Water and Wastewater Rate Study

Township of South Stormont

Final Report

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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
D.C.	Development Charges
MECP	Ministry of the Environment, Conservation and Parks
MMAH	Ministry of Municipal Affairs and Housing
OCIF	Ontario Community Infrastructure Fund
O. Reg.	Ontario Regulation
PSAB	Public Sector Accounting Board
S.D.W.A.	Safe Drinking Water Act
T.C.A.	Tangible Capital Assets
W.O.A.	Water Opportunities Act

Report

Chapter 1
Introduction

1. Introduction

1.1 Background

The Township of South Stormont (Township) provides water and wastewater services to its constituents located in the urban serviced areas of the Township. The Township provides water services through three separate systems: Long Sault/Ingleside, Rosedale Terrace/Eamers Corners/St. Andrews, and Newington. The Township provides wastewater services through two wastewater systems: the Long Sault and Ingleside systems. A total of 3,147 water customers and 1,825 wastewater customers are serviced through these systems.

The Township imposes water and wastewater rates through a volumetric charge, with a minimum quarterly charge component (based on a quarterly consumption of 38.5 m^3). These rates vary across the three water systems. Within the Long Sault/Ingleside and Newington systems, the volumetric charges for both water and wastewater decreases for large industrial users who use more than 6,000 m^3 of water annually.

Tables 1-1 to 1-3 display the volumetric charges and minimum charges across the Long Sault/Ingleside, Rosedale Terrace/Eamers Corners/St. Andrews, and Newington systems respectively.

Table 1-1
2025 Water and Wastewater Rate Long Sault/Ingleside

Long Sault/Ingleside		
2025 - Water Billing Rates		
Minimum Charge (Quarterly)		
Minimum Consumption (38.5 m^3)	$	62.73
Volume Charge		
$ 1.629	per m^3	
$ 1.302	per m^3 (>6,000m^3)	

Long Sault/Ingleside		
2025 - Wastewater Billing Rates		
Minimum Charge (Quarterly)		
Minimum Consumption (38.5 m^3)	$	192.21
Volume Charge		
$ 4.992	per m^3	
$ 3.989	per m^3 (>6,000m^3)	

Table 1-2
2025 Water Rates Rosedale Terrace/Eamers Corners/St. Andrew

Eamers Corners/St. Andrews	
2025 - Water Billing Rates	
Minimum Charge (Quarterly)	
Minimum Consumption (38.5 m^3)	$ 69.18
Volume Charge	
$ 1.797	per m^3
$ -	per m^3 (>6,000m^3)

Table 1-3
2025 Water Rates Newington

Newington	
2025 - Water Billing Rates	
Minimum Charge (Quarterly)	
Minimum Consumption (38.5 m^3)	$ 85.86
Volume Charge	
$ 2.230	per m^3
$ 1.213	per m^3 (>6,000m^3)

1.2 Study Process

Watson & Associates Economists Ltd. (Watson) was retained by the Township to undertake a comprehensive Water and Wastewater Rate Study (Rate Study) and Ontario Regulation (O.Reg.) 453/07 Water Financial Plan which will form part of the Township's drinking water license renewal application. The Rate Study has been prepared to assess the water and wastewater rates in the Township over the period of 2026-2035. The O.Reg. 453/07 has been prepared based on the findings of the Rate Study and is attached as appendix C to this report. The objectives of the Rate Study and the steps involved in carrying out this assignment are summarized below:

- Update water and wastewater service demand assumptions based on analysis of historical consumption and recent trends;
- Estimate future consumption levels by applying revised demand assumptions to forecast growth based on the historical growth in the serviced areas of the

Township in recent years and forecast growth from the Township's ongoing Development Charges (D.C.) Background Study;

- Identify all current and future water and wastewater system capital needs to assess the immediate and longer-term implications;
- Build a capital program that blends lifecycle needs arising from the Township's 2021 (core assets) and 2023 (non-core assets) Asset Management Plans, asset inventories and Long-Term Financial Plan (2024) with the annual capital spending required over the forecast period and expansionary capital needs identified in the Township's 2024 Master Servicing Plan;
- Identify potential methods of cost recovery from the capital needs listing. These recovery methods may include other statutory authorities (e.g. *Development Charges Act, 1997* (D.C.A.), *Municipal Act*, etc.) as an offset to recovery through the water and wastewater rates;
- Forecast annual operating costs and rate-based funding requirements;
- Provide an impact assessment on the rate payers;
- Update connection charges for water and wastewater systems for those existing dwelling units that are not currently connected to the systems (as part of the ongoing D.C. background study) and develop D.C.s for new growth demand; and
- Develop a long-term water and wastewater rate forecast and present findings to staff and Council for their consideration;

In approaching this study, the following analysis is provided herein:

Chapter 1 – Introduction

Chapter 2 – Forecast Growth and Service Demands

Chapter 3 – Capital Infrastructure Needs

Chapter 4 – Capital Cost Financing Options

Chapter 5 – Operating Expenditure Forecast

Chapter 6 – Forecast Water and Wastewater Rates and Customer Impacts

Chapter 7 - Recommendations

1.3 Regulatory Changes in Ontario

Resulting from the water crisis in Walkerton, significant regulatory changes have been made in Ontario. These changes arose as a result of the Walkerton Commission and the 93 recommendations made by the Walkerton Inquiry Part II report. Areas of recommendation included:

- watershed management and source protection;
- quality management;
- preventative maintenance;
- research and development;
- new performance standards;
- sustainable asset management; and
- lifecycle costing.

The following sections describe significant applicable regulatory areas.

1.4 Sustainable Water and Sewage System Act

The *Sustainable Water and Sewage Systems Act* was passed on December 13, 2002. The intent of the Act was to introduce the requirement for municipalities to undertake an assessment of the "full cost" of providing their water and the wastewater services. In total, there were 40 areas within the Act to which the Minister may make Regulations, however regulations were never issued. On December 31, 2012, the *Sustainable Water and Sewage Systems Act* was repealed.

1.5 Safe Drinking Water Act

The *Safe Drinking Water Act* was passed in December 2002. The *Safe Drinking Water Act* provides for 50 of the 93 Walkerton Part II recommendations. It focuses on the administrative and operational aspects of the provision of water.

The purposes of the *Safe Drinking Water Act* are to "recognize that the people of Ontario are entitled to expect their drinking water to be safe and to provide for the protection of human health and the prevention of drinking water health hazards through

the control and regulation of drinking water systems and drinking water testing. 2002, c. 32, s. 1."

The following is a brief summary of the key elements included in the *Safe Drinking Water Act*:

- Mandatory licensing and accreditation of testing laboratories;
- New standards for treatment, distribution quality and testing;
- Mandatory operator training and certification;
- Mandatory licensing of municipal water providers;
- Stronger enforcement and compliance provisions; and
- "Standard of care" requirements for municipalities.

This legislation impacts the costs of operating a water system with the need for higher skilled operators including increased training costs, increased reporting protocols and requirements, continuing enhancements to quality standards and the costs to licence each water system.

1.6 Financial Plans Regulations

On August 16, 2007, the Ministry of Environment introduced O.Reg. 453/07 which requires the preparation of financial plans for water systems (and municipalities are encouraged to prepare plans for wastewater systems). The Ministry of Environment has also provided a Financial Plan Guideline to assist municipalities with preparing the plans. A brief summary of the key elements of the regulation is provided below:

- The financial plan will represent one of the key elements to obtain a Drinking Water License.
- The plan is to be completed, approved by Council Resolution, and submitted to the Ministry of Municipal Affairs and Housing as part of the application for receiving approval of a water license.
- The financial plans shall be for a period of at least six years but longer planning horizons are encouraged.
- As the regulation is under the *Safe Drinking Water Act*, the preparation of the plan is mandatory for water services and encouraged for wastewater services.

- The plan is considered a living document (i.e. can be updated if there are significant changes to budgets) but will need to be undertaken at a minimum every five years.
- The plans generally require the forecasting of capital, operating and reserve fund positions, and providing detailed capital inventories. In addition, Public Sector Accounting Board full accrual information on the system must be provided for each year of the forecast (i.e. total non-financial assets, tangible capital asset acquisitions, tangible capital asset construction, betterments, write-downs, disposals, total liabilities, net debt, etc.).
- The financial plans must be made available to the public (at no charge) upon request and be available on the Municipality's web site. The availability of this information must also be advertised.

In general, the financial principles of this regulation follow the intent of the *Sustainable Water and Sewage Systems Act*, 2002 to move municipalities towards financial sustainability for water services. However, many of the prescriptive requirements have been removed (e.g. preparation of two separate documents for provincial approval, auditor opinions, engineer certifications, etc.).

A guideline ("Towards Financially Sustainable Drinking-Water and Wastewater Systems") has been developed to assist municipalities in understanding the Province's direction and provides a detailed discussion on possible approaches to 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: Lifecycle 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.

1.7 Water Opportunities Act

The *Water Opportunities Act* received Royal Assent on November 29, 2010. The Act provides for the following elements:

- Foster innovative water, wastewater and stormwater technologies, services and practices in the private and public sectors;
- Prepare water conservation plans to achieve water conservation targets established by the regulations; and
- Prepare sustainability plans for municipal water services, municipal wastewater services and municipal stormwater services.

With regard to the sustainability plans:

- The Bill extends from the water financial plan and requires a more detailed review of the water financial plan and requires a full plan for wastewater and stormwater services; and

- Regulations (when issued) will provide performance targets for each service – these targets may vary based on the jurisdiction of the regulated entity or the class of entity.

The Financial Plan shall include:

- An asset management plan for the physical infrastructure;
- Financial Plan;
- For water, a water conservation plan;
- Assessment of risks that may interfere with the future delivery of the municipal service, including, if required by the regulations, the risks posed by climate change and a plan to deal with those risks; and
- Strategies for maintaining and improving the municipal service, including strategies to ensure the municipal service can satisfy future demand, consider technologies, services and practices that promote the efficient use of water and reduce negative impacts on Ontario's water resources, and increase co-operation with other municipal service providers.

Performance indicators will be established by service:

- May relate to the financing, operation or maintenance of a municipal service or to any other matter in respect of which information may be required to be included in a plan; and
- May be different for different municipal service providers or for municipal services in different areas of the Province.

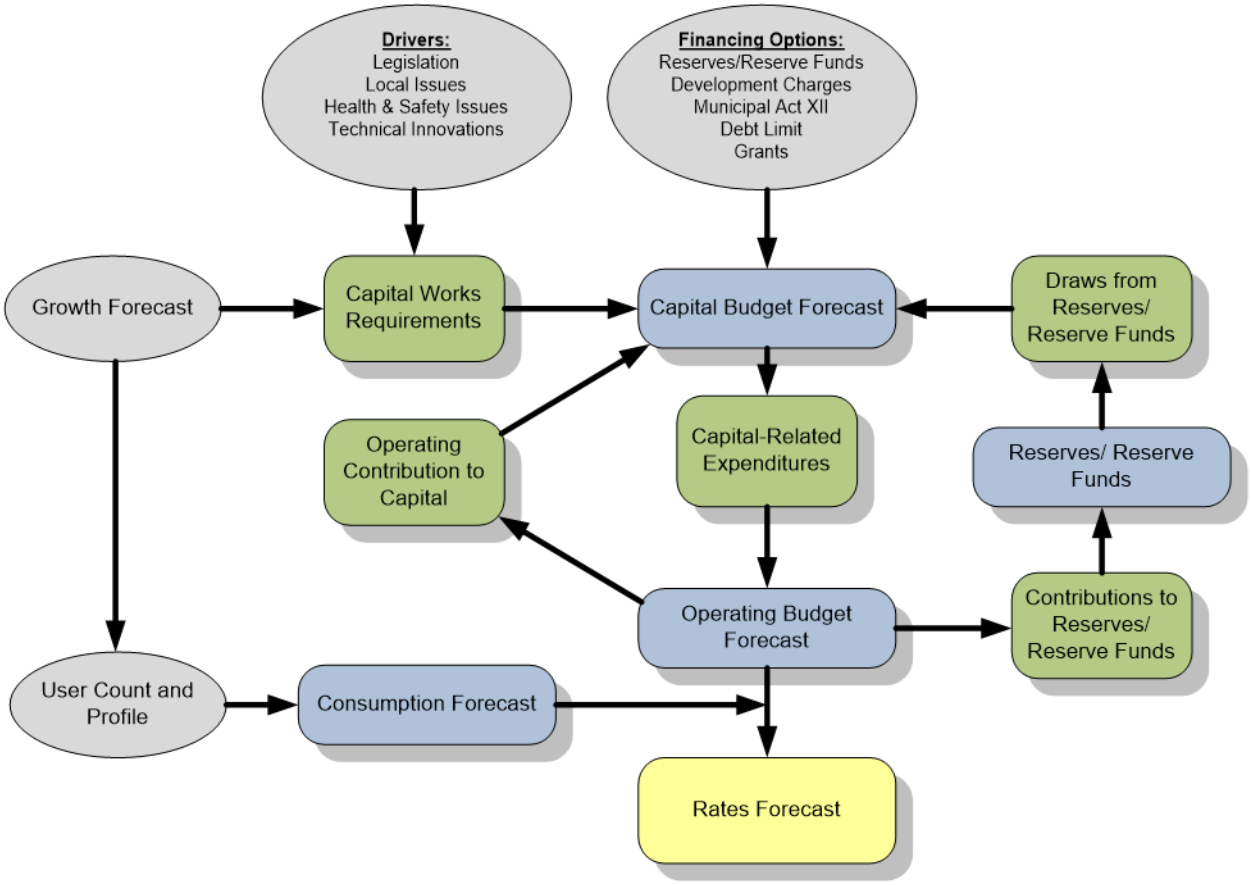
Regulations will prescribe:

- Timing;
- Contents of the plans;
- Identifying what portions of the plan will require certification;
- Public consultation process; and
- Limitations, updates, refinements, etc.

1.8 Water and Wastewater Rate Calculation Methodology

Figure 1-1 illustrates the general methodology used in determining the full cost recovery water and wastewater rates forecast.

Figure 1-1
Water and Wastewater Rate Calculation Methodology



The methodology employed generally consists of 5 major elements.

1. **Customer Demands and Consumption Forecast**

   As noted in section 1.1, the Township employs rate structures consisting of a volumetric charge with a minimum quarterly consumption.

   The first step in the analysis is important as it produces the current minimum revenue and assumptions for forecasting purposes. The customer profile forecast is modeled based on the annual growth identified in growth forecast

completed for the Township's ongoing D.C. Background Study. Furthermore, this level of growth is consistent with Township expectations and servicing capacity to be made available.

The water consumption forecast is prepared by applying average annual consumption estimates to future development. The forecast may adjust the base consumption levels for anticipated water conservation based on historical trends and industry witnessed practices. Consumption estimates are based on average consumption levels by customer type drawn from municipal billing records over multiple years. The non-residential consumption estimates are generally adjusted to net out large consuming water customers that may skew anticipated consumption levels of future growth and this case reflects anticipated water consumption for larger developments (i.e., Long Sault Logistics Village) identified in the Master Servicing Plan. Consistent with the customer forecast, the water consumption forecast used to determine the wastewater consumptive rates is adjusted to reflect differences in service demands.

2. Capital Needs Forecast

The capital needs forecast is developed to measure program/service level adjustments, lifecycle requirements and growth-related needs. The Township provided outstanding funding requirements to be funded from future water and wastewater rates (derived from the Township's recently completed Master Servicing Plan, 2024) as well the average annual capital needs (derived from the Township's recently completed Long Term Financial Plan, 2024) that are anticipated over the 10-year forecast period. Capital expenditures are forecast with inflationary adjustments based on capital costs indices.

3. Capital Funding Plan

The capital funding plan considers the potential funding sources available to address the capital needs forecast. The sources of capital funding include rate-based support, reserves/reserve funds, grants (including the Housing-Enabling Water Systems Fund), and debt for program/service level improvements. Growth-related sources of funding include grant funding, estimated water and wastewater connection charges/D.C.s, and debt. The use of rate-based funding is measured against the revenue projections and affordability impacts. The reserve/reserve fund sources are measured against the sustainability of these

funds, relative to lifecycle demands, revenue projections, minimum balances and affordability impacts. Debt financing is typically considered for significant capital expenditures, where funding is required beyond long-term lifecycle needs or to facilitate rate transition policies. Debt financing is measured against the Township's debt policies and annual repayment limits to ensure a practical and sustainable funding mix as provided to Council through the 2024 LTFP.

4. Operating Budget Forecast

The operating budget forecast considers adjustments to the Township's base budget reflecting program/service level changes, operating fund impacts associated with infrastructure, and financing for capital needs. The operating expenditures are forecast with inflationary adjustments and growth in service demand, based on fixed and variable cost characteristics. The operating budget forecast ties the capital funding plan and reserve/reserve fund continuity forecast to the rate-based revenue projections. This ensures sufficient funding for both the ongoing annual operation and maintenance of water and wastewater services, as well as the capital cost requirements to ensure service sustainability. Operating revenues are projected to identify the rate components net of anticipated operating revenues, such as capital levy payments, penalties, direct billing for Lactalis, and other miscellaneous revenues.

5. Rate Forecast and Structure

The rate forecast and structure component of the analysis considers various rate structures to recover the forecast rate-based revenue from the projected customer demands. At this stage in the analysis the full costs of service are measured against the customer growth and consumption demands to determine full cost recovery rates. The analysis may consider alternative structures for minimum bill and consumptive components of the rates, consistent with municipal policies/strategies, industry practice and customer affordability. Providing context to the rate forecast, the results are quantified to measure the impacts on a range of customer types and in relation to other municipalities.

Chapter 2
Forecast Growth and Service Demands

2. Forecast Growth and Service Demands

2.1 Current Service Demands

In preparing the demands forecast for water and wastewater services, information on the number of customers and water consumption volumes was obtained from the Township for the period 2020-2024. As of 2024, the number of metered water customers within the Township are 2,346 in Long Sault/Ingleside, 99 in Rosedale Terrace/Eamers Corners/St. Andrews, and 684 in the Newington system. Of the total 3,147 water connections, 3,020 are residential and 127 are non-residential. Of the total 1,826 wastewater connections, 1,747 are residential and 79 are non-residential

Total annual water consumption within the Township in 2024 is estimated at 1.46 million m^3 across all three systems. Total annual wastewater flows within the Long Sault and Ingleside systems (excluding flows from Lactalis that are funded under a separate agreement) were estimated to be 0.34 million m^3.

2.2 Forecast Service Demands

In determining the growth forecasts estimates, both the forecast growth within the Township's ongoing D.C. Background Study and the average annual historical consumption within the Township (2020-2024) were considered. The growth forecast within the D.C. Background Study identified annual growth of 64 residential units. The breakdown of this annual residential growth is expected to be 40 units in Long Sault, 13 units in Ingleside, and 11 units across Rosedale Terrace/Eamer's Corner/St. Andrews and Newington. In total, the forecasted growth over the 2025-2035 period is 701 residential units. In addition to the residential growth, there are significant increases in non-residential development anticipated with the addition of the Long Sault Logistics Village. In total, there is an anticipated additional 5.2 million sq. ft. of non-residential development anticipated in the forecast period. Table 2-1 shows the forecast water consumption volumes over the 2025 to 2034 forecast period. In aggregate the water volumes are forecast to increase from 1.4 million m^3 in 2024 to 1.7 million m^3 in 2034, as shown in Table 2-1. The additional 257,000 m^3 of water flows annually by 2034 is related to residential development (101,300 m^3) and 155,700 m3 from non-residential development (including 146,000 m^3form the Long Sault Logistics Village).

Table 2-1
Forecast Water Consumption

Water Volume Forecast (m^3)	2025	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Block 1											
Existing	737,122	737,122	737,122	737,122	737,122	737,122	737,122	737,122	737,122	737,122	737,122
Existing - Lactalis	726,433	726,433	726,433	726,433	726,433	726,433	726,433	726,433	726,433	726,433	726,433
New	-	5,863	17,548	29,232	40,916	52,601	64,285	75,970	87,654	99,339	111,023
New - LSLV		14,600	29,200	43,800	58,400	73,000	87,600	102,200	116,800	131,400	146,000
Subtotal Block 1	**1,463,555**	**1,484,018**	**1,510,302**	**1,536,587**	**1,562,871**	**1,589,155**	**1,615,440**	**1,641,724**	**1,668,009**	**1,694,293**	**1,720,578**

Wastewater flows are anticipated to increase from 332,500 m^3 per year in 2024 to 571,600 m^3 in 2034. 35% of the growth in wastewater flows are related to residential growth, with the majority of the non-residential growth pertaining to the Long Sault Logistics Village. Table 2-2 shows the growth in wastewater flows over the forecast period.

