



# Town of Pelham - Water and Wastewater Financial Plan - O.Reg. 453/07

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## Introduction – Water and Wastewater Financial Plan



### ***Review of Regulatory and Legislative Requirements***

The Town of Pelham, along with other Ontario municipalities that are responsible for the provision of drinking water, is required to meet the requirements set out in the Financial Plans Regulations O.Reg.453/07.

Although the regulation only requires a Water Financial Plan, a Wastewater Financial Plan has also been included to provide a more complete picture.

Ontario Reg. 453/07 provides the following parameters with regards to s.30 (1) part b of the Safe Drinking Water Act for municipal drinking water licence renewal:

- The financial plan must be approved by Council resolution (or governing body);
- The financial plan must include details regarding lead service pipe replacement;
- The financial plan must include a statement that the financial impacts have been considered and apply for a minimum six-year period commencing in the year in which the existing municipal drinking water licence expires;
- A copy of the financial plan must be submitted to the Ministry of Municipal Affairs and Housing;
- For each year to which the financial plans apply, the financial plans must include the following:
  - Details of the proposed or projected financial position of the drinking water system itemized by:
    - total financial assets;
    - total liabilities;
    - net debt;
    - non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses; and
    - changes in tangible capital assets that are additions, donations, write downs and disposals.
  - Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by:
    - operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges;
    - capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets;
    - investing transactions that are acquisitions and disposal of investments;
    - financing transactions that are proceeds from the issuance of debt and debt repayment;
    - changes in cash and cash equivalents during the year, and;
    - cash and cash equivalents at the beginning and end of the year.

- The financial plan must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e., the components of a “Statement of Operations” as per PSAB) for each year in which the financial plans apply.
- The financial plan is to be made available to the public upon request and at no charge.

### ***General Approach to Preparing the Town’s LRF***

The LRF identifies the key financial strategies that will influence the building of a sustainable long-term financial future and takes into account:

- Expected expenses and capital outlays for each year of the plan
- Expected revenues for each year
- Financial performance measures

### ***Required Statements***

There are three statements that must be completed, in accordance with the O. Reg. 453/07. These include:

#### **Statement of Operations**

The Statement of Operations summarizes the revenues and operating expenses for a given period.

#### **Statement of Cash Flows**

The Statement of Cash Flows reports on how activities were financed for a given period which provides a measure of the changes in cash for that period.

#### **Statement of Financial Position**

The Statement of Financial Position reports on whether enough revenue was generated in a period to cover the expenses in the period and whether sufficient resources have been generated to support current and future activities.

The categories of financial information have been developed to ensure:

- that they provide a sound picture of the financial position of a drinking water system
- that they are aligned with municipal financial statements prepared on a full accrual accounting basis
- consistent financial planning for municipal water services

The goal of the financial plan is to provide the Town with a realistic and informed view of the water and wastewater operating and capital expenditures needed over time to maintain the integrity and health of its physical infrastructure and to accommodate growth and new environmental standards. As such, a Long-Range Financial Plan (LRFP) creates a more purposeful approach to long-term financial management and helps align short term actions with long term financial strategies.



### ***Importance of a Long-Range Financial Plan***

A LRFP is a framework to guide the Town in future budget forecast recommendations.

### ***Guiding Principles***

- ✓ Ensures a reasonable degree of stability and predictability in the rate burden;
- ✓ Provide a fair sharing in the distribution of resources between current and future ratepayers;
- ✓ Ensure sustainable cash flows;
- ✓ Maximize financial flexibility;
- ✓ Minimize financial vulnerability during economic downturns.
- ✓ To protect and maintain the water and wastewater assets; and
- ✓ Maintain programs and services at their current level.

### *Principles of Financial Sustainability*

The Ministry of the Environment released a guideline (“Towards Financially Sustainable Drinking-Water and Wastewater Systems”) that provides possible approaches to achieving sustainability. The Province’s Principles of Financially Sustainable Water and Wastewater Services are provided below:

- **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.

The LRFP will be instrumental in the Town’s ability to meet the Provincial reporting requirements included in O.Reg. 453/07 for water and wastewater operations and has been developed in recognition of the above noted principles.



### ***The LRFP is Dynamic—Regular Updates Should Be Undertaken***

This document puts the Town’s water & wastewater financial condition in perspective, discusses the current challenges and risks and provides a sustainable financial forecast. The plan also provides a framework for guiding the annual budget and the financial planning over a longer horizon. The LRFP helps to understand the implications that today’s decisions have on future budgets. The LRFP has been prepared to meet the regulatory requirements. It does not represent a formal multi-year budget. The approval of the budget is undertaken annually.

Great effort has been made to present accurate financial projections, based upon the data available at this time. In accordance with the regulations, financial plans must be updated in conjunction with an application for licence renewal (i.e., every 5 years), however, there are many potential circumstances that could occur within the short to medium term that would affect the assumptions in the projections for operating and capital. Council priorities, planning policies, changes to service levels, consumption projections and infrastructure requirements, will certainly lead to changes and the LRFP should be adjusted to reflect these changes as they occur.

As a best practice, The Ministry of the Environment document entitled “Toward Financial Sustainability” suggests that Financial

Plans should be updated on an annual forward-looking basis. By doing so, continuous improvement will be fostered and results can be considered as part of the annual budget process.

It is well recognized that a Financial Plan is a **dynamic document** that should be updated and re-evaluated, on an **ongoing** basis to:

- ✓ Amend the assumptions, projections and strategies based on changes in the municipal environment
- ✓ Continue building awareness of the results of projections of current operating and capital spending and funding levels
- ✓ Assist the Town in determining the extent of its financial challenges
- ✓ Reconfirm the key financial goals and strategies that should guide future planning
- ✓ Spur the development of actions in future business plans that would respond to the long-term strategies



## Background Information Used to Prepare the Water and Wastewater Financial Plan



**Water Distribution System Overview**

The Town is responsible for distributing water to local consumers through its own network of distribution pipes. The system consists of approximately 82 kilometers of water mains. The water treatment plan is owned and operated by the Region of Niagara. The replacement cost of the Town’s water main assets is approximately \$28.2 million.

Water Assets Replacement Cost	
Asset Type	Cost (\$)
Water Main	\$ 28,233,286

Source: Pelham Asset Management Plan, June 30<sup>th</sup> 2022

**Sanitary Sewer System Overview**

The Town is responsible for the collecting wastewater discharged into its sanitary sewer system and transferring the wastewater to the Niagara Region’s sanitary sewer system. The Town’s sanitary sewer system contains approximately 66 kilometers of municipal mains. The replacement cost for the Wastewater assets is approximately \$49.5 million.

Wastewater Assets Replacement Cost	
Asset Type	Cost (\$)
Gravity Main	\$ 37,218,768
Force Main	\$ 274,525
Manhole	\$ 11,952,000
<b>Total</b>	<b>\$ 49,445,293</b>

Source: Pelham Asset Management Plan, June 30<sup>th</sup> 2022

### ***Sources of Data to Prepare Long Range Financial Plan***

- ***Reserves***—Water/WW Lifecycle Reserve projected opening balance 2023 which took into consideration any commitments from previous years.
- ***Operating Budget***—The Town provided the 2023 Operating Budgets for Water and Wastewater which were used extensively and forecast assumptions were included for the remainder of the forecast period.
- ***Capital Budget***—The proposed six-year Capital Budget included sources of financing. Sources in funding from future development charges for growth related capital, rates through contributions from reserves and the issuance of some debt.
- ***Financial Information Return***—The Town’s 2022 FIR was used in the preparation of the O. Regs with respect to amortization information.
- ***Consumption***—Consumption trends for Niagara Region were provided by the Town to determine an appropriate assumption with respect to rate setting.
- ***Customer Accounts and Meters by Size***—The Town provided customer account information by meter size.
- ***Historical Rates***—A review was undertaken of the historical rates to gain perspective into the strategies that have been deployed to support financial sustainability.
- ***Debt Schedules***—There is no existing debt with respect to rate recovery.
- ***Asset Management Plan*** —Town of Pelham’s prepared report dated June 30<sup>th</sup> 2022.
- ***Legislative Requirements***—A review of Provincial requirements governing water and wastewater operations.

### Historical Rates

- From 2018-2023 the Town increased their water and wastewater rates annually to support financial sustainability to ensure that funds are available for the timely replacement of assets. The following table reflects the rates over the past six years:

		2018	2019	2020	2021	2022	2023
<b>Water</b>							
Total Fixed Water Charge		\$ 22.96	\$ 24.68	\$ 26.53	\$ 28.51	\$ 30.65	\$ 32.64
Water Usage Charge (Volumetric) per m3		\$ 1.328	\$ 1.427	\$ 1.530	\$ 1.649	\$ 1.773	\$ 1.888
Water Charge based on Meter Size Bi-Monthly	5/8"	\$ 22.96	\$ 24.68	\$ 26.53	\$ 28.51	\$ 30.65	\$ 32.64
	1"	\$ 45.91	\$ 49.35	\$ 53.04	\$ 57.00	\$ 61.28	\$ 65.26
	1.4"	\$ 64.28	\$ 69.10	\$ 74.27	\$ 79.81	\$ 85.80	\$ 91.37
	2"	\$ 91.81	\$ 98.70	\$ 106.08	\$ 113.99	\$ 122.54	\$ 130.50
	3"	\$ 229.56	\$ 246.77	\$ 265.22	\$ 285.01	\$ 306.39	\$ 326.30
	4"	\$ 382.72	\$ 411.42	\$ 442.18	\$ 475.17	\$ 510.81	\$ 544.01
	6"	\$ 765.22	\$ 822.61	\$ 884.12	\$ 950.08	\$ 1,021.34	\$ 1,087.72
	8"	\$ 1,224.67	\$ 1,316.52	\$ 1,414.96	\$ 1,580.53	\$ 1,634.57	\$ 1,740.82
Volumetric Rate Change		0.0%	7.5%	7.2%	7.8%	7.5%	6.5%
Fixed Rate Change		3.0%	7.5%	7.5%	7.5%	7.5%	6.5%

		2018	2019	2020	2021	2022	2023
<b>Wastewater</b>							
Total Fixed Wastewater Charge		\$ 27.13	\$ 29.71	\$ 32.53	\$ 35.62	\$ 38.29	\$ 41.93
Wastewater Usage Charge (Volumetric) per m3		\$ 0.912	\$ 0.999	\$ 1.090	\$ 1.198	\$ 1.288	\$ 1.410
Wastewater Charge based on Meter Size Bi-Monthly	5/8"	\$ 27.13	\$ 29.71	\$ 32.53	\$ 35.62	\$ 38.29	\$ 41.93
	1"	\$ 54.26	\$ 59.40	\$ 65.05	\$ 71.23	\$ 76.57	\$ 83.85
	1.4"	\$ 75.07	\$ 83.18	\$ 91.08	\$ 99.74	\$ 107.22	\$ 117.41
	2"	\$ 108.53	\$ 118.80	\$ 130.09	\$ 142.46	\$ 153.14	\$ 167.69
	3"	\$ 271.33	\$ 297.04	\$ 325.25	\$ 356.19	\$ 382.90	\$ 419.28
	4"	\$ 452.26	\$ 495.22	\$ 542.27	\$ 593.85	\$ 638.39	\$ 699.04
	6"	\$ 904.25	\$ 990.16	\$ 1,084.23	\$ 1,187.36	\$ 1,276.41	\$ 1,397.67
	8"	\$ 1,446.85	\$ 1,584.67	\$ 1,735.22	\$ 1,900.28	\$ 2,042.80	\$ 2,236.87
Volumetric Rate Change		0.0%	9.6%	9.1%	9.9%	7.5%	9.5%
Fixed Rate Change		3.0%	9.5%	9.5%	9.5%	7.5%	9.5%

**Cost of Service and Ratepayer Affordability**

- An analysis of the 2023 water and wastewater rates in Pelham was undertaken against Niagara municipalities.
- As shown in the table to the right, the customer cost of water/ww services in Pelham is approximately 23% lower than the peer average for a residential customer that consumes 200 m<sup>3</sup> per year. In Pelham, a customer pays \$1,107 annually compared with the Niagara average of \$1,358.
- For non-residential customers, the cost of service in Pelham ranges from 17% to 18% lower than the peer average of Niagara Municipalities. Note that Wainfleet is excluded as there is no service. Grimsby is excluded from the analysis as it only charges water on rates (sewer is charged on the tax levy).
- Differences in rates are impacted by the overall age of the system, the condition of the infrastructure, the complexity of the system and the strategies used to address infrastructure gaps.
- It should be noted that larger municipalities such as Niagara Falls typically have more ICI customers that generate additional revenues than smaller municipalities. With much of the costs fixed, this helps reduce the overall water and wastewater rates in these communities.

