

The Corporation of the Township of Tay



**ONTARIO REGULATION 453/07
WATER SYSTEM FINANCIAL PLAN 2020-2027
FOR TAY AREA DRINKING WATER SYSTEM AND
ROPE DRINKING WATER SYSTEM**

FINANCIAL PLAN FILE# 129-301A

Dated: December 10, 2020

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1. INTRODUCTION

1. INTRODUCTION

1.1 Purpose

The Township of Tay has prepared a Water System Financial Plan as part of its submission requirements for the purposes of obtaining a municipal drinking water license as per the *Safe Drinking Water Act, 2002*. In general, a financial plan requires an (in-depth) analysis of capital and operating needs, a review of current and future demand versus supply and consideration of available funding sources. The objective of the report provided herein is to meet the prescribed reporting requirements for a financial plan as defined by Ontario Regulation 453/07 (O.Reg. 453/07).

1.2 Background

The Township of Tay owns and operates two water treatment systems, three booster stations and 99 kilometers of watermains. The Township is responsible for the costs and financing associated with managing these systems.

The Safe Drinking Water Act (SDWA) was passed in December 2002 in order to address some of the recommendations made by the Walkerton Inquiry Part II report. One of the main requirements of the Act is the mandatory licensing of municipal water providers. Section 31 (1) specifically states,

“No person shall,

- a) establish a new municipal drinking water system or replace or carry out an alteration to a municipal drinking water system except under the authority of and in accordance with an approval under this Part or a drinking water works permit; or
- b) use or operate a municipal drinking water system that was established before or after this section comes into force except under the authority of and in accordance with an approval under this Part or municipal drinking water licence” In order to become licensed, a municipality must satisfy five key requirements as per section 44 (1):
 - 1. Obtain a drinking water works permit.
 - 2. Acceptance of the operational plan for the system based on the Drinking Water Quality Management Standard.
 - 3. Accreditation of the Operating Authority.
 - 4. Prepare and provide a financial plan.**
 - 5. Obtain permit to take water.

The preparation of a financial plan is a key requirement for licensing and as such, must be undertaken by all water providers.

1.2.1 Financial Plan Regulatory Requirements – Existing System

The requirements for existing systems were enacted under O.Reg. 453/07 and are summarized as follows:

- Financial plans must be approved by Council resolution (or governing body)
- Financial plans must apply for a minimum six year period
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the PSAB) for each year in which the financial plans apply
- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets and tangible capital assets (i.e. the components of a “Statement of Financial Position” as per PSAB) for each year in which the financial plans apply; and
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a “Statement of Cash Flow” as per PSAB) for each year in which the financial plans apply
- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system
- Financial plans must identify the details regarding the extent to which the replacement of lead service pipe is being managed, if applicable
- Financial plans are to be made available to the public upon request and at no charge
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge
- Notice of the availability of the Financial Plan is to be given to the public; and
- The Financial Plan is to be submitted to the Ministry of Municipal Affairs and Housing

1.2.2 Public Sector Accounting Board (PSAB) Requirements

The components of the financial plans indicated by the regulation are consistent with the requirements for financial statement presentation as set out in section PS1200 of the Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Handbook:

"Financial statements should include a Statement of Financial Position, a Statement of Operations, a Statement of Change in Net Debt, and a Statement of Cash Flow."

Both the Statement of Financial Position and the Statement of Operations were required for financial reporting purposes in pre-2009 reporting years, however, the format changed in 2009 to conform to the requirements of PS1200 and PS3150. For example, as of 2009, the financial statements are to be reported on a full accrual accounting basis. The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when they are actually paid. Since an exchange of cash is not necessary to report a financial transaction, the accrual method is meant to provide a more accurate picture of a municipality's financial position.

Moreover, since the 2009 fiscal year, municipalities have been required to report additional information relating to the accounting treatment of tangible capital assets as indicated by the requirements under section PS3150. Pre-2009, the costs to acquire, develop and/or construct capital assets were expensed in the year in which they occurred. Today, tangible capital assets are to be capitalized so as to create an inventory of the assets owned and to account for their ability to provide future benefits. From a financial planning perspective, this change is significant for water assets as they represent a significant portion of the Township's infrastructure.

The Statement of Cash Flow and the Statement of Change in Net Financial Assets/Debt (new statement as of 2009) are also required statements. The Statement of Change in Net Financial Assets/Debt reports on whether enough revenue was generated in a period to cover the expenses in the period and whether sufficient resources have been generated to support current and future activities. The Statement of Cash Flow reports on how activities were financed for a given period which provides a measure of the changes in cash for that period.

2. SUSTAINABLE FINANCIAL PLANNING

2. SUSTAINABLE FINANCIAL PLANNING

2.1 Introduction

In general, sustainability refers to the ability to maintain a certain position over time. The Ministry of the Environment released a guideline (“Towards Financially Sustainable Drinking Water and Wastewater Systems”) that provides possible approaches to achieving sustainability.

The guideline set out nine principals to help municipalities work toward achieving sustainability:

- 1) Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.
- 2) An integrated approach to planning among water, wastewater, and stormwater systems is desirable given the inherent relationship among these services.
- 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 planning over the short-term, or not planning at all.
- 5) As 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 providing 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 “living” documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.
- 9) Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff and municipal council.

The intent of the guideline is to assist municipalities in meeting their regulatory obligations (i.e. preparation of the financial plan) as well as provide broad practical advice regarding financial planning for both drinking water and wastewater services. It also provides guidance on sustainable financial planning (i.e. long-term capital planning, asset management, accounting practices and financial plan development).

2.2 Building on Existing Practices

Achieving financial sustainability in the water sector is a long-term goal. The overall guiding principle in the development of this Financial Plan is to ensure that both current operating needs and longer term infrastructure renewal planning are addressed.

While this Financial Plan will be considered during the municipality's annual long term planning process, it is important to note that other financial and non-financial planning documents, such as rate studies, asset management plans, development charge studies (growth) and master plans should also be consulted when determining the long-term sustainability of the water system.

The 2017 Water/Wastewater Rate Study

In 2017 an updated water / wastewater rate study was completed. The objective of the study was to review and recommend water and wastewater rates for the 2018 – 2027 period, and ensure sufficient revenues are raised to fund system requirements. The study process was designed to address the "full cost" principles within the Sustainable Water and Sewage System Act (SWSSA). This very comprehensive document incorporated consumption projections, capital and operating expenditure and revenue projections, debt financing, cash flow projections and water and wastewater rate projections. This document has been used extensively by the Township for the financial planning of water and wastewater infrastructure maintenance, renewal and expansion and the management of water and wastewater rates.

