



ENGLEHART - ONTARIO

THE CORPORATION OF THE TOWN OF  
ENGLEHART  
DRINKING WATER SYSTEM  
FINANCIAL PLAN AS  
REQUIRED BY ONTARIO REGULATION 453/07

Prepared: June 16,2014



## **Introduction**

As a result of the Justice O'Connor's Part 11 Walkerton Inquiry Report (2000) and the passing of Ontario's Safe Drinking Water Act (2002), the Province of Ontario has introduced and is implementing a New Municipal Drinking Water Licensing Program the Ministry has established that an approved Financial Plan is required under the Financial Plans Regulation (O.Reg.453/07)

The Town of Englehart owns and operates in conjunction with OCWA( Ontario Clean Water Agency) the Englehart Drinking Water System.

The Town of Englehart has prepared this financial plan under O.Reg.453/07 following the guidelines as set out with the following Eprinciples to help develop this plan.

- 1) An integrated approach to planning among water, wastewater and stormwater systems is encouraged considering the inherent relationship among systems.
- 2) Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of these services.
- 3) Life-cycle planning with mid-course corrections is preferable to short-term planning.
- 4) An Asset management plan is key input to the development of a Financial Plan
- 5) A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while ensuring sufficient resources for future rehabilitation and replacement needs.
- 6) Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation.
- 7) Financial plans are documents that require continuous updates and improvement. Improved planning for the future can be achieved by comparing the accuracy of financial projections with actual results.

## **Purpose**

The Corporation of the Town of Englehart has completed a financial plan for the time period of 2012 – 2018 for its existing water supply system as part of the requirements to obtain a municipal drinking water license as per the Safe Drinking Water Act, 2002. The financial plan will be available for viewing at the municipal office and on the municipal web site as required by Ontario Regulation 453/07. Residents will be notified of the availability of the financial plan through our municipal web site.

## **Financial**

Included in the Financial Plan are details of capital and operating costs, acquisitions and disposal of tangible capital assets. The Financial Plan complies with Ontario Regulation 453/07 for an existing water system.

As required by the new municipal accounting standards municipal accounting standards, municipalities must adopt full accrual accounting practices beginning January 1, 2009. Under section PS3150 municipalities are required to report additional information related to treatment of tangible capital assets and amortization costs. The information provided in the schedules complies with the new municipal accounting standards.

The principal components of the full cost side of accrual accounting include operating expenses, interest expenses (if any), and amortization of the tangible capital assets. In principal the sum of these costs represents the full cost of the water system and represents a sustainable funding model. However, in reality, the amortization rate is insufficient to replace the existing assets due to two factors; community growth and the fact that amortization is based on historic values and not current/future repair and replacement values. Growth of a community requires additional funding beyond what is generated from the existing infrastructure. As demands increase, both pipe sizing and network expansion may be required to meet these additional demands

	2012	2013	2014	2015	2016	2017	2018
No. of users	724	725	728	728	728	728	728
Revenues							
User charges	\$ 369,245.00	\$ 361,568.00	\$ 360,000.00	\$ 360,000.00	\$ 360,000.00	\$ 370,000.00	\$ 370,000.00
Gov't funding	\$ 39,985.00		\$ -	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00
Total revenue	\$ 409,230.00	\$ 361,568.00	\$ 360,000.00	\$ 400,000.00	\$ 400,000.00	\$ 410,000.00	\$ 410,000.00
Expenditures							
Wages	\$ 72,208.00	\$ 62,849.00	\$ 56,541.00	\$ 57,000.00	\$ 58,000.00	\$ 58,000.00	\$ 58,000.00
materials, utilities, supplies, maintenance	\$ 85,563.00	\$ 111,396.00	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ 85,000.00	\$ 85,000.00
utilities and contracted services	\$ 84,023.00	\$ 83,289.00	\$ 84,000.00	\$ 84,000.00	\$ 85,000.00	\$ 85,000.00	\$ 85,000.00
Equipment rentals	\$ -	\$ 228.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00
Capital	\$ 85,326.00	\$ 264,224.00	\$ -	\$ 80,000.00	\$ 85,000.00	\$ 90,000.00	\$ 100,000.00
long term debt.	\$ 33,000.00	\$ 33,060.00	\$ 20,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Total Expenses	\$ 360,120.00	\$ 555,046.00	\$ 240,841.00	\$ 331,300.00	\$ 338,300.00	\$ 348,300.00	\$ 358,300.00
Annual surplus/deficit	\$ 49,110.00	\$ 193,478.00	\$ 119,159.00	\$ 68,700.00	\$ 61,700.00	\$ 61,700.00	\$ 51,700.00
Amortization of tangible Capital Assets	\$ 81,420.00	\$ 92,961.00	\$ 93,000.00	\$ 93,000.00	\$ 93,000.00	\$ 93,000.00	\$ 93,000.00
Transfer from reserves	0	\$ 187,663.00	0	0	0	0	0