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**MUNICIPALITY OF ARRAN-ELDERSLIE**  
**CHESLEY DRINKING WATER SYSTEM**  
**FINANCIAL PLAN**

15-013



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**Financial Plan**

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**EXECUTIVE SUMMARY**

In 2007, the Ministry of Environment released Regulation 453/07 requiring all municipalities to complete a Financial Plan for their drinking water system. This report outlines the Municipality of Arran-Elderslie's Chesley Drinking Water System Financial Report. It has been prepared in accordance with the MOE Financial Plans Regulation (O Reg. 453/07). Chesley and Paisley are both serviced by way of one (1) common Arran-Elderslie Water Treatment Plant located in Chesley. Water to Paisley is supplied by way of a 17 km gravity trunk watermain. The Municipality treats Chesley and Paisley as two (2) separate water works for financial planning purposes.

In preparing this Financial Plan, the financial impacts of the drinking water system have been considered. Based on the Projected Financial Statements and the assumptions herein, the Water System will be financially viable to provide safe drinking water for the short and long terms.

**Anticipated Achievements**

By way of the process of developing this Financial Plan, the Water System sets out to achieve the following goals:

- ★ Financial viability of the water system,
- ★ Limit overall water costs and ensure affordability,
- ★ Provide safe drinking water in short and long terms, and
- ★ Ensure that sufficient resources are available to replace and rehabilitate the capital infrastructure as required.

**Operating Plan**

The operating plan includes: the cost related to day to day operations, maintenance and administration of the drinking water system, capital investments to renew and replace its existing capital infrastructure. Key highlights from the operating plan include:

- ★ Commencing in the year 2016, all expenses have been indexed by 2% annually to reflect anticipated inflation.
- ★ Total capital infrastructure investment for the drinking water system for the period of 2015 - 2021 is expected to be approximately \$2.1 million.

### **Funding Plan**

The funding plan was developed in consultation with town staff. Two (2) funding models were considered to determine the most appropriate balance of operating revenues and expenses, government funding and capital expenses. The achievements of the funding plan include:

- ★ This plan does not rely on the use of municipal tax dollars to operate the Water System,
- ★ The existing water customers do not carry the burden of any new capital projects related to new development,
- ★ Proposed operating revenues will achieve sufficient cash receipts to cover its annual cash expenditures and future capital expenditures.

### **Financial Plan**

**Appendix A** of this Financial Plan Report includes projected financial statement(s) for the Water System. These statements include a Statement of Financial Position, Statement of Operations, and Statement of Cash Flow – annually for the period from 2015 to 2021.

As required, these statements are in accordance with the new Public Sector Accounting Standards. Actual results will vary from the projections herein and the town staff is advised to review the plan projections with actual financial position on an annual basis and make necessary amendments.

## **1.0 INTRODUCTION**

The financial plan for the Chesley Drinking Water System (the “Water System”) has been prepared in accordance with Regulation 453/07 as approved by the Ontario Ministry of Environment on August 14, 2007. The plan development has focused on achieving a balance between managing water rate increases while ensuring that the water system will continue to provide safe drinking water in the long term.

Considering historic results and future needs, six (6) year financial projections to the year 2021 have been prepared. The projections anticipate that the Water System will achieve financial viability, while providing safe drinking water over the short and long term.

Chesley and Paisley are both serviced by way of one (1) common Arran-Elderslie Water Treatment Plant located in Chesley. Water to Paisley is supplied by way of a 17 km gravity trunk watermain. The Municipality treats Chesley and Paisley as two (2) separate water works for financial planning purposes.

### **1.1 Ministry of Environment Financial Plans Regulation 453/07**

Drinking water system owners are required to prepare a financial plan for their drinking water system as part of the new Municipal Drinking Water Licensing Program as set out in Part V of the Safe Drinking Water Act (SDWA). The financial plan must be prepared in accordance with the Ministry of Environment Financial Plans Regulation 453/07.

Regulation 453/07 requires the following:

- ★ The financial plan be approved by resolution of Council that specifies that the drinking water system is financially sustainable,
- ★ Full-cost accounting be utilized to determine the true cost of the drinking water system, and
- ★ Projections be at least for a six (6) year duration, but recommends a long term plan.

There are numerous recommendations and other guidelines that have been prepared by the province to assist municipalities in the development of their financial plan.

### **1.2 Financial Plan Guidelines**

To assist municipalities in preparing the Financial Plan under O. Reg. 453/07, the Ministry of Environment released a document titled “Toward Financially Sustainable Drinking-Water and Wastewater Systems” (August, 2007). This document applies to stormwater and wastewater systems as well. However, a Financial Plan for stormwater and wastewater system is only encouraged and not mandatory.

These guidelines set out the following nine principles to help develop this Financial Plan:

1. Ongoing public engagement and transparency can build support for, and confidence in Financial Plans and their corresponding system(s).

2. An integrated approach to planning among water, wastewater, and stormwater systems is encouraged considering the inherent relationship among these systems.
3. Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.
4. Life-cycle planning with mid-course corrections is preferable to short-term planning or no planning at all.
5. An asset management plan is a key input to the development of a Financial Plan.
6. A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while ensuring sufficient resources for future rehabilitation and replacement needs.
7. Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.
8. Financial Plans are documents that require continuous updates and improvements. Improved planning for the future can be achieved by comparing the accuracy of financial projections with actual results.
9. Financial Plans can benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

### **1.3 Public Sector Account Board (PSAB) Requirements**

The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) approved new municipal financial accounting and reporting standards in June 2006. The new standards require full accrual accounting for 2009 and future years, as well as accounting of tangible capital assets in the financial statements.

The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when the payment was actually made. Since the exchange of cash is not necessary to report a financial transaction, the accrual method provides a more accurate picture of the municipality's financial position. Tangible capital assets will be capitalized so as to create an inventory of the assets owned and to account for their ability to provide future benefits.

