



Town of
**SOUTH BRUCE
PENINSULA**

**O. Reg 453/07 Water System Financial Plan No 094-301A
and Wastewater System Financial Plan**

September 11, 2024



DFA Infrastructure International Inc.



DFA Infrastructure International Inc.

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September 11, 2024

Brianna Collins, P.Eng
Director of Public Works
Town of South Bruce Peninsula
PO Box 310, 315 George Street
Wiarton, ON, NOH 2T0

Re: O.Reg. 453/07 Water System Financial Plan No. 094-301A and Wastewater System Financial Plan

Dear Ms. Collins:

Please find attached a copy of the above captioned report as revised to incorporate your comments. The financial plans are based on the 2022 Water and Wastewater Rate Study, with a revised 2025 capital forecast and reduction and eventual elimination by 2027 of the Amabel Water Reserve Charge. Please do not hesitate to contact me if you have any questions.

Respectfully Submitted by,

DFA Infrastructure International Inc.

Derek Ali, MBA, P.Eng.
President

Table of Contents

Letter of Transmittal
Table of Contents

1	Introduction.....	3
1.1	Background	3
1.2	Purpose	4
2	Regulatory Requirements	4
3	Key Considerations.....	4
3.1	Operations & Maintenance (O&M) Cost Projections	5
3.2	Capital Budget Forecast.....	7
3.3	Revenue Requirements	8
3.4	Tangible Capital Assets (TCA) Projections	8
3.5	Reserve Balances	9
3.6	Lead Service Pipe Removal	11
4	Financial Statements.....	11
4.1	Water - Statement of Financial Position.....	11
4.2	Water - Statement of Operations	12
4.3	Water - Statement of Cash Flow.....	14
4.4	Wastewater - Statement of Financial Position	14
4.5	Wastewater - Statement of Operations	16
4.6	Wastewater - Statement of Cash Flows	17
4.7	Data Sources	18
5	Conclusions & Recommendations	19

Appendices

Appendix A – Requirements of Ontario Regulation 453/07

Appendix B – Capital Forecasts (2025 to 2030)

Tables

Table 3-1: Water Cost Projections

Table 3-2: Wastewater Cost Projections

Table 3-3: Water Revenue Projections

Table 3-4: Wastewater Revenue Projections

Table 3-5: TCA Water Projections

Table 3-6: TCA Wastewater Projections

Table 3-7: Water Capital Reserve Fund

Table 3-8: Water Operating Reserve

Table 3-9: Water Development Charges Reserve Fund

Table 3-10: Wastewater Capital Reserve Fund

Table 3-11: Wastewater Operating Reserve

Table 3-12: Wastewater Development Charges Reserve Fund

Table 4-1: Water Statement of Financial Position

Table 4-2: Water Statement of Operations

Table 4-3: Water Statement of Cash Flow

Table 4-4: Wastewater Statement of Financial Position

Table 4-5: Wastewater Statement of Operations

Table 4-6: Wastewater Statement of Cash Flow

Table 4-7: Financial Plans Data Sources

1 Introduction

1.1 Background

The Town of South Bruce Peninsula (Town) owns and operates two water distribution systems that services the residents and businesses of the Town and is therefore responsible for the costs and financing associated with managing these systems. These systems are noted below:

- The Amabel Water System. This water system includes the following drinking water systems: Amabel-Sauble Drinking Water System, Foreman Drinking Water System, and the Huron Woods Drinking Water System.
- The Wiarton Water System. This also includes the Oliphant Drinking Water System.

The total cost of the Town's water services are recovered from daily operating (non-rate) revenues (e.g. administrative fees, etc.) and through direct billing to customers (rate revenues). The Town's bill to customers is comprised of service charges based on the size of the water meters plus consumption charges based on the respective water uniform rate per cubic metre for volume of water consumed. There are also "reserve" and "vacant" fixed water charges that apply to the Amabel water system. These revenues are required to cover the full costs of managing the water systems including annual operating and capital costs and long-term asset renewal costs, net of any non-rate revenues.

Under O. Reg. 188/07 the Town is also required to prepare and submit by March 5, 2025 an updated Water System Financial Plan (No. 094-301A) to meet the requirements of the Drinking Water Quality Management System as defined under O.Reg. 453/07 for renewal of its water system licence. The licence renewal process requires municipalities to prepare an updated water system financial plan, covering a period of at least six (6) years, beginning with the year the license is renewed. The Town's financial plan will be based on the results of the 2022 Water and Wastewater Rate Study with a revised capital program for 2025 onward. As the current license is required to be renewed in 2025, this financial plan update will be for the period 2025 to 2030 thereby ensuring the required 6-year period is covered. The plan needs to be prepared in accordance with O.Reg. 453/07 and submitted to the Ministry of Municipal Affairs and Housing (MMAH) prior to the license renewal application due date.

The Town also provides wastewater collection services to its Wiarton customers and is responsible for ensuring that these services are financially sustainable over the long-term. While not mandatory, best practice have municipalities preparing financial plans for wastewater system in the same manner as required for water systems under O. Reg 453/07.

Accordingly, DFA Infrastructure International Inc. (DFA) was retained by the Town to update the financial plan for its drinking water system to meet the O.Reg. 453/07 requirements, and to prepare a financial plan for their wastewater system.

1.2 Purpose

The primary purpose of this document is to present the updated water system financial plan No.094-301A as defined in O.Reg. 453/07, thereby allowing the Town to fulfil its licence renewal obligations under the drinking water licensing regulations. This document also includes a wastewater system financial plan in keeping with the requirements of O. Reg 453/07.

2 Regulatory Requirements

Regulation 188/07 under the Safe Drinking Water Act, 2002 requires Ontario municipalities to apply for and obtain drinking water system licences as part of their overall Drinking Water Quality Management System (DWQMS). One of the requirements to obtain a drinking water licence is to prepare and submit a financial plan in accordance with O.Reg. 453/07 with each licence renewal application. In general, the financial plan must include the following:

- The proposed or projected financial position of the drinking water systems;
- The proposed or projected gross cash receipts and gross cash payments;
- The proposed or projected financial operations of the drinking water system; and
- Details on the extent to which the above information applies to the replacement of lead service pipes, if applicable.

Appendix A lists each requirement of the regulation and references the respective financial statements and other items that contain relevant information required under each item. The financial plan must apply for a period of at least six (6) years, with the first year being the year in which the existing licence expires. The current water system license will expire in 2025, therefore the financial plans will cover the six (6) year the period from 2025 to 2030 inclusive. It is anticipated that these financial plans would be made available to the public at no charge and posted on the Town's website following final approval of the plan by resolution of the Town Council. This will be confirmed through separate correspondence at the time of submission to the Ministry of Municipal Affairs & Housing (MMAH).

3 Key Considerations

This section presents the projections for key items over the six (6)-year period and the assumptions used in order to prepare the financial plans. These include:

- Operations & Maintenance (O&M) Cost Projections are based on the Town's 2022 Water and Wastewater Operating Budgets and other relevant information provided by Town staff.;
- Capital Budget Forecasts are based on the Town's 2022 Water and Wastewater Capital Budgets and Forecast, with a revised capital program for 2025 and beyond.
- Revenue Requirement Projections from the 2022 Water and Wastewater Rate Review Analysis

- Debt Projections;
- Reserve Projections with the Amabel reserve charge being phased out by 2027; and
- Tangible Capital Asset (TCA) projections.

3.1 Operations & Maintenance (O&M) Cost Projections

The Town's annual water and wastewater operating budgets includes costs related to the following:

- Water and Wastewater system operations and maintenance;
- Debt servicing; and
- Transfers to/and from operating and capital reserves.

A portion of these costs is offset by miscellaneous non-rate revenues.

