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MUNICIPALITY OF ARRAN-ELDERSLIE
PAISLEY DRINKING WATER SYSTEM
FINANCIAL PLAN

15-014



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The Municipality of Arran-Elderslie
Paisley Drinking Water System
Financial Plan

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 Paisley Drinking Water System Financial Report. It has been prepared in accordance with the MOE Financial Plans Regulation (O Reg. 453/07). Paisley and Paisley are both serviced by way of one (1) common Arran-Elderslie Water Treatment Plant located in Paisley. Water to Paisley is supplied by way of a 17 km gravity trunk watermain. The Municipality treats Paisley 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 - 2019 is expected to be approximately \$1.2 million. No Capital projects are planned in 2020-2021.

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 Paisley 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.

Paisley and Paisley are both serviced by way of one (1) common Arran-Elderslie Water Treatment Plant located in Paisley. Water to Paisley is supplied by way of a 17 km gravity trunk watermain. The Municipality treats Paisley 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 Paisley 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 Paisley Drinking Water System

The Paisley 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: Paisley water customers are responsible for 1/3rd 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: Paisley water customers are responsible for 1/3rd expenses.

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: Paisley water customers are responsible for 1/3rd 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: Paisley water customers are responsible for 1/3rd expenses.

Paisley Standpipe

- A 2,725 m³ capacity concrete water storage tank is located at the north end of Paisley on Tower Road. It has an operating capacity of 1,360 m³ 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 m³. 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: Paisley customers are 100% 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: Paisley customers are 100% responsible for it.

Trunk Watermain

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

Note: Paisley customers are 100% responsible for it.

Arran-Elderslie Water Treatment Plant in Paisley

- 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: Paisley water customers are responsible for 1/3rd expenses.

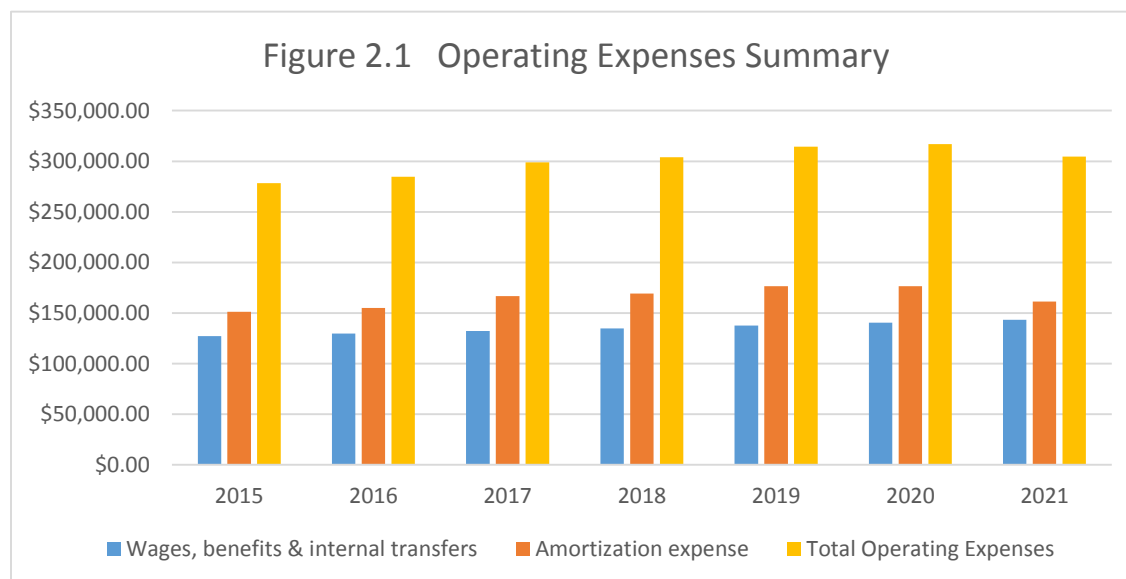
2.0 OPERATING PLAN

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 \$278K including amortization (\$151K) in 2015. Of these costs, wages, benefits and internal transfer costs comprise approximately 46%. Annual operating expenses (cash only) are projected to be approximately \$127K in 2015, which will increase to approximately \$143K 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, Paisley water system holds significant assets, including: water treatment plant and associated wells, approximately 15.9 km of watermains, with associated watermain appurtenances, 2,300 m³ capacity water tower, and 536 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.