### **1.4 Approach**

The Financial Plan guidelines were used to select the approach for preparing the Chesley Drinking Water System Financial Plan.

The following steps summarize the general approach:

- ★ Determine current period expenses and forecast future period expenses.
- ★ Determine and forecast capital expenditure needs.
- ★ Identify all sources of current revenues and forecast revenues by considering two (2) different funding models.
- ★ Prepare the following statements based on the required (new) revenues:
  - Statement of Operations
  - Statement of Cash Flow
  - Statement of Financial Position

## 1.5 Chesley Drinking Water System

The Chesley water system currently has 1,001 water connections. The majority of the water distribution system is comprised of cast iron and ductile iron mains that are approximately 40 to 50 years old. There are one (1) Water Treatment Plant and three (3) water supply wells.

### **Victoria Park Well (Decommissioned)**

- 200 mm dia., approximately 38.7 m deep drilled groundwater well, known as Victoria Park Well (Well No. 1/1937), located in Lot 31 Concession (UTM Zone 17, 492644E, 4504098N)
- On May 31, 2006 the Victoria Park Well was taken off line and locked out. This well has been converted into a monitoring well. Monthly static water levels are measured and recorded.

Note: Chesley water customers are responsible for 2/3<sup>rd</sup> expenses.

### **Community Park Well (CPW 1)**

- 340 mm dia., 20 m deep drilled groundwater well known as the Community Park Well #1, located in Lot 32, Concession 2, (UTM Zone 17, 4906102; 4904691N).
- The well is provided with a new pitless adaptor and
- A submersible well pump rated at 20.82 L/s at a TDH of 80.96 m and raw water piping routed to the treatment plant.

Note: Chesley water customers are responsible for 2/3<sup>rd</sup> expenses.

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### **Community Park Well (CPW2)**

- A 324 mm dia., 24.38 m deep drilled groundwater Community Park Well CPW2 (UTM Zone 17, 492828 m E., 4904726 m N.) equipped with a submersible well pump rated at 24.61 L/s at a TDH of 80.12m, pitless adaptor, and all necessary raw water piping routed to the treatment plant.

Note: Chesley water customers are responsible for 2/3<sup>rd</sup> expenses.

### **Community Park Well (CPW3)**

- A 254 mm dia., 38.1 m deep drilled groundwater Community Park Well CPW3 (UTM Zone 17, 493123 m E., 4904783 m N) equipped with a submersible well pump rated at 34.07 L/s at a TDH of 96.43 m, pitless adaptor and all necessary raw water piping routed to the treatment plant.

Note: Chesley water customers are responsible for 2/3<sup>rd</sup> expenses.

### **Chesley Standpipe**

- A 2,725 m<sup>3</sup> capacity concrete water storage tank is located at the north end of Chesley on Tower Road. It has an operating capacity of 1,360 m<sup>3</sup> between the minimum and maximum operating water elevations, designed for peak hour water demand equalization, fire and emergency storage.

### **Paisley Standpipe**

- The Paisley Standpipe has a capacity of 2,300 m<sup>3</sup>. Modifications to the Paisley standpipe performed in 2006 allows the water to enter the standpipe at approximately 2/3 of the standpipe height and discharge into the Paisley distribution system from the bottom of the standpipe.

Note: Chesley customers are not responsible for it.

### **Booster Chlorination at the Paisley Standpipe**

- Two (2) (1+1) chlorine feed pumps rated at a minimum of 1.4 L/h and one (1) 200 L sodium hypochlorite solution tank with a secondary containment tank.

Note: Chesley customers are not responsible for it.

### **Trunk Watermain**

- There is approximately 15.7 km of 300 mm watermain connecting the Chesley water distribution system to the Paisley standpipe complete with all associated valving and metering.

Note: Chesley customers are not responsible for it.



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**Arran-Elderslie Water Treatment Plant in Chesley**

- The Arran-Elderslie Water Treatment Plant was commissioned in May 2006. The Plant treats the raw water supply from all three (3) Community Parks Wells. It includes three (3) pressure filtration vessels (2 duty, 1 standby) for iron/manganese removal, an unbaffled two (2) cell, filtered water groundwater storage tank for storage of water for backwashing of the filters, two (2) filter backwash pumps, a sodium hypochlorite feed system and three (3) storage tanks, post chlorination system, one (1) backwash wastewater holding tank and all associated instrumentation and analyzers including a SCADA system.

Note: Chesley water customers are responsible for 2/3<sup>rd</sup> expenses.

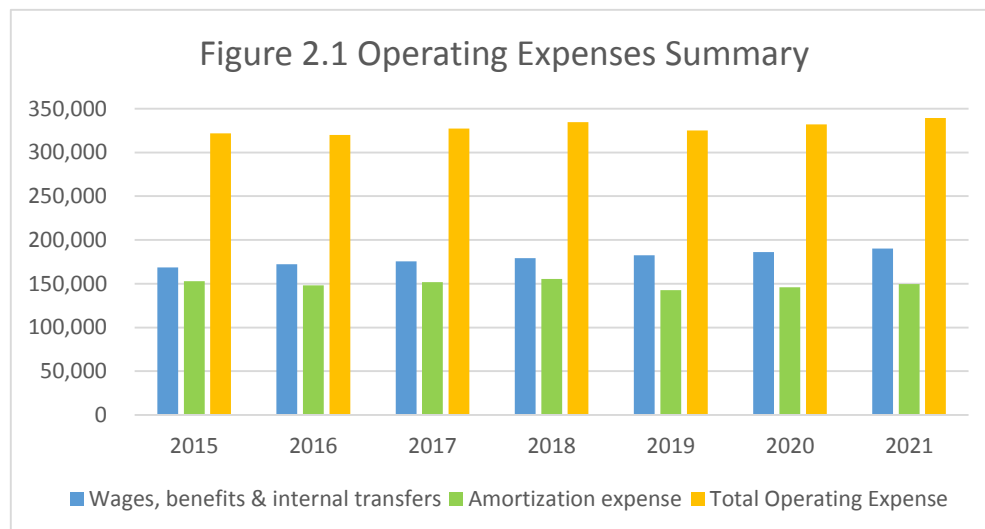
## 2.0 OPERATING PLAN

The Water System is required to have an operating plan that will ensure provision of safe drinking water in the short and long term. The Water System’s operating plan accounts for expenses for its day to day operations for maintenance and administration of the drinking water system; the capital investments that it will incur to renew and replace its existing capital infrastructure; and debt management (if applicable) by way of debt repayments and interest charges that are incurred to achieve the above.