The projection of the gross costs and non-rate revenues over the six (6)-year period from 2025 to 2030 were obtained from the Town's 2022 Water and Wastewater Rate Study as revised due to changes in the capital forecast. The assumptions used in arriving at these projections are as follows:

- O&M costs (not including reserve transfers) to increase annually by 2% per year over the forecast period;
- Revenues from miscellaneous fees and charges to increase annually by 2% over the forecast period;
- Transfers to the Capital Reserve increase annually as noted in the rate study and
- Transfers to the Operating Reserve are as needed to maintain annual balanced budgets.

Table 3-1 summarizes water's gross operating costs, non-rate revenues and net costs to be recovered from users through the Town's water rates and charges.

Table 3-1: Water Cost Projections

Description	Forecast					
	2025	2026	2027	2028	2029	2030
Operating Expenditures						
AMABEL System						
Utilities - Hydro	48,709	49,684	50,677	51,691	52,725	53,779
Utilities - Water and Sewer	5,638	5,750	5,865	5,983	6,102	6,224
Property Taxes & PIL	5,006	5,106	5,209	5,313	5,419	5,527
Materials and supplies	16,507	16,837	17,174	17,517	17,868	18,225
Equipment Maintenance	32,473	33,122	33,785	34,461	35,150	35,853
Payroll Internal Charge	50,946	51,965	53,005	54,065	55,146	56,249
Postage	5,502	5,612	5,725	5,839	5,956	6,075
Telephone	4,510	4,600	4,692	4,786	4,882	4,980
Internal Equipment Rentals	902	920	938	957	976	996
Rentals - Contractors - Oliphant	67,652	69,005	70,385	71,793	73,229	74,693
Service Contract (Operations)	312,796	319,052	325,433	331,941	338,580	345,352
Meeting Expenses	45	46	47	48	49	50
Insurance	23,272	23,738	24,212	24,697	25,191	25,694
Non TCA Minor Capital	67,652	69,005	70,385	71,793	73,229	74,693
WIARTON System						
Salaries - Full Time	65,515	66,825	68,162	69,525	70,915	72,334
Employee Benefits	24,694	25,188	25,692	26,206	26,730	27,265
Utilities Hydro	103,998	106,078	108,200	110,364	112,571	114,823
Supplies	796	812	828	845	862	879
Repairs and Maintenance	66,856	68,193	69,557	70,948	72,367	73,815
Payroll Internal Charge	61,837	63,073	64,335	65,621	66,934	68,273
Postage	10,612	10,824	11,041	11,262	11,487	11,717
Internal Equipment Rentals	6,898	7,036	7,177	7,320	7,466	7,616
Billing Charge - Warton H.E.C.	2,122	2,165	2,208	2,252	2,297	2,343
Service Contract (Operations)	335,554	342,265	349,110	356,093	363,214	370,479
Meeting Expenses	53	54	55	56	57	59
Insurance	37,567	38,318	39,084	39,866	40,663	41,477
Property Taxes & PIL	32,542	33,193	33,857	34,534	35,224	35,929
Interfunctional Charge - Water	26,530	27,061	27,602	28,154	28,717	29,291
Frostline Adjustment	1,592	1,624	1,656	1,689	1,723	1,757
Non TCA Minor Capital	53,060	54,122	55,204	56,308	57,434	58,583
Oliphant Operations (start in 2023)	116,330	118,656	121,029	123,450	125,919	128,437
Sub Total Operating Expenditures	1,588,168	1,619,931	1,652,330	1,685,376	1,719,084	1,753,466
Capital-Related						
Transfer to Capital Reserves and Reserve Funds	640,000	575,000	520,000	650,000	700,000	710,000
Sub Total Capital Related Expenditures	640,000	575,000	520,000	650,000	700,000	710,000
Total Expenditures	2,228,168	2,194,931	2,172,330	2,335,376	2,419,084	2,463,466
Non-Rate Revenues						
AMABEL System						
Water Billing - Flat Rate Charge	106	108	110	113	115	117
Other Services	2,653	2,706	2,760	2,815	2,872	2,929
Water Connection Fees	8,384	8,551	8,722	8,897	9,075	9,256
Water Certificates - Amabel	478	487	497	507	517	527
Ownership/Address Changes	1,061	1,082	1,104	1,126	1,149	1,172
WIARTON System						
Bulk Water Sales	26,000	26,520	27,050	27,591	28,143	28,706
Hydrant Use Permit Application Fee	27	27	28	28	29	29
Water Billing - Flat Rate Charge	2,653	2,706	2,760	2,815	2,872	2,929
Georgian Bluffs Agreement - Operating	291,832	297,669	303,622	309,695	315,889	322,206
Other Services	1,167	1,191	1,214	1,239	1,264	1,289
Water Certificates	1,592	1,624	1,656	1,689	1,723	1,757
Fire Hydrant Charge by Tax Levy	8,468	8,638	8,811	8,987	9,167	9,350
Payroll Internal Recovery	61,752	62,987	64,246	65,531	66,842	68,179
Ownership/Address Changes	2,200	2,200	2,200	2,200	2,200	2,200
Misc. Revenue	500	500	500	500	500	500
Total Operating Revenue	408,872	416,995	425,281	433,733	442,354	451,147
Net Combined Water Systems Costs	1,819,296	1,777,936	1,747,048	1,901,643	1,976,730	2,012,319
Transfers to/(from) Operating Reserve	75,973	129,214	42,023	22,910	93,470	214,490
Net Combined Water Systems Costs To Be Recovered From Users	1,895,269	1,907,150	1,789,072	1,924,553	2,070,201	2,226,808

Table 3-2 summarizes wastewater's gross operating costs, non-rate revenues and net costs to be recovered from users through the Town's wastewater rates and charges.

Table 3-2: Wastewater Cost Projections

Description	Forecast					
	2025	2026	2027	2028	2029	2030
Operating Expenditures						
Utilities - Hydro	148,569	151,541	154,571	157,663	160,816	164,032
Utilities - Water	14,857	15,154	15,457	15,766	16,082	16,403
Property Taxes and PIL	36,612	37,344	38,091	38,853	39,630	40,422
Supplies	1,592	1,624	1,656	1,689	1,723	1,757
Equipment and Maintenance	39,795	40,591	41,403	42,231	43,076	43,937
Professional Fees (I & I)	106,121	108,243	110,408	112,616	114,869	117,166
Payroll Internal Charge	88,940	90,719	92,533	94,384	96,271	98,197
Postage	1,486	1,515	1,546	1,577	1,608	1,640
Telephone	4,563	4,654	4,748	4,842	4,939	5,038
Internal Equipment Rentals	1,592	1,624	1,656	1,689	1,723	1,757
Rentals - Contractors	6,367	6,495	6,624	6,757	6,892	7,030
Service Agreement (Operations)	237,286	242,032	246,872	251,810	256,846	261,983
Sewer Flushing	6,367	6,495	6,624	6,757	6,892	7,030
Meeting Expenses	53	54	55	56	57	59
Insurance	33,746	34,421	35,110	35,812	36,528	37,259
Frostline Adjustment	500	500	-	-	-	-
Utility Clerk - Sewer Write Offs	424	433	442	450	459	469
Non TCA Minor Capital	74,285	75,770	77,286	78,831	80,408	82,016
Unfunded Capital	106,121	108,243	110,408	112,616	114,869	117,166
Sub Total Operating Expenditures	909,276	927,452	945,491	964,400	983,688	1,003,362
Capital-Related						
New Non-Growth Related Debt (Principal)	94,996	177,084	182,396	242,307	310,386	407,606
New Non-Growth Related Debt (Interest)	51,329	92,691	87,379	112,282	138,943	178,681
New Growth Related Debt (Principal)	5,670	21,970	62,954	64,843	66,788	68,792
New Growth Related Debt (Interest)	2,907	11,736	33,577	31,689	29,743	27,740
Transfer to Capital Reserves and Reserve Funds	400,000	370,000	475,000	500,000	525,000	585,000
Sub Total Capital Related Expenditures	554,901	673,482	841,307	951,121	1,070,861	1,267,819
Total Expenditures	1,464,177	1,600,934	1,786,798	1,915,521	2,054,549	2,271,181
Non-Rate Revenues						
Sewage Haulers	33,959	34,638	35,331	36,037	36,758	37,493
Sewage Billing - Base Rate	-	-	-	-	-	-
Sewer Billing - Flat Rate Charge	580	580	-	-	-	-
Sewer Billing - Volumetric Charge	-	-	-	-	-	-
	-	-	-	-	-	-
Total-Non Rate Revenues	34,539	35,218	35,331	36,037	36,758	37,493
Operating Subsidies						
Contributions from Development Charges Reserve Fund	8,577	33,707	96,532	96,532	96,532	96,532
Total Operating Revenue	43,116	68,925	131,862	132,569	133,290	134,025
Net Warton Wastewater Costs	1,421,062	1,532,009	1,654,935	1,782,952	1,921,259	2,137,156
Transfers to/ (from) Operating Reserve	34,033	33,693	29,730	29,659	28,955	(38,955)
Net Warton Wastewater Costs To Be Recovered From Users	1,455,094	1,565,702	1,684,665	1,812,611	1,950,215	2,098,201