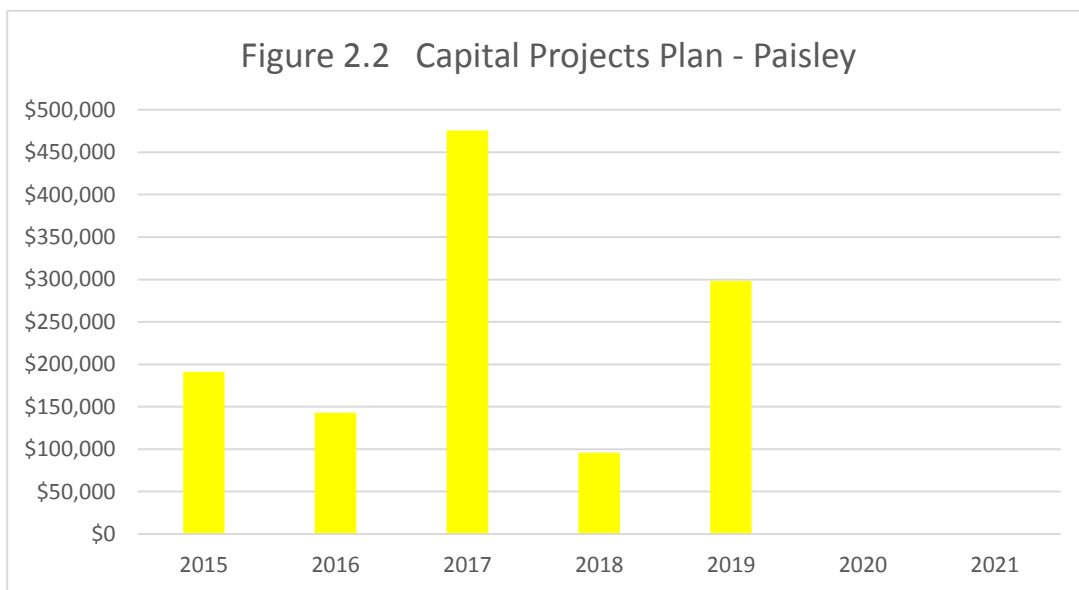
In determining the future capital costs, the renewal and rehabilitation of Paisley's water system has been considered in accordance with the six (6) year capital plan prepared by town staff. The prioritization of the capital infrastructure replacement was based on safety, cost and operational efficiencies. 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 Paisley'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 \$172K will be spent each year on capital expenditures, to a total of about \$1.2 million. No capital projects are planned in 2020-2021. 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.



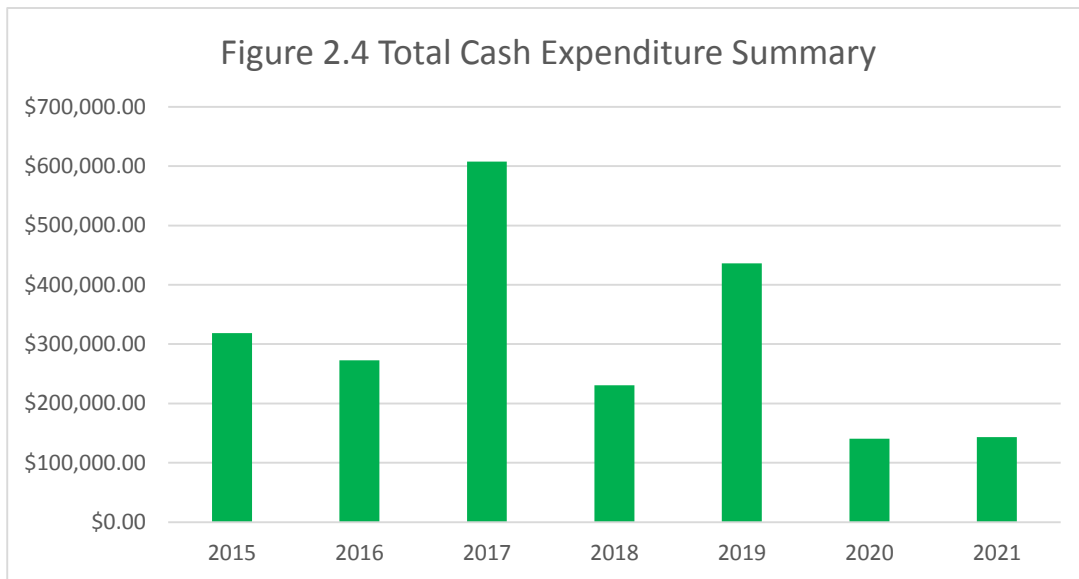
2.3 Debt Management

The Paisley water system does not carry any debts.

