

Huron East Water and Wastewater Financial Plan



Brussels Water System
Seaforth/Egmondville Water System
Vanastra Water System
Brucefield Water System

Brussels Wastewater System
Seaforth Wastewater System
Vanastra Wastewater System

December 2020

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PREAMBLE

Pursuant to the provisions of the Safe Drinking Water Act, 2002 Regulation 453/07 has been enacted which requires, as a condition of a municipal drinking water license, that Financial Plans be prepared for municipal water systems. Financial Plans are also encouraged for wastewater systems.

To assist with the interpretation of Ontario Regulation 453/07, the Ministry of the Environment (MOE) has published a guide entitled "*Towards Financially Sustainable Drinking- Water and Wastewater Systems*". The guide will be referred to frequently in the development of Financial Plans for the;

- Brussels Water System
- Seaforth/Egmondville Water System
- Vanastra Water System
- Brucefield Water System

- Brussels Wastewater System
- Seaforth Wastewater System
- Vanastra Wastewater System

Ontario Regulation 453/07 (hereinafter referred to as O.Reg. 453/07) is attached as Appendix "A" and the MOE publication "*Towards Financially Sustainable Drinking – Water and Wastewater Systems*" (hereinafter referred to as FSDWW Guide) is attached as Appendix "B".

NEW AND EXISTING SYSTEMS

Ontario Regulation 453/07 requires all owners of municipal residential drinking water systems to prepare and submit financial plans that cover a period of at least six years into the future. The minimum requirements of the financial plan are as follows:

Financial plans must include annual projections for:

- Statement of Financial Position (Financial assets, liabilities, net debt and non-financial assets)
- Statement of Operations (Revenues, expenses, annual surplus and accumulated surplus)
- Statement of Cash Flows (Operating, capital, investing and financing transactions)

Details of the financial information relating to the replacement of lead service connections.

Financial plans must be available:

- upon request, to members of the public who are served by the drinking water system without charge
- on the Municipality's website
- provide notice advising the public who are served by the drinking water system that the Financial plan is available

A copy of the financial plan provided to the Ministry of Municipal Affairs and Housing.

APPROVAL

Ontario Regulation 453/07 requires that the financial plan be formally approved by the owner of the municipal drinking water system. A resolution approving the proposed financial plan by municipal council is required. This resolution shall state that the drinking water system is financially sustainable.

UPDATING FINANCIAL PLANS

Owners of drinking water systems are required to update their financial plans prior to any renewal application of their license. Owners are encouraged to update their financial plans more frequently where substantial changes in process or operating procedure occur. Drinking water system licenses are required to be renewed every 5 years. License renewal requires the submission of the financial plan with the renewal application, 6 months prior to the initial license expiry.

PRINCIPLES OF FINANCIALLY SUSTAINABLE WATER SYSTEMS

Achieving financial sustainability in Ontario's municipal water and wastewater sector is a long-term provincial goal. As a whole, municipal water and wastewater systems are aging, and there is a growing amount of deferred maintenance, with many assets approaching, or in some cases at the end of their useful service lifecycle.

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 is addressed.

KEY PRINCIPLES OF SUSTAINABILITY

The FSDWW guide provides nine principles to help develop financial plans and to assist with the transition towards financial sustainability. The guidelines listed below will assist with the development and review of rate structures for Huron East Water and Wastewater Systems.

- Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.
- Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.
- Principle #3: Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.
- Principle #4: Life-cycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.
- Principle #5: An asset management plan is a key input to the development of a financial plan.
- Principle #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.
- Principle #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.
- Principle #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.
- Principle #9: Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

Implementation of these principles of water and wastewater financial planning will have benefits and implications that go beyond the financial health and physical status of the water facilities and infrastructure.

Long-term financial planning and asset management can have environmental benefits, such as the enhancement of conservation through reduced leakage rates from aging water mains, infiltration issues, and reduced effluent discharges into surface water.

The Municipality of Huron East's Drinking Water and Wastewater Systems are financially viable and the financial impacts have been considered as part of this plan.

HISTORICAL BACKGROUND

The Municipality of Huron East is an amalgamated municipality (2001) comprised of the former Town of Seaforth, the Village of Brussels and the Townships of Grey, McKillop and Tuckersmith.

The Seaforth Public Utilities Commission and Brussels Public Utilities Commission provided their respective municipalities with water services. The Township of Tuckersmith provided municipal water services for the urban areas of Vanastra, Egmondville and Brucefield.

Municipal sewage services were provided under contract with the Ontario Clean Water Agency to Seaforth, Brussels and Vanastra. In 2001, the Municipality of Huron East contracted the operation of all municipal water and wastewater plants to Azurix, North American (American Water). In April of 2010 the contract was retendered and awarded to CH2MHill OMI who assumed the contract for operations of all municipal water and wastewater plants and is the current operator under the new name of Jacobs OMI.

In 2001, the Municipality of Huron East physically connected the Seaforth and Egmondville water systems and decommissioned the Egmondville wells.

Upgrades to the Brussels, Brucefield and Vanastra systems to meet new water regulations from the Ministry of Environment were completed in 2003 and upgrades to Seaforth were completed in 2009.

In 2010 and 2011, the second phase of Vanastra wastewater line improvements were completed from the sewage treatment plant up First Avenue to Halifax Road and Halifax Road to Winnipeg Street. The upgrades have eliminated sewage surcharging in this area and allows the system to utilize the equalization tank to its fullest capacity during heavy flows.

In 2010, the Seaforth water and wastewater systems also completed improvements to water and wastewater lines through street reconstruction. In 2013, stand by power and increased UV protection was added to the sewage treatment plant for compliance measures and for future upgrades when plant expansion is required.

Additional improvements to the water and sewer infrastructure through street reconstruction were completed in 2013 for the Seaforth and Brussels systems.

In 2014 and 2015, Turnberry Street in Brussels was reconstructed by the County of Huron, this included the Municipality of Huron East replacing aging water and wastewater infrastructure. This also allowed for a second water line to be installed crossing the Maitland River on the County bridge.

In 2016, Sills Street in Seaforth was reconstructed including the replacement of aging water and wastewater infrastructure.

In 2017, Winnipeg Road, Toronto Boulevard and Regina Road in Vanastra were reconstructed allowing for the replacement of the aging water and wastewater infrastructure.

In 2018, the extension of Centennial Drive in Seaforth allowed for the extension of the water and wastewater infrastructure to this area. Church Street in Seaforth was also reconstructed in 2018 which allowed for the replacement of aging water and wastewater infrastructure within the Seaforth systems.

In 2019, Huron County reconstructed County Road 12, which allowed for the extension of the wastewater services to the Egmondville area. This project added 87 wastewater services to the Seaforth system.

In 2020, Huron County completed phase 2 of the reconstruction of County Road 12 project. This project allowed for replacement of aging water main in the downtown core of Seaforth. Also in 2020 Duke Street and the water main was extended to Centennial Drive allowing the looping of the watermain from Duke Street to Centennial Drive.

HISTORICAL RATES

Rates have been revised by Huron East Council on several occasions since the 2001 amalgamation. Rates were revised in 2003 and 2007 to eliminate the deficits created by upgrades under the OSTAR program within 10 years and to provide funding for future replacements. In 2007, water and sewage rates were reviewed by Council in the context of the following:

- i) While rates were established in 2009 at a level to eliminate the deficit for production upgrades, the rates have provided for funding of reserves for upgrades and/or replacement of the distribution system.
- ii) That in systems that were primarily financed from user rate charges, that any area rated taxation for these systems should be built into the rates
→ Vanastra wastewater system receives \$61,440 from area rated taxation to the non-residential classes in the Vanastra Ward
- iii) That the policy of maintaining the same basic flat rate charge in Brussels and Seaforth continue and that the sewage rates be set so that there is no difference in base rates between Seaforth and Brussels.
- iv) The Vanastra water system is supplied water by the Clinton Public Utilities Commission. Under a previous 10-year agreement with the Clinton PUC, water rates were charged to the former Tuckersmith Township at 150% of the Clinton rate for a period of 10 years ending in 2008 whereby the Vanastra rate would be the same as the Clinton rate. The Clinton PUC had dramatically increased rates in 2005 without directly notifying Huron East resulting in a net operating deficit of \$28,000 at the end of 2006.
- v) The Seaforth water system did not have any deficit, but had not completed the required OSTAR upgrades which involved the drilling of new production wells and were completed in 2008. It was determined that the analysis used for the Brussels system would be used to establish rates for the Seaforth system in the interim.

In 2007, two of the three systems (Seaforth and Vanastra) had major capital expenditures either in progress or projected within 2 years. Seaforth and Brussels wastewater surcharges were currently 103% and 105% respectively of the water rates. Given the decision noted above to use the Brussels water rates to establish rates for the Seaforth water system and the level of capital expenditures for the Seaforth system, it was decided to move the Seaforth wastewater rate surcharge to 105% of the water rates, similar to Brussels. Wastewater costs for Vanastra have previously been recovered as a tax levy on the entire urban area of Vanastra → Council decided in 2012 to continue with this method of collecting costs for the non residential properties but moved the residential properties of Vanastra to an annual flat wastewater rate per residential unit. This rate was increased in 2013 to \$750/annually and has remained at this level through 2015. In 2012, Council also amended the Vanastra water rates to \$13.31/mthly meter charge and \$2.81 per cubic meter of water. These rates have remained at this level through 2015 as well.

In 2015, Council amended the monthly flat fees to remain at 2014 rates for all the systems. The only exception to this was \$4 from the monthly flat fee was moved from the Brussels wastewater rate to the Brussels water rate but the overall combined rate remained at the 2014 rates.

In 2016, the multi-tiered water consumption rates for the Seaforth Water System were removed to be consistent with the other municipal water systems and to further encourage water conservation at a single consumption rate.

In 2019, the monthly flat rates in the Brussels and Seaforth Wastewater systems were increased by \$2 per month to monthly rates of \$38 and \$46 respectively.

In 2020, the wastewater connection rate for all wastewater systems was increased from \$2,500 to \$3,000 per residential / commercial unit on a lot.

As part of the 2020 rate review, the financial status of all water systems were reviewed to determine if rates established in 2016 were meeting the goal of building reserves for future replacement of the aging infrastructure. It was determined that with the projected rates within this financial plan;

- a) The deficit for the Vanastra wastewater system was eliminated in 2019.
- b) All water and wastewater systems are accumulating reserves with the exception of the Seaforth water and Brussels wastewater systems.
- c) That the policy of maintaining the same basic flat rate charge in Brussels and Seaforth continue.
- d) All water and wastewater rates remain at 2020 rates for the 2021 year.
- e) Proposed rate changes
 - Vanastra wastewater increase 4% annually from 2022-2026
 - Brucefield water, Seaforth water, Brussels wastewater and Seaforth wastewater have \$2 a month increases proposed in 2022 and 2024
 - Brussels water rates frozen at 2021 rates

The history of the water and wastewater rates in the Municipality of Huron East since amalgamation are illustrated in Appendix C.

FIVE STEPS TO DEVELOP A FINANCIAL PLAN

The FSDWW guide suggests a five step process to preparing a Financial Plan.

1. Determine Service Needs

- determination of a method to properly measure the cost of services being provided suggests a building block approach to create an understanding and awareness of costs which includes four distinct components.

2. Determination of Current Period Expenses

- includes operating expenses and the relationship between capital expenditures and amortization expense
- careful consideration is required to ensure that current capital expenditures are not less than future amortization expenses under accrual accounting
- this plan extends over many fiscal years so operating expenses must be projected over time. These projections have taken into consideration: Inflation of such expenses over time, estimated repairs and maintenance costs and future customer demands.

3. Long Term Capital Expenditure Planning

- must identify the need to move beyond simply accounting for current period expenses
- a recognition of the need for accounting surpluses to address the impacts of inflation in capital replacement costs, growth and any historic under-investment

- to assist in determining future capital needs, the Municipality of Huron East has developed a 6 year capital forecast (Appendix D) of the required replacements/improvements to the various Municipal water and wastewater systems.