3.2 Capital Budget Forecast

The Town's capital budget forecasts used for the water and wastewater financial plans are as presented in **Appendix B**. These capital forecasts identify the planned projects to be undertaken between 2025 and 2030. The projects, costs, and annual funding sources are based on the Town's latest (2025) capital budget forecast, as revised from the 2022 rate study.

3.3 Revenue Requirements

The Town recovers its net costs through user fees charged to its customers. Water revenues include a service charge based on the size of the water meters plus consumption charges based on the respective water uniform rate per cubic metre for the volume of water consumed. The projection of water revenues required from user fees over the six (6)-year period from 2025 to 2030 are detailed in **Table 3-3**. The projection of wastewater revenues required from user fees over the six (6)-year period from 2025 to 2030 are detailed in **Table 3-4**. These projections were obtained from the Town's 2022 Water and Wastewater Rate Study as revised to reflect the changes to the capital forecast and reduction and eventual elimination by 2027 of the Amabel Water Reserve Charge.

Table 3-3: Water Revenue Projections

Description	2025	2026	2027	2028	2029	2030
Total Water Rate Revenues	1,895,269	1,907,150	1,789,072	1,924,553	2,070,201	2,226,808
Annual Percent Change	-3.0%	-2.3%	-1.7%	8.8%	3.9%	1.8%

Table 3-4: Wastewater Revenue Projections

Description	2025	2026	2027	2028	2029	2030
Total Wastewater Rate Revenues	1,455,094	1,565,702	1,684,665	1,812,611	1,950,215	2,098,201
Annual Percent Change	7.5%	7.8%	8.0%	7.7%	7.8%	11.2%

3.4 Tangible Capital Assets (TCA) Projections

The Town's Public Sector Accounting Board (PSAB) 3150 TCA data was used to develop the financial information related to the Town's water and wastewater assets. The TCA projections for the study period are presented in **Table 3-5** and **Table 3-6**. These projections are based on the following assumptions:

- Amortization of existing assets is based on the Town's TCA policies and procedures. Amortization of new assets is based on straight line depreciation with a half-year depreciation charged in the year of acquisition;
- Historical costs, life expectancy and remaining useful life as per the PSAB 3150 data provided by the Town;
- Fully depreciated assets continue to be used in service i.e. no asset removals;
- New assets acquired are based on the capital forecasts presented in **Appendix B**. These are added to the TCA in the year of acquisition and depreciated over their useful life. Note that some future projects are deemed to be operational i.e. they do not meet the definition of a TCA or Betterment as per the Town's TCA policy and therefore are considered as operating expenses in the financial statements; and
- "Contributed" assets are primarily new infrastructure and facilities that are constructed by developers with the ownership ultimately being transferred to the Town once they are

completed. The timing of these developments and the transfer of the new assets to the Town's TCA inventory is uncertain. Therefore for the purposes of this financial plan, it is assumed that there will be no "contributed" assets over the eight (8)-year period

As detailed in **Table 3-5**, the depreciated value of the Town's water system is projected to increase from approximately \$17.6 million at the end of 2025, to \$19.5 million at the end of 2030.

Table 3-5: TCA Water Projections

TCA	2025	2026	2027	2028	2029	2030
Historical Cost	\$ 26,644,072	\$ 27,517,995	\$ 27,752,749	\$ 28,543,193	\$ 28,710,704	\$ 29,677,891
Accumulated Amortization (Beginning)	\$ 9,327,218	\$ 9,795,230	\$ 10,278,926	\$ 10,777,754	\$ 11,291,269	\$ 11,822,231
Amortization Expense	\$ 468,013	\$ 483,696	\$ 498,828	\$ 513,516	\$ 530,961	\$ 549,257
Accumulated Amortization (Ending)	\$ 9,034,702	\$ 9,181,721	\$ 9,475,303	\$ 9,644,263	\$ 10,007,735	\$ 10,174,179
Net Book Value	\$ 17,609,370	\$ 18,336,274	\$ 18,277,446	\$ 18,898,930	\$ 18,702,969	\$ 19,503,712

As detailed in **Table 3-6**, the depreciated value of the Town's wastewater system is projected to increase from approximately \$10.9 million at the end of 2025, to \$17.9 million at the end of 2030.

Table 3-6: TCA Wastewater Projections

TCA	2025	2026	2027	2028	2029	2030
Historical Cost	\$ 15,920,685	\$ 17,664,433	\$ 18,822,717	\$ 19,927,504	\$ 21,590,139	\$ 22,729,228
Accumulated Amortization (Beginning)	\$ 6,003,625	\$ 6,264,759	\$ 6,556,754	\$ 6,873,505	\$ 7,210,138	\$ 7,589,346
Amortization Expense	\$ 261,134	\$ 291,995	\$ 316,751	\$ 336,632	\$ 379,208	\$ 397,012
Accumulated Amortization (Ending)	\$ 5,031,777	\$ 5,006,519	\$ 4,931,555	\$ 4,941,975	\$ 4,823,817	\$ 4,874,918
Net Book Value	\$ 10,888,908	\$ 12,657,913	\$ 13,891,162	\$ 14,985,529	\$ 16,766,321	\$ 17,854,309

3.5 Reserve Balances

The projected transfers to and from the Town's water and wastewater related reserves and reserve funds, and their respective balances, are presented in **Tables 3-7 to 3-12** and include reserves related to the:

- Capital Reserves;
- Operating Reserves; and
- Development Charges Reserve Funds.

Details with respect to the contributions to and from these reserves are based the Town's 2022 Water and Wastewater Rate Study adjusted to reflect the updated 2025 capital program, and the required funding for the Town's revised Water and Wastewater growth-capital forecasts. The Amabel capital reserve contribution is phased out as previously indicated.

Contributions from the Capital Reserve are used in funding proposed projects contained in the capital forecasts. Contributions from the Operating Reserve are used in addressing revenue shortfalls or surpluses that can arise due to volatility in water and wastewater customer revenues.

Contributions to the Development Charges Reserve Fund are derived from projected development charge receipts. Contributions from the Development Charges Reserve Fund are

used in funding growth related capital projects as contained in the revised growth-capital forecasts.