Asset Management Plan (AMP)

The purpose of an AMP is to outline and establish a set of planned actions, based on best practice that will enable the assets to provide a desired and sustainable level of service, while managing risk, at the lowest life cycle cost.

The Township's Asset Management Plan, dated September 26, 2018 indicates that an average annual requirement of \$1.18 million is required to fund the replacement of current water infrastructure (based on 2015 values) whereas the current level of sustainable funding available was calculated to be approximately \$1.2 million. It should be noted that the AMP is a living

document, which requires regular review and update in order to ensure that the information contained in the document reflects the best information available at the time. It should also be noted that the AMP considers the replacement of assets the Township currently owns, and therefore does not include new or enhancements to existing assets.

Water and Wastewater Master Servicing Plan

In 2013, Council approved a budget allocation for a Master Servicing Plan which has been deferred for a number of years, with the budget being carried forward to the 2021 budget year. This plan is intended to identify infrastructure needs and servicing strategies to ensure that existing and planned development can be served. Once complete, this plan will serve as a valuable document used to update our current rate study, our AMP and future versions of this Financial Plan.

3. APPROACH

3.1 Overview

This section outlines the process utilized and summarizes the assumptions made to prepare this Financial Plan. It is noted that the Financial Plan has been prepared for water systems. Wastewater systems may be included in a future plan.

3.2 Forecasting Process

In order to meet the regulations provided for under O.Reg. 453/07 the following components must be included in the forecast:

1. Tangible Capital Asset Balances
2. Statement of Operations
3. Statement of Financial Position
4. Statement of Cash Flow and Net Assets/Debt
5. Management of Lead service Piping
6. Verification and Notes

3.2.1 Tangible Capital Assets (TCA)

The water treatment plants and the distribution system for the Township of Tay are valued at an estimated \$39.3 million dollars at the end of 2020, and provide safe drinking water to the Township's residential, industrial and commercial customers.

Upgrades to the Township's main water treatment plant (Tay Area Water Treatment Plant) are proceeding in two phases with the first phase complete in 2015 at a cost of \$6 million and the second phase in 2021 at an estimated cost of \$4 million. Watermains and hydrant replacements have typically been completed every 2nd year in conjunction with road resurfacing. Council's commitment to continual improvement and upgrading of infrastructure is apparent.

In calculating tangible capital asset balances, existing assets and future purchased, developed, and contributed assets have been considered. The TCA projections for the study period are presented in Schedule 3-1 and are based on the following assumptions:

- Amortization of existing assets is based on the Township's tangible capital assets policies and procedures. Amortization of new assets is based on straight line depreciation with no amortization charged in the year of acquisition.
- Historical costs, life expectancy and remaining useful life as per the

- PSAB 3150 data maintained by the Township;
- New assets acquired are based on the updated capital forecast presented in Schedule 3-2. These are added to the TCA in the year of acquisition and depreciated over their useful life.

As detailed in Schedule 3-1, the depreciated value of the Township's water system at the is projected to increase from approximately \$39 million dollars at the end of 2020 to \$45 million dollars at the end of 2027.

Estimates have been used to determine future assets that are expected to be contributed by developers and other parties (at no cost or partial cost to the Township). These contributed assets could form a significant part of the infrastructure going forward in terms of the sustainability of the system as a whole despite their non-monetary nature.

The Township annually reviews and updates our long-term needs. The Township of Tay has in place a Long-Term Plan spanning 2021-2030 which includes the projected replacement of existing and growth-related (new) infrastructure.

Additionally, the Township has a budget allocation for a Water & Wastewater Master Servicing Study which is anticipated to be completed in 2021/2022. This study will further direct the Township in understanding the condition of existing assets and determining future requirements. It is anticipated that this information will be incorporated into future versions of the Financial Plan providing a better understanding of required replacement/renewal projects, as well as capital projects necessary to accommodate growth over time.

Township of Tay
 Schedule of Tangible Capital Assets (Water)
 Schedule 3-1

UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2020 - 2027

	FORECAST							
	2020	2021	2022	2023	2024	2025	2026	2027
Opening TCA Balance (Historical Cost)	53,469,964	53,668,183	58,080,999	59,022,487	59,117,072	65,340,645	66,289,991	67,273,980
Acquisitions	219,332	4,412,816	1,037,000	115,000	6,323,000	1,053,000	1,081,097	135,000
Disposals	21,113	-	95,512	20,415	99,427	103,654	97,108	-
Closing TCA Balance (Historical Cost)	53,668,183	58,080,999	59,022,487	59,117,072	65,340,645	66,289,991	67,273,980	67,408,980
Opening Accumulated Amortization	13,366,566	14,364,848	15,376,140	16,425,621	17,525,571	18,578,402	19,759,884	20,989,650
Amortization Expense	1,007,909	1,011,292	1,103,034	1,120,364	1,125,322	1,259,732	1,293,482	1,302,829
Amortization on Disposal	(9,628)	-	(53,552)	(20,415)	(72,490)	(78,250)	(63,716)	-
Amortization on Transfers	-	-	-	-	-	-	-	-
Ending Accumulated Amortization	14,364,848	15,376,140	16,425,621	17,525,571	18,578,402	19,759,884	20,989,650	22,292,479
Net Book Value	39,303,335	42,704,859	42,596,865	41,591,501	46,762,243	46,530,106	46,284,330	45,116,501

**Township of Tay
Schedule 3-2
Water Service
Updated Capital Budget Forecast**

	Updated Budget	Forecast										
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Tay Area Water Treatment Plant												
Equipment Replacement					40,000			50,000				
Membrane replacement						80,000		80,000				
Chlorine Analyzer Replacement		26,800										
Increase Plant Capacity/Refurbish (Phase 2)		4,134,178										
Rope Water Plant												
Replace Treatment Cassettes	30,000											
Control panel upgrades		60,000										
Equipment Replacement	5,000		30,000				30,000				30,000	
Water Distribution System												
Water Meters						1,500,000						
Equipment		15,000										
Engineering Water Modelling		50,000										
Watermain replacement/refurbishment	184,332		807,000	50,000	793,000	578,000	889,000	50,000	3,861,000	50,000	2,313,000	
Victoria Harbour Standpipe					5,000							
Waubaushe Standpipe			200,000			120,000		5,000				
Port McNicoll Standpipe		5,000					5,000					
New Standpipe					4,000,000							
Vehicles & Equipment												
Vehicles					25,000							
Total Capital Expenditures	219,332	4,290,978	1,037,000	115,000	6,323,000	1,053,000	944,000	135,000	3,861,000	80,000	2,313,000	

3.2.2 Statement of Operations

Operating expenses can be generally defined as recurring expenses associated with providing a service. They are straightforward and are typically outlays that need to be made to keep the operation running on a day-to-day basis. In general, operating expenses are easily identifiable, measurable and can be readily verified (or audited) as they are based on actual cash outlays and liabilities. As this plan extends over many fiscal years, operating expenditures have been projected based on an estimation of service costs over time.

