ONTARIO CLEAN WATER AGENCY
AGENCE ONTARIENNE DES EAUX

TOWNSHIP OF GEORGIAN BLUFFS

DRINKING WATER SYSTEM

FINANCIAL PLAN # 083-301A

SUBMITTED BY

Ontario Clean Water Agency
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Mississauga, ON L5A 4G1

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STATEMENT OF CONFIDENTIALITY

OCWA's Report to
The Township of Georgian Bluffs
for the Drinking Water System Financial Plan

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Appendix A: Ontario Regulation 453/07

1 Introduction

The Corporation of the Township of Georgian Bluffs (the Township) has retained the Ontario Clean Water Agency (OCWA) to provide the Financial Plan for the Township's Drinking Water System (DWS) in order to comply with the Financial Plan regulation (O. Reg. 453/07) made under the Safe Drinking Water Act.

This Financial Plan 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), now Ministry of the Environment, Conservation, and Parks (MECP), in August 2007 entitled "Toward Financially Sustainable Drinking-Water and Wastewater Systems".

The Financial Plan was prepared for the Township's 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 and operational staff was used to generate an operating plan that forecasted future annual expenditure requirements from 2021 to 2027. A revenue plan relying primarily 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 Township's DWS covering a study period from 2021 to 2027 in accordance with O.Reg. 453/07 requirements (minimum six 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 waterborne illness tragedy in Walkerton in 2000. Following this incident, 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 MECP has responded to the Inquiry recommendations by making legislative changes. One change directly related to the development of this Financial Plan was the passage of the Safe Drinking Water Act, 2002 (SDWA). It requires owners of a municipal drinking water system to apply for and obtain a Municipal Drinking Water Licence. There are five elements that must be in place in order for the owner of a drinking water system to obtain a Licence:

1) A Drinking Water Works Permit to establish or alter a drinking-water system.
2) An accepted Operational Plan. The Drinking Water Quality Management Standard (DWQMS) is the standard upon which operational plans are based. The plan documents an operating authority's quality management system (QMS).
3) An Accredited Operating Authority. A third-party audit of an operating authority's QMS will be the basis for accreditation.
4) A Permit to Take Water.

5) A Financial Plan to 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 MECP 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. 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 MECP 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 Georgian Bluffs - Drinking Water System

The Georgian Bluffs Drinking Water System (DWS), located in the Township, is owned by the Corporation of the Township of Georgian Bluffs and operated by the Ontario Clean Water Agency under contract. The Municipality is located in southwestern Ontario, in Grey County between Colpoy's Bay and Owen Sound on Georgian Bay.

The Drinking Water System is comprised of four systems: East Linton, Oxenden, Pottawatomi and Shallow Lake, which combined service approximately 944 residential connections as well as industrial, commercial and institutional establishments.

East Linton and Area Drinking Water System

The East Linton Drinking Water System consists of an intake in Georgian Bay, a water treatment plant consisting of pre-chlorination (Sodium Hypochlorite), microfiltration, UV disinfection, chlorination and two (2) cells reservoir, high lift pumps, one elevated storage tank, one booster pumping station serving the community of Presquile and distribution watermains.

Oxenden Drinking Water System

The Oxenden Distribution System receives treated water from the Wiarton Water Treatment Plant through the Wiarton Distribution System. The Oxenden Distribution System consists of PVC piping ranging in size from 50mm to 250 mm with approximately 200 service connections and 47 fire hydrants.

Pottawatomi Drinking Water System

The Pottawatomi Water System consists of one (1) GUDI well, a water treatment facility equipped with cartridge filtration, UV disinfection, chlorination, iron sequestering, three (3) chlorine contact pressure tanks and hydropneumatic tanks and distribution watermains.

Shallow Lake Drinking Water System

The Shallow Lake Drinking Water System consists of two (2) wells (GUDI), water treatment facility, consists of greensand filtration system for iron and manganese removal followed by flocculation, settling, and dual media filtration. Disinfection is provided by UV at least 40 mJ/cm2 and chlorination and an on-site storage with high lift pumping and distribution watermains.

2 Financial Operating Plan

The financial operating plan includes the full costs of operating the Georgian Bluffs DWS on an on-going basis and includes capital investments, operating costs, maintenance costs, administration costs, and other miscellaneous costs.

A financial operating plan for the Georgian Bluffs DWS was developed using historical financial statements, forecasted capital and major maintenance expenditures and tangible capital asset information. These aforementioned elements were used to forecast the annual expenditure requirements while taking into account contingency costs, inflation and any growth expected.