Table 2-2
Forecast Wastewater Flows

Wastewater Flows Forecast (m^3)	2025	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Block 1											
Existing	332,446	332,446	332,446	332,446	332,446	332,446	332,446	332,446	332,446	332,446	332,446
New	-	4,859	14,669	24,478	34,288	44,098	53,907	63,717	73,527	83,337	93,146
New - LSLV	-	14,600	29,200	43,800	58,400	73,000	87,600	102,200	116,800	131,400	146,000
Subtotal Block 1	**332,446**	**351,905**	**376,315**	**400,724**	**425,134**	**449,544**	**473,953**	**498,363**	**522,773**	**547,183**	**571,592**

Chapter 3
Capital Infrastructure Needs

3. Capital Infrastructure Needs

3.1 Introduction

Capital infrastructure needs address program/service level adjustments, lifecycle requirements and growth-related needs. The following subsections address the approaches to lifecycle costing and the forecast capital needs over the 2025 to 2—34 period.

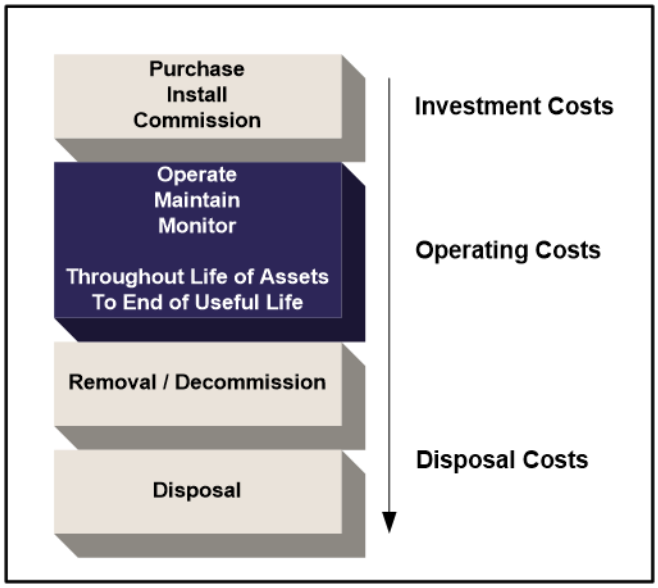
3.2 Overview of Lifecycle Costing

3.2.1 Definition

For many years, lifecycle costing has been used in the field of maintenance engineering and to evaluate the advantages of using alternative materials in construction or production design. The method has gained wider acceptance and use in the areas of industrial decision-making and the management of physical assets.

By definition, lifecycle costs are all the costs which are incurred during the lifecycle of a physical asset, from the time its acquisition is first considered, to the time it is taken out of service for disposal or redeployment. The stages which the asset goes through in its lifecycle are specification, design, manufacture (or build), installation, commissioning, operation, maintenance and disposal. Figure 3-1 depicts these stages in a schematic form.

Figure 3-1
Lifecycle Costing



3.2.2 Financing Costs

This section will focus on financing mechanisms in place to fund the costs incurred throughout the asset's life.

In a municipal context, services are provided to benefit tax/rate payers. Acquisition of assets is normally timed in relation to direct needs within the community. At times, economies of scale or technical efficiencies will lead to oversizing an asset to accommodate future growth within the municipality. Over the past few decades, new financing techniques such as development charges and *Municipal Act* capital charges have been employed based on the underlying principle of having tax/rate payers who benefit directly from the service paying for that service. Operating costs which reflect the cost of the service for that year are charged directly to all existing tax/rate payers who have received the benefit. Operating costs are normally charged through the tax base or user rates.

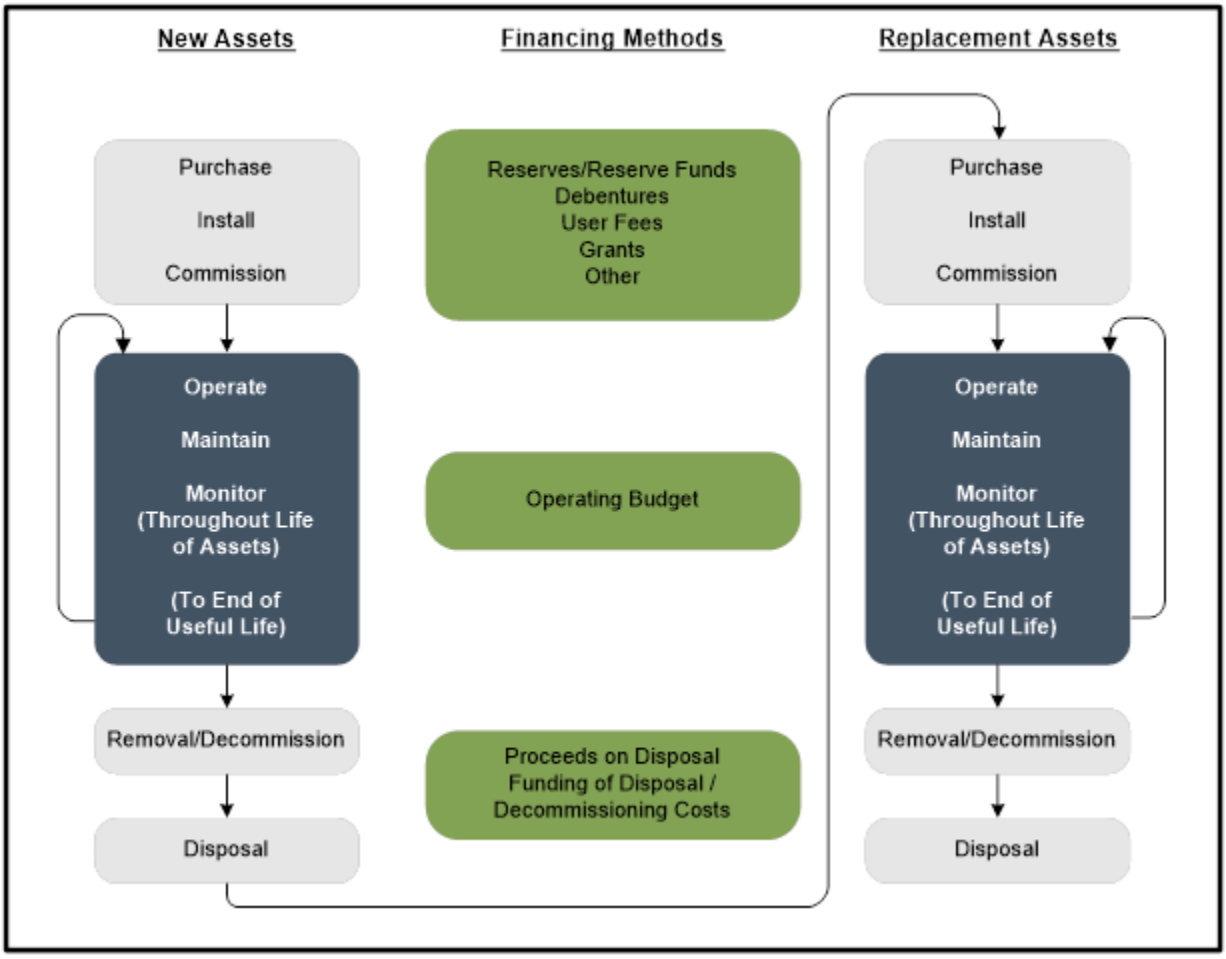
Capital expenditures are recouped through several methods, the most common being operating budget contributions, development charges, reserves, developer contributions, and debentures.

New construction related to growth could produce development charges, capital charges, and developer contributions (e.g. works internal to a subdivision which are the responsibility of the developer to construct) to fund a significant portion of projects, where new assets are being acquired to allow growth within the municipality to continue. As well, debentures could be used to fund such works, with the debt charge carrying costs recouped from taxpayers in the future.

However, capital construction to replace existing infrastructure is largely not growth-related and will therefore not yield development charges or developer contributions to assist in financing these works. Hence, a municipality will be dependent upon debentures, reserves and contributions from the operating budget to fund these works.

Figure 3-2 depicts the costs of an asset from its initial conception through to replacement and then continues to follow the associated costs through to the next replacement.

Figure 3-2
Financing Lifecycle Costs



As referred to earlier, growth-related financing methods such as development charges and developer contributions could be utilized to finance the growth-related component of the new asset. These revenues are collected (indirectly) from the new homeowner who benefits directly from the installation of this asset. Other financing methods may be used as well to finance the non-growth-related component of this project; reserves which have been collected from past tax/rate payers, operating budget contributions which are collected from existing tax/rate payers, connection charges and debenturing which will be carried by future tax/rate payers. Ongoing costs for monitoring, operating and maintaining the asset will be charged annually to the existing tax/rate payer.

When the asset requires replacement, the sources of financing will be limited to reserves, debentures and contributions from the operating budget. At this point, the

question is raised; "If the cost of replacement is to be assessed against the tax/rate payer who benefits from the replacement of the asset, should the past tax/rate payer pay for this cost or should future rate payers assume this cost?" If the position is taken that the past user has used up the asset, hence they should pay for the cost of replacement, then a charge should be assessed annually, through the life of the asset to have funds available to replace it when the time comes. If the position is taken that the future tax/rate payer should assume this cost, then debenturing and, possibly, a contribution from the operating budget should be used to fund this work.

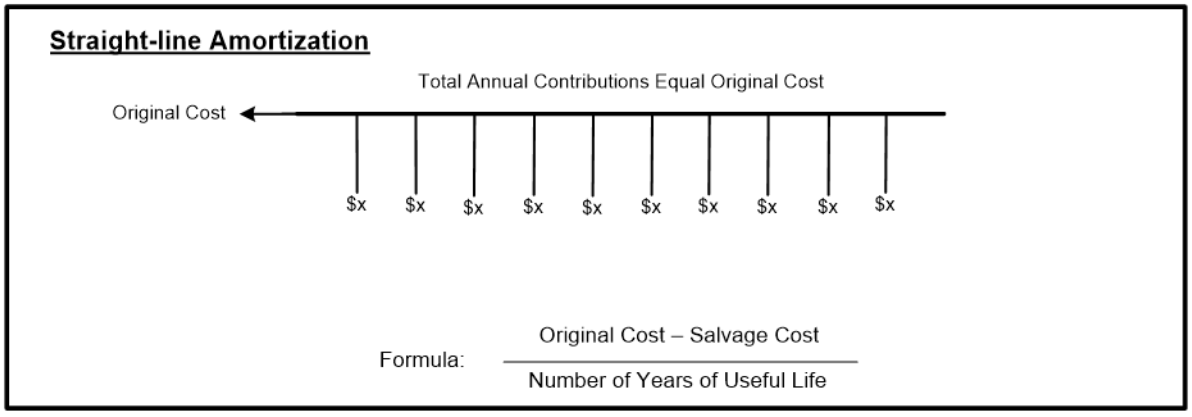
Charging for the cost of using up of an asset is the fundamental concept behind amortization methods utilized by the private sector. This concept allows for expending the asset as it is used up in the production process. The tracking of these costs forms part of the product's selling price and hence end users are charged for the asset's amortization. The same concept can be applied in a municipal setting to charge existing users for the asset's use and set those funds aside in a reserve to finance the cost of replacing the asset in the future.

3.2.3 Costing Methods

There are two fundamental methods of calculating the cost of the usage of an asset and for the provision of the revenue required when the time comes to retire and replace it. The first method is the Amortization Method. This method recognizes the reduction in the value of the asset through wear and tear, and aging. There are two commonly used forms of amortization: the straight-line method and the sinking fund method.

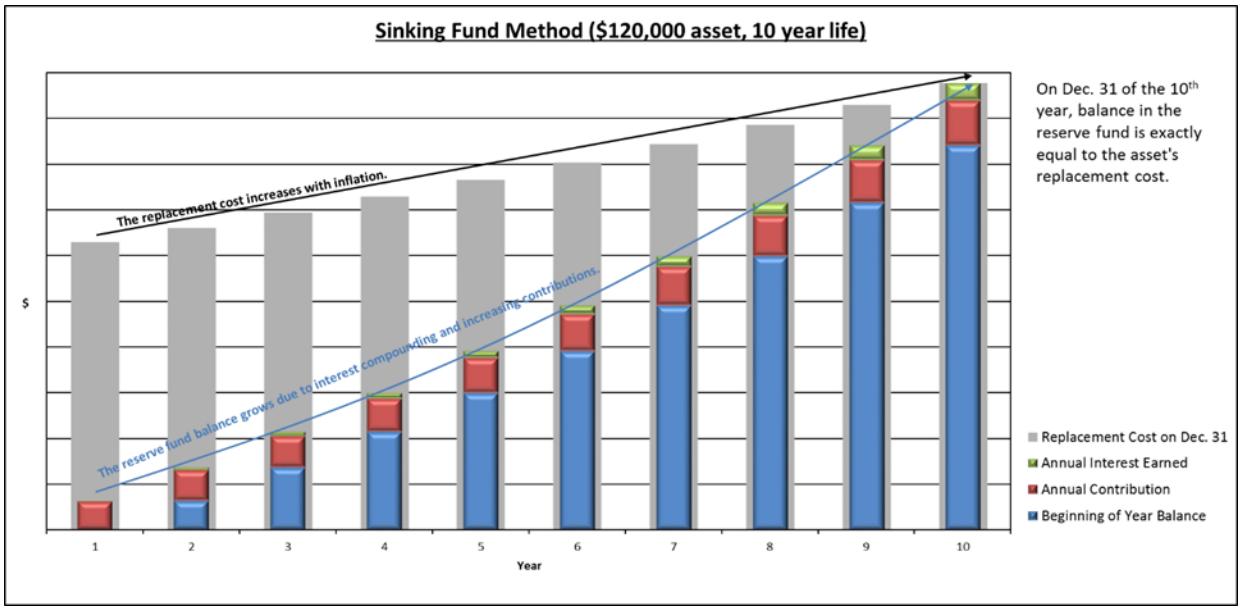
The straight-line method is calculated by taking the original cost of the asset, subtracting its estimated salvage value (estimated value of the asset at the time it is disposed of) and dividing this by the estimated number of years of useful life. The reducing balance method is calculated by utilizing a fixed percentage rate and this rate is applied annually to the undepreciated balance of the asset value.

Figure 3-3
Straight-line Amortization



The second method of lifecycle costing is the sinking fund method. This method first estimates the future value of the asset at the time of replacement. This is done by inflating the original cost of the asset at an assumed annual inflation rate. A calculation is then performed to determine annual contributions (equal or otherwise) which, when invested, will grow with interest to equal the future replacement cost.

Figure 3-4
Sinking Fund Amortization



3.3 Asset Inventory

Lifecycle "sinking fund" contribution amounts for the infrastructure have been calculated to determine the level of capital investment to be included in the full cost assessment and rate forecast. Table 3-1 summarizes the current asset replacement value and long-term annual lifecycle replacement needs, in 2025 dollars. These values were calculated based on the detailed water and wastewater capital asset inventory information utilized in the 2024 Long Term Financial Plan. Total annual lifecycle costs are estimated to be $2.3 million, including $1.3 million for water assets and $1.0 million for wastewater assets.

Table 3-1
Summary of Water and Wastewater Infrastructure (2025$)

Average Annual Lifecycle Costs	Quantity	Unit of Measure	Replacement Cost (2025$)	Average Annual Lifecycle Cost (2025$)
Wastewater Assets				
Sewer Main	37	KMs	21,840,000	250,000
Maintenance Hole	435	Each	4,977,000	62,000
Forcemain	2	KMs	1,376,000	19,000
Water Assets			-	-
Watermain	93	KMs	52,751,000	691,000
Fire Hydrant	464	Each	5,204,000	87,000
Water Valve	930	Each	4,064,000	68,000
Facilities	11	Each	31,070,000	1,147,000
Fleet and Equipment	2	Each	32,000	1,000
It Assets	11	Each	35,000	8,000
Total			**121,349,000**	**2,333,000**

3.4 Capital Forecast

The 10-year capital forecast has been developed for the water and wastewater systems based on the Township's recently completed 2025 Master Servicing Plan and the replacement needs of current assets as well as any current backlogs of required replacements and maintenance in the Township's Long Term Financial Plan (identified as "Lifecycle" costs in Table 3-2 and 3-3). The master servicing plan identified various capital requirements that were to be either Township funded or developer funded (required as a condition of development approvals through the Township's local service policy).

The capital forecasts are summarized in Tables 3-2 and 3-3 for the water and wastewater systems respectively. These capital needs are forecast in 2025$ valuations. The wastewater capital plan totals $59.5 million including approximately $43.9 million for the required treatment plant expansions in Long Sault and Ingleside. For water services, the capital plan totals $37.6 million for the forecast period.

For rate determination purposes, the capital needs forecast will be indexed by 2.0% annually.

Table 3-2
Water Service
Capital Forecast – Uninflated (2025$)

Description	Total	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures											
Ingleside	-										
WSA-C2 – Ingleside West End Servicing – Upsize watermain on St. Lawrence from Ault to Farran Point Road	3,500,000	700,000	700,000	700,000	700,000	700,000	-	-	-	-	-
WSA-E2– Booster to Lactalis via Elevated Stage Augmentation – Upsize watermain to 300mm – St.Lawrence, Farran, College and Dickinson Alignment	5,000,000	-	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Lifecycle:	-										
Water Assets	12,693,920	1,393,964	1,393,964	1,393,964	1,393,964	1,393,964	1,393,964	1,393,964	1,393,964	1,393,964	148,244
Facilities	3,763,748	452,943	154,745	622,241	536,314	132,786	301,793	124,598	124,598	937,355	376,375
Fleet and Equipment	-	-	-	-	-	-	-	-	-	-	-
It Assets	43,446	3,646	10,414	3,667	-	3,646	-	10,414	3,667	3,646	4,345
Growth Related:											
Long Sault	-										
Long Sault Regional Water Treatment Plant Expansion	6,875,000	1,718,750	1,718,750	1,718,750	1,718,750	-	-	-	-	-	-
WSA-B3 - Water Storage Loop	2,916,667	-	-	-	-	-	583,333	583,333	583,333	583,333	583,333
WT-S5: New Elevated Storage in Long Sault	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	**34,792,780**	**4,269,303**	**3,977,874**	**4,438,622**	**4,349,028**	**2,230,395**	**3,279,090**	**3,112,310**	**3,105,563**	**3,918,298**	**2,112,297**

Table 3-3
Wastewater Service
Capital Budget Forecast – Uninflated (2025$)

Description	Total	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures											
Long Sault											
SPS-L1 - County Rd 36 SPS and Forcemain Upgrades	2,800,000	560,000	560,000	560,000	560,000	560,000	-	-	-	-	-
SA-L1 - 300 mm Sanitary Sewer North of County Road 36	1,500,000	300,000	300,000	300,000	300,000	300,000	-	-	-	-	-
SA-L2 - 250 mm Sanitary Sewer South of County Road 36	1,200,000	240,000	240,000	240,000	240,000	240,000	-	-	-	-	-
Long Sault Wastewater Treatment Plant	20,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	-	-	-	-	-
Ingleside	-										
Ingleside Wastewater Treatment Plant Phase 1	23,125,000	5,781,250	5,781,250	5,781,250	5,781,250	-	-	-	-	-	-
	-										
Lifecycle:	-										
Wastewater Assets	4,174,132	62,205	62,205	62,205	62,205	62,205	62,205	950,226	950,226	950,226	950,226
Facilities	4,582,314	191,375	975,907	892,087	997,824	156,842	250,819	134,925	9,195	515,109	458,231
Fleet and Equipment	-	-	-	-	-	-	-	-	-	-	-
It Assets	43,446	3,646	10,414	3,667	-	3,646	-	10,414	3,667	3,646	4,345
Total Capital Expenditures	**31,924,892**	**6,038,476**	**6,829,776**	**6,739,209**	**6,841,279**	**222,693**	**313,024**	**1,095,565**	**963,088**	**1,468,981**	**1,412,802**

Chapter 4
Capital Cost Financing Options

4. Capital Cost Financing Options

4.1 Summary of Capital Cost Financing Alternatives

Historically, the powers that municipalities have had to raise alternative revenues to taxation to fund capital services have been restrictive. Over the past number of years, legislative reforms have been introduced. Some of these have expanded municipal powers (e.g. Bill 130 providing for natural person powers for fees and charges bylaws); while others appear to restrict them (Bill 98 in 1997 providing amendments to the D.C.A.).

The most recent *Municipal Act* came into force on January 1, 2003, with significant amendments in 2006 through the *Municipal Statute Law Amendment Act*. Part XII of the Act and Ontario Reg. 584/06, govern a municipality's ability to impose fees and charges. This Act provides municipalities with broadly defined powers and provides the ability to impose fees for both operating and capital purposes. Under s.484 of the *Municipal Act*, 2001, the Local Improvement Act was repealed with the in-force date of the Municipal Act (January 1, 2003). The municipal powers granted under the *Local Improvement Act* now fall under the jurisdiction of the *Municipal Act*.

The methods of capital cost recovery available to municipalities are provided as follows:

Recovery Methods	Section Reference
• D.C.A., 1997	4.2

• *Municipal Act*
  ○ Fees and Charge
  ○ Local Improvements
	4.3

• Grant Funding	4.4
• Reserves/Reserve Funds	4.5
• Debenture Financing	4.6

4.2 Development Charges Act, 1997

The D.C.A. received royal assent on December 8, 1997, replacing the previous act, which had ben in force since November 23, 1989.