Table 3-7: Water Capital Reserve

Description	2025	2026	2027	2028	2029	2030
Opening Balance	3,767,244	3,599,828	3,096,723	3,279,040	2,895,687	3,391,878
External Contributions & Transfer from Operating	640,000	575,000	520,000	650,000	700,000	710,000
Transfer to Capital	878,000	1,210,600	440,000	1,135,000	335,000	1,350,000
Transfer from Operating Reserve	-	71,775	38,022	44,868	64,684	183,636
Closing Balance	3,529,244	3,036,003	3,214,745	2,838,908	3,325,371	2,935,514
Interest	70,585	60,720	64,295	56,778	66,507	58,710

Table 3-8: Water Operating Reserve

	2025	2026	2027	2028	2029	2030
Stabilization Reserve Opening Balance	327,416	403,389	460,828	464,829	442,871	471,657
Annual Surplus/(Deficit)	75,973	129,214	42,023	22,910	93,470	214,490
Transfer to Capital Reserve (to maintain target operating reserve balance)	-	(71,775)	(38,022)	(44,868)	(64,684)	(183,636)
Rate Stabilization Reserve Closing Balance	403,389	460,828	464,829	442,871	471,657	502,511
Operating Reserve Min Target Balance (15% of Previous Year Revenue)	343,483	345,621	348,622	332,153	353,743	376,883
Operating Reserve Max Target Balance (20% of Previous Year Revenue)	457,977	460,828	464,829	442,871	471,657	502,511

Table 3-9: Water Development Charges Reserve Fund

Description	2025	2026	2027	2028	2029	2030
Opening Balance	211,372	272,821	337,217	404,669	475,291	549,201
Development Charge Proceeds	56,100	57,783	59,517	61,302	63,141	65,036
Transfer to Capital	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-
Closing Balance	267,472	330,605	396,734	465,971	538,432	614,236
Interest	5,349	6,612	7,935	9,319	10,769	12,285

Table 3-10: Wastewater Capital Reserve

Description	2025	2026	2027	2028	2029	2030
Opening Balance	2,064,807	1,787,608	863,540	817,061	1,037,402	1,058,150
External Contributions & Transfer from Operating	400,000	370,000	475,000	500,000	525,000	585,000
Transfer to Capital	712,250	1,311,000	537,500	300,000	525,000	585,000
Transfer from Operating Reserve	-	-	-	-	-	-
Closing Balance	1,752,557	846,608	801,040	1,017,061	1,037,402	1,058,150
Interest	35,051	16,932	16,021	20,341	20,748	21,163

Table 3-11: Wastewater Operating Reserve

	2025	2026	2027	2028	2029	2030
Stabilization Reserve Opening Balance	205,164	239,197	272,890	302,620	332,280	361,235
Annual Surplus/(Deficit)	34,033	33,693	29,730	29,659	28,955	(38,955)
Transfer to Capital Reserve (to maintain target operating reserve balance)	-	-	-	-	-	-
Rate Stabilization Reserve Closing Balance	239,197	272,890	302,620	332,280	361,235	322,280
Operating Reserve Min Target Balance (15% of Previous Year Revenue)	207,920	223,445	240,138	257,999	277,297	298,046
Operating Reserve Max Target Balance (20% of Previous Year Revenue)	277,226	297,927	320,184	343,999	369,730	397,395

Table 3-12: Wastewater Development Charges Reserve Fund

Description	2025	2026	2027	2028	2029	2030
Opening Balance	71,987	116,497	137,820	97,090	57,194	18,198
Development Charge Proceeds	50,803	52,327	53,897	55,514	57,180	58,895
Transfer to Capital	-	-	-	-	-	-
Transfer to Operating	8,577	33,707	96,532	96,532	96,532	96,532
Closing Balance	114,213	135,118	95,186	56,072	17,841	(19,439)
Interest	2,284	2,702	1,904	1,121	357	(389)

3.6 Lead Service Pipe Removal

There are no costs expected for lead pipe replacement during the study period.

4 Financial Statements

The water and wastewater financial plans involve the review, analysis and assessment of financial information relevant to the Town's water and wastewater systems including costs, revenues, debt, cash transactions and TCAs to prepare the following three (3) financial statements covering the period 2025 to 2030;

- Statement of Financial Position;
- Statement of Operations; and
- Statement of Cash Flow.

4.1 Water - Statement of Financial Position

The Water Statement of Financial Position is presented in Table 4-1. This statement summarizes the Town's water-related financial and non-financial assets i.e. Tangible Capital Assets (TCA) and liabilities and provides the net financial asset (or net debt) position and accumulated surplus related to managing the water system. The financial assets are primarily cash balances in the water reserves and reserve funds. Liabilities consist of the development charge reserve fund balances (i.e. deferred revenues) and water long-term debt. The non-financial assets (TCA) include the Town's water infrastructure. The historical costs are amortized over the asset life to arrive at the net book value each year from 2025 to 2030. New assets are added in the years acquired, developed or built. Contributed assets are primarily new infrastructure and facilities that would be transferred to the Town's ownership and control by developers as they are completed. However, this is assumed to be zero. It is also assumed that other non-financial assets such as inventory and prepaid expenses are zero.

Contained within the Statement of Financial Position are important indicators, the first being net financial assets (or net debt) which is defined as the difference between financial assets and liabilities. This indicator provides a measure of the water system's "future revenue requirement". Table 4-1 indicates that in 2025, the Town's water system will be in a net financial asset position of \$4.0 million. This will decrease to \$3.5 million by 2030. The net financial asset position indicates that financial resources will be available to fund future operations. The decrease in net financial assets is due to a slight decrease in financial assets and an increase in deferred revenues.

The next important indicator contained in the Statement of Financial Position is the net book value of TCA. Table 4-1 shows that net TCA is expected to increase over the forecast period by about \$1.9 million. This indicates that the Town has plans to invest in tangible capital assets greater than the consumption of existing assets. Further, a consumption ratio consisting of the accumulated amortization of the Town's TCA as a percent of historical cost ratio highlights the aged condition of the assets and their potential replacement needs. The Town's Water Asset Consumption Ratio decreases stay relatively constant over the forecast period from 34% suggesting that the water system would be approximately a third through its life expectancy.

Another important indicator in the Statement of Financial Position is the accumulated surplus. This indicator provides a measure of the resources available to the Town for managing its water system. The accumulated surplus is projected to increase from approximately \$21.6 million in 2025 to approximately \$23.0 million by 2030. The accumulated surplus consists of the net financial asset position which represents assets available for future operations, and the net TCA balance which represents past investments in water infrastructure.

Table 4-1: Water - Statement of Financial Position

	2025	2026	2027	2028	2029	2030
Financial Assets						
Cash,Receivables and Investment	\$4,276,038	\$3,894,768	\$4,148,538	\$3,813,848	\$4,412,734	\$4,123,253
Total Financial Assets	\$4,276,038	\$3,894,768	\$4,148,538	\$3,813,848	\$4,412,734	\$4,123,253
Financial Liabilities						
Accounts Payable & Deferred Revenue	\$272,821	\$337,217	\$404,669	\$475,291	\$549,201	\$626,521
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
Total Financial Liabilities	\$272,821	\$337,217	\$404,669	\$475,291	\$549,201	\$626,521
Net Financial Assets (Net Debt)	\$4,003,217	\$3,557,551	\$3,743,869	\$3,338,557	\$3,863,534	\$3,496,732
Non-Financial Assests						
Tangible Capital Assets	\$26,644,072	\$27,517,995	\$27,752,749	\$28,543,193	\$28,710,704	\$29,677,891
Accumulated Amortization	(\$9,034,702)	(\$9,181,721)	(\$9,475,303)	(\$9,644,263)	(\$10,007,735)	(\$10,174,179)
Total Non-Financial Assets	\$17,609,370	\$18,336,274	\$18,277,446	\$18,898,930	\$18,702,969	\$19,503,712
Accumulated Surplus	\$21,612,586	\$21,893,825	\$22,021,315	\$22,237,488	\$22,566,503	\$23,000,443
Financial Indicators	2025	2026	2027	2028	2029	2030
Increase (Decrease) in Net Financial Assets	(\$91,442)	(\$445,666)	\$186,318	(\$405,312)	\$524,977	(\$366,802)
Increase (Decrease) in Tangible Capital Assets	\$409,987	\$726,904	(\$58,828)	\$621,484	(\$195,961)	\$800,743
Increase (Decrease) in Accumulated Surplus	\$318,545	\$281,239	\$127,490	\$216,172	\$329,015	\$433,940
Water Asset Consumption Ratio	34%	33%	34%	34%	35%	34%

4.2 Water - Statement of Operations

The Water Statement of Operations is presented in Table 4-2 It summarizes the annual revenues and expenses associated with managing the Town's water system. It provides a report on the transactions and events that have an influence on the accumulated surplus. The main revenue items included are:

- Revenues from Water Rates and Charges;
- Earned Revenues (earned development charges); and
- Other Revenues (miscellaneous fees and charges).