Volume Meter Size	Residential	Commercial	Industrial	Industrial	Industrial
	200 m3 5/8"	10,000 m3 2"	30,000 m3 3"	100,000 m3 4"	500,000 m3 6"
Niagara Falls	\$ 1,128	\$ 32,252	\$ 92,684	\$ 296,682	\$1,442,403
St. Catharines	\$ 1,143	\$ 39,478	\$ 119,295	\$ 389,150	\$1,927,375
Niagara-on-the-Lake	\$ 1,250	\$ 31,296	\$ 95,455	\$ 303,178	\$1,483,451
Lincoln	\$ 1,286	\$ 54,477	\$ 161,527	\$ 534,802	\$2,666,183
Thorold	\$ 1,310	\$ 38,305	\$ 113,805	\$ 378,055	\$1,888,055
West Lincoln	\$ 1,316	\$ 40,434	\$ 116,468	\$ 371,106	\$1,810,211
Welland	\$ 1,469	\$ 52,786	\$ 159,369	\$ 521,277	\$2,584,870
Fort Erie	\$ 1,623	\$ 42,594	\$ 129,665	\$ 413,661	\$2,028,191
Port Colborne	\$ 1,695	\$ 36,310	\$ 111,569	\$ 345,874	\$1,673,111
<b>Niagara Avg</b>	<b>\$ 1,358</b>	<b>\$ 40,881</b>	<b>\$ 122,204</b>	<b>\$ 394,865</b>	<b>\$1,944,872</b>
<b>Niagara Med.</b>	<b>\$ 1,310</b>	<b>\$ 39,478</b>	<b>\$ 116,468</b>	<b>\$ 378,055</b>	<b>\$1,888,055</b>
Pelham	\$ 1,107	\$ 34,769	\$ 103,413	\$ 337,258	\$1,663,912
Niagara Ranking	lowest	3 <sup>rd</sup> lowest	3 <sup>rd</sup> lowest	3 <sup>rd</sup> lowest	3 <sup>rd</sup> lowest
% Below Niagara Avg	23%	18%	18%	17%	17%

Source: 2023 Rate by-laws, 2023 Household Income Manifold Data Mining

### *Residential Water/WW Cost of Service*

- As shown in the table, the residential customer cost of water is approximately at the Niagara Region average. However, the cost of wastewater services in Pelham is 32% lower than the peer average for a residential customer that consumes 200 m<sup>3</sup> per year.

Residential 200 m3 Annual 5/8"			
	Water	Wastewater	Total Costs
Lincoln	\$ 618	\$ 668	\$ 1,286
Welland	\$ 619	\$ 850	\$ 1,469
St. Catharines	\$ 482	\$ 660	\$ 1,143
Thorold	\$ 528	\$ 783	\$ 1,310
West Lincoln	\$ 509	\$ 807	\$ 1,316
Niagara Falls	\$ 527	\$ 601	\$ 1,128
Fort Erie	\$ 620	\$ 1,003	\$ 1,623
Niagara-on-the-Lake	\$ 611	\$ 638	\$ 1,250
Port Colborne	\$ 693	\$ 1,002	\$ 1,695
<b>Average</b>	<b>\$ 578</b>	<b>\$ 779</b>	<b>\$ 1,358</b>
<b>Median</b>	<b>\$ 611</b>	<b>\$ 783</b>	<b>\$ 1,310</b>
Pelham	\$ 573	\$ 534	\$ 1,107
% Below	-1%	-32%	-18%

Source: 2023 rate by-laws, 2023 household income Manifold Data Mining

### Ratepayer Affordability

- Ratepayer affordability has also been taken into consideration. This compares the cost of water/ww services in relation to household income.
- As shown in the table, using this affordability metric, Pelham is the lowest in the survey of peer municipal comparators reflecting greater affordability.
- Pelham’s average household income is \$146,977, highest in the Niagara survey. Residential water/ww costs are the lowest in the survey resulting in the lowest cost per income.
- For example, the water/ww costs as a percentage of income in Pelham is 0.8% compared with the survey average of 1.3%.
- There are a number of sources which are used in the industry to establish a benchmark upon which affordability is measured. The most common approach is water/wastewater costs as a percentage of average income. The threshold value, which is expressed as a percent, is applied to a measure of income to determine the point at which the cost of water/wastewater becomes unaffordable.
- There is no one benchmark percentage established in the industry. Depending on the source used, the range typically is from 1.5%-3.0% of household income, beyond which, affordability is questionable.

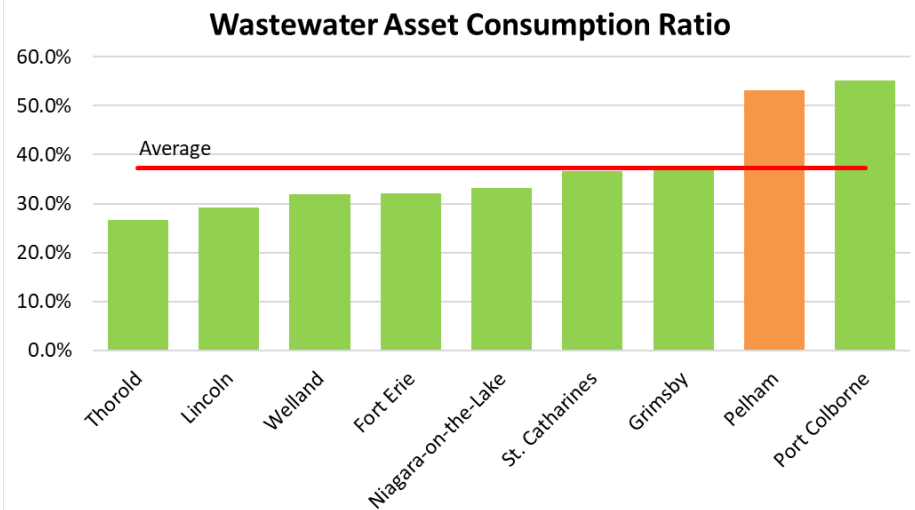
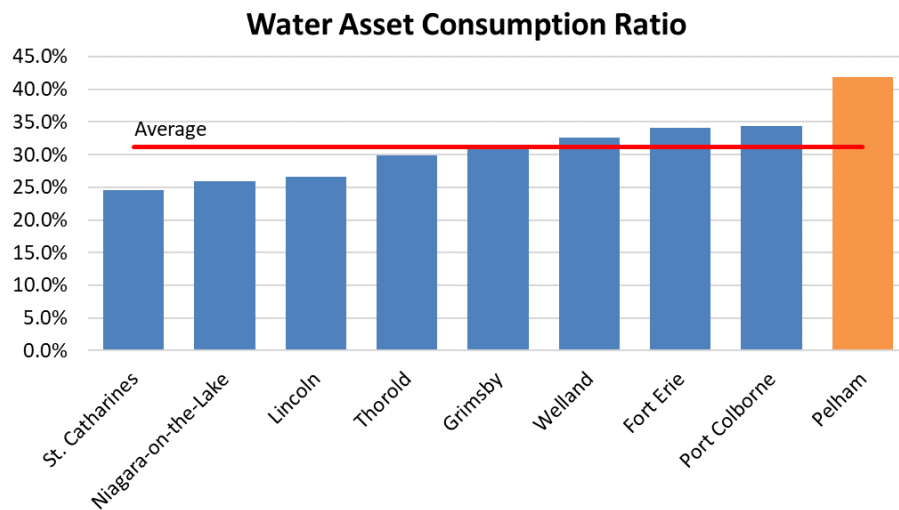
Municipality	2023 Est. Avg. Household Income	2023 Residential Water/WW Costs 200 m3	Affordability Metric
Niagara-on-the-Lake	\$ 136,478	\$ 1,250	0.9%
Lincoln	\$ 130,528	\$ 1,286	1.0%
West Lincoln	\$ 132,780	\$ 1,316	1.0%
Niagara Falls	\$ 94,567	\$ 1,128	1.2%
St. Catharines	\$ 93,330	\$ 1,143	1.2%
Thorold	\$ 99,506	\$ 1,310	1.3%
Welland	\$ 87,690	\$ 1,469	1.7%
Fort Erie	\$ 94,404	\$ 1,623	1.7%
Port Colborne	\$ 91,302	\$ 1,695	1.9%
<b>Niagara Avg</b>	\$ 106,732	\$ 1,358	1.3%
<b>Niagara Med.</b>	\$ 94,567	\$ 1,310	1.2%
Pelham	\$ 146,977	\$ 1,107	0.8%

Source: 2023 rate by-laws, 2023 household income Manifold Data Mining



### Asset Consumption Ratio

- This indicator provides an estimate of the useful life left in the municipality’s capital assets.
- Municipalities are facing significant infrastructure challenges. Therefore, it is important to keep informed of the age and condition of its capital assets to ensure they are making timely and appropriate investments.
- This is calculated using Schedule 51 of the Financial Information Return.
- As shown in the graph of water and wastewater asset consumption, Pelham has the highest ratio in water and the second highest in wastewater, reflecting that more of the asset have been amortized. Generally, this reflects a greater need to have funds set aside in the capital reserve for future replacement.





### ***Rate Structure - Goals and Objectives***

The following provides a set of goals and objectives that were considered in developing the rate structure:

- ✓ ***Affordability***—The rate structure should incorporate policies that support affordable water and wastewater services for all customers while at the same time ensuring that the full cost of service is being recovered. Further, the allocation of costs to different customer groups must be rationalized.
- ✓ ***Revenue Stability and Rate Predictability***—The rate structure should provide for a steady and predictable stream of revenues such that the Town is capable of meeting its current financial requirements. To the extent possible, cash flows should be matched with expenditures. Any rate setting practice employed by the Town will consider the impact on revenue stability and take the appropriate actions to maintain/improve revenue stability.
- ✓ ***Fairness and Equity***—The rate structure should ensure that customers are contributing equitably towards revenue requirements. Equity should be based on the user pay principle.
- ✓ ***Conservation***—The rate structure should encourage the efficient and justifiable uses of water as well as assist in managing system demand. Programs that promote efficient water usage may reduce operating costs and capital investment needs over time. The less water consumed and hence less sewage generated will result in deferral of plant expansions, thereby avoiding capital expenditures for all customers.
- ✓ ***Practical (Simple to Understand and Update)*** - The rate structure should support principles of fairness and equity but at the same time it should be simple to understand, rational and easy to update and administer.
- ✓ ***Economic Development*** - The rate structure should align with other economic development initiatives and should consider the competitive positioning of commercial and industrial properties in Pelham and the Town's ability to attract new business to the community.

**Rate Structure Options—Fixed Vs. Volumetric**

- As stated by the Canadian Waterworks Association (CWWA), at the heart of the methodology for setting water rates is the concept of a two-part rate structure; a volumetric charge and a fixed charge.
- Municipalities must determine whether to separately charge a fixed cost to its customers and to determine the types of costs that are to be recovered from a monthly charge. These decisions are made, as well, based on the overall objectives of the municipality.
- The extent to which the amount recovered from a fixed monthly fee varies considerably across Ontario based on underlying goals and principles.
- For example, a high allocation to the fixed charge is generally not practical since it results in a volumetric charge that is too low relative to the fixed charge. This is not recommended if water efficiency is an important objective in rate setting. While a high allocation of capital costs to volume will promote water efficiency, there is increased revenue risk brought about by the increased reliance on the volumetric charge to recover fixed costs.
- Consistent with the approach in Pelham, approximately 90% of 110+ Ontario municipalities surveyed have a fixed and volumetric rate structure.