### 2.1 Operations

The Water System has components dating back to the 1960’s. While the municipality has been operating the water system without incident for many years, the system is aging and requiring capital infrastructure replacement on a continual basis.

Some of the Water System’s key operating expenses include personnel costs, utilities, materials and supplies, plus repairs and maintenance. Annual operating expenses are projected to be approximately \$918K including amortization (\$153K) and metering program (\$597K) in 2015. Of these costs, wages, benefits and internal transfer costs comprise approximately 20%. Annual operating expenses (cash only) are projected to be approximately \$169K in 2015, which will increase to approximately \$190K in 2021. Refer to Figure 2.1



### Key Assumptions in Projections

The detailed operating expenses are outlined in the projected statement of operations (**Appendix A**). In these projections, it is assumed that operating expenses will increase by 2% in the projection period 2015-2021.

## 2.2 Capital Costs

To provide safe drinking water to all customers, Chesley water system holds significant assets, including: water treatment plant and associated wells, approximately 20.4 km of watermains, with associated watermain appurtenances, 2,725 m<sup>3</sup> capacity water tower, and 1,001 service connections. In the financial statements, the water treatment plant & pumphouses and reservoirs, the watermains, hydrants and service connections and the valves, SCADA system and other equipment are referred to as buildings, linear assets and machinery and equipment respectively. These assets are referred to as capital.

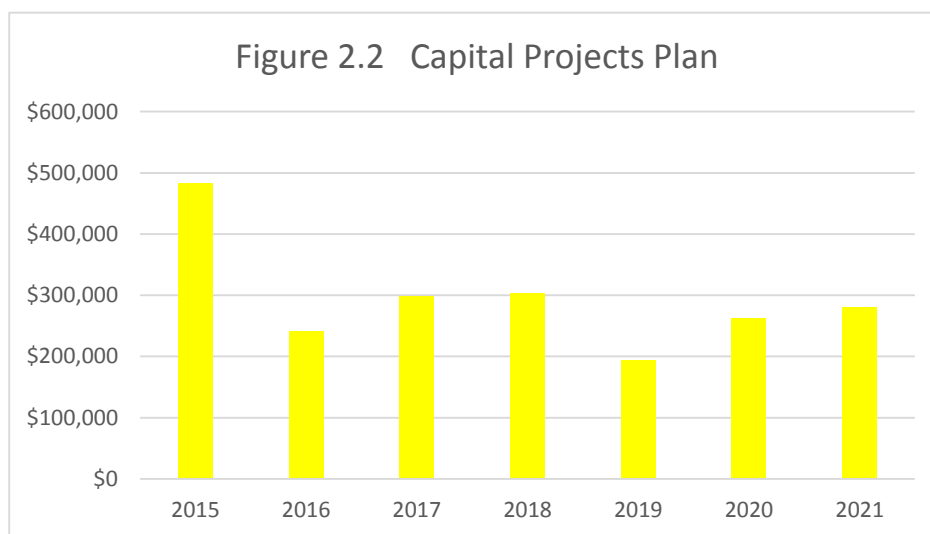
In determining the future capital costs, the renewal and rehabilitation of Chesley's water system has been considered in accordance with the six (6) year capital plan prepared by town staff. The prioritization of the capital infrastructure replacement was based on safety, cost and operational efficiencies. While some capital assets may have reached their useful life, these assets can continue to provide value to the Water System but may require additional maintenance until they are replaced.

As Chesley's Water System ages, there will be significant capital costs required to upgrade and maintain it. From 2015 to 2021, it is projected that on average, approximately \$300K will be spent each year on capital expenditures, to a total of about \$2.1 million. These expenditures will ensure the delivery of safe and viable drinking water to residents over the long term, and will be performed in a cost-effective manner through priority planning and integration with other upgrades.

Refer to Figure 2.2 for Capital Cost Summary

### Future Significant Capital Costs

Looking beyond six (6) years from now, this plan, will be updated continuously over time and it is anticipated to allow the Water System to have a good portion of its own funds available to pay for significant capital investments, such as new watermains, treatment plant and pumphouse upgrades. Future loans may become necessary, if funding from provincial/federal government is unavailable.



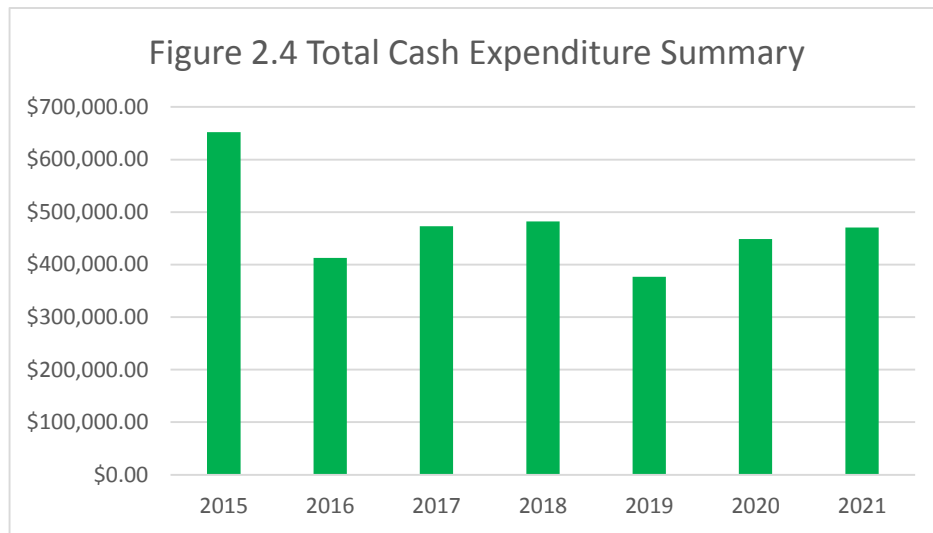
### 2.3 Debt Management

The Chesley water system does not carry any debts.