The following parameters are considered in estimating future expenditures:

- Future customer demands
- Projected repair and maintenance costs
- Input commodity costs (i.e. power supply, treatment chemicals, etc.)

Revenue

The Township recovers its net costs through user rates charged to its customers. The revenue requirements from the user rates are identified in Schedule 4-2 and are projected to be approximately \$2.9 million in 2020 increasing to approximately \$3.1 million by 2027. This increase can be attributed mainly to the projected number of new users that will be connected to the system during the forecast period. For the purpose of this plan, no user rate increases have been assumed, and therefore the water rate structure continues to follow the 2017 Water & Wastewater Rate Study. An increase to the infrastructure levy for vacant serviced lots has been included in 2022, per the rate study. It is important to note that the revenue requirements projected may not match the 2017 Water & Wastewater Rate Study.

Water revenue also includes contributions (assets contributed by others), earned deferred revenue, interest, service charges, penalties and other non-operating general revenues. These revenues are projected based on estimates provided by staff (contributions) and the current collection processes and administrative charges in place.

Operating Expenses

The operating expenses found on Schedule 4-2 are categorized according to the nature of the expense. Water Overhead encompasses a range of accounts which include (but are not limited to) salaries & benefits, administration fees and insurance. An annual projected increase of 1.2% has been applied to the majority of the expense categories, with exceptions noted for Utilities (5%) and Vehicles (3%). Further, a reduction of 42% has been assumed for

treatment chemicals in 2021 due to an increase in storage capacity resulting in the ability to negotiate lower costs due to bulk purchasing.

Interest on Debt is based on the existing debt held by the Township as well as the projected debt issuances required in order to meet the Township's financial obligations contained within this plan (see Schedule 4-5).

Amortization and Gain/Loss on Disposal of Assets is calculated as part of the tangible capital asset process (see schedule 3-1).

3.2.3 Statement of Financial Position

Once the Statement of Operations has been determined and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded. The opening/actual balances for the remaining accounts are classified according to the structure of the Statement of Financial Position as outlined in PS1200.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the Township and as such, will be difficult to isolate the information that is relevant only to water. An example of this is accounts receivable, which is administered centrally by the Finance Department. Ontario Regulation 453/07 allows for the exclusion of these numbers if they are not known at the time of preparation of the financial plan.

3.2.4 Statement of Cash Flow and Net Financial Assets/Debt

The Statement of Cash Flow summarizes how the Township financed its activities or in other words, how the costs of providing services were recovered. The statement is derived using the comparative Statement of Financial Position, the current Statement of Operations and other available transaction data.

The Statement of Change in Net Financial Assets/Debt reconciles the difference between the surplus or deficit from current operations and the change in net financial assets/debt for the year. This is significant, as net debt provides an indication of future revenue requirements. In order to complete the Statement of Net Financial Assets/Debt, additional information regarding any gains/losses on disposals of assets, asset write-downs, acquisition/use of supplies inventory, and the acquisition use of prepaid expenses is necessary (if applicable). The Statement of Change in Net Financial Assets/Debt is not required under O.Reg.453/07, although it has been included in this report as a further indicator of financial viability.

3.2.5 Management of Lead Service Piping

Lead Service Pipe Removal

The Township is unaware of any specific lead service piping in the municipal water system. When older portions of the water main system are replaced as part of the ongoing replacement program, however, any lead service pipes will be replaced if and when found. There are currently no concerns or requirements regarding replacement of lead service pipes.

3.2.6 Verification and Notes

The final step in the forecasting process is to ensure that all of the statements created by the previous steps are in balance. The Statement of Financial Position summarizes the resources and obligations of the Township at a set point in time. The Statement of Operations summarizes how these resources and obligations changed over the reporting period. To this end, the accumulated surplus/deficit reported on the Statement of Financial Position should equal the accumulated surplus/deficit reported on the Statement of Operations.

The Statement of Change in Net Financial Assets/Debt and the Statement of Financial Position are also linked in terms of reporting on net financial assets/debt. On the Statement of Financial Position, net financial assets/debt is equal to the difference between financial assets and liabilities and should equal net financial assets/debt as calculated on the Statement of Net Financial Assets/Debt.

In order to show a balanced financial plan in a full accrual format for the Township of Tay, some of the items have been estimated given that the Township does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses).

Some of the significant assumptions that need to be addressed within the Financial Plan are as follows:

- a. Opening cash balances Opening cash balances are necessary to complete the Statement of Cash Flows and balance the Statement of Financial Position. Preferably, opening cash balances should be derived from actual information contained within the Township's

ledgers. It is not, however, possible to extract this information from the ledgers for water alone; therefore a reasonable proxy is needed. Our approach is to assume the opening cash balance is equal to the ending reserve and reserve fund balances from the previous year (see schedule 4-10).

- b. Accumulated Surplus The magnitude of the surplus in this area shows the need for additional explanation especially in the first year of the forecast period. This Accumulated Surplus captures the historical infrastructure investment as well as all water reserve and reserve fund balances. A detailed breakdown of the accumulated surplus is found on both the Statement of Financial Position (Schedule 4-1) and the Statement of Operations (Schedule 4-2).
- c. Debt Outstanding water related debt at the end of 2020 was \$2 million, with additional debt anticipated throughout the forecast period. For financial reporting purposes, debt principal payments represent a decrease in debt liability and the interest payments represent a current year operating expense (see schedule 4-5).
- d. Deferred Revenue Deferred revenue is made up of water development charge reserve fund balances which are considered to be a liability for financial reporting purposes until the funds are used to construct the works for which they have been collected. During the forecast period deferred revenue has been recognized only for the purpose of debt payments (see schedule 4-9).
- e. Tangible Capital Assets The opening net book value of the Township's tangible capital assets was projected to be approximately \$53.4 million. A projection was used, as at the time of writing this plan, the 2020 year end was not yet complete. This tangible capital asset inventory held by the Township includes water related assets in the following categories:

- i. Infrastructure
- ii. Buildings
- iii. Vehicles
- iv. Equipment
- v. Land
- vi. Land Improvements

This Financial Plan has made the following assumptions with regard to tangible capital assets:

- Amortization is calculated using the straight-line approach with no amortization in the year of acquisition or construction.

