-financial assets (TCA) include the Township's water related infrastructure and facilities. The historical costs are amortized over the asset life to arrive at the net book value each year from 2016 to 2021. New assets are added in the years acquired, developed or built. Contributed assets are primarily new infrastructure and facilities that would be transferred to the Township's ownership and control by developers as they are completed. However this is assumed to be zero. It is also assumed that other non-financial assets such as inventory and prepaid expenses are zero.

Contained within the Statement of Financial Position are important indicators, the first being net financial assets (or net debt) which is defined as the difference between financial assets and liabilities. This indicator provides an indication of a water system's "future revenue requirement".

Table 4.1 indicates that in 2016, the Township's water system will be in a net debt position of \$572 thousand. This will decrease to a net debt position of \$215 thousand by 2021. The net debt position indicates that financial resources will be required to fund future operations. The decreased net debt position is due to a reduction in outstanding long-term debt and an increase in cash balances.

The next important indicator contained in the Statement of Financial Position is the net book value of TCA. Table 4-1 shows that net TCA are expected to decrease by \$1.4 million over the forecast period, or from \$10.0 million in 2016 to \$8.6 million 2021. This indicates that the Township will not be investing in tangible capital assets in excess of the consumption of existing assets. Further, the asset consumption ratio indicates the percentage of the "life" of the assets that has been "used". This ratio is the accumulated amortization of the water assets as a percent of historical cost. It highlights the aged condition of the assets and their potential replacement needs. The Township's Water Asset Consumption Ratio increases from 33% in 2016 to 43% in 2021. This suggests that the water system would be approximately 43% through its life expectancy by 2021 with approximately 57% of its life remaining. This percentage would increase with time. Therefore consideration should be given to allocating adequate funds to finance the replacement or rehabilitation of aging assets as they expire.

Another important indicator in the Statement of Financial Position is the accumulated surplus. This indicator provides an indication of the resources available to the Township for managing its water system. The accumulated surplus is projected to decrease from approximately \$9.4 million in 2016 to approximately \$8.4 million by 2021. The accumulated surplus is predominately made up of the net TCA balance representing past investments in the water systems infrastructure.

Table 4-1: Statement of Financial Position

	2016	2017	2018	2019	2020	2021
Financial Assets						
Cash,Receivables and Investment	\$180,033	\$206,033	\$200,992	\$226,705	\$252,270	\$282,970
Total Financial Assets	\$180,033	\$206,033	\$200,992	\$226,705	\$252,270	\$282,970
Financial Liabilities						
Accounts Payable & Deferred Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities	\$751,837	\$703,736	\$654,337	\$603,604	\$551,501	\$497,992
Total Financial Liabilities	\$751,837	\$703,736	\$654,337	\$603,604	\$551,501	\$497,992
Net Financial Assets (Net Debt)	(\$571,804)	(\$497,704)	(\$453,345)	(\$376,899)	(\$299,232)	(\$215,022)
Non-Financial Assets						
Tangible Capital Assets	\$14,974,085	\$14,974,085	\$14,988,003	\$14,988,003	\$14,988,003	\$14,988,003
Accumulated Amortization	\$5,009,917	\$5,285,364	\$5,544,602	\$5,821,594	\$6,098,586	\$6,375,578
Total Non-Financial Assets	\$9,964,168	\$9,688,721	\$9,443,401	\$9,166,409	\$8,889,417	\$8,612,425
Accumulated Surplus	\$9,392,364	\$9,191,017	\$8,990,056	\$8,789,510	\$8,590,185	\$8,397,402
Financial Indicators						
Increase (Decrease) in Net Financial Assets	\$56,836	\$74,100	\$44,358	\$76,447	\$77,667	\$84,209
Increase (Decrease) in Net Tangible Capital Assets	(\$261,610)	(\$275,447)	(\$245,320)	(\$276,992)	(\$276,992)	(\$276,992)
Increase (Decrease) in Accumulated Surplus	(\$204,774)	(\$201,347)	(\$200,962)	(\$200,545)	(\$199,325)	(\$192,783)
Water Asset Consumption Ratio	-33%	-35%	-37%	-39%	-41%	-43%

4.2 Statement of Operations

The Statement of Operations is presented in Table 4-2. It summarizes the annual revenues and expenses associated with managing the Township's water system. It provides a report on the transactions and events that have an influence on the accumulated surplus. The main revenue items included are:

- Revenues from Water Charges ;
- Other Revenues (administrative fees, and other direct charges such as Fill Station Revenues); and
- Recoveries of Water Treatment Plant debt related costs.