The main expense items are:

- The annual cost of operating and maintaining the water systems and non-TCA Capital;
- Interest on long-term debt; and
- Amortization expenses on existing and added TCA.

The operating surplus (or deficit) is an important indicator contained in the Statement of Operations. An operating surplus (deficit) measures whether operating revenues generated in a year were sufficient to cover operating expenses incurred in that year. It is important to note that an annual surplus is necessary to ensure funds will be available to address non-expense items such as TCA acquisitions over and above amortization expenses, reserve/reserve fund contributions for asset replacement and rate stabilization, and repayment of outstanding debt principal. A ratio of operating surplus to total revenue is shown in Table 4-2 and reflects the percent of total revenue that can be allocated to funding the non-expense items noted above.

Table 4-2: Water - Statement of Operations

	2025	2026	2027	2028	2029	2030
Water Revenue						
Rate Revenue	\$1,895,269	\$1,907,150	\$1,789,072	\$1,924,553	\$2,070,201	\$2,226,808
Earned Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenue	\$479,457	\$477,716	\$489,576	\$490,511	\$508,861	\$509,857
Total Revenues	\$2,374,726	\$2,384,865	\$2,278,648	\$2,415,064	\$2,579,062	\$2,736,665
Water Expenses						
Gross	\$1,588,168	\$1,619,931	\$1,652,330	\$1,685,376	\$1,719,084	\$1,753,466
Operating Expenses	\$1,588,168	\$1,619,931	\$1,652,330	\$1,685,376	\$1,719,084	\$1,753,466
Interest on Debt	\$0	\$0	\$0	\$0	\$0	\$0
Amortization	\$468,013	\$483,696	\$498,828	\$513,516	\$530,961	\$549,257
Total Expenses	\$2,056,180	\$2,103,627	\$2,151,158	\$2,198,892	\$2,250,046	\$2,302,725
Annual Surplus/(Deficit)	\$318,545	\$281,239	\$127,490	\$216,172	\$329,015	\$433,940
Accumulated Surplus/(Deficit), Beginning of Year	\$21,294,042	\$21,612,587	\$21,893,825	\$22,021,316	\$22,237,488	\$22,566,503
Accumulated Surplus/ (Deficit), End of Year	\$21,612,587	\$21,893,825	\$22,021,316	\$22,237,488	\$22,566,503	\$23,000,444
Financial Indicators						
Increase (Decrease) in Total Revenues	\$10,971	\$10,140	(\$106,217)	\$136,416	\$163,997	\$157,604
Increase (Decrease) in Total Expenses	\$37,998	\$47,446	\$47,531	\$47,734	\$51,154	\$52,679
Increase (Decrease) in Annual Surplus	(\$27,027)	(\$37,306)	(\$153,749)	\$88,682	\$112,843	\$104,925
Operating Surplus Ratio	13.4%	11.8%	5.6%	9.0%	12.8%	15.9%

4.3 Water - Statement of Cash Flow

The Water Statement of Cash Flow is presented in Table 4-3. This statement summarizes the main cash inflows and outflows related to the water system in four (4) main areas - operating, capital, investing and financing, and shows the annual changes in cash.

The operating cash transactions begin with the surplus or deficit identified in the Statement of Operations. This figure is adjusted to add or subtract non-cash items that were included as revenues or expenses (e.g. amortization expenses and earned revenues). It is assumed that there are no “investing activities” over the period. The capital section indicates the amounts to be spent to acquire capital assets (TCA) or to be received from the sale of assets. In the Town’s case, it is assumed that there are no assets to be sold to generate cash. The financing section identifies funds received from development charge receipts and interest earned on the reserve fund balance, proceeds from the issuance of debenture as cash inflows, and the portion of debt repaid as cash outflows.

Table 4-3 indicates that cash is being generated from operations, which is used in funding the acquisition of TCA and towards building internal reserves. The Town's cash position is projected to slightly decrease over the forecast period from \$4.3 million in 2025 to a \$4.1 million in 2030.

Table 4-3: Water - Statement of Cash Flow

	2025	2026	2027	2028	2029	2030
Cash Provided by:						
Operating Activities						
Annual Surplus/(Deficit)	\$318,545	\$281,239	\$127,490	\$216,172	\$329,015	\$433,940
Non-Cash Items						
Amortization	\$468,013	\$483,696	\$498,828	\$513,516	\$530,961	\$549,257
Earned Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Net Change in Cash Provided by Operating Activities	\$786,558	\$764,934	\$626,318	\$729,688	\$859,977	\$983,198
Capital Activities						
Purchase of TCA	(\$878,000)	(\$1,210,600)	(\$440,000)	(\$1,135,000)	(\$335,000)	(\$1,350,000)
Net Change in Cash Used in Capital Activities	(\$878,000)	(\$1,210,600)	(\$440,000)	(\$1,135,000)	(\$335,000)	(\$1,350,000)
Financing Activities						
DC Collections	\$61,450	\$64,395	\$67,452	\$70,622	\$73,910	\$77,320
Proceeds From Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
Repayment of Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
Net Change in Cash Used in Financing Activities	\$61,450	\$64,395	\$67,452	\$70,622	\$73,910	\$77,320
Net Change in Cash and Cash Equivalents	(\$29,992)	(\$381,270)	\$253,770	(\$334,690)	\$598,887	(\$289,482)
Cash and Cash Equivalents, Beginning of the Year	\$4,306,031	\$4,276,038	\$3,894,768	\$4,148,538	\$3,813,848	\$4,412,734
Cash and Cash Equivalents, End of the Year	\$4,276,038	\$3,894,768	\$4,148,538	\$3,813,848	\$4,412,734	\$4,123,253

4.4 Wastewater - Statement of Financial Position

The Wastewater Statement of Financial Position is presented in Table 4-4. This statement summarizes the Town’s wastewater related financial and non-financial assets (Tangible Capital Assets – TCA) and liabilities and provides the net financial asset/ (net debt) position and

accumulated surplus related to managing the wastewater system. The financial assets are primarily cash balances in the wastewater reserves and reserve funds. Liabilities consist of long-term debt and the development charge reserve fund balances (i.e. deferred revenues). The non-financial assets (TCA) include the Town's wastewater infrastructure. The historical costs are amortized over the asset life to arrive at the net book value each year from 2025 to 2030. New assets are added in the years acquired, developed or built. Contributed assets are primarily new infrastructure that would be transferred to the Town's ownership and control by developers as they are completed. However, this is assumed to be zero. It is also assumed that other non-financial assets such as inventory and prepaid expenses are zero.