4. Preparation of Funding Plans

- address how the additional funds needed to cover projected operating and capital needs will be raised.
- expected that operating revenues will exceed operating expenses and that capital funding sources would be available through some or all of the following:
 - i) cash flow from operations
 - ii) a draw on cash reserves
 - iii) new debt issuance

5. Revenue Sources and Rate Structures

- a number of revenue sources available for consideration
- can be structured and collected in different ways

METHODOLOGY IN DETERMINING ASSET VALUES

The Municipality of Huron East has recognized that the replacement value of its water and wastewater assets are likely the largest combined value of any class of its assets. The Municipality of Huron East also recognizes the difficulty in assigning current values to assets for two reasons:

- a) the linear assets are buried and their condition is sometimes difficult to determine
- b) Huron East is an amalgamation of five municipalities and historical records for some assets are difficult to locate

By in large, historical data has been obtained from the construction of water plants and wastewater plants and their associated buildings. For the purposes of the analysis, using various resources from the Ontario Municipal Benchmarking Initiative (OMBI), an asset lifespan of 50 years has been used, which is at the high end of the range in the FSDWW Guide.

Determining the age and value of the water distribution and wastewater collection systems has provided a challenge to the Municipality of Huron East. While relatively good mapping and historical construction dates are available for most of the wastewater collection systems, the data, simply because of the age of some of the systems, is not as consistent for the water distribution systems. The material type of segments of the water distribution systems have been used to estimate the construction periods and hence the remaining useful life.

Current replacement values are based on a per meter basis. Replacement values are deflated to provide historical values which are then projected into the depreciated value of the assets. The Ministry of the Environment's Guide which is based on Ontario Regulation 453/07 explains that municipalities, as owners of water works infrastructure should have a water rate structure that generates a surplus. It is important to note that proper accounting for the replacement of capital assets requires more than identifying the amortization expense that is derived from depreciation of an asset. Although, not a regulated requirement, the intent of a financial plan is to identify and allow municipalities to plan for probable replacement costs at a particular point in time where it makes more sense to replace the asset than to maintain it.

The following table represents the 2020 replacement costs for the water and wastewater assets for the Municipality of Huron East.

	Mains	Buildings/Facilities	Total
Water Systems	\$17,218,920	\$5,811,720	\$23,030,640
Wastewater Systems	\$14,192,876	\$14,814,531	\$29,007,407
Total	\$31,411,796	\$20,626,251	\$52,038,047

The tables below represent the asset breakdown by asset category for each of the water and wastewater systems obtained from the system operators data and the GIS system.

WATER

Brucefield Water Supply and Distribution Assets by Category

Number of watermain valves	15
Number of fire hydrants	0
Kilometers of distribution pipe (All PVC)	3.12
Different watermain sizes	50-100mm
Number of water services	96
Number of customers served	175
Capacity of water tower	N/A
Capacity of Reservoir	N/A
Average daily flow (cubic metres/day)	40-55
Chlorine residual leaving plant	1.0 – 1.6 mg/L
pH range for distribution system	7.0 to 8.5

Seaforth/Egmondville Water Supply and Distribution Assets by Category

Number of watermain valves	278
Number of fire hydrants	114
Number of blow-offs	8
Kilometers of distribution pipe (Total)	30.57
Kilometers of distribution pipe (Cast Iron)	13.10
Kilometers of distribution pipe (PVC)	13.08
Kilometers of distribution pipe (ductile iron)	4.39
Different watermain sizes	50 to 300mm
Number of water services	1366
Number of customers served	3295
Capacity of water tower	1930 cubic metres
Capacity of reservoir	670 cubic metres
Average Daily Flow (Cubic metres/day)	1,000
Chlorine residual leaving plant	1.0 – 1.6
pH range for distribution system	7.0 to 8.5

Brussels Water Supply and Distribution Assets by Category

Number of watermain valves	135
Number of fire hydrants	60
Number of blow-offs	4
Kilometers of distribution pipe (Total)	12.8
Kilometers of distribution pipe (Cast Iron)	5.25
Kilometers of distribution pipe (PVC)	5.32
Kilometers of distribution pipe (Ductile Iron)	2.23
Different watermain sizes	100 to 200mm
Number of water services	483
Number of customers served	1277
Capacity of reservoir	568 cubic metres
Average daily flow (cubic metre/day)	500
Chlorine residual leaving plant	1.0 – 1.6
pH range for distribution system	7.0 to 8.5

Vanastra Water Supply and Distribution Assets by Category

Number of watermain valves	73
Number of fire hydrants	49
Number of blow-offs	2
Kilometers of distribution pipe (Total)	9.42
Kilometers of distribution pipe (Cast Iron)	6.71
Kilometers of distribution pipe (PVC)	2.09
Kilometers of distribution pipe (Ductile Iron)	0.62
Different watermain sizes	100 to 200mm
Number of water services	297
Number of customers served	650
Capacity of reservoir	1135 cubic metres
Average daily flow (cubic metre/day)	200-250
Chlorine residual leaving plant	1.0 – 1.6
pH range for distribution system	7.0 to 8.5

WASTEWATER

Seaforth Wastewater Treatment and Collection Assets by Category

Number of man holes	269
Kilometers of collection system (Total)	19.14
Kilometers of collection system (Cast Iron)	11.25
Kilometers of collection system (PVC)	6.44
Kilometers of collection system (Transite)	1.19
Kilometers of collection system (Concrete)	2.21
Number of sanitary services	1,135
Number of customer services	2,887

Brussels Wastewater Treatment and Collection Assets by Category

Number of man holes	136
Kilometers of collection system (Total)	10.93
Kilometers of collection system (AC)	1.46
Kilometers of collection system (PVC)	9.47
Kilometers of collection system (Transite)	0
Kilometers of collection system (Concrete)	0
Number of wastewater services	516
Number of customer services	1,800

Vanastra Wastewater Treatment and Collection Assets by Category

Number of man holes	109
Kilometers of collection system (Total)	7.97
Kilometers of collection system (AC)	.18
Kilometers of collection system (PVC)	1.47
Kilometers of collection system (Transite)	0
Kilometers of collection system (Concrete)	6.32
Number of wastewater services	249
Number of customer services	650

The useful lives of the assets have been calculated using guidelines from OMBI and B. M. Ross and Associates Limited guidelines for this area. The following table illustrates asset life expectancies being utilized by the Municipality of Huron East.

Asset Category	Useful Life – Range
Land	Not Applicable
Land Improvements	15 years
Buildings and Facilities	7-40 years
Machinery and Equipment	5-15 years
Furniture and Fixtures	5 years
Information Technology	3-7 years
Transportation Infrastructure	15-75 years
Water main Infrastructure	15-80 years
Wastewater main Infrastructure	15-60 years



Projected Tangible Capital Water Assets

WATER

BRUSSELS

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tangible Capital Assets								
Opening Balance	3,755,955	3,570,054	3,570,054	3,620,054	3,834,991	4,079,281	4,079,281	4,079,281
Additions	0	0	50,000	234,500	255,600	0	0	127,800
Disposals	185,901	0	0	19,563	11,310	0	0	42,842
Closing TCA	3,570,054	3,570,054	3,620,054	3,834,991	4,079,281	4,079,281	4,079,281	4,164,239
Accumulated Amortization								
Opening Balance	1,009,566	1,017,976	1,068,106	1,121,387	1,157,711	1,205,128	1,263,855	1,322,582
Annual Amortization	52,331	50,130	53,281	55,887	58,727	58,727	58,727	60,147
Disposals	43,921	0	0	19,563	11,310	0	0	26,276
Closing Accum. Amort.	1,017,976	1,068,106	1,121,387	1,157,711	1,205,128	1,263,855	1,322,582	1,356,453
Net Book Value	2,552,078	2,501,948	2,498,667	2,677,280	2,874,153	2,815,426	2,756,699	2,807,786

SEAFORTH

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tangible Capital Assets								
Opening Balance	7,758,733	7,852,660	9,384,192	10,044,185	10,044,185	10,064,185	10,064,185	10,132,338
Additions	99,276	1,593,949	759,700	0	20,000	0	75,000	81,000
Disposals	5,349	62,417	99,707	0	0	0	6,847	7,886
Closing TCA	7,852,660	9,384,192	10,044,185	10,044,185	10,064,185	10,064,185	10,132,338	10,205,452
Accumulated Amortization								
Opening Balance	2,595,947	2,702,054	2,752,417	2,792,354	2,931,998	3,072,976	3,213,954	3,348,898
Annual Amortization	111,456	112,780	139,644	139,644	140,978	140,978	141,791	142,691
Disposals	5,349	62,417	99,707	0	0	0	6,847	7,886
Closing Accum. Amort.	2,702,054	2,752,417	2,792,354	2,931,998	3,072,976	3,213,954	3,348,898	3,483,703
Net Book Value	5,150,606	6,631,775	7,251,831	7,112,187	6,991,209	6,850,231	6,783,440	6,721,749

VANASTRA

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tangible Capital Assets								
Opening Balance	1,186,813	1,186,813	1,186,813	1,211,813	1,211,813	1,211,813	1,255,194	1,255,194
Additions	0	0	25,000	0	0	71,000	0	0
Disposals	0	0	0	0	0	27,619	0	0
Closing TCA	1,186,813	1,186,813	1,211,813	1,211,813	1,211,813	1,255,194	1,255,194	1,255,194
Accumulated Amortization								
Opening Balance	331,884	346,530	361,176	377,489	393,802	410,115	399,598	416,395
Annual Amortization	14,646	14,646	16,313	16,313	16,313	17,102	16,797	16,797
Disposals	0	0	0	0	0	27,619	0	0
Closing Accum. Amort.	346,530	361,176	377,489	393,802	410,115	399,598	416,395	433,192
Net Book Value	840,283	825,637	834,324	818,011	801,698	855,596	838,799	822,002

BRUCEFIELD

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tangible Capital Assets								
Opening Balance	657,828	657,828	657,828	672,828	697,828	697,828	847,828	847,828
Additions	0	0	15,000	25,000	0	150,000	0	0
Disposals	0	0	0	0	0	0	0	0
Closing TCA	657,828	657,828	672,828	697,828	697,828	847,828	847,828	847,828
Accumulated Amortization								
Opening Balance	296,816	307,855	318,894	330,933	342,972	355,011	370,270	385,529
Annual Amortization	11,039	11,039	12,039	12,039	12,039	15,259	15,259	15,259
Disposals	0	0	0	0	0	0	0	0
Closing Accum. Amort.	307,855	318,894	330,933	342,972	355,011	370,270	385,529	400,788
Net Book Value	349,973	338,934	341,895	354,856	342,817	477,558	462,299	447,040



Projected Tangible Capital Wastewater Assets

WASTEWATER

BRUSSELS

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tangible Capital Assets								
Opening Balance	3,091,002	3,097,236	3,097,236	5,322,236	5,476,191	5,592,422	5,612,422	5,657,422
Additions	80,002	0	2,225,000	194,500	171,808	20,000	45,000	0
Disposals	73,768	0	0	40,545	55,577	0	0	0
Closing TCA	3,097,236	3,097,236	5,322,236	5,476,191	5,592,422	5,612,422	5,657,422	5,657,422
Accumulated Amortization								
Opening Balance	1,693,944	1,708,520	1,759,171	1,840,823	1,901,931	1,955,247	2,040,486	2,127,226
Annual Amortization	52,853	50,651	81,652	83,813	85,181	85,239	86,740	86,740
Disposals	38,277	0	0	22,705	31,865	0	0	0
Closing Accum. Amort.	1,708,520	1,759,171	1,840,823	1,901,931	1,955,247	2,040,486	2,127,226	2,213,966
Net Book Value	1,388,716	1,338,065	3,481,413	3,574,260	3,637,175	3,571,936	3,530,196	3,443,456

SEAFORTH

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tangible Capital Assets								
Opening Balance	5,790,506	6,855,105	6,988,681	7,016,281	7,016,281	7,041,281	8,541,281	8,608,244
Additions	1,064,599	224,448	136,100	0	25,000	1,500,000	71,280	83,590
Disposals	0	90,872	108,500	0	0	0	4,317	12,941
Closing TCA	6,855,105	6,988,681	7,016,281	7,016,281	7,041,281	8,541,281	8,608,244	8,678,893
Accumulated Amortization								
Opening Balance	2,497,960	2,601,579	2,636,920	2,659,363	2,776,194	2,891,853	3,028,533	3,162,551
Annual Amortization	103,619	116,508	117,772	116,831	115,659	136,680	137,472	138,329
Disposals	0	81,167	95,329	0	0	0	3,454	11,000
Closing Accum. Amort.	2,601,579	2,636,920	2,659,363	2,776,194	2,891,853	3,028,533	3,162,551	3,289,880
Net Book Value	4,253,526	4,351,761	4,356,918	4,240,087	4,149,428	5,512,748	5,445,693	5,389,013

VANASTRA

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tangible Capital Assets								
Opening Balance	2,791,397	2,772,849	2,792,849	2,826,849	3,026,849	3,026,849	3,042,387	3,042,387
Additions	0	20,000	34,000	200,000	0	30,000	0	90,000
Disposals	18,548	0	0	0	0	14,462	0	0
Closing TCA	2,772,849	2,792,849	2,826,849	3,026,849	3,026,849	3,042,387	3,042,387	3,132,387
Accumulated Amortization								
Opening Balance	783,800	806,767	848,282	889,797	940,672	991,547	1,029,160	1,081,235
Annual Amortization	41,515	41,515	41,515	50,875	50,875	52,075	52,075	52,075
Disposals	18,548	0	0	0	0	14,462	0	0
Closing Accum. Amort.	806,767	848,282	889,797	940,672	991,547	1,029,160	1,081,235	1,133,310
Net Book Value	1,966,082	1,944,567	1,937,052	2,086,177	2,035,302	2,013,227	1,961,152	1,999,077

FINANCIAL PLAN

PROJECTED STATEMENT OF FINANCIAL POSITION

The projected statement of financial position provides information that describes the assets, liabilities, and accumulated surplus of the Municipalities water systems. The first important indicator in determining the actual financial position of the water system is net financial assets, which is defined as the difference between financial assets and liabilities. This value is used to determine the system's "future revenue requirement".