### 2.4 Total Cash Expenditures

Chesley's Drinking Water System has increasing operating cash expenditures, including operating expenses, debt repayments and interest charges (none existing at the present time), and capital costs. From 2015 to 2021, average operating cash expenditures have been assumed to increase by 2% per year. In 2015, total cash expenses (excluding amortization) is approximately \$652K.

Total cash expenditures are as presented in Figure 2.4



Note that the aggregate cash expenditures cannot be found on any of the projected financial statements attached in Appendix A. Rather, these cash expenditures are gathered from the various statements to illustrate the cash required to operate a safe drinking water system. They include payroll & benefits, building overheads, insurance & utilities, engineering & consultant costs, internal transfer and capital project costs.

### 3.0 FUNDING PLAN

As noted in the previous section, operating cash expenditures alone (excluding amortization and capital expense) are projected to be over \$1.2 million total for 2015 to 2021. To fund these expenditures, the Water System needs to rely on operating revenues.

#### 3.1 Funding Models

Two (2) funding models were considered for the Chesley Water System as follows:

- 1) **Capital Plan Model:** This model intends to utilize an average capital expenditures for the projection period (2015 to 2021) and uses this average amount for the annual contribution to water reserve fund. It utilizes a 2% increase in operating expenses over the same period and utilizes a constant average price for the next seven (7) years.

This model was not pursued further, as it was no consistent with Tara and Paisley funding models.

- 2) **CPI Model:** According to the Bank of Canada website “The CPI is the most relevant estimate of the cost of living for most Canadians”. In the past five (5) year period, Bank of Canada’s inflation control target was 2%. This model assumes an increase in water rates from their present level by 3% per annum (as opposed to 2% to be conservative) for the six (6) year period 2016 to 2021. It further assumes 2% increase in operating expenses over the same period. All annual surpluses are directed to the water reserve.

Current reserves and reserve fund balances are used towards capital expenditures.

#### 3.2 Operating Revenues

Typically operating revenues are composed of three (3) charges as follows:

- **Base Charge:** A fixed monthly charge to recover the fixed operating expenses to operate and maintain the water system(s).
- **Water Consumption Charge:** It is charged based on actual water consumption recorded by the water meter. For non-metered customers, a flat rate is charged to the customer in lieu of base charge, water consumption charge and lifecycle reserve charge.
- **Lifecycle Reserve Charge:** It is charged based on actual water consumption recorded by the water meter.

In Chesley, the residents do not have water meters, and therefore a flat rate of \$50.80/month (in 2015) is charged from the water customers. To provide water conservation, Arran-Elderslie encourages water customers to install water meters. Such customers, in 2015, pay a base rate of \$22.76/month and a water consumption charge of \$2.22/m<sup>3</sup>. Any surplus is directed to water reserve fund.

For the projection period, the operating revenues are summarized in Figure 3.5

### 3.3 Government Funding

No new government funding has been utilized for development of the financial plan, as a worst case funding scenario.

### 3.4 New Debt

No new debt is planned.

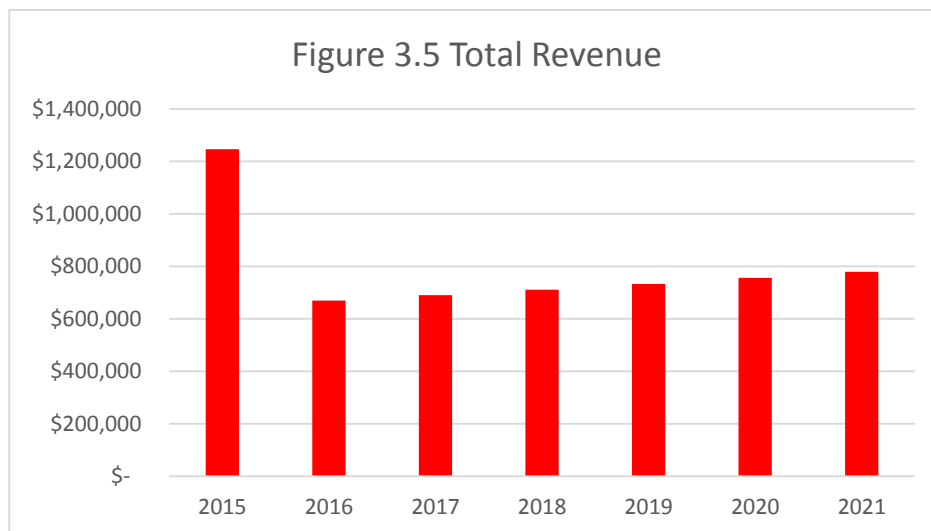
### Key Assumption

There is a plan to amalgamate the three (3) water systems in Arran-Elderslie, in a manner to allow the current reserves to be utilized for Chesley Water System only until it is fully expended.

### 3.5 Cash Requirements Summary

The funds required to pay for the Water System's total cash expenditures will be derived from operating revenues, and the water reserves that it builds up over time as a result of prudent and responsible planning.