Contained within the Statement of Financial Position are important indicators, the first being net financial assets (or net debt) which is defined as the difference between financial assets and liabilities. This indicator provides a measure of the wastewater system's "future revenue requirement". Table 4-4 indicates that in 2025, the Town's wastewater system will be in a net debt position in the amount of \$1.5 million. There will be an increase in the net debt position to \$5.9 million by 2030. The net debt position indicates that financial resources will be required to fund future operations. The increase in net debt position over the forecast period is due to a combination of a decrease in the cash position with an increase in liabilities, mainly through an increase in long-term debt. The next important indicator contained in the Statement of Financial Position is the net book value of TCA. Table 4-4 shows that net TCA are expected to grow by \$7.0 million over the forecast period, or from \$10.9 million in 2025 to \$17.9 million 2030. This indicates that the Town has plans to invest in tangible capital assets in excess of the consumption of existing assets. Further, a consumption ratio consisting of the accumulated amortization of the Town's TCA as a percent of historical cost ratio highlights the aged condition of the assets and their potential replacement needs. The Town's Wastewater Asset Consumption Ratio will decrease over the forecast period from 32% to 21%, suggesting that the wastewater system is less than a quarter through its life expectancy by 2030. As this percentage is decreasing over time, the Town can be seen as allocating adequate funds to finance the replacement or rehabilitation of aging assets as they expire.

Another important indicator in the Statement of Financial Position is the accumulated surplus. This indicator provides measure of the resources available to the Town for managing its wastewater system. The accumulated surplus is projected to increase from approximately \$9.4 million in 2025 to approximately \$12.0 million by 2030. The accumulated surplus consists of non-financial assets that are made up of the net TCA balance representing past investments in wastewater infrastructure, offset by the net debt.

Table 4-4: Wastewater - Statement of Financial Position

	2025	2026	2027	2028	2029	2030
Financial Assets						
Cash, Receivables and Investment	\$2,143,302	\$1,274,250	\$1,216,770	\$1,426,875	\$1,437,582	\$1,381,762
Total Financial Assets	\$2,143,302	\$1,274,250	\$1,216,770	\$1,426,875	\$1,437,582	\$1,381,762
Financial Liabilities						
Accounts Payable & Deferred Revenue	\$116,497	\$137,820	\$97,090	\$57,194	\$18,198	(\$19,827)
Long-term Liabilities	\$3,480,926	\$4,031,872	\$4,799,021	\$5,622,871	\$6,880,696	\$7,304,298
Total Financial Liabilities	\$3,597,423	\$4,169,692	\$4,896,111	\$5,680,064	\$6,898,895	\$7,284,471
Net Financial Assets (Net Debt)	(\$1,454,121)	(\$2,895,442)	(\$3,679,340)	(\$4,253,190)	(\$5,461,313)	(\$5,902,709)
Non-Financial Assets						
Tangible Capital Assets	\$15,920,685	\$17,664,433	\$18,822,717	\$19,927,504	\$21,590,139	\$22,729,228
Accumulated Amortization	(\$5,031,777)	(\$5,006,519)	(\$4,931,555)	(\$4,941,975)	(\$4,823,817)	(\$4,874,918)
Total Non-Financial Assets	\$10,888,908	\$12,657,913	\$13,891,162	\$14,985,529	\$16,766,321	\$17,854,309
Accumulated Surplus	\$9,434,787	\$9,762,472	\$10,211,822	\$10,732,340	\$11,305,009	\$11,951,600
Financial Indicators	2025	2026	2027	2028	2029	2030
Increase (Decrease) in Net Financial Assets	(\$1,916,250)	(\$1,441,320)	(\$783,899)	(\$573,850)	(\$1,208,123)	(\$441,396)
Increase (Decrease) in Tangible Capital Assets	\$2,224,866	\$1,769,005	\$1,233,249	\$1,094,368	\$1,780,792	\$1,087,988
Increase (Decrease) in Accumulated Surplus	\$308,616	\$327,685	\$449,350	\$520,518	\$572,669	\$646,592
Water Asset Consumption Ratio	32%	28%	26%	25%	22%	21%

4.5 Wastewater - Statement of Operations

The Wastewater Statement of Operations is presented in Table 4-5. It summarizes the annual revenues and expenses associated with managing the Town's wastewater system. It provides a report on the transactions and events that have an influence on the accumulated surplus. The main revenue items included are:

- Revenues from Wastewater Rates and Charges;
- Earned Revenues (earned development charges); and
- Other Revenues (miscellaneous fees and charges).

The main expense items are:

- The annual cost of operating and maintaining the wastewater system and non-TCA capital;
- Interest on long-term debt; and
- Amortization expenses on existing and new TCA.

The operating surplus/ (deficit) is an important indicator contained in the Statement of Operations. An operating surplus/ (deficit) measures whether operating revenues generated in a year were sufficient to cover operating expenses incurred in that year. It is important to note that an annual surplus is necessary to ensure funds will be available to address non-expense items such as TCA acquisitions over and above amortization expenses, reserve/reserve fund contributions for asset replacement and rate stabilization, and repayment of outstanding debt principal. A ratio of operating surplus to total revenue is shown in Table 4-5 and reflects the percent of total revenue that can be allocated to funding the non-expense items noted above.

Table 4-5: Wastewater - Statement of Operations

	2025	2026	2027	2028	2029	2030
Water Revenue						
Rate Revenue	\$1,455,094	\$1,565,702	\$1,684,665	\$1,812,611	\$1,950,215	\$2,098,201
Earned Revenue	\$8,577	\$33,707	\$96,532	\$96,532	\$96,532	\$96,532
Other Revenue	\$69,590	\$52,150	\$51,351	\$56,378	\$57,506	\$58,656
Total Revenues	\$1,533,261	\$1,651,559	\$1,832,549	\$1,965,522	\$2,104,253	\$2,253,389
Water Expenses						
Operating Expenses	\$909,276	\$927,452	\$945,491	\$964,400	\$983,688	\$1,003,362
Interest on Debt	\$54,235	\$104,428	\$120,956	\$143,971	\$168,686	\$206,421
Amortization	\$261,134	\$291,995	\$316,751	\$336,632	\$379,208	\$397,012
Total Expenses	\$1,224,646	\$1,323,874	\$1,383,198	\$1,445,004	\$1,531,584	\$1,606,797
Annual Surplus/(Deficit)	\$308,616	\$327,685	\$449,351	\$520,518	\$572,669	\$646,592
Accumulated Surplus/(Deficit), Beginning of Year	\$9,126,172	\$9,434,787	\$9,762,472	\$10,211,823	\$10,732,341	\$11,305,009
Accumulated Surplus/ (Deficit), End of Year	\$9,434,787	\$9,762,472	\$10,211,823	\$10,732,341	\$11,305,009	\$11,951,601
Financial Indicators						
	2025	2026	2027	2028	2029	2030
Increase (Decrease) in Total Revenues	\$98,067	\$118,298	\$180,989	\$132,973	\$138,731	\$149,136
Increase (Decrease) in Total Expenses	\$75,147	\$99,229	\$59,324	\$61,806	\$86,580	\$75,213
Increase (Decrease) in Annual Surplus	\$22,921	\$19,069	\$121,666	\$71,167	\$52,151	\$73,923
Operating Surplus Ratio	20.1%	19.8%	24.5%	26.5%	27.2%	28.7%

4.6 Wastewater - Statement of Cash Flows

The Wastewater Statement of Cash Flow is presented in Table 4-6. This statement summarizes the main cash inflows and outflows related to the wastewater system in four (4) main areas - operating, capital, investing and financing, and shows the annual changes in cash.

The operating cash transactions begin with the surplus or deficit identified in the Statement of Operations. This figure is adjusted to add or subtract non-cash items that were included as revenues or expenses (e.g. amortization expenses). It is assumed that there were no “investing activities” over the period. The capital section indicates the amounts spent to acquire capital assets (TCA) or received from the sale of assets. In the Town’s case, it is assumed that there are no assets to be sold to generate cash. The financing section identifies funds received from development charge receipts and interest earned on the reserve fund balance, proceeds from the issuance of debenture as cash inflows, and the portion of debt repaid as cash outflows.

