Township of Woolwich - Water and Wastewater Financial Plan and Rate Study

BMA MANAGEMENT CONSULTING INC.

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Water/Wastewater Long Range Financial Plan

Introduction

The Safe Drinking Water Act, 2002 (SDWA) requires owners of municipal drinking water systems to apply for and obtain a Municipal Drinking Water Licence. The Licence must be renewed every five years. In order to renew the Licence, the Act requires that a financial plan be prepared in accordance with the prescribed requirements in the Financial Plans Regulation (O. Reg 453/07).

Financial Plan provisions set out in the Financial Plans Regulation that must be met include:

- Financial plans must be approved by Council resolution indicating that the drinking water system is financially viable;
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period;
- 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 Public Sector Accounting Board) for each year in which the financial plans apply;
- 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 plans must be given to Ministry of Municipal Affairs and Housing.

While the Regulations are directed at water systems, the approach undertaken by the Township was to undertake a similar process for the Township's wastewater systems to ensure transparency and sustainability of the system.

The purpose of this report is to propose a financially viable multi-year financial plan for the water and wastewater operations as required by Regulation (O. Reg. 453/07).

Sustainable Financial Planning

The Ministry of the Environment, Conservation and Parks released a guideline ("Towards Financially Sustainable Drinking-Water and Wastewater Systems") that outlines suggested principles for water and wastewater and provides possible approaches to achieving sustainability. The Province's Principles of Financially Sustainable Water and Wastewater Services are provided below:

- **Principle #1:** Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.
- **Principle #2:** An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.
- **Principle #3:** Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.
- **Principle #4**: Life-cycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.
- **Principle #5:** An asset management plan is a key input to the development of a financial plan.
- **Principle #6:** A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
- **Principle #7:** Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.
- **Principle #8:** Financial plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.
- **Principle #9:** Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

Guiding Principles

The following guiding principles were used as the basis for the creation of the water and wastewater financial plans to meet the requirements of O. Reg 453/07:

- Ensure reasonable degree of stability and predictability in the rate burden;
- A fair sharing in the distribution of resources between current and future ratepayers;
- Provide for sustainable cash flows to ensure reliable service that meets environmental protection standards, while also providing sufficient resources for future rehabilitation and replacement needs;
- Maintain programs and services at their desired levels; and
- Balance increased investment with affordability.

General Approach to Preparing the Township's Financial Plan

The financial plan identifies the key financial strategies required to achieve a sustainable long-term financial future for the water and wastewater operations. The financial plan includes:

- Expected operating and capital outlays for each year of the plan;
- Expected revenues for each year and their source;
- Performance metrics to enable assessment of the financial plan; and
- Assumptions that have been used in the development of the financial plan.

This financial plan will be instrumental in the Township's ability to meet the Provincial reporting requirements included in O.Reg. 453/07 for water operations and has been developed in recognition of the above noted principles.

The Financial Plan is Dynamic

The water and wastewater financial plans have been developed to provide the Township with a realistic and informed view of operating and capital expenditures needed over time to maintain the integrity and health of its physical infrastructure and accommodate growth.

Although great effort has been made to present accurate financial projections, based upon the most recent data, the financial plan is a "living" document and should be updated and re-evaluated, on an ongoing basis. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.

Council priorities, planning policies, changes to service levels, consumption projections and infrastructure requirements, will certainly lead to changes and the financial plan should be adjusted to reflect these changes as they occur.

The financial plans have been prepared to meet the regulatory requirements of the Safe Drinking Water Act, 2002 and are not binding on Council, however, they provide a framework for guiding future operating and capital budgets.

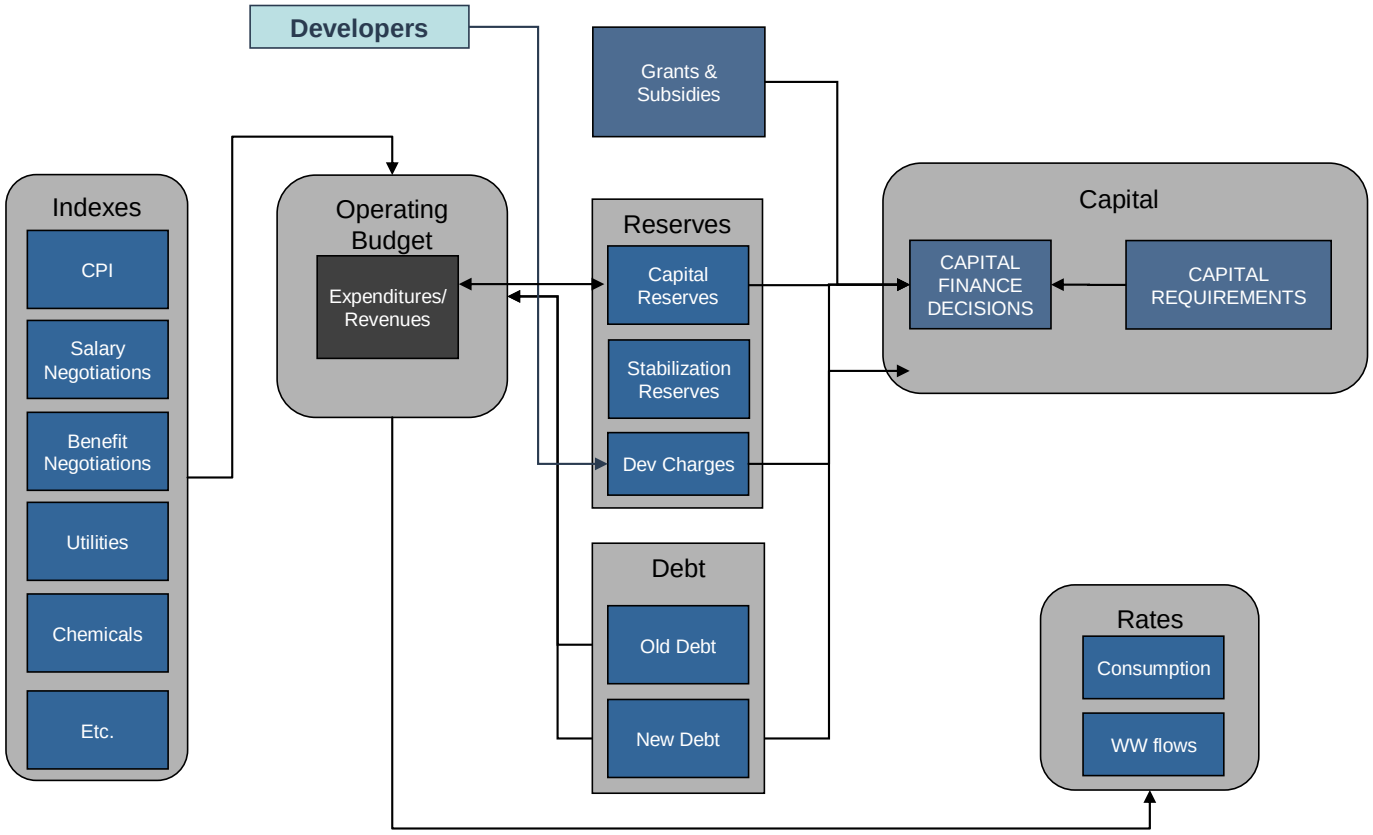
It is well recognized that a Financial Plan is a **dynamic document** that should be updated and re-evaluated, on an **ongoing** basis to:

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

Water and Wastewater Model and Situational Analysis

Model Development

The financial plan model is in essential tool for long-term planning for the Township. The model has been developed to provide an indication the Townships future Water and Wastewater operating, debt and reserve fund requirements given current conditions. The strength of the model lies in its ability to identify implications of future strategies and initiatives as they are proposed and to confirm the financial impacts of these strategies and determine affordability and impacts on the Water and Wastewater Financial positions. The model has the flexibility to set and change assumptions for each variable.