2.1 Operating Expenses

Recurring operating expenses for the Georgian Bluffs DWSs consist of wages and benefits for OCWA operators, materials and supplies, and major maintenance/capital repair items for the upkeep of the drinking water system. All operating costs are projected to increase on an annual basis at a rate of 3% per year up to the end of the study period. The payments to the Town of South Bruce Peninsula for supplying water to the Oxenden DWS have also been included in these expenses, however they have been inflated at 5% throughout the study period based on the rate increases indicated for 2021-2025 in the TSBP Rate Study.

The total water operating expenses (excluding capital items and amortization) for the four Georgian Bluffs DWSs were $686,997 in 2020. The projected operating expenses for the remainder of the study period fall increase from $707,835 in 2021 to $843,942 in 2027 fluctuating according to the variance in major maintenance, studies and investigations.

2.2 Capital Costs

Yearly maintenance/repair expenditures refer to the cost to upkeep certain assets to prolong their level of service. Capital expenditures are the costs involved in upgrading or acquiring an asset to be used in order to provide a service.

As part of the development of this Financial Plan, the existing capital and major maintenance plan was updated to identify future capital and maintenance needs during the study period (2021-2027).

Some of the major expenditures that will be capitalized during the Financial Plan study period (2021-2027) include the following:

East Linton:

- Replacement of compressed air system in 2021 ($20,000);
- Reservoir monitoring equipment purchase in 2021 ($5,000);
- Upgrade of UV Disinfection System in 2022/23 ($100,000 allocated at $50,000 per year)
- Pump replacement in 2025 ($50,000);

Shallow Lake:

- Replace jockey pump and motor in 2024 ($35,000);

In addition to capital and major maintenance items, the Township will be developing a Comprehensive Water and Wastewater Servicing Plan valued at $167,800. Fifty percent of this cost has been allocated to the water system and spread evenly over 2021 and 2022 (i.e. $41,950/year).

All capital and major maintenance cost estimates do not include contingency and are "Class 5" estimates (-50% to +100%) according to AACE standards based upon parametric or analogous models. The timing of future projects is subject to adjustment based on changing asset performance information.

2.3 Debt Management

The Township does not have any debt related to the water systems, nor is any expected during the study period.

2.4 Lead Pipe Replacement Cost

There are no costs associated with lead pipe replacement for the Georgian Bluffs DWSs.

2.5 Source Water Protection Costs

There are no costs associated with source water protection for the Georgian Bluffs DWSs.

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 mainly on the revenues generated from the direct users of the DWSs through water rates and late payment charges, in combination with interest generated on the reserve, and other revenues to cover forecasted capital and operating costs. The plan also considers potential infrastructure and federal/provincial grants that would help fund expenditures for the study period.

3.1 Water Rates

The Georgian Bluffs DWS currently services approximately 944 residential connections. For the purpose of this Plan, no new users have been added to the Shallow Lake or Pottawatomi systems during the study period. In Oxenden, 20 new connections were added in 2022 and in East Linton, 30 new connections per year were added. The Township also has commercial users but no new commercial users were added.

Historically, the Township has used two different billing systems: one for the Oxenden DWS and one for the other three systems. The Oxenden rate structure consisted of a base rate plus a volumetric charge for water used while the other systems were charged a base rate that included a set volume of water usage and a volumetric charge for amounts exceeding that amount. Going forward, the Township is looking to simplify the billing systems by structuring rates as a base rate plus volumetric rate (i.e. the Oxenden format) for all four systems. The rates used in this Financial Plan were calculated assuming the "Oxenden" format for all four systems, although the Township may not eventually adopt this format. In any case, the increases in this plan align with the expected increases due to the Town of South Bruce Peninsula, which average 3% per year.

The past and proposed annual water rates charged to consumers can be found in Tables 3.1 – 3.5. As shown, the Plan assumes a 3% average annual increase each year from 2022 to the end of the study period.

Table 3.1 – Oxenden 5/8" Meter Annual Water Rates Charges

	Historic	Proposed Rates						
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Variable Rate (/m³)	**$3.22**	**$3.22**	**$3.43**	**$3.54**	**$3.64**	**$3.75**	**$3.86**	**$3.98**
GB Reserve Rate	$140.35	$140.35	$144.56	$149.20	$153.42	$158.05	$162.83	$167.75
GB Operating Rate	$386.06	$386.06	$397.65	$410.41	$422.00	$434.75	$447.89	$461.43
SBP Fixed Charge	$741.30	$741.30	$763.56	$788.05	$810.31	$834.80	$860.02	$886.01
TOTAL FIXED	**$1267.71**	**$1267.71**	**$1305.78**	**$1347.66**	**$1385.73**	**$1427.60**	**$1470.74**	**$1515.19**
% Increase		0.0%	3.00%	3.21%	2.82%	3.02%	3.02%	3.02%

The SBP Fixed Charge will increase for customers with larger meters as shown in Table 3.2.