2023	Water	WW	Water %	WW %	Total %
Fixed	\$ 1,197,725	\$ 1,385,149	33.8%	46.5%	39.6%
Volumetric	\$ 2,346,711	\$ 1,591,309	66.2%	53.5%	60.4%
Total	\$ 3,544,436	\$ 2,976,458	100.0%	100.0%	100.0%

- As shown in the table, approximately 34% of the water costs are recovered from the fixed monthly charge and 46.5% of the wastewater costs are recovered from the fixed monthly charge. Given that much of the costs are relatively fixed, particularly related to the Region’s costs, maintaining a mid to high-cost recovery from the fixed monthly fee to support revenue stability is appropriate.
- Any reduction in the fixed allocation would increase revenue instability and any increase in the fixed allocation would increase the cost of service to low volume customers.
- The approach in Niagara municipalities varies considerably in terms of recovering costs from fixed versus volumetric with Pelham’s approach close to the Niagara average.
- A comparison was made using a typical residential customer that consumes 200 m<sup>3</sup> annually. Across the Niagara municipalities, the allocation of costs to be recovered from fixed ranges from a low of 17% in Lincoln to a high of 83% in Port Colborne with the average at 45%. On a typical residential customer consuming 200m<sup>3</sup> annually, the amount of the bill that is fixed is 40% in the Town of Pelham.

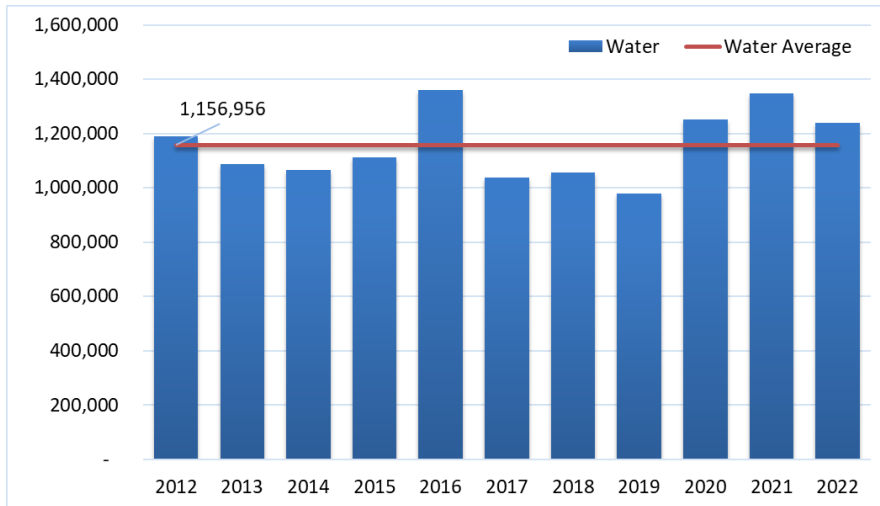
### ***Rate Structure Options—Volumetric Rates***

There are a number of different rate structures used by municipalities. The following summarizes the most common types of rate structures:

- Declining (Regressive) Block Rate Structure - In a declining block rate structure, the unit price of water decreases as the volume consumed increases. This structure charges low volume users the highest rate, which is often residential consumers. Declining rate structures are the second most common type of rate structure. This is used primarily in municipalities with large industries.
- Inclining (Progressive) Rate Structure - The main objective of an increasing block structure is to encourage conservation. The rates in an inclining (progressive) rate structure increase as consumption increases by establishing thresholds or blocks at which the rate would change. For inclining block rate structures, the block (quantity) shift points are generally based upon the unique demand characteristics of each user class and are focused on user demand points to enhance water usage awareness. Customer awareness, combined with price incentives, are critical elements in modifying consumption behavior.
- Humpback Rate Structure - A humpback rate structure uses a combination of increasing and decreasing block rates: rates first increase, then decrease in steps as consumption increases. This approach targets high volume users, and then provides lower cost for very high-volume users.
- Uniform Rate Structure - The most common rate structure is the uniform rate for water and wastewater services. A uniform rate structure means that the price per unit remains constant despite consumption and despite the class of user. The cost is calculated by dividing the total cost of the service by the total volume used by customers.
  - This is the approach used in the Town of Pelham and all other Niagara municipalities.
- The recommended approach in setting the rates is to maintain the same rate proportion of fixed and volumetric charges. The existing allocation continues to support affordability objectives and with approximately 39.6% (combined water/ww) from the fixed monthly charges, there is an adequate level of revenue stability.

### Consumption Trends

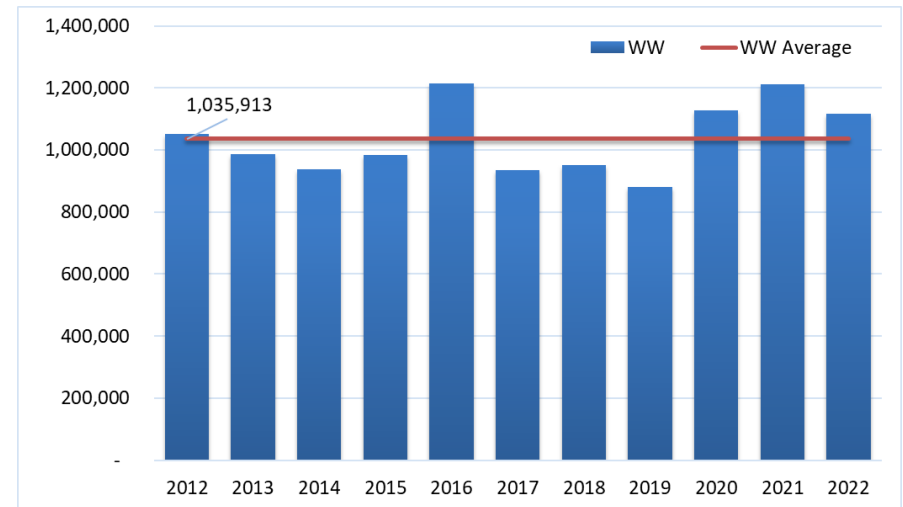
The following summarizes the key findings and observations:



- There is considerable variability in the historic use of water. Over the past ten years, the average annual consumption is approximately 1.15 million m<sup>3</sup>.
- The approach in setting fees was to review the trend and average to determine an appropriate base upon which rate calculations will be made.
- The calculation of fees includes a small increase related to future growth (1%) increase in consumption.

- It should be noted that the wastewater billable consumption is lower than the water as there are less customers that also have wastewater services. As such, this has been taken into consideration in establishing the rates.

- The following provides the WW Consumption trends:



- WW consumption is on average approximately 90% of the water consumed.

**Number of Customers**

The following summarizes the number of customer accounts for water and wastewater services.

	2022	2023	2024	2025	2026	2027	2028	2029
<b>Water Accounts</b>								
New Accounts		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
5/8"	5,239	5,291	5,344	5,398	5,452	5,506	5,561	5,617
1"	40	40	40	40	40	40	40	40
1.4"	30	30	30	30	30	30	30	30
2"	34	34	34	34	34	34	34	34
3"	3	3	3	3	3	3	3	3
4"	1	1	1	1	1	1	1	1
6"	3	3	3	3	3	3	3	3
8"	3	3	3	3	3	3	3	3
<b>Total</b>	<b>5,353</b>	<b>5,405</b>	<b>5,458</b>	<b>5,512</b>	<b>5,566</b>	<b>5,620</b>	<b>5,675</b>	<b>5,731</b>

	2022	2023	2024	2025	2026	2027	2028	2029
<b>Wastewater Accounts</b>								
New Accounts		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
5/8"	4,818	4,866	4,915	4,964	5,014	5,064	5,114	5,166
1"	31	31	31	31	31	31	31	31
1.4"	23	23	23	23	23	23	23	23
2"	27	27	27	27	27	27	27	27
3"	2	2	2	2	2	2	2	2
4"	1	1	1	1	1	1	1	1
6"	3	3	3	3	3	3	3	3
8"	3	3	3	3	3	3	3	3
<b>Total</b>	<b>4,908</b>	<b>4,956</b>	<b>5,005</b>	<b>5,054</b>	<b>5,104</b>	<b>5,154</b>	<b>5,204</b>	<b>5,256</b>

### *Water Revenue and Expenditure Analysis*

The following summarizes the actual revenues and expenditures from 2019-2022 as well as the budget for 2023.

Water	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget
Salaries and Benefits	\$ 976,106	\$ 996,136	\$ 1,084,388	\$ 1,201,512	\$ 1,000,484
Region	\$ 908,243	\$ 1,123,681	\$ 1,230,081	\$ 1,229,132	\$ 1,346,334
Contribution to Reserves	\$ 237,151	\$ 594,979	\$ 515,529	\$ 465,701	\$ 898,174
Other	\$ 455,341	\$ 451,504	\$ 526,469	\$ 571,756	\$ 518,094
<b>Total Expenditures</b>	<b>\$ 2,576,841</b>	<b>\$ 3,166,300</b>	<b>\$ 3,356,467</b>	<b>\$ 3,468,101</b>	<b>\$ 3,763,086</b>
<b>% Change</b>		22.9%	6.0%	3.3%	8.5%
Salaries and Benefits	37.9%	31.5%	32.3%	34.6%	26.6%
Region	35.2%	35.5%	36.6%	35.4%	35.8%
Contribution to Reserves	9.2%	18.8%	15.4%	13.4%	23.9%
Other	17.7%	14.3%	15.7%	16.5%	13.8%
<b>Total Expenditures</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

As shown above, the Region's budgeted water cost to Pelham has in fact increased over the past five years.

### *Wastewater Revenue and Expenditure Analysis*

The following summarizes the actual revenues and expenditures from 2019-2022 as well as the budget for 2023.

WW	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget
Salaries and Benefits	\$ 229,882	\$ 238,594	\$ 266,130	\$ 297,714	\$ 658,641
Region	\$ 1,310,535	\$ 1,477,496	\$ 1,400,588	\$ 1,683,600	\$ 1,962,319
Contribution to Reserves	\$ 346,670	\$ 583,332	\$ 860,699	\$ 702,315	\$ 343,128
Other	\$ 26,862	\$ 10,658	\$ 11,864	\$ 47,335	\$ 32,369
<b>Total Expenditures</b>	<b>\$ 1,913,949</b>	<b>\$ 2,310,080</b>	<b>\$ 2,539,281</b>	<b>\$ 2,730,964</b>	<b>\$ 2,996,457</b>
<b>% Change</b>		<b>20.70%</b>	<b>9.92%</b>	<b>7.55%</b>	<b>9.72%</b>
Salaries and Benefits	12.0%	10.3%	10.5%	10.9%	22.0%
Region	68.5%	64.0%	55.2%	61.6%	65.5%
Contribution to Reserves	18.1%	25.3%	33.9%	25.7%	11.5%
Other	1.4%	0.5%	0.5%	1.7%	1.1%
<b>Total Expenditures</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The Region's cost comprises approximately 62%-69% of the total cost annually. This is by far the largest driving factor in rate setting for Pelham.

## Forecast Assumptions Water and Wastewater Financial Plan





### *Reserves and Revenue Stability Strategies*

A Reserve is a financial provision or amount that is designated for a future purpose that extends beyond the current fiscal year. While its balance may vary over the course of a year, the Reserve is carried forward from one fiscal year to the next to facilitate multi-year financial planning. Reserves can be established to meet specific liabilities such as the replacement/acquisition of capital assets or to protect against known risks or unforeseen circumstances that may create financial difficulties.