- Given the planned asset replacement forecast in the Township's capital forecast, useful life on acquisitions is assumed to be equal to the weighted average useful life for all assets on hand in each respective asset category.
 - Write-offs are assumed to equal \$0 for each year in the forecast period.
 - Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced, unless the asset is documented as a new asset. The value of each asset disposal is calculated by estimating the original purchase/construction date and deflating current replacement cost values to those estimated dates in order to calculate original historical cost.
 - Gains/losses on disposal are based on the anticipated year of asset disposal.
 - Residual value is assumed to be \$0 for all assets contained within the forecast period.
 - Contributed Assets potentially represent a significant part of the Township's infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation was required in order to adequately capture these assets for the forecast period.
- f. Operating Expenses Capital expenditures for items not meeting the definition of tangible capital assets have been reclassified as operating expenses and have been expensed in the year in which they occur.

4. FINANCIAL PLAN

4. FINANCIAL PLAN

4.1 Introduction

The following schedules provide the complete financial plan for the Township's water systems. A brief description and analysis of each schedule is provided below. It is important to note that the Financial Plan that follows is a forward look at the financial position of the Township's water systems. It is not an audited document¹ and contains various estimates as identified in the Verification and Notes section of this plan (see section 3.2.6)

¹ O.Reg.453/07 does not require an audited financial plan.

4.2 Water Financial Plan

4.2.1 Statement of Financial Position (Schedule 4-1)

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the Township's water systems. The first important indicator is net financial assets/ (debt), which is defined as the difference between financial assets and liabilities. This indicator provides a projection of the system's "future revenue requirement". A net financial asset position occurs when financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. It is indicated that the Township's water systems will be in a net asset position of \$2.4m in 2020. The net asset position will be forecasted to increase to \$4.3m by 2027.

Another important indicator on the Statement of Financial Position is the tangible capital asset balance. As noted earlier, providing this information is a requirement of municipalities as part of PS3150 compliance and is significant from a financial planning perspective for the following reasons:

- Tangible capital assets such as water mains are vital to water service delivery.
- These assets represent significant economic resources in terms of their historical and replacement costs. Therefore, ongoing capital asset management is essential to managing significant replacements and repairs.
- The annual maintenance required by these assets has a lasting impact on water operational budgets.

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the municipality or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. A use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Tangible capital assets are expected to grow by \$5.8 million from 2020 to 2027. This indicates that the Township has plans to invest in tangible capital assets in excess of the anticipated use of existing assets over the forecast period.

Township of Tay
Statement of Financial Position (Water)
Schedule 4-1
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2020-2027

	2020	2021	2022	2023	2024	2025	2026	2027
Financial Assets								
Cash	4,987,323	4,454,661	4,805,681	6,446,799	3,103,964	4,028,300	5,075,455	6,943,701
Long-term receivable	1,974,630	1,861,945	1,749,260	1,749,260	1,636,575	1,523,890	1,411,205	1,298,520
Total Financial Assets	4,987,323	6,541,976	6,780,311	8,308,744	4,853,224	5,664,875	6,599,345	8,354,906
Liabilities								
Debt	1,991,804	3,570,672	2,924,417	2,752,297	2,578,176	2,401,986	2,223,657	2,043,117
Deferred Revenue	551,970	755,413	608,362	466,232	329,171	197,329	70,867	(50,059)
Total Liabilities	2,543,774	4,326,085	3,532,779	3,218,530	2,907,347	2,599,315	2,294,524	1,993,058
Net Financial Assets/(Debt)	2,443,549	2,215,891	3,247,532	5,090,214	1,945,877	3,065,559	4,304,821	6,361,848
Non-Financial Assets								
Tangible Capital Assets- Net	39,303,335	42,704,859	42,596,865	41,591,501	46,762,243	46,530,106	46,284,330	45,116,501
Total Non-Financial Assets	39,303,335	42,704,859	42,596,865	41,591,501	46,762,243	46,530,106	46,284,330	45,116,501
Accumulated Surplus / (Deficit)	41,746,884	44,920,750	45,844,397	46,681,715	48,708,120	49,595,666	50,589,151	51,478,349
Financial Indicators								
1) Increase/(Decrease) in Net Financial Assets	1,280,630	(227,659)	1,031,641	1,842,683	(3,144,337)	1,119,682	1,239,262	2,057,027
2) Increase/(Decrease) in Tangible Capital Assets	(800,063)	3,401,524	(107,994)	(1,005,364)	5,170,741	(232,136)	(245,777)	(1,167,829)
3) Increase/(Decrease) in Accumulated Surplus	480,567	3,173,865	923,648	837,319	2,026,405	887,546	993,485	889,198

4.2.2 Statement of Operations (Schedule 4-2)

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and, in turn, whether net financial assets have been maintained or depleted. Schedule 4-2 illustrates the ratio of expenses to revenues which generally remains consistently in the 70% range over the forecast period. The ratio is relatively low in 2021 (i.e. 44%) due to anticipated contribution revenue (assets contributed by others) and earned development charges forecasted in that year. As a result, annual (surplus)/deficits range from \$480,000 to \$889,000 with the largest surplus in 2021 of \$3.1 million dollars. It is important to note that an annual surplus is beneficial to ensure funding is available for non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments.

Another important indicator on this statement is accumulated surplus/deficit. An accumulated surplus indicates that the available net resources are sufficient to provide future water services. An accumulated deficit indicates that resources are insufficient to provide future services and that borrowing or rate increases are required to finance annual deficits. From Schedule 4-2, the financial plan proposes to add approximately \$10.2 million to a 2019 accumulated surplus of \$41.2 million over the 8-year forecast period. This forecasted accumulated surplus of \$51.4 million as indicated in Schedule 4-2, is predominately made up of reserve and reserve fund balances (\$6.9 million), as well as historical investments in tangible capital assets (\$45 million) less net debt held by the Township (\$580,000).