Table 3.2 – Oxenden 1 1/2" and 2" Meters Annual Water Rates Charges

	Historic	Proposed Rates						
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
SBP Fixed Charge (1 ½")	$1334.55	$1334.55	$1455.93	$1502.62	$1545.07	$1591.76	$1639.86	$1689.42
SBP Fixed Charge (2")	$2149.98	$2149.98	$2345.70	$2420.93	$2489.31	$2564.54	$2642.04	$2721.88

For the East Linton, Pottawatomi and Shallow Lakes systems, the "variable rate" shown for 2020 and 2021 represents the existing variable total rate from the "2020 Water Fees" document while the variable rate for 2022 forward is equal to the variable rate for the Oxenden DWS. This approach will make the variable water cost consistent for all four systems while the fixed rate component changes to reflect the different costs for treating water in each system.

Table 3.3 – East Linton Annual Water Rates Charges

	Historic	Proposed Rates						
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Variable Rate (/m³)	**$3.78**	**$3.78**	**$3.43**	**$3.54**	**$3.64**	**$3.75**	**$3.86**	**$3.98**
GB Reserve Rate	$136.51	$103.07	$106.16	$109.57	$112.66	$116.07	$119.58	$123.19
GB Operating Rate	$554.07	$412.29	$424.66	$438.27	$450.65	$464.27	$478.30	$492.76
TOTAL FIXED	**$690.58**	**$515.36**	**$530.82**	**$547.84**	**$563.32**	**$580.34**	**$597.88**	**$615.95**
% Increase		0.0%	3.00%	3.21%	2.82%	3.02%	3.02%	3.02%

Table 3.4 – Pottawatomi Annual Water Rates Charges

	Historic	Proposed Rates						
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Variable Rate (/m³)	**$11.40**	**$11.40**	**$3.43**	**$3.54**	**$3.64**	**$3.75**	**$3.86**	**$3.98**
GB Reserve Rate	$413.55	$349.54	$360.03	$371.58	$382.07	$393.62	$405.51	$417.77
GB Operating Rate	$1666.23	$1398.17	$1440.12	$1486.30	$1528.29	$1574.47	$1622.05	$1671.07
TOTAL FIXED	**$2079.78**	**$1747.71**	**$1800.15**	**$1857.88**	**$1910.36**	**$1968.09**	**$2027.56**	**$2088.84**
% Increase		0.0%	3.00%	3.21%	2.82%	3.02%	3.02%	3.02%

Table 3.5 – Shallow Lake Annual Water Rates Charges

	Historic	Proposed Rates						
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Variable Rate (/m³)	**$8.98**	**$8.98**	**$3.43**	**$3.54**	**$3.64**	**$3.75**	**$3.86**	**$3.98**
GB Reserve Rate	$325.22	$304.49	$313.62	$323.68	$332.82	$342.88	$353.24	$363.92
GB Operating Rate	$1312.91	$1217.94	$1254.48	$1294.71	$1331.28	$1371.51	$1412.96	$1455.66
TOTAL FIXED	**$1638.13**	**$1522.43**	**$1568.10**	**$1618.39**	**$1664.10**	**$1714.39**	**$1766.20**	**$1819.58**
% Increase		0.0%	3.00%	3.21%	2.82%	3.02%	3.02%	3.02%

If the proposed rates are adopted in 2022, an average, residential customer using 268 L/day (i.e. the average consumption for Oxenden in 2020) would expect to pay the annual amounts shown in Table 3.6.

Table 3.6 – Annual Water Expense (assuming 268L/day consumption rate)

	2022	2023	2024	2025	2026	2027
Oxenden	$1,641.30	$1,693.94	$1,741.79	$1,794.43	$1,848.65	$1,904.52
East Linton	$866.34	$894.13	$919.38	$947.17	$975.46	$1,005.27
Pottawatomi	$2,135.67	$2,204.16	$2,266.42	$2,334.91	$2,405.15	$2,478.16
Shallow Lake	$1,903.62	$1,964.67	$2,020.17	$2,081.22	$2,143.79	$2,208.90

In addition to the water usage revenue, the Plan assumes revenues for connection fees, interest/late fees, and bulk sales. Base on the average revenue between 2018 and 2020, connection fees have been included at $16, 100 per year and the interest and late fees have been included at $380 per year. Bulk sales of $6,000 per year have been included based on the Township's budget.