Sources of Data Used

- ***Reserves***—Water/Wastewater Reserve projected 2025 opening balance taking into account any outstanding commitments from previous years.
- ***Operating Budget***—The Township provided the 2024 Operating Budgets for Water and Wastewater which were used to forecast future years based on various assumptions for the remainder of the forecast period.
- ***2024-2028 Capital Budget***—The approved 5-year Capital Budget which included sources of funding from future development charges for growth related capital projects, rates through contributions from Capital Reserves and the issuance of debt. The six-year forecast for 2029 and 2030 is based on the average expenditures in the Capital Budget.
- ***Financial Information Return (FIR) 2023***—The Township's FIR was used in the preparation of the O. Regs. with respect to amortization information.
- ***Consumption***—Water consumption and billable Wastewater trends were provided by the Township to determine an appropriate assumption.
- ***2024 Asset Management Plan (AMP)*** – The 2024 AMP was used to determine the backlog of future replacement requirements.

- ***2024 Debt Schedules*** – Debt schedules were provided by the Township for existing debt outstanding.

Challenges/Risks

The following summarizes the Township's key challenges, risks and opportunities to long-term financial sustainability for water and wastewater operations. Understanding these factors are important in the preparation of the financial plan.

- ***Capital Intensive Water and Wastewater Systems***—The Township is responsible for distribution of water to local consumers. Based on the Township's 2024 AMP, the replacement cost of the water distribution system is approximately $141.8 million.
- The Township is also responsible for the collection of wastewater and transferring the Wastewater to the Region of Waterloo's sanitary sewer system for treatment. Based on the Township's 2024 AMP, the estimated replacement cost of the wastewater collection system is approximately $148.3 million.
- ***Capital Replacement Backlog -*** The AMP identified that the majority of needs in the drinking water service area are related to addressing the existing infrastructure backlog (i.e. approximately $9.4 million of backlog needs). Only a relatively small amount of additional asset needs will arise over the 25-year forecast period. This means that as the Township continues to invest in watermain replacements, it should see an increase in service levels, as most of that investment will go towards eliminating backlog, especially in the near-term. The AMP identified wastewater infrastructure backlog of $36.3 million.
- ***Availability of Capital Reserves***— The Water and Wastewater Capital Reserves funds are used to provide funding for future major repairs or replacement of the Township's infrastructure and both are in a negative position (Water -$1.5 million, WW -$1.6 million).
- ***Inflationary Increases to the Capital and Operating Costs*** –The majority of the costs associated with the water and wastewater operations are the fixed and therefore cannot be controlled by the Township. Many of these water and wastewater operating and capital costs are increasing faster than the rate of inflation including the Region's costs which represent the majority of the expenditures.
- ***Interest Rates***—There is a need to issue debt to cover the reserve shortfall and fund capital costs. Municipal borrowing rates have increased. The currently borrowing rates is 4.5% for a 20-year debenture. This results in higher debt payments funded from the Operating Budget.

Regulatory and Legislative Environment

Legislative and regulatory changes will continue to be a factor that drives the cost of service well into the future. There are numerous statutes and associated regulations that dictate service and service levels including:

- Municipal Act;
- Clean Water Act;
- Water Opportunities Act;
- Ontario Water Resources Act;
- Safe Drinking Water Act (SDWA);
- Environmental Protection Act;
- Environmental Assessment Act;
- PSAB 3150, Tangible Capital Assets Reporting, and;
- More Housing Built Faster Act.

Historical Rates

- From 2019-2024 the Township has increased only their volumetric rates and maintained the same fixed rate. If this practice were to continue, the proportional amount recovered from the fixed charge will continue to erode. It is recommended that this practice be changed to support revenue stability.
- The table reflects the rates over the past six years.
- As illustrated in the tables in previous years, increases were below inflation. Higher increases in 2024 were required.

		2019	2020	2021	2022	2023	2024
Water							
Water Usage Charge (Volumetric) per m3		$ 1.730	$ 1.760	$ 1.760	$ 1.820	$ 1.890	$ 2.110
Water Charge based on Meter Size Bi-Monthly	5/8"	$ 26.00	$ 26.00	$ 26.00	$ 26.00	$ 26.00	$ 26.00
	1"	$ 38.00	$ 38.00	$ 38.00	$ 38.00	$ 38.00	$ 38.00
	1.5"	$ 64.00	$ 64.00	$ 64.00	$ 64.00	$ 64.00	$ 64.00
	2"	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00
	3"	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00
	4"	$ 505.00	$ 505.00	$ 505.00	$ 505.00	$ 505.00	$ 505.00
	6"	$ 885.00	$ 885.00	$ 885.00	$ 885.00	$ 885.00	$ 885.00
	8"	$ 885.00	$ 885.00	$ 885.00	$ 885.00	$ 885.00	$ 885.00
	10"	$ 1,263.00	$ 1,263.00	$ 1,263.00	$ 1,263.00	$ 1,263.00	$ 1,263.00
Volumetric Rate Change		0.6%	1.7%	0.0%	3.4%	3.8%	11.6%
Fixed Rate Change		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Wastewater							
Wastewater Usage Charge (Volumetric) per m3		$ 2.850	$ 2.910	$ 2.910	$ 3.000	$ 3.180	$ 3.390
Wastewater Charge based on Meter Size Bi-Monthly	5/8"	$ 26.00	$ 26.00	$ 26.00	$ 26.00	$ 26.00	$ 26.00
	1"	$ 38.00	$ 38.00	$ 38.00	$ 38.00	$ 38.00	$ 38.00
	1.5"	$ 64.00	$ 64.00	$ 64.00	$ 64.00	$ 64.00	$ 64.00
	2"	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00
	3"	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00
	4"	$ 505.00	$ 505.00	$ 505.00	$ 505.00	$ 505.00	$ 505.00
	6"	$ 885.00	$ 885.00	$ 885.00	$ 885.00	$ 885.00	$ 885.00
	8"	$ 885.00	$ 885.00	$ 885.00	$ 885.00	$ 885.00	$ 885.00
	10"	$ 1,263.00	$ 1,263.00	$ 1,263.00	$ 1,263.00	$ 1,263.00	$ 1,263.00
Volumetric Rate Change		5.9%	2.1%	0.0%	3.1%	6.0%	6.6%
Fixed Rate Change		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Township Water and Wastewater rates By-laws

Cost of Service and Ratepayer Affordability

- An analysis of the 2024 water and wastewater rates in Woolwich was undertaken against Waterloo/Wellington municipalities.
- As shown in the table to the right, the customer cost of water/ww services in Woolwich is approximately at the peer average for a residential customer that consumes 175 m^3 per year. In Woolwich a customer pays $1,275 annually compared with the Waterloo/Wellington average of $1,283.
- For non-residential customers, the cost of service in Woolwich ranges from 6%-8% higher than the peer average. This is driven in part by a relatively low allocation of costs to be recovered from the fixed meter charge.
- Differences in rates are impacted by the overall age of the system, the condition of the infrastructure, the complexity of the system and the strategies used to address infrastructure gaps.