2.4 Total Cash Expenditures

Paisley'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 \$318K.

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 \$0.9 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 Paisley 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, because in initial investigations, it was noted that a capital expense of \$1.2 million approximately for period 2015-2021, will require a significant increase in water rates, which will be unaffordable and unacceptable to Paisley residents.

- 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 Paisley, the residents have water meters. In 2015, residents pay a base rate of \$22.76/month and a water consumption charge of \$2.22/m³. 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.

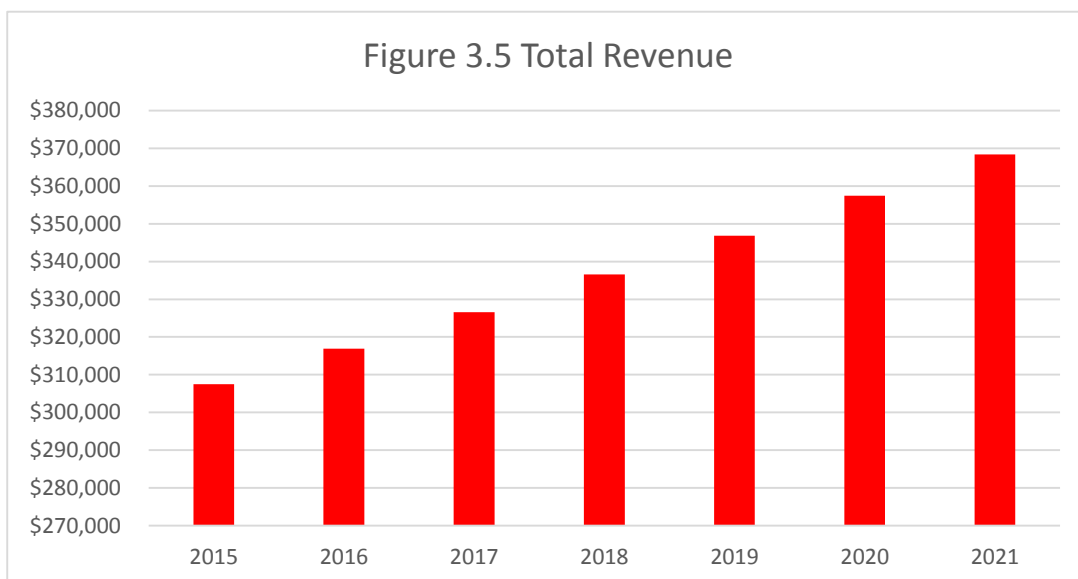
Key Assumption

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 Paisley 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.