3.2 Debt and Cash Reserves

The water system reserve funds were $3,374,774 at the end of 2020. As the revenues exceed expenditures every year during the funding period, the reserve is expected to increase, reaching $8,437,577 by the end of 2027. The interest earned on the reserve fund is variable at prime less 1.70%. In order to forecast interest, the average interest rate earned in 2020 (i.e. 1.56%) was assumed for 2021 to 2027.

3.3 Government Grants

There are no grants anticipated during the study period.

4 Financial Plan Summary – Georgian Bluffs

This section provides a summary of the principal features concerning the current and projected future state of the Georgian Bluffs DWSs. The financial information is contained in financial statements covering at least six years (2021-2027) in compliance with O. Reg. 453. Detailed financial statements are set out in tabular form in Section 7. 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 7.1)

4.1.1 Net Financial Assets/(Debt)

An important feature of a water system is its net financial assets/(debt). A positive net financial asset position 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. Georgian Bluffs DWS's net financial assets/(Debt) are shown in Figure 4.1 below.

Figure 4.1 – Georgian Bluffs DWS Net Financial Assets/(Debt)

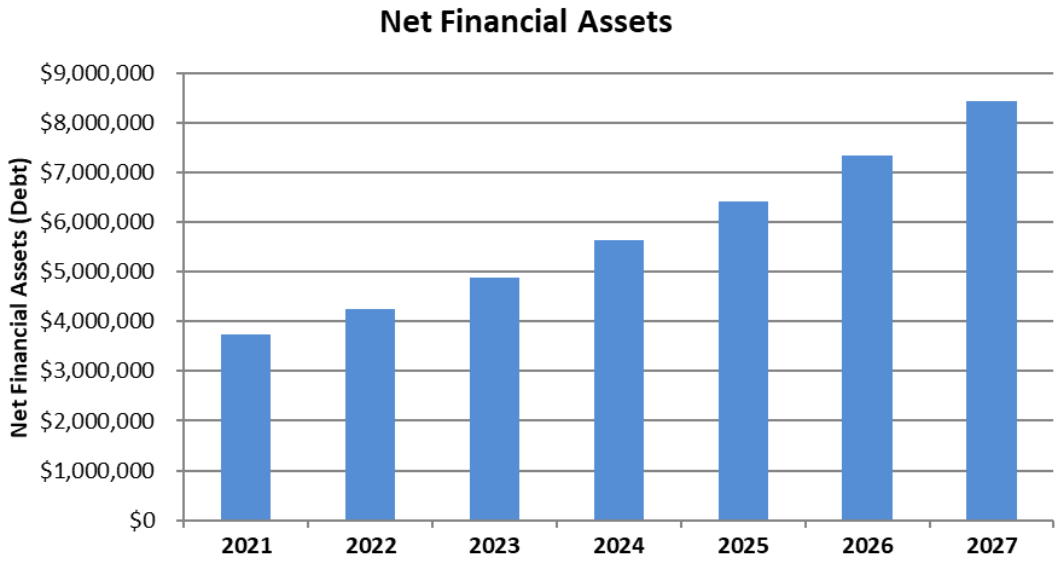


Figure 4.1 shows that the DWS's net financial assets are positive and increasing throughout the study period. It should be noted that the accounting of capital works is more comprehensive in the short term than in the long term and there may be unidentified capital works that will have to be included in the capital budget at a future date, which could adversely affect the DWS's net financial assets.