Township of Tay
Statement of Operations (Water)
Schedule 4-2
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2020-2027

	2020	2021	2022	2023	2024	2025	2026	2027
	FORECAST							
Water Revenue								
Rate Based Revenue	(2,921,075)	(2,955,261)	(2,936,200)	(3,009,436)	(3,045,025)	(3,081,041)	(3,117,490)	(3,154,375)
Earned Development Charges	(90,665)	(1,963,008)	(90,608)	90,608	(1,130,608)	(90,608)	(90,608)	(90,608)
Earned Grant Revenue	-	(474,926)	-	-	-	-	-	-
Interest Revenue	(160,500)	(161,646)	(77,405)	(71,663)	(49,675)	(89,301)	(75,844)	(60,738)
Contributions (assets contributed by others)	-	(121,838)	-	-	-	-	(137,097)	-
Other Revenue	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
TOTAL REVENUE	(3,172,740)	(5,677,179)	(3,104,713)	(2,990,992)	(4,225,808)	(3,261,451)	(3,421,539)	(3,306,221)
Operating Expenses								
- Water Overhead	792,272	833,395	418,028	423,044	428,121	433,258	438,457	443,719
- Professional Services	141,500	43,500	44,022	44,550	45,085	45,626	46,173	46,727
- Plant Repairs & Maintenance	96,159	86,275	87,310	88,358	89,418	90,491	91,577	92,676
- Distribution Repairs & Maintenance	101,932	62,125	62,871	63,625	64,388	65,161	65,943	66,734
- Taxes	16,500	16,500	16,698	16,898	17,101	17,306	17,514	17,724
- Utilities	221,429	221,429	189,254	198,717	208,653	219,085	230,040	241,542
- Chemicals, Testing & Sludge Disposal	176,000	126,000	127,512	129,042	130,591	132,158	133,744	135,349
- Water Conservation	3,000	3,000	10,000	10,000	10,000	10,000	10,000	10,000
- Vehicles	27,884	28,187	29,033	27,844	24,559	21,176	17,691	14,102
- Interest on Debt	95,855	71,611	51,344	31,231	29,229	54,320	50,041	45,622
- Amortization	1,007,909	1,011,292	1,103,034	1,120,364	1,125,322	1,259,732	1,293,482	1,302,829
- (Gain)/Loss on Disposal of Assets	11,485	-	41,960	-	26,937	25,404	33,392	-
- Other Expenses (do not meet capital requirements)	248	-	-	-	-	187	-	-
Total Operating Expenses	2,692,173	2,503,314	2,181,065	2,153,673	2,199,403	2,373,905	2,428,054	2,417,023
Annual Surplus	(480,567)	(3,173,865)	(923,648)	(837,319)	(2,026,405)	(887,546)	(993,485)	(889,198)

Township of Tay
Statement of Operations (Water)
Schedule 4-2
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2020-2027

	FORECAST							
	2020	2021	2022	2023	2024	2025	2026	2027
Accumulated Surplus/(Deficit), beginning of year	41,746,884	41,746,884	44,920,749	45,844,397	46,681,716	48,708,120	49,595,666	50,589,152
Accumulated Surplus/(Deficit), end of year	41,746,884	44,920,749	45,844,397	46,681,716	48,708,120	49,595,666	50,589,152	51,478,350
Accumulated Surplus/(Deficit) is made up of:								
Reserve Balances								
Reserves: Development Charges	551,970	755,414	608,363	466,232	329,170	197,329	70,866	(50,060)
Reserves: Water Utility Reserve	4,343,659	3,592,802	4,076,122	5,859,620	2,654,096	3,770,522	4,929,389	6,903,810
Reserves: Water Vehicle Reserve	91,694	106,445	121,196	120,947	120,698	60,449	75,200	89,951
Total Reserve Balance	4,987,323	4,454,661	4,805,681	6,446,799	3,103,964	4,028,300	5,075,455	6,943,701
Less:								
Debt Obligations	(1,991,804)	(3,570,672)	(2,924,417)	(2,752,297)	(2,578,176)	(2,401,986)	(2,223,657)	(2,043,117)
Deferred Revenue	(551,970)	(755,414)	(608,363)	(466,232)	(329,170)	(197,329)	(70,866)	50,060
Add:								
Long-term Accounts Receivable	-	2,087,315	1,974,631	1,861,945	1,749,260	1,636,575	1,523,890	1,411,205
Add:								
Tangible Capital Assets	39,303,335	42,704,859	42,596,865	41,591,501	46,762,243	46,530,106	46,284,330	45,116,501
Total Ending Balance	41,746,884	44,920,749	45,844,397	46,681,716	48,708,120	49,595,666	50,589,152	51,478,350
Financial Indicators	2020	2021	2022	2023	2024	2025	2026	2027
1) Expenses to Revenue Ratio	85%	44%	70%	72%	52%	73%	71%	73%
2) Increase/(Decrease) in Accumulated Surplus	480,567	3,173,866	923,648	837,318	2,026,405	887,546	993,485	889,198

4.2.3 Statement of Change in Net Financial Assets/Debt

(Schedule 4-3)

The Statement of Change in Net Financial Assets/Debt indicates whether revenue generated was sufficient to cover operating and non-financial asset costs (i.e. inventory supplies, prepaid expenses, tangible capital assets, etc.) and in so doing, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. Schedule 4-3 indicates that net financial assets decrease in 2021 and 2024. This is due to forecasted tangible capital asset acquisitions that exceed the forecasted annual surplus, resulting in a decrease in net financial position during these years. This is primarily due to the planned purchase or construction of significant capital assets during these periods. In each of the remaining years, forecasted annual surplus exceed forecasted tangible capital asset acquisitions, improving the net financial asset/ (debt) position in these years. A net financial asset position allows for a long term plan of funding capital through accumulated surplus (i.e. reserves and reserve funds). This is evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions increasing from 1.39 in 2021, to 1.53 in 2023. After planned capital asset acquisitions in 2024 reduce this ratio to 1.25, it increases to 1.40 by 2027.

Township of Tay
Statement of Changes in Net Financial Assets/Debt (Water)
 Schedule 4-3
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
 2020-2027

	Forecast							
	2020	2021	2022	2023	2024	2025	2026	2027
Annual Surplus/(Deficit)	480,567	3,173,865	923,648	837,319	2,026,405	887,546	993,485	889,198
Less: Acquisition of Tangible Capital Assets	(219,332)	(4,412,816)	(1,037,000)	(115,000)	(6,323,000)	(1,053,000)	(1,081,097)	(135,000)
Add: Amortization of Tangible Capital Assets	1,007,909	1,011,292	1,103,034	1,120,364	1,125,322	1,259,732	1,293,482	1,302,829
(Gain)/Loss on disposal of Tangible Capital Assets	11,485	-	41,960	-	26,937	25,404	33,392	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)	1,280,630	(227,659)	1,031,641	1,842,683	(3,144,337)	1,119,682	1,239,262	2,057,027
Net Financial Assets/(Net Debt), beginning of year	1,162,920	2,443,549	2,215,890	3,247,532	5,090,215	1,945,878	3,065,560	4,304,822
Net Financial Assets/(Net Debt), end of year	2,443,549	2,215,890	3,247,532	5,090,215	1,945,878	3,065,560	4,304,822	6,361,848
Financial Indicators								
1) Acquisition of Tangible Capital Assets (Cumulative)	11,769,585	16,182,401	17,219,401	17,334,401	23,657,401	24,710,401	25,791,498	25,926,498
2) Annual Surplus/Deficit before Amortization (Cumulative)	18,288,350	22,473,507	24,542,148	26,499,831	29,678,494	31,851,177	34,171,535	36,363,562
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (cumulative)	1.55	1.39	1.43	1.53	1.25	1.29	1.32	1.40

4.2.4 Statement of Cash Flow (Schedule 4-4)

The Statement of Cash Flow summarizes how the water system is expected to generate and use cash resources during the planned period. The transactions that provide/use cash are classified as operating, capital, investing and financing transactions. This statement focuses on the cash aspect of these transactions and thus is the link between cash and accrual based reporting, indicating that cash from operations will be used to fund capital transactions (i.e. tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period. The Financial Plan projects the cash position of the Township's water systems to start with a balance of approximately \$4.0 million at the beginning of 2020. At the end of 2027, the cash position is projected to be just over \$6.9 million.