2024	Residential	Commercial	Industrial	Industrial
Volume	175 m3	10,000 m3	30,000 m3	100,000 m3
Meter Size	5/8"	2"	3"	4"
Waterloo	$ 941	$ 51,806	$ 154,622	$ 513,917
Guelph	$ 975	$ 44,721	$ 133,278	$ 440,446
Kitchener	$ 1,031	$ 58,901	$ 176,703	$ 589,010
Cambridge	$ 1,165	$ 55,672	$ 165,575	$ 545,644
Wilmot	$ 1,207	$ 54,356	$ 162,260	$ 539,197
Centre Wellington	$ 1,278	$ 57,081	$ 167,816	$ 554,835
North Dumfries	$ 1,285	$ 59,252	$ 177,252	$ 590,252
Wellesley	$ 1,285	$ 59,252	$ 177,252	$ 590,252
Wellington North	$ 1,303	$ 49,363	$ 144,963	$ 479,563
Guelph-Eramosa	$ 1,457	$ 66,498	$ 198,898	$ 662,298
Minto	$ 1,654	$ 45,473	$ 121,188	$ 369,556
Mapleton	$ 1,820	$ 32,686	$ 99,311	$ 307,744
Average	**$ 1,283**	**$ 52,922**	**$ 156,593**	**$ 515,226**
Median	**$ 1,281**	**$ 55,014**	**$ 163,918**	**$ 542,421**
Woolwich	$ 1,275	$ 56,512	$ 166,512	$ 556,060
% Above/(Below) Waterloo/Wellington Avg	-1%	7%	6%	8%

Source: 2024 Municipal By-laws

Residential Water/WW Cost of Service

- The table reflects a typical residential customer that consumes 175 m^3 annually.
- The table reflects the water and wastewater separately and the combined total cost for a customer. The water cost of service in Woolwich is below the peer average by 19%, however, the wastewater cost is above the average by 14%. The primary driver of costs in wastewater are associated with Regional costs which comprise 50% of the total expenses.
- In 2024, the residential customer cost of water and wastewater combined is lower than the peer average by 1%.

Residential 175 m3 Annual 5/8"	Water	Wastewater	Total Costs
Waterloo	$ 450	$ 492	$ 941
Guelph	$ 473	$ 502	$ 975
Kitchener	$ 459	$ 572	$ 1,031
Cambridge	$ 605	$ 560	$ 1,165
Wilmot	$ 533	$ 674	$ 1,207
Centre Wellington	$ 587	$ 691	$ 1,278
North Dumfries	$ 724	$ 561	$ 1,285
Wellesley	$ 724	$ 561	$ 1,285
Wellington North	$ 584	$ 719	$ 1,303
Guelph-Eramosa	$ 672	$ 785	$ 1,457
Minto	$ 746	$ 908	$ 1,654
Mapleton	$ 980	$ 840	$ 1,820
Erin	$ 923	N/A	N/A
Total Average	**$ 651**	**$ 655**	**$ 1,283**
Median	**$ 605**	**$ 623**	**$ 1,281**
Woolwich	$ 525	$ 749	$ 1,275
% Above/(Below) Waterloo/Wellington Avg	-19%	14%	-1%

Source: 2024 Municipal By-laws

Ratepayer Affordability

- Ratepayer affordability has also been taken into consideration. This compares the cost of water/ww services in relation to average household income in 2024.
- There are a number of sources which are used in the industry to establish a benchmark upon which affordability is measured. The most common approach is water/wastewater costs as a percentage of average household income. The threshold value, which is expressed as a percent, is applied to a measure of income to determine the point at which the cost of water/wastewater becomes unaffordable.
- Woolwich's average household income is $149,838, above the peer survey average and median. In addition, residential water/ww costs at $1,275 are the third lowest in the survey. These help to support residential affordability.
- There is no one benchmark percentage established in the industry. Depending on the source used, the range typically is from 1.5%-3.0% of household income, beyond which, affordability is questionable.
- The water/ww costs as a percentage of income in Woolwich is 0.9% compared with the survey average of 1.0% and at the survey median.

Municipality	2024 Est. Avg. Household Income	2024 Residential Water/WW Costs 175 m^3	2024 Affordability Metric
Waterloo	$ 134,179	$ 941	0.7%
Guelph	$ 121,500	$ 975	0.8%
North Dumfries	$ 158,807	$ 1,285	0.8%
Wellesley	$ 156,403	$ 1,285	0.8%
Wilmot	$ 144,096	$ 1,207	0.8%
Guelph-Eramosa	$ 166,340	$ 1,457	0.9%
Kitchener	$ 112,517	$ 1,031	0.9%
Centre Wellington	$ 135,649	$ 1,278	0.9%
Cambridge	$ 117,575	$ 1,165	1.0%
Wellington North	$ 98,628	$ 1,303	1.3%
Mapleton	$ 130,416	$ 1,820	1.4%
Minto	$ 105,814	$ 1,654	1.6%
Average	$ 131,827	$ 1,283	1.0%
Median	$ 132,298	$ 1,281	0.9%
Woolwich	$ 149,838	$ 1,275	0.9%

Source: Income provided by Manifold Data Mining

Financial Environment, Forecast Assumptions and Financial Policies

Water/Wastewater Financial Environment and Assumptions

The following provides the key assumptions were used in the financial plan:

- ***Capital Projects*** — The financial plan is based on the Township's 2024-2028 Capital Budget. Beyond 2028 the project expenditures are based on the average of the previous 5 years.

- ***Debt Terms*** — Funding for capital replacement costs included debt proceeds of $1.5 million in 2025 for water and $3.0 million in 2025 for wastewater necessary to maintain positive reserve balances. The debt issued is amortized over a 20-year term at 4.5% interest rate.

- ***Water & Wastewater Capital Reserves*** — The estimated 2025 opening balance less any outstanding commitments in the Water Reserve is approximately negative $1.5 million and the Wastewater Reserve is a negative balance of $1.7 million. These negative balances, in addition to the replacement needs contained in the 2024 Capital Budget reflect a need to significantly increase contributions to both the Water and Wastewater Capital Reserves.

- ***Service Standards***—Water and wastewater programs are maintained at their current service levels.

- ***Growth Assumptions*** – The DC Background Study was used as a basis of growth-related new accounts. To be conservative, and based on a review of past history, this has been modified as full occupancy does not result in a full year of consumption and new accounts for the entire year. The forecast assumes 50% of the DC Forecast for growth. An average of 175 m^3 annually for residential new construction has been built into the model for growth in consumption resulting from new construction.

Mid-Year	2025	2026	2027	2028	2029	2030
Singles &Semis	76	76	76	76	76	76
Rows & Other Multiples	37	37	37	37	37	37
Apartments	40	40	40	40	40	40
Total New Households	**153**	**153**	**153**	**153**	**153**	**153**

Source: Township of Woolwich 2024 DC Background Study

- ***Consumption Assumptions*** – A trend analysis was undertaken on the billable consumption over the past several years. The forecast was established taking into consideration growth and historical consumption patterns.

- ***Operating Budget Assumptions***—The Township's 2024 approved operating budgets were used as the base to project future revenue and expenditures increases. An inflation factor of 3% was used the project the operating costs, except for the Region wholesale costs.