The purpose for maintaining reserves includes:

- ✓ To provide for rate stabilization;
- ✓ To provide financing for one-time or short-term requirements;
- ✓ To make provisions for replacements/renewals/acquisitions of assets/infrastructure that are currently being consumed;
- ✓ To avoid spikes in funding requirements for large capital projects by reducing their reliance on long-term debt borrowings;
- ✓ To provide a source of internal financing;
- ✓ To ensure adequate and sustainable cash flows; and
- ✓ To provide **financial sustainability**

The following principles were used in preparing the Financial Plan:

#### *Reserve and Revenue Stability Strategies*

- *The Town will maintain all infrastructure in a state of good repair by implementing life cycle costing and providing adequate annual contributions to the replacement reserves to fund the future rehabilitation/replacement of assets.*
- *The Town will target setting aside a contribution to the Water and Wastewater Reserve based on average annual capital spending requirements and in consideration of the annual amortization expense.*



### *Debt Financing Strategies*

Debt management may be defined as the process of providing for the payment of interest and principal payments on existing debt and the planning for new debt issuance at a level which will optimize borrowing cost and not impair the financial position of the municipality.

The prudent use of debt is acknowledged as a fundamental component to well developed and credible financial management and supports financial discipline and stability.

Adherence to a debt management plan signals to credit rating agencies and capital markets that the municipality is well managed and should meet its obligations.

Increasing levels of debt that are growing faster than tax revenues will also put pressure on other programs and future capital priorities and reduce the amount of discretionary spending in the operating budget.

To mitigate these concerns, municipalities need to strike a balance with debt. Too little debt can severely restrict the funds available for financing infrastructure, while too much debt is fiscally unsustainable over the long-term.

Hence, municipalities need to ensure that:

- Future debt service payments can be made in full and on time, without jeopardizing the provision of essential services;
- Outstanding debt obligations will not threaten long-term financial stability of the municipality; and
- The amount of outstanding debt will not place undue burden on residents and businesses.

The Province regulates the amount of debt by setting a repayment limit of 25% of own source revenue. If the Town were to reach that limit, future operating budgets would be severely constrained or revenues would have to increase significantly.

The following principle was used in preparing the Financial Plan:

#### *Debt Financing Strategies*

- *Principal and interest for water and wastewater rate supported debt on a consolidated basis will not to exceed 25% of own source revenues with an optimal target of 10%-15%. This maintains sufficient financial flexibility.*

## Summary of Financial Environment and Assumptions Water and Wastewater Financial Plan



### ***Summary of Financial Environment and Assumptions***

The following summarizes the key challenges, risks and opportunities to long-term financial sustainability which have been addressed as part of the Financial Plan:

- ***Employee Benefits Increase***—9% annually.
- ***Regional, Utilities, Insurance Expenditure Increases***—5% annually for both water and wastewater.
- ***Rates***—Water rates increases of 6.5% annually from 2024-2025 and 5% thereafter and wastewater increases of 9.5% annually from 2024-2029.
- ***Other Revenues***— 3% annually.
- ***Sources of Financing***—Capital Reserves were used as the primary source of financing as defined in the Town’s Capital Budget document.
- ***Debt Issuance Interest Rates***—Debt has been issued in Wastewater operations where there was insufficient funding from Reserves for the replacement of assets. The debt has been issued over a period of 15 years at a term of 3.4%.
- ***Service Standards***—Water and wastewater programs are maintained at their current service levels.
- ***Capital Requirements***—The total capital replacement budget from 2024-2029 is as follows:
  - Water—\$7.3 million from rates and \$3 million in grants
  - Wastewater—\$5.1 million
- The total capital growth-related budget from 2024-2029 is as follows:
  - Water—\$3.2 million
  - Wastewater—\$6.5 million
- ***Regulatory and Legislative Environment***—Municipalities across Ontario have consistently identified legislative and regulatory changes and requirements as a major factor driving the cost of service over the past 10 years and will continue to be a factor well into the future. Statutes and associated regulations that dictate service levels include:
  - Municipal Act;
  - Clean Water Act;
  - Water Opportunities Act;
  - Ontario Water Resources Act;
  - Safe Drinking Water Act (SDWA);
  - Federal Regs for effluent quality under the Fisheries Act
  - Sustainable Water and Sewage Systems Act; and
  - PSAB 3150, Tangible Capital Assets Reporting

## Forecast

# Water and Wastewater Financial Plan



### *Summary of Water Operating Budget Forecast*

The following is a projection of the Water Operating Budget over the next six years. The projection builds in a gradual increase in the transfer to the Water Capital Reserve to support financial sustainability.

Water	2023 Budget	2024	2025	2026	2027	2028	2029
<b>Revenues</b>							
Consumption Charges	\$ 2,346,711	\$ 2,560,418	\$ 2,773,478	\$ 2,961,117	\$ 3,160,586	\$ 3,372,598	\$ 3,597,911
Flat Rate Charges	\$ 1,197,725	\$ 1,241,162	\$ 1,333,709	\$ 1,412,984	\$ 1,496,984	\$ 1,585,992	\$ 1,680,307
Other Revenues	\$ 218,650	\$ 225,210	\$ 231,966	\$ 238,925	\$ 246,093	\$ 253,475	\$ 261,080
<b>Total Revenues</b>	<b>\$ 3,763,086</b>	<b>\$ 4,026,790</b>	<b>\$ 4,339,153</b>	<b>\$ 4,613,025</b>	<b>\$ 4,903,662</b>	<b>\$ 5,212,065</b>	<b>\$ 5,539,297</b>
<b>EXPENSES</b>							
Salaries	\$ 761,905	\$ 784,762	\$ 808,305	\$ 832,554	\$ 857,531	\$ 883,257	\$ 909,754
Benefits	\$ 238,579	\$ 260,051	\$ 283,456	\$ 308,967	\$ 336,774	\$ 367,083	\$ 400,121
Materials and Supplies	\$ 300,673	\$ 309,693	\$ 318,984	\$ 328,554	\$ 338,410	\$ 348,562	\$ 359,019
Utilities	\$ 8,700	\$ 9,135	\$ 9,592	\$ 10,071	\$ 10,575	\$ 11,104	\$ 11,659
Insurance	\$ 28,621	\$ 30,052	\$ 31,555	\$ 33,132	\$ 34,789	\$ 36,528	\$ 38,355
Contract Services	\$ 180,100	\$ 185,503	\$ 191,068	\$ 196,800	\$ 202,704	\$ 208,785	\$ 215,049
Niagara Region Volumetric Costs	\$ 1,346,334	\$ 1,436,806	\$ 1,508,646	\$ 1,584,078	\$ 1,663,282	\$ 1,746,446	\$ 1,833,769
Transfer to Water Capital Reserve	\$ 898,174	\$ 1,010,788	\$ 1,187,548	\$ 1,318,869	\$ 1,459,597	\$ 1,610,299	\$ 1,771,571
Debt Charges - Principal Existing & Pending		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Charges - Interest Existing & Pending		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Charges - Principal New		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Charges - Interest New		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Expenses</b>	<b>\$ 3,763,086</b>	<b>\$ 4,026,790</b>	<b>\$ 4,339,153</b>	<b>\$ 4,613,025</b>	<b>\$ 4,903,662</b>	<b>\$ 5,212,065</b>	<b>\$ 5,539,297</b>
<b>NET Spending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Rate Revenue Requirements % Change	4.9%	7.3%	8.0%	6.5%	6.5%	6.5%	6.4%

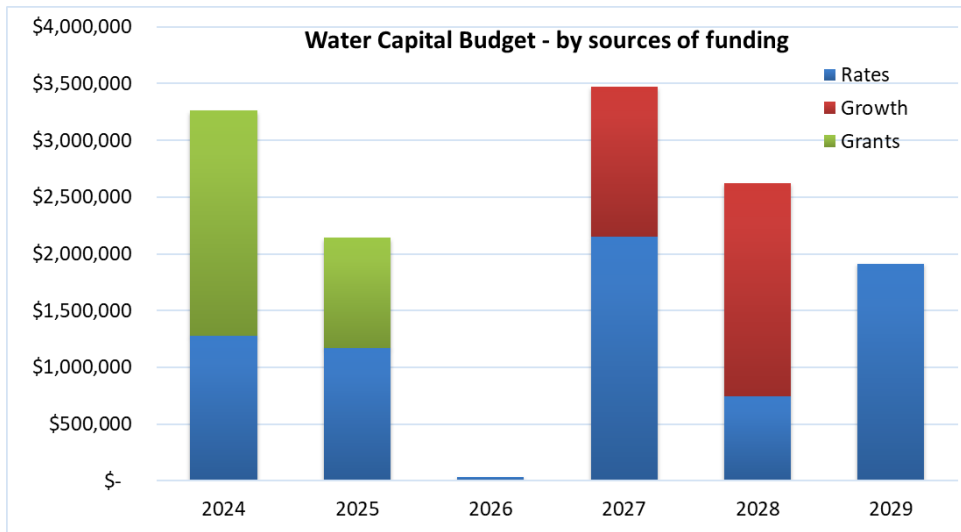
### *Summary of Wastewater Operating Budget Forecast*

The following table reflects the wastewater operating budget forecast over the next six years. There is a need to gradually increase reserve contributions while at the same time maintaining ratepayer affordability.

Wastewater	2023 Budget	2024	2025	2026	2027	2028	2029
<b>Revenues</b>							
Consumption Charges	\$ 1,591,309	\$ 1,772,799	\$ 1,978,031	\$ 2,206,258	\$ 2,459,996	\$ 2,742,033	\$ 3,055,455
Flat Rate Charges	\$ 1,385,149	\$ 1,500,208	\$ 1,657,554	\$ 1,831,418	\$ 2,023,536	\$ 2,235,827	\$ 2,470,410
Other Revenues	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881
<b>Total Revenues</b>	<b>\$ 2,996,458</b>	<b>\$ 3,293,607</b>	<b>\$ 3,656,803</b>	<b>\$ 4,059,530</b>	<b>\$ 4,506,042</b>	<b>\$ 5,001,045</b>	<b>\$ 5,549,746</b>
<b>EXPENSES</b>							
Salaries	\$ 507,307	\$ 522,526	\$ 538,202	\$ 554,348	\$ 570,978	\$ 588,108	\$ 605,751
Benefits	\$ 151,334	\$ 164,954	\$ 179,800	\$ 195,982	\$ 213,620	\$ 232,846	\$ 253,802
Materials and Supplies	\$ 7,000	\$ 7,210	\$ 7,426	\$ 7,649	\$ 7,879	\$ 8,115	\$ 8,358
Utilities	\$ 4,200	\$ 4,410	\$ 4,631	\$ 4,862	\$ 5,105	\$ 5,360	\$ 5,628
Insurance	\$ 3,169	\$ 3,327	\$ 3,494	\$ 3,669	\$ 3,852	\$ 4,045	\$ 4,247
Contract Services	\$ 18,000	\$ 18,540	\$ 19,096	\$ 19,669	\$ 20,259	\$ 20,867	\$ 21,493
Niagara Region Volumetric Costs	\$ 1,962,319	\$ 2,065,000	\$ 2,168,250	\$ 2,276,663	\$ 2,390,496	\$ 2,510,020	\$ 2,635,521
Transfer to WW Capital Reserve	\$ 343,128	\$ 507,639	\$ 563,487	\$ 694,958	\$ 992,122	\$ 1,329,953	\$ 1,713,214
Debt Charges - Principal Existing & Pending		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Charges - Interest Existing & Pending		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Charges - Principal New		\$ -	\$ 104,417	\$ 186,281	\$ 192,614	\$ 199,163	\$ 205,935
Debt Charges - Interest New		\$ -	\$ 68,000	\$ 115,450	\$ 109,116	\$ 102,567	\$ 95,796
<b>Total Expenses</b>	<b>\$ 2,996,457</b>	<b>\$ 3,293,607</b>	<b>\$ 3,656,803</b>	<b>\$ 4,059,530</b>	<b>\$ 4,506,042</b>	<b>\$ 5,001,045</b>	<b>\$ 5,549,746</b>
<b>NET Spending</b>	<b>\$ (1)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Rate Revenue Requirements % Change	9.7%	10.0%	11.1%	11.1%	11.0%	11.0%	11.0%

### Summary of Water Capital Budget Forecast

The following table summarizes the Capital Budget forecast for the next six years and the associated funding source.