Statement of Cash Flow - Indirect Method (Water)
Schedule 4-4
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2020-2027

	Forecast							
	2020	2021	2022	2023	2024	2025	2026	2027
Operating Transactions								
Annual Surplus / Deficit	480,567	3,173,865	923,648	837,319	2,026,405	887,546	993,485	889,198
Non-cash changes to operations								
Add: Amortization of Tangible Capital Assets	1,007,909	1,011,292	1,103,034	1,120,364	1,125,322	1,259,732	1,293,482	1,302,829
(Gain)/loss on disposal of Tangible Capital Assets	11,485	-	41,960	-	26,937	25,404	33,392	-
Contributed Tangible Capital Assets	-	(121,838)	-	-	-	-	(137,097)	-
Less: Earned Deferred Revenue	(90,665)	(2,075,750)	(203,350)	(203,350)	(203,350)	(203,350)	(203,350)	(203,350)
Less: Interest Proceeds	(160,500)	(161,646)	(77,405)	(71,663)	(49,675)	(89,301)	(75,844)	(60,738)
Cash Provided by Operating Transactions	1,248,796	1,825,923	1,787,886	1,682,669	2,925,638	1,880,031	1,904,067	1,927,938
Capital Transactions								
Add: Development Charge Proceeds	192,348	191,880	168,984	173,904	178,973	184,195	189,572	195,109
Less: Cash Used to acquire Tangible Capital Assets	(219,332)	(4,412,816)	(1,037,000)	(115,000)	(6,323,000)	(1,053,000)	(1,081,097)	(135,000)
Cash applied to Capital Transactions	(26,984)	(4,220,936)	(868,016)	58,904	(6,144,027)	(868,805)	(891,525)	60,109
Investing Transactions								
Proceeds from Investments	160,500	161,646	77,405	71,663	49,675	89,301	75,844	60,738
Cash Provided by (applied to) Investing Transactions	160,500	161,646	77,405	71,663	49,675	89,301	75,844	60,738
Financing Transactions								
Proceeds from Debt Issue		2,321,838					137,097	
Less: Debt Repayment (principal)	(484,521)	(621,132)	(646,255)	(172,119)	(174,120)	(176,190)	(178,328)	(180,540)
Cash Applied to Financing Transactions	(484,521)	1,700,706	(646,255)	(172,119)	(174,120)	(176,190)	(41,231)	(180,540)
Increase in Cash and Cash Equivalents	897,791	(532,662)	351,020	1,641,117	(3,342,834)	924,335	1,047,156	1,868,246
Cash and Cash Equivalents, beginning of year	4,089,532	4,987,323	4,454,661	4,805,681	6,446,798	3,103,964	4,028,300	5,075,455
Cash and Cash Equivalents, end of year	4,987,323	4,454,661	4,805,681	6,446,798	3,103,964	4,028,300	5,075,455	6,943,701

5. PROCESS FOR APPROVAL AND SUBMISSION TO THE PROVINCE

5. PROCESS FOR APPROVAL AND SUBMISSION TO THE PROVINCE

The preparation of a financial plan is one of the submission requirements for municipal drinking water licensing and, upon completion, must be submitted to the Ministry of the Environment. As part of O.Reg.453/07, the process established for approval of the plan, public circulation and filing is provided as follows:

1. The Financial Plan must be approved by resolution of the municipality who owns the drinking water system or the governing body of the owner. (O.Reg.453/07, Section 3 (1) 1)
2. The owner of the drinking water system must provide notice advertising the availability of the Financial Plan. The plan will be made available to the public upon request and without charge. The plan must also be made available to the public on the municipality's website. (O.Reg.453/07, Section 3 (1) 5)
3. The owner of the drinking water system must provide a copy of the Financial Plan to the Director of Policy Branch, Ministry of Municipal Affairs and Housing. (O.Reg.453/07, Section 3 (1) 6)
4. The owner of the drinking water system must provide proof satisfactory to the Ministry of the Environment that the Financial Plan for the system satisfy the requirements under the Safe Drinking Water Act. (SDWA Section 32 (5) 2 ii)

The Financial Plan must be updated, and submitted with the Municipal Drinking Water License renewal.

6. RECOMMENDATIONS

6. RECOMMENDATIONS

This Water System Financial Plan for the Township of Tay is presented in accordance with the mandatory reporting formats for water systems as detailed in O.Reg.453/07. For decision making purposes, the information contained within the 2017 Water & Wastewater Rate Study and the current version of the Asset Management Plan should also be consulted in order to gather a complete perspective on the long-term financial requirements of the Township's water infrastructure.

As per the legislative requirements, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The Township of Tay Water System Financial Plan dated December 10, 2020 be approved.
2. Notice of availability of the Financial Plan be posted on the Township website
3. Submit the Financial Plan and the Council Resolution approving the Financial Plan, to the Ministry of Municipal Affairs and Housing. (O.Reg.453/07, Section 3 (1) 6)
4. Submit the Financial Plan and the Council Resolution as part of the licensing application, to the Ministry of the Environment, satisfying the requirements under the Safe Drinking Water Act. (SDWA Section 32 (5) 2 ii))