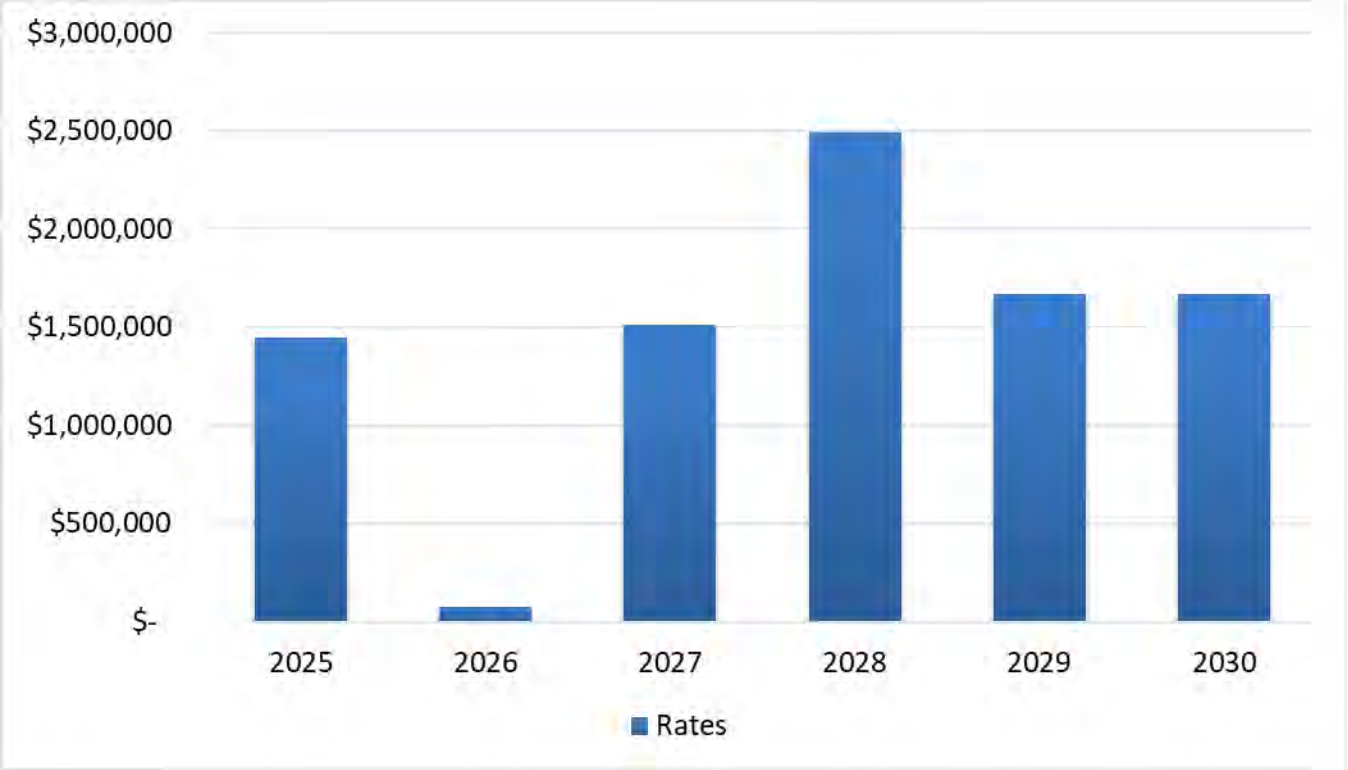
- ***Regional Cost Increases*** – Regional costs comprise the largest item in the budget and costs are forecast to increase over the next 10 years, above inflationary rates. The following table summarizes the results.

	Regional % Increase	
	Water	WW
2025	5.4%	6.4%
2026	5.4%	6.4%
2027	5.4%	5.4%
2028	5.4%	5.4%
2029	5.4%	2.4%
2030	5.4%	2.4%

Source: Region of Waterloo 2024 Financial Plan, 2024 Woolwich DC Background Study

Water Capital Budget

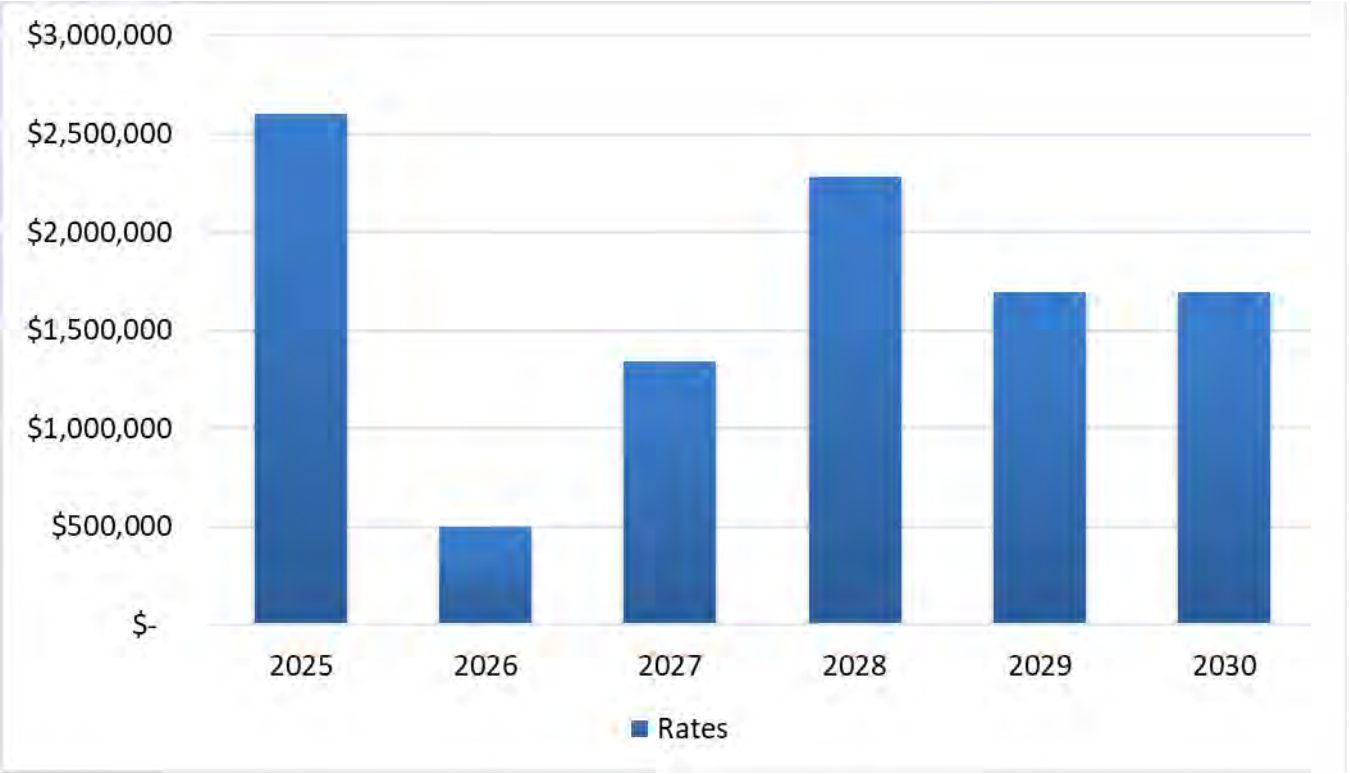
The following graph reflects the projected water capital spending plan to 2030 funded from rates and rate related debt. As shown below, $8.9 million is required over the 6-year period. The last 2 years of the plan are based on an average annual requirement. When the 2025, 10-Year Capital Budget is available, this will be updated. The O. Regs requires a 6-year forecast which will be shown later in the report.