The Province's stated intentions were to "create new construction jobs and make home ownership more affordable" by reducing the charges and to "make municipal Council decisions more accountable and more cost effective." The basis for this Act is to allow municipalities to recover the growth-related capital cost of infrastructure necessary to accommodate new growth within the municipality. The D.C.A. provides for limitations and ceilings on services that can be included in the charges.

D.C.s imposed in the Township do not include costs for water and wastewater services currently, however growth-related costs are currently recovered (in part) through connection charges imposed under the *Municipal Act.* D.C.s for water and wastewater are currently being considered as part of a separate undertaking and such, estimated D.C. revenues have been included as a source of capital financing in the financial plan.

4.3 Municipal Act

Part XII of the *Municipal Act* provides municipalities with broad powers to impose fees and charges via passage of a by-law. These powers, as presented in s. 391 (1), include imposing fees or charges:

- "for services or activities provided or done by or on behalf of it;
- for costs payable by it for services or activities provided or done by or on behalf of any other municipality or local board; and
- for the use of its property including property under its control."

Restrictions are provided to ensure that the form of the charge is not akin to a poll tax. Any charges not paid under this authority may be added to the tax roll and collected in a like manner. The fees and charges imposed under this part are not appealable to the Ontario Municipal Board.

s. 391 (2) of the *Municipal Act* permits municipalities to impose charges to recover capital costs, by by-law, from owners or occupants of land who receive an immediate

benefit or a benefit at some later point in time. For a by-law imposed under this section of the Act:

- A variety of different means could be used to establish the rate, and recovery of the costs could be imposed by a number of methods at the discretion of Council (i.e. lot size, frontage, number of benefiting properties, etc.);
- Rates could be imposed in respect to costs of major capital works, even though an immediate benefit is not enjoyed;
- Non-abutting owners could be charged;
- Recovery could be authorized against existing works, where new infrastructure was added to such works, "notwithstanding that the capital costs of existing works has in whole or in part been paid";
- Charges on individual parcels could be deferred;
- Exemptions could be established; and
- Ontario Municipal Board approval is not required.

Under the previous *Local Improvement Act*:

- A variety of different types of works could be undertaken, such as watermain, storm and sanitary sewer projects, supply of electrical light or power, bridge construction, sidewalks, road widening and paving;
- Council could pass a by-law for undertaking such work on petition of a majority of benefiting taxpayers, on a 2/3 vote of Council and on sanitary grounds, based on the recommendation of the Minister of Health. The by-law was required to go to the Ontario Municipal Board, which might hold hearings and alter the by-law, particularly if there were objections;
- The entire cost of a work was assessed only upon the lots abutting directly on the work, according to the extent of their respective frontages, using an equal special rate per meter of frontage; and
- As noted, this Act was repealed as of April 1, 2003; however, Ontario Reg. 119/03 was enacted on April 19, 2003 which restores many of the previous *Local Improvement Act* provisions; however, the authority is now provided under the *Municipal Act*.

Municipal Act Capital Charges are used by the Township to recover outstanding debt payments associated with prior expansion of the water systems from benefitting landowners. Furthermore, the Township also imposes capital water and sewer levies

on new connections to the systems under the authority of the *Municipal Act* for their benefitting share of existing infrastructure. These revenues have been replaced by estimated D.C.s in the capital funding analysis.

4.4 Grant Funding Availability

In April of 2024, the Province accepted applications Housing-Enabling Water Systems Fund grant funding for shovel ready infrastructure projects with the intent that these projects would unlock more housing opportunities, support the province's growing population, protect communities and enhance economic growth. Subsequent to these initial applications, the Province launched a second round of funding in November of 2024. In total, the Province has committed $1.3 billion which has been estimated by the Province to assist in the construction of 600,000 new homes. The Township has applied for funding and received $5.0 million towards their expansion of the Long Sault Regional Water Treatment Plant and $16.9 million towards the Ingleside Wastewater Treatment Plant – Phase 1.

4.5 Existing Reserve/Reserve Funds

The Township has established reserves and reserve funds for water and wastewater capital costs. The established water and wastewater reserves have been used in the capital funding forecast for rate-based need.

The 2025 opening balances for water and wastewater reserve funds are $2.1 million for water systems and $4.9 million for wastewater systems.

4.6 Debenture Financing

Although it is not a direct method of minimizing the overall cost to the ratepayer, debentures are used by municipalities to assist in cash flowing large capital expenditures.

The Ministry of Municipal Affairs regulates the level of debt incurred by Ontario municipalities, through its powers established under the *Municipal Act*. Ontario Reg. 403/02 provides the current rules respecting municipal debt and financial obligations. Through the rules established under these regulations, a Municipality's debt capacity is

capped at a level where no more than 25% of the Municipality's own source revenue may be allotted for servicing the debt (i.e. annual debt charges).

The Township has outstanding debt for water services. In total, the outstanding principal balance is $3.2 million as of January 1, 2025.

The capital financing plan anticipates the issuance of $36.4 million in the forecast period including $11.3 million of non-growth related water debt and $25.1 million of growth-related wastewater debt. Based on the 2024 Long Term Financial Plan, the Township is currently utilizing 19.4% of their legislated debt servicing capacity (i.e. 4.9% of net own source revenues) for outstanding municipal debt payments (rate and non-rate based). With forecast growth in own source revenues identified in the 2024 Long Term Financial Plan, the Township's debt capacity utilization from is 4.9% of own source revenues currently to 9.5% by the end of the forecast period. This would place the Township well within the legislated limit of 25% of own source revenues and preserve debt funding capacity for other municipal services.

4.7 Recommended Approach

In undertaking the Rate Study, multiple scenarios were assessed that considered maintaining the separate management and funding of the individual water and wastewater systems within the current rate structure vs. consolidating the management and funding of the water and wastewater systems. From a capital financing perspective, blending the management of the three water systems and two wastewater systems as combined water and wastewater systems will provide a more flexible funding source that will allow for the sustainable maintenance and replacement of capital infrastructure. These recommendations are consistent with the recommendations of the 2019 water and wastewater rate study.

The following table summarizes the recommended capital funding sources supporting the capital needs forecast, for consideration by the Township of South Stormont. The capital needs have been increased by 2% per year over the forecast period for inflationary purposes.

Table 4-1
2025-2034 Water and Wastewater Capital Funding Program (Inflated $)

Capital Funding Source	Water	Wastewater	Total
Development Charges	4,984,311	6,779,907	**11,764,218**
Growth-Related Debt	-	25,123,916	**25,123,916**
Non-Growth Related Debenture Requirements	11,296,481	-	**11,296,481**
Reserves/Reserve Funds	16,273,458	10,666,928	**26,940,386**
HEWs Grant Funding	5,018,750	16,881,250	**21,900,000**
Total	**37,573,000**	**59,452,000**	**97,025,000**

Across the water and wastewater systems, 38% ($36.9 million) of the costs would be funded through D.C.s or D.C. debt, $26.9 million would be funded from water and wastewater capital reserve funds, $11.3 million would be funded from long-term debt for non-growth-related expenditures and $21.9 million would be funded from the Housing Enabling Water Systems grant funding. New debt has been included in the financial plan based on a 20-year borrowing term and 4.64% annual interest.

Tables 4-2 and 4-3 provide for the full capital expenditure and funding program by year for water and wastewater services respectively. These capital funding plans are provided in inflated dollars.

Based on the capital funding plans identified in Tables 4-2 and 4-3 and the 2025 estimated water and wastewater reserve balances in Section 4.5, the water and wastewater reserve continuity schedules are presented in Tables 4-4 and 4-5 respectively. By 2034, water reserves are anticipated to decrease to the reserve fund floor that was established for contingency purposes in the 2024 LTFP (i.e. $375,000) after borrowing $6.5 million from the wastewater reserve fund to minimize new debt issuances. Wastewater reserves are anticipated to decrease from $4.9 million to $547,000 by the end of the forecast period due to the interim lending of funds to the water systems.

Table 4-2
Water Services
Capital Budget Forecast – Inflated $

Description	Total	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures											
Ingleside											
WSA-C2 – Ingleside West End Servicing – Upsize watermain on St. Lawrence from Ault to Farran Point Road	3,643,000	700,000	714,000	728,000	743,000	758,000	-	-	-	-	-
WSA-E2– Booster to Lactalis via Elevated Stage Augmentation – Upsize watermain to 300mm – St.Lawrence, Farran, College and Dickinson Alignment	5,746,000	-	-	-	-	-	1,104,000	1,126,000	1,149,000	1,172,000	1,195,000
Lifecycle:											
Water Assets	13,774,000	1,394,000	1,422,000	1,450,000	1,479,000	1,509,000	1,539,000	1,570,000	1,601,000	1,633,000	177,000
Facilities	4,135,000	453,000	158,000	647,000	569,000	144,000	333,000	140,000	143,000	1,098,000	450,000
Fleet and Equipment	-	-	-	-	-	-	-	-	-	-	-
It Assets	48,000	4,000	11,000	4,000	-	4,000	-	12,000	4,000	4,000	5,000
Growth Related:											
Long Sault											
Long Sault Regional Water Treatment Plant Expansion	6,876,000	1,719,000	1,719,000	1,719,000	1,719,000	-	-	-	-	-	-
WSA-B3 - Water Storage Loop	3,351,000	-	-	-	-	-	644,000	657,000	670,000	683,000	697,000
WT-S5: NewElevated Storage in Long Sault	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	**37,573,000**	**4,270,000**	**4,024,000**	**4,548,000**	**4,510,000**	**2,415,000**	**3,620,000**	**3,505,000**	**3,567,000**	**4,590,000**	**2,524,000**
Capital Financing											
Provincial/Federal Grants	5,018,750	1,254,688	1,254,688	1,254,688	1,254,688	-	-	-	-	-	-
Development Charges Reserve Fund	4,984,311	408,328	408,328	408,328	408,328	-	644,000	657,000	670,000	683,000	697,000
Non-Growth Related Debenture Requirements	11,296,481	-	-	1,904,970	2,084,418	938,756	1,176,743	1,602,108	1,189,348	2,400,138	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Water Reserve	16,273,458	2,606,985	2,360,985	980,014	762,566	1,476,244	1,799,257	1,245,892	1,707,652	1,506,862	1,827,000
Total Capital Financing	**37,573,000**	**4,270,000**	**4,024,000**	**4,548,000**	**4,510,000**	**2,415,000**	**3,620,000**	**3,505,000**	**3,567,000**	**4,590,000**	**2,524,000**

Table 4-3
Wastewater Services
Capital Budget Forecast – Inflated $

Description	Total	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures											
Long Sault	-	-	-	-	-	-	-	-	-	-	-
SPS-L1 - County Rd 36 SPS and Forcemain Upgrades	2,914,000	560,000	571,000	583,000	594,000	606,000	-	-	-	-	-
SA-L1 - 300 mm Sanitary Sewer North of County Road 36	1,561,000	300,000	306,000	312,000	318,000	325,000	-	-	-	-	-
SA-L2 - 250 mm Sanitary Sewer South of County Road 36	1,250,000	240,000	245,000	250,000	255,000	260,000	-	-	-	-	-
Long Sault Wastewater Treatment Plant	20,817,000	4,000,000	4,080,000	4,162,000	4,245,000	4,330,000	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Ingleside	-	-	-	-	-	-	-	-	-	-	-
Ingleside Wastewater Treatment Plant Phase 1	23,124,000	5,781,000	5,781,000	5,781,000	5,781,000	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Lifecycle:	-	-	-	-	-	-	-	-	-	-	-
Wastewater Assets	4,803,000	62,000	63,000	65,000	66,000	67,000	69,000	1,070,000	1,092,000	1,113,000	1,136,000
Facilities	4,935,000	191,000	995,000	928,000	1,059,000	170,000	277,000	152,000	11,000	604,000	548,000
Fleet and Equipment	-	-	-	-	-	-	-	-	-	-	-
It Assets	48,000	4,000	11,000	4,000	-	4,000	-	12,000	4,000	4,000	5,000
	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	**59,452,000**	**11,138,000**	**12,052,000**	**12,085,000**	**12,318,000**	**5,762,000**	**346,000**	**1,234,000**	**1,107,000**	**1,721,000**	**1,689,000**
Capital Financing											
Provincial/Federal Grants	16,881,250	4,220,313	4,220,313	4,220,313	4,220,313	-	-	-	-	-	-
Development Charges Reserve Fund	6,779,907	2,029,672	1,724,825	1,389,280	1,020,430	615,699	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	25,123,916	4,439,296	4,844,218	5,282,838	5,754,763	4,802,799	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Wastewater Reserve	10,666,928	448,720	1,262,644	1,192,569	1,322,494	343,501	346,000	1,234,000	1,107,000	1,721,000	1,689,000
Total Capital Financing	**59,452,000**	**11,138,000**	**12,052,000**	**12,085,000**	**12,318,000**	**5,762,000**	**346,000**	**1,234,000**	**1,107,000**	**1,721,000**	**1,689,000**

Table 4-4
Water Reserve Continuity – Inflated $

Description		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance		2,102,719	383,245	383,245	383,245	383,245	383,245	383,245	383,245	383,245	383,245
Transfer from Operating		879,995	2,353,470	972,500	755,052	1,468,729	1,791,743	1,238,377	1,700,137	1,499,348	1,819,485
Transfer to Capital		2,606,985	2,360,985	980,014	762,566	1,476,244	1,799,257	1,245,892	1,707,652	1,506,862	1,827,000
Transfer to Operating			-	-	-		-	-	-	-	-
Closing Balance		**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**
Interest		7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515

Table 4-5
Wastewater Reserve Continuity – Inflated $

Description		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance		4,895,860	4,356,397	1,846,087	1,176,353	567,672	551,968	538,973	528,538	515,977	505,084
Transfer from Operating		263,402	444,297	644,169	568,343	804,052	1,066,824	1,353,867	1,666,523	2,010,552	2,394,949
Transfer from Operating to Loan Water Reserve		-	-	-	-	-	-	-	-	-	-
Transfer from Operating - Lactalis		146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000
Transfer to Capital		448,720	1,262,644	1,192,569	1,322,494	343,501	346,000	1,234,000	1,107,000	1,721,000	1,689,000
Transfer to Operating to Loan Water Reserve		585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Transfer to Operating		-	-	-	-			-	-	-	-
Closing Balance		**4,270,978**	**1,809,889**	**1,153,287**	**556,541**	**541,145**	**528,405**	**518,174**	**505,860**	**495,181**	**547,493**
Interest		85,420	36,198	23,066	11,131	10,823	10,568	10,363	10,117	9,904	10,950

Chapter 5
Operating Expenditure Forecast

5. Operating Expenditure Forecast

5.1 Operating Expenditures

In this report the forecasted operating budget figures for water and wastewater services are based on the Township's 2025 operating budget. The expenditures for each component of the operating budget have been reviewed with staff to establish inflationary adjustments.

Capital-related annual expenditures in the forecast include annual debt repayments and contributions to reserves and reserve funds to support the capital forecast and future needs. While operating aspects identified above generally increase with inflation over the period (i.e., 2% annually), the capital-related aspects tend to increase more specifically with the increase in capital funding requirements.

As a result of the inflationary and capital-related expenditure increases, the water and wastewater operating expenditures are anticipate to increase over the forecast period.

5.1.1 Water Services

Debt repayment costs are expected to increase from $305,000 in 2025 to $1.2 million as the Township takes on more debt-financed projects. Reserve transfers are projected to increase from $294,000 to $1.0 million over the same period. Other operating expenditures are expected to inflate annually by 2%, with the exception of salaries, wages, and benefit which are expected to inflate by 4% annually. Further, with the expected completion of the Long Sault Regional Water Treatment Plant Expansion in 2028 allowances have been made for upward adjustment of chemical operating costs in 2028. This results in annual operating costs increasing from $2.1 million to $2.5 million over the period of 2025-2034.

Overall, gross operating expenditures for water services are expected to increase from $3.2 million in 2025 to $5.5 million in 2034 (i.e., 6% average annual increase)

5.1.2 Wastewater Services

For wastewater services, debt repayment costs are expected to increase from $0 in 2025 to $1.9 million in 2034 for growth-related debt that would be funded through future D.C. revenues. Reserve transfers are projected to increase from $267,000 to $2.4

million over the same period. Regarding other operating expenditures, the same inflationary assumptions that were used for the water systems, 4% inflation for salaries wages and benefit and 2% for other operating costs, were used for wastewater. One-time increases were made for the costs of chemicals and biosolids/disposal in 2028 due to the expected completion of Phase 1 of the Ingleside Wastewater Treatment Plant. This results in the wastewater operating costs increasing from $2.8 million in 2025 to $3.7 million in 2034.

Overall, gross operating expenditures for wastewater systems are expected to increase from $3.8 million in 2025 to $9.0 million in 2034.

5.2 Operating Revenues

The Township has operating revenue sources such as fines and penalties, and other miscellaneous revenue that offset some of the annual operating costs. In addition, there are on-going *Municipal Act* Capital Charge debt recovery payments for local capital projects that are continuing to be recovered over the forecast period, as well as direct billing from and revenues to be used for capital purposes in accordance with agreements with the Township's large non-residential wastewater customer (Lactalis).

5.2.1 Water Services

Non-rate revenues for the water system are forecast to increase with annual inflation (i.e. 2% annually). The Township's capital levy payments for the water system are forecast to stay constant at $338,000 annually throughout the forecast period. Non-rate revenues also include interim borrowing from the wastewater system ($6.5 million total over the forecast period)

The greatest source of revenue is secured from the consumptive water rates (i.e. $/m^3 of water consumption) and minimum bills. The consumptive rate revenues have been forecast based on the underlying system growth assumptions and the Township's forecast consumptive rates for the 2025-2034 period

The total annual operating revenues (miscellaneous and rate revenue) are forecast to increase from $3.2 million in 2025 to $5.5 million by 2034.

5.2.2 Wastewater Services

The primary source of non-rate revenue for the wastewater system is the Township's bulk wastewater contract with Lactalis. These revenues, along with any other non-rate revenues, are expected to increase with annual inflation (i.e. 2% annually). These revenues are expected to increase from $1.9 million in 2025 to $4.3 million in 2034.

Revenue secured from the variable wastewater rates (i.e. $/m^3 of water consumption) represents the greatest share of the annual wastewater rate revenue. The consumptive rate revenues have been forecast based on the underlying system growth assumptions and the Township's forecast consumptive rates for the period 2025-2034.

The total annual operating revenues (including consumptive rate revenue) are forecast to increase from $3.8 million in 2025 to $9.0 million by 2034.

Tables 5-1 to 5-2 provide the water and wastewater operating budget forecasts which are presented in inflated dollars.