Another important indicator on the Statement of Financial Position is the tangible capital asset balance (Non-Financial Assets). Communities are presently facing major challenges in financing deferred maintenance, renewal and replacement of aging capital assets. As the existing capital asset base ages this places further pressures on the ability of local government to sustain those services. Information about the state of existing infrastructure, the lifecycle cost of its use, and the ultimate planning necessary for its replacement at the end of its lifecycle must be at the forefront of decision making.

In general terms, an increase in the tangible capital asset balance indicates that assets have been acquired while a decrease in the tangible capital asset balance indicates 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.

The projected Statement of Financial Position shows tangible capital assets are expected to increase over the forecast period because the projected new capital exceeds the annual amortization with the exception of the Vanastra water system. The total cash position including reserves will increase for all systems with the exception of the Seaforth water and Brussels wastewater systems whose cash position will decrease due to larger capital projects being completed within this plan.

Another important indicator on this statement is accumulated surplus/deficit. The accumulated surplus is a new term in Municipal financial statements. It is essentially the accumulation of excess revenue to provide for future needs. An accumulated deficit indicates that resources are insufficient to provide future services and that borrowing or rate increases are required to finance annual system costs. This accumulated surplus, as indicated in the Projected Statement of Financial Position is predominately made up of surpluses as well as historic investments in tangible capital assets.

A net financial asset position occurs when financial assets are greater than liabilities, implying that the system has the resources to finance future operations. Conversely, a net debt position implies that the system's future revenues must finance past transactions as well as future operations.



Municipality of Huron East Projected Statement of Financial Position Water

BRUSSELS	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
FINANCIAL ASSETS								
Cash and Cash Equivalents	(943,054)	(1,134,601)	(1,313,709)	(1,302,403)	(1,232,315)	(1,409,840)	(1,579,557)	(1,615,441)
Total Financial Assets	(943,054)	(1,134,601)	(1,313,709)	(1,302,403)	(1,232,315)	(1,409,840)	(1,579,557)	(1,615,441)
LIABILITIES								
Long-term Debt	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0	0
NET FINANCIAL ASSETS	(943,054)	(1,134,601)	(1,313,709)	(1,302,403)	(1,232,315)	(1,409,840)	(1,579,557)	(1,615,441)
NON-FINANCIAL ASSETS								
Tangible Capital Assets	(2,552,079)	(2,501,949)	(2,498,667)	(2,677,280)	(2,874,153)	(2,815,426)	(2,756,699)	(2,807,786)
Total NON-FINANCIAL ASSETS	(2,552,079)	(2,501,949)	(2,498,667)	(2,677,280)	(2,874,153)	(2,815,426)	(2,756,699)	(2,807,786)
FINANCIAL POSTION AT YEAR END	(3,495,133)	(3,636,550)	(3,812,376)	(3,979,683)	(4,106,468)	(4,225,266)	(4,336,256)	(4,423,227)
ANALYSIS OF FINANCIAL POSITION								
Equity - Tangible Capital Assets	(2,552,079)	(2,501,949)	(2,498,667)	(2,677,280)	(2,874,153)	(2,815,426)	(2,756,699)	(2,807,786)
Reserves and Reserve Funds	(1,018,655)	(1,093,455)	(1,263,316)	(1,285,074)	(1,307,267)	(1,379,904)	(1,533,494)	(1,585,156)
Cash (Surplus)/Deficit	75,601	(41,146)	(50,393)	(17,329)	74,952	(29,936)	(46,063)	(30,285)
NET FINANCIAL POSITION	(3,495,133)	(3,636,550)	(3,812,376)	(3,979,683)	(4,106,468)	(4,225,266)	(4,336,256)	(4,423,227)



Municipality of Huron East Projected Statement of Financial Position Water

SEAFORTH	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
FINANCIAL ASSETS								
Cash and Cash Equivalents	(2,238,674)	(963,518)	(542,732)	(891,881)	(1,193,558)	(1,541,284)	(1,803,591)	(2,047,290)
Total Financial Assets	(2,238,674)	(963,518)	(542,732)	(891,881)	(1,193,558)	(1,541,284)	(1,803,591)	(2,047,290)
LIABILITIES								
Long-term Debt	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0	0
NET FINANCIAL ASSETS	(2,238,674)	(963,518)	(542,732)	(891,881)	(1,193,558)	(1,541,284)	(1,803,591)	(2,047,290)
NON-FINANCIAL ASSETS								
Tangible Capital Assets	(5,150,606)	(6,631,775)	(7,251,831)	(7,112,187)	(6,991,209)	(6,850,231)	(6,783,440)	(6,721,749)
Total NON-FINANCIAL ASSETS	(5,150,606)	(6,631,775)	(7,251,831)	(7,112,187)	(6,991,209)	(6,850,231)	(6,783,440)	(6,721,749)
FINANCIAL POSTION AT YEAR END	(7,389,280)	(7,595,293)	(7,794,563)	(8,004,068)	(8,184,767)	(8,391,515)	(8,587,031)	(8,769,039)
ANALYSIS OF FINANCIAL POSITION								
Equity - Tangible Capital Assets	(5,150,606)	(6,631,775)	(7,251,831)	(7,112,187)	(6,991,209)	(6,850,231)	(6,783,440)	(6,721,749)
Reserves and Reserve Funds	(2,026,225)	(961,754)	(479,541)	(843,025)	(1,137,779)	(1,488,428)	(1,761,090)	(1,999,205)
Cash (Surplus)/Deficit	(212,449)	(1,764)	(63,191)	(48,856)	(55,779)	(52,856)	(42,501)	(48,085)
NET FINANCIAL POSITION	(7,389,280)	(7,595,293)	(7,794,563)	(8,004,068)	(8,184,767)	(8,391,515)	(8,587,031)	(8,769,039)



Municipality of Huron East Projected Statement of Financial Position Water

VANASTRA	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
FINANCIAL ASSETS								
Cash and Cash Equivalents	43,633	(9,650)	(28,822)	(48,441)	(83,958)	(44,040)	(69,531)	(89,022)
Total Financial Assets	43,633	(9,650)	(28,822)	(48,441)	(83,958)	(44,040)	(69,531)	(89,022)
LIABILITIES								
Long-term Debt	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0	0
NET FINANCIAL ASSETS	43,633	(9,650)	(28,822)	(48,441)	(83,958)	(44,040)	(69,531)	(89,022)
NON-FINANCIAL ASSETS								
Tangible Capital Assets	(840,283)	(825,637)	(834,324)	(818,011)	(801,698)	(855,596)	(838,799)	(822,002)
Total NON-FINANCIAL ASSETS	(840,283)	(825,637)	(834,324)	(818,011)	(801,698)	(855,596)	(838,799)	(822,002)
FINANCIAL POSTION AT YEAR END	(796,650)	(835,287)	(863,146)	(866,452)	(885,656)	(899,636)	(908,330)	(911,024)
ANALYSIS OF FINANCIAL POSITION								
Equity - Tangible Capital Assets	(840,283)	(825,637)	(834,324)	(818,011)	(801,698)	(855,596)	(838,799)	(822,002)
Reserves and Reserve Funds	0	0	0	(40,000)	(80,800)	(82,416)	(84,064)	(85,745)
Cash (Surplus)/Deficit	43,633	(9,650)	(28,822)	(8,441)	(3,158)	38,376	14,533	(3,277)
NET FINANCIAL POSITION	(796,650)	(835,287)	(863,146)	(866,452)	(885,656)	(899,636)	(908,330)	(911,024)



Municipality of Huron East Projected Statement of Financial Position Water

BRUCEFIELD	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
FINANCIAL ASSETS								
Cash and Cash Equivalents	(304,024)	(335,979)	(351,703)	(358,191)	(388,353)	(269,241)	(298,699)	(326,672)
Total Financial Assets	(304,024)	(335,979)	(351,703)	(358,191)	(388,353)	(269,241)	(298,699)	(326,672)
LIABILITIES								
Long-term Debt	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0	0
NET FINANCIAL ASSETS	(304,024)	(335,979)	(351,703)	(358,191)	(388,353)	(269,241)	(298,699)	(326,672)
NON-FINANCIAL ASSETS								
Tangible Capital Assets	(349,973)	(338,934)	(341,895)	(354,856)	(342,817)	(477,558)	(462,299)	(447,040)
Total NON-FINANCIAL ASSETS	(349,973)	(338,934)	(341,895)	(354,856)	(342,817)	(477,558)	(462,299)	(447,040)
FINANCIAL POSTION AT YEAR END	(653,997)	(674,913)	(693,598)	(713,047)	(731,170)	(746,799)	(760,998)	(773,712)
ANALYSIS OF FINANCIAL POSITION								
Equity - Tangible Capital Assets	(349,973)	(338,934)	(341,895)	(354,856)	(342,817)	(477,558)	(462,299)	(447,040)
Reserves and Reserve Funds	(231,076)	(310,666)	(342,806)	(350,589)	(358,528)	(266,626)	(288,886)	(316,791)
Cash (Surplus)/Deficit	(72,948)	(25,313)	(8,897)	(7,603)	(29,825)	(2,615)	(9,813)	(9,881)
NET FINANCIAL POSITION	(653,997)	(674,913)	(693,598)	(713,047)	(731,170)	(746,799)	(760,998)	(773,712)



Municipality of Huron East

Projected Statement of Financial Position

Wastewater

BRUSSELS	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
FINANCIAL ASSETS								
Cash and Cash Equivalents	(1,658,780)	(1,792,017)	218,266	219,716	294,026	154,968	40,065	(111,861)
Total Financial Assets	(1,658,780)	(1,792,017)	218,266	219,716	294,026	154,968	40,065	(111,861)
LIABILITIES								
Long-term Debt	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0	0
NET FINANCIAL ASSETS	(1,658,780)	(1,792,017)	218,266	219,716	294,026	154,968	40,065	(111,861)
NON-FINANCIAL ASSETS								
Tangible Capital Assets	(1,388,716)	(1,338,065)	(3,481,413)	(3,574,260)	(3,637,175)	(3,571,936)	(3,530,196)	(3,443,456)
Total NON-FINANCIAL ASSETS	(1,388,716)	(1,338,065)	(3,481,413)	(3,574,260)	(3,637,175)	(3,571,936)	(3,530,196)	(3,443,456)
FINANCIAL POSTION AT YEAR END	(3,047,496)	(3,130,082)	(3,263,147)	(3,354,544)	(3,343,149)	(3,416,968)	(3,490,131)	(3,555,317)
ANALYSIS OF FINANCIAL POSITION								
Tangible Capital Assets	(1,388,716)	(1,338,065)	(3,481,413)	(3,574,260)	(3,637,175)	(3,571,936)	(3,530,196)	(3,443,456)
Reserves and Reserve Funds	(1,237,173)	(1,764,921)	244,570	242,739	240,872	188,967	86,024	(67,457)
Cash (Surplus)/Deficit	(421,607)	(27,096)	(26,304)	(23,023)	53,154	(33,999)	(45,959)	(44,404)
NET FINANCIAL POSITION	(3,047,496)	(3,130,082)	(3,263,147)	(3,354,544)	(3,343,149)	(3,416,968)	(3,490,131)	(3,555,317)