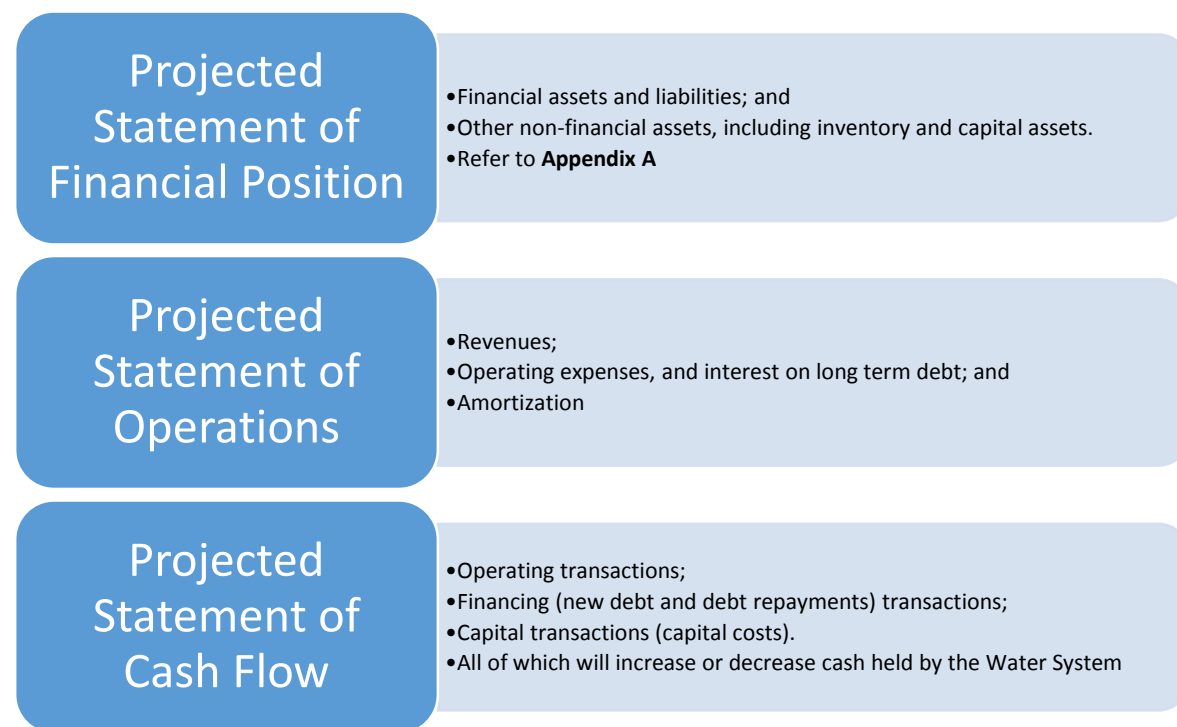
In the **Figures 3.5** below, funding to meet cash required is provided. For Paisley water system, the main funding source is water billings, which is being increased at 3% per year for the period of 2016 to 2021. Revenue collection is estimated to be \$307K, which is anticipated to increase to \$368K in 2021.



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 Paisley Water System.

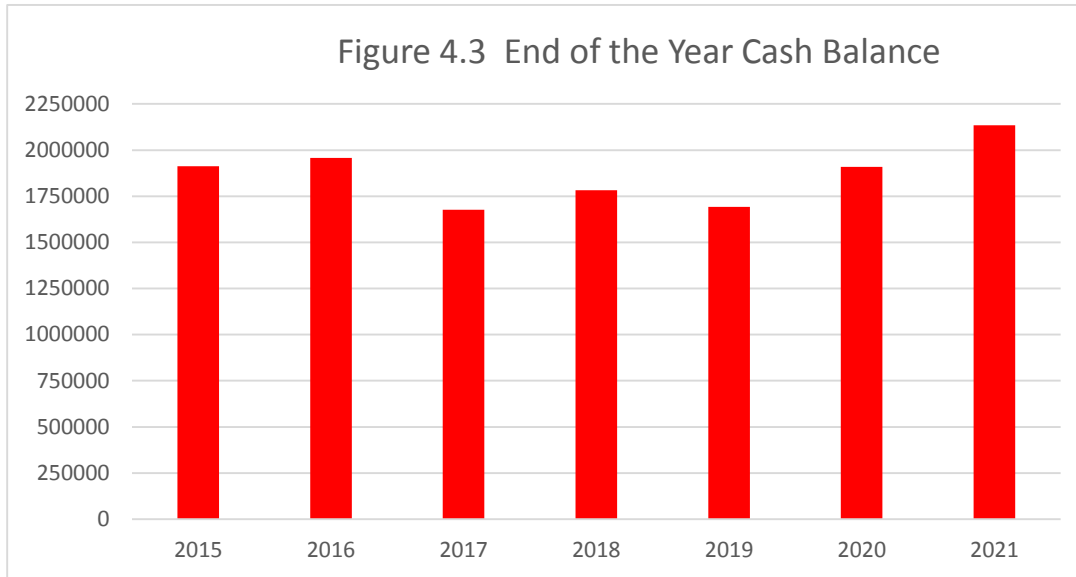
In the Operating Plan section of the financial plan, the cash expenditures, such as operating expenses, debt repayment and capital costs, were identified. In the Funding Plan section of the financial plan, the cash receipts, or funds required to cover the cash expenditures were presented. These funds comprise operating revenues only for the Paisley 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 and that no capital projects are planned in 2020-2021 period.