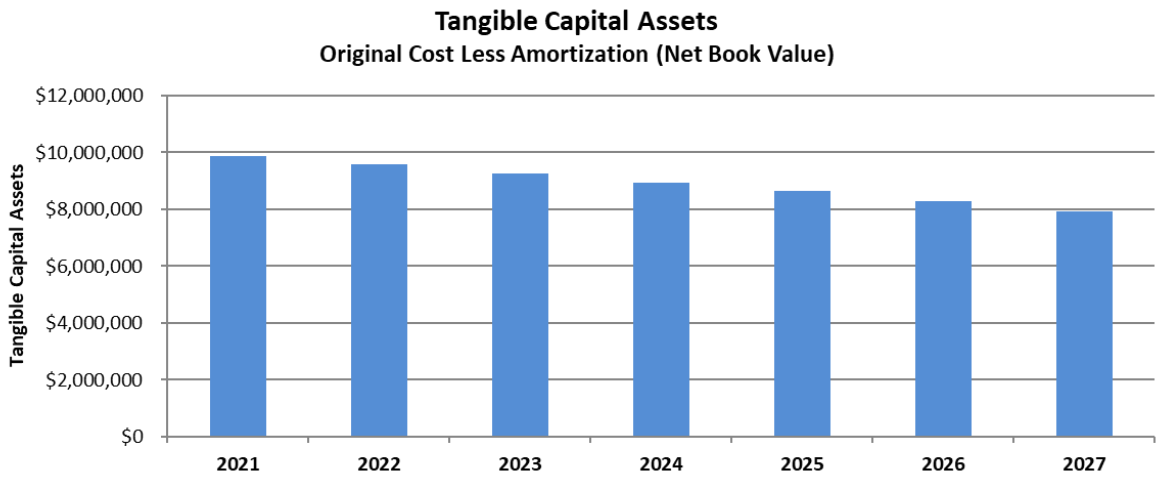
4.1.2 Tangible Capital Assets

A second feature of the water system is the total value of the system's tangible capital assets (building, equipment, and water mains). 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 its accumulated amortization.

Managing TCAs is critical to maintaining current and future levels of service. TCAs begin amortizing once they are installed (i.e. they start to decrease in value). A decrease in the NBV indicates that assets are being used or amortized faster than they are being consumed. Conversely, an increase in the NBV of the TCAs indicates that assets are being renewed faster than they are being consumed.

The net book value of the DWS's assets is provided in Figure 4.2. As shown, the TCA NBV decreases steadily until 2027. The overall decrease is attributed to the amortization rate being greater than the replacement rate of the assets. Although there are assets that are being added and contributing to the tangible capital asset value in each year, this is occurring at a slower rate than the amortization of the assets.

Figure 4.2 – Georgian Bluffs DWS Tangible Capital Assets

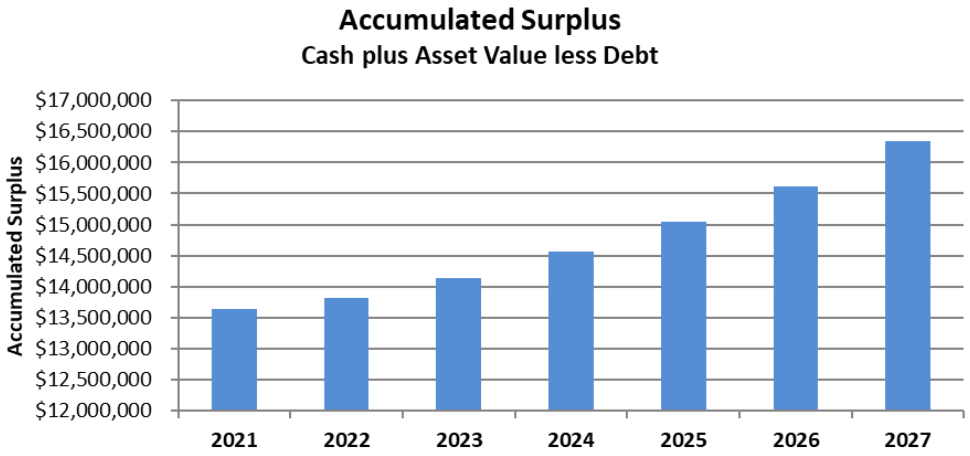


4.1.3 Accumulated Surplus

A third feature of the water system is the accumulated surplus, which represents the cash on hand plus the net book value of tangible capital assets less debt. In other words, the accumulated surplus is calculated by adding the net financial asset and non-financial assets. The accumulated surplus serves as a metric to quantify the municipality's ability to maintain the current value of the DWS assets.

The Township's DWS is projected to experience a steady increase in accumulated surplus throughout the study period. This increase is attributed to the amortization rate being less than the rate at which the net financial assets is increasing. As a result, the system is currently self-sustaining.