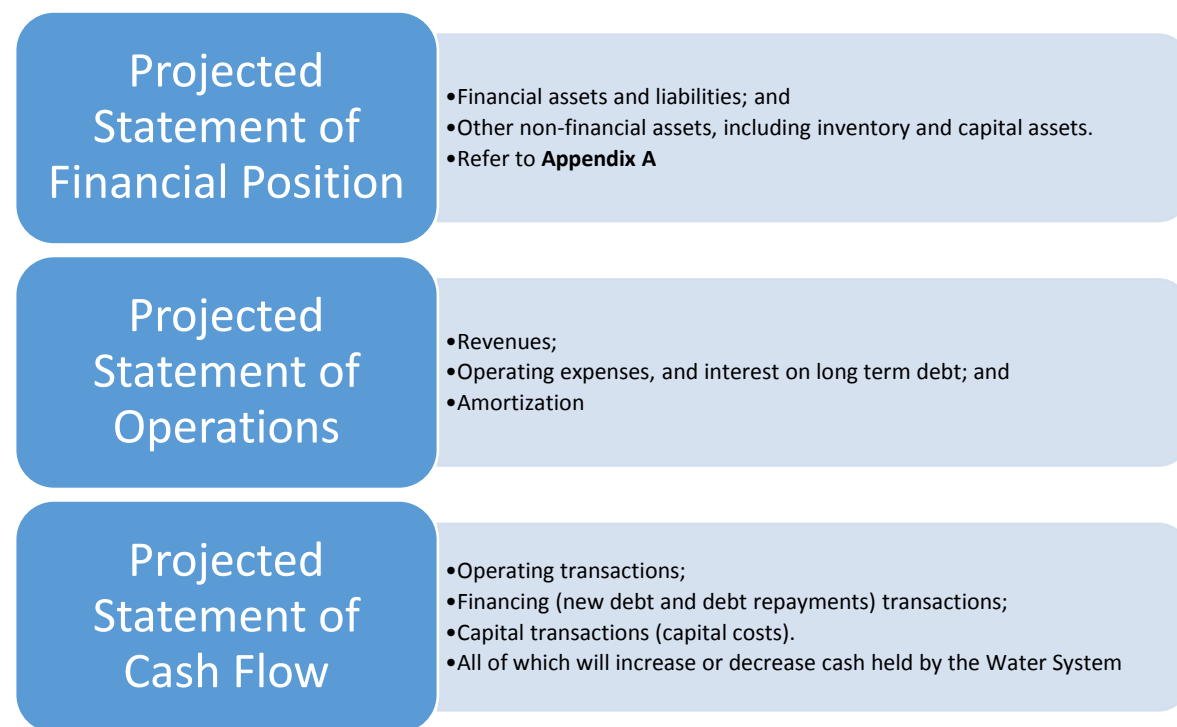
In the **Figures 3.5** below, funding to meet cash required is provided. For Chesley water system, the main funding source is water billings, which is being increased at 3% per year for the period of 2016 to 2021. Note that year 2015 amount includes an assumed grant amount of \$597K for water meters. The water meters will be installed only if, governments funding is available.



## 4.0 FINANCIAL PLAN

The financial impacts of the drinking water system have been considered through the projected financial statements for years ending December 31, 2015 to 2021 (**Appendix A**), and summarized below. The financial statements are required by the Financial Plans Regulation to include a full-cost accounting, meaning that all of the costs, whether operating, financial or capital, related to operating the drinking water system, must be included.

The projected financial statements include the following:



The projected financial statements are prepared to conform to new Public Sector Accounting Board (PSAB) Standards. These statements reflect the Municipality of Arran-Elderslie accounting policies, along with estimates and assumptions related to the operations of the Water System, and are based on 2014 actual results, as derived from the Water System's internal financial statements of the Municipality.

Actual results will vary from these projections and the differences may be significant. Any future changes to accounting policies or key assumptions will impact these projected financial statements, and should be updated to reflect such changes.

### 4.1 New Public Sector Accounting Board Standards

In 2006, the Canadian Institute of Chartered Accountants' Public Sector Accounting Board approved that municipalities will prepare annual financial statements, utilizing full accrual accounting. In simple terms, full accrual accounting means that all municipalities will be required to include tangible capital assets and amortization in their financial statements.

## Accumulated Surplus

The accumulated surplus is essentially the accumulation of the Water System's excess revenues exceeding expenses over time, plus the non-financial assets.

## 4.2 Projected Statement of Operations

The projected statement of operations includes the revenue less the expenses, arriving at the excess or net revenues over expenses. The projected statement based on all four (4) funding models is provided in **Appendix A**.

### Revenues

Total revenues include all operating revenues and government funding and other funding sources, if available. A chart illustrating the total revenues earned is shown in the chart in Section 3.5.

### Expenses

Expenses include a list of detailed projected expenses, including operating expenses, and amortization. Amortization is the depreciation of the capital assets or the water system infrastructure over their estimated useful life. It does not represent a cash expenditure.

## 4.3 Projected Statement of Cash Flow

The projected statement of cash flow is very useful in providing an indication of sufficient cash availability for the Water System. The projected statement of cash flow summarizes the key transactions that either increase or decrease the water system's cash balance. It involves operating transactions, capital transactions, and financing transactions.

Projected operating transactions section is a summary of the projected net revenues over expenses, adjusted for any non-cash items. Projected capital transactions show the capital additions and sale of assets (if any) while the projected financing transactions outlines any new debt that will be incurred and the amount of debt that will be repaid. Financing transactions do not apply to the Chesley Water System.