Source: Woolwich 2024-2028 Water Capital Budget

Wastewater Capital Budget

The following graph reflects the projected water capital spending plan to 2030 funded from rates and rate related debt. As shown below, $10.1 million is required over the 6-year period. The last 2 years of the plan are based on an average annual requirement. When the 2025, 10-Year Capital Budget is available, this will be updated.



Source: Woolwich 2024-2028 WW Capital Budget

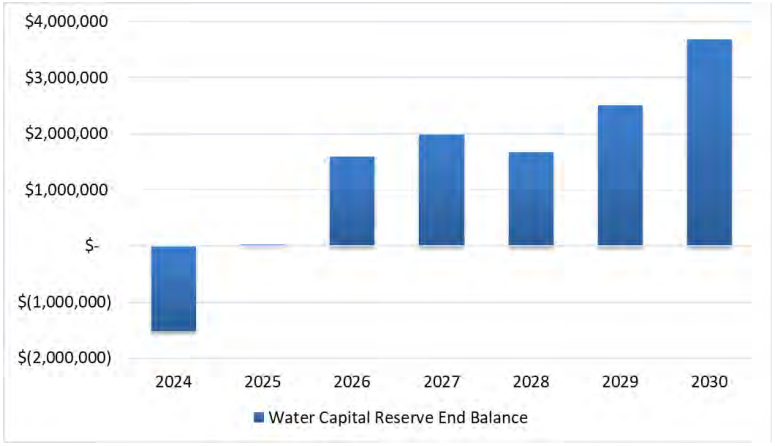
Reserve Strategies

Reserves facilitate multi-year financial planning and are the critical component of financial sustainability. The Water and Wastewater Reserves are funded with annual contributions from the operating budgets in addition to any remaining surpluses not committed upon the closing of completed capital projects. The annual contributions to capital reserves should be set at an amount that provides sufficient funding to cover the costs to replace assets when they become due for replacement thereby reducing reliance on long-term debt borrowing.

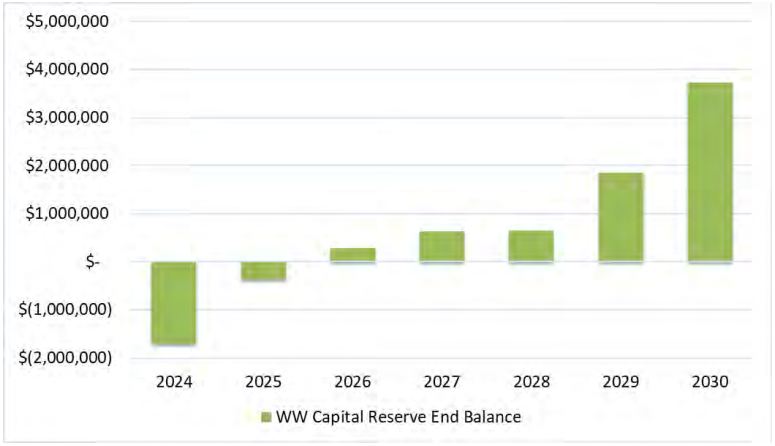
Maintaining reserves also:

- ✓ Provide stability of rates in the face of variable and uncontrollable factors (e.g. interest rates, changes in subsidies, increase in fuel prices, weather);
- ✓ Provide financing for one-time or emergency requirements without permanently impacting the utility rates;
- ✓ Help ensure adequate cash flows.

- ***Capital Reserves*** - The following graphs reflects the Water and Wastewater Capital year end Reserve balances over the forecast period:

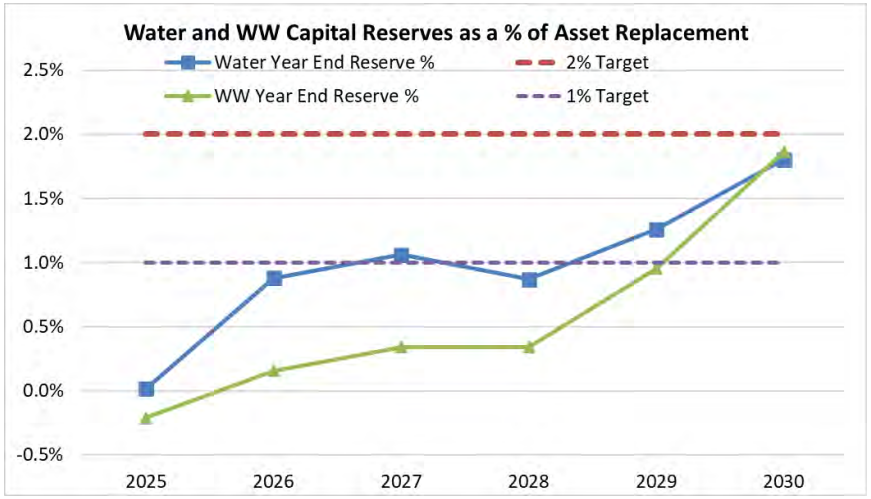


The Water Reserve balance increases from negative $1.5 million in 2024 to $3.7 million in 2030.



The Wastewater Reserve balance increases from negative $1.7 million in 2024 to $3.7 million in 2030. Source: Woolwich Water & Wastewater Reserve Projected 2024 End-Balance

- Leading practice for Water and Wastewater Reserves is to maintain a minimum balance of 2% of the asset replacement value. This helps ensure there is a reasonable level of funds available for unforeseen expenses, revenue shortfalls, and/or emergency situations.



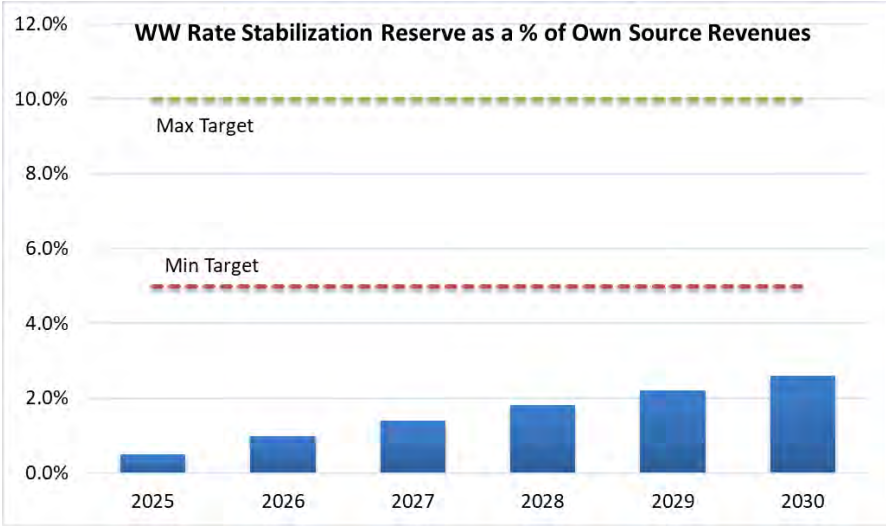
- A phase-in approach is used to increase the contributions to reserves over the forecast period to gradually build the reserve position to address infrastructure needs while taking into consideration ratepayer affordability. Continuation of this strategy will bring the water reserve balances up to the minimum over the forecast period).

- ***Revenue Stabilization Reserves***—Rate Stabilization Reserves are required to ensure that there are sufficient funds to address unforeseen events, such as weather conditions that may impact consumption and unplanned funding needs to avoid operating deficits and cause fluctuations in the rate. The Township does not currently have Rate Stabilization Reserves which has posed challenges in that significant deficits have been experienced in the Wastewater operations over the past two years, resulting in a deficit in the Capital Reserve and erodes the ability to pay for future capital projects without issuing debt. The deficits were primarily caused by higher than anticipated wholesale costs which are not controlled by the Township.