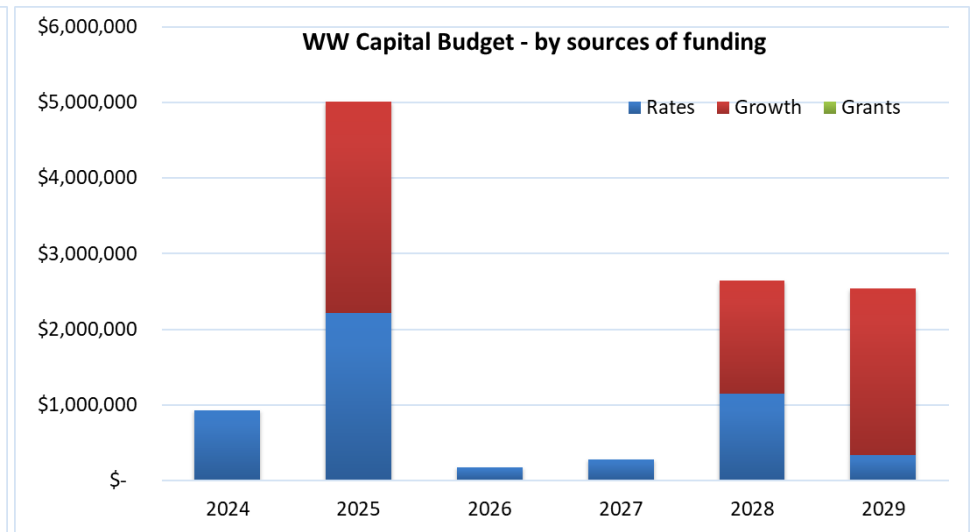


The six-year capital plan, from 2024-2029 includes:

- \$13.5 million is forecast in capital requirements to be funded as follows:
  - \$7.3 from capital reserves
  - \$3.2 million from development charges
  - \$3.0 million from grants (provincial and federal)

### Summary of Wastewater Capital Budget Forecast

The following table summarizes the Capital Budget forecast for the next six years and the associated funding source.



The six-year capital plan, from 2024-2029 includes:

- \$11.6 million is forecast in capital requirements to be funded as follows:
  - \$5.1 from rates (debt issuance of \$3.5 million in 2024-2025 and the remainder from capital reserves)
  - \$6.5 million from development charges



*Summary of Water Capital Budget Forecast*

The following summarizes the Town’s Capital Budget.

Project Name	2024	2025	2026	2027	2028	2029	Total 6 Years
700367 - Construction: Watermain Replacement - Daleview, Strathcona, Moote, Pinecrest	\$ 2,700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,700,000
700272 - WTR 01-23 Quaker Rd: Pelham St to Line Ave, Watermain Replacement	\$ 560,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560,000
700290 - Canboro: Haist St to Pelham St Watermain Replacement	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
700297 - Water Loading Station Replacement - Canboro Road and Effingham	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000
700298 - Water System Repair Equipment	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
700355 - Design: Welland: Canboro Rd to E of Balfour, Watermain Replacement	\$ -	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000
700303 - Water System Repair Equipment	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
700282 - Merritt: Pelham St to Line Ave, Watermain Replacement	\$ -	\$ -	\$ -	\$ 211,245	\$ -	\$ -	\$ 211,245
700283 - Merritt Road Watermain replacement	\$ -	\$ -	\$ -	\$ 1,320,455	\$ -	\$ -	\$ 1,320,455
700285 - Construction: Pancake: Pelham St to Haist St, Watermain Replacement	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
700301 - Haist Court: Haist St to limit, Watermain Replacement	\$ -	\$ -	\$ -	\$ 58,500	\$ -	\$ -	\$ 58,500
700304 - Water System Repair Equipment	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
700305 - Watermain Replacement - cast iron replacement program	\$ -	\$ -	\$ -	\$ 350,000	\$ -	\$ -	\$ 350,000
700288 - Water Loading Station Addition - South/West Area Fenwick	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
700291 - Emmett Street: Pelham St to Station St, Watermain Replacement	\$ -	\$ -	\$ -	\$ -	\$ 193,500	\$ -	\$ 193,500
700296 - Station Street Extension, Watermain Construction	\$ -	\$ -	\$ -	\$ -	\$ 450,000	\$ -	\$ 450,000
700306 - Chestnut Ridge Water Pressure Pump Replacement	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ 20,000
700307 - Water System Repair Equipment	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ 30,000
700308 - Watermain Replacement - cast iron replacement program	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ 400,000
700363 - Clare Ave watermain upgrade	\$ -	\$ -	\$ -	\$ -	\$ 714,000	\$ -	\$ 714,000
700370 - Line Ave watermain upgrade	\$ -	\$ -	\$ -	\$ -	\$ 714,000	\$ -	\$ 714,000
700280 - Lorimer Street: Hurricane to South Limit, Watermain Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,750	\$ 171,750
700299 - Damude Dr: Haist St to Terrace Heights Crt, Watermain Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,500	\$ 175,500
700300 - Donahugh Drive: Pelham St to Terrace Heights Crt, Watermain Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,000	\$ 135,000
700309 - Water System Repair Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000
700310 - Watermain Replacement - cast iron replacement program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 400,000
700368 - Water Meter Replacement Project - Phase 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
<b>Total</b>	<b>\$ 3,260,000</b>	<b>\$ 2,145,000</b>	<b>\$ 30,000</b>	<b>\$ 3,470,200</b>	<b>\$ 2,621,500</b>	<b>\$ 1,912,250</b>	<b>\$ 13,438,950</b>

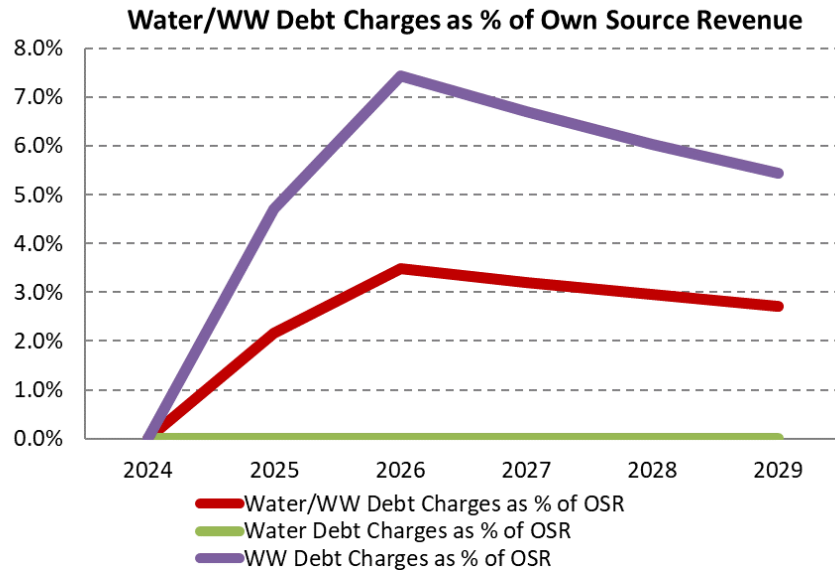
### *Summary of Wastewater Capital Budget Forecast*

The following summarizes the Town's Capital Budget.

Project Name	2024	2025	2026	2027	2028	2029	Total 6 Years
700203 - Sanitary Sewer Inspection, CCTV and Flushing Program	\$ 115,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,000
700204 - Sanitary Sewer Capital Construction Adjustments and Repairs	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,000
700357 - WST 06-23 Quaker Road Sanitary Replacement	\$ 525,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525,000
700375 - CLI ECA Operations Manual	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
700207 - Sanitary Sewer Inspection, CCTV and Flushing Program	\$ -	\$ 115,000	\$ -	\$ -	\$ -	\$ -	\$ 115,000
700208 - Sanitary Sewer Capital Construction Adjustments and Repairs	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000
700209 - Sanitary Sewers Model Development Update	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
700358 - Foss Road Sanitary Upgrades	\$ -	\$ 4,827,523	\$ -	\$ -	\$ -	\$ -	\$ 4,827,523
700213 - Sanitary Sewer Inspection, CCTV and Flushing Program	\$ -	\$ -	\$ 115,000	\$ -	\$ -	\$ -	\$ 115,000
700214 - Sanitary Sewer Capital Construction Adjustments and Repairs	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000
700193 - Foss Road Regional Forcemain Project - Culvert Replacements	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000
700217 - Sanitary Sewer Inspection, CCTV and Flushing Program	\$ -	\$ -	\$ -	\$ 115,000	\$ -	\$ -	\$ 115,000
700218 - Sanitary Sewer Capital Construction Adjustments and Repairs	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ 60,000
700197 - Ker Crescent outlet- upgrade existing	\$ -	\$ -	\$ -	\$ -	\$ 740,000	\$ -	\$ 740,000
700221 - Sanitary Sewer Inspection, CCTV and Flushing Program	\$ -	\$ -	\$ -	\$ -	\$ 115,000	\$ -	\$ 115,000
700222 - Sanitary Sewer Capital Construction Adjustments and Repairs	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ 60,000
700360 - Station Street sani upgrade (Port Robinson to Hwy 20)	\$ -	\$ -	\$ -	\$ -	\$ 1,728,000	\$ -	\$ 1,728,000
700188 - Merritt Road Sewer Main	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
700196 - Concord upgrade existing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 370,000	\$ 370,000
700225 - Sanitary Sewer Inspection, CCTV and Flushing Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,000	\$ 115,000
700226 - Sanitary Sewer Capital Construction Adjustments and Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
<b>Total</b>	<b>\$ 930,000</b>	<b>\$ 5,012,523</b>	<b>\$ 175,000</b>	<b>\$ 275,000</b>	<b>\$ 2,643,000</b>	<b>\$ 2,545,000</b>	<b>\$ 11,580,523</b>

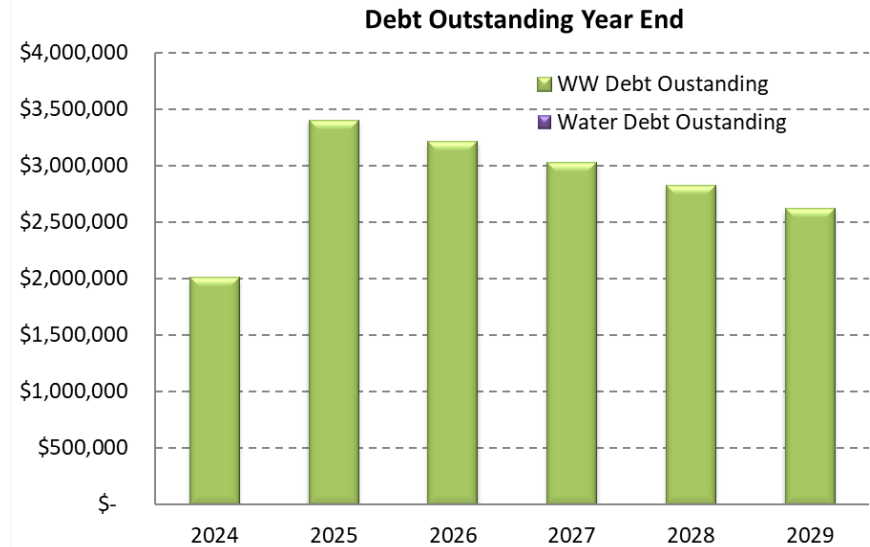
### Debt Forecast

The following graph provides a summary of the debt charges as a percentage of own source revenues and the total debt outstanding for water and wastewater over the next six years.