Municipality of Huron East Projected Statement of Financial Position Wastewater

SEAFORTH	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
FINANCIAL ASSETS								
Cash and Cash Equivalents	(1,200,533)	(1,314,844)	(1,546,584)	(1,985,790)	(2,366,562)	(1,295,716)	(1,620,160)	(1,926,011)
Total Financial Assets	(1,200,533)	(1,314,844)	(1,546,584)	(1,985,790)	(2,366,562)	(1,295,716)	(1,620,160)	(1,926,011)
LIABILITIES								
Long-term Debt	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0	0
NET FINANCIAL ASSETS	(1,200,533)	(1,314,844)	(1,546,584)	(1,985,790)	(2,366,562)	(1,295,716)	(1,620,160)	(1,926,011)
NON-FINANCIAL ASSETS								
Tangible Capital Assets	(4,253,526)	(4,351,761)	(4,356,918)	(4,240,087)	(4,149,428)	(5,512,748)	(5,445,693)	(5,389,013)
Total NON-FINANCIAL ASSETS	(4,253,526)	(4,351,761)	(4,356,918)	(4,240,087)	(4,149,428)	(5,512,748)	(5,445,693)	(5,389,013)
FINANCIAL POSTION AT YEAR END	(5,454,059)	(5,666,605)	(5,903,502)	(6,225,877)	(6,515,990)	(6,808,464)	(7,065,853)	(7,315,024)
ANALYSIS OF FINANCIAL POSITION								
Equity - Tangible Capital Assets	(4,253,526)	(4,351,761)	(4,356,918)	(4,240,087)	(4,149,428)	(5,512,748)	(5,445,693)	(5,389,013)
Reserves and Reserve Funds	(1,600,096)	(1,315,380)	(1,535,753)	(1,985,034)	(2,342,300)	(1,282,212)	(1,600,922)	(1,901,006)
Cash (Surplus)/Deficit	399,563	536	(10,831)	(756)	(24,262)	(13,504)	(19,238)	(25,005)
NET FINANCIAL POSITION	(5,454,059)	(5,666,605)	(5,903,502)	(6,225,877)	(6,515,990)	(6,808,464)	(7,065,853)	(7,315,024)



Municipality of Huron East Projected Statement of Financial Position Wastewater

VANASTRA	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
FINANCIAL ASSETS								
Cash and Cash Equivalents	105,291	(110,181)	(129,566)	15,154	(39,992)	(67,592)	(128,007)	(191,503)
Total Financial Assets	105,291	(110,181)	(129,566)	15,154	(39,992)	(67,592)	(128,007)	(191,503)
LIABILITIES								
Long-term Debt	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0	0
NET FINANCIAL ASSETS	105,291	(110,181)	(129,566)	15,154	(39,992)	(67,592)	(128,007)	(191,503)
NON-FINANCIAL ASSETS								
Tangible Capital Assets	(1,966,082)	(1,944,567)	(1,937,052)	(2,086,177)	(2,035,302)	(2,013,227)	(1,961,152)	(1,999,077)
Total NON-FINANCIAL ASSETS	(1,966,082)	(1,944,567)	(1,937,052)	(2,086,177)	(2,035,302)	(2,013,227)	(1,961,152)	(1,999,077)
FINANCIAL POSTION AT YEAR END	(1,860,791)	(2,054,748)	(2,066,618)	(2,071,023)	(2,075,294)	(2,080,819)	(2,089,159)	(2,190,580)
ANALYSIS OF FINANCIAL POSITION								
Equity - Tangible Capital Assets	(1,966,082)	(1,944,567)	(1,937,052)	(2,086,177)	(2,035,302)	(2,013,227)	(1,961,152)	(1,999,077)
Reserves and Reserve Funds	0	(100,000)	(102,000)	0	(25,000)	(65,500)	(116,810)	(189,146)
Cash (Surplus)/Deficit	(72,501)	(10,181)	(27,566)	15,154	(14,992)	(2,092)	(11,197)	(2,357)
NET FINANCIAL POSITION	(2,038,583)	(2,054,748)	(2,066,618)	(2,071,023)	(2,075,294)	(2,080,819)	(2,089,159)	(2,190,580)

PROJECTED STATEMENT OF OPERATIONS

The projected Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The projected Statement of Operations includes the revenues less the expenses, arriving at the excess or net revenues over expenses.

Revenues include both operating revenues and one-time government funding (grants) received. Expenses include a list of detailed projected expenses, such as operating expenses, interest on long term debt and amortization. Amortization is the "write off" of the capital assets for the water system infrastructure over its useful life, which does not represent cash expenditure.

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. It is important to note that excess revenue is required to ensure funding is available for non-expense costs such as tangible capital asset acquisitions, surplus and debt principal payments.



Municipality of Huron East Projected Statement of Operations Water

<u>BRUSSELS</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
REVENUE								
Revenue - Meter Rates	(20,378)	(22,831)	(22,831)	(22,831)	(22,831)	(22,831)	(22,831)	(22,831)
Revenue - Flat Rates	(290,999)	(295,490)	(295,490)	(295,490)	(295,490)	(295,490)	(295,490)	(295,490)
Other Revenue	(79,389)	(79,844)	(124,925)	(126,822)	(97,257)	(97,701)	(98,654)	(101,726)
Grants	0	0	0	0	0	0	0	0
Total Revenues	(390,766)	(398,165)	(443,246)	(445,143)	(415,578)	(416,022)	(416,975)	(420,047)
EXPENSES								
Wages & Benefits	50,698	51,560	53,107	54,700	56,341	58,031	59,772	61,565
Operating Expenses	64,154	66,079	69,383	72,852	76,494	80,319	84,335	88,552
Contracted Services	86,546	88,979	91,648	94,398	97,230	100,147	103,151	106,246
Long-term Debt - Interest Pymts	0	0	0	0	0	0	0	0
Amortization Expenses	52,331	50,130	53,281	55,887	58,727	58,727	58,727	60,147
Total Expenses	253,729	256,747	267,419	277,836	288,792	297,224	305,985	316,509
Net Annual (Surplus)/Deficit	(137,037)	(141,417)	(175,827)	(167,306)	(126,786)	(118,798)	(110,990)	(103,537)
Opening (Surplus)/Deficit	(3,331,457)	(3,495,133)	(3,636,550)	(3,812,376)	(3,979,683)	(4,106,468)	(4,225,266)	(4,336,256)
Cash (Surplus)/Deficit	75,601	(41,146)	(50,393)	(17,329)	74,952	(29,936)	(46,063)	(30,285)
Reserves and Reserve Funds	(1,018,655)	(1,093,455)	(1,263,316)	(1,285,074)	(1,307,267)	(1,379,904)	(1,533,494)	(1,585,156)
Capital Asset (Surplus)/Deficit	(2,552,079)	(2,501,949)	(2,498,667)	(2,677,280)	(2,874,153)	(2,815,426)	(2,756,699)	(2,807,786)
Closing (Surplus)/Deficit	(3,495,133)	(3,636,550)	(3,812,376)	(3,979,683)	(4,106,468)	(4,225,266)	(4,336,256)	(4,423,227)



Municipality of Huron East Projected Statement of Operations Water

SEAFORTH	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
REVENUE								
Revenue - Meter Rates	(141,188)	(125,734)	(125,734)	(132,021)	(132,021)	(138,622)	(138,622)	(138,622)
Revenue - Flat Rates	(576,315)	(578,663)	(578,663)	(607,596)	(607,596)	(637,976)	(637,976)	(637,976)
Other Revenue	(34,057)	(60,884)	(96,145)	(91,842)	(75,612)	(81,507)	(88,520)	(93,973)
Grants	0	0	0	0	0	0	0	0
Total Revenues	(751,560)	(765,281)	(800,542)	(831,459)	(815,229)	(858,105)	(865,118)	(870,571)
EXPENSES								
Wages & Benefits	136,495	138,815	142,980	147,269	151,687	156,238	160,925	165,753
Operating Expenses	89,675	87,247	91,609	101,190	100,999	106,049	111,352	116,919
Contracted Services	223,041	220,426	227,039	233,850	240,865	248,091	255,534	263,200
Long-term Debt - Interest Pymts	0	0	0	0	0	0	0	0
Amortization Expenses	111,456	112,780	139,644	139,644	140,978	140,978	141,791	142,691
Total Expenses	560,667	559,268	601,272	621,953	634,530	651,357	669,602	688,563
Net Annual (Surplus)/Deficit	(190,893)	(206,013)	(199,270)	(209,506)	(180,699)	(206,748)	(195,516)	(182,007)
Opening (Surplus)/Deficit	(7,052,921)	(7,389,280)	(7,595,293)	(7,794,563)	(8,004,068)	(8,184,768)	(8,391,515)	(8,587,031)
Cash (Surplus)/Deficit	(212,449)	(1,764)	(63,191)	(48,856)	(55,780)	(52,856)	(42,501)	(48,085)
Reserves and Reserve Funds	(2,026,225)	(961,754)	(479,541)	(843,025)	(1,137,779)	(1,488,428)	(1,761,090)	(1,999,205)
Capital Asset (Surplus)/Deficit	(5,150,606)	(6,631,775)	(7,251,831)	(7,112,187)	(6,991,209)	(6,850,231)	(6,783,440)	(6,721,749)
Closing (Surplus)/Deficit	(7,389,280)	(7,595,293)	(7,794,563)	(8,004,068)	(8,184,768)	(8,391,515)	(8,587,031)	(8,769,039)



Municipality of Huron East Projected Statement of Operations Water

<u>VANASTRA</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
REVENUE								
Revenue - Meter Rates	(235,087)	(249,192)	(249,192)	(254,176)	(259,260)	(264,445)	(269,734)	(275,128)
Other Revenue	(25,616)	(25,616)	(26,128)	(26,651)	(27,984)	(29,360)	(29,979)	(30,611)
Grants	0	0	0	0	0	0	0	0
Total Revenues	(260,703)	(274,808)	(275,321)	(280,827)	(287,243)	(293,804)	(299,712)	(305,740)
EXPENSES								
Wages & Benefits	23,399	24,101	24,824	25,569	26,336	27,126	27,940	28,778
Operating Expenses	141,717	148,803	156,243	184,055	172,258	180,871	189,914	199,410
Contracted Services	47,207	48,623	50,082	51,584	53,132	54,726	56,368	58,059
Long-term Debt - Interest Pymts	0	0	0	0	0	0	0	0
Amortization Expenses	14,646	14,646	16,313	16,313	16,313	17,102	16,797	16,797
Total Expenses	226,969	236,173	247,462	277,521	268,039	279,824	291,019	303,044
Net Annual (Surplus)/Deficit	(33,734)	(38,635)	(27,859)	(3,306)	(19,205)	(13,980)	(8,694)	(2,696)
Opening (Surplus)/Deficit	(762,916)	(796,650)	(835,285)	(863,144)	(866,450)	(885,654)	(899,634)	(908,328)
Cash (Surplus)/Deficit	43,633	(9,648)	(28,820)	(8,439)	(3,156)	38,378	14,535	(3,277)
Reserves and Reserve Funds	0	0	0	(40,000)	(80,800)	(82,416)	(84,064)	(85,745)
Capital Asset (Surplus)/Deficit	(840,283)	(825,637)	(834,324)	(818,011)	(801,698)	(855,596)	(838,799)	(822,002)
Closing (Surplus)/Deficit	(796,650)	(835,285)	(863,144)	(866,450)	(885,654)	(899,634)	(908,328)	(911,024)



Municipality of Huron East Projected Statement of Operations Water

BRUCEFIELD	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
REVENUE								
Revenue - Flat Rates	(29,896)	(29,896)	(29,896)	(30,793)	(30,793)	(31,717)	(31,717)	(31,717)
Other Revenue	(38,160)	(38,160)	(38,160)	(39,305)	(39,305)	(40,484)	(40,484)	(40,484)
Grants	0	0	0	0	0	0	0	0
Total Revenues	(68,056)	(68,056)	(68,056)	(70,098)	(70,098)	(72,201)	(72,201)	(72,201)
EXPENSES								
Wages & Benefits	7,800	7,878	8,036	8,196	8,360	8,527	8,698	8,872
Operating Expenses	10,800	11,340	11,907	12,502	13,127	13,784	14,473	15,197
Contracted Services	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159
Long-term Debt - Interest Pymts	0	0	0	0	0	0	0	0
Amortization Expenses	11,039	11,039	12,039	12,039	12,039	15,259	15,259	15,259
Total Expenses	46,030	47,140	49,371	50,649	51,975	56,572	58,002	59,486
Net Annual (Surplus)/Deficit	(22,026)	(20,916)	(18,685)	(19,449)	(18,123)	(15,629)	(14,199)	(12,714)
Opening (Surplus)/Deficit	(626,048)	(653,997)	(674,913)	(693,598)	(713,047)	(731,170)	(746,799)	(760,998)
Cash (Surplus)/Deficit	(72,948)	(25,313)	(8,897)	(7,603)	(29,825)	(2,615)	(9,813)	(9,881)
Reserves and Reserve Funds	(231,076)	(310,666)	(342,806)	(350,589)	(358,528)	(266,626)	(288,886)	(316,791)
Capital Asset (Surplus)/Deficit	(349,973)	(338,934)	(341,895)	(354,856)	(342,817)	(477,558)	(462,299)	(447,040)
Closing (Surplus)/Deficit	(653,997)	(674,913)	(693,598)	(713,047)	(731,170)	(746,799)	(760,998)	(773,712)



