

The Corporation of the Township of Chapple

Water and Wastewater System Financial Plan

2015 - 2021

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

Background

The Corporation of the Township of Chapple provides water and wastewater service to approximately 60 residential and non-residential customers. Ainsworth Lumber Co. Ltd accounts for approximately 37% of water revenues generated. 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 Township of Chapple 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 services to be included in the Financial Plan.

Chapple'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 be required prior to the implementation of the PSAB requirements.

Chapple'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 assess including acquisitions, assumption of asset, amortization, and disposal costs. The time period for the Financial Plan is the 7-year period (2015-2021).

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 decisions 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 the public who are served by the drinking-water system.

Water and Wastewater System

Financial Plan

Appendix # 1