Table 5-1
Water Services
Operating Budget Forecast – Inflated $

Description	Forecast									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures										
Operating Costs	-	-	-	-	-	-	-	-	-	-
Utilities, Telecommunications	406,045	414,200	422,500	431,000	439,600	448,400	457,400	466,500	475,800	485,300
Insurance	61,079	62,300	63,500	64,800	66,100	67,400	68,700	70,100	71,500	72,900
Professional Fees	408,281	416,400	424,700	433,200	441,900	450,700	459,700	468,900	478,300	487,900
Contracts	30,396	31,000	31,600	32,200	32,800	33,500	34,200	34,900	35,600	36,300
Repairs, Maintenance, Small Tools, Equipement	228,494	233,100	237,800	242,600	247,500	252,500	257,600	262,800	268,100	273,500
Administration (Overhead)	92,500	94,400	96,300	98,200	100,200	102,200	104,200	106,300	108,400	110,600
Licenses	17,500	17,900	18,300	18,700	19,100	19,500	19,900	20,300	20,700	21,100
Chemicals	34,630	35,300	36,000	49,900	50,900	51,900	52,900	54,000	55,100	56,200
Sampling	31,930	32,600	33,300	34,000	34,700	35,400	36,100	36,800	37,500	38,300
Equipment Charges	71,644	73,100	74,600	76,100	77,600	79,200	80,800	82,400	84,000	85,700
Treatment Contracts	396,000	403,900	412,000	420,200	428,600	437,200	445,900	454,800	463,900	473,200
Salary, Wages and Benefits	182,458	189,800	197,400	205,300	213,500	222,000	230,900	240,100	249,700	259,700
Employee Training	6,000	6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,800	6,900
Water Meters	94,660	96,600	98,500	100,500	102,500	104,600	106,700	108,800	111,000	113,200
Sub Total Operating	**2,061,617**	**2,106,700**	**2,152,700**	**2,213,000**	**2,261,400**	**2,311,000**	**2,361,600**	**2,413,400**	**2,466,400**	**2,520,800**
Capital-Related										
Existing Debt (Principal) - Non-Growth Related	219,143	225,122	231,264	237,574	244,055	250,714	257,554	264,581	271,800	279,216
Existing Debt (Interest) - Non-Growth Related	85,780	79,801	73,659	67,349	60,867	54,209	47,368	40,341	33,122	25,707
New Non-Growth Related Debt (Principal)	-	-	-	59,838	128,089	163,521	208,071	268,050	317,847	407,987
New Non-Growth Related Debt (Interest)	-	-	-	88,391	182,331	219,946	266,960	331,643	374,391	471,009
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve for Loan from Wastewater	585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Transfer to Capital Reserve	294,432	479,309	682,100	743,390	835,652	901,356	951,711	971,936	1,042,999	1,009,945
Sub Total Capital Related	**1,184,918**	**2,658,393**	**1,277,423**	**1,208,203**	**2,084,073**	**2,480,132**	**2,018,331**	**2,604,753**	**2,496,509**	**3,003,405**
Total Expenditures	**3,246,535**	**4,765,093**	**3,430,123**	**3,421,203**	**4,345,473**	**4,791,132**	**4,379,931**	**5,018,153**	**4,962,909**	**5,524,205**
Revenues										
Base Charge										
Other Revenue	900	900	900	900	900	900	900	900	900	900
Penalties	21,780	22,200	22,600	23,100	23,600	24,100	24,600	25,100	25,600	26,100
Capital Levy Payments	337,528	337,528	337,528	337,528	337,528	337,528	337,528	337,528	337,528	337,528
Loan from Wastewater Reserve	585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-	-
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**945,772**	**2,234,789**	**651,428**	**373,189**	**995,105**	**1,252,915**	**649,694**	**1,091,729**	**820,377**	**1,174,069**
Water Billing Recovery - Operating	**2,300,763**	**2,530,304**	**2,778,695**	**3,048,014**	**3,350,368**	**3,538,217**	**3,730,236**	**3,926,424**	**4,142,532**	**4,350,136**

Table 5-2
Wastewater Services
Operating Budget Forecast – Inflated

Description	Forecast									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures										
Operating Costs										
Salary, Wages and Benefits	264,598	275,200	286,200	297,600	309,500	321,900	334,800	348,200	362,100	376,600
Administration (Overhead)	66,758	68,100	69,500	70,900	72,300	73,700	75,200	76,700	78,200	79,800
Utilities, Telecommunications	386,500	394,200	402,100	410,100	418,300	426,700	435,200	443,900	452,800	461,900
Insurance	86,480	88,200	90,000	91,800	93,600	95,500	97,400	99,300	101,300	103,300
Professional Fees	286,810	292,500	298,400	304,400	310,500	316,700	323,000	329,500	336,100	342,800
Contracts	90,045	91,800	93,600	95,500	97,400	99,300	101,300	103,300	105,400	107,500
Repairs, Maintenance, Small Tools, Equipement	309,063	315,200	321,500	327,900	334,500	341,200	348,000	355,000	362,100	369,300
Transfers to Reserves										
Employee Training	3,045	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900
Equipment Charges	32,449	33,100	33,800	34,500	35,200	35,900	36,600	37,300	38,000	38,800
Licenses	1,750	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Chemicals	513,500	523,800	534,300	674,700	688,200	702,000	716,000	730,300	744,900	759,800
Sampling	97,850	99,800	101,800	103,800	105,900	108,000	110,200	112,400	114,600	116,900
Biosolids/Disposal	200,000	204,000	208,100	378,500	386,100	393,800	401,700	409,700	417,900	426,300
Treatment Contracts	445,000	453,900	463,000	472,300	481,700	491,300	501,100	511,100	521,300	531,700
Sub Total Operating	**2,783,848**	**2,844,700**	**2,907,300**	**3,267,100**	**3,338,400**	**3,411,300**	**3,485,900**	**3,562,200**	**3,640,300**	**3,720,400**
Capital-Related										
New Growth Related Debt (Principal)	-	139,445	298,080	477,853	680,791	863,244	903,298	945,211	989,069	1,034,962
New Growth Related Debt (Interest)	-	205,983	424,285	655,578	900,426	1,091,687	1,051,633	1,009,720	965,862	919,969
IS - TRSF TO RES - Lactalis (2011-088 #3)	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Reserve (Repayment from Loan to Water)	-	-	-	-	-	-	-	-	-	-
Transfer to Water Reserve (Loan)	585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Transfer to Capital Reserve	263,402	444,297	644,169	568,343	804,052	1,066,824	1,353,867	1,666,523	2,010,552	2,394,949
Sub Total Capital Related	**994,965**	**2,809,887**	**1,802,934**	**1,859,435**	**3,164,346**	**4,058,141**	**3,741,465**	**4,495,655**	**4,567,832**	**5,305,421**
Total Expenditures	**3,778,813**	**5,654,587**	**4,710,234**	**5,126,535**	**6,502,746**	**7,469,441**	**7,227,365**	**8,057,855**	**8,208,132**	**9,025,821**
Revenues										
Base Charge										
Other Revenue	63,413	64,700	66,000	67,300	68,600	70,000	71,400	72,800	74,300	75,800
LACTALIS DIRECT FOR SEWER CAP RESERVE	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000
Lactalis Bulk	1,151,567	1,174,600	1,198,100	1,222,100	1,246,500	1,271,400	1,296,800	1,322,700	1,349,200	1,376,200
Transfer from Water Reserve for Repayment of Loan	-	-	-	-	-	-	-	-	-	-
Contributions from Development Charges Reserve Fund	-	345,429	722,365	1,133,431	1,581,218	1,954,931	1,954,931	1,954,931	1,954,931	1,954,931
Transfer from Wastewater Reserve to Loan Water Reserve	585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**1,873,544**	**3,531,890**	**2,349,865**	**2,507,492**	**3,602,395**	**4,259,718**	**3,682,797**	**4,151,632**	**3,907,780**	**4,289,472**
Wastewater Billing Recovery - Operating	**1,905,270**	**2,122,697**	**2,360,369**	**2,619,043**	**2,900,352**	**3,209,724**	**3,544,567**	**3,906,223**	**4,300,352**	**4,736,349**

Figures 5-1 and 5-2 illustrate the annual operating budget increases for water and wastewater services, respectively, over the forecast period by component, illustrating the increase in annual revenues for increased capital funding purposes (transfers to reserves and debt).

Figure 5-1
2025-2034 Water Annual Operating Cost Forecast by Major Component

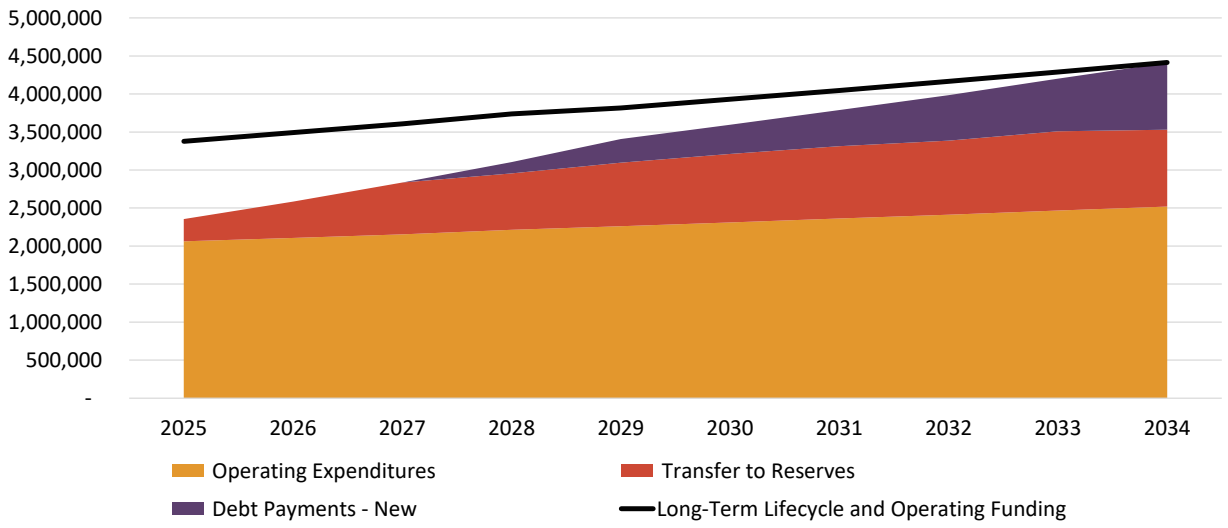
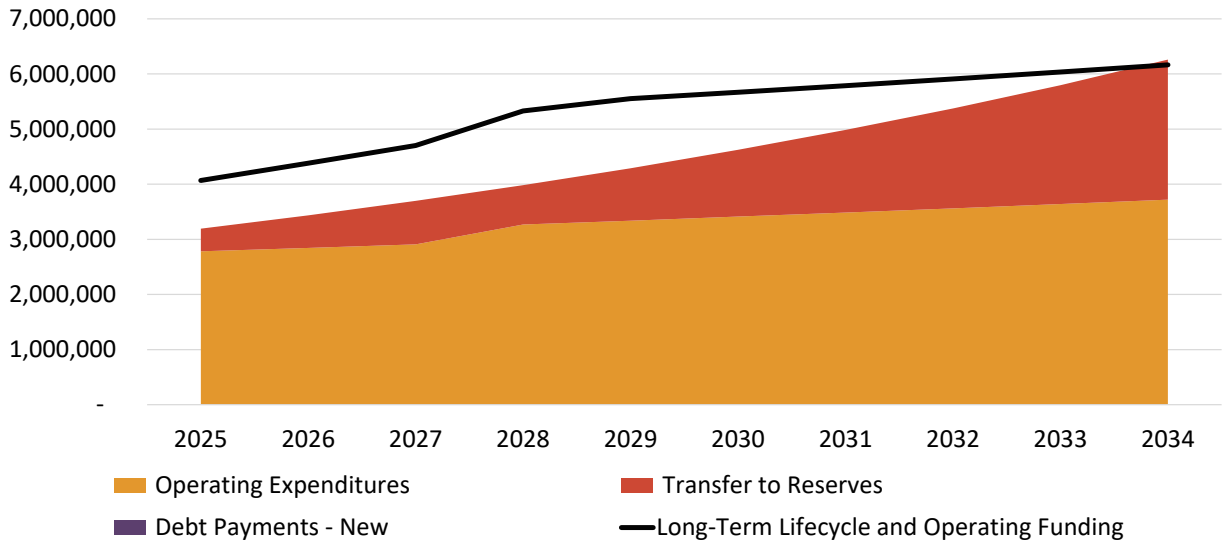


Figure 5-2
2025-2034 Wastewater Annual Operating Cost Forecast by Major Component



Tables 5-1 and 5-2 demonstrate that the increases in operating expenditures to reach sustainable operating and capital funding levels is driven by increases in capital related operating costs (i.e. transfers to reserves and non-growth debt payments). It should be noted that Table 5-1 excludes transfers to reserves associated with interim borrowing of funds from the wastewater system and existing debt payments that have dedicated capital levy funding sources so as to compare water rate funding sources to the long-term average annual capital and operating costs.

Chapter 6
Forecast Water and Wastewater Rates and Customer Impacts

6. Forecast Water and Wastewater Rates and Customer Impacts

6.1 Introduction

To summarize the analysis undertaken thus far, Chapter 3 reviewed capital infrastructure needs within the water and wastewater systems and responds to the lifecycle needs of the Township. Chapter 4 provided a review of capital financing options of which internal sources (i.e., reserve fund transfers) will be the predominant basis for financing future capital needs. Chapter 5 established the 10-year operating forecast of expenditures for South Stormont water and wastewater systems. The following calculations will be based on the net operating expenditures provided in Chapter 5, divided by the customers and volumes forecast provided in Chapter 2.

The Township's current water and wastewater rate structures are comprised of a volumetric charge with a minimum charge imposed on low volume users. The per m^3 charge varies across all three of the areas. The Long Sault/Ingleside and Newington systems have charge a lower volumetric rate for those customers with consumption above 6,000 m^3.

It is recommended that the Township implement uniform water rates across all water systems as was recommended in the 2018 Rate Study. Uniform rate structures are recommended in part to address equity and affordability issues of providing service through multiple systems with differing economies of scale and levels of service. Imposing uniform water rates will allow the Township to balance the ability to pay of water customers with expected levels of service, provide a sustainable funding source for all systems, and improve the administrative billing process.

To provide continuity to existing customers the forecast rates have been structured to converge to be uniform by the midpoint of the forecast, 2029 (aligned with the timing proposed in the last Rate Study).

The forecast water and wastewater rates and customer bill impacts are discussed in Section 6.2 and 6.3, with further analysis of the relative competitiveness of the the billing impacts in Section 6.4.

6.2 Water Rates

It is proposed that water rates continue to be imposed on a volumetric rate with a minimum charge equivalent to 38.5 m^3 water consumption per quarter (i.e. 154 m^3 per year). For multiple dwelling units, the minimum bill will continue to be calculated based on two-thirds of the volume identified above. Furthermore, it is recommended that the Township continue to offer a reduced water volumetric charge for water customers that consume greater than 6,000 m^3 to ease the cost burdens on large industrial users.

In 2025, a typical residential customer with average demand patterns would have a total annual water bill of $272 in Long Sault/Ingleside, $301 in Rosedale Terrace/St. Andrews/Eamers Corners, $372 in Newington because of the differentiated rate structure by system.

It is recommended that increases to the volumetric charges for each water system are imposed after 2029 so that at the end of the forecast period the charges are uniform at $2.72 per m^3. This represents average annual increase over the forecast period of 5.9% for the Long Sault/Ingleside system ($20 per year for the average residential consumer), 4.7% for the Rosedale Terrace/Eamer's Corners ($17 per year for the average residential consumer), and 2.3% for the Newington system ($9 per year for the average residential consumer).

Table 6-1 displays the forecasted water rates for each year of the forecast period.

Table 6-1
Water Services
Volumetric Rate Forecast

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Long Sault/Ingleside										
per m3	1.63	1.77	1.92	2.08	2.26	2.35	2.44	2.53	2.63	2.72
per m3 (>6,000m3)	1.30	1.41	1.53	1.66	1.81	1.88	1.95	2.02	2.10	2.17
% Increase		8.6%	8.5%	8.3%	8.7%	4.0%	3.8%	3.7%	4.0%	3.5%
% Increase (>6,000m3)		8.6%	8.5%	8.3%	8.7%	4.0%	3.8%	3.7%	4.0%	3.5%
Average Residential Bill (167m3)	272	296	321	347	377	392	407	423	439	455
Change ($)		23	25	27	30	15	15	15	17	15
Eamers Corners										
per m3	1.80	1.91	2.02	2.14	2.26	2.35	2.44	2.53	2.63	2.72
% Increase		6.1%	5.8%	5.9%	5.6%	4.0%	3.8%	3.7%	4.0%	3.5%
Average Residential Bill (167m3)	301	319	337	357	377	392	407	423	439	455
Change ($)		18	18	20	20	15	15	15	17	15
Newington										
per m3	2.23	2.24	2.25	2.26	2.26	2.35	2.44	2.53	2.63	2.72
per m3 (>6,000m3)	1.21	1.34	1.48	1.64	1.81	1.88	1.95	2.02	2.10	2.17
% Increase		0.4%	0.4%	0.4%	0.0%	4.0%	3.8%	3.7%	4.0%	3.5%
% Increase (>6,000m3)		10.7%	10.4%	10.8%	10.1%	4.0%	3.8%	3.7%	4.0%	3.5%
Average Residential Bill (167m3)	372	374	376	377	377	392	407	423	439	455
Change ($)		2	2	2	-	15	15	15	17	15

6.3 Wastewater Rates

For the wastewater system, it is also recommended that the current wastewater billing structure remain in place, i.e., a volumetric charge be imposed with the same minimum charge be imposed for low volume users (minimum of 38.5 m^3). The same decrease in the per m^3 charge for high volume (greater than 6,000 m^3 used per annum) wastewater users be in place.

In 2025, a typical residential customer with average demand patterns (i.e., 167 m^3 water volume) would have a total annual wastewater bill of $833.

It is recommended that over the course of the forecast period the volumetric charge for wastewater be increased by 6.1% annually on average ($65 per year for the average residential consumer) over the period of 2025-2035. The same percentage increase is recommended for the high-volume user charges (greater than 6,000 m^3 used per annum).

Table 6-2 displays the forecasted wastewater rates for each year of the forecast period.

Table 6-2
Wastewater Service
Volumetric Rate Charges

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Long Sault/Ingleside										
per m3	4.99	5.29	5.61	5.95	6.31	6.70	7.11	7.54	8.00	8.51
per m3 (>6,000m3)	3.99	4.23	4.48	4.75	5.04	5.35	5.68	6.03	6.39	6.80
% Increase		6.0%	6.0%	6.1%	6.1%	6.2%	6.1%	6.0%	6.1%	6.3%
% Increase (>6,000m3)		6.0%	6.0%	6.1%	6.1%	6.2%	6.1%	6.0%	6.1%	6.3%
Average Residential Bill (167m3)	833	883	937	994	1,054	1,119	1,187	1,259	1,336	1,421
Change ($)		50	53	57	60	65	68	72	77	85

6.4 Water and Wastewater Rates Impacts

Tables 6-1 and 6-2 summarize the annual impacts to a typical residential water and wastewater customer, respectively, in each of the three municipal water systems and two wastewater systems as discussed in the prior section. The tables assume average annual residential water consumption of 167 m^3

6.4.1 Water Bill Comparisons

To assess the impacts on customers in each water system of moving towards a uniform rate structure vs. maintaining the current rate structure and approach of funding each water system separately, Figure 6-1 illustrates the annual residential water bills under the current rate structure for each of the areas, the 2026 proposed rates for each of the areas and the 2029 rate deflated to 2025$. Figure 6-1 shows that after removing the inflationary component of the rate increases to 2029, residents of Newington would pay relatively lower rates, while other water customers would see moderate increases (i.e. $18 per year in Long Sault/Ingleside and $11 per year in Eamers Corners).

6.4.2 Annual Wastewater Bill Impacts

Figure 6-2 presents the impacts of the increase in both water and wastewater rates for an average residential (167 m^3) Long Sault/Ingleside customer. The average resident in Long Sault/Ingleside would see there total annual water and wastewater bill increase from an average of $1,106 in 2025 to $1,270 in 2029 after removing inflationary increases ($1,431 including inflationary increases of $81 per year).