The main expense items are:

- The annual cost of operating and maintaining the water system;
- Interest on existing debt; and
- Amortization expenses on existing and added TCA.

The operating surplus/ (deficit) is an important indicator contained in the Statement of Operations. An operating surplus/ (deficit) measures whether operating revenues generated in a year are sufficient to cover operating expenses incurred in that year. It is important to note that an annual surplus is necessary to ensure funds will be available to address non-expense items such as TCA acquisitions over and above amortization expenses, reserve contributions for asset replacement and repayment of outstanding debt principal.

As reflected in Table 4-2 operating deficits are projected to occur each year over the forecast period and averages \$200 thousand per year. System long-term sustainability is dependent upon ensuring, on average, that current period expenses are less than current period revenues, as such the Township's water system is not considered financially sustainable. Therefore it is recommended that the Township undertake a long-term financial planning exercise to develop financial policies and strategies to address the fiscal long-term sustainability of the Manitowaning and Sunsite water systems.

Table 4-2: Statement of Operations

	2016	2017	2018	2019	2020	2021
Water Revenue						
Rate Revenue	\$296,000	\$301,171	\$306,445	\$305,050	\$310,537	\$316,134
Other Revenue	\$70,440	\$70,481	\$70,522	\$70,565	\$70,608	\$70,652
Total Revenues	\$366,440	\$371,651	\$376,967	\$375,615	\$381,145	\$386,786
Water Expenses						
Gross	\$269,840	\$272,551	\$277,867	\$276,515	\$282,045	\$287,686
Non-TCA Capital	\$4,700	\$4,700	\$4,841	\$4,986	\$5,136	\$0
Operating Expenses	\$274,540	\$277,251	\$282,708	\$281,501	\$287,181	\$287,686
Interest on Debt	\$21,564	\$20,300	\$19,001	\$17,667	\$16,297	\$14,891
Amortization	\$275,110	\$275,447	\$276,220	\$276,992	\$276,992	\$276,992
Total Expenses	\$571,214	\$572,998	\$577,929	\$576,161	\$580,471	\$579,569
Annual Surplus/(Deficit)	(\$204,774)	(\$201,347)	(\$200,962)	(\$200,545)	(\$199,325)	(\$192,783)
Accumulated Surplus/(Deficit), Beginning of Year	\$9,597,138	\$9,392,364	\$9,191,017	\$8,990,056	\$8,789,510	\$8,590,185
Accumulated Surplus/ (Deficit), End of Year	\$9,392,364	\$9,191,017	\$8,990,056	\$8,789,510	\$8,590,185	\$8,397,402

4.3 Statement of Cash Flow

The Statement of Cash Flow is presented in Table 4-3. This statement summarizes the main cash inflows and outflows related to the water system in four (4) main areas - operating, capital, investing and financing, and shows the annual changes in cash.

The operating cash transactions begin with the surplus or deficit identified in the Statement of Operations. This figure is adjusted to add or subtract non-cash items that were included as revenues or expenses (e.g. amortization expenses). It is assumed that there were no “investing activities” over the period. The capital section indicates the amounts spent to acquire capital assets (TCA) or received from the sale of assets. In the Township’s case, it is assumed that there are no assets to be sold to generate cash. The financing section identifies the portion of debt repaid as cash outflows.

Table 4-3 indicates that cash has been generated from operations, which is used in funding the acquisition of TCA, towards building internal reserves, and to repay debt over the forecast period. There has been modest cash outflows for capital purchases over the forecast period, with additional cash outflows for the repayment of outstanding debt. Overall the Township's cash position is projected to increase \$103 thousand over the forecast period from \$180 thousand in 2016 to \$283 thousand in 2021.