Over the projection period, it is projected that the Water System will have several capital upgrade projects which will be funded through water reserves. Therefore, water reserve is

anticipated to increase from \$1.9 million approximately in 2015 to \$ 2.1 million approximately in 2021.

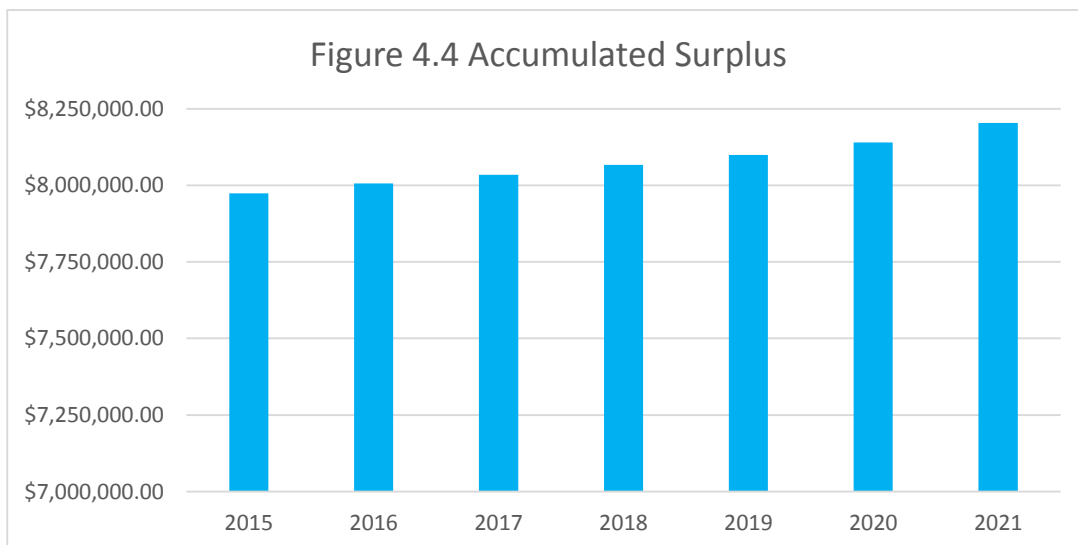


4.4 Statement of Financial Position

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 \$1.2 million approximately as opposed to water reserve contribution of \$1.41 million approximately. This is anticipated to create an increase in water reserve fund from \$1.9 million approximately in 2015 to \$2.1 million approximately in 2021. Arran-Elderslie council is proceeding with the amalgamation of three (3) water systems, mainly Chesley, Paisley and Tara into one (1) system. This will allow the sharing of surpluses, if any, between water systems.

6.0 SUMMARY

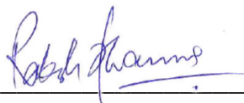
This Financial Plan has been prepared in accordance with the Provincial Regulation O. Reg 453/07. The process in developing this plan has focused on the achievement of a balance between managing water rate increases while ensuring that the water system will continue to provide safe drinking water in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

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

This financial plan has been approved by a Town Council resolution, indicating that as a result of this plan, Paisley's Drinking Water System is financially viable. A copy of resolution is appended in **Appendix C**.

FEEDBACK AND CONTINUOUS IMPROVEMENT

The Financial Plan has been 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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APPENDIX A