APPENDIX A: Meeting the Requirements of O.Reg. 453/07

Requirements		How Requirements are Met
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.	<ul style="list-style-type: none"> • This will be sent under separate cover following approval of the Financial Plan by the Township of Tay Council
ii.	The governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.	<ul style="list-style-type: none"> • N/A
2.	The financial plans must apply to a period of at least six (6) years.	<ul style="list-style-type: none"> • Applies for 8 years from 2020 to 2027 inclusive.
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 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.	<ul style="list-style-type: none"> • The licence expiry for both water systems (No. 129-301A) is January 4, 2021. The Financial Plan is to be submitted by December 18, 2020 therefore, the Financial Plan includes 2021-2027 to meet this requirement.
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.	<ul style="list-style-type: none"> • N/A
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	<ul style="list-style-type: none"> • See Schedule 4-1 Statement of

		projected financial position of the drinking water system itemized by:	Financial Position for both water systems combined in Financial Plan.
		a. Total financial assets	<ul style="list-style-type: none"> • See Schedule 4-1 Statement of Financial Position for both water systems combined in Financial Plan.
		b. Total liabilities	<ul style="list-style-type: none"> • See Schedule 4-1 Statement of Financial Position for both water systems combined in Financial Plan.
		c. Net financial assets (debt)	<ul style="list-style-type: none"> • See Schedule 4-1 Statement of Financial Position for both water systems combined in Financial Plan.
		d. Non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses.	<ul style="list-style-type: none"> • See Schedule 4-1 Statement of Financial Position for both water systems combined in Financial Plan. • See Schedule 3-1 TCA in Financial Plan.
		e. Changes in tangible capital assets that are additions, donations, write downs and disposals.	<ul style="list-style-type: none"> • See Schedule 4-1 Statement of Financial Position for both water systems combined in Financial Plan. • See Schedule 3-1 TCA in Financial Plan.
	ii.	Details of the proposed or projected financial operations of the drinking water system itemized by,	<ul style="list-style-type: none"> • See Schedule 4-2 Statement of Operations for both water systems combined in Financial Plan.
		a. Total revenues, further itemized by water rates, user charges and other revenues.	<ul style="list-style-type: none"> • See Schedule 4-2 Statement of Operations for both water systems combined in Financial Plan.
		b. Total expenses, further itemized by amortization expenses, interest expenses and other expenses.	<ul style="list-style-type: none"> • See Schedule 4-2 Statement of Operations for both water systems combined in Financial Plan.
		c. Annual surplus or deficit, and	<ul style="list-style-type: none"> • See Schedule 4-2 Statement of Operations for both water systems combined in Financial Plan.
		d. Accumulated surplus or deficit	<ul style="list-style-type: none"> • See Schedule 4-2 Statement of Operations for both water systems

			combined in Financial Plan.
	iii.	Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by,	<ul style="list-style-type: none"> • See Schedule 4-4 Statement of Cash Flow for both water systems combined in Financial Plan.
		a. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges, - done in full cost report	<ul style="list-style-type: none"> • See Schedule 4-4 Statement of Cash Flow for both water systems combined in Financial Plan.
		b. Capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets.	<ul style="list-style-type: none"> • See Schedule 4-4 Statement of Cash Flow for both water systems combined in Financial Plan.
		c. Investing transactions that are acquisitions and disposal of investments,	<ul style="list-style-type: none"> • See Schedule 4-4 Statement of Cash Flow for both water systems combined in Financial Plan.
		d. Financing transactions that are proceeds from the issuance of debt and debt repayment,	<ul style="list-style-type: none"> • See Schedule 4-4 Statement of Cash Flow for both water systems combined in Financial Plan.
		e. Changes in cash and cash equivalents during the year,	<ul style="list-style-type: none"> • See Schedule 4-4 Statement of Cash Flow for both water systems combined in Financial Plan.
		f. Cash and cash equivalents at the beginning and end of the year.	<ul style="list-style-type: none"> • See Schedule 4-4 Statement of Cash Flow for both water systems combined in Financial Plan.
	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.	<ul style="list-style-type: none"> • There are no lead service pipes identified to be changed in the Township of Tay, therefore, the information in the Financial Plan does not include lead service pipe replacement.
5.	The owner of the drinking water system must.		
	i.	Make the financial plans available, on request, to	<ul style="list-style-type: none"> • This will be done by the Township of Tay following Council approval.

		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.	<ul style="list-style-type: none"> The Financial Plan will be posted on the Township of Tay's website and made available for public review at no charge.
	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.	<ul style="list-style-type: none"> A notice will be issued following Council approval.
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).	<ul style="list-style-type: none"> Will be submitted following Council approval.
		Each of the following sub-subparagraphs applies only in the information referred to in the sub-subparagraphs is known to the owner at the time the financial plans are prepared.	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.
	1.	Sub-subparagraphs 4 i A, B and C of subsection (1).	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.
	2.	Sub-subparagraphs 4 iii A, C, E and F of subsection (1). O.Reg. 453/07, s. 3 (2).	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.

APPENDIX B: Other Supporting Schedules

Township of Tay
Debt Schedules
Schedule 4-5

Existing Debt

	2020	2021	2022	2023	2024	2025	2026	2027
OSIEFA TAY AREA WATER PROJECT								
Beginning Balance	1,359,603	928,894	476,072	-	-	-	-	-
Principle Borrowed								
Interest Charged	63,541	41,427	18,178	-	-	-	-	-
Payments in Year	494,250	494,250	494,250	-	-	-	-	-
Principle Paid	430,709	452,823	476,072	-	-	-	-	-
Ending Balance	928,894	476,072	-	-	-	-	-	-

Existing Debt

	2020	2021	2022	2023	2024	2025	2026	2027
DCA on 2013-2015 Water Projects (Maple Street Booster Station & Phase 1 - Tay Area Water Treatment Plant)								
Beginning Balance	1,116,722	1,062,909	3,094,600	2,924,417	2,752,297	2,578,176	2,401,986	2,223,657
Principle Borrowed		2,200,000						
Interest Charged	36,852.89	35,040.55	33,167.18	31,230.71	29,229.02	27,159.92	25,021.13	22,810.31
Payments in Year	90,665	203,350	203,350	203,350	203,350	203,350	203,350	203,350
Principle Paid	53,812.30	168,309.63	170,183.01	172,119.48	174,121.17	176,190.27	178,329.05	180,540.14
Ending Balance	1,062,909	3,094,600	2,924,417	2,752,297	2,578,176	2,401,986	2,223,657	2,043,117

Water - DC receipts

	2020	2021	2022	2023	2024	2025	2026	2027
	185,594	183,600	187,272	191,017	194,838	198,735	202,709	206,763

DCA on Water Treatment Plant Expansion

	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Balance			2,087,315	1,974,630	1,861,945	1,749,260	1,636,575	1,523,890
Principle Borrowed								
Interest Charged		2,200,000						
Payments in Year								
Principle Paid		112,685	112,685	112,685	112,685	112,685	112,685	112,685
Ending Balance	-	2,087,315	1,974,630	1,861,945	1,749,260	1,636,575	1,523,890	1,411,205

2021 loan assumes a 25 year term, 2% annual payments, amortizing loan - first payment to be made December 31, 2021