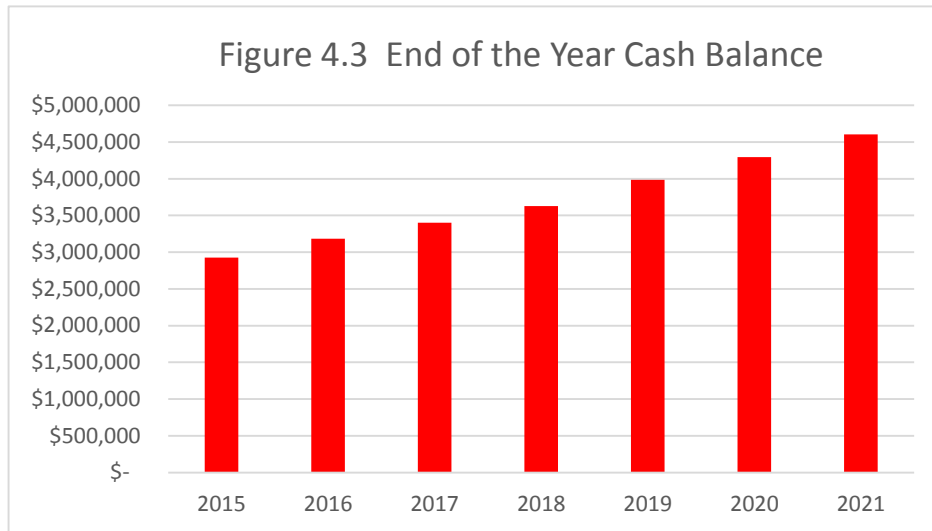
In the Operating Plan section of the financial plan, the cash expenditures, such as operating expenses, debt repayment and capital costs, were identified. In the Funding Plan section of the financial plan, the cash receipts, or funds required to cover the cash expenditures were presented. These funds comprise operating revenues only for the Chesley Water System.

The chart in **Figure 4.3** below is a summary "End of the Year cash & cash Equivalent".

It may be noted that year end cash balances continually increase primarily due to revenue collected is higher than combined expense of capital project costs and operating expenses.

Over the projection period, it is projected that the Water System will have several capital upgrade projects which will be funded through water reserves. However, water reserve is anticipated to increase from \$2.9 million approximately in 2015 to \$ 4.6 million approximately in 2021.



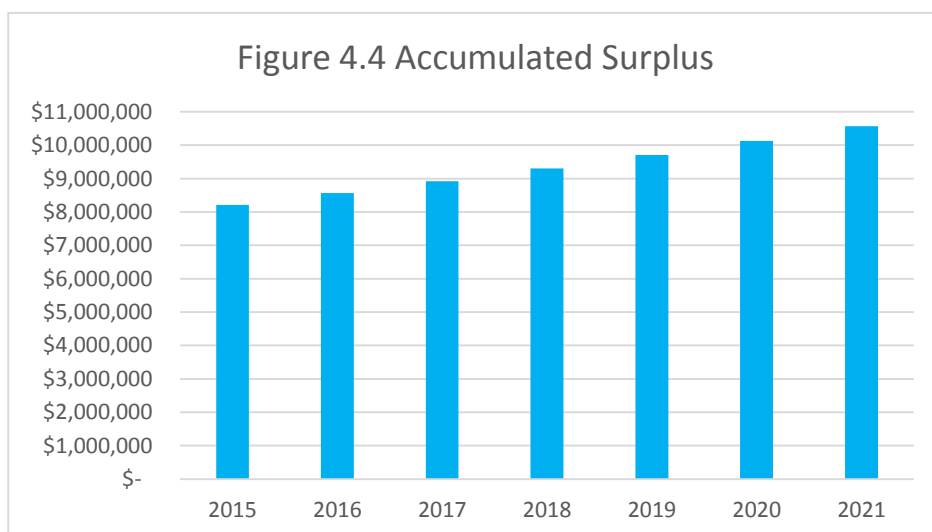


#### 4.4 Statement of Financial Position

The statement of financial position reflects both the financial and non-financial assets of the water system. The projected statement for the CPI model is provided in **Appendix A**.

##### Accumulated Surplus

Accumulated surplus is the sum of net financial assets (End of Year Cash Balance) plus total non-financial assets (tangible capital assets minus accumulated amortization). Accumulated surplus is presented in Figure 4.4 for the projection period. A steady rise in accumulated surplus indicates proper maintenance of water system assets by timely replacements of fully amortized assets.



## **5.0 DISCUSSION ON FINANCIAL PLAN**

As noted in earlier sections, the capital expenditure over 2015 – 2021 is \$2.0 million approximately as opposed to water reserve contribution of \$3.7 million approximately. This is anticipated to create an increase in water reserve fund from \$2.93 million approximately in 2015 to \$4.6 million approximately in 2021. Arran-Elderslie council is proceeding with the amalgamation of three (3) water systems, mainly Tara, Paisley and Chesley into one (1) system. This will allow the sharing of surpluses, if any, between water systems.

## **6.0 SUMMARY**

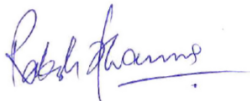
This Financial Plan has been prepared in accordance with the Provincial Regulation O. Reg 453/07. The process in developing this plan has focused on the achievement of a balance between managing water rate increases while ensuring that the water system will continue to provide safe drinking water in the long term.

A 3% per year increase in operating revenue is proposed.

This financial plan must be approved by a Town Council resolution, indicating that as a result of this plan, Chesley's Drinking Water System is financially viable.

## **FEEDBACK AND CONTINUOUS IMPROVEMENT**

The Financial Plan must be updated every five (5) years but it is recommended to be updated more frequently to reflect changes in operations, economic climate, financing costs, consumption and pricing.