Figure 4.3 – Georgian Bluffs DWS Accumulated Surplus

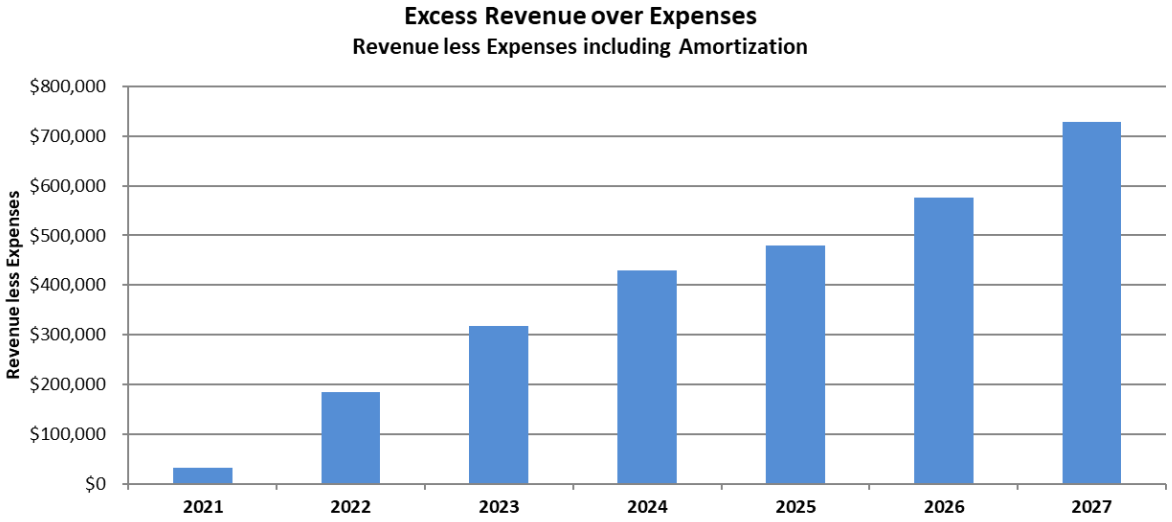


4.2 Statement of Financial Operation (Table 7.2)

The statement of financial operations summarizes the Township's DWS revenues and expenditures over the study period. The majority of the revenue collected in the DWS comes from water user fees (residential and commercial), connection fees and interest/late fees. Revenues may also include government grants and contributions from general revenue, but not for the Township's DWSs. Expenditures include operating costs (internally and for purchase of water from Wiarton), major maintenance costs, debt payment and annual asset amortization. A surplus is realized when yearly revenues exceed yearly expenses. Conversely, a deficit is realized when yearly expenses exceed yearly revenues. A surplus is desirable as additional funds would be available for the purchase of capital assets and other financial activities such as debt payment and the growth of the DWS's Reserve Fund.

Figure 4.4 shows the system's revenues over expenses, including amortization. As shown, it is projected that the system's excess of revenues over expenses, including amortization, has positive values throughout the study period. Currently, the generated revenues are sufficient to cover operational expenses with enough surplus to contribute to the systems' reserve fund for future needs.

Figure 4.4 – Georgian Bluffs DWS Revenues less Expenses



It is important to note that amortization expense is a financial write-off of the capital assets and it is not a cash expenditure itself. Amortization is included in financial statements to represent the loss in value of the resources required to operate the drinking water system.

5 Continuous Improvement

The SDWA requires the Municipal Drinking Water Licence to be renewed 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 re-visiting 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.

6 Conclusion

The Statement of Financial Position provides a snapshot of the financial health of the DWS. It was shown that barring any unforeseen capital expenditures, the DWS will be in a positive position until at least 2027. This is an indication that the revenues are high enough to meet the water system's financial requirements.

The Statement of Financial Operations analysis shows that the DWS's excess revenue over expenses is also in a positive position and will remain positive beyond the planning period. Barring any unforeseen capital expenses, the Township's drinking water systems are financially sustainable.

In reviewing these statements, it is important to keep in mind that a number of assumptions were 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 schedules may vary from current projections. Therefore, there is a need to monitor the progress of this plan and make adjustments as needed.

This Financial Plan has been prepared in accordance with O. Reg. 453/07 under the Safe Drinking Water Act, 2002.

7 Financial Statements

The detailed financial statements are set out in the following tables. Section 8 details the notes that correspond to the “notes” numbers on the right side of the tables