Table 4-3: Statement of Cash Flow

	2016	2017	2018	2019	2020	2021
Cash Provided by:						
Operating Activities						
Annual Surplus/(Deficit)	(\$204,774)	(\$201,347)	(\$200,962)	(\$200,545)	(\$199,325)	(\$192,783)
Non-Cash Items						
Amortization	\$275,110	\$275,447	\$276,220	\$276,992	\$276,992	\$276,992
Net Change in Cash Provided by Operating Activities	\$70,336	\$74,100	\$75,258	\$76,447	\$77,667	\$84,209
Capital Activities						
Purchase of TCA	\$13,500	\$0	\$30,900	\$0	\$0	\$0
Net Change in Cash Used in Capital Activities	\$13,500	\$0	\$30,900	\$0	\$0	\$0
Financing Activities						
Proceeds From Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
Repayment of Long-Term Debt	(\$46,836)	(\$48,100)	(\$49,399)	(\$50,733)	(\$52,103)	(\$53,509)
Net Change in Cash Used in Financing Activities	(\$46,836)	(\$48,100)	(\$49,399)	(\$50,733)	(\$52,103)	(\$53,509)
Net Change in Cash and Cash Equivalents	\$10,000	\$26,000	(\$5,041)	\$25,714	\$25,564	\$30,700
Cash and Cash Equivalents, Beginning of the Year	\$170,033	\$180,033	\$206,033	\$200,992	\$226,705	\$252,270
Cash and Cash Equivalents, End of the Year	\$180,033	\$206,033	\$200,992	\$226,705	\$252,270	\$282,970

4.4 Data Sources

The primary sources of data used to prepare this financial plan are listed in Table 4-4. In addition, information was also developed from discussions with and input from the Township's staff, as required.

Table 4-4: Financial Plan Data Sources

Item	Data Source
Asset Life Expectancy	<ul style="list-style-type: none"> Township's TCA Policy Township's TCA PSAB 3150 Database
Asset Values	<ul style="list-style-type: none"> Township's TCA PSAB 3150 Database Information Provided by the Township
O & M Costs and Revenue Projections	<ul style="list-style-type: none"> Township's Projected 2016 Water Operating Budget Information provided by the Township
Capital Cost and TCA Projections	<ul style="list-style-type: none"> Township's 2016 Capital Budget Information provided by the Township/OCWA
Debt	<ul style="list-style-type: none"> Information provided by the Township
Investments, Reserve balances etc.	<ul style="list-style-type: none"> Information provided by the Township

5 Conclusions & Recommendations

The following are the main conclusions and recommendations:

- The annual net cost to be recovered from water charges is projected to increase from \$296 thousand in 2016 to approximately \$316 thousand by 2021;
- Combined Manitowaning and Sunsite reserve balances over the forecast period are projected to increase from \$185 thousand to approximately \$301 thousand by 2021;
- The Net Book Value (NBV) of the Township's water system is projected to decrease from approximately \$10.0 million in 2016 to approximately \$8.6 million by 2021. The decrease in asset value is due to asset consumption exceeding asset replacement over the next (6) six years;
- Water Asset Consumption Ratio increases from 33% in 2016 to 43% in 2021, indicating that the Township's water assets will, by the end of 2021, be approximately 43% consumed;
- Annual operating deficits occur each year over the forecast period, averaging \$200 thousand per year;
- At present the Township's revenues are not sufficient to offset asset depreciation and fund future asset replacement. Therefore it is recommended that the Township undertake a long-term financial planning exercise to develop financial policies and strategies to address the long-term financial sustainability of the Manitowaning and Sunsite water systems;
- That the Water Financial Plan No. 254-301A including the Financial Statements presented herein be approved and submitted to the Ministry of Municipal Affairs and Housing (MMAH) in accordance with the Drinking Water System Licence renewal requirements and O. Reg. 453/07; and
- That a copy of the Water Financial Plan No. 254-301A be posted on the Township's website.

APPENDICES

APPENDIX A

Requirements of Ontario Regulation 453/07

Appendix A: Requirements of O.Reg. 453/07

Requirements			How Requirements are Met
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.	<ul style="list-style-type: none"> It is expected the Council will approve the updated Financial Plan.
	ii.	The governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.	<ul style="list-style-type: none"> N/A
2.	The financial plans must apply to a period of at least six years.		<ul style="list-style-type: none"> Applies for 6 years from 2016 to 2021 inclusive.
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 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.	<ul style="list-style-type: none"> The first year of the Updated Financial Plan is 2016.
	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.	<ul style="list-style-type: none"> N/A
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:	<ul style="list-style-type: none"> See Table 4-1 Statement of Financial Position for all water systems combined in Financial Plan.
		a. Total financial assets	<ul style="list-style-type: none"> See Table 4-1 Statement of Financial Position for all water systems combined in Financial Plan.
		b. Total liabilities	<ul style="list-style-type: none"> See Table 4-1 Statement of Financial Position for all water systems combined in Financial Plan.
		c. Net financial assets (debt)	<ul style="list-style-type: none"> See Table 4-1 Statement of Financial Position for all water systems combined in Financial Plan.
		d. Non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses.	<ul style="list-style-type: none"> See Table 4-1 Statement of Financial Position for all water systems combined in Financial Plan. TCA Projections in Financial Plan.