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Rakesh Sharma, MAsc. Eng., P. Eng.,  
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**APPENDIX A**

**PROJECTED FINANCIAL STATEMENTS**

**8-1 Statement of Operations**

**AE-Chesley - Water Treatment System - Statement of Operations**

<b>Table 8-1</b>	Unaudited	2.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>								
Water Billings - Residential	491,757	506,000	521,686	537,858	554,532	571,722	589,446	607,719
Water Billings - Commercial	77,153	79,000	81,449	83,974	86,577	89,261	92,028	94,881
Option A, B, C	63,220	61,400	63,303	65,266	67,289	69,375	71,526	73,743
Miscellaneous Charges	0	0	0	0	0	0	0	0
Connections	3,657	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Other Revenues - Grant Meter Program	-	597,000	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$ 635,787</b>	<b>\$ 1,246,400</b>	<b>\$ 669,438</b>	<b>\$ 690,098</b>	<b>\$ 711,398</b>	<b>\$ 733,358</b>	<b>\$ 755,999</b>	<b>\$ 779,342</b>
<b>Expenses</b>								
Payroll & Benefits	55,512	59,700	60,894	62,112	63,354	64,621	65,914	67,232
Building Overhead, Ins & Utilities	53,138	48,187	49,151	50,134	51,136	52,159	53,202	54,266
Engineering & Consultant Costs	66,433	32,000	32,640	33,293	33,959	34,638	35,331	36,037
Internal Transfer	28,288	28,854	29,431	30,019	30,620	31,232	31,857	32,494
Metering Program		597,000						
Interest on Debt								
Amortization	140,534	152,961	147,970	151,685	155,471	142,636	145,913	149,419
<b>Total Expenses</b>	<b>343,904</b>	<b>918,701</b>	<b>320,085</b>	<b>327,243</b>	<b>334,539</b>	<b>325,287</b>	<b>332,216</b>	<b>339,448</b>
<b>Annual Surplus / Deficit</b>	<b>291,883</b>	<b>327,699</b>	<b>349,353</b>	<b>362,855</b>	<b>376,859</b>	<b>408,072</b>	<b>423,783</b>	<b>439,894</b>
<b>Accumulated surplus, Beginning of Period</b>	<b>7,592,699</b>	<b>7,884,583</b>	<b>8,212,282</b>	<b>8,561,635</b>	<b>8,924,490</b>	<b>9,301,349</b>	<b>9,709,420</b>	<b>10,133,203</b>
<b>Accumulated surplus, End of Period</b>	<b>\$7,884,583</b>	<b>\$8,212,282</b>	<b>\$8,561,635</b>	<b>\$8,924,490</b>	<b>\$9,301,349</b>	<b>\$9,709,420</b>	<b>\$10,133,203</b>	<b>\$10,573,098</b>
<b>Transfers</b>								
Transfer to Water Reserve Fund	\$432,418	\$480,659	\$497,323	\$514,540	\$532,329	\$550,708	\$569,696	\$589,313
<b>Total Transfers</b>	<b>\$432,418</b>	<b>\$480,659</b>	<b>\$497,323</b>	<b>\$514,540</b>	<b>\$532,329</b>	<b>\$550,708</b>	<b>\$569,696</b>	<b>\$589,313</b>
<b>Capital Continuity</b>								
<b>Description</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Total Capital Project Costs</b>	<b>\$2,238</b>	<b>\$483,500</b>	<b>\$240,720</b>	<b>\$297,232</b>	<b>\$302,842</b>	<b>\$194,022</b>	<b>\$262,130</b>	<b>\$280,448</b>
<b>Existing/New Capital Debt Pmt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sub-Total Capital Costs</b>	<b>\$2,238</b>	<b>\$483,500</b>	<b>\$240,720</b>	<b>\$297,232</b>	<b>\$302,842</b>	<b>\$194,022</b>	<b>\$262,130</b>	<b>\$280,448</b>
<b>Grant Contributions- metering program</b>								
<b>Developer - Asset Donation</b>								\$0
<b>Transfer from D/C Reserve Fund</b>	\$0	\$0	\$0	\$0	\$0	0	0	\$0
<b>Transfer from Reserves</b>	\$2,238	\$483,500	\$240,720	\$297,232	\$302,842	\$194,022	\$262,130	\$280,448
<b>Unfunded Balance</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Chesley Water Reserve Continuity</b>								
<b>Description</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Opening Balance</b>	<b>\$ 2,498,459</b>	<b>\$ 2,928,638</b>	<b>\$ 2,925,798</b>	<b>\$ 3,182,401</b>	<b>\$ 3,399,709</b>	<b>\$ 3,629,196</b>	<b>\$ 3,985,882</b>	<b>\$ 4,293,448</b>
<b>Transfer from Operating Surplus plus Amortization</b>	\$432,418	\$480,659	\$497,323	\$514,540	\$532,329	\$550,708	\$569,696	\$589,313
<b>Transfer to Capital</b>	\$2,238	\$483,500	\$240,720	\$297,232	\$302,842	\$194,022	\$262,130	\$280,448
<b>Developer Contribution Transf to Capital</b>								\$0
<b>Reserve Fund Balance</b>	<b>\$ 2,928,638</b>	<b>\$ 2,925,798</b>	<b>\$ 3,182,401</b>	<b>\$ 3,399,709</b>	<b>\$ 3,629,196</b>	<b>\$ 3,985,882</b>	<b>\$ 4,293,448</b>	<b>\$ 4,602,313</b>
<b>Dollars in Current Value</b>	<b>\$ 2,928,638</b>	<b>\$ 2,925,798</b>	<b>\$ 3,089,709</b>	<b>\$ 3,204,552</b>	<b>\$ 3,321,228</b>	<b>\$ 3,541,405</b>	<b>\$ 3,703,566</b>	<b>\$ 3,854,365</b>

