



The Corporation of the Municipality of Tweed

Water and Wastewater System Financial Plan

*Prepared in accordance with
The Safe Drinking Water Act
and its associated regulations.*

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Background

The Municipality of Tweed provides water and wastewater services to approximately 700 residential and non-residential customers. Recent changes to maintenance standards and testing practices have put pressure on municipalities to conform to provincial health and safety standards.

The legislative framework under which water services are managed in Ontario have also changed with the introduction of the *Safe Drinking Water Act, 2007 (SDWA)*. *Ontario Regulation 453/07 of the SDWA* requires public providers of water and wastewater services to submit a Financial Plan to the Ministry of Municipal Affairs and Housing. The Financial Plan is intended to provide information relating to the financial stability of the water and wastewater systems. This information forms the basis for a strategy to ensure the safe and reliable delivery of water and wastewater services over the long-term.

Requirement of Financial Planning Regulation 453/07

The Financial Plan must be for a period of at least six years and should be approved by a resolution that is passed by Council and must contain details of a system's financial position, financial operations and cash flow. The Financial Plan must include all information as follows:

- Details of the financial position of the system include:
 - Total non-financial assets;
 - Tangible capital assets acquisition;
 - Betterments;
 - Write downs;
 - Disposals; and
 - Total liabilities and net debt.
- Details of the financial operations for the system include:
 - Total revenues, itemized by water rates, user charges and other revenues;
 - Total expenses, itemized by amortization expenses, interest expenses and other expenses;
 - Annual surplus or deficit: and
 - Accumulated surplus or deficit.
- Details of the drinking water system's cash flow including receipts and payments arising from:
 - Financing activities;
 - Capital activities;
 - Investing activities;
 - Operating activities;
 - Changes in cash and cash equivalents in the period; and
 - Cash and cash equivalents at the beginning and end of period.

The Financial Plan must be made available to the public. The regulation does not require Provincial approval of Financial Plans but the plans must be submitted to MMAH. The Financial Plan must be updated in conjunction with every application to renew a system's drinking water licence.

In response to the SDWA and O.Reg 453/07, the Municipality of Tweed has prepared a Financial Plan for the water and wastewater systems. The Financial Plan has proactively included the wastewater services, although the current legislation has no requirement for wastewater service to be included in the Financial Plan.

Tweed's Financial Plan (Appendix #1)

The Province set the date of July 1, 2010 as the earliest date these plans would be required in order to recognize the simultaneous requirements of implementing the new municipal accounting standards under PSAB 3150. Under PSAB 3150, municipalities must adopt full accrual accounting practices beginning January 1, 2009 which includes reporting tangible capital assets in financial statements. It was the Province's intention that the first submission of Financial Plans would not to be required prior to the implementation of the PSAB requirements.

Tweed's Financial Plan (Appendix #1) has been prepared in PSAB format employing tangible capital assess methodology. The schedules are unaudited and contain detailed information related to tangible capital assets including acquisitions, assumption of asset, amortization, and disposal costs. The time period for the Financial Plan is the 7-year period (2010-2016).

The work being completed in order to be compliant with PSAB 3150 and the on-going work completed for the Municipality's annual Asset Management Report has provided input into the Financial Plan. The Financial Plan provided in Appendix #1 provides the necessary schedules and information to meet the requirements of Ontario Regulation 453/07.

It should be noted that the schedules provided in the Financial Plan do not provide the necessary information regarding user rate pressures and potential shortfall in capital improvement funding that Council requires to make informed decision on the Water and Sewer Budgets and user rate increases.

Public Notice

Section 3(5) of Ontario Regulation 457/03 requires that the owner of a drinking water system must:

- Make the financial plans available, on request, to members of the public who are served by the drinking-water system without charge;
- 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
- Provide notice advising the public of the availability of the financial plans in a manner in the opinion of the owner, will bring the notice to the attention of members of public who are served by the drinking-water system.

Water and Wastewater System

Financial Plan

Appendix #1

**Municipality of Tweed
Water and Wastewater System
Statement of Financial Position**

	2010	2011	2012	2013	2014	2015	2016
Financial assets							
Cash	233,322	159,337	175,980	159,104	159,604	168,424	196,554
Liabilities							
Debt	0	0	0	0	0	0	0
Net financial assets (debt)	233,322	159,337	175,980	159,104	159,604	168,424	196,554
Non-Financial Assets							
Tangible capital assets (net)	4,892,979	5,025,137	5,074,295	5,126,953	5,173,111	5,222,502	5,255,127