**TOWNSHIP OF TAY
Accrued Interest on the OSIEFA - Tay Area Water Project (existing water debt)
Schedule 4-6**

C of A Upgrades	Next Interest payment	Date of Last Interest Payment	Date of next interest Payment	# of days accrual to December 31	Current Year Accrual	Prior year Accrual	Change in Accrual
2015	70,856	Oct-15	Apr-15	77	29,977	33,403	(3,426)
2016	61,805	Oct-15	Apr-15	77	26,148	29,977	(3,829)
2017	52,291	Oct-15	Apr-15	77	22,123	26,148	(4,025)
2018	42,287	Oct-15	Apr-15	77	17,891	22,123	(4,232)
2019	34,465	Oct-15	Apr-15	77	14,502	17,891	(3,389)
2020	23,547	Oct-15	Apr-15	77	9,962	14,502	(4,539)
2021	12,068	Oct-15	Apr-15	77	5,106	9,962	(4,857)

TOWNSHIP OF TAY								
UTILITY WATER RESERVE								
Schedule 4-7								
Updated Reserve Projection for the 2027 Water Financial Plan								
	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Balance	3,562,302	4,343,659	3,592,802	4,076,122	5,859,620	2,654,096	3,770,522	4,929,389
Trans to	905,189	1,097,295	1,424,820	1,783,498	1,981,976	2,073,926	2,007,367	2,013,921
Trans from	123,832	1,848,152	941,500		5,187,500	957,500	848,500	39,500
Ending Balance	4,343,659	3,592,802	4,076,122	5,859,620	2,654,096	3,770,522	4,929,389	6,903,810
Interest Earned on Reserve	44529	54296	44910	50952	73245	33176	47132	61617

Note: The utility reserve is overstated beginning in 2021 by the amount of the loan to the development charge reserve fund. Instead of showing as a transfer from the utility reserve, this amount is included in Debt on the Statement of Financial Position.

TOWNSHIP OF TAY								
UTILITY VEHICLE RESERVE								
Schedule 4-8								
Updated Reserve Projection for the 2027 Water Financial Plan								
	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Balance	128,238	152,823	177,408	201,993	201,578	201,163	100,748	125,333
Trans to incl. interest	24,585	24,585	24,585	24,585	24,585	24,585	24,585	24,585
Trans from	0	0	0	25,000	25,000	125,000	0	0
Ending Balance	152,823	177,408	201,993	201,578	201,163	100,748	125,333	149,918
Interest Earned on Reserve	1154	1146	1331	1515	1512	1509	756	940

Note: The Utility Vehicle Reserve is used for both Water and Wastewater Operations 60% of Utility Vehicle Reserve Balance and interest reserve is attributed to the Water Department, with the other 40% going to the Wastewater. Only vehicle replacements charged to the Water Department are included in the Capital Budget Forecast and TCA schedules included in this plan.

TOWNSHIP OF TAY
WATER DEVELOPMENT CHARGE RESERVE FUND

Schedule 4-9

Updated Reserve Projection for the 2027 Water Financial Plan

	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Balance	450,287	551,970	755,414	608,363	466,232	329,170	197,329	70,866
Development Charge Proceeds	185,594	183,600	187,272	191,017	194,838	198,735	202,709	206,763
Transfer to Capital		(327,600)						
Transfer to Operating (debt payments)	90,665	203,350	203,350	203,350	203,350	203,350	203,350	203,350
Interest Earned(Owed) on Reserve	6,754	8,280	(18,288)	(17,113)	(15,865)	(14,540)	(13,137)	(11,654)
Loan Proceeds		112,685	112,685	112,685	112,685	112,685	112,685	112,685
Ending Balance	551,970	755,414	608,363	466,232	329,170	197,329	70,866	(50,060)
Interest Earned(Owed) on Reserve	6,754	8,280	(18,288)	(17,113)	(15,865)	(14,540)	(13,137)	(11,654)

Note: Interest Earned (Owed) on Reserve from 2022 onward is calculated based on 1.5% of DCA balance prior to loan proceeds of \$2,200,000 being added in 2021.

TOWNSHIP OF TAY								
Calculated Cash Balance								
Schedule 4-10								
Projection for the 2027 Water Financial Plan								
	2020	2021	2022	2023	2024	2025	2026	2027
Water Utility Reserve	4,343,659	3,592,802	4,076,122	5,859,620	2,654,096	3,770,522	4,929,389	6,903,810
Utility Vehicle Reserve (Water Only)	91,694	106,445	121,196	120,947	120,698	60,449	75,200	89,951
Development Charges - Reserve Funds	551,970	755,414	608,363	466,232	329,170	197,329	70,866	(50,060)
Total	4,987,323	4,454,661	4,805,681	6,446,799	3,103,964	4,028,300	5,075,455	6,943,701

**THE CORPORATION OF THE
TOWNSHIP OF TAY**

MOVED BY: FR

SESSION December 16, 2020

SECONDED BY: JB

RESOLUTION NO. (_____)

That the Consent List for December 16, 2020 and the Recommendations contained therein be adopted as Resolutions of Council, except Item(s)

- Municipal Report 2020-12-01, Recommendation #12, #13, #14, #17 and #19 which have been dealt with as a separate matter.

Recorded Vote Requested By: _____

Name	For	Against	Name	For	Against
Burnstead			Talbot		
LaChapelle			Walker		
Norris			Warnock		
Raymond					

CARRIED. DEFEATED.

SIGNATURE: PRESIDING OFFICER

Ted Walker

~~THE CORPORATION OF THE TOWNSHIP OF TAY~~

~~CERTIFIED TO BE A TRUE COPY OF:~~
RESOLUTION DATED Dec 16, 2020

BY-LAW No. _____ DATE _____

OTHER _____ DATE Dec 17/20

OF PGS _____

SIGNATURE JBannelle

20. That report CS-2020-91 regarding the Water System Financial Plan 2020 - 2027 be received; and

That the Council of the Township of Tay, as the Owner and Operating Authority of the Drinking Water Systems, approve the Water System Financial Plan 2020 - 2027, for Tay Area Drinking Water System and Rope Drinking Water System Financial Plan File# 129-301A, which indicates that the Township's drinking water systems are financially viable; and

That a copy of the Water System Financial Plan 2020 - 2027, Plan# 129-301A, and the Council Resolution approving the plan be submitted to the Ministry of Municipal Affairs and Housing (MMAH) as prescribed by Ontario Regulation 453/07 under the Safe Drinking Water Act, 2002 and to the Ministry of the Environment (MECP) as part of the licensing requirements; and

That the approved plan and notice advising the public of the availability of the Water System Financial Plan 2020 to 2027, Plan# 129-301A, be placed on the Township's website, as prescribed by Ontario Regulation 453/07.

COUNCIL ACTION: _____ **Carried.**