- A leading practice is to establish Water and a Wastewater Rate Stabilization Reserves, through annual contributions. Any operating deficits could be funded in the future from these reserves and operating surpluses transferred in years where revenues exceeded operating expenditures. The recommended target balance for these reserves is 5%-15% of the operating revenue requirements.

- As shown below, gradual contributions from the operating budget have been built into the forecast. The Water Rate Stabilization Reserve as a % of own source revenues are below the recommended levels, however is on increasing trend over the forecast period. The starting recommended transfer from operating is 0.5% of rate revenue requirements.

- As well, the Wastewater Rate Stabilization Reserve as a % of own source revenues are below the recommended levels, however is on increasing trend over the forecast period. The starting recommended transfer from operating is 0.5% of rate revenue requirements.



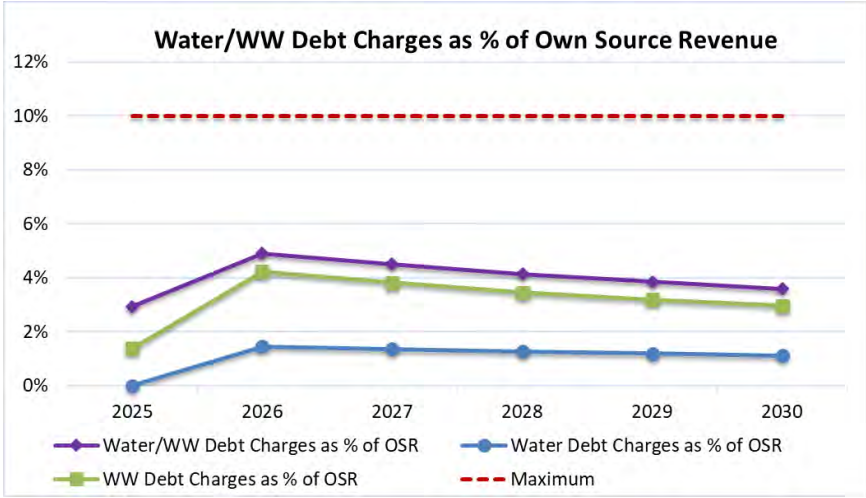
Debt Strategies

Debt management may be defined as the process of providing for the payment of interest and principal payments on existing debt and the planning for new debt issuance at a level which will optimize borrowing cost and not impair the financial position of the municipality. The prudent use of debt is acknowledged as a fundamental component to well developed and credible financial management and supports financial discipline and stability.

Adherence to a debt management plan is a sign the municipality is financially prudent and should meet its obligations. The proposed financial plan helps ensure that:

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

Given the large capital infrastructure requirements for the water/wastewater operations and the current negative reserve balances in water and wastewater the financial plan includes $1.5 million in new debt for water and $3.0 million in new debt for wastewater in 2025 and no new debt beyond 2025 is anticipated. A fiscally sustainable target for water and wastewater is that debt charges not exceed 10% of water and wastewater revenues.



Water and wastewater debt charges as a percentage of revenues is well below the maximum recommended for both the water and wastewater operations over the forecast period.

Summary of Water Operating Budget Requirements

The Township's objective in establishing the Water rates is to avoid large fluctuations from year to year and are set at a level to adequately cover current operating costs, maintain and repair the Township's existing asset base, and replace assets where appropriate. Efforts are being made in this plan to gradually grow/maintain the Reserve Funds to provide a source of funding for replacement of capital assets. The following tables reflect the Water forecast revenues and expenditures.

Water	2024 Budget	2025	2026	2027	2028	2029	2030
Rate Revenues	$6,525,515	$6,982,301	$7,471,062	$ 7,994,036	$ 8,553,619	$ 9,152,372	$ 9,793,038
Other Revenues	$ 480,329	$ 494,739	$ 509,581	$ 524,868	$ 540,615	$ 556,833	$ 573,538
Total Revenues	$7,005,844	$7,477,040	$7,980,643	$ 8,518,905	$ 9,094,234	$ 9,709,205	$ 10,366,576
Operating Expenses	$1,858,234	$1,913,981	$1,971,400	$ 2,030,542	$ 2,091,459	$ 2,154,203	$ 2,218,829
Regional Expenses	$3,542,770	$3,733,233	$3,933,856	$ 4,145,176	$ 4,367,760	$ 4,602,205	$ 4,849,138
Transfer to Water Capital Reserve	$1,560,000	$1,794,914	$1,922,717	$ 2,187,902	$ 2,476,933	$ 2,791,722	$ 3,134,330
Transfer to Rate Stabilization Reserve	$ -	$ 34,912	$ 37,355	$ 39,970	$ 42,768	$ 45,762	$ 48,965
Debt Charges	$ 44,840	$ -	$ 115,314	$ 115,314	$ 115,314	$ 115,314	$ 115,314
Total Expenditures	$7,005,844	$7,477,040	$7,980,643	$ 8,518,905	$ 9,094,234	$ 9,709,205	$ 10,366,576
Rate Revenues % Change		7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

As shown above, there are significant requirements to fund the capital program which are impacting the expenditures over the forecast period. The rate revenue requirement increase year over year is 7% for water. The majority of the expenses are related to Regional wholesale costs and increases to contributions to capital. Note that later in the report this does not translate directly into rate increases at this level as there are growth related factors that reduce the rates to customers.

Summary of Wastewater Operating Budget Requirements

The Township's objective in establishing the Wastewater rates is to avoid large fluctuations from year to year and are set at a level to adequately cover current operating costs, maintain and repair the Township's existing asset base, and replace assets where appropriate. Efforts are being made in this plan to gradually grow/maintain the Reserve Funds to provide a source of funding for replacement of capital assets. The following tables reflect the Wastewater forecast revenues and expenditures.

Wastewater	2024 Budget	2025	2026	2027	2028	2029	2030
Rate Revenues	$ 6,151,251	$ 6,827,889	$ 7,578,956	$ 8,412,642	$ 9,338,032	$ 10,085,075	$ 10,891,881
Other Revenues	$ 231,415	$ 145,544	$ 149,910	$ 154,408	$ 159,040	$ 163,811	$ 168,726
Total Revenues	$ 6,382,666	$ 6,973,433	$ 7,728,867	$ 8,567,049	$ 9,497,072	$ 10,248,886	$ 11,060,606
Operating Expenses	$ 1,385,021	$ 1,426,572	$ 1,469,369	$ 1,513,450	$ 1,558,853	$ 1,605,619	$ 1,653,788
Regional Expenses	$ 3,744,819	$ 4,350,400	$ 4,627,950	$ 4,876,822	$ 5,138,966	$ 5,260,917	$ 5,385,644
Transfer to WW Capital Reserve	$ 1,151,000	$ 1,065,763	$ 1,266,475	$ 1,807,566	$ 2,425,500	$ 3,005,000	$ 3,640,069
Transfer to Rate Stabilization Reserve	$ -	$ 34,139	$ 37,895	$ 42,063	$ 46,690	$ 50,425	$ 54,459
Debt Charges	$ 101,826	$ 96,558	$ 327,178	$ 327,148	$ 327,063	$ 326,925	$ 326,646
Total Expenditures	$ 6,382,666	$ 6,973,433	$ 7,728,867	$ 8,567,049	$ 9,497,072	$ 10,248,886	$ 11,060,606
Rate Revenues % Change		11.0%	11.0%	11.0%	11.0%	8.0%	8.0%

As shown above, there are significant requirements to fund the capital program which are impacting the expenditures over the forecast period. The wastewater rate revenue requirement increase year over year is 11% for 2025 to 2028, and 8% for the rest of the forecast period. The majority of the expenses are related to Regional wholesale costs and increases to contributions to capital. Note that later in the report this does not translate directly into rate increases at this level as there are growth related factors that reduce the rates to customers.