Table 7.1 – Statement of Financial Position

Statement of Financial Position	2021	2022	2023	2024	2025	2026	2027	Notes
Financial Assets								
Cash/Cash Equivalents								
System Reserve	$3,749,147	$4,250,291	$4,883,121	$5,628,882	$6,409,232	$7,348,170	$8,437,577	1
Other	$0	$0	$0	$0	$0	$0	$0	
Total Cash/Cash Equivalents	**$3,749,147**	**$4,250,291**	**$4,883,121**	**$5,628,882**	**$6,409,232**	**$7,348,170**	**$8,437,577**	
Investments	$0	$0	$0	$0	$0	$0	$0	
Accounts Receivable	$0	$0	$0	$0	$0	$0	$0	
Total Financial Assets	**$3,749,147**	**$4,250,291**	**$4,883,121**	**$5,628,882**	**$6,409,232**	**$7,348,170**	**$8,437,577**	
Liabilities								
Accounts Payable	$0	$0	$0	$0	$0	$0	$0	
Debt Principal	$0	$0	$0	$0	$0	$0	$0	
Working Deficit	$0	$0	$0	$0	$0	$0	$0	
Other liabilities	$0	$0	$0	$0	$0	$0	$0	
Total Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Net Financial Assets (Debt)	**$3,749,147**	**$4,250,291**	**$4,883,121**	**$5,628,882**	**$6,409,232**	**$7,348,170**	**$8,437,577**	
Non Financial Assets								
Tangible Capital Asset Cost (Closing)	$19,762,834	$19,819,484	$19,877,834	$19,919,904	$19,981,807	$19,981,807	$19,981,807	2,3
Changes in Tangible Capital Assets - Additions	$27,500	$56,650	$58,350	$42,070	$61,903	$0	$0	4
Changes in Tangible Capital Assets - Betterments	$0	$0	$0	$0	$0	$0	$0	
Changes in Tangible Capital Assets - Disposals	$0	$0	$0	$0	$0	$0	$0	
Accumulated Amortization (closing)	$9,878,685	$10,251,641	$10,624,767	$10,983,813	$11,345,849	$11,707,885	$12,068,782	
Total Non Financial Assets	**$9,884,150**	**$9,567,844**	**$9,253,068**	**$8,936,091**	**$8,635,958**	**$8,273,922**	**$7,913,025**	
Accumulated Surplus(deficit)	**$13,633,297**	**$13,818,135**	**$14,136,188**	**$14,564,972**	**$15,045,190**	**$15,622,092**	**$16,350,602**	

Table 7.2 – Statement of Financial Operations

Statement of Financial Operations	2021	2022	2023	2024	2025	2026	2027	
Total Revenues								
Revenue from Users								5
SHALLOW LAKE user fees	$398,407	$413,721	$426,989	$439,050	$452,318	$465,987	$480,070	
POTTAWATOMI user fees	$62,272	$64,795	$66,873	$68,762	$70,840	$72,980	$75,186	
EAST LINTON user fees	$543,822	$600,945	$652,459	$704,042	$759,472	$817,609	$878,567	
OXENDEN user fees (GB)	$105,951	$144,217	$151,506	$157,642	$164,753	$172,125	$179,768	
OXENDEN user fees (TSBP)	$216,374	$220,701	$225,116	$229,618	$234,210	$238,894	$243,672	
Connection Fees	$16,100	$16,100	$16,100	$16,100	$16,100	$16,100	$16,100	
Interest and Late Fees	$380	$380	$380	$380	$380	$380	$380	
Bulk Sales	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	
Total Revenue from Users	**$1,349,307**	**$1,466,859**	**$1,545,421**	**$1,621,594**	**$1,704,073**	**$1,790,077**	**$1,879,743**	
Interest								
System Reserve	$52,511	$58,337	$66,135	$75,981	$87,585	$99,728	$114,338	
Grants								
Provincial Funding	$0	$0	$0	$0	$0	$0	$0	
Federal Funding	$0	$0	$0	$0	$0	$0	$0	
Total Grants	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Contribution from General Revenue	$0	$0	$0	$0	$0	$0	$0	
Total Revenues	**$1,401,818**	**$1,525,196**	**$1,611,556**	**$1,697,576**	**$1,791,659**	**$1,889,805**	**$1,994,080**	
Expenses								6
SHALLOW LAKE	$207,798	$214,032	$220,453	$227,067	$233,879	$240,895	$248,122	
POTTAWATOMI	$79,634	$82,023	$84,483	$87,018	$89,628	$92,317	$95,087	
EAST LINTON	$220,429	$230,300	$238,467	$247,080	$253,929	$257,977	$262,099	
OXENDEN	$55,181	$56,284	$57,410	$58,558	$59,729	$60,924	$62,142	
Wiarton Operating	$93,204	$97,864	$102,757	$107,895	$113,290	$118,954	$124,902	
Wiarton Capital and Reserve	$51,590	$51,590	$51,590	$51,590	$51,590	$51,590	$51,590	
Capital and Major Maintenance	$292,110	$235,309	$165,217	$130,537	$147,360	$128,210	$60,731	7
Transfer to Water Reserve								
Expenses before interest and amortization	**$999,945**	**$967,402**	**$920,377**	**$909,745**	**$949,405**	**$950,867**	**$904,673**	
Debt Interest	$0	$0	$0	$0	$0	$0	$0	
Amortization	$370,041	$372,956	$373,126	$359,047	$362,036	$362,036	$360,897	
Total Expenses	**$1,369,986**	**$1,340,358**	**$1,293,503**	**$1,268,792**	**$1,311,441**	**$1,312,903**	**$1,265,570**	
Excess of Revenues over Expenses	$31,832	$184,838	$318,053	$428,784	$480,218	$576,901	$728,511	
Excess of Revenues over Expenses	**$31,832**	**$184,838**	**$318,053**	**$428,784**	**$480,218**	**$576,901**	**$728,511**	
Annual Surplus (Deficit) Beginning of year	**$13,601,465**	**$13,633,297**	**$13,818,135**	**$14,136,188**	**$14,564,972**	**$15,045,190**	**$15,622,091**	
Accumulated Surplus (Deficit) End of Year	**$13,633,297**	**$13,818,135**	**$14,136,188**	**$14,564,972**	**$15,045,190**	**$15,622,091**	**$16,350,602**	