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		e. Changes in tangible capital assets that are additions, donations, write downs and disposals.	<ul style="list-style-type: none"> See Table 4-1 Statement of Financial Position for all water systems combined in Financial Plan. TCA Projections in Financial Plan.
	ii.	Details of the proposed or projected financial operations of the drinking water system itemized by,	<ul style="list-style-type: none"> See Table 4-2 Statement of Operations for all water systems combined in Financial Plan.
		a. Total revenues, further itemized by water rates, user charges and other revenues.	<ul style="list-style-type: none"> See Table 4-2 Statement of Operations for all water systems combined in Financial Plan.
		b. Total expenses, further itemized by amortization expenses, interest expenses and other expenses	<ul style="list-style-type: none"> See Table 4-2 Statement of Operations for all water systems combined in Financial Plan.
		c. Annual surplus or deficit, and	<ul style="list-style-type: none"> See Table 4-2 Statement of Operations for all water systems combined in Financial Plan.
		d. Accumulated surplus or deficit	<ul style="list-style-type: none"> See Table 4-2 Statement of Operations for all water systems combined in Financial Plan.
	iii.	Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by,	<ul style="list-style-type: none"> See Table 4-3 Statement of Cash Flow for all water systems combined in Financial Plan.
		a. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges, - done in full cost report	<ul style="list-style-type: none"> See Table 4-3 Statement of Cash Flow for all water systems combined in Financial Plan.
		b. Capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,	<ul style="list-style-type: none"> See Table 4-3 Statement of Cash Flow for all water systems combined in Financial Plan.
		c. Investing transactions that are acquisitions and disposal of investments,	<ul style="list-style-type: none"> See Table 4-3 Statement of Cash Flow for all water systems combined in Financial Plan.
		d. Financing transactions that are proceeds from the issuance of debt and debt repayment.	<ul style="list-style-type: none"> See Table 4-3 Statement of Cash Flow for all water systems combined in Financial Plan.
		e. Changes in cash and cash equivalents during the year,	<ul style="list-style-type: none"> See Table 4-3 Statement of Cash Flow for all water systems combined in Financial Plan.
		f. Cash and cash equivalents at the beginning and end of the year.	<ul style="list-style-type: none"> See Table 4-3 Statement of Cash Flow for all water systems combined in Financial Plan.
	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.	<ul style="list-style-type: none"> There are no lead service pipes to be changed in the Township of Assignack. Therefore the information in the Financial Plan does not include lead service pipe replacement.
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,	<ul style="list-style-type: none"> This will be done by the municipality following Council approval.

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	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,	<ul style="list-style-type: none"> The Financial Plan will be posted on the municipality's website and made available for public review at no charge.
	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.	<ul style="list-style-type: none"> A notice will be issued following Council approval.
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).	<ul style="list-style-type: none"> Will be submitted following Council approval.
		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.	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.
	1.	Sub-subparagraphs 4 i A, B and C of subsection (1).	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.
	2.	Sub-subparagraphs 4 iii A, C, E and F of subsection (1). O. Reg. 453/07, s. 3 (2).	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.

APPENDIX B

Water Capital Forecast (2016 – 2021)

Appendix B: Water Capital Forecast (2016-2021)

Description	2016 Budget	Forecast				
		2017	2018	2019	2020	2021
Capital Expenditures						
Manitowaning Plant Improvements	\$9,700	\$0	\$0	\$0	\$0	\$0
Lagoon Output Improvements	\$3,800	\$0	\$0	\$0	\$0	\$0
Proper Station Development	\$0	\$0	\$30,900	\$0	\$0	\$0
SCADA Updates	\$2,200	\$2,200	\$2,266	\$2,334	\$2,404	\$0
Licencing Program Requirements	\$2,500	\$2,500	\$2,575	\$2,652	\$2,732	\$0
Total Capital Expenditures	\$18,200	\$4,700	\$35,741	\$4,986	\$5,136	\$0
Capital Financing						
Water Capital Reserve - Manitowaning	\$9,681	\$2,500	\$19,011	\$2,652	\$2,732	\$0
Water Capital Reserve - Sunsite	\$8,519	\$2,200	\$16,730	\$2,334	\$2,404	\$0
Total Capital Financing	\$18,200	\$4,700	\$35,741	\$4,986	\$5,136	\$0