Rate Structure - Goals and Objectives

The Township of Woolwich currently utilizes a two-part Water and Wastewater rate structure recovering a portion of the service costs from a fixed basic charge based on the size of the meter and a volumetric charge. This type of rate structure conforms with the Canadian Waterworks association (CWWA) recommendations and the majority of municipalities in Ontario. Currently in Woolwich, approximately 17 percent of combined Water and Wastewater budgeted costs are allocated to the fixed charge.

The following provides a set of goals and objectives that were considered in reviewing the various types or rate structures:

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

Fixed Rate

- The extent to which the amount recovered from a fixed monthly fee varies considerably across Ontario municipalities. Municipalities must determine the appropriate amount to be recovered from a fixed monthly charge. These decisions are based on the overall objectives of the municipality.
- Consistent with the approach in Woolwich, approximately 90% of 120+ Ontario municipalities surveyed have a fixed and volumetric rate structure.
- The following table summarizes the allocation of fixed and volumetric charges using the 2024 Budget

2024	Water	WW	Water%	WW%	Total %
Fixed	$ 1,328,761	$ 848,970	20%	14%	17%
Volumetric	$ 5,196,754	$ 5,302,281	80%	86%	83%
Total	$ 6,525,515	$ 6,151,251	100%	100%	100%

Source: Woolwich 2024 Water & WW Operating Budget

- As shown above in terms of the total budget, 17% of the consolidated water and wastewater budget revenues from rates are to be recovered from the fixed monthly cost. Over the past number of years, there have been no increases in the fixed rates.
- Any reduction in the fixed allocation would increase revenue instability and any increase in the fixed allocation would negatively impact low volume customers and discourage conservation.
- An increase in the allocation of fixed costs to be recovered from the basic service charge improves revenue stability and is fair equitable.
- However, large increases in the fixed results in a low volumetric charge which discourages conservation and negatively impacts low volume users consistent with the existing rate structure.
- Recouping all possible fixed costs from the fixed monthly charge is not recommended, particularly in a two-tiered system whereby the Region of Waterloo comprises 50% and 62% of the total expenditures respectively in 2025.
- In order to provide a good balance between the principles of fairness and equity revenue stability affordability and conservation goals it is recommended to maintain approximately the same proportion of fixed and volumetric charges and ensure that as the rates increase, both the volumetric and fixed charges increase by a commensurate amount.

Rate Structure Options—Volumetric Rates

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

- Declining (Regressive) Block Rate Structure - In a declining block rate structure, the unit price of water decreases as the volume consumed increases. This rate structure is used primarily in municipalities with large high-volume consumers. Low volume residential customers are charged the highest volumetric rate. Any change to a declining rate structure would make residential affordability more challenging and is not recommended.
- Inclining (Progressive) Rate Structure - The main objective of an increasing block structure is to encourage conservation. The rates in an inclining (progressive) rate structure increase as consumption increases by establishing thresholds or blocks at which the rate would change. For inclining block rate structures, the block (quantity) shift points are generally based upon the unique demand characteristics of each user class and are focused on user demand points to enhance water usage awareness. Customer awareness, combined with price incentives, are critical elements in modifying consumption behavior.
- Humpback Rate Structure - A humpback rate structure uses a combination of increasing and decreasing block rates: rates first increase, then decrease in steps as consumption increases. This approach targets high volume users, and then provides lower cost for very high-volume users. This is complex to administer and is not recommended.
- Uniform Rate Structure – Woolwich uses a uniform rate structure which is the most common approach amongst Ontario municipalities. A uniform volumetric rate structure charges the same volumetric rate to all users regardless of the amount of consumption. This approach is recommended to continue to support fairness and equity.
- The following table summarizes the approach used across over 100 Ontario municipalities in 2024.

Source: BMA Municipal Study

Municipality	Water Residential	Water Non-Res.	WW Residential	WW Non-Res.
Uniform	70%	73%	71%	73%
Declining	11%	15%	11%	14%
Inclining	8%	5%	7%	5%
Humpback	6%	6%	8%	8%
Flat	4%	1%	3%	0%
Total	100%	100%	100%	100%

Rate Forecast

		2025	2026	2027	2028	2029	2030
Water							
Water Usage Charge (Volumetric) per m3		$ 2.243	$ 2.385	$ 2.536	$ 2.696	$ 2.867	$ 3.049
Water Charge based on Meter Size Bi-Monthly	5/8"	$ 27.64	$ 29.38	$ 31.23	$ 33.20	$ 35.29	$ 37.51
	1"	$ 40.39	$ 42.94	$ 45.64	$ 48.52	$ 51.58	$ 54.83
	1.5"	$ 68.03	$ 72.32	$ 76.87	$ 81.72	$ 86.87	$ 92.34
	2"	$ 133.94	$ 142.38	$ 151.35	$ 160.88	$ 171.02	$ 181.79
	3"	$ 133.94	$ 142.38	$ 151.35	$ 160.88	$ 171.02	$ 181.79
	4"	$ 536.82	$ 570.63	$ 606.58	$ 644.80	$ 685.42	$ 728.60
	6"	$ 940.76	$ 1,000.02	$ 1,063.02	$ 1,129.99	$ 1,201.18	$ 1,276.86
	8"	$ 940.76	$ 1,000.02	$ 1,063.02	$ 1,129.99	$ 1,201.18	$ 1,276.86
	10"	$ 1,342.57	$ 1,427.15	$ 1,517.06	$ 1,612.64	$ 1,714.23	$ 1,822.23
Volumetric Rate Change		6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
Fixed Rate Change		6.3%	6.3%	6.3%	6.3%	6.3%	6.3%

		2025	2026	2027	2028	2029	2030
Wastewater							
Wastewater Usage Charge (Volumetric) per m3		$ 3.737	$ 4.120	$ 4.542	$ 5.008	$ 5.373	$ 5.765
Wastewater Charge based on Meter Size Bi-Monthly							
	5/8"	$ 28.65	$ 31.57	$ 34.80	$ 38.34	$ 41.10	$ 44.06
	1"	$ 41.88	$ 46.15	$ 50.85	$ 56.04	$ 60.08	$ 64.40
	1.5"	$ 70.53	$ 77.72	$ 85.65	$ 94.39	$ 101.18	$ 108.47
	2"	$ 138.85	$ 153.01	$ 168.62	$ 185.82	$ 199.20	$ 213.54
	3"	$ 138.85	$ 153.01	$ 168.62	$ 185.82	$ 199.20	$ 213.54
	4"	$ 556.51	$ 613.27	$ 675.83	$ 744.76	$ 798.39	$ 855.87
	6"	$ 975.27	$ 1,074.75	$ 1,184.37	$ 1,305.18	$ 1,399.15	$ 1,499.89
	8"	$ 975.27	$ 1,074.75	$ 1,184.37	$ 1,305.18	$ 1,399.15	$ 1,499.89
	10"	$ 1,391.83	$ 1,533.79	$ 1,690.24	$ 1,862.64	$ 1,996.75	$ 2,140.52
Volumetric Rate Change		10.2%	10.2%	10.2%	10.3%	7.3%	7.3%
Fixed Rate Change		10.2%	10.2%	10.2%	10.2%	7.2%	7.2%

The water rates are projected to increase 6.3% per year over the next 6 years, and wastewater rates by 10.2% per year for 2025 to 2028, and 7.2% per year for the remainder of the forecast period. This increase is for both the fixed and the volumetric rates.