PROJECTED FINANCIAL STATEMENTS

8-1 Statement of Operations

AE-Paisley - Water Treatment System - Statement of Operations

Table 8-1	Unaudited	2.7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	2014	2015	2016	2017	2018	2019	2020	2021
Revenues								
Water Billings - Residential	243,777	250,500	258,266	266,272	274,526	283,036	291,811	300,857
Water Billings - Commercial	46,321	47,700	49,179	50,703	52,275	53,896	55,566	57,289
Options A,B,C	4,512	3,000	3,093	3,189	3,288	3,390	3,495	3,603
Miscellaneous Charges	1,664	1,500	1,547	1,594	1,644	1,695	1,747	1,802
Connections	4,743	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Other Revenues	-	-	-	-	-	-	-	-
Total Revenue	\$ 301,016	\$ 307,500	\$ 316,884	\$ 326,558	\$ 336,533	\$ 346,817	\$ 357,419	\$ 368,350
Expenses								
Payroll & Benefits	28,570	29,200	29,784	30,380	30,987	31,607	32,239	32,884
Building Overhead, Ins & Utilities	9,780	11,443	11,672	11,905	12,143	12,386	12,634	12,887
Engineering & Consultant Costs	20,074	21,500	21,930	22,369	22,816	23,272	23,738	24,212
Internal Transfer	66,881	65,000	66,300	67,626	68,979	70,358	71,765	73,201
Interest on Debt								
Amortization	233,675	151,320	154,890	166,777	169,170	176,629	176,629	161,341
Total Expenses	358,979	278,463	284,576	299,056	304,095	314,252	317,005	304,524
Annual Surplus / Deficit	(57,963)	29,037	32,308	27,502	32,438	32,564	40,414	63,826
Accumulated surplus, Beginning of Period	8,003,336	7,945,374	7,974,411	8,006,719	8,034,221	8,066,658	8,099,222	8,139,636
Accumulated surplus, End of Period	\$7,945,374	\$7,974,411	\$8,006,719	\$8,034,221	\$8,066,658	\$8,099,222	\$8,139,636	\$8,203,462
Transfers								
Transfer to Water Reserve Fund	\$71,253	\$180,357	\$187,198	\$194,279	\$201,608	\$209,193	\$217,043	\$225,167
Total Transfers	\$175,712	\$180,357	\$187,198	\$194,279	\$201,608	\$209,193	\$217,043	\$225,167
Capital Continuity								
Description	2014	2015	2016	2017	2018	2019	2020	2021
Total Capital Project Costs	\$0	\$191,231	\$142,826	\$475,462	\$95,732	\$298,349	\$0	\$0
Existing/New Capital Debt Pmt	0	0	0	0	0	0	0	0
Sub-Total Capital Costs	\$0	\$191,231	\$142,826	\$475,462	\$95,732	\$298,349	\$0	\$0
Grant Contributions								
Developer - Asset Donation								\$0
Transfer from D/C Reserve Fund	\$0	\$0	\$0	\$0	\$0	0	0	\$0
Transfer from Reserves	\$0	\$191,231	\$142,826	\$475,462	\$95,732	\$298,349	\$0	\$0
Unfunded Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paisley Water Reserve Continuity								
Description	2014	2015	2016	2017	2018	2019	2020	2021
Opening Balance	\$ 1,994,575	\$ 1,923,723	\$ 1,912,849	\$ 1,957,222	\$ 1,676,038	\$ 1,781,914	\$ 1,692,758	\$ 1,909,801
Transfer from Operating Surplus plus Amortization	\$175,712	\$180,357	\$187,198	\$194,279	\$201,608	\$209,193	\$217,043	\$225,167
Transfer to Capital	\$246,564	\$191,231	\$142,826	\$475,462	\$95,732	\$298,349	\$0	\$0
Developer Contribution Transf to Capital								\$0
Reserve Fund Balance	\$ 1,923,723	\$ 1,912,849	\$ 1,957,222	\$ 1,676,038	\$ 1,781,914	\$ 1,692,758	\$ 1,909,801	\$ 2,134,967
Dollars in Current Value	\$ 1,923,723	\$ 1,912,849	\$ 1,900,215	\$ 1,579,827	\$ 1,630,704	\$ 1,503,994	\$ 1,647,411	\$ 1,788,002