Figure 6-1
Township of South Stormont
Comparison of Water Bill Impacts for a Typical Residential Customer (167 m^3 annual water consumption)
Recommended Uniform Rate Structure vs. Current Rate Structure

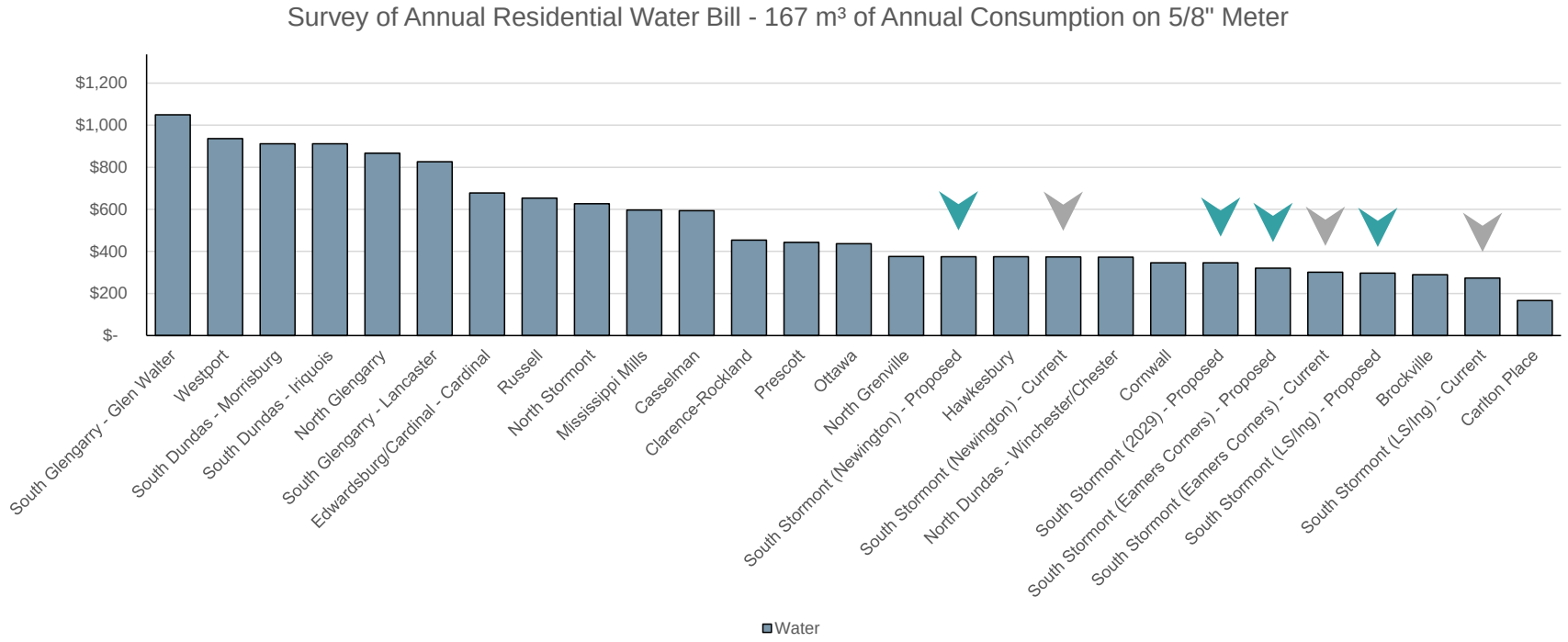
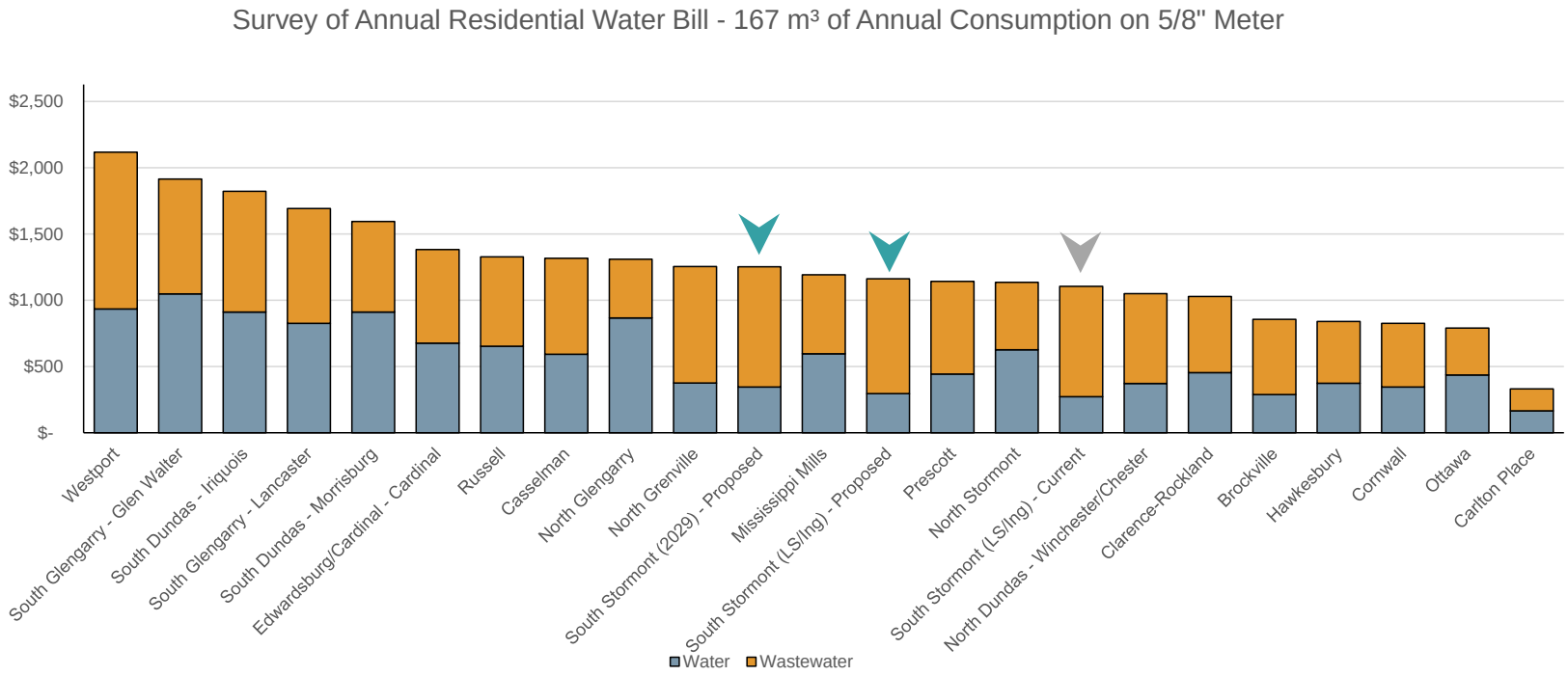


Figure 6-1
Township of South Stormont
Comparison of Water Bill Impacts for a Typical Residential Customer (167 m^3 annual water consumption)
Recommended Uniform Rate Structure vs. Current Rate Structure



Chapter 7
Recommendations

7. Recommendations

Based upon the above analysis, the following recommendations are put forth for Council's consideration:

1. That Council approve the Financial Plan contained in this Rate Study and included as Appendix C;

2. That Council provide for the recovery of all water and wastewater costs through full cost recovery rates;

3. That Council consider the recommended water and wastewater rates as shown in Chapter 6 for adoption;

4. That Council maintain the Capital (lifecycle) Reserve Funds for water and wastewater services as discussed in section 4.5; and

5. That Council direct staff to review the Rate Study in five years to validate Study results and make any necessary rate adjustments.

Appendices

Appendix A
Water Services

Table 1
Township of South Stormont
Water Service
Capital Budget Forecast
Inflated $

Description	Total	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures											
Ingleside											
WSA-C2 – Ingleside West End Servicing – Upsize watermain on St. Lawrence from Ault to Farran Point Road	3,643,000	700,000	714,000	728,000	743,000	758,000	-	-	-	-	-
WSA-E2– Booster to Lactalis via Elevated Stage Augmentation – Upsize watermain to 300mm – St.Lawrence, Farran, College and Dickinson Alignment	5,746,000	-	-	-	-	-	1,104,000	1,126,000	1,149,000	1,172,000	1,195,000
Lifecycle:											
Water Assets	13,774,000	1,394,000	1,422,000	1,450,000	1,479,000	1,509,000	1,539,000	1,570,000	1,601,000	1,633,000	177,000
Facilities	4,135,000	453,000	158,000	647,000	569,000	144,000	333,000	140,000	143,000	1,098,000	450,000
Fleet and Equipment	-	-	-	-	-	-	-	-	-	-	-
It Assets	48,000	4,000	11,000	4,000	-	4,000	-	12,000	4,000	4,000	5,000
Growth Related:											
Long Sault											
Long Sault Regional Water Treatment Plant Expansion	6,876,000	1,719,000	1,719,000	1,719,000	1,719,000	-	-	-	-	-	-
WSA-B3 - Water Storage Loop	3,351,000	-	-	-	-	-	644,000	657,000	670,000	683,000	697,000
WT-S5: NewElevated Storage in Long Sault	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	**37,573,000**	**4,270,000**	**4,024,000**	**4,548,000**	**4,510,000**	**2,415,000**	**3,620,000**	**3,505,000**	**3,567,000**	**4,590,000**	**2,524,000**
Capital Financing											
Provincial/Federal Grants	5,018,750	1,254,688	1,254,688	1,254,688	1,254,688	-	-	-	-	-	-
Development Charges Reserve Fund	4,984,311	408,328	408,328	408,328	408,328	-	644,000	657,000	670,000	683,000	697,000
Non-Growth Related Debenture Requirements	11,296,481	-	-	1,904,970	2,084,418	938,756	1,176,743	1,602,108	1,189,348	2,400,138	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Water Reserve	16,273,458	2,606,985	2,360,985	980,014	762,566	1,476,244	1,799,257	1,245,892	1,707,652	1,506,862	1,827,000
Total Capital Financing	**37,573,000**	**4,270,000**	**4,024,000**	**4,548,000**	**4,510,000**	**2,415,000**	**3,620,000**	**3,505,000**	**3,567,000**	**4,590,000**	**2,524,000**

Table 2
Township of South Stormont
Water Service
Schedule of Non-Growth Related Debenture Repayments
Inflated $

Debenture Year	Principal (Inflated)	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025	-		-	-	-	-	-	-	-	-	-
2026	-			-	-	-	-	-	-	-	-
2027	1,904,970				148,229	148,229	148,229	148,229	148,229	148,229	148,229
2028	2,084,418					162,192	162,192	162,192	162,192	162,192	162,192
2029	938,756						73,046	73,046	73,046	73,046	73,046
2030	1,176,743							91,564	91,564	91,564	91,564
2031	1,602,108								124,663	124,663	124,663
2032	1,189,348									92,545	92,545
2033	2,400,138										186,758
2034	-										
Total Annual Debt Charges	**11,296,481**	**-**	**-**	**-**	**148,229**	**310,421**	**383,467**	**475,031**	**599,693**	**692,238**	**878,997**

Table 3
Township of South Stormont
Water Service
Schedule of Growth Related Debenture Repayments
Inflated $

Debenture Year	Principal (Inflated)	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025	-		-	-	-	-	-	-	-	-	-
2026	-			-	-	-	-	-	-	-	-
2027	-				-	-	-	-	-	-	-
2028	-					-	-	-	-	-	-
2029	-						-	-	-	-	-
2030	-							-	-	-	-
2031	-								-	-	-
2032	-									-	-
2033	-										-
2034	-										
Total Annual Debt Charges	**-**	-	-	-	-	-	-	-	-	-	-

Table 4
Township of South Stormont
Water Service
Water Reserves/ Reserve Funds Continuity
Inflated $

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	2,102,719	383,245	383,245	383,245	383,245	383,245	383,245	383,245	383,245	383,245
Transfer from Operating	879,995	2,353,470	972,500	755,052	1,468,729	1,791,743	1,238,377	1,700,137	1,499,348	1,819,485
Transfer to Capital	2,606,985	2,360,985	980,014	762,566	1,476,244	1,799,257	1,245,892	1,707,652	1,506,862	1,827,000
Transfer to Operating		-	-	-		-	-	-	-	-
Closing Balance	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**
Interest	7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515
Reserve Floor (10% of average capital expenditures)	375,730	375,730	375,730	375,730	375,730	375,730	375,730	375,730	375,730	375,730
Available Funds	-	-	-	-	-	-	-	-	-	-

Table 5
Township of South Stormont
Water Service
Water Development Charges Reserve Fund Continuity
Inflated $

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	-	324,801	670,952	1,039,118	1,430,051	2,261,014	2,467,753	2,681,728	2,903,414	3,133,301
Development Charge Proceeds	726,760	741,322	756,119	771,220	786,629	802,352	818,392	834,756	851,449	868,475
Transfer to Capital	408,328	408,328	408,328	408,328	-	644,000	657,000	670,000	683,000	697,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
Closing Balance	**318,433**	**657,796**	**1,018,743**	**1,402,011**	**2,216,680**	**2,419,366**	**2,629,145**	**2,846,485**	**3,071,863**	**3,304,776**
Interest	6,369	13,156	20,375	28,040	44,334	48,387	52,583	56,930	61,437	66,096
Required from Development Charges	1,511,731	1,511,731	1,511,731	1,511,731	-	644,000	657,000	670,000	683,000	697,000

Table 6
Township of South Stormont
Water Services
Operating Budget Forecast
Inflated $

Description	Forecast									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures										
Operating Costs	-	-	-	-	-	-	-	-	-	-
Utilities, Telecommunications	406,045	414,200	422,500	431,000	439,600	448,400	457,400	466,500	475,800	485,300
Insurance	61,079	62,300	63,500	64,800	66,100	67,400	68,700	70,100	71,500	72,900
Professional Fees	408,281	416,400	424,700	433,200	441,900	450,700	459,700	468,900	478,300	487,900
Contracts	30,396	31,000	31,600	32,200	32,800	33,500	34,200	34,900	35,600	36,300
Repairs, Maintenance, Small Tools, Equipement	228,494	233,100	237,800	242,600	247,500	252,500	257,600	262,800	268,100	273,500
Administration (Overhead)	92,500	94,400	96,300	98,200	100,200	102,200	104,200	106,300	108,400	110,600
Licenses	17,500	17,900	18,300	18,700	19,100	19,500	19,900	20,300	20,700	21,100
Chemicals	34,630	35,300	36,000	49,900	50,900	51,900	52,900	54,000	55,100	56,200
Sampling	31,930	32,600	33,300	34,000	34,700	35,400	36,100	36,800	37,500	38,300
Equipment Charges	71,644	73,100	74,600	76,100	77,600	79,200	80,800	82,400	84,000	85,700
Treatment Contracts	396,000	403,900	412,000	420,200	428,600	437,200	445,900	454,800	463,900	473,200
Salary, Wages and Benefits	182,458	189,800	197,400	205,300	213,500	222,000	230,900	240,100	249,700	259,700
Employee Training	6,000	6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,800	6,900
Water Meters	94,660	96,600	98,500	100,500	102,500	104,600	106,700	108,800	111,000	113,200
Sub Total Operating	**2,061,617**	**2,106,700**	**2,152,700**	**2,213,000**	**2,261,400**	**2,311,000**	**2,361,600**	**2,413,400**	**2,466,400**	**2,520,800**
Capital-Related										
Existing Debt (Principal) - Non-Growth Related	219,143	225,122	231,264	237,574	244,055	250,714	257,554	264,581	271,800	279,216
Existing Debt (Interest) - Non-Growth Related	85,780	79,801	73,659	67,349	60,867	54,209	47,368	40,341	33,122	25,707
New Non-Growth Related Debt (Principal)	-	-	-	59,838	128,089	163,521	208,071	268,050	317,847	407,987
New Non-Growth Related Debt (Interest)	-	-	-	88,391	182,331	219,946	266,960	331,643	374,391	471,009
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve for Loan from Wastewater	585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Transfer to Capital Reserve	294,432	479,309	682,100	743,390	835,652	901,356	951,711	971,936	1,042,999	1,009,945
Sub Total Capital Related	**1,184,918**	**2,658,393**	**1,277,423**	**1,208,203**	**2,084,073**	**2,480,132**	**2,018,331**	**2,604,753**	**2,496,509**	**3,003,405**
Total Expenditures	**3,246,535**	**4,765,093**	**3,430,123**	**3,421,203**	**4,345,473**	**4,791,132**	**4,379,931**	**5,018,153**	**4,962,909**	**5,524,205**
Revenues										
Base Charge										
Other Revenue	900	900	900	900	900	900	900	900	900	900
Penalties	21,780	22,200	22,600	23,100	23,600	24,100	24,600	25,100	25,600	26,100
Capital Levy Payments	337,528	337,528	337,528	337,528	337,528	337,528	337,528	337,528	337,528	337,528
Loan from Wastewater Reserve	585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-	-
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**945,772**	**2,234,789**	**651,428**	**373,189**	**995,105**	**1,252,915**	**649,694**	**1,091,729**	**820,377**	**1,174,069**
Water Billing Recovery - Operating	**2,300,763**	**2,530,304**	**2,778,695**	**3,048,014**	**3,350,368**	**3,538,217**	**3,730,236**	**3,926,424**	**4,142,532**	**4,350,136**
Lifecycle Reserve Contribution ($)										
Water Billing Recovery - Total	**2,300,763**	**2,530,304**	**2,778,695**	**3,048,014**	**3,350,368**	**3,538,217**	**3,730,236**	**3,926,424**	**4,142,532**	**4,350,136**

Appendix B
Wastewater Services

Table 7
Township of South Stormont
Wastewater Service
Capital Budget Forecast
Inflated $

Description	Total	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures											
Long Sault	-	-	-	-	-	-	-	-	-	-	-
SPS-L1 - County Rd 36 SPS and Forcemain Upgrades	2,914,000	560,000	571,000	583,000	594,000	606,000	-	-	-	-	-
SA-L1 - 300 mm Sanitary Sewer North of County Road 36	1,561,000	300,000	306,000	312,000	318,000	325,000	-	-	-	-	-
SA-L2 - 250 mm Sanitary Sewer South of County Road 36	1,250,000	240,000	245,000	250,000	255,000	260,000	-	-	-	-	-
Long Sault Wastewater Treatment Plant	20,817,000	4,000,000	4,080,000	4,162,000	4,245,000	4,330,000	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Ingleside	-	-	-	-	-	-	-	-	-	-	-
Ingleside Wastewater Treatment Plant Phase 1	23,124,000	5,781,000	5,781,000	5,781,000	5,781,000	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Lifecycle:	-	-	-	-	-	-	-	-	-	-	-
Wastewater Assets	4,803,000	62,000	63,000	65,000	66,000	67,000	69,000	1,070,000	1,092,000	1,113,000	1,136,000
Facilities	4,935,000	191,000	995,000	928,000	1,059,000	170,000	277,000	152,000	11,000	604,000	548,000
Fleet and Equipment	-	-	-	-	-	-	-	-	-	-	-
It Assets	48,000	4,000	11,000	4,000	-	4,000	-	12,000	4,000	4,000	5,000
	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	**59,452,000**	**11,138,000**	**12,052,000**	**12,085,000**	**12,318,000**	**5,762,000**	**346,000**	**1,234,000**	**1,107,000**	**1,721,000**	**1,689,000**
Capital Financing											
Provincial/Federal Grants	16,881,250	4,220,313	4,220,313	4,220,313	4,220,313	-	-	-	-	-	-
Development Charges Reserve Fund	6,779,907	2,029,672	1,724,825	1,389,280	1,020,430	615,699	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	25,123,916	4,439,296	4,844,218	5,282,838	5,754,763	4,802,799	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Wastewater Reserve	10,666,928	448,720	1,262,644	1,192,569	1,322,494	343,501	346,000	1,234,000	1,107,000	1,721,000	1,689,000
Total Capital Financing	**59,452,000**	**11,138,000**	**12,052,000**	**12,085,000**	**12,318,000**	**5,762,000**	**346,000**	**1,234,000**	**1,107,000**	**1,721,000**	**1,689,000**

Table 8
Township of South Stormont
Wastewater Service
Schedule of Non-Growth Related Debenture Repayments
Inflated $

Debenture Year	Principal (Inflated)	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025	-		-	-	-	-	-	-	-	-	-
2026	-			-	-	-	-	-	-	-	-
2027	-				-	-	-	-	-	-	-
2028	-					-	-	-	-	-	-
2029	-						-	-	-	-	-
2030	-							-	-	-	-
2031	-								-	-	-
2032	-									-	-
2033	-										-
2034	-										
Total Annual Debt Charges	**-**	-	-	-	-	-	-	-	-	-	-

Table 9
Township of South Stormont
Wastewater Service
Schedule of Growth Related Debenture Repayments
Inflated $

Debenture Year	Principal (Inflated)	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025	4,439,296		345,429	345,429	345,429	345,429	345,429	345,429	345,429	345,429	345,429
2026	4,844,218			376,936	376,936	376,936	376,936	376,936	376,936	376,936	376,936
2027	5,282,838				411,066	411,066	411,066	411,066	411,066	411,066	411,066
2028	5,754,763					447,787	447,787	447,787	447,787	447,787	447,787
2029	4,802,799						373,713	373,713	373,713	373,713	373,713
2030	-							-	-	-	-
2031	-								-	-	-
2032	-									-	-
2033	-										-
2034	-										
Total Annual Debt Charges	**25,123,916**	-	345,429	722,365	1,133,431	1,581,218	1,954,931	1,954,931	1,954,931	1,954,931	1,954,931

Table 10
Township of South Stormont
Wastewater Service
Wastewater Reserves/ Reserve Funds Continuity
Inflated $

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	4,895,860	4,356,397	1,846,087	1,176,353	567,672	551,968	538,973	528,538	515,977	505,084
Transfer from Operating	263,402	444,297	644,169	568,343	804,052	1,066,824	1,353,867	1,666,523	2,010,552	2,394,949
Transfer from Operating to Loan Water Reserve	-	-	-	-	-	-	-	-	-	-
Transfer from Operating - Lactalis	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000
Transfer to Capital	448,720	1,262,644	1,192,569	1,322,494	343,501	346,000	1,234,000	1,107,000	1,721,000	1,689,000
Transfer to Operating to Loan Water Reserve	585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Transfer to Operating	-	-	-	-			-	-	-	-
Closing Balance	**4,270,978**	**1,809,889**	**1,153,287**	**556,541**	**541,145**	**528,405**	**518,174**	**505,860**	**495,181**	**547,493**
Interest	85,420	36,198	23,066	11,131	10,823	10,568	10,363	10,117	9,904	10,950
Reserve Floor (10% of average capital expenditures)	594,520	594,520	594,520	594,520	594,520	594,520	594,520	594,520	594,520	594,520
Available Funds	3,676,458	1,215,369	558,767	(37,979)	(53,375)	(66,115)	(76,346)	(88,660)	(99,339)	(47,027)

