

CORPORATION OF THE TOWN OF HEARST



SAFE DRINKING WATER ACT, 2002
Ontario Regulation 453/07

WATER TREATMENT AND DISTRIBUTION FINANCIAL PLAN 2015 TO 2021

License number: 211-101

Issued April 15, 2011

Expires April 15, 2016

PREAMBLE

The Corporation of the Town of Hearst is the owner and operating authority of the drinking water system which services approximately 2,000 users, including industrial, commercial and institutional establishments. Although the Town of Hearst currently holds an agreement with Ontario Clean Water Agency for the treatment of potable water, it remains the final authority for the operation of the water treatment and distribution system.

The drinking water system is comprised of a treatment facility and a distribution system. The distribution system is comprised of approximately:

- 42 kilometers of distribution watermain
- 240 fire hydrants
- 370 valves (excluding service valves)

Water rates are reviewed and set as part of the budget process and the Town's water financial plan is used to determine these rates. All cost associated with the operations of the water system are paid through water rates on a user pay basis except in the case of Senior Government subsidies.

Long-term financial planning is instrumental in developing a comprehensive understanding of the drinking water infrastructure and creating a financial plan that puts in place resources to maintain the water system in a safe, effective and optimal manner, while ensuring financial viability.

INTENTION

Pursuant to Section 31(1) of the Safe Drinking Water Act, 2002 and Ontario Regulation 453/07, the Town of Hearst is required to prepare a financial plan for the municipal drinking water system. The financial plan must demonstrate that the municipal system is financially sustainable. Under the terms of the Regulation, the Town is required to prepare a plan that:

- Is approved through a Council resolution that indicates that the drinking water system is financially viable;
- Extends over a period of six years;
- Includes a statement that the financial impacts have been considered;
- Details, for each year of the plan, the projected operational costs itemized by total revenues, total expenses, annual surplus or deficit and accumulated surplus or deficit;
- Includes details of the projected position of the system itemized by total financial assets, total liabilities, net debt, non-financial assets and changes in tangible assets;

- Includes details of cash flow.

The following procedures for the Hearst Drinking Water Financial Plan will be respected:

- The Financial Plan must be made available on request and without charge to members of the public that are served by the water system.
- The Financial Plan must be published on the internet if the Town maintains an internet website.
- A notice informing the public of the availability of the Financial Plan must be posted in a manner deemed fit to bring the notice to the attention of the members of the public that are served by the water system.
- The Financial Plan and Council resolution approving it must be submitted to the Ministry of Municipal Affairs and Housing.
- The Financial Plan must be updated and approved prior to applying for a license renewal.

Note: These statements have been prepared in accordance with the Public Sector Accounting Standards. Actual results will vary from the projections therein and the differences may be material.

THE CORPORATION OF THE TOWN OF HEARST
2015 - 2021 DRINKING WATER PROJECTED STATEMENT OF OPERATIONS

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <u>Revenues</u> | | | | | | | | |
| Sale of water | 618,777 | 646,800 | 666,200 | 686,200 | 706,800 | 728,000 | 749,900 | 772,300 |
| Service charges | 243,960 | 250,486 | 256,868 | 263,368 | 270,068 | 276,968 | 284,168 | 291,568 |
| Subsidies | 78,769 | 92,106 | 92,106 | 92,106 | 92,106 | 92,106 | 62,443 | 57,378 |
| | 941,506 | 989,392 | 1,015,174 | 1,041,674 | 1,068,974 | 1,097,074 | 1,096,511 | 1,121,246 |
| <u>Expenses</u> | | | | | | | | |
| Administration | 102,371 | 73,500 | 71,200 | 72,600 | 73,700 | 75,200 | 76,400 | 77,800 |
| Transmission & distribution | 27,528 | 59,600 | 63,000 | 63,600 | 64,200 | 64,700 | 65,300 | 66,000 |
| Meters | 35,200 | 31,300 | 31,900 | 32,500 | 33,100 | 33,700 | 34,300 | 35,000 |
| Water plant operation | 498,591 | 516,300 | 528,700 | 541,100 | 553,900 | 566,700 | 579,900 | 593,600 |
| Amortization | 324,487 | 336,800 | 341,900 | 343,300 | 330,500 | 327,200 | 283,700 | 273,300 |
| | 988,177 | 1,017,500 | 1,036,700 | 1,053,100 | 1,055,400 | 1,067,500 | 1,039,600 | 1,045,700 |
| Surplus/-deficit | 46,671 | 28,108 | 21,526 | 11,426 | 13,574 | 29,574 | 56,911 | 75,546 |

THE CORPORATION OF THE TOWN OF HEARST
2015 - 2021 DRINKING WATER PROJECTED STATEMENT OF CASH FLOW

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-----------|-------------|-------------|-------------|-----------|-----------|-----------|---------|
| Projected surplus / -deficit | - 46,671 | - 28,108 | - 21,526 | - 11,426 | 13,574 | 29,574 | 56,911 | 75,546 |
| Amortization | 324,487 | 336,800 | 341,900 | 343,300 | 330,500 | 327,200 | 283,700 | 273,300 |
| Cash provided by operations | 277,816 | 308,692 | 320,374 | 331,874 | 344,074 | 356,774 | 340,611 | 348,846 |
| Acquisition of Tangible Capital Assets | 1,150,976 | 576,000 | 220,000 | 34,000 | 28,000 | 30,000 | 31,000 | 25,000 |
| Financial transactions | | | | | | | | |
| Proceeds from debt issues | - | - | - | - | - | - | - | - |
| Debt repayment | - | - | - | - | - | - | - | - |
| Increase(decrease) in Cash equivalents | - 873,160 | - 267,308 | 100,374 | 297,874 | 316,074 | 326,774 | 309,611 | 323,846 |
| Cash and equivalents beginning of year | - 9,497 | - 882,657 | - 1,149,965 | - 1,049,591 | - 751,717 | - 435,643 | - 108,869 | 200,742 |
| Cash and equivalents, end of year | - 882,657 | - 1,149,965 | - 1,049,591 | - 751,717 | - 435,643 | - 108,869 | 200,742 | 524,588 |