## 8-2 Statement of Cash Flow

### AE-Chesley - Water Treatment System - Statement of Cash Flow

Table 8-2	Unaudited	Forecasted						
	2014	2015	2016	2017	2018	2019	2020	2021
<b>OPERATING ACTIVITIES</b>								
Projected Revenue over Expenses	291,883	327,699	349,353	362,855	376,859	408,072	423,783	439,894
Plus Non-Cash Amortization	140,534	152,961	147,970	151,685	155,471	142,636	145,913	149,419
<b>NET CHANGE IN CASH BY OPERATING ACTIVITIES (Annual Surplus/Deficit, excluding Amortization Expense) CASH PROVIDED BY OPERATING</b>	<b>432,418</b>	<b>480,659</b>	<b>497,323</b>	<b>514,540</b>	<b>532,329</b>	<b>550,708</b>	<b>569,696</b>	<b>589,313</b>
<b>INVESTMENT ACTIVITIES</b>								
Proceeds from Investments (Reserve Fund Interest)	-	-	-	-	-	-	-	-
<b>CAPITAL ACTIVITIES</b>								
Proceeds from Debt Issued/Developer Front-end	-	-	-	-	-	-	-	-
Less Debt Repayment (principle only)	0	0	0	0	0	0	0	0
<b>CASH TRANSACTIONS THROUGH FINANCING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash applied to fund Capital Projects	2,238	483,500	240,720	297,232	302,842	194,022	262,130	280,448
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>430,180</b>	<b>(2,841)</b>	<b>256,603</b>	<b>217,308</b>	<b>229,487</b>	<b>356,686</b>	<b>307,566</b>	<b>308,865</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>2,498,458</b>	<b>2,928,638</b>	<b>2,925,797</b>	<b>3,182,400</b>	<b>3,399,708</b>	<b>3,629,195</b>	<b>3,985,881</b>	<b>4,293,448</b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>2,928,638</b>	<b>2,925,797</b>	<b>3,182,400</b>	<b>3,399,708</b>	<b>3,629,195</b>	<b>3,985,881</b>	<b>4,293,448</b>	<b>4,602,313</b>

**8-3 Statement of Financial Position**

AE-Chesley - Water Treatment System - Statement of Financial Position

Table 8-3	Unaudited	Approved	Forecast					
	2014	2015	2016	2017	2018	2019	2020	2021
<b>Financial Assets</b>								
Cash, Receivables and Investments	2,928,638	2,925,797	3,182,400	3,399,708	3,629,195	3,985,881	4,293,448	4,602,313
<b>Total Financial Assets</b>	<b>2,928,638</b>	<b>2,925,797</b>	<b>3,182,400</b>	<b>3,399,708</b>	<b>3,629,195</b>	<b>3,985,881</b>	<b>4,293,448</b>	<b>4,602,313</b>
<b>Financial Liabilities</b>								
Accounts Payable and Deferred Revenue	-	-	-	-	-	-	-	-
Long Term Liabilities (Net Debt)	0	0	0	0	0	0	0	0
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred Revenue (net Chg)	-	-	-	-	-	-	-	-
<b>Net Financial Assets (Net Debt)</b>	<b>2,928,638</b>	<b>2,925,797</b>	<b>3,182,400</b>	<b>3,399,708</b>	<b>3,629,195</b>	<b>3,985,881</b>	<b>4,293,448</b>	<b>4,602,313</b>
<b>Non Financial Assets</b>								
Prepaid Expenses	-	-	-	-	-	-	-	-
Tangible Capital Assets	8,681,592	8,985,458	9,136,744	9,323,546	9,513,874	9,635,811	9,800,553	9,976,806
Accumulated Amortization	(3,725,648)	(3,698,975)	(3,757,510)	(3,798,765)	(3,841,721)	(3,912,273)	(3,960,798)	(4,006,022)
<b>Total Non Financial Assets</b>	<b>4,955,944</b>	<b>5,286,484</b>	<b>5,379,234</b>	<b>5,524,781</b>	<b>5,672,152</b>	<b>5,723,538</b>	<b>5,839,755</b>	<b>5,970,784</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 7,884,582</b>	<b>\$ 8,212,281</b>	<b>\$ 8,561,634</b>	<b>\$ 8,924,489</b>	<b>\$ 9,301,348</b>	<b>\$ 9,709,420</b>	<b>\$ 10,133,203</b>	<b>\$ 10,573,097</b>

**APPENDIX B**

**CAPITAL PROJECTIONS**





**APPENDIX C**

**COUNCIL RESOLUTION**



THE CORPORATION OF THE MUNICIPALITY OF ARRAN-ELDERSLIE

1925 Bruce Road 10, Box 70, Chesley, ON N0G 1L0  
519-363-3039 Fax: 519-363-2203 areld@bmts.com

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July 15<sup>th</sup>, 2015

Via Email - [rakeshsharma@gssengineering.ca]

Rakesh Sharma, MAsc Eng, P.Eng.,  
GSS Engineering Consultants Ltd.  
Unit 104D  
1010 9<sup>th</sup> Avenue West  
Owen Sound, ON N4K 5R7

Re: Financial Plan – Chesley, Paisley & Tara Water Systems

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Please be advised that Council of the Municipality of Arran-Elderslie at its meeting of July 13<sup>th</sup>, 2015 passed the following motion:

- "Be It Resolved,* That Council of the Municipality of Arran-Elderslie
- 1) Accepts the Water Financial Plans for Arran-Elderslie and Tara Water Systems for a six (6) year plan; and
  - 2) Directs GSS to submit these plans to the Ministry of Municipal Affairs and Housing in accordance with the requirements of the Safe Drinking Water Act."

Yours truly,  
MUNICIPALITY OF ARRAN-ELDERSLIE  
Per:

(Mrs.) Peggy Rouse  
Clerk-Administrator  
[clerk@arran-elderslie.ca](mailto:clerk@arran-elderslie.ca)

cc: V. Weppler, Works Manager ([works@arran-elderslie.ca](mailto:works@arran-elderslie.ca))  
D. Hunks, Treasurer ([treasurer@arran-elderslie.ca](mailto:treasurer@arran-elderslie.ca))  
S. McLeod, Water Foreperson ([water@arran-elderslie.ca](mailto:water@arran-elderslie.ca))

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