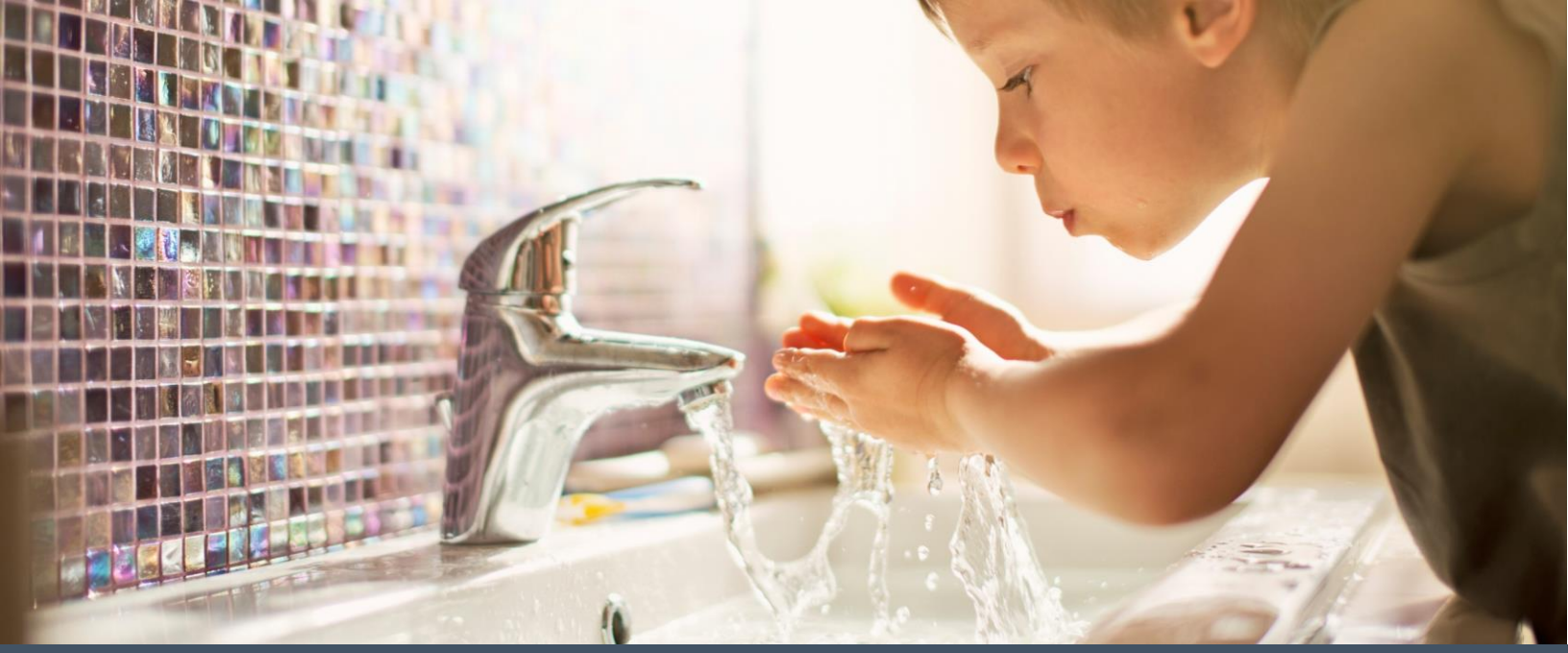
Table 11
Township of South Stormont
Wastewater Service
Wastewater Development Charges Reserve Fund Continuity
Inflated $

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	-	-	-	-	-	-	291,670	634,906	1,031,647	1,483,885
Development Charge Proceeds	2,029,672	2,070,253	2,111,645	2,153,861	2,196,917	2,240,882	2,285,718	2,331,443	2,378,073	2,425,625
Transfer to Capital	2,029,672	1,724,825	1,389,280	1,020,430	615,699	-	-	-	-	-
Transfer to Operating	-	345,429	722,365	1,133,431	1,581,218	1,954,931	1,954,931	1,954,931	1,954,931	1,954,931
Closing Balance	**-**	**-**	**-**	**-**	**-**	**285,951**	**622,457**	**1,011,418**	**1,454,789**	**1,954,579**
Interest	-	-	-	-	-	5,719	12,449	20,228	29,096	39,092
Required from Development Charges	10,426,699	10,526,775	10,629,850	10,732,925	5,418,499	-	-	-	-	-

Table 12
Township of South Stormont
Wastewater Services
Operating Budget Forecast
Inflated $

Description	Forecast									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures										
Operating Costs										
Salary, Wages and Benefits	264,598	275,200	286,200	297,600	309,500	321,900	334,800	348,200	362,100	376,600
Administration (Overhead)	66,758	68,100	69,500	70,900	72,300	73,700	75,200	76,700	78,200	79,800
Utilities, Telecommunications	386,500	394,200	402,100	410,100	418,300	426,700	435,200	443,900	452,800	461,900
Insurance	86,480	88,200	90,000	91,800	93,600	95,500	97,400	99,300	101,300	103,300
Professional Fees	286,810	292,500	298,400	304,400	310,500	316,700	323,000	329,500	336,100	342,800
Contracts	90,045	91,800	93,600	95,500	97,400	99,300	101,300	103,300	105,400	107,500
Repairs, Maintenance, Small Tools, Equipement	309,063	315,200	321,500	327,900	334,500	341,200	348,000	355,000	362,100	369,300
Transfers to Reserves										
Employee Training	3,045	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900
Equipment Charges	32,449	33,100	33,800	34,500	35,200	35,900	36,600	37,300	38,000	38,800
Licenses	1,750	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Chemicals	513,500	523,800	534,300	674,700	688,200	702,000	716,000	730,300	744,900	759,800
Sampling	97,850	99,800	101,800	103,800	105,900	108,000	110,200	112,400	114,600	116,900
Biosolids/Disposal	200,000	204,000	208,100	378,500	386,100	393,800	401,700	409,700	417,900	426,300
Treatment Contracts	445,000	453,900	463,000	472,300	481,700	491,300	501,100	511,100	521,300	531,700
Sub Total Operating	**2,783,848**	**2,844,700**	**2,907,300**	**3,267,100**	**3,338,400**	**3,411,300**	**3,485,900**	**3,562,200**	**3,640,300**	**3,720,400**
Capital-Related										
New Growth Related Debt (Principal)	-	139,445	298,080	477,853	680,791	863,244	903,298	945,211	989,069	1,034,962
New Growth Related Debt (Interest)	-	205,983	424,285	655,578	900,426	1,091,687	1,051,633	1,009,720	965,862	919,969
IS - TRSF TO RES - Lactalis (2011-088 #3)	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Reserve (Repayment from Loan to Water)	-	-	-	-	-	-	-	-	-	-
Transfer to Water Reserve (Loan)	585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Transfer to Capital Reserve	263,402	444,297	644,169	568,343	804,052	1,066,824	1,353,867	1,666,523	2,010,552	2,394,949
Sub Total Capital Related	**994,965**	**2,809,887**	**1,802,934**	**1,859,435**	**3,164,346**	**4,058,141**	**3,741,465**	**4,495,655**	**4,567,832**	**5,305,421**
Total Expenditures	**3,778,813**	**5,654,587**	**4,710,234**	**5,126,535**	**6,502,746**	**7,469,441**	**7,227,365**	**8,057,855**	**8,208,132**	**9,025,821**
Revenues										
Base Charge										
Other Revenue	63,413	64,700	66,000	67,300	68,600	70,000	71,400	72,800	74,300	75,800
LACTALIS DIRECT FOR SEWER CAP RESERVE	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000
Lactalis Bulk	1,151,567	1,174,600	1,198,100	1,222,100	1,246,500	1,271,400	1,296,800	1,322,700	1,349,200	1,376,200
Transfer from Water Reserve for Repayment of Loan	-	-	-	-	-	-	-	-	-	-
Contributions from Development Charges Reserve Fund	-	345,429	722,365	1,133,431	1,581,218	1,954,931	1,954,931	1,954,931	1,954,931	1,954,931
Transfer from Wastewater Reserve to Loan Water Reserve	585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**1,873,544**	**3,531,890**	**2,349,865**	**2,507,492**	**3,602,395**	**4,259,718**	**3,682,797**	**4,151,632**	**3,907,780**	**4,289,472**
Wastewater Billing Recovery - Operating	**1,905,270**	**2,122,697**	**2,360,369**	**2,619,043**	**2,900,352**	**3,209,724**	**3,544,567**	**3,906,223**	**4,300,352**	**4,736,349**
Lifecycle Reserve Contribution ($)										
Wastewater Billing Recovery - Total	**1,905,270**	**2,122,697**	**2,360,369**	**2,619,043**	**2,900,352**	**3,209,724**	**3,544,567**	**3,906,223**	**4,300,352**	**4,736,349**

Appendix C
O.Reg. 453.07 Water Financial Plan



Water Ontario Regulation 453/07 Financial Plan

Township of South Stormont

Financial Plan #186-301A

Watson & Associates Economists Ltd.
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May 20, 2025

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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
MECP	Ministry of the Environment, Conservation and Parks
MMAH	Ministry of Municipal Affairs and Housing
O. Reg.	Ontario Regulation
P.S.A.B.	Public Sector Accounting Board
S.D.W.A.	*Safe Drinking Water Act, 2002*
W.O.A.	*Water Opportunities Act, 2010*

Report

Chapter 1
Introduction

1. Introduction

1.1 Study Purpose

The Township of South Stormont (Township) retained Watson & Associates Economists Ltd. (Watson) to prepare a Water Financial Plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water licence as per the *Safe Drinking Water Act, 2002*. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. This detailed financial planning and forecasting regarding the Township's water system has been based on the Township's Budget and Forecast, along with asset management data.

The objective of the report provided herein is to convert the findings of the 2025 to 2029 approved Budget and Forecast, along with the estimated 2030 to 2034 forecast, into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation (O. Reg.) 453/07. The capital and operating expenditures and revenues forecast has been extended to a 10-year forecast period 2025 to 2034 for the purposes of the financial plan. The financial plan has been developed for the period starting in 2025, as the financial plan must begin in the year of licence expiry in accordance with O. Reg. 453/07. This Financial Plan will then form part of the submission for the Township's application to renew its Municipal Drinking Water Licence.

1.2 Background

The *Safe Drinking Water Act, 2002* (S.D.W.A.) was passed in December 2002 in order to address some of the recommendations made by the Walkerton Inquiry Part II report. One of the main requirements of the Act is the mandatory licensing of municipal water providers. Section 31 (1) specifically states,

"No person shall,

a) establish a new municipal drinking water system or replace or carry out an alteration to a municipal drinking water system except under the authority of and in accordance with an approval under this Part or a drinking water works permit; or

b) use or operate a municipal drinking water system that was established before or after this section comes into force except under the authority of and in accordance with an approval under this Part or municipal drinking water licence."

In order to become licensed, a municipality must satisfy five key requirements as per section 44 (1):

1. Obtain a drinking water works permit.
2. Acceptance of the operational plan for the system based on the Drinking Water Quality Management Standard.
3. Accreditation of the Operating Authority.
4. Prepare and provide a financial plan.
5. Obtain permit to take water.

The preparation of a financial plan is a key requirement for licensing and as such, must be undertaken by all water providers.

1.2.1 Financial Plan Defined

Subsection 30 of the Act provides the following definition of financial plans:

> "financial plans" means financial plans that satisfy the requirements prescribed by the Minister. 2017, c. 2, Sched. 11, s. 6 (3)

As of time of writing, the *Sustainable Water and Sewage Systems Act, 2002* has been repealed (see Section 2.2 of this report) however, the standards that it directs underpin the specific requirements of s.30 as they are outlined in O. Reg. 453/07, and which will be examined in detail below.

1.2.2 Financial Plan Requirements – Existing System

O. Reg. 453/07 also provides details with regard to s.30 (1) part b of the S.D.W.A. for existing water systems. The requirements for existing systems are summarized as follows:

- Financial plans must be approved by Council resolution (or governing body);

- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period, commencing in the year of licence expiry (i.e., 2025 for the Township);
- Financial plans 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 the Public Section Accounting Board (P.S.A.B.)) for each year in which the financial plans apply;
- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the components of a "Statement of Financial Position" as per P.S.A.B.) for each year in which the financial plans apply;
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a "Statement of Cash Flow" as per P.S.A.B.) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plan is to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.3 Financial Plan Requirements – General

Given that the requirement for a financial plan is legislated under the Act, a financial plan is mandatory for water systems. The financial plan shall be for a forecast period of at least six years but longer planning horizons are encouraged. The 2025 to 2034 budget and forecast included in this financial plan exceeds the legislative requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3 (1) 1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water licence renewal (i.e., six months prior to licence expiry).

A copy of the financial plan must be submitted to the Ministry of Municipal Affairs and Housing (MMAH). The financial plan does not need to be submitted to the Ministry of the Environment, Conservation, and Parks (MECP); however, the MECP may request it in the course of review of the licence renewal. Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary. The financial plan must contain on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence.

1.2.4 Public Sector Accounting Board (P.S.A.B.) Requirements

The components of the financial plans indicated by the regulation are consistent with the requirements for financial statement presentation as set out in section PS1201 of the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook:

> "Financial statements should include a Statement of Financial Position, a Statement of Operations, a Statement of Change in Net Debt, and a Statement of Cash Flow."

The format required is to conform to the requirements of PS1201 and PS3150. The financial statements are to be reported on a full accrual accounting basis. The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when they are actually paid for. Since an exchange of cash is not necessary to report a financial transaction, the accrual method is meant to provide a more accurate picture of financial position.

The accounting treatment of tangible capital assets is prescribed under section PS3150. Tangible capital assets are to be capitalized to ensure an inventory of the assets owned is recorded and to account for their ability to provide future benefits.

The Statement of Cash Flow and the Statement of Change in Net Financial Assets/Debt are required statements. The Statement of Change in Net Financial Assets/Debt 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 Statement of Cash Flow reports on how activities were financed for a given period providing a measure of the changes in cash for that period.

Chapter 2
Sustainable Financial Planning

2. Sustainable Financial Planning

2.1 Introduction

In general, sustainability refers to the ability to maintain a certain position over time. While the S.D.W.A. requires a declaration of the financial plan's sustainability, it does not give a clear definition of what would be considered sustainable. Instead, the MECP 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 Services are provided below:

Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system 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 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.

2.2 Water Opportunities Act, 2010

Since the passage of the *Safe Drinking Water Act, 2002,* changes and refinements to the legislation have been introduced, including the *Water Opportunities Act, 2010* (W.O.A). The W.O.A. was introduced into legislation on May 18, 2010, and received Royal Assent on November 29, 2010.

The purposes of the W.O.A. are to foster innovative water, wastewater and stormwater technologies, services, and practices; create opportunities for economic development and clean-technology jobs; and conserve and sustain water resources. To achieve this, the W.O.A. provides for the creation of performance targets (financial, operational and maintenance related), which will vary by service type and location, and the required submission of conservation and sustainability plans for water, wastewater, and stormwater.

The sustainability plan in the W.O.A. expands on interim legislation for financial plans included in O. Reg. 453/07, to include the following:

- an asset management plan for the physical infrastructure;
- financial plan;
- water conservation plan (for water service only);
- a risk assessment;
- a strategy for maintaining and improving the services; and
- additional information considered advisable.

Where a Board has jurisdiction over a service, the plan (and any plan amendments) must be approved by the municipality in which the municipal service is provided before submission to the Minister. The Minister may also direct preparation of joint or partially joint plans.

Regulations (still forthcoming) will prescribe details regarding any time periods or time limits, contents of the plans, identifying which portions of the plan will require

certification, the public consultation process (if required), limitations updates and refinements.

2.3 Infrastructure for Jobs and Prosperity Act (I.J.P.A.), 2015

On June 4, 2015, the Province passed the *Infrastructure for Jobs and Prosperity Act, 2015* (I.J.P.A.) which, over time, will require municipalities to undertake and implement asset management plans for all the infrastructure they own. On December 27, 2017, the Province of Ontario released O. Reg. 588/17 under I.J.P.A. which has three phases that municipalities must meet. The timelines associated with the three phases were later extended by O. Reg. 193/21 which was filed on March 15, 2021.

Every municipality in Ontario will have to prepare a strategic asset management policy by July 1, 2019. Municipalities will be required to review their strategic asset management policies at least every five years and make updates, as necessary. The subsequent phases are as follows:

- Phase 1 – Asset Management Plan (by July 1, 2022):
    - For core assets – Municipalities must have the following:
        - Inventory of assets;
        - Current levels of service, including some prescribed measures; and
        - Lifecycle management strategies and associated costs to maintain current levels of service.
- Phase 2 – Asset Management Plan (by July 1, 2024):
    - Same steps as Phase 1 but for all assets.
- Phase 3 – Asset Management Plan (by July 1, 2025):
    - Builds on Phase 1 and 2 by adding:
        - Proposed levels of service; and
        - Financial strategy that supports achieving proposed levels of service.

In relation to water (which is considered a core asset), municipalities needed to have an asset management plan that addressed the related infrastructure by July 1, 2022 (Phase 1). O. Reg. 588/17 specifies that the municipality's asset management plan must include the following for each asset category:

- the current levels of service being provided;

    - determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan.
- the current performance of each asset category;
- a summary of the assets in the category;
- the replacement cost of the assets in the category;
- the average age of the assets in the category, determined by assessing the average age of the components of the assets;
- the information available on the condition of the assets in the category;
- a description of the municipality's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate; and
- the lifecycle activities that need to be undertaken to maintain the current levels of service.

The Township completed an Asset Management Plan (A.M.P.) in 2024. The A.M.P. included a review of the Township's water infrastructure. The Township will need to consider the impacts of funding the lifecycle requirements identified in the A.M.P. during the annual budget and forecast periods.

2.4 Water Forecast

The Township has already completed their financial planning through its 2025 rate study. The 2025 Rate Study process is designed to address "full cost" principles and reflect the guiding principles toward sustainable financial planning.

As a result of employing this process, the 2025 rate study, which includes the 2025 budget and 2026 to 2034 forecast, provides the basis for a sound financial plan for the Township's water system by assessing:

- A detailed assessment of current and future capital needs including an analysis of potential funding sources;
- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs;
- A review and recommendation on rates that ensure revenues are equitable and sufficient to meet system needs; and

- A public process that involved consultation with the main stakeholders including the Township's staff, Council, the general public (specifically the users of the system) and others with the aim of gaining input and collaboration on the sustainability of the water systems.

The details of the financial plan arising from the 2025 budget and forecast are contained in Appendix A.

Chapter 3
Approach

3. Approach

3.1 Overview

The Township's 2025 capital budget, along with additional detailed information provided by Municipal Staff, has been used as a starting point to prepare the Financial Plan for the municipal water system. The water forecast is prepared on a modified cash basis; therefore, a conversion is required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the Financial Plan for the municipal water system.

3.2 Conversion Process

The conversion from the existing modified cash basis financial plan to the full accrual reporting format required under O. Reg. 453/07 can be summarized in the following steps:

1. Calculate Tangible Capital Asset Balances
2. Convert Statement of Operations
3. Convert Statement of Financial Position
4. Convert Statement of Cash Flow and Net Assets/Debt
5. Verification and Note Preparation

3.2.1 Calculate Tangible Capital Asset Balances

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water and assets, an inventory has already been compiled and summarized by the Township as part of their annual P.S.A.B. 3150 compliance processes. As required, for P.S.A.B. 3150 reporting purposes, the asset inventory listing included historical cost (which is the original cost to purchase, develop, or construct each asset) along with an estimated useful life for each

asset and any anticipated salvage value is recorded. The following calculations are made to determine net book value:

- Accumulated amortization up to the year prior to the first forecast year.
- Amortization expense on existing assets for each year of the forecast period.
- Acquisition of new assets for each year of the forecast period.
- Disposals and related gains or losses for each year of the forecast period.

Future water capital needs have also been determined and summarized by Municipal staff. However, these estimates only represent future assets that the Township anticipates purchasing or constructing. At present, the Township does not anticipate any assets will be contributed by developers and other parties (at no or partial cost to the Township). If, over the forecast period, additional capital needs arise or contributed assets are anticipated, the financial plan may need to be adjusted to properly account for these transactions. Once the sequence and total asset acquisition has been determined for the forecast period, annual amortization of these assets for each year is calculated in a similar manner as that used for existing assets.

Once the historical cost, accumulated amortization, and amortization expenses are calculated as described above, the total net book value of the tangible capital assets can be determined and recorded on the Statement of Financial Position.

3.2.2 Convert Statement of Operations

A wide range of adjustments will be considered, dependent on the size and complexity of the system, in order to convert from the cash to full accrual basis. For example, debt repayment costs relating to the principal payment portion only need to be removed under the accrual basis, as they no longer qualify as an expense for reporting purposes. Principal payments are reported as a decrease in debt liability on the Statement of Financial Position. Transfers to and from reserves are removed as these transactions are represented by changes in cash and accumulated surplus. Finally, expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets are reported on the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives and therefore are added in under the accrual basis.