Debt charges as a percentage own source revenues increase over the forecast as new debt is forecast to be issued over the next six years. Water/WW debt charge ratio remains at or below 10% over the forecast period, in accordance with the debt strategy.

By 2029, the combined water/ww debt outstanding is \$2.6 million



**Rate Forecast**

		2024	2025	2026	2027	2028	2029
<b>Water</b>							
Total Fixed Water Charge		\$ 34.76	\$ 37.02	\$ 38.87	\$ 40.82	\$ 42.86	\$ 45.00
Water Usage Charge (Volumetric) per m3		\$ 2.011	\$ 2.141	\$ 2.248	\$ 2.361	\$ 2.479	\$ 2.603
Water Charge based on Meter Size Bi-Monthly	5/8"	\$ 34.76	\$ 37.02	\$ 38.87	\$ 40.82	\$ 42.86	\$ 45.00
	1"	\$ 69.50	\$ 74.02	\$ 77.72	\$ 81.61	\$ 85.69	\$ 89.97
	1.4"	\$ 97.31	\$ 103.63	\$ 108.82	\$ 114.26	\$ 119.97	\$ 125.97
	2"	\$ 138.98	\$ 148.02	\$ 155.42	\$ 163.19	\$ 171.35	\$ 179.91
	3"	\$ 347.51	\$ 370.10	\$ 388.60	\$ 408.03	\$ 428.43	\$ 449.86
	4"	\$ 579.37	\$ 617.03	\$ 647.88	\$ 680.28	\$ 714.29	\$ 750.00
	6"	\$ 1,158.42	\$ 1,233.72	\$ 1,295.41	\$ 1,360.18	\$ 1,428.18	\$ 1,499.59
	8"	\$ 1,853.97	\$ 1,974.48	\$ 2,073.21	\$ 2,176.87	\$ 2,285.71	\$ 2,399.99
Volumetric Rate Change		6.5%	6.5%	5.0%	5.0%	5.0%	5.0%
Fixed Rate Change		6.5%	6.5%	5.0%	5.0%	5.0%	5.0%

		2024	2025	2026	2027	2028	2029
<b>Wastewater</b>							
Total Fixed Wastewater Charge		\$ 45.91	\$ 50.28	\$ 55.05	\$ 60.28	\$ 66.01	\$ 72.28
Wastewater Usage Charge (Volumetric) per m3		\$ 1.544	\$ 1.691	\$ 1.851	\$ 2.027	\$ 2.220	\$ 2.431
Wastewater Charge based on Meter Size Bi-Monthly	5/8"	\$ 45.91	\$ 50.28	\$ 55.05	\$ 60.28	\$ 66.01	\$ 72.28
	1"	\$ 91.80	\$ 100.52	\$ 110.07	\$ 120.53	\$ 131.98	\$ 144.51
	1.4"	\$ 128.53	\$ 140.74	\$ 154.11	\$ 168.75	\$ 184.78	\$ 202.33
	2"	\$ 183.57	\$ 201.01	\$ 220.10	\$ 241.01	\$ 263.91	\$ 288.98
	3"	\$ 458.99	\$ 502.60	\$ 550.34	\$ 602.63	\$ 659.88	\$ 722.56
	4"	\$ 765.24	\$ 837.93	\$ 917.54	\$ 1,004.70	\$ 1,100.15	\$ 1,204.67
	6"	\$ 1,530.05	\$ 1,675.41	\$ 1,834.57	\$ 2,008.85	\$ 2,199.69	\$ 2,408.67
	8"	\$ 2,448.74	\$ 2,681.37	\$ 2,936.10	\$ 3,215.03	\$ 3,520.46	\$ 3,854.90
Volumetric Rate Change		9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Fixed Rate Change		9.5%	9.5%	9.5%	9.5%	9.5%	9.5%

**Projected Water and Wastewater Rates' Residential Impact**

Based on the assumptions in terms of the rate revenue requirement, consumption and growth, the following provides a summary of the forecast rates over the forecast period for a residential customer consuming 200 m<sup>3</sup> annually.

<b>200 m<sup>3</sup> residential impact - 5/8"</b>											
	Water		WW			Cost of service					
Year	Fixed Bi-Monthly	Volumetric	Fixed Bi-Monthly	Volumetric		Water	WW	Total	Blended Percentage Increase from Prior Year	Blended \$ Increase from Prior Year	
2023	\$ 32.64	\$ 1.888	\$ 41.93	\$ 1.410		\$ 573	\$ 534	\$ 1,107			
2024	\$ 34.76	\$ 2.011	\$ 45.91	\$ 1.544		\$ 611	\$ 584	\$ 1,195	7.9%	\$ 88	
2025	\$ 37.02	\$ 2.141	\$ 50.28	\$ 1.691		\$ 650	\$ 640	\$ 1,290	8.0%	\$ 95	
2026	\$ 38.87	\$ 2.248	\$ 55.05	\$ 1.851		\$ 683	\$ 701	\$ 1,383	7.2%	\$ 93	
2027	\$ 40.82	\$ 2.361	\$ 60.28	\$ 2.027		\$ 717	\$ 767	\$ 1,484	7.3%	\$ 101	
2028	\$ 42.86	\$ 2.479	\$ 66.01	\$ 2.220		\$ 753	\$ 840	\$ 1,593	7.3%	\$ 109	
2029	\$ 45.00	\$ 2.603	\$ 72.28	\$ 2.431		\$ 791	\$ 920	\$ 1,710	7.4%	\$ 117	

On a blended average annual basis, the cost of water/ww service for a typical customer is approximately 7.4% over the forecast period.

## Reporting Requirements

O.Reg. 453/07



**Water Financial Plan—O.Reg. 453/07**

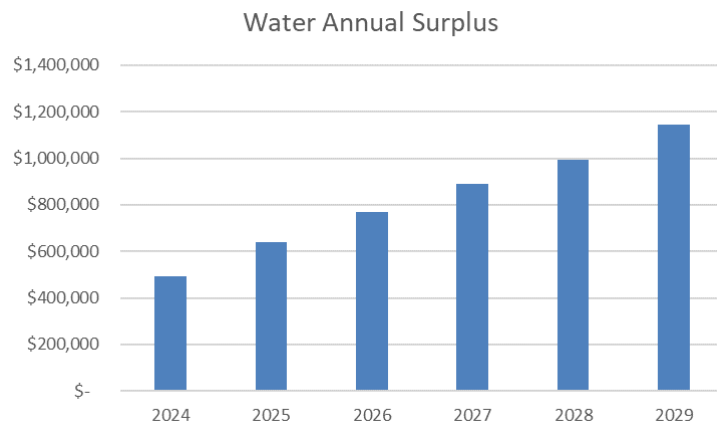
The Financial Plan has been prepared in accordance with the regulation (O.Reg. 453/07) made under the Safe Drinking Water Act. The Financial Plan regulation requires that the plans be updated every five years along with the request for the renewal of the drinking water licence. This ongoing update will assist in revisiting the assumptions made to develop the operating and funding plans as well as reassessing the needs for capital renewal and major maintenance expenses.

**Statement of Financial Operations**

- This statement summarizes the revenues and expenditures. The expenditures include ongoing operating costs plus asset amortization. This statement indicates that the system and its asset base are projected to be maintained with funds being available each year for future capital renewal or major maintenance. As shown in the statement of financial operations and in the graph below, the Town is generating excess revenues over expenses including amortization for water, from 2024 to 2029.

**Cash Receipts or Gross Cash Payments (Cash Flows)**

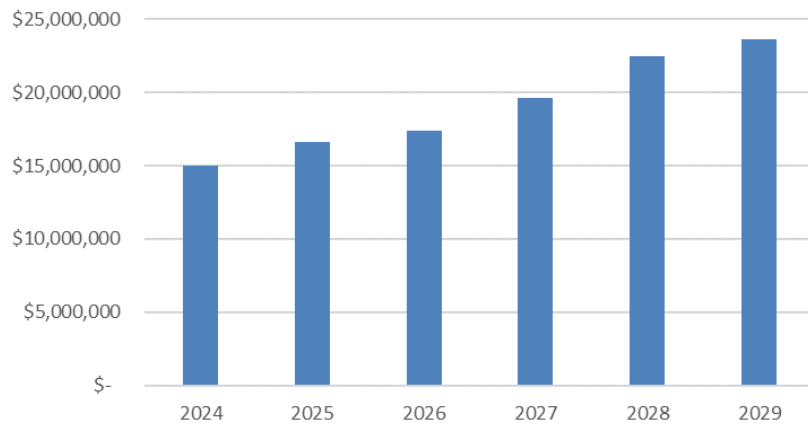
- The cash flow statement summarizes how the water system is expected to generate and utilize cash resources. The transactions that generate and use cash include the projection of cash to be received from revenues, cash to be used for operating expenditures and financing charges, cash projected to be used to acquire capital assets and projected financial transactions that are the proceeds from debt or debt principal repayment. Cash balances are positive throughout the forecast period, as reflected in the Financial Statements.



**Accumulated Surplus**

- Another financial indicator that is reflected in the financial position statement is the accumulated surplus. This indicator represents cash on hand plus the net book value of tangible capital assets less debt. The accumulated surplus is forecast to increase from 2024 to 2029, as shown below and in the Statement of Financial Position.

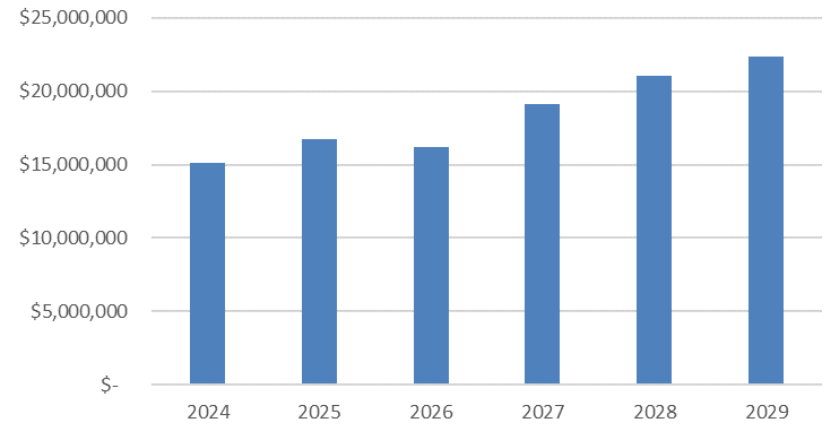
Water Accumulated Surplus



**Tangible Capital Assets (Net Book Value)**

- Water systems have a great deal of resources tied up in tangible capital assets and managing these assets is critical to maintaining current and future levels of service. An increase in net book value of tangible capital assets is an indication that assets have been renewed faster than they were used. A decrease in net book value indicates that assets are being used, or amortized, faster than they are renewed. The net book value is projected to increase for water, from \$15.1 million in 2024 to \$22.3 million in 2029.