Municipality of Huron East Projected Statement of Operations Wastewater

BRUSSELS	2019	2020	2021	2022	2023	2024	2025	2026
REVENUE								
Revenue - Meter Rates	(14,472)	(15,738)	(15,738)	(17,312)	(17,312)	(18,956)	(18,956)	(18,956)
Revenue - Flat Rates	(223,784)	(227,392)	(227,392)	(250,131)	(250,131)	(273,894)	(273,894)	(273,894)
Other Revenue	(82,162)	(82,625)	(171,134)	(132,456)	(96,492)	(96,530)	(97,568)	(98,106)
Grants	0	0	0	0	0	0	0	0
Total Revenues	(320,418)	(325,755)	(414,264)	(399,899)	(363,935)	(389,380)	(390,418)	(390,956)
EXPENSES								
Wages & Benefits	46,798	47,594	49,021	50,492	52,007	53,567	55,174	56,829
Operating Expenses	140,426	62,684	65,818	69,109	124,565	84,193	80,002	84,003
Contracted Services	88,682	82,240	84,707	87,248	89,866	92,562	95,339	98,199
Long-term Debt - Interest Pymts	0	0	0	0	0	0	0	0
Amortization Expenses	52,853	50,651	81,652	83,813	85,181	85,239	86,740	86,740
Total Expenses	328,759	243,169	281,199	290,663	351,618	315,561	317,255	325,771
Net Annual (Surplus)/Deficit	8,341	(82,586)	(133,065)	(109,236)	(12,317)	(73,819)	(73,163)	(65,185)
Opening (Surplus)/Deficit	(2,951,013)	(3,047,496)	(3,130,082)	(3,263,148)	(3,354,544)	(3,343,149)	(3,416,968)	(3,490,131)
Cash (Surplus)/Deficit	(421,607)	(27,096)	(26,305)	(23,023)	53,154	(33,999)	(45,959)	(44,404)
Reserves and Reserve Funds	(1,237,173)	(1,764,921)	244,570	242,739	240,872	188,967	86,024	(67,457)
Capital Asset (Surplus)/Deficit	(1,388,716)	(1,338,065)	(3,481,413)	(3,574,260)	(3,637,175)	(3,571,936)	(3,530,196)	(3,443,456)
Closing (Surplus)/Deficit	(3,047,496)	(3,130,082)	(3,263,148)	(3,354,544)	(3,343,149)	(3,416,968)	(3,490,131)	(3,555,317)



Municipality of Huron East Projected Statement of Operations Wastewater

SEAFORTH REVENUE	2019	2020	2021	2022	2023	2024	2025	2026
Revenue - Meter Rates	(132,047)	(131,147)	(131,147)	(136,393)	(136,393)	(141,849)	(141,849)	(141,849)
Revenue - Flat Rates	(524,416)	(531,154)	(531,154)	(552,400)	(552,400)	(574,496)	(574,496)	(574,496)
Other Revenue	(18,184)	(100,051)	(90,273)	(94,181)	(72,166)	(79,812)	(58,610)	(64,984)
Grants	0	0	0	0	0	0	0	0
Total Revenues	(674,647)	(762,352)	(752,574)	(782,974)	(760,959)	(796,157)	(774,955)	(781,329)
EXPENSES								
Wages & Benefits	101,396	103,120	106,213	109,400	112,682	116,062	119,544	123,130
Operating Expenses	144,422	151,643	104,625	55,257	58,019	60,920	63,966	67,165
Contracted Services	163,913	168,830	173,895	179,112	184,486	190,020	195,721	201,592
Long-term Debt - Interest Pymts	0	0	0	0	0	0	0	0
Amortization Expenses	103,619	116,508	117,772	116,831	115,659	136,680	137,472	138,329
Total Expenses	513,350	540,101	502,506	460,599	470,846	503,683	516,703	530,216
Net Annual (Surplus)/Deficit	(161,297)	(222,251)	(250,068)	(322,375)	(290,113)	(292,474)	(258,252)	(251,112)
Opening (Surplus)/Deficit	(5,493,663)	(5,454,059)	(5,666,605)	(5,903,502)	(6,225,877)	(6,515,990)	(6,808,464)	(7,065,853)
Cash (Surplus)/Deficit	399,563	536	(10,831)	(756)	(24,262)	(13,504)	(19,238)	(25,005)
Reserves and Reserve Funds	(1,600,096)	(1,315,380)	(1,535,753)	(1,985,034)	(2,342,300)	(1,282,212)	(1,600,922)	(1,901,006)
Capital Asset (Surplus)/Deficit	(4,253,526)	(4,351,761)	(4,356,918)	(4,240,087)	(4,149,428)	(5,512,748)	(5,445,693)	(5,389,013)
Closing (Surplus)/Deficit	(5,454,059)	(5,666,605)	(5,903,502)	(6,225,877)	(6,515,990)	(6,808,464)	(7,065,853)	(7,315,024)



Municipality of Huron East Projected Statement of Operations Wastewater

<u>VANASTRA</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
REVENUE								
Special Area Levy	(63,901)	(54,751)	(54,751)	(56,941)	(59,219)	(61,587)	(64,051)	(66,613)
Revenue - Flat Rates	(170,760)	(164,898)	(164,898)	(171,494)	(178,354)	(185,488)	(192,907)	(200,624)
Other Revenue	0	0	(2,000)	(2,040)	0	(500)	(1,310)	(2,336)
Grants	0	0	0	0	0	0	0	0
Total Revenues	(234,661)	(219,649)	(221,649)	(230,475)	(237,572)	(247,575)	(258,268)	(269,573)
EXPENSES								
Wages & Benefits	23,399	23,797	24,154	24,878	25,625	26,393	27,185	28,001
Operating Expenses	85,369	89,637	94,119	98,825	103,767	108,955	114,403	120,123
Contracted Services	55,232	48,535	49,991	51,491	53,036	54,627	56,265	57,953
Long-term Debt - Interest Pymts	0	0	0	0	0	0	0	0
Amortization Expenses	41,515	41,515	41,515	50,875	50,875	52,075	52,075	52,075
Total Expenses	205,515	203,484	209,779	226,069	233,302	242,050	249,928	258,152
Net Annual (Surplus)/Deficit	(29,146)	(16,165)	(11,870)	(4,406)	(4,271)	(5,525)	(8,340)	(11,421)
Opening (Surplus)/Deficit	(2,009,437)	(2,038,583)	(2,054,748)	(2,066,618)	(2,071,023)	(2,075,294)	(2,080,819)	(2,089,159)
Cash (Surplus)/Deficit	(72,501)	(10,181)	(27,566)	15,154	(14,992)	(2,092)	(11,197)	(2,357)
Reserves and Reserve Funds	0	(100,000)	(102,000)	0	(25,000)	(65,500)	(116,810)	(189,146)
Capital Asset (Surplus)/Deficit	(1,966,082)	(1,944,567)	(1,937,052)	(2,086,177)	(2,035,302)	(2,013,227)	(1,961,152)	(1,999,077)
Closing (Surplus)/Deficit	(2,038,583)	(2,054,748)	(2,066,618)	(2,071,023)	(2,075,294)	(2,080,819)	(2,089,159)	(2,190,580)

PROJECTED STATEMENT OF CASH FLOWS

The Statement of Cash Flows summarizes how the water system is expected to generate and use cash resources during the planning period. This is a very useful statement for a capital intensive organization. The transactions that provide/use cash are classified as operating, capital, investing and financing activities. This statement focuses on the cash aspect of these transactions and thus is the link between cash and accrual based reporting. The projected Statement of Cash Flow indicates that cash from operations will be used to fund capital transactions (i.e. tangible capital asset acquisitions) and build a surplus over the forecasted period. In this financial plan, all the cash and cash equivalent balances of the Municipality's water and wastewater systems decrease with the exception of the Brussels and Vanastra water systems and the Seaforth wastewater system.



Municipality of Huron East Projected Statement of Cash Flows Water

BRUSSELS	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
OPERATING TRANSACTIONS								
Net Annual (Surplus)/Deficit	(137,037)	(141,417)	(175,827)	(167,306)	(126,786)	(118,798)	(110,990)	(103,537)
(Add)/Deduct non-cash expenses								
Amortization	(52,331)	(50,130)	(53,281)	(55,887)	(58,727)	(58,727)	(58,727)	(60,147)
Total Operating Transactions	(189,368)	(191,547)	(229,108)	(223,193)	(185,513)	(177,525)	(169,717)	(163,684)
CAPITAL TRANSACTIONS								
Capital Asset Acquisitions	0	0	50,000	234,500	255,600	0	0	127,800
Total Capital Transactions	0	0	50,000	234,500	255,600	0	0	127,800
INVESTING TRANSACTIONS								
Proceeds from portfolio investments	26,639	24,800	19,861	21,758	22,193	22,637	23,590	26,662
Purchase of portfolio investments	0	50,000	150,000	0	0	50,000	130,000	25,000
Total Investing Transactions	26,639	74,800	169,861	21,758	22,193	72,637	153,590	51,662
FINANCING TRANSACTIONS								
Debt - Principal	0	0	0	0	0	0	0	0
Total Financing Transactions	0	0	0	0	0	0	0	0
NET (CASH RECEIPTS)/PAYMENTS for the Year	(162,729)	(116,747)	(9,247)	33,065	92,280	(104,888)	(16,127)	15,778
OPENING CASH POSITION	238,330	75,601	(41,146)	(50,393)	(17,329)	74,952	(29,936)	(46,063)
CASH AND CASH EQUIVALENT, END OF YEAR	75,601	(41,146)	(50,393)	(17,329)	74,952	(29,936)	(46,063)	(30,285)



Municipality of Huron East Projected Statement of Cash Flows Water

SEAFORTH	2019	2020	2021	2022	2023	2024	2025	2026
OPERATING TRANSACTIONS								
Net Annual (Surplus)/Deficit	(190,893)	(206,013)	(199,270)	(209,506)	(180,699)	(206,748)	(195,516)	(182,007)
(Add)/Deduct non-cash expenses								
Amortization	(111,456)	(112,780)	(139,644)	(139,644)	(140,978)	(140,978)	(141,791)	(142,691)
Total Operating Transactions	(302,349)	(318,793)	(338,914)	(349,150)	(321,677)	(347,726)	(337,307)	(324,698)
CAPITAL TRANSACTIONS								
Capital Asset Acquisitions	99,276	1,593,949	759,700	0	20,000	0	75,000	81,000
Total Capital Transactions	99,276	1,593,949	759,700	0	20,000	0	75,000	81,000
INVESTING TRANSACTIONS								
Proceeds from portfolio investments	46,189	35,529	17,787	13,484	19,754	25,649	32,662	38,115
Purchase of portfolio investments	0	(1,100,000)	(500,000)	350,000	275,000	325,000	240,000	200,000
Total Investing Transactions	46,189	(1,064,471)	(482,213)	363,484	294,754	350,649	272,662	238,115
FINANCING TRANSACTIONS								
Debt - Principal	0	0	0	0	0	0	0	0
Total Finacing Transactions	0	0	0	0	0	0	0	0
NET (CASH RECEIPTS)/PAYMENTS for the	(156,884)	210,685	(61,427)	14,334	(6,923)	2,923	10,355	(5,583)
OPENING CASH POSITION	(55,565)	(212,449)	(1,764)	(63,191)	(48,856)	(55,779)	(52,856)	(42,501)
CASH AND CASH EQUIVALENT, END OF	(212,449)	(1,764)	(63,191)	(48,856)	(55,779)	(52,856)	(42,501)	(48,085)