**Municipality of Tweed
Water and Wastewater System
Statement of Operations**

	2010	2011	2012	2013	2014	2015	2016
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Sewer charges	290,000	304,500	319,725	335,711	352,497	370,122	388,628
Water charges	275,000	288,750	303,188	318,347	334,264	350,977	368,526
Penalties and interest	5,200	5,460	5,733	6,020	6,321	6,637	6,968
Government grant	40,000	40,000	40,000	0	0	0	0
	<u>610,200</u>	<u>638,710</u>	<u>668,646</u>	<u>660,078</u>	<u>693,082</u>	<u>727,736</u>	<u>764,123</u>
Expenditures							
Wastewater:							
Salaries	28,500	29,070	29,651	30,244	30,849	31,466	32,096
Insurance	3,370	3,404	3,438	3,472	3,507	3,542	3,577
Standard Repairs and maintenance	18,400	18,584	18,770	18,958	19,147	19,339	19,532
Emergency repairs	6,000	6,060	6,121	6,182	6,244	6,306	6,369
Waste water contract	100,000	105,000	110,250	115,763	121,551	127,628	134,010
Amortization	64,814	75,386	78,386	79,886	81,386	82,986	84,586
	<u>221,084</u>	<u>237,504</u>	<u>246,616</u>	<u>254,504</u>	<u>262,684</u>	<u>271,267</u>	<u>280,170</u>
Water:							
Salaries	60,900	62,118	63,360	64,628	65,920	67,239	68,583
Training	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Repairs and maintenance - general	3,600	3,636	3,672	3,709	3,746	3,784	3,821
Repairs and maintenance - hydrants	4,000	4,040	4,080	4,121	4,162	4,204	4,246
Repairs and maintenance - meters	1,632	1,632	1,632	1,632	1,632	1,632	1,632
Water contract	130,000	136,500	143,325	150,491	158,016	165,917	174,212
Supplies	5,100	5,151	5,203	5,255	5,307	5,360	5,414
Water ORO	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Water licensing	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Amortization	90,160	92,456	97,456	102,456	107,456	112,622	117,789
	<u>332,892</u>	<u>343,033</u>	<u>356,229</u>	<u>369,792</u>	<u>383,740</u>	<u>398,257</u>	<u>413,198</u>
Total expenditures	<u>553,976</u>	<u>580,537</u>	<u>602,844</u>	<u>624,296</u>	<u>646,423</u>	<u>669,524</u>	<u>693,368</u>
Annual surplus	<u>56,224</u>	<u>58,173</u>	<u>65,801</u>	<u>35,782</u>	<u>46,659</u>	<u>58,212</u>	<u>70,755</u>

**Municipality of Tweed
Water and Wastewater System
Statement of Cash Flow**

	2010	2011	2012	2013	2014	2015	2016
Operating transactions							
Cash received from:							
Revenues - water & wastewater	610,200	638,710	668,646	660,078	693,082	727,736	764,123
Cash paid for:							
Operating costs - wastewater	156,270	162,118	168,230	174,618	181,298	188,281	195,584
Operating costs - water	242,732	250,577	258,773	267,336	276,284	285,635	295,409
Finance charges	0	0	0	0	0	0	0
	399,002	412,695	427,003	441,954	457,582	473,916	490,993
Cash provided from operating transactions	211,198	226,015	241,643	218,124	235,500	253,820	273,130
Capital transactions							
Acquisition of tangible capital assets - wastewater	-107,040	-150,000	-150,000	-155,000	-155,000	-160,000	-160,000
Acquisition of tangible capital assets - water	-465,000	-150,000	-75,000	-80,000	-80,000	-85,000	-85,000
Cash applied to capital transactions	-572,040	-300,000	-225,000	-235,000	-235,000	-245,000	-245,000
Finance transactions							
Proceeds from issue of debt	0	0	0	0	0	0	0
Debt repayment	0	0	0	0	0	0	0
Cash applied to financing transactions	0	0	0	0	0	0	0
Increase (decrease) in cash and cash equivalents	-360,842	-73,985	16,643	-16,876	500	8,820	28,130
Cash and cash equivalents, beginning of period	594,164	233,322	159,337	175,980	159,104	159,604	168,424
Cash and cash equivalents, end of period	233,322	159,337	175,980	159,104	159,604	168,424	196,554
Cash as a percentage of net fixed assets							

MUNICIPALITY OF TWEED

COUNCIL RESOLUTION

Date: February 22, 2011

Meeting No. 3

Resolution No. 71

Moved by: B. Deane

Seconded by: James Miller

BE IT RESOLVED THAT

Council approve the Municipality of Tweed Water and Wastewater System Financial Plan prepared in accordance with the Safe Drinking Water Act.

Carried.

J. Albert
Reeve