Table 4-6 indicates that cash is generated from operations, which is used in funding the acquisition of TCA and towards building internal reserves. The Town's cash position is projected to decrease over the forecast period from \$2.1 million in 2024 to approximately \$1.4 million in 2030.

Table 4-6: Wastewater - Statement of Cash Flow

	2025	2026	2027	2028	2029	2030
Cash Provided by:						
Operating Activities						
Annual Surplus/(Deficit)	\$308,616	\$327,685	\$449,351	\$520,518	\$572,669	\$646,592
Non-Cash Items						
Amortization	\$261,134	\$291,995	\$316,751	\$336,632	\$379,208	\$397,012
Earned Revenue	(\$8,577)	(\$33,707)	(\$96,532)	(\$96,532)	(\$96,532)	(\$96,532)
Net Change in Cash Provided by Operating Activities	\$561,173	\$585,973	\$669,570	\$760,619	\$855,345	\$947,072
Capital Activities						
Purchase of TCA	(\$2,486,000)	(\$2,061,000)	(\$1,550,000)	(\$1,431,000)	(\$2,160,000)	(\$1,485,000)
Net Change in Cash Used in Capital Activities	(\$2,486,000)	(\$2,061,000)	(\$1,550,000)	(\$1,431,000)	(\$2,160,000)	(\$1,485,000)
Financing Activities						
DC Collections	\$53,088	\$55,030	\$55,801	\$56,636	\$57,536	\$58,506
Proceeds From Long-Term Debt	\$1,773,750	\$750,000	\$1,012,500	\$1,131,000	\$1,635,000	\$900,000
Repayment of Long-Term Debt	(\$100,666)	(\$199,054)	(\$245,351)	(\$307,150)	(\$377,175)	(\$476,398)
Net Change in Cash Used in Financing Activities	\$1,726,172	\$605,976	\$822,950	\$880,486	\$1,315,362	\$482,108
Net Change in Cash and Cash Equivalents	(\$198,655)	(\$869,052)	(\$57,480)	\$210,104	\$10,707	(\$55,820)
Cash and Cash Equivalents, Beginning of the Year	\$2,341,957	\$2,143,302	\$1,274,250	\$1,216,770	\$1,426,875	\$1,437,582
Cash and Cash Equivalents, End of the Year	\$2,143,302	\$1,274,250	\$1,216,770	\$1,426,875	\$1,437,582	\$1,381,762

4.7 Data Sources

The primary sources of data used to prepare the financial plans are listed in **Table 4-7**. In addition, information was also developed from discussions with and input from the Town's staff, as required.

Table 4-7: Financial Plan Data Sources

Item	Data Source
Asset Life Expectancy	<ul style="list-style-type: none"> Town's TCA Policy Information Provided by the Town
Asset Values	<ul style="list-style-type: none"> Town's TCA Policy Information Provided by the Town
O & M Costs and Revenue Projections	<ul style="list-style-type: none"> Town's 2022 Water and Wastewater Operating Budgets and the 2023 Water and Wastewater Rate Study
Capital Cost Projections	<ul style="list-style-type: none"> Town's 2022 Water and Wastewater Capital Budgets and Forecasts, the 2022 Water and Wastewater Rate Study, and updated growth-capital forecast
Debt	<ul style="list-style-type: none"> Information provided by the Town and the 2022 Water and Wastewater Rate Study
Investments, Reserve balances etc.	<ul style="list-style-type: none"> Information provided by the Town and the 2022 Water and Wastewater Rate Study

5 Conclusions & Recommendations

The following are the main conclusions of the water system financial plan:

- The annual net cost to be recovered from water customers is projected to increase from \$1.9 million in 2025 to approximately \$2.2 million by 2030.
- Net Water Financial Assets are projected decrease from \$4.0 million in 2024 to \$3.5 million in 2030. The decrease in net financial assets is due to an increase deferred revenue and the reduction in financial assets.
- The Net Book Value (NBV) of the Town's water system is projected to increase from approximately \$17.6 million in 2025 to approximately \$19.5 million by 2030. This increase in value is due mainly to the addition of new assets over the next six (6) years from the capital program forecast. These values represent on the whole approximately 66% of the asset's remaining service potential, with an overall system depreciation of approximately 34%;
- The Water Accumulated Surplus is projected to increase from approximately \$21.6 million in 2025 to approximately \$23.0 million by 2030;
- The Water Capital Replacement Reserve balance is projected to decrease from \$3.5 million in 2025 to approximately \$2.9 million by 2030;
- The Water Operating Reserve balance is projected to increase over the forecast period at \$0.4 million in 2025 to \$0.5 million in 2030; and
- The Water Development Charges Reserve Fund balance is projected to increase over the forecast period from \$0.3 million in 2025 to approximately \$0.6 million by 2030.

Based on the water system financial statements, the Water System Financial Outlook from 2025 to 2030 is good.

The following are the main conclusions of the wastewater system financial plan:

- The annual net cost to be recovered from wastewater customers is projected to increase from \$1.5 million in 2025 to approximately \$2.1 million by 2030;
- \$7.2 million in wastewater system debt is required over the forecast period, with \$1.1 million required to finance growth-related capital infrastructure;
- Net Wastewater Financial Assets are projected decrease from \$1.4 million net debt position in 2025 to a \$5.9 million net debt position in 2030. The net debt position indicates that financial resources will be required to fund future operations. The decrease in net financial assets is mainly due to an increase in long-term debt, and the reduction in financial assets.

- The Net Book Value (NBV) of the Town's wastewater system is projected to increase from approximately \$10.9 million in 2025 to approximately \$17.9 million by 2030. This increase in value is due mainly to the addition of new assets over the next six (6) years from the capital program forecast. These values represent on the whole approximately 79% of the asset's remaining service potential, with an overall system depreciation of approximately 21%;
- The Wastewater Accumulated Surplus is projected to increase from approximately \$9.4 million in 2025 to approximately \$12.0 million by 2030;
- The Wastewater Capital Replacement Reserve balance is projected to decrease from \$1.8 million in 2025 to \$1.1 million by 2030;
- The Wastewater Operating Reserve balance is projected to increase over the forecast period from \$0.2 million in 2025 to \$0.3 million in 2030;
- The Wastewater Development Charges Reserve Fund balance is projected to decrease over the forecast period from \$114 thousand in 2025 to approximately a negative \$20 thousand by 2030.

Based on the financial statements, the Wastewater System Financial Outlook from 2025 to 2030 is fair.

The following recommendation is made with respect to the Water System Financial Plan:

- The Water System Financial Plan, including the Financial Statements presented herein, should be approved for submission to the Ministry of Municipal Affairs and Housing (MMAH) in accordance with the Municipal Drinking Water License requirements and O. Reg 453/07.