Municipality of Huron East
Projected Statement of Cash Flows
Water

VANASTRA	2019	2020	2021	2022	2023	2024	2025	2026
OPERATING TRANSACTIONS								
Net Annual (Surplus)/Deficit (Add)/Deduct non-cash expenses	(33,734)	(38,635)	(27,859)	(3,306)	(19,205)	(13,980)	(8,694)	(2,696)
Amortization	(14,646)	(14,646)	(16,313)	(16,313)	(16,313)	(17,102)	(16,797)	(16,797)
Total Operating Transactions	(48,380)	(53,281)	(44,172)	(19,619)	(35,518)	(31,082)	(25,491)	(19,493)
CAPITAL TRANSACTIONS								
Capital Asset Acquisitions	0	0	25,000	0	0	71,000	0	0
Total Capital Transactions	0	0	25,000	0	0	71,000	0	0
INVESTING TRANSACTIONS								
Proceeds from portfolio investments	0	0	0	0	800	1,616	1,648	1,681
Purchase of portfolio investments	0	0	0	40,000	40,000	0	0	0
Total Investing Transactions	0	0	0	40,000	40,800	1,616	1,648	1,681
FINANCING TRANSACTIONS								
Debt - Principal	0	0	0	0	0	0	0	0
Total Financing Transactions	0	0	0	0	0	0	0	0
NET (CASH RECEIPTS)/PAYMENTS for the	(48,380)	(53,281)	(19,172)	20,381	5,282	41,534	(23,843)	(17,812)
OPENING CASH POSITION	92,013	43,632	(9,649)	(28,821)	(8,440)	(3,157)	38,377	14,535
CASH AND CASH EQUIVALENT, END OF	43,633	(9,649)	(28,821)	(8,440)	(3,157)	38,377	14,534	(3,277)



Municipality of Huron East
Projected Statement of Cash Flows
Water

BRUCEFIELD	2019	2020	2021	2022	2023	2024	2025	2026
OPERATING TRANSACTIONS								
Net Annual (Surplus)/Deficit	(22,026)	(20,916)	(18,685)	(19,449)	(18,123)	(15,629)	(14,199)	(12,714)
(Add)/Deduct non-cash expenses								
Amortization	(11,039)	(11,039)	(12,039)	(12,039)	(12,039)	(15,259)	(15,259)	(15,259)
Total Operating Transactions	(33,065)	(31,955)	(30,724)	(31,488)	(30,162)	(30,888)	(29,458)	(27,973)
CAPITAL TRANSACTIONS								
Capital Asset Acquisitions	0	0	15,000	25,000	0	150,000	0	0
Total Capital Transactions	0	0	15,000	25,000	0	150,000	0	0
INVESTING TRANSACTIONS								
Proceeds from portfolio investments	5,923	4,590	7,140	7,783	7,939	8,098	7,260	7,905
Purchase of portfolio investments	0	75,000	25,000	0	0	(100,000)	15,000	20,000
Total Investing Transactions	5,923	79,590	32,140	7,783	7,939	(91,902)	22,260	27,905
FINANCING TRANSACTIONS								
Debt - Principal	0	0	0	0	0	0	0	0
Total Financing Transactions	0	0	0	0	0	0	0	0
NET (CASH RECEIPTS)/PAYMENTS for the Year	(27,142)	47,635	16,416	1,295	(22,223)	27,210	(7,198)	(68)
OPENING CASH POSITION	(45,806)	(72,948)	(25,313)	(8,897)	(7,603)	(29,825)	(2,615)	(9,813)
CASH AND CASH EQUIVALENT, END OF	(72,948)	(25,313)	(8,897)	(7,603)	(29,825)	(2,615)	(9,813)	(9,881)



Municipality of Huron East Projected Statement of Cash Flows Wastewater

BRUSSELS	2019	2020	2021	2022	2023	2024	2025	2026
OPERATING TRANSACTIONS								
Net Annual (Surplus)/Deficit	8,341	(82,586)	(133,065)	(109,236)	(12,317)	(73,819)	(73,163)	(65,185)
(Add)/Deduct non-cash expenses								
Amortization	(52,853)	(50,651)	(81,652)	(83,813)	(85,181)	(85,239)	(86,740)	(86,740)
Total Operating Transactions	(44,512)	(133,237)	(214,717)	(193,049)	(97,498)	(159,058)	(159,903)	(151,925)
CAPITAL TRANSACTIONS								
Capital Asset Acquisitions	80,002	0	2,225,000	194,500	171,808	20,000	45,000	0
Total Capital Transactions	80,002	0	2,225,000	194,500	171,808	20,000	45,000	0
INVESTING TRANSACTIONS								
Proceeds from portfolio investments	25,342	27,748	40,509	1,831	1,867	1,905	2,943	3,481
Purchase of portfolio investments	0	500,000	(2,050,000)	0	0	50,000	100,000	150,000
Total Investing Transactions	25,342	527,748	(2,009,491)	1,831	1,867	51,905	102,943	153,481
FINANCING TRANSACTIONS								
Debt - Principal	0	0	0	0	0	0	0	0
Total Financing Transactions	0	0	0	0	0	0	0	0
NET (CASH RECEIPTS)/PAYMENTS for the	60,832	394,511	792	3,282	76,177	(87,153)	(11,960)	1,556
OPENING CASH POSITION	(482,439)	(421,607)	(27,096)	(26,304)	(23,023)	53,154	(33,999)	(45,959)
CASH AND CASH EQUIVALENT, END OF	(421,607)	(27,096)	(26,304)	(23,023)	53,154	(33,999)	(45,959)	(44,404)



Municipality of Huron East Projected Statement of Cash Flows Wastewater

SEAFORTH	2019	2020	2021	2022	2023	2024	2025	2026
OPERATING TRANSACTIONS								
Net Annual (Surplus)/Deficit (Add)/Deduct non-cash expenses	(161,297)	(222,251)	(250,068)	(322,375)	(290,113)	(292,474)	(258,252)	(251,112)
Amortization	(103,619)	(116,508)	(117,772)	(116,831)	(115,659)	(136,680)	(137,472)	(138,329)
Total Operating Transactions	(264,916)	(338,759)	(367,840)	(439,206)	(405,772)	(429,154)	(395,724)	(389,441)
CAPITAL TRANSACTIONS								
Capital Asset Acquisitions	1,064,599	224,448	136,100	0	25,000	1,500,000	71,280	83,590
Total Capital Transactions	1,064,599	224,448	136,100	0	25,000	1,500,000	71,280	83,590
INVESTING TRANSACTIONS								
Proceeds from portfolio investments	42,238	40,284	20,373	24,281	32,266	39,912	18,710	25,084
Purchase of portfolio investments	(799,681)	(325,000)	200,000	425,000	325,000	(1,100,000)	300,000	275,000
Total Investing Transactions	(757,443)	(284,716)	220,373	449,281	357,266	(1,060,088)	318,710	300,084
FINANCING TRANSACTIONS								
Proceeds from Debt issues	0	0	0	0	0	0	0	0
Debt - Principal	0	0	0	0	0	0	0	0
Total Finacing Transactions	0	0	0	0	0	0	0	0
NET (CASH RECEIPTS)/PAYMENTS for the	42,240	(399,027)	(11,367)	10,075	(23,506)	10,758	(5,734)	(5,767)
OPENING CASH POSITION	357,323	399,563	536	(10,831)	(756)	(24,262)	(13,504)	(19,238)
CASH AND CASH EQUIVALENT, END OF	399,563	536	(10,831)	(756)	(24,262)	(13,504)	(19,238)	(25,005)



Municipality of Huron East Projected Statement of Cash Flows Wastewater

VANASTRA	2019	2020	2021	2022	2023	2024	2025	2026
OPERATING TRANSACTIONS								
Net Annual (Surplus)/Deficit (Add)/Deduct non-cash expenses	(29,146)	(16,165)	(11,870)	(4,406)	(4,271)	(5,525)	(8,340)	(11,421)
Amortization	(41,515)	(41,515)	(41,515)	(50,875)	(50,875)	(52,075)	(52,075)	(52,075)
Total Operating Transactions	(70,661)	(57,680)	(53,385)	(55,281)	(55,146)	(57,600)	(60,415)	(63,496)
CAPITAL TRANSACTIONS								
Capital Asset Acquisitions	0	20,000	34,000	200,000	0	30,000	0	0
Total Capital Transactions	0	20,000	34,000	200,000	0	30,000	0	0
INVESTING TRANSACTIONS								
Proceeds from portfolio investments	0	0	2,000	2,040	0	500	1,310	2,336
Purchase of portfolio investments	0	100,000	0	(104,040)	25,000	40,000	50,000	70,000
Total Investing Transactions	0	100,000	2,000	(102,000)	25,000	40,500	51,310	72,336
FINANCING TRANSACTIONS								
Debt - Principal	0	0	0	0	0	0	0	0
Total Financing Transactions	0	0	0	0	0	0	0	0
NET (CASH RECEIPTS)/PAYMENTS for the	(70,661)	62,320	(17,385)	42,719	(30,146)	12,900	(9,105)	8,840
OPENING CASH POSITION	(1,840)	(72,501)	(10,181)	(27,566)	15,154	(14,992)	(2,092)	(11,197)
CASH AND CASH EQUIVALENT, END OF	(72,501)	(10,181)	(27,566)	15,154	(14,992)	(2,092)	(11,197)	(2,357)

RATE CALCULATIONS

Methodology

A brief synopsis of each system will be provided to provide historical information that will be useful in the analysis of rates.

Huron East Council has given consideration in their 2020 rate review to the issues of providing funding for historic under-investment and increased costs due to inflation. Council has also given consideration to the fact that amortization of historical asset costs will not be comparable to the replacement costs of the assets. The analysis for rate structures will use ending 2019 "cash" balances as the commencement for the rate review.

FINANCIAL POSITION OF HURON EAST WATER & WASTEWATER SYSTEMS

As noted in the methodology for the rate calculations, the cash position of the systems at the end of 2019 will be used to commence a rate calculation for each system.

	<u>Accumulated (Surplus)/Deficit</u>	<u>Reserves</u>	<u>Net Position December 31, 2019</u>
Brussels Water	\$75,601	(\$1,018,655)	(\$943,054)
Seaforth/Egmondville Water	(\$212,449)	(\$2,026,225)	(\$2,238,674)
Vanastra Water	\$43,633	NIL	\$43,633
Brucefield Water	(\$72,948)	(\$231,076)	(\$304,024)
Brussels Wastewater	(\$421,607)	(\$1,237,173)	(\$1,658,780)
Seaforth Wastewater	\$399,563	(\$1,600,096)	(\$1,200,533)
Vanastra Wastewater	(\$72,501)	NIL	(\$72,501)

RATE DETERMINATION MODEL

- a brief description of each system will be provided
- rates will be analyzed in various components
 - a) ability to cover operating expenses. Operating expenses will now include an amortization expense based on the historical cost of the assets. Council acknowledges that amortization based on the historical costs of a system will be lower than the actual replacement costs of the assets.
 - b) assuming that 2020 "capital" expenditures are reflective of either the desired level of capital expenditures or the required level of expenditures, rates will be analyzed in conjunction with the cash position of the systems and their ability to cover the anticipated level of capital expenditures.
 - c) The policy pre-amalgamation to 2015 for the out of town utilization of the Brussels water and wastewater systems was to charge 2 times the Brussels water system rate and 1.5 times the Brussels wastewater system rate. In 2016, while reviewing surrounding area municipality policies for out of town utilization of water/wastewater systems, the Municipality of Huron East has moved the out of town utilization of the Brussels water and wastewater systems to 1.5 times the systems rates for both systems.
 - d) The service connection fee for water and wastewater shall be applied to every newly created residential or commercial unit on a lot.