8-2 Statement of Cash Flow

AE-Paisley - Water Treatment System - Statement of Cash Flow

Table 8-2	Unaudited	Forecasted						
	2014	2015	2016	2017	2018	2019	2020	2021
OPERATING ACTIVITIES								
Projected Revenue over Expenses	(57,963)	29,037	32,308	27,502	32,438	32,564	40,414	63,826
Plus Non-Cash Amortization	233,675	151,320	154,890	166,777	169,170	176,629	176,629	161,341
NET CHANGE IN CASH BY OPERATING ACTIVITIES (Annual Surplus/Deficit, excluding Amortization Expense) CASH PROVIDED BY OPERATING	175,712	180,357	187,198	194,279	201,608	209,193	217,043	225,167
INVESTMENT ACTIVITIES								
Proceeds from Investments (Reserve Fund Interest)	-	-	-	-	-	-	-	-
CAPITAL ACTIVITIES								
Proceeds from Debt Issued/Developer Front-end	-	-	-	-	-	-	-	-
Less Debt Repayment (principle only)	0	0	0	0	0	0	0	0
CASH TRANSACTIONS THROUGH FINANCING	0	0	0	0	0	0	0	0
Cash applied to fund Capital Projects	246,564	191,231	142,826	475,462	95,732	298,349	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(70,852)	(10,874)	44,372	(281,183)	105,876	(89,156)	217,043	225,167
CASH AND CASH EQUIVALENTS, Beginning of Year	1,994,575	1,923,723	1,912,849	1,957,222	1,676,038	1,781,914	1,692,758	1,909,801
CASH AND CASH EQUIVALENTS, End of Year	1,923,723	1,912,849	1,957,222	1,676,038	1,781,914	1,692,758	1,909,801	2,134,967

8-3 Statement of Financial Position

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

Table 8-3	Unaudited	Approved	Forecast					
	2014	2015	2016	2017	2018	2019	2020	2021
Financial Assets								
Cash, Receivables and Investments	1,923,723	1,912,849	1,957,222	1,676,038	1,781,914	1,692,758	1,909,801	2,134,967
Total Financial Assets	1,923,723	1,912,849	1,957,222	1,676,038	1,781,914	1,692,758	1,909,801	2,134,967
Financial Liabilities								
Accounts Payable and Deferred Revenue	-	-	-	-	-	-	-	-
Long Term Liabilities (Net Debt)	0	0	0	0	0	0	0	0
Total Financial Liabilities	-	-	-	-	-	-	-	-
Deferred Revenue (net Chg)	-	-	-	-	-	-	-	-
Net Financial Assets (Net Debt)	1,923,723	1,912,849	1,957,222	1,676,038	1,781,914	1,692,758	1,909,801	2,134,967
Non Financial Assets								
Prepaid Expenses	-	-	-	-	-	-	-	-
Tangible Capital Assets	9,918,533	10,038,716	10,128,478	10,427,293	10,487,457	10,674,961	10,674,961	10,674,961
Accumulated Amortization	(3,896,883)	(3,977,155)	(4,078,981)	(4,069,111)	(4,202,714)	(4,268,498)	(4,445,126)	(4,606,467)
Total Non Financial Assets	6,021,650	6,061,561	6,049,497	6,358,182	6,284,744	6,406,464	6,229,835	6,068,494
ACCUMULATED SURPLUS	\$ 7,945,373	\$ 7,974,411	\$ 8,006,718	\$ 8,034,220	\$ 8,066,658	\$ 8,099,222	\$ 8,139,636	\$ 8,203,462

APPENDIX B

CAPITAL PROJECTIONS

8-6 Capital Projects

Arran-Elderslie - Paisley Water Treatment System - Capital Budget Projections (includes CPI 2% annually)

Capital Budget Projections	Useful Life	Year in Service	Multi-year Capital Budget	2015	2016	2017	2018	2019	2020	2021
Alma St.-Decommission 1 1/4" Line Connect to 2"		2015	15,000	\$ 15,000						
Install 6" Main - Inkerman St, James St to Albert St		2015	176,231	\$ 176,231						
Replacement - Watermain Inkerman St, James St to Dundas St		2016	140,025		\$ 142,826					
Replacement - Watermain Queen St, Inkerman St to Balaclava		2017	457,175			\$ 475,462				
Replacement - Watermain Balaklava St, Albert St to George St		2018	90,313				\$ 95,732			
Replacement - Watermain Queen St, Bridge to Inkerman		2019	276,249					\$ 298,349		
			Total	1,154,993	191,231	142,826	475,462	95,732	298,349	-

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

July 15th, 2015

Via Email - [rakeshsharma@gssengineering.ca]

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

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

Please be advised that Council of the Municipality of Arran-Elderslie at its meeting of July 13th, 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

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