Table 7.3 – Statement of Cash Flow

Statement of Cash Flow	2021	2022	2023	2024	2025	2026	2027	
Operating Transactions								
Cash received from Revenues	$1,349,307	$1,466,859	$1,545,421	$1,621,594	$1,704,073	$1,790,077	$1,879,743	
Cash paid for Operating Expenses	$999,945	$967,402	$920,377	$909,745	$949,405	$950,867	$904,673	
Cash paid for Financing Charges (Debt Interest)	$0	$0	$0	$0	$0	$0	$0	
Excess of Operating Revenues Over Operating Expenses	$349,362	$499,457	$625,044	$711,850	$754,668	$839,210	$975,070	
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	**$349,362**	**$499,457**	**$625,044**	**$711,850**	**$754,668**	**$839,210**	**$975,070**	
Capital								
Acquisition of TCAs	($27,500)	($56,650)	($58,350)	($42,070)	($61,903)	$0	$0	4
Proceeds on Disposal of TCA	$0	$0	$0	$0	$0	$0	$0	
Cash used in Capital Transactions	**($27,500)**	**($56,650)**	**($58,350)**	**($42,070)**	**($61,903)**	**$0**	**$0**	
Investing								
Cash (used in)/Provided by Investing Activities	$52,511	$58,337	$66,135	$75,981	$87,585	$99,728	$114,338	
Increase (decrease) Cash Provided by Investing Activities	**$52,511**	**$58,337**	**$66,135**	**$75,981**	**$87,585**	**$99,728**	**$114,338**	
Financing								
Forecasted deficit contributions	$0	$0	$0	$0	$0	$0	$0	
Repayment of Long Term Debt (principal)	$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	**$374,373**	**$501,144**	**$632,829**	**$745,761**	**$780,351**	**$938,937**	**$1,089,407**	
Cash and Cash Equivalents at the Beginning of the Year	**$3,374,774**	**$3,749,147**	**$4,250,291**	**$4,883,120**	**$5,628,881**	**$6,409,232**	**$7,348,169**	
Cash and Cash Equivalents at the End of the Year	**$3,749,147**	**$4,250,291**	**$4,883,120**	**$5,628,881**	**$6,409,232**	**$7,348,169**	**$8,437,576**	

8 Notes on the Georgian Bluffs DWS Financial Plan

The Georgian Bluffs Drinking Water Systems Financial Plan represents a forecast of the financial performance of the drinking water system over a study period starting in the year 2021 to the year 2027. 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. The DWS had a water reserve balance of $3,374,774 at the beginning of 2021. The reserve increases throughout the study period with a final balance of $8,437,577 by the end of 2027.

2. Tangible Capital Assets Cost (Closing) includes changes (additions, betterments, disposals, write-downs) in tangible capital assets during the year.

3. Tangible Capital Assets (TCA) are assumed to have no residual value when they have reached the end of their projected useful life. The projected future costs of capital items include a 10% contingency for items occurring in 2021 or later. Amortization was determined using the straight-line method. The calculation of Amortization begins the year that the asset is put into service.

4. TCA Additions – There are five major capital projects included in this Plan (Section 2.2).

5. User Charges – Direct Billings – All users are assumed to have a fixed ("base") rate and variable (per m^3 consumption) charge beginning in 2022. Rates are set to increase at 2% per year for the duration of the study period.

6. Expenses – Expenses for each system were calculated by inflating the 2020 expenses by 3% per year. The Wiarton Operating costs for 2021 to 2025 were obtained from the TSBP Rate Study then inflated by 5% per year for 2026-2027 as were done in the Rate Study for 2021 to 2025. The Wiarton Capital and Reserve values were constant between 2021 and 2025 in the TSBP Rate Study and that was continued for 2026 and 2027.

7. Capital and Major Maintenance Expenses were obtained from the local operator. The costs for the Comprehensive Water and Wastewater Master Servicing Plan were included under major maintenance, split evenly between 2021 and 2022.

APPENDIX A

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.