Municipality of Huron East
Water and Wastewater Rates (Table 1)
2020-2026

	Current	Effective January 1, 2021	Effective January 1, 2022	Effective January 1, 2023	Effective January 1, 2024	Effective January 1, 2025	Effective January 1, 2026
WATER							
Brussels							
Mthly Flat Rate ²	46.00	46.00	46.00	46.00	46.00	46.00	46.00
Mthly Meter Rate	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Consumption per M ³	1.69	1.69	1.69	1.69	1.69	1.69	1.69
Connection Charge ¹	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Minimum Charge	46.00	46.00	46.00	46.00	46.00	46.00	46.00
Out of Town Rate	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x
Brucefield							
Mthly Flat Rate ²	60.00	60.00	62.00	62.00	64.00	64.00	64.00
Connection Charge ¹	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Seaforth							
Mthly Flat Rate ²	38.00	38.00	40.00	40.00	42.00	42.00	42.00
Mthly Meter Rate	3.75	3.75	3.95	3.95	4.14	4.14	4.14
Consumption per M ³	1.69	1.69	1.72	1.76	1.79	1.83	1.87
Connection Charge ¹	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Minimum Charge	38.00	38.00	40.00	40.00	42.00	42.00	42.00
Vanastra							
Mthly Meter Rate - Residential	17.81	17.81	18.17	18.53	18.90	19.28	19.66
Mthly Meter Rate - Commercial	22.90	22.90	23.36	23.83	24.30	24.79	25.28
Consumption per M ³	3.76	3.76	3.84	3.91	3.99	4.07	4.15
Connection Charge ¹	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
SEWER							
Brussels							
Mthly Flat Rate ²	38.00	38.00	42.00	42.00	46.00	46.00	46.00
Metered Rate - % of Water Consumption Rate	83%	83%	91%	91%	100%	100%	100%
Connection Charge ¹	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Out of Town Rate	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x
Seaforth							
Mthly Flat Rate ²	46.00	46.00	48.00	48.00	50.00	50.00	50.00
Metered Rate - % of Water Consumption Rate	121%	121%	120%	120%	119%	119%	119%
Connection Charge ¹	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Vanastra							
Mthly Residential Flat Rate	53.64	53.64	55.79	58.02	60.34	62.75	65.26
Connection Charge ¹	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00

¹ - Connection charge is per residential / commercial unit on a lot

² - Monthly Flat Fee is per residential / commercial unit

WATER SYSTEMS SUMMARIES

Brussels Water System Summary

A 1983 report by Maitland Engineering Services indicated that the Brussels water system consisted of 8,410 metres of cast iron water mains, (the system has just over 12,000 metres of water mains in total), most of which dated back to the establishment of the system in 1951. Given that a useful life of 50 years has been used for cast iron water mains, the cast iron water mains remaining have little if any remaining book value and are nearing the end of their useful life and while the former Brussels PUC had certainly replaced some of the cast iron water mains, this program has been escalated by the Municipality of Huron East. Between 2001 and 2010 more than 1600 metres of cast iron water mains were replaced through infrastructure renewal projects in Brussels. In 2014, the County of Huron initiated the complete reconstruction of Turnberry Street (County Road 12) which resulted in the replacement of 1,965 metres of cast iron water mains. The replacement of such a significant amount of cast iron water mains has contributed to a significant reduction in water loss within the Brussels system. The \$700,000 cost of the replacement of the Turnberry Street water mains depleted the Brussels water reserves, and while the overall Brussels water/sewer rates remained unchanged at \$82/month for 2015, the monthly water rate was increased by \$4/month (with an offsetting decrease of \$4 on the sewage rates) to assist with replenishing the water reserve. However, while the replacement of 3,100 metres of cast iron water main has significantly reduced the amount of cast iron water main in the system, there is still a significant amount of cast iron water main requiring replacement. When infrastructure renewal projects are considered for roads, the sanitary sewer, storm sewer and cast iron water mains will be reviewed for replacement.

Seaforth Water System Summary

The former Seaforth PUC appears to have replaced a significantly higher percentage of its cast iron water mains than the Brussels PUC, but there is still a significant percentage of cast iron water mains within the system. While the book value of these assets is relatively low, the assets are not causing significant maintenance issues at this time. Huron East, through a progressive infrastructure renewal program has targeted streets for reconstruction that contain cast iron water mains, but the program will be somewhat dependent on the condition of the road surface. Rates will however be reflective of the need to replace cast iron water mains in the near future.

Vanastra Water System Summary

The Vanastra water system is not significantly older than the Brussels and Seaforth systems, but the replacement of the water distribution infrastructure is part of the greater issue being the need to replace most of the sanitary sewage collection system. Of the four water systems in Huron East, Vanastra is somewhat unique in that it doesn't produce its own water – water is purchased through an agreement with Central Huron (Clinton). The “purchased” water and the associated costs with maintaining its own distribution system contributes to higher operating costs for this system. As an older system, this system is affected by historic under-investment in future capital needs that is likely reflective of many older utility systems across the Province. This system has a small cash surplus and an immediate priority for this system is to improve this position while recognizing that any capital acquisitions will likely have to be financed through debentures.

Brucefield Water System Summary

The Brucefield water system is the smallest of the four Huron East systems, but is also the newest being installed in 1974. While there are no immediate capital needs, rates have been structured to create the necessary reserves for future capital replacement.

WASTEWATER SYSTEMS SUMMARIES

Brussels Sewage System Summary

The Brussels sewage system, installed in 1980 is the newest of all Huron East utilities and enjoys one of the strongest cash positions of the utilities. At the time of amalgamation sewage rates were 213% of the water rates which has contributed to this cash position. Sewage rates were lowered slightly in 2003 to allow a significant increase in water rates. In 2015, after a number of years of increases similar to Brussels water rate increases, the Brussels sewage rate has been lowered to the same level as 2012 rates, to allow for higher water rates to replenish the reserves of the Brussels water system. The 2012 rate of \$36/month still allowed the Brussels Sewage system to increase the cash position of the system over the six year period. During 2014/15, the County of Huron initiated reconstruction of Turnberry Street (County Road 12) and an opportunity was provided to extend the sanitary sewer 347 metres north to service several Brussels properties and several Morris-Turnberry properties.

Seaforth Sewage System Summary

The Seaforth sewage system has been installed in 3 stages, being 1955, 1962 and 1975. Similar to the Brussels system, sewage rates have historically been a higher percentage of the water rates, but they were only slightly higher at 103% of the water rate at the time of amalgamation. In 2010, a Municipal Class EA was completed for the Seaforth Sewage Plant which documented a proposed expansion of the STP to increase plant capacity from 1,900 m³/day to 3,665 m³/day. The expansion would not only address short term needs of the Seaforth ward, but also provide the required capacity for the proposed extension of sanitary sewer services into Harphurhey and Egmondville, but such extension of services was deferred by Council. In 2010, Seaforth sewage rates were increased significantly to generate additional funds for plant upgrades and have increased between 4.5% and 5.5% annually to their current level of \$44/month. While the need for a plant expansion to service communities outside the Seaforth community does not require funding from the existing rate structure, existing rates have allowed significant upgrades to the STP to address short-term needs of the Seaforth system without incurring debt. In 2013, standby power generation and improvements to the UV treatment process were completed to the STP at a cost of \$1.1 million. The improvements combined with plant optimization measures and the closure of a major industry (ED Smith) has allowed the Municipality to re-rate the plant capacity to 2,400 m³/day, which is sufficient for the current requirements of Seaforth and also provides some additional capacity for future growth. As noted in the historical background, in 2019 the County of Huron and the Municipality of Huron east reconstructed County Road 12 (Kippen Road) South of Seaforth. The reconstruction allowed the Municipality of Huron East to extend the Seaforth sanitary sewage system south into Egmondville. The reconstruction of Kippen Road also included North and Thompson Streets and 1,523 metres of sanitary sewer mains to service 87 residential properties.

Vanastra Sewage System Summary

The Vanastra sewage system is the oldest of the three Huron East sewage systems with most of the system being installed between 1945 and 1950. A 1989 assessment by BM Ross and Associates noted "... *the general state of deterioration, given its age and amount of use is more severe than would be anticipated... construction techniques are the suspected cause of the premature deterioration.*" At the time of the 2010 Financial Plan, recently installed upgrades at the sewage treatment plant had left this system with a significant accumulated deficit and annual increases of 12% were implemented to eliminate the deficit. Sewage rates are projected to increase over the period of this Financial Plan, recognizing that while the cash deficit has been eliminated, there is still the need to build reserves for future replacement of the collection system. Without reserves, projects similar to the 1.4 million dollar reconstruction of 1st Avenue in Vanastra will require the water/sewage systems to debenture their share of project. The debenturing of the 1st Avenue project, which involved the replacement of 730 m of water mains

and 909 metres of sanitary sewers, was avoided with the assistance of 2/3 funding from the Provincial Ontario Small Waterworks Assistance Program.

NEW DEVELOPMENT

Traditionally the Huron East water and wastewater systems have experienced infill development within their systems. While such infill development adds additional operational revenues, it does not add significantly to the infrastructure of the systems. There are currently three projects that are underway that will contribute to new infrastructure being added (at the Developer's expense) to Huron East water and wastewater systems along with new customers for each system.

- i. Zulk Plan of Condominium was approved in 2020 and commenced construction. The project will involve the installation of water and wastewater infrastructure to service 38 residential units serviced by the Seaforth systems.
- ii. Pol Plan of Subdivision was approved in 2020 and commenced construction. The project will involve the installation of water and wastewater infrastructure to service a maximum of 52 residential units serviced by the Seaforth systems.
- iii. The Municipality of Huron East has purchased 19 acres of property within the former Village of Brussels. Servicing of this property will commence during the term of this Financial Plan. The property will be developed for residential purposes with servicing being provided by the Brussels systems.

It is also anticipated, that the former Seaforth Public School property, which is currently vacant land, will commence redevelopment during the term of this Financial Plan and will be developed for residential purposes with servicing being provided by the Seaforth systems.

ADDITIONAL SOURCES OF FUNDING

Huron East Council has moved away from cross subsidization of the systems through property taxes to develop rate structures that provide an awareness of true costs and financial sustainability. The community of Vanastra is a unique community with a relatively high ratio of industrial/commercial assessment to residential assessment. Included in the industrial/commercial assessment are significant properties with either vacant land or vacant buildings and the sewage plant capacity must be maintained for these properties. Cross subsidization of rates is not an issue as the entire system is funded through a tax levy for the Vanastra community which is clearly indicated on the municipal tax bill for the community. Water rates for the Vanastra community are based on actual consumption.

The Municipality has also put in place a by-law relating to the discharge of wastewater into the municipal sewage systems which incorporates heavy loading charges for industry.

The Municipality of Huron East, in developing its rate structure for water and sewage rates, has also reviewed its connection charges to the systems for infill development. Connection fees were calculated using recent capital expenditures for OSTAR compliance and historical costs for sewage plant improvements.

The Municipality of Huron East has a Water Service Connection Policy 4.01, which outlines the requirements for connecting to the Huron East Municipal Water Distribution System. The connecting property owner arranges and pays 100% of the cost to connect from the property line to the building. When a new service is required from the watermain to the property line, the Municipality completes the work and invoices the property owner for 100% of the cost including time, materials and any road repairs. In addition, a water connection fee as set out in the Huron East Fees By-Law (By-Law 62-2019) applies to all new water service connections.

The Municipality of Huron East Utility Invoice Reduction Policy 4.07 is in place for when a customer's metered invoice is at least three times higher than the average of their three previous billing cycles, a one-time invoice reduction may be granted. This is a one-time reduction and is equivalent to 50% of the net overage. The request is made in writing to the Public Works Manager and if the excessive consumption is due to meter error, a service line break, or faulty plumbing, the reduction will be eligible. It is the customer's responsibility to determine and resolve the cause of the excessive consumption.

The Water & Wastewater billing Procedure / Practice Policy 4.08 sets out the billing procedures for all Huron East properties serviced with municipal water and / or wastewater. Billing is quarterly and begins on the date the water is turned on to the property. Residential properties in Brussels, Brucefield, and Seaforth Systems are invoiced on a flat rate basis; all Vanastra properties whether residential or industrial are metered and invoiced based on water consumption. Multi-unit buildings are invoiced either by a flat rate per unit charge / individually metered units / one meter for the entire building. Vacant units can request to have their water turned off to eliminate the monthly water and / or wastewater billing, and will be invoiced \$25 for each operation (on or off).

LEAD SERVICE LINES

The Municipality of Huron East conducts a lead monitoring and testing program in compliance with Ministry of Environment requirements. To date, sampling has not provided any indication of lead service pipes (which may be indicative of the age of the systems). However, if lead service pipes are encountered, the Municipality of Huron East will proactively encourage the replacement of the service lines.

TRANSPARENCY, REVIEW and RENEWAL

Huron East Council has consistently maintained a very transparent process with respect to water and sewage rates and has engaged public dialogue with respect to rates. Such dialogue and feedback was instrumental in setting fair and affordable rates for downtown business owners with accessory residential apartments. The dialogue was useful for two reasons.

1. it assisted Council and business owners to develop a better appreciation of the needs of both parties
2. it encouraged most of the downtown commercial area in Seaforth and to a lesser extent in Brussels, to install meters which provided a more equitable system for landlords and tenants.

The Financial Plan has been developed by the Huron East Water and Wastewater Committee. The Committee's meetings have been attended by the local press, who have provided coverage in local newspapers. The Committee followed Huron East's public notification policies by publishing an advertisement in three local newspapers the week before the Plan was being considered by Council and the Plan was posted to the Huron East website.