Table 3-1
Conversion Adjustments
Statement of Operations - Water

Modified Cash Basis	Budget 2025	Adjustments DR	Adjustments CR	Full Accrual Budget 2025	Accrual Basis
Revenues					**Revenues**
Base Charge Revenue	-			-	Base Charge Revenue
Rate Based Revenue	2,300,763			2,300,763	Rate Based Revenue
Transfers from Reserves	-	-			
			408,328	408,328	Earned Development Charges Revenue
Other Revenue	945,772		1,262,203	2,207,975	Other Revenue
Total Revenues	**3,246,535**			**4,917,066**	**Total Revenues**
Expenditures					**Expenses**
Operating	2,061,617	-		2,061,617	Operating Expenses
Capital					
Transfers to Reserves	879,995		879,995		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	304,923		219,143	85,780	Interest on Debt
		468,472		468,472	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
Total Expenditures	**3,246,535**			**2,615,869**	**Total Expenses**
Net Expenditures	**-**			**2,301,197**	**Annual Surplus/(Deficit)**
Increase (decrease) in amounts to be recovered	**-**			21,044,411	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	**-**	**2,301,197**	**-**	**23,345,608**	**Accumulated Surplus/(Deficit), end of year**

TOTAL ADJUSTMENTS	**2,769,669**	**2,769,669**

3.2.3 Convert Statement of Financial Position

Once the Statement of Operations has been converted and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded (see Table 3-2). The opening/actual balances for the remaining accounts such as accounts receivable, inventory, accounts payable, outstanding debt (principal only), are recorded and classified according to the structure of the Statement of Financial Position as outlined in PS1201.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the Township and as such, will be difficult to isolate the information that is relevant to water. An example of this is accounts receivable, which may be administered centrally by the Finance Department. O. Reg. 453/07 allows for the exclusion of these numbers if they are not known at the time of preparing the financial plan. Please refer to the Financial Plan Notes in Chapter 4 for more details.

3.2.4 Convert Statement of Cash Flow and Net Financial Assets/Debt

The Statement of Cash Flow summarizes how the Township financed its activities or in other words, how the costs of providing services were recovered. The statement is derived using comparative Statement of Financial Position, the current Statement of Operations and other available transaction data.

The Statement of Change in Net Financial Assets/Debt is a statement which reconciles the difference between the surplus or deficit from current operations and the change in net financial assets/debt for the year. This is significant, as net debt provides an indication of future revenue requirements. In order to complete the Statement of Net Financial Assets/Debt, information regarding any gains/losses on disposals of assets, asset write-downs, acquisition/use of supplies inventory, and the acquisition use of prepaid expenses is necessary, (if applicable). Although the Statement of Change in Net Financial Assets/Debt is not required under O. Reg. 453/07, it has been included in this report as a further indicator of financial viability.

Table 3-2
Conversion Adjustments
Statements of Financial Position - Water

Modified Cash Basis	Budget 2025	Adjustments DR	Adjustments CR	Full Accrual Budget 2025	Accrual Basis
ASSETS					**ASSETS**
Financial Assets					**Financial Assets**
Cash	(353,622)			-	Cash
Accounts Receivable	1,286,034			1,286,034	Accounts Receivable
Total Financial Assets	**932,412**			**1,286,034**	**Total Financial Assets**
Non-Financial Assets					
Prepaid Expenses	-		-		
Total Non-Financial Assets	-				
LIABILITIES					**Liabilities**
Accounts Payable & Accrued Liabilities	224,365			224,365	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	3,000,587			3,000,587	Debt (Principal only)
Deferred Revenue	324,802			324,802	Deferred Revenue
Bank Indebtedness	-			353,622	Bank Indebtedness
Total Liabilities	**3,549,754**			**3,903,376**	**Total Liabilities**
Net Assets/(Debt)	**(2,617,342)**			**(2,617,342)**	**Net Financial Assets/(Debt)**
					Non-Financial Assets
		25,962,950	-	25,962,950	Tangible Capital Assets
		-		-	Prepaid Expenses
				25,962,950	**Total Non-Financial Assets**
Municipal Position					
Water Reserves	383,245	383,245	-		
Development Charge Reserve Fund	324,802	324,802	-		
Amounts to be Recovered	(3,325,389)	-	3,325,389		
Total Municipal Position	**(2,617,342)**		23,345,608	**23,345,608**	**Accumulated Surplus/(Deficit), end of year**
TOTAL ADJUSTMENTS		**26,670,997**	**26,670,997**		

3.2.5 Verification and Note Preparation

The final step in the conversion process is to ensure that all the statements created by the previous steps are in balance. The Statement of Financial Position summarizes the resources and obligations of the Township at a set point in time. The Statement of Operations summarizes how these resources and obligations changed over the reporting period. To this end, the accumulated surplus/deficit reported on the Statement of Financial Position should equal the accumulated surplus/deficit reported on the Statement of Operations.

The Statement of Change in Net Financial Assets/Debt and the Statement of Financial Position are also linked in terms of reporting on net financial assets/debt. On the Statement of Financial Position, net financial assets/debt are equal to the difference between financial assets and liabilities and should equal net financial assets/debt as calculated, on the Statement of Net Financial Assets/Debt.

While not part of the financial plan, the accompanying notes are important to summarize the assumptions and estimates made in preparing the financial plan. Some of the significant assumptions that need to be addressed within the financial plan are as follows:

a) Opening Cash Balances – Opening cash balances are necessary to complete the Statement of Cash Flows and balance the Statement of Financial Position. Preferably, opening cash balances should be derived from actual information contained within the Township's ledgers. It may not, however, be possible to extract this information from the ledgers for water alone; therefore, a reasonable proxy will be needed. One approach is to assume that opening cash balances equal ending reserve and reserve fund balances from the previous year adjusted for accrual-based transactions reflected by accounts receivable/payable balances. The following equation outlines this approach:

   Ending Reserve/Reserve Fund Balance
   Plus: Ending Accounts Payable Balance
   Less: Ending Accounts Receivable Balance
   Equals: Approximate Ending Cash Balance

b) Amortization Expense – The method and timing of amortization should be based on the Township's amortization policy.

c) Accumulated Amortization – Will be based on the culmination of accumulated amortization expenses throughout the life of each asset however derived, along with information on construction/acquisition date and useful life obtained from the 2025 capital budget and forecast and adjusted for 2025 projected amortization.

d) Contributed Assets – As noted earlier, contributed assets could represent a significant part of the Township's infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation may be required in order to adequately capture these assets. In the case where contributed assets are deemed to be insignificant or unknown, an assumption of "no contributed assets within the forecast period" will be made.

e) Accumulated Surplus – The magnitude of the surplus in this area may precipitate the need for additional explanation especially in the first year of reporting. This Accumulated Surplus captures the historical infrastructure investment which has not been reported in the past but has accumulated to significant levels. It also includes all water reserve and reserve fund balances.

f) Other Revenues – Will represent the recognition of revenues such as those from miscellaneous water charges and other minor miscellaneous revenues.

Chapter 4
Financial Plan

4. Financial Plan

4.1 Introduction

The following tables provide the complete financial plan for the Township's water system. A brief description and analysis of each table is provided below. It is important to note that the financial plan that follows is a forward look at the financial position of the Township's water system. It is not an audited document[1] and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

Similar tables and analysis for the Township's water financial plan are included in Appendix A.

4.2 Water Financial Plan

4.2.1 Statement of Financial Position (Table 4-1)

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the Township's water system. The first important indicator is net financial assets/(debt), which is defined as the difference between financial assets and liabilities. This indicator provides an indication of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. Table 4-1 indicates that in 2025, the Township's water system will be in a net debt position of approximately $2.62 million. The Township's net debt position is projected to increase to a net debt position of approximately $10.1 million by the end of the forecast period.

Another important indicator in the Statement of Financial Position is the tangible capital asset balance. As noted earlier, providing this information is a requirement for municipalities as part of PS3150 compliance and is significant from a financial planning perspective for the following reasons:

[1] O. Reg. 453/07 does not require an audited financial plan.

- Tangible capital assets such as water mains and treatment plants are imperative to water service delivery.
- These assets represent significant economic resources in terms of their historical and replacement costs. Therefore, ongoing capital asset management is essential to managing significant replacements and repairs.
- The annual maintenance required by these assets has an enduring impact on water operational budgets.

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the Township's or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. The use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows that the Township's tangible capital assets are expected to increase by approximately $26.69 million over the forecast period. This indicates that the Township plans to invest in tangible capital assets over the forecast period.

4.2.2 Statement of Operations (Table 4-2)

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates that the ratio of expenses to revenues is projected to increase over the forecast period from 53% in 2025 to 63% in 2034. As a result, annual surpluses are anticipated every year of the forecast period (2026 to 2034). It is important to note that an annual surplus is beneficial to ensure funding is available to non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments in the future.

Another important indicator in this statement is accumulated surplus/deficit. An accumulated surplus indicates that the available net resources are sufficient to provide future water services. An accumulated deficit indicates that resources are insufficient to provide future services and that borrowing or rate increases are required to finance annual deficits. From Table 4-2, the financial plan illustrates an increase in

accumulated surplus of approximately $21.5 million will be added to the opening accumulated surplus of approximately $21.0 million over the forecast period. The existing accumulated surplus, as indicated in Table 4-2, is predominately made up of reserve balances as well as historical investments in tangible capital assets.

4.2.3 Statement of Change in Net Financial Assets/Debt (Table 4-3)

The Statement of Change in Net Financial Assets/Debt indicates whether revenue generated was sufficient to cover operating and non-financial asset costs (i.e., inventory supplies, prepaid expenses, tangible capital assets, etc.) and in so doing, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period.

Table 4-3 indicates that in the years 2025 to 2034, the forecasted annual surplus is less than the tangible capital asset acquisitions, resulting in a decrease in the net financial assets balance. This is due to the amount of capital assets anticipated to be constructed over the forecast period. This is further evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions initially increasing from 0.65 in 2025 to 0.76 in 2034, (note: a desirable ratio is 1:1 or better).

4.2.4 Statement of Cash Flow (Table 4-4)

The Statement of Cash Flow summarizes how the Township's water system is expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash- and accrual-based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e., tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Township's water system to increase from approximately $1.26 million at the beginning of 2025 to a balance of approximately $1.84 million by the end of 2034. For further discussion on projected cash balances please refer to the Notes to the Financial Plan.

Table 4-1
Statement of Financial Position: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Financial Assets											
Cash	1	-	-	297,884	698,913	1,169,016	1,204,616	1,586,985	1,561,493	1,819,030	1,840,179
Accounts Receivable	1	1,286,034	1,887,573	1,358,758	1,355,224	1,721,351	1,897,888	1,735,001	1,987,816	1,965,933	2,188,276
Total Financial Assets		**1,286,034**	**1,887,573**	**1,656,642**	**2,054,137**	**2,890,367**	**3,102,504**	**3,321,986**	**3,549,309**	**3,784,963**	**4,028,455**
Liabilities											
Bank Indebtedness		353,622	604,104	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	224,365	229,271	234,277	240,840	246,107	251,505	257,012	262,649	268,417	274,338
Debt (Principal only)	2	3,000,587	2,775,466	4,449,172	6,236,179	6,802,790	7,565,298	8,701,781	9,358,497	11,168,987	10,481,784
Deferred Revenue	3	324,802	670,953	1,039,120	1,430,052	2,261,015	2,467,754	2,681,729	2,903,415	3,133,301	3,370,872
Total Liabilities		**3,903,376**	**4,279,794**	**5,722,569**	**7,907,071**	**9,309,912**	**10,284,557**	**11,640,522**	**12,524,561**	**14,570,705**	**14,126,994**
Net Financial Assets/(Debt)		**(2,617,342)**	**(2,392,221)**	**(4,065,927)**	**(5,852,934)**	**(6,419,545)**	**(7,182,053)**	**(8,318,536)**	**(8,975,252)**	**(10,785,742)**	**(10,098,539)**
Non-Financial Assets											
Tangible Capital Assets	4	25,962,950	29,459,212	33,423,617	37,286,782	38,992,744	41,874,068	44,596,058	47,336,744	51,057,081	52,652,355
Total Non-Financial Assets		**25,962,950**	**29,459,212**	**33,423,617**	**37,286,782**	**38,992,744**	**41,874,068**	**44,596,058**	**47,336,744**	**51,057,081**	**52,652,355**
Accumulated Surplus/(Deficit)	5	**23,345,608**	**27,066,991**	**29,357,690**	**31,433,848**	**32,573,199**	**34,692,015**	**36,277,522**	**38,361,492**	**40,271,339**	**42,553,816**

Financial Indicators	Total Change	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Increase/(Decrease) in Net Financial Assets	(8,981,528)	(1,500,331)	225,121	(1,673,706)	(1,787,007)	(566,611)	(762,508)	(1,136,483)	(656,716)	(1,810,490)	687,203
2) Increase/(Decrease) in Tangible Capital Assets	30,490,933	3,801,528	3,496,262	3,964,405	3,863,165	1,705,962	2,881,324	2,721,990	2,740,686	3,720,337	1,595,274
3) Increase/(Decrease) in Accumulated Surplus	21,509,405	2,301,197	3,721,383	2,290,699	2,076,158	1,139,351	2,118,816	1,585,507	2,083,970	1,909,847	2,282,477

Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water Revenue											
Base Charge Revenue		-	-	-	-	-	-	-	-	-	-
Rate Based Revenue		2,300,763	2,530,304	2,778,695	3,048,014	3,350,368	3,538,217	3,730,236	3,926,424	4,142,532	4,350,136
Earned Development Charges Revenue	3	408,328	408,328	408,328	408,328	-	644,000	657,000	670,000	683,000	697,000
Other Revenue	6	2,207,975	3,496,990	1,913,630	1,635,391	1,002,619	1,260,430	657,209	1,099,244	827,892	1,181,583
Total Revenues		**4,917,066**	**6,435,622**	**5,100,653**	**5,091,733**	**4,352,987**	**5,442,647**	**5,044,445**	**5,695,668**	**5,653,424**	**6,228,719**
Water Expenses											
Operating Expenses	Sch. 4-1	2,061,617	2,106,700	2,152,700	2,213,000	2,261,400	2,311,000	2,361,600	2,413,400	2,466,400	2,520,800
Interest on Debt	2	85,780	79,801	73,659	155,740	243,198	274,155	314,328	371,984	407,514	496,716
Amortization	4	468,472	527,738	583,595	646,835	709,038	738,676	783,010	826,314	869,663	928,726
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Total Expenses		**2,615,869**	**2,714,239**	**2,809,954**	**3,015,575**	**3,213,636**	**3,323,831**	**3,458,938**	**3,611,698**	**3,743,577**	**3,946,242**
Annual Surplus/(Deficit)		**2,301,197**	**3,721,383**	**2,290,699**	**2,076,158**	**1,139,351**	**2,118,816**	**1,585,507**	**2,083,970**	**1,909,847**	**2,282,477**
Accumulated Surplus/(Deficit), beginning of year	5	21,044,411	23,345,608	27,066,991	29,357,690	31,433,848	32,573,199	34,692,015	36,277,522	38,361,492	40,271,339
Accumulated Surplus/(Deficit), end of year		23,345,608	27,066,991	29,357,690	31,433,848	32,573,199	34,692,015	36,277,522	38,361,492	40,271,339	42,553,816
Note 5:											
Accumulated Surplus/(Deficit) Reconciliation:		**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
Reserve Balances											
Reserves: Development Charges		324,802	670,953	1,039,120	1,430,052	2,261,015	2,467,754	2,681,729	2,903,415	3,133,301	3,370,872
Reserves: Gas Tax/Canada Community Building Fund		-	-	-	-	-	-	-	-	-	-
Reserves: Capital/Other		383,245	383,245	383,245	383,245	383,245	383,245	383,245	383,245	383,245	383,245
Total Reserves Balance		**708,047**	**1,054,198**	**1,422,365**	**1,813,297**	**2,644,260**	**2,850,999**	**3,064,974**	**3,286,660**	**3,516,546**	**3,754,117**
Less: Debt Obligations and Deferred Revenue		(3,325,389)	(3,446,419)	(5,488,292)	(7,666,231)	(9,063,805)	(10,033,052)	(11,383,510)	(12,261,912)	(14,302,288)	(13,852,656)
Add: Tangible Capital Assets	4	25,962,950	29,459,212	33,423,617	37,286,782	38,992,744	41,874,068	44,596,058	47,336,744	51,057,081	52,652,355
Total Ending Balance		**23,345,608**	**27,066,991**	**29,357,690**	**31,433,848**	**32,573,199**	**34,692,015**	**36,277,522**	**38,361,492**	**40,271,339**	**42,553,816**

Financial Indicators	Total Change	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Expense to Revenue Ratio		53%	42%	55%	59%	74%	61%	69%	63%	66%	63%
2) Increase/(Decrease) in Accumulated Surplus	21,509,405	2,301,197	3,721,383	2,290,699	2,076,158	1,139,351	2,118,816	1,585,507	2,083,970	1,909,847	2,282,477

Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Expenses											
Utilities, Telecommunications		406,045	414,200	422,500	431,000	439,600	448,400	457,400	466,500	475,800	485,300
Insurance		61,079	62,300	63,500	64,800	66,100	67,400	68,700	70,100	71,500	72,900
Professional Fees		408,281	416,400	424,700	433,200	441,900	450,700	459,700	468,900	478,300	487,900
Contracts		30,396	31,000	31,600	32,200	32,800	33,500	34,200	34,900	35,600	36,300
Repairs, Maintenance, Small Tools, Equipement		228,494	233,100	237,800	242,600	247,500	252,500	257,600	262,800	268,100	273,500
Administration (Overhead)		92,500	94,400	96,300	98,200	100,200	102,200	104,200	106,300	108,400	110,600
Licenses		17,500	17,900	18,300	18,700	19,100	19,500	19,900	20,300	20,700	21,100
Chemicals		34,630	35,300	36,000	49,900	50,900	51,900	52,900	54,000	55,100	56,200
Sampling		31,930	32,600	33,300	34,000	34,700	35,400	36,100	36,800	37,500	38,300
Equipment Charges		71,644	73,100	74,600	76,100	77,600	79,200	80,800	82,400	84,000	85,700
Treatment Contracts		396,000	403,900	412,000	420,200	428,600	437,200	445,900	454,800	463,900	473,200
Salary, Wages and Benefits		182,458	189,800	197,400	205,300	213,500	222,000	230,900	240,100	249,700	259,700
Employee Training		6,000	6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,800	6,900
Water Meters		94,660	96,600	98,500	100,500	102,500	104,600	106,700	108,800	111,000	113,200
Non TCA - Expenses from Capital Budget	7	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		**2,061,617**	**2,106,700**	**2,152,700**	**2,213,000**	**2,261,400**	**2,311,000**	**2,361,600**	**2,413,400**	**2,466,400**	**2,520,800**

Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Surplus/(Deficit)		2,301,197	3,721,383	2,290,699	2,076,158	1,139,351	2,118,816	1,585,507	2,083,970	1,909,847	2,282,477
Less: Acquisition of Tangible Capital Assets	4	(4,270,000)	(4,024,000)	(4,548,000)	(4,510,000)	(2,415,000)	(3,620,000)	(3,505,000)	(3,567,000)	(4,590,000)	(2,524,000)
Add: Amortization of Tangible Capital Assets	4	468,472	527,738	583,595	646,835	709,038	738,676	783,010	826,314	869,663	928,726
Sub-Total		(3,801,528)	(3,496,262)	(3,964,405)	(3,863,165)	(1,705,962)	(2,881,324)	(2,721,990)	(2,740,686)	(3,720,337)	(1,595,274)
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Sub-Total		-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		**(1,500,331)**	**225,121**	**(1,673,706)**	**(1,787,007)**	**(566,611)**	**(762,508)**	**(1,136,483)**	**(656,716)**	**(1,810,490)**	**687,203**
Net Financial Assets/(Net Debt), beginning of year		(1,117,011)	(2,617,342)	(2,392,221)	(4,065,927)	(5,852,934)	(6,419,545)	(7,182,053)	(8,318,536)	(8,975,252)	(10,785,742)
Net Financial Assets/(Net Debt), end of year		**(2,617,342)**	**(2,392,221)**	**(4,065,927)**	**(5,852,934)**	**(6,419,545)**	**(7,182,053)**	**(8,318,536)**	**(8,975,252)**	**(10,785,742)**	**(10,098,539)**

Financial Indicators		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Acquisition of Tangible Capital Assets (Cumulative)		4,270,000	8,294,000	12,842,000	17,352,000	19,767,000	23,387,000	26,892,000	30,459,000	35,049,000	37,573,000
2) Annual Surplus/Deficit before Amortization (Cumulative)		2,769,669	7,018,790	9,893,084	12,616,077	14,464,466	17,321,958	19,690,475	22,600,759	25,380,269	28,591,472
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		0.65	0.85	0.77	0.73	0.73	0.74	0.73	0.74	0.72	0.76

Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Transactions											
Annual Surplus/Deficit		2,301,197	3,721,383	2,290,699	2,076,158	1,139,351	2,118,816	1,585,507	2,083,970	1,909,847	2,282,477
Add: Amortization of TCA's	4	468,472	527,738	583,595	646,835	709,038	738,676	783,010	826,314	869,663	928,726
Less: Earned Deferred Revenue	3	(408,328)	(408,328)	(408,328)	(408,328)	-	(644,000)	(657,000)	(670,000)	(683,000)	(697,000)
Add: Deferred Revenue Proceeds		733,129	754,478	776,494	799,260	830,963	850,739	870,975	891,686	912,886	934,571
Change in A/R (Increase)/Decrease		(156,615)	(601,538)	528,816	3,535	(366,127)	(176,537)	162,888	(252,815)	21,882	(222,343)
Change in A/P Increase/(Decrease)		(59,661)	4,906	5,006	6,563	5,267	5,398	5,507	5,637	5,768	5,921
Less: Interest Proceeds		(7,515)	(7,515)	(7,515)	(7,515)	(7,515)	(7,515)	(7,515)	(7,515)	(7,515)	(7,515)
Cash Provided by Operating Transactions		**2,870,679**	**3,991,125**	**3,768,767**	**3,116,508**	**2,310,977**	**2,885,577**	**2,743,372**	**2,877,277**	**3,029,531**	**3,224,837**
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(4,270,000)	(4,024,000)	(4,548,000)	(4,510,000)	(2,415,000)	(3,620,000)	(3,505,000)	(3,567,000)	(4,590,000)	(2,524,000)
Cash Applied to Capital Transactions		**(4,270,000)**	**(4,024,000)**	**(4,548,000)**	**(4,510,000)**	**(2,415,000)**	**(3,620,000)**	**(3,505,000)**	**(3,567,000)**	**(4,590,000)**	**(2,524,000)**
Investing Transactions											
Proceeds from Investments		7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515
Cash Provided by (applied to) Investing Transactions		**7,515**	**7,515**	**7,515**	**7,515**	**7,515**	**7,515**	**7,515**	**7,515**	**7,515**	**7,515**
Financing Transactions											
Proceeds from Debt Issue	2	-	-	1,904,970	2,084,418	938,756	1,176,743	1,602,108	1,189,348	2,400,138	-
Less: Debt Repayment (Principal only)	2	(219,143)	(225,122)	(231,264)	(297,412)	(372,145)	(414,235)	(465,626)	(532,632)	(589,647)	(687,203)
Cash Applied to Financing Transactions		**(219,143)**	**(225,122)**	**1,673,706**	**1,787,006**	**566,611**	**762,508**	**1,136,482**	**656,716**	**1,810,491**	**(687,203)**
Increase in Cash and Cash Equivalents		(1,610,949)	(250,482)	901,988	401,029	470,103	35,600	382,369	(25,492)	257,537	21,149
Cash and Cash Equivalents, beginning of year	1	1,257,327	(353,622)	(604,104)	297,884	698,913	1,169,016	1,204,616	1,586,985	1,561,493	1,819,030
Cash and Cash Equivalents, end of year	1	**(353,622)**	**(604,104)**	**297,884**	**698,913**	**1,169,016**	**1,204,616**	**1,586,985**	**1,561,493**	**1,819,030**	**1,840,179**

Water

Notes to Financial Plan

The financial plan format as outlined in Chapter 4 closely approximates the full accrual format used by municipalities (2009 onward) on their audited financial statements. However, the financial plan is not an audited document and contains various estimates. In this regard, Section 3 (2) of O. Reg. 453/07 states the following:

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

The information referred to in sub-subparagraphs 4 if A, B and C of subsection (1) includes:

A. Total financial assets (i.e., cash and receivables);
B. Total liabilities (i.e., payables, debt, and deferred revenue);
C. Net debt (i.e., the difference between A and B above).

The information referred to in sub-subparagraphs 4 iii A, C, E and F of subsection (1) includes:

A. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges.
B. Investing transactions that are acquisitions and disposal of investments.
C. Change in cash and cash equivalents during the year.
D. Cash and cash equivalents at the beginning and end of the year.

In order to show a balanced financial plan in a full accrual format for the Township, some of the items listed above have been estimated given that the Township does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses).

The assumptions used have been documented below:

1. Cash, Receivables and Payables

It is assumed that the opening cash balances required to complete the financial plan are equal to:

Ending Reserve/Reserve Fund Balance
Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
Equals: Approximate Ending Cash Balance

For the Township, receivable and payable balances were estimated for each year of the forecast based on the following factors:

a) Receivables: Based on historical levels of water and wastewater receivables (as per 2021, 2022, and 2023 Financial Information Returns) as a percentage of annual water and wastewater revenue earned; and

b) Payables: Based on historical levels of municipal-wide payables as a percentage of annual municipal-wide expenses incurred (as per the 2021, 2022, and 2023 Financial Information Returns).

2. Debt

Outstanding water related debt at the beginning of 2025 is approximately $3.22 million. Additional debentures are anticipated to be required over the remainder of the forecast period to assist in funding the growth-related capital infrastructure needs. Principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2025	219,143
2026	225,122
2027	231,264
2028	297,412
2029	372,145
2030	414,235
2031	465,626
2032	532,632
2033	589,647
2034	687,203
Total	**$4,034,429**

For financial reporting purposes, debt principal payments represent a decrease in debt liability and the interest payments represent a current year operating expense.

3. Deferred Revenue

Deferred revenue is typically made up of water development charge reserve fund balances which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected. As water infrastructure is often required to be put in prior to development being able to commence, the draws against the development charge reserve fund may result in a negative balance. When this takes place, the negative balances are reflected as a long-term accounts receivable in the financial statements.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
  i. Land;
  ii. Valves;
  iii. Hydrants;
  iv. Water Facilities; and
  v. Watermains & Distribution System assets.
- Amortization is calculated based on the straight-line approach with no amortization in the year of acquisition or construction.
- Write-offs are assumed to equal $0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced. To calculate the value of each asset disposal, the replacement value (of each new asset that has been identified as a "replacement") has been deflated (by weighted average useful life for all assets on hand in the respective asset category) to an estimated historical cost. This figure was used to calculate disposals only. Future assets are disposed of when fully amortized
- Gains/losses on disposal are assumed to be $0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).

- Residual value is assumed to be $0 for all assets contained within the forecast period.
- Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant/unknown during the forecast period and are therefore assumed to be $0.
- The Township is unaware of any lead service piping in the municipal water system.

The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Tangible Capital Asset Balance	42,348,696	46,554,658	50,521,436	54,990,159	59,424,635	61,781,357	65,323,365	68,744,433	72,221,877	76,654,875
Acquisitions	4,270,000	4,024,000	4,548,000	4,510,000	2,415,000	3,620,000	3,505,000	3,567,000	4,590,000	2,524,000
Disposals	64,038	57,222	79,277	75,524	58,278	77,992	83,932	89,556	157,002	78,420
Closing Tangible Capital Asset Balance	**46,554,658**	**50,521,436**	**54,990,159**	**59,424,635**	**61,781,357**	**65,323,365**	**68,744,433**	**72,221,877**	**76,654,875**	**79,100,455**
Opening Accumulated Amortization	20,187,274	20,591,708	21,062,224	21,566,542	22,137,853	22,788,613	23,449,297	24,148,375	24,885,133	25,597,794
Amortization Expense	468,472	527,738	583,595	646,835	709,038	738,676	783,010	826,314	869,663	928,726
Amortization on Disposal	64,038	57,222	79,277	75,524	58,278	77,992	83,932	89,556	157,002	78,420
Ending Accumulated Amortization	**20,591,708**	**21,062,224**	**21,566,542**	**22,137,853**	**22,788,613**	**23,449,297**	**24,148,375**	**24,885,133**	**25,597,794**	**26,448,100**
Net Book Value	**25,962,950**	**29,459,212**	**33,423,617**	**37,286,782**	**38,992,744**	**41,874,068**	**44,596,058**	**47,336,744**	**51,057,081**	**52,652,355**

5. Accumulated Surplus

Opening accumulated surplus for the forecast period is reconciled as follows:

Water	2025 Opening Accumulated Surplus
Reserve Balances	
Reserves: Capital/Other	2,102,719
Total Reserves Balance	**$2,102,719**
Less: Debt Obligations and Deferred Revenue	(3,219,730)
Add: Tangible Capital Assets	22,161,422
Total Opening Balance	**$21,044,411**

The accumulated surplus reconciliation for all years within the forecast period is contained in Table 4-2.

6. Other Revenue

Other revenue consists of revenues from penalties, capital levy payments and funding loaned from the wastewater reserves, and other miscellaneous revenues.

7. Operating Expenses

Capital expenditures for items not meeting the definition of tangible capital assets have been reclassified as operating expenses and have been expensed in the year in which they occur.

Chapter 5
Process for Financial Plan Approval and Submission to the Province

5. Process for Financial Plan Approval and Submission to the Province

As mentioned in section 1.2, preparation, and approval of a financial plan for water assets that meets the requirements of the Act is mandatory for municipal water providers. Proof of the plan preparation and approval is a key submission requirement for municipal drinking water licensing and, upon completion, must be submitted to the MECP. The process established for plan approval, public circulation and filing is set out in O. Reg. 453/07 and can be summarized as follows:

1. The financial plan must be approved by resolution of Council of the municipality who owns the drinking water system or the governing body of the owner. (O. Reg. 453/07, section 3 (1) 1).

2. The owner of the drinking water system must provide notice advertising the availability of the financial plan. The plans will be made available to the public upon request and without charge. The plans must also be made available to the public on the municipality's website. (O. Reg. 453/07, section 3 (1) 5).

3. The owner of the drinking water system must provide a copy of the financial plan to the Director of Policy Branch, Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, section 3 (1) 6).

4. The owner of the drinking water system must provide proof satisfactory to the Director that the financial plans for the system satisfy the requirements under the *Safe Drinking Water Act, 2002*. (S.D.W.A. section 32 (5) 2. ii.).

Chapter 6
Recommendations

6. Recommendations

This report presents the water financial plan for the Township in accordance with the mandatory reporting formats for water systems as detailed in O. Reg. 453/07. It is important to note that while mandatory for water, the financial plan is provided for Council's interest and approval however, for decision making purposes, it may be more informative to rely on the information contained within the Township's operating and capital budgets. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations, and it is recommended that:

1. The Township of South Stormont Water Financial Plan prepared by Watson & Associates Economists Ltd. dated May 20, 2025, be approved.

2. Notice of availability of the Financial Plan be advertised.

3. The Financial Plan, dated May 20, 2025, be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, Section 3 (1) 6)

4. The Council Resolution approving the Financial Plan be submitted to the Ministry of the Environment, Conservation, and Parks satisfying the requirements under the *Safe Drinking Water Act, 2002*. (S.D.W.A, Section 32 (5) 2 ii)).

Appendix A
2025 Budget and Forecast

Table A-1
Township of South Stormont
Water Service
Capital Budget Forecast (Uninflated $)

Description	Total	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures											
Ingleside	-										
WSA-C2 – Ingleside West End Servicing – Upsize watermain on St. Lawrence from Ault to Farran Point Road	3,500,000	700,000	700,000	700,000	700,000	700,000	-	-	-	-	-
WSA-E2– Booster to Lactalis via Elevated Stage Augmentation – Upsize watermain to 300mm – St.Lawrence, Farran, College and Dickinson Alignment	5,000,000	-	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Lifecycle:	-										
Water Assets	12,693,920	1,393,964	1,393,964	1,393,964	1,393,964	1,393,964	1,393,964	1,393,964	1,393,964	1,393,964	148,244
Facilities	3,763,748	452,943	154,745	622,241	536,314	132,786	301,793	124,598	124,598	937,355	376,375
Fleet and Equipment	-	-	-	-	-	-	-	-	-	-	-
It Assets	43,446	3,646	10,414	3,667	-	3,646	-	10,414	3,667	3,646	4,345
Growth Related:											
Long Sault	-										
Long Sault Regional Water Treatment Plant Expansion	6,875,000	1,718,750	1,718,750	1,718,750	1,718,750	-	-	-	-	-	-
WSA-B3 - Water Storage Loop	2,916,667	-	-	-	-	-	583,333	583,333	583,333	583,333	583,333
WT-S5: New Elevated Storage in Long Sault	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	**34,792,780**	**4,269,303**	**3,977,874**	**4,438,622**	**4,349,028**	**2,230,395**	**3,279,090**	**3,112,310**	**3,105,563**	**3,918,298**	**2,112,297**

Table A-2
Township of South Stormont
Water Service
Capital Budget Forecast (Inflated $)

Description	Total	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures											
Ingleside											
WSA-C2 – Ingleside West End Servicing – Upsize watermain on St. Lawrence from Ault to Farran Point Road	3,643,000	700,000	714,000	728,000	743,000	758,000	-	-	-	-	-
WSA-E2– Booster to Lactalis via Elevated Stage Augmentation – Upsize watermain to 300mm – St.Lawrence, Farran, College and Dickinson Alignment	5,746,000	-	-	-	-	-	1,104,000	1,126,000	1,149,000	1,172,000	1,195,000
Lifecycle:											
Water Assets	13,774,000	1,394,000	1,422,000	1,450,000	1,479,000	1,509,000	1,539,000	1,570,000	1,601,000	1,633,000	177,000
Facilities	4,135,000	453,000	158,000	647,000	569,000	144,000	333,000	140,000	143,000	1,098,000	450,000
Fleet and Equipment	-	-	-	-	-	-	-	-	-	-	-
It Assets	48,000	4,000	11,000	4,000	-	4,000	-	12,000	4,000	4,000	5,000
Growth Related:											
Long Sault											
Long Sault Regional Water Treatment Plant Expansion	6,876,000	1,719,000	1,719,000	1,719,000	1,719,000	-	-	-	-	-	-
WSA-B3 - Water Storage Loop	3,351,000	-	-	-	-	-	644,000	657,000	670,000	683,000	697,000
WT-S5: NewElevated Storage in Long Sault	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	**37,573,000**	**4,270,000**	**4,024,000**	**4,548,000**	**4,510,000**	**2,415,000**	**3,620,000**	**3,505,000**	**3,567,000**	**4,590,000**	**2,524,000**
Capital Financing											
Provincial/Federal Grants	5,018,750	1,254,688	1,254,688	1,254,688	1,254,688	-	-	-	-	-	-
Development Charges Reserve Fund	4,984,311	408,328	408,328	408,328	408,328	-	644,000	657,000	670,000	683,000	697,000
Non-Growth Related Debenture Requirements	11,296,481	-	-	1,904,970	2,084,418	938,756	1,176,743	1,602,108	1,189,348	2,400,138	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Water Reserve	16,273,458	2,606,985	2,360,985	980,014	762,566	1,476,244	1,799,257	1,245,892	1,707,652	1,506,862	1,827,000
Total Capital Financing	**37,573,000**	**4,270,000**	**4,024,000**	**4,548,000**	**4,510,000**	**2,415,000**	**3,620,000**	**3,505,000**	**3,567,000**	**4,590,000**	**2,524,000**

Table A-3
Township of South Stormont
Water Service
Schedule of Non-Growth-Related Debenture Repayments (Inflated $)

Debenture Year	Principal (Inflated)	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025	-		-	-	-	-	-	-	-	-	-
2026	-			-	-	-	-	-	-	-	-
2027	1,904,970				148,229	148,229	148,229	148,229	148,229	148,229	148,229
2028	2,084,418					162,192	162,192	162,192	162,192	162,192	162,192
2029	938,756						73,046	73,046	73,046	73,046	73,046
2030	1,176,743							91,564	91,564	91,564	91,564
2031	1,602,108								124,663	124,663	124,663
2032	1,189,348									92,545	92,545
2033	2,400,138										186,758
2034	-										
Total Annual Debt Charges	**11,296,481**	**-**	**-**	**-**	**148,229**	**310,421**	**383,467**	**475,031**	**599,693**	**692,238**	**878,997**

Table A-4
Township of South Stormont
Water Service
Water Reserve Continuity (Inflated $)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	2,102,719	383,245	383,245	383,245	383,245	383,245	383,245	383,245	383,245	383,245
Transfer from Operating	879,995	2,353,470	972,500	755,052	1,468,729	1,791,743	1,238,377	1,700,137	1,499,348	1,819,485
Transfer to Capital	2,606,985	2,360,985	980,014	762,566	1,476,244	1,799,257	1,245,892	1,707,652	1,506,862	1,827,000
Transfer to Operating		-	-	-		-	-	-	-	-
Closing Balance	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**	**375,730**
Interest	7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515	7,515

Table A-5
Township of South Stormont
Water Service
Water Development Charges Reserve Fund Continuity (Inflated $)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	-	324,801	670,952	1,039,118	1,430,051	2,261,014	2,467,753	2,681,728	2,903,414	3,133,301
Development Charge Proceeds	726,760	741,322	756,119	771,220	786,629	802,352	818,392	834,756	851,449	868,475
Transfer to Capital	408,328	408,328	408,328	408,328	-	644,000	657,000	670,000	683,000	697,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
Closing Balance	**318,433**	**657,796**	**1,018,743**	**1,402,011**	**2,216,680**	**2,419,366**	**2,629,145**	**2,846,485**	**3,071,863**	**3,304,776**
Interest	6,369	13,156	20,375	28,040	44,334	48,387	52,583	56,930	61,437	66,096

Table A-6
Township of South Stormont
Water Service
Operating Budget Forecast (Inflated $)

Description	Forecast									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures										
Operating Costs	-	-	-	-	-	-	-	-	-	-
Utilities, Telecommunications	406,045	414,200	422,500	431,000	439,600	448,400	457,400	466,500	475,800	485,300
Insurance	61,079	62,300	63,500	64,800	66,100	67,400	68,700	70,100	71,500	72,900
Professional Fees	408,281	416,400	424,700	433,200	441,900	450,700	459,700	468,900	478,300	487,900
Contracts	30,396	31,000	31,600	32,200	32,800	33,500	34,200	34,900	35,600	36,300
Repairs, Maintenance, Small Tools, Equipement	228,494	233,100	237,800	242,600	247,500	252,500	257,600	262,800	268,100	273,500
Administration (Overhead)	92,500	94,400	96,300	98,200	100,200	102,200	104,200	106,300	108,400	110,600
Licenses	17,500	17,900	18,300	18,700	19,100	19,500	19,900	20,300	20,700	21,100
Chemicals	34,630	35,300	36,000	49,900	50,900	51,900	52,900	54,000	55,100	56,200
Sampling	31,930	32,600	33,300	34,000	34,700	35,400	36,100	36,800	37,500	38,300
Equipment Charges	71,644	73,100	74,600	76,100	77,600	79,200	80,800	82,400	84,000	85,700
Treatment Contracts	396,000	403,900	412,000	420,200	428,600	437,200	445,900	454,800	463,900	473,200
Salary, Wages and Benefits	182,458	189,800	197,400	205,300	213,500	222,000	230,900	240,100	249,700	259,700
Employee Training	6,000	6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,800	6,900
Water Meters	94,660	96,600	98,500	100,500	102,500	104,600	106,700	108,800	111,000	113,200
Sub Total Operating	**2,061,617**	**2,106,700**	**2,152,700**	**2,213,000**	**2,261,400**	**2,311,000**	**2,361,600**	**2,413,400**	**2,466,400**	**2,520,800**
Capital-Related										
Existing Debt (Principal) - Non-Growth Related	219,143	225,122	231,264	237,574	244,055	250,714	257,554	264,581	271,800	279,216
Existing Debt (Interest) - Non-Growth Related	85,780	79,801	73,659	67,349	60,867	54,209	47,368	40,341	33,122	25,707
New Non-Growth Related Debt (Principal)	-	-	-	59,838	128,089	163,521	208,071	268,050	317,847	407,987
New Non-Growth Related Debt (Interest)	-	-	-	88,391	182,331	219,946	266,960	331,643	374,391	471,009
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve for Loan from Wastewater	585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Transfer to Capital Reserve	294,432	479,309	682,100	743,390	835,652	901,356	951,711	971,936	1,042,999	1,009,945
Sub Total Capital Related	**1,184,918**	**2,658,393**	**1,277,423**	**1,208,203**	**2,084,073**	**2,480,132**	**2,018,331**	**2,604,753**	**2,496,509**	**3,003,405**
Total Expenditures	**3,246,535**	**4,765,093**	**3,430,123**	**3,421,203**	**4,345,473**	**4,791,132**	**4,379,931**	**5,018,153**	**4,962,909**	**5,524,205**
Revenues										
Base Charge										
Other Revenue	900	900	900	900	900	900	900	900	900	900
Penalties	21,780	22,200	22,600	23,100	23,600	24,100	24,600	25,100	25,600	26,100
Capital Levy Payments	337,528	337,528	337,528	337,528	337,528	337,528	337,528	337,528	337,528	337,528
Loan from Wastewater Reserve	585,564	1,874,161	290,400	11,661	633,077	890,387	286,666	728,201	456,349	809,541
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-	-
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**945,772**	**2,234,789**	**651,428**	**373,189**	**995,105**	**1,252,915**	**649,694**	**1,091,729**	**820,377**	**1,174,069**
Water Billing Recovery - Operating	**2,300,763**	**2,530,304**	**2,778,695**	**3,048,014**	**3,350,368**	**3,538,217**	**3,730,236**	**3,926,424**	**4,142,532**	**4,350,136**