Water Net Book Value





**Statement of Financial Operations—Water**

		Projected					
		2024	2025	2026	2027	2028	2029
<b>Revenues</b>							
	Rate and Fixed Revenues	\$ 3,801,581	\$ 4,107,187	\$ 4,374,101	\$ 4,657,570	\$ 4,958,590	\$ 5,278,218
	Other revenues	\$ 225,210	\$ 231,966	\$ 238,925	\$ 246,093	\$ 253,475	\$ 261,080
	Interest Earnings	\$ 3,005	\$ -	\$ -	\$ 23,890	\$ 10,565	\$ 28,112
<b>Total revenues</b>		<b>\$ 4,029,795</b>	<b>\$ 4,339,153</b>	<b>\$ 4,613,025</b>	<b>\$ 4,927,552</b>	<b>\$ 5,222,630</b>	<b>\$ 5,567,409</b>
<b>Operating Expenses</b>							
	Salaries and Benefits	\$ 1,044,813	\$ 1,091,761	\$ 1,141,521	\$ 1,194,305	\$ 1,250,340	\$ 1,309,875
	Materials and Supplies	\$ 318,828	\$ 328,576	\$ 338,625	\$ 348,985	\$ 359,666	\$ 370,678
	Insurance	\$ 30,052	\$ 31,555	\$ 33,132	\$ 34,789	\$ 36,528	\$ 38,355
	Contract Services	\$ 185,503	\$ 191,068	\$ 196,800	\$ 202,704	\$ 208,785	\$ 215,049
	Niagara Region Volumetric Costs	\$ 1,436,806	\$ 1,508,646	\$ 1,584,078	\$ 1,663,282	\$ 1,746,446	\$ 1,833,769
<b>Total Operating expenses</b>		<b>\$ 3,016,002</b>	<b>\$ 3,151,605</b>	<b>\$ 3,294,157</b>	<b>\$ 3,444,065</b>	<b>\$ 3,601,766</b>	<b>\$ 3,767,726</b>
<b>Debt Charges</b>							
	Debt Charges - Interest Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Amortization Expense</b>							
	Amortization of tangible capital assets	\$ 518,637	\$ 547,237	\$ 547,637	\$ 593,906	\$ 628,859	\$ 654,356
<b>Total Expenses</b>		<b>\$ 3,534,639</b>	<b>\$ 3,698,842</b>	<b>\$ 3,841,793</b>	<b>\$ 4,037,971</b>	<b>\$ 4,230,626</b>	<b>\$ 4,422,082</b>
<b>Annual Surplus/Deficit</b>		<b>\$ 495,156</b>	<b>\$ 640,311</b>	<b>\$ 771,232</b>	<b>\$ 889,581</b>	<b>\$ 992,004</b>	<b>\$ 1,145,327</b>

**Statement of Cash Flow/Cash Receipts—Water**

	Projected					
	2024	2025	2026	2027	2028	2029
<b>Total Revenues</b>	\$ 4,029,795	\$ 4,339,153	\$ 4,613,025	\$ 4,927,552	\$ 5,222,630	\$ 5,567,409
<b>Cash Paid For</b>						
Operating Costs	\$ 3,016,002	\$ 3,151,605	\$ 3,294,157	\$ 3,444,065	\$ 3,601,766	\$ 3,767,726
Debt Repayment - Debt Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cash Provided from Operating Transactions</b>	\$ 1,013,793	\$ 1,187,548	\$ 1,318,869	\$ 1,483,487	\$ 1,620,864	\$ 1,799,683
<b>Capital Transactions</b>						
Acquisition of TCA	\$ 3,260,000	\$ 2,145,000	\$ 30,000	\$ 3,470,200	\$ 2,621,500	\$ 1,912,250
<b>Finance Transactions</b>						
Proceeds from Grants and Subsidies	\$ 1,980,000	\$ 979,046	\$ -	\$ -	\$ -	\$ -
Proceeds from Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from DCs	\$ -	\$ -	\$ -	\$ 1,320,455	\$ 1,878,000	\$ -
Debt Principal Repayment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Increase/(Decrease) in Cash Equivalents</b>	\$ (266,207)	\$ 21,594	\$ 1,288,869	\$ (666,258)	\$ 877,364	\$ (112,567)
<b>Cash and Cash Equivalents at Beginning Balance</b>	\$ 150,231	\$ (115,977)	\$ (94,383)	\$ 1,194,486	\$ 528,228	\$ 1,405,592
<b>Cash and Cash Equivalents at Ending Balance</b>	\$ (115,977)	\$ (94,383)	\$ 1,194,486	\$ 528,228	\$ 1,405,592	\$ 1,293,025

**Statement of Financial Position—Water**

	Projected					
	2024	2025	2026	2027	2028	2029
<b>Financial Assets</b>						
Cash	\$ (115,977)	\$ (94,383)	\$ 1,194,486	\$ 528,228	\$ 1,405,592	\$ 1,293,025
<b>Liabilities</b>						
Debt - Principal Outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Financial Assets</b>	\$ (115,977)	\$ (94,383)	\$ 1,194,486	\$ 528,228	\$ 1,405,592	\$ 1,293,025
<b>Non-Financial Assets</b>						
Tangible Capital Assets	\$ 22,125,788	\$ 25,385,788	\$ 27,530,788	\$ 27,560,788	\$ 31,030,988	\$ 33,652,488
Additions to Tangible Capital Assets	\$ 3,260,000	\$ 2,145,000	\$ 30,000	\$ 3,470,200	\$ 2,621,500	\$ 1,912,250
Accumulated Amortization	\$ 10,247,990	\$ 10,795,226	\$ 11,342,863	\$ 11,936,769	\$ 12,565,628	\$ 13,219,984
<b>Total Non-Financial Assets</b>	\$ 15,137,798	\$ 16,735,562	\$ 16,217,925	\$ 19,094,219	\$ 21,086,860	\$ 22,344,754
Accumulated Surplus	\$ 15,021,822	\$ 16,641,179	\$ 17,412,411	\$ 19,622,447	\$ 22,492,451	\$ 23,637,778
Cash as a % of Non-Financial Assets	-0.8%	-0.6%	7.4%	2.8%	6.7%	5.8%
Debt as a % of Non-Financial Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

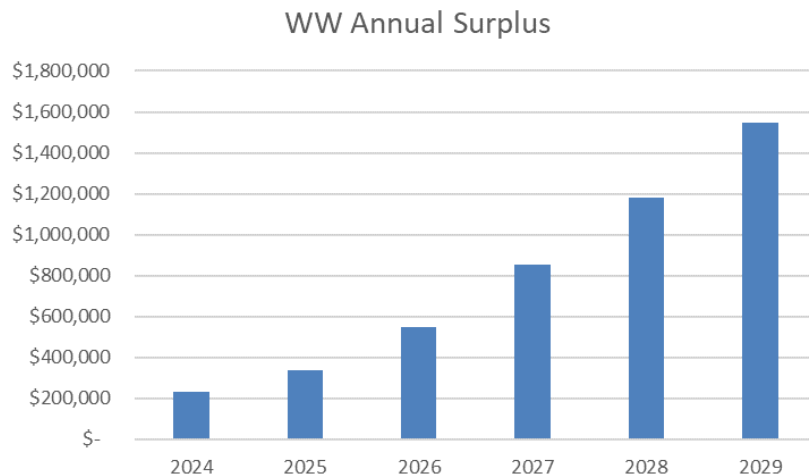
**Wastewater Financial Plan—O.Reg. 453/07**

**Statement of Financial Operations**

- This statement summarizes the revenues and expenditures. The expenditures include ongoing operating costs plus asset amortization. This statement indicates that the system and its asset base are projected to be maintained with funds being available each year for future capital renewal or major maintenance. As shown in the statement of financial operations and in the graph below, the Town is generating excess revenues commencing in 2024.

**Cash Receipts or Gross Cash Payments (Cash Flows)**

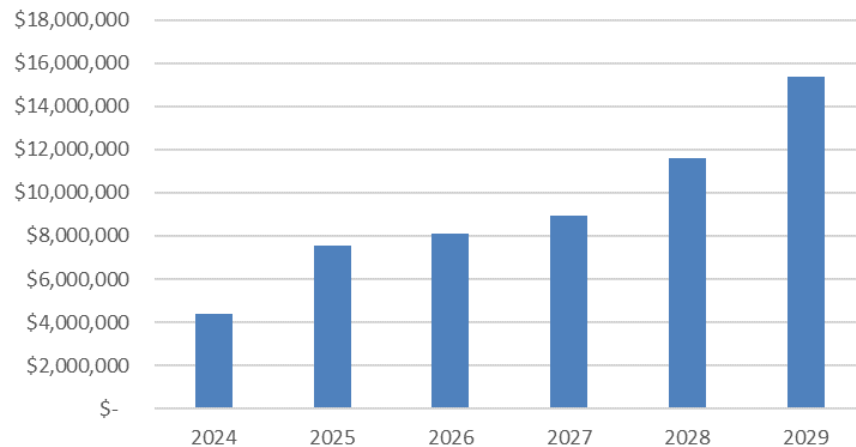
- The cash flow statement summarizes how the water system is expected to generate and utilize cash resources. The transactions that generate and use cash include the projection of cash to be received from revenues, cash to be used for operating expenditures and financing charges, cash projected to be used to acquire capital assets and projected financial transactions that are the proceeds from debt or debt principal repayment.



**Accumulated Surplus**

- Another financial indicator that is reflected in the financial position statement is the accumulated surplus. This indicator represents cash on hand plus the net book value of tangible capital assets less debt. The accumulated surplus is forecast is shown below and in the Statement of Financial Position.

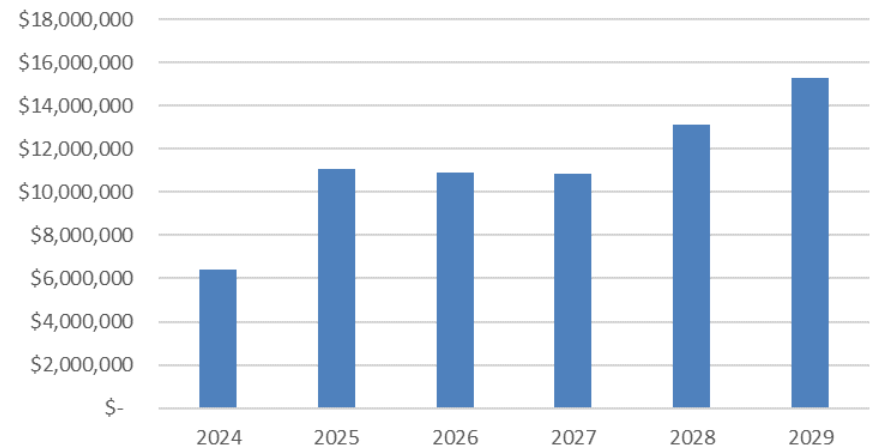
WW Accumulated Surplus



**Tangible Capital Assets (Net Book Value)**

- Wastewater systems have a great deal of resources tied up in tangible capital assets and managing these assets is critical to maintaining current and future levels of service. An increase in net book value of tangible capital assets is an indication that assets have been renewed faster than they were used. A decrease in net book value indicates that assets are being used, or amortized, faster than they are renewed. The net book value is projected to increase for wastewater, from \$6.4 million in 2024 to \$15.3 million in 2029.