APPENDICES

APPENDIX A

MEETING THE REQUIREMENTS OF O. REG. 453/07

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

O.Reg.453/07 Requirements			How Requirements are Being Met
1.	The financial plans must be approved by a resolution that is passed by,		
	i.	The council of the municipality, if the owner of the drinking water system is a municipality.	Council resolution will be required to approve the updated Water Financial Plan No. 094-301A
	ii.	The governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.	NA
2.	The financial plans must apply to a period of at least six years.		The Town's drinking water licence expires in 2025, therefore the updated Water Financial Plan No. 094-301A applies from 2025 to 2030 inclusive (6 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 licence would otherwise expire.	The first year of the updated Financial Plan No. 094-301A is 2025
	ii.	If the financial plans are required by a condition that was included in a municipal drinking water licence under subsection 1 (3), the first year to which the financial plans must apply must be the later of 2010 and the year in which the first licence for the system was issued.	NA
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	Refer to Table 4-1 Statement of Financial Position in Section 4 of the updated Water Financial Plan No. 094-301A
		b. Total liabilities	Refer to Table 4-1 Statement of Financial Position in Section 4 of the updated Water Financial Plan No. 094-301A
		c. Net debt	Refer to Table 4-1 Statement of Financial Position in Section 4 of the updated Water Financial Plan No. 094-301A
		d. Non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses,	Refer to Table 4-1 Statement of Financial Position in Section 4 of the updated Water Financial Plan No. 094-301A
		e. Changes in tangible capital assets that are additions, donations, write downs and disposals.	Refer to Table 4-1 Statement of Financial Position in Section 4 of the updated Water Financial Plan No. 094-301A
O.Reg.453/07 Requirements			How Requirements are Being Met
	ii.	Details of the proposed or projected financial operations of the drinking water system itemized by,	

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

		a. Total revenues, further itemized by water rates, user charges and other revenues.	Refer to Table 4-2 Statement of Operations in Section 4 of the updated Water Financial Plan No. 094-301A
		b. Total expenses, further itemized by amortization expenses, interest expenses and other expenses	Refer to Table 4-2 Statement of Operations in Section 4 of the updated Water Financial Plan No. 094-301A
		c. Annual surplus or deficit, and	Refer to Table 4-2 Statement of Operations in Section 4 of the updated Water Financial Plan No. 094-301A
		d. Accumulated surplus or deficit	Refer to Table 4-2 Statement of Operations in Section 4 of the updated Water Financial Plan No. 094-301A
	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, - done in full cost report	Refer to Table 4-3 Statement of Cash Flow in Section 4 of the updated Water Financial Plan No. 094-301A
		b. Capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,	Refer to Table 4-3 Statement of Cash Flow in Section 4 of the updated Water Financial Plan No. 094-301A
		c. Investing transactions that are acquisitions and disposal of investments,	Refer to Table 4-3 Statement of Cash Flow in Section 4 of the updated Water Financial Plan No. 094-301A
		d. Financing transactions that are proceeds from the issuance of debt and debt repayment.	Refer to Table 4-3 Statement of Cash Flow in Section 4 of the updated Water Financial Plan No. 094-301A
		e. Changes in cash and cash equivalents during the year,	Refer to Table 4-3 Statement of Cash Flow in Section 4 of the updated Water Financial Plan No. 094-301A
		f. Cash and cash equivalents at the beginning and end of the year.	Refer to Table 4-3 Statement of Cash Flow in Section 4 of the updated Water Financial Plan No. 094-301A
	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.	Refer to Section 3.6 of the updated Water Financial Plan No. 094-301A.
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,	Following approval by Council, the financial plan would be made available to the public at Town Hall (printed version) upon request at no 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,	Following approval by Council, the financial plan would be available to the public via the internet at no charge
O.Reg.453/07 Requirements			How Requirements are Being Met
	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.	Notice of the availability of the financial plan would be published via the Town's website.

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

6.	The owner of the drinking water system must give a copy of the financial plans to the Ministry of Municipal Affairs and Housing. O. Reg. 453/07, s. 3 (1).		The updated Water Financial Plan will be submitted following approval by Council.
		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).	The Water Financial Plan No. 094-301A was updated using available information at the time of preparation. Reasonable assumptions were made and these are noted in the plan.
	2.	Sub-subparagraphs 4 iii A, C, E and F of subsection (1). O. Reg. 453/07, s. 3 (2).	The Water Financial Plan No. 094-301A was updated using available information at the time of preparation. Reasonable assumptions were made and these are noted in the plan.

APPENDIX B

6-YEAR CAPITAL FORECAST (2025-2030)

APPENDIX B – WATER CAPITAL FORECAST

**South Bruce Peninsula
Combined Water Systems System
2025 - 2030 Capital Forecast**

Description	Forecast					
	2025	2026	2027	2028	2029	2030
-	-	-	-	-	-	-
Warton WTP Low-lift Pumps	50,000	50,000	50,000	-	-	-
Warton WTP Backwash Pumps	-	-	-	60,000	60,000	-
Warton WTP Back-up diesel generator replacement	100,000	-	-	-	-	-
Warton WTP On-line Chlorine Analyzer	10,000	-	-	-	-	-
Warton WTP High Lift Pumps	-	60,000	-	-	-	-
Warton WTP Gravity Sand Filtration System	-	-	90,000	-	-	-
Warton WDS Booster Station	8,000	-	-	-	-	-
Amabel-Sauble Turbidity Meter	-	6,000	-	-	-	-
Amabel-Sauble Chlorine Analyzers	-	6,600	-	-	-	-
Huron Woods High Lift Pumps	-	8,000	-	-	-	-
Warton WTP Control Unit Modernization	-	200,000	-	-	-	-
Water Meter Replacement	-	-	250,000	250,000	250,000	250,000
Amabel-Sauble SCADA Modernization	-	-	25,000	-	-	-
Huron Woods SCADA System Modernization	-	-	-	25,000	-	-
Oliphant SCADA System Modernization	-	-	-	-	25,000	-
Warton WTP HVAC # 1 Replacement	-	-	25,000	-	-	-
Infrastructure Projects	710,000	880,000	-	800,000	-	1,100,000
-	-	-	-	-	-	-
Total Capital Expenditures - Capital Program	878,000	1,210,600	440,000	1,135,000	335,000	1,350,000
<u>Capital Financing</u>						
Development Charges	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-
Growth Related Debenture Requirements	-	-	-	-	-	-
Combined Water Systems Capital Reserve	878,000	1,210,600	440,000	1,135,000	335,000	1,350,000
Total Capital Financing	878,000	1,210,600	440,000	1,135,000	335,000	1,350,000

APPENDIX B – WASTEWATER CAPITAL FORECAST

**South Bruce Peninsula
Wiarton Wastewater System
2025 - 2030 Capital Forecast**

Description	Forecast					
	2025	2026	2027	2028	2029	2030
-						
Wastewater - Sewage Pumping Station Pump	100,000	-	-	-	-	-
Manhole rehabilitation TBD	45,000	-	-	-	-	-
WWTP Communication Equipment	16,000	-	-	-	-	-
WWTP UV Disinfection System replacement	-	150,000	-	-	-	-
WWTP Control Unit Modernization	-	-	200,000	-	-	-
Lagoon Blower Replacement (three cells)	-	-	-	-	540,000	-
Gould Street incl Pengally	1,080,000	-	-	-	-	-
INF - Brown Street (Frank St to Elm St)	945,000	-	-	-	-	-
Division Street (Watson to Berford)	-	1,161,000	-	-	-	-
Berford St Reconstruction Ph 2 (George to Elm)	-	-	1,350,000	1,350,000	-	-
Downtown Infrastructure Renewal & Streetscaping Phase 2 (William, Bayvie)	-	-	-	81,000	1,620,000	-
Infrastructure Renewal (McNaughton - George to Jenny)	-	-	-	-	-	1,485,000
INF - Elm Street (Berford to Town Limit) Phase 2	-	-	-	-	-	-
Upgrade to Pump Station 2	300,000	-	-	-	-	-
Frank Street Extension (#720 to 20m east of #854)	-	750,000	-	-	-	-
Total Capital Expenditures	2,486,000	2,061,000	1,550,000	1,431,000	2,160,000	1,485,000
Capital Financing						
Development Charges	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	1,473,750	-	1,012,500	1,131,000	1,635,000	900,000
Growth Related Debenture Requirements	300,000	750,000	-	-	-	-
Wiarton Wastewater Capital Reserve	712,250	1,311,000	537,500	300,000	525,000	585,000
Total Capital Financing	2,486,000	2,061,000	1,550,000	1,431,000	2,160,000	1,485,000