Earlier in this document it was indicated that it was anticipated that Council would utilize the provisions of Section 5 of O.Reg. 453/07 to review and amend the Plan to incorporate the 2009 audited statements of the Municipality and to align the presentation of the Plan with PSAB 3150 requirements. Council will likely review the Financial Plan, at least initially, on an annual basis as the transition to PSAB 3150 occurs.

SUMMARY

The Financial Sustainable Drinking – Water and Wastewater Systems guide provided some guiding principles to develop Financial Plans. It is useful to consider these principles in the context of the Plan that has been developed.

Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.

Council has continued to use its public notice policies that would normally relate to budget notices to the Financial Plan. Past experience with public engagement and dialogue provided a better understanding of the impact of water and wastewater rates in the downtown core commercial/residential areas, particularly Seaforth and this experience supports public engagement and transparency.

Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.

The exercise to compile historical information on linear water, wastewater, storm water and road assets has provided invaluable information that supports an integrated approach to renewal of these assets – particularly in Brussels (water and storm water) and Vanastra (water, wastewater and storm water).

Principle #3: Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.

Water and wastewater systems are completely user-pay systems and Council has recognized the need to compensate systems such as the Brussels, Seaforth and Vanastra water systems

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for the value they provide to fire protective services (hydrants).

Principle #4: Life-cycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.

The inventory that has been compiled along with documented evidence of its date/condition is instrumental to the life-cycle planning process.

Principle #5: An asset management plan is a key input to the development of a financial plan.

The inventory data is a key first step to an asset management plan, but the asset management plan has to be expanded to provide scheduled repair/replacement of assets. A fully developed asset management plan will be the corner piece of the Financial Plan. The asset management plan will be further improved upon by developing and including an asset condition rating/assessment for the tangible capital assets.

Principle #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.

Huron East Council has revisits and revises water and wastewater rates as necessary annually. The rate structures that have been developed over the years and projected into the future allows all systems to provide reliable services that meet or exceed environmental protection standards while providing a reasonable amount of capital for future rehabilitation and replacement needs. The only exception to the last point are the Vanastra water and wastewater systems; Vanastra's infrastructure was for the most part all installed at the same time, now more than 60 years ago and it has all become old at the same time. Vanastra has little available capital for replacement needs and will likely be required to debenture much of its new infrastructure with or without possible grant funding.

Principle #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.

Council acknowledges the benefits of metering (fairness and conservation) but is also cognizant that any significant move to additional metering will involve all four water systems and not just one. Several systems such as Brussels have identified a more important need in replacing deteriorated cast iron water mains over metering. However, Vanastra is already metered and most of the downtown core commercial and industrial customers in Seaforth are metered.

Principle #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.

It has already been previously stated that Council reviews the Water and Wastewater Financial Plan on an annual basis.

Principle #9: Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

The Financial Plan has been developed using base PSAB 3150 information that was compiled as a joint effort by several municipal staff with assistance from consulting engineers. The draft Financial Plan has been closely scrutinized and revised by the Huron East Water and Wastewater Committee prior to being presented to Council for approval.

APPENDIX 'A'

ONTARIO REGULATION 453/07

made under the

SAFE DRINKING WATER ACT, 2002

Made: August 8, 2007

Filed: August 14, 2007

Published on e-Laws: August 15, 2007

Printed in *The Ontario Gazette*: September 1, 2007

FINANCIAL PLANS

Requirement to prepare financial plans

1. (1) A person who makes an application under clause 32 (1) (b) of the Act for a municipal drinking-water license shall, before making the application, prepare and approve financial plans for the system that satisfy the requirements prescribed under section 2.

(2) A person who makes an application under subsection 32 (4) of the Act for the renewal of a municipal drinking-water license shall, before making the application, prepare and approve financial plans for the system that satisfy the requirements prescribed under section 3.

(3) As a condition in a municipal drinking-water license that is issued in response to an application made under section 33 of the Act for a municipal drinking-water license, the Director shall include a requirement that the owner of the drinking-water system, by the later of July 1, 2010 and the date that is six months after the date the first license for the system is issued, prepare and approve financial plans for the system that satisfy the requirements prescribed under section 3.

(4) The Director shall include, as a condition in a municipal drinking-water license, the requirement set out in subsection (3) in any amendments to a license made after the application, if the condition is not satisfied at the time when the amendment is made.

Financial plan requirements; new systems

2. For the purposes of clause (b) of the definition of “financial plans” in subsection 30 (1) of the Act, the following requirements are prescribed for financial plans that are required by subsection 1 (1) to satisfy the requirements of this section:

1. The financial plans must be approved by a resolution that indicates that the drinking-water system is financially viable and that is passed by,

i. the council of the municipality, if the owner of the drinking-water system is a municipality, or

ii. the governing body of the owner, if the owner of the drinking-water system has a governing body and is not a municipality.

2. The financial plans,

i. must include a statement that the financial impacts of the drinking-water system have been considered, and

ii. must apply for a period of at least six years.

3. The first year to which the financial plan must apply is the year in which the drinking-water system is expected to first serve the public.

4. For each year in which the financial plans apply, the financial plans must include details of the proposed or projected financial operations of the drinking-water system itemized by,

i. total revenues, further itemized by water rates, user charges and other revenues,

ii. total expenses, further itemized by amortization expenses, interest expenses and other expenses,

iii. annual surplus or deficit, and

iv. accumulated surplus or deficit.

5. The owner of the drinking-water system must,

i. make the financial plans available, on request, to 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, and

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.

6. The owner of the drinking-water system must give a copy of the financial plans to the Ministry of Municipal Affairs and Housing.

Financial plan requirements; license renewal

3. (1) For the purposes of clause (b) of the definition of “financial plans” in subsection 30 (1) of the Act, the following requirements are prescribed for financial plans that are required by subsection 1 (2) or a condition that is included in a municipal drinking-water license under subsection 1 (3) to satisfy the requirements of this section:

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, or
- ii. the governing body of the owner, if the owner of the drinking-water system has a governing body and is not a municipality.

2. The financial plans must apply to a period of at least six years.

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 1 (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 license would otherwise expire.

- ii. If the financial plans are required by a condition that was included in a municipal drinking-water license 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 license for the system was issued.

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 projected financial position of the drinking-water system itemized by,

- A. total financial assets,

- B. total liabilities,

- C. net debt,

- D. non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses, and

- E. changes in tangible capital assets that are additions, donations, write downs and disposals.

- ii. Details of the proposed or projected financial operations of the drinking-water system itemized by,

- A. total revenues, further itemized by water rates, user charges and other revenues,

- B. total expenses, further itemized by amortization expenses, interest expenses and other expenses,

- C. annual surplus or deficit, and

- D. accumulated surplus or deficit.

- iii. Details of the drinking-water system's proposed or projected gross cash receipts and gross cash payments itemized by,

A. operating transactions, that are cash received from revenues, cash paid for operating expenses and finance charges,

B. capital transactions, that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,

C. investing transactions, that are acquisitions and disposal of investments,

D. financing transactions, that are proceeds from the issuance of debt and debt repayment,

E. changes in cash and cash equivalents during the year, and

F. cash and cash equivalents at the beginning and end of the year.

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.

5. The owner of the drinking-water system must,

i. make the financial plans available, on request, to 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, and

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.

6. The owner of the drinking-water system must give a copy of the financial plans to the Ministry of Municipal Affairs and Housing.

(2) Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared:

1. Sub-subparagraphs 4 i A, B and C of subsection (1).

2. Sub-subparagraphs 4 iii A, C, E and F of subsection (1).

Alternative requirements for two or more drinking-water systems

4. If section 3 applies to the financial plans of two or more drinking-water systems that are solely owned by the same owner, the requirements prescribed by the section may, as an alternative, be satisfied by financial plans that comply with the section but treat those systems as if they were one drinking-water system.

Amendment of financial plans

5. Sections 2 or 3 do not prevent financial plans from being amended.

Additional information

6. The requirements of this Regulation do not prevent a person from providing additional information in financial plans prepared for the purpose of meeting the requirements of the Act.

Commencement

7. This Regulation comes into force on the day it is filed.

Made by:

LAUREL C. BROTEN

Minister of the Environment

Date made: August 8, 2007.

APPENDIX 'B'

Toward Financially Sustainable Drinking – Water and Wastewater Systems

Available online at www.huroneast.com



**Municipality of Huron East
Projected Capital Plan
Water
Appendix D**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
BRUSSELS						
SCADA Communication Upgrades Well #1 & 2	50,000					
Princess Street from Dunedin Drive to CN Road		234,500				
Sports Drive - Flora St to Turnberry St			255,600			
Sports Drive - McCutcheon Dr to Thomas St						127,800
SEAFORTH						
SCADA Communication Upgrade	40,000					
Highway 8 East of County Road 12	418,000					
Main Street Reconstruction Final Work	301,700					
Automated Bulk Water Station			20,000			
Franklin Street					75,000	
Isabella Street from Brantford St to Daly St						81,000
VANASTRA						
SCADA Communication Upgrades	25,000					
5th Ave - Front Road to Toronto Blvd				71,000		
BRUCEFIELD						
SCADA Communication Upgrades	15,000					
New Well - Drill at same site - Design		25,000				
New Well - Drill at same site - Construction				150,000		



**Municipality of Huron East
Projected Capital Plan
Wastewater
Appendix D**

BRUSSELS

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Filter Building	2,200,000					
SCADA Communications Upgrade	25,000					
Princess Street - Dunedin Dr to CN Rd		194,500				
Sports Drive - Flora St to Turnberry St			171,808			
Force Main Elbow Replacement				20,000		
SPS Force Main Control Valves					25,000	
Sewage Forcemain Valve Chamber Modification					20,000	

SEAFORTH

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Goderich Street East	10,500					
Main Street Final Work	125,600					
Clarifier Chain			25,000			
Lagoon Cleanout Phase 1				1,500,000		
Franklin St					71,280	
Isabella St - Brantford St to Daly St						83,590

VANASTRA

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Dechlorination / UV - Design	34,000					
Dechlorination / UV - Construction		200,000				
5th Ave - Front Rd to Toronto Blvd				30,000		

Appendix E - Water and Wastewater (2020) Rates in Surrounding Municipalities

	Flat Rates (monthly)	Metered Rates
Municipality of Huron East		
→Brussels Water (505 flat rates, 16 metered)	\$ 46.00	\$3.75 /monthly metre charge \$1.69 / m ³
→Brussels Sewage (468 flat rates)	\$ 38.00	
→Seaforth Water (1244 flat rates, 123 metered)	\$ 38.00	\$3.75 /monthly metre charge \$1.69 / m ³
→Seaforth Sewage (943 flat rates)	\$ 46.00	
→Vanastra Water (265 flat rates)	n/a	\$17.81 /monthly metre charge \$3.76 /m ³ tax levy for industrial and commercial
→Vanastra Sewage (247 flat rates)	\$ 53.64	
→Brucefield Water (95 flat rates)	\$ 60.00	
Municipality of Ashfield-Colbourne-Wawonosh		
→Huron Sands Water (48 flat rates)	\$ 113.33	
→Century Heights Water (82 flat rates)	\$ 113.33	
→Dungannon Water (105 flat rates)	\$ 113.33	
Goderich		
→Goderich Water	\$ 45.66	\$6.28 /monthly metre charge \$1.31 /m ³
→Goderich Sewer	\$ 33.90	
Municipality of Morris-Turnberry		
→Belgrave Water	\$ 96.95	
Municipality of South Huron		
→Exeter Water		\$24.79 /monthly metre charge \$23.17 /monthly pipeline debt charge \$1.79 /m ³
→Exeter Sewage		\$12.77 /monthly metre charge \$1.81 /m ³
Municipality of North Huron		
→Belgrave Water	\$ 96.95	
→Blyth Water		
Monthly Flat Rate Water	\$ 40.31	\$15.92 /monthly metre charge
Monthly Flat Rate Water Capital Reserves	\$ 16.07	\$1.06 /m ³
→Blyth Sewage		
Monthly Flat Rate Sewer	\$ 26.39	
Monthly Flat Rate Sewer Capital Reserves	\$ 16.07	
→Wingham Water		\$15.92 /monthly metre charge \$1.06 /m ³
Monthly Flat Rate Water Capital Reserves	\$ 16.07	
→Wingham Sewage		
Monthly Flat Rate Sewer	\$ 26.39	
Monthly Flat Rate Sewer Capital Reserves	\$ 16.07	
Municipality of Central Huron		
→Rural Water	\$ 31.29	
→Clinton Water		\$31.29 /monthly metre charge \$1.40 /m ³
→Clinton Sewage		\$31.29 /monthly metre charge \$0.97 /m ³