WW Net Book Value



**Statement of Financial Operations—Wastewater**

		Projected					
		2024	2025	2026	2027	2028	2029
<b>Revenues</b>							
	Rate and Fixed Revenues	\$ 3,273,007	\$ 3,635,585	\$ 4,037,675	\$ 4,483,532	\$ 4,977,859	\$ 5,525,865
	Other revenues	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881
	Interest Earnings	\$ -	\$ -	\$ -	\$ 7,383	\$ 21,873	\$ 25,910
<b>Total revenues</b>		<b>\$ 3,293,607</b>	<b>\$ 3,656,803</b>	<b>\$ 4,059,530</b>	<b>\$ 4,513,425</b>	<b>\$ 5,022,918</b>	<b>\$ 5,575,656</b>
<b>Operating Expenses</b>							
	Salaries and Benefits	\$ 687,480	\$ 718,002	\$ 750,330	\$ 784,599	\$ 820,954	\$ 859,553
	Materials and Supplies	\$ 11,620	\$ 12,057	\$ 12,511	\$ 12,984	\$ 13,475	\$ 13,987
	Insurance	\$ 3,327	\$ 3,494	\$ 3,669	\$ 3,852	\$ 4,045	\$ 4,247
	Contract Services	\$ 18,540	\$ 19,096	\$ 19,669	\$ 20,259	\$ 20,867	\$ 21,493
	Niagara Region Volumetric Costs	\$ 2,065,000	\$ 2,168,250	\$ 2,276,663	\$ 2,390,496	\$ 2,510,020	\$ 2,635,521
<b>Total Operating expenses</b>		<b>\$ 2,785,968</b>	<b>\$ 2,920,899</b>	<b>\$ 3,062,841</b>	<b>\$ 3,212,189</b>	<b>\$ 3,369,361</b>	<b>\$ 3,534,801</b>
<b>Debt Charges</b>							
	Debt Charges - Interest Expenses	\$ -	\$ 68,000	\$ 115,450	\$ 109,116	\$ 102,567	\$ 95,796
<b>Amortization Expense</b>							
	Amortization of tangible capital assets	\$ 272,667	\$ 331,638	\$ 333,697	\$ 336,932	\$ 368,026	\$ 397,967
<b>Total Expenses</b>		<b>\$ 3,058,635</b>	<b>\$ 3,320,537</b>	<b>\$ 3,511,988</b>	<b>\$ 3,658,238</b>	<b>\$ 3,839,955</b>	<b>\$ 4,028,565</b>
<b>Annual Surplus/Deficit</b>		<b>\$ 234,972</b>	<b>\$ 336,266</b>	<b>\$ 547,542</b>	<b>\$ 855,188</b>	<b>\$ 1,182,964</b>	<b>\$ 1,547,092</b>

**Statement of Cash Flow/Cash Receipts—Wastewater**

	Projected					
	2024	2025	2026	2027	2028	2029
<b>Total Revenues</b>	\$ 3,293,607	\$ 3,656,803	\$ 4,059,530	\$ 4,513,425	\$ 5,022,918	\$ 5,575,656
<b>Cash Paid For</b>						
Operating Costs	\$ 2,785,968	\$ 2,920,899	\$ 3,062,841	\$ 3,212,189	\$ 3,369,361	\$ 3,534,801
Debt Repayment - Debt Interest	\$ -	\$ 68,000	\$ 115,450	\$ 109,116	\$ 102,567	\$ 95,796
<b>Cash Provided from Operating Transactions</b>	\$ 507,639	\$ 667,904	\$ 881,239	\$ 1,192,120	\$ 1,550,990	\$ 1,945,059
<b>Capital Transactions</b>						
Acquisition of TCA	\$ 930,000	\$ 5,012,523	\$ 175,000	\$ 275,000	\$ 2,643,000	\$ 2,545,000
<b>Finance Transactions</b>						
Proceeds from Grants and Subsidies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Debt Issuance	\$ 2,000,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -
Proceeds from DCs	\$ -	\$ 2,802,087	\$ -	\$ -	\$ 1,493,000	\$ 2,203,500
Debt Principal Repayment	\$ -	\$ 104,417	\$ 186,281	\$ 192,614	\$ 199,163	\$ 205,935
<b>Increase/(Decrease) in Cash Equivalents</b>	\$ 1,577,639	\$ (146,949)	\$ 519,958	\$ 724,506	\$ 201,827	\$ 1,397,624
<b>Cash and Cash Equivalents at Beginning Balance</b>	\$ (1,581,482)	\$ (3,842)	\$ (150,792)	\$ 369,166	\$ 1,093,672	\$ 1,295,499
<b>Cash and Cash Equivalents at Ending Balance</b>	\$ (3,842)	\$ (150,792)	\$ 369,166	\$ 1,093,672	\$ 1,295,499	\$ 2,693,123

**Statement of Financial Position—Wastewater**

	Projected					
	2024	2025	2026	2027	2028	2029
<b>Financial Assets</b>						
Cash	\$ (3,842)	\$ (150,792)	\$ 369,166	\$ 1,093,672	\$ 1,295,499	\$ 2,693,123
<b>Liabilities</b>						
Debt - Principal Outstanding	\$ 2,000,000	\$ 3,395,583	\$ 3,209,302	\$ 3,016,687	\$ 2,817,524	\$ 2,611,589
<b>Net Financial Assets</b>	\$ (2,003,842)	\$ (3,546,374)	\$ (2,840,135)	\$ (1,923,015)	\$ (1,522,025)	\$ 81,534
<b>Non-Financial Assets</b>						
Tangible Capital Assets	\$ 12,834,796	\$ 13,764,796	\$ 18,777,319	\$ 18,952,319	\$ 19,227,319	\$ 21,870,319
Additions to Tangible Capital Assets	\$ 930,000	\$ 5,012,523	\$ 175,000	\$ 275,000	\$ 2,643,000	\$ 2,545,000
Accumulated Amortization	\$ 7,359,898	\$ 7,691,536	\$ 8,025,233	\$ 8,362,165	\$ 8,730,191	\$ 9,128,159
<b>Total Non-Financial Assets</b>	\$ 6,404,898	\$ 11,085,783	\$ 10,927,086	\$ 10,865,154	\$ 13,140,128	\$ 15,287,160
Accumulated Surplus	\$ 4,401,056	\$ 7,539,409	\$ 8,086,951	\$ 8,942,138	\$ 11,618,102	\$ 15,368,694
Cash as a % of Non-Financial Assets	-0.1%	-1.4%	3.4%	10.1%	9.9%	17.6%
Debt as a % of Non-Financial Assets	31.2%	30.6%	29.4%	27.8%	21.4%	17.1%



**Statement of Financial Operations—Water and Wastewater—Consolidated**

		Projected					
		2024	2025	2026	2027	2028	2029
<b>Revenues</b>							
Rate and Fixed Revenues		\$ 7,074,588	\$ 7,742,772	\$ 8,411,776	\$ 9,141,101	\$ 9,936,450	\$ 10,804,083
Other revenues		\$ 245,810	\$ 253,184	\$ 260,779	\$ 268,603	\$ 276,661	\$ 284,961
Interest Earnings		\$ 3,005	\$ -	\$ -	\$ 31,273	\$ 32,438	\$ 54,022
<b>Total revenues</b>		<b>\$ 7,323,402</b>	<b>\$ 7,995,956</b>	<b>\$ 8,672,555</b>	<b>\$ 9,440,977</b>	<b>\$ 10,245,548</b>	<b>\$ 11,143,065</b>
<b>Operating Expenses</b>							
Salaries and Benefits		\$ 1,732,294	\$ 1,809,763	\$ 1,891,851	\$ 1,978,903	\$ 2,071,294	\$ 2,169,429
Materials and Supplies		\$ 330,448	\$ 340,633	\$ 351,136	\$ 361,969	\$ 373,141	\$ 384,665
Insurance		\$ 33,380	\$ 35,048	\$ 36,801	\$ 38,641	\$ 40,573	\$ 42,602
Contract Services		\$ 204,043	\$ 210,164	\$ 216,469	\$ 222,963	\$ 229,652	\$ 236,542
Niagara Region Volumetric Costs		\$ 3,501,806	\$ 3,676,896	\$ 3,860,741	\$ 4,053,778	\$ 4,256,467	\$ 4,469,290
<b>Total Operating expenses</b>		<b>\$ 5,801,970</b>	<b>\$ 6,072,504</b>	<b>\$ 6,356,998</b>	<b>\$ 6,656,254</b>	<b>\$ 6,971,127</b>	<b>\$ 7,302,527</b>
<b>Debt Charges</b>							
Debt Charges - Interest Expenses		\$ -	\$ 68,000	\$ 115,450	\$ 109,116	\$ 102,567	\$ 95,796
<b>Amortization Expense</b>							
Amortization of tangible capital assets		\$ 791,304	\$ 878,875	\$ 881,334	\$ 930,838	\$ 996,886	\$ 1,052,323
<b>Total Expenses</b>		<b>\$ 6,593,274</b>	<b>\$ 7,019,379</b>	<b>\$ 7,353,781</b>	<b>\$ 7,696,209</b>	<b>\$ 8,070,580</b>	<b>\$ 8,450,646</b>
<b>Annual Surplus/Deficit</b>		<b>\$ 730,128</b>	<b>\$ 976,577</b>	<b>\$ 1,318,774</b>	<b>\$ 1,744,769</b>	<b>\$ 2,174,968</b>	<b>\$ 2,692,419</b>

**Statement of Cash Flow/Cash Receipts—Water and Wastewater—Consolidated**

	Projected					
	2024	2025	2026	2027	2028	2029
<b>Total Revenues</b>	\$ 7,323,402	\$ 7,995,956	\$ 8,672,555	\$ 9,440,977	\$ 10,245,548	\$ 11,143,065
<b>Cash Paid For</b>						
Operating Costs	\$ 5,801,970	\$ 6,072,504	\$ 6,356,998	\$ 6,656,254	\$ 6,971,127	\$ 7,302,527
Debt Repayment - Debt Interest	\$ -	\$ 68,000	\$ 115,450	\$ 109,116	\$ 102,567	\$ 95,796
<b>Cash Provided from Operating Transactions</b>	\$ 1,521,432	\$ 1,855,452	\$ 2,200,108	\$ 2,675,607	\$ 3,171,854	\$ 3,744,742
<b>Capital Transactions</b>						
Acquisition of TCA	\$ 4,190,000	\$ 7,157,523	\$ 205,000	\$ 3,745,200	\$ 5,264,500	\$ 4,457,250
<b>Finance Transactions</b>						
Proceeds from Grants and Subsidies	\$ 1,980,000	\$ 979,046	\$ -	\$ -	\$ -	\$ -
Proceeds from Debt Issuance	\$ 2,000,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -
Proceeds from DCs	\$ -	\$ 2,802,087	\$ -	\$ 1,320,455	\$ 3,371,000	\$ 2,203,500
Debt Principal Repayment	\$ -	\$ 104,417	\$ 186,281	\$ 192,614	\$ 199,163	\$ 205,935
<b>Increase/(Decrease) in Cash Equivalents</b>	\$ 1,311,432	\$ (125,356)	\$ 1,808,827	\$ 58,247	\$ 1,079,190	\$ 1,285,057
<b>Cash and Cash Equivalents at Beginning Balance</b>	\$ (1,431,251)	\$ (119,819)	\$ (245,175)	\$ 1,563,653	\$ 1,621,900	\$ 2,701,090
<b>Cash and Cash Equivalents at Ending Balance</b>	\$ (119,819)	\$ (245,175)	\$ 1,563,653	\$ 1,621,900	\$ 2,701,090	\$ 3,986,148

**Statement of Financial Position—Water and Wastewater—Consolidated**

	Projected					
	2024	2025	2026	2027	2028	2029
<b>Financial Assets</b>						
Cash	\$ (119,819)	\$ (245,175)	\$ 1,563,653	\$ 1,621,900	\$ 2,701,090	\$ 3,986,148
<b>Liabilities</b>						
Debt - Principal Outstanding	\$ 2,000,000	\$ 3,395,583	\$ 3,209,302	\$ 3,016,687	\$ 2,817,524	\$ 2,611,589
<b>Net Financial Assets</b>	\$ (2,119,819)	\$ (3,640,757)	\$ (1,645,649)	\$ (1,394,787)	\$ (116,434)	\$ 1,374,558
<b>Non-Financial Assets</b>						
Tangible Capital Assets	\$ 34,960,584	\$ 39,150,584	\$ 46,308,107	\$ 46,513,107	\$ 50,258,307	\$ 55,522,807
Additions to Tangible Capital Assets	\$ 4,190,000	\$ 7,157,523	\$ 205,000	\$ 3,745,200	\$ 5,264,500	\$ 4,457,250
Accumulated Amortization	\$ 17,607,888	\$ 18,486,763	\$ 19,368,096	\$ 20,298,934	\$ 21,295,820	\$ 22,348,143
<b>Total Non-Financial Assets</b>	\$ 21,542,696	\$ 27,821,344	\$ 27,145,011	\$ 29,959,373	\$ 34,226,987	\$ 37,631,914
Accumulated Surplus	\$ 19,422,877	\$ 24,180,587	\$ 25,499,362	\$ 28,564,585	\$ 34,110,553	\$ 39,006,472
Cash as a % of Non-Financial Assets	-0.6%	-0.9%	5.8%	5.4%	7.9%	10.6%
Debt as a % of Non-Financial Assets	9.3%	12.2%	11.8%	10.1%	8.2%	6.9%