Projected Water and Wastewater Rates' Residential Impact

Based on the assumptions in terms of the rate revenue requirement, consumption and growth, the following provides a summary of the forecast rates over the forecast period and impact to a residential customer consuming 175 m^3 annually.

175 m^3 residential impact - 5/8"												
			Water		WW		Cost of service					
Year	Annual Consumption m3	Bi-monthly Consumption m3	Fixed Bi-Monthly	Volumetric	Fixed Bi-Monthly	Volumetric	Water	WW	Total	Blended Percentage Increase from Prior Year	Blended $ Increase from Prior Year	
2024	175	29.17	$ 26.00	$ 2.110	$ 26.00	$ 3.390	$ 525	$ 749	$ 1,275			
2025	175	29.17	$ 27.64	$ 2.243	$ 28.65	$ 3.737	$ 558	$ 826	$ 1,384	8.6%	$	110
2026	175	29.17	$ 29.38	$ 2.385	$ 31.57	$ 4.120	$ 594	$ 910	$ 1,504	8.7%	$	120
2027	175	29.17	$ 31.23	$ 2.536	$ 34.80	$ 4.542	$ 631	$ 1,004	$ 1,635	8.7%	$	131
2028	175	29.17	$ 33.20	$ 2.696	$ 38.34	$ 5.008	$ 671	$ 1,107	$ 1,778	8.7%	$	143
2029	175	29.17	$ 35.29	$ 2.867	$ 41.10	$ 5.373	$ 714	$ 1,187	$ 1,900	6.9%	$	123
2030	175	29.17	$ 37.51	$ 3.049	$ 44.06	$ 5.765	$ 759	$ 1,273	$ 2,032	6.9%	$	131

On a blended average annual basis, the cost of water/ww service for a typical customer is approximately 8.6% - 8.7% for 2025 to 2028, then 6.9% over the remaining forecast period.

Reporting Requirements

O.Reg. 453/07

Introduction—O.Reg. 453/07

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

Statement of Financial Operations - This statement summarizes the revenues and expenditures. The expenditures include ongoing operating costs plus asset amortization. This statement indicates that the system and its asset base are projected to be maintained with funds being available each year for future capital renewal or major maintenance. As shown in the statements of financial operations, the Township is generating excess revenues over expenses including amortization for water and wastewater throughout the forecast period.

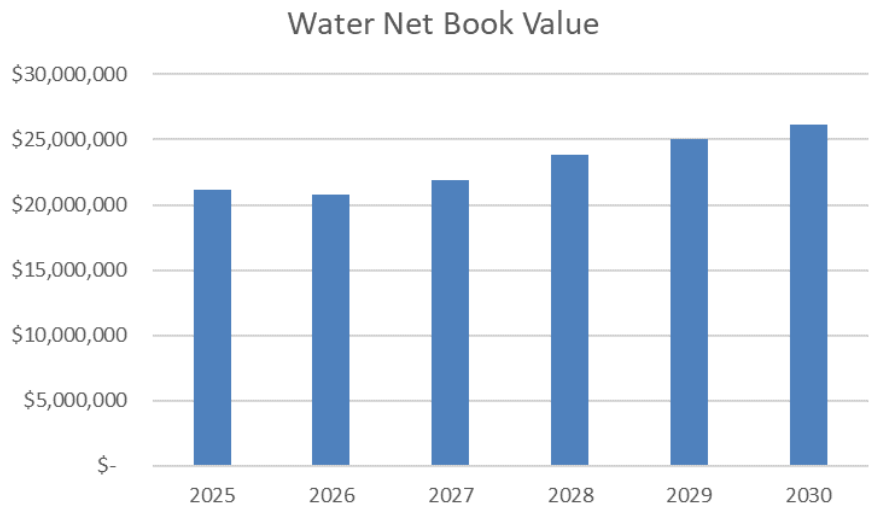
Cash Receipts or Gross Cash Payments (Cash Flows) - The cash flow statement summarizes how the water and wastewater system is expected to generate and utilize cash resources. The transactions that generate and use cash include the projection of cash to be received from revenues, cash to be used for operating expenditures and financing charges, cash projected to be used to acquire capital assets and projected financial transactions that are the proceeds from debt or debt principal repayment. Cash balances are positive by 2026 and the remainder of the forecast period, as reflected in the Financial Statements.

Financial Position - There are two important indicators to review in the Statement of Financial Position described as follows:

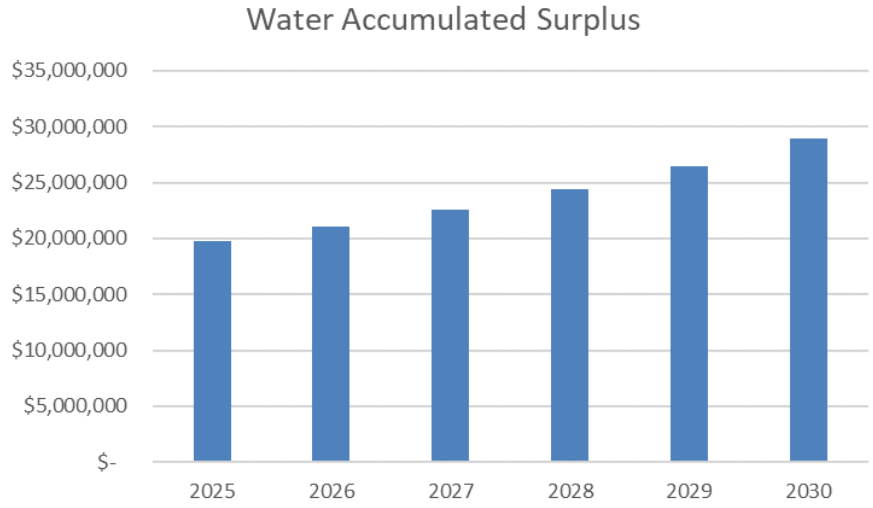
- Tangible Capital Assets
- Accumulated Surplus

Water Statements

Tangible Capital Assets (Net Book Value) - An increase in net book value of tangible capital assets is an indication that assets have been renewed faster than they were used. The net book value is projected to increase for water indicating that assets are being renewed faster than they are being used.



Accumulated Surplus—A second financial indicator which is reflected in the financial position statement is the accumulated surplus. This indicator represents cash on hand plus the net book value of tangible capital assets less debt. The accumulated surplus is forecast to increase from 2025 to 2030 for water. The increasing projected surpluses in water operations indicate that if the Township adheres to the Financial Plan, it will strengthen its combined cash and asset position.



Statement of Financial Operations—Water

	Projected					
	2025	2026	2027	2028	2029	2030
Revenues						
Rate Revenues	$ 6,982,301	$ 7,471,062	$ 7,994,036	$ 8,553,619	$ 9,152,372	$ 9,793,038
Other revenues	$ 193,866	$ 199,682	$ 205,672	$ 211,842	$ 218,197	$ 224,743
Interest Earnings	$ 1,232	$ 32,730	$ 41,250	$ 35,994	$ 53,239	$ 77,542
Total revenues	**$ 7,177,399**	**$ 7,703,474**	**$ 8,240,959**	**$ 8,801,455**	**$ 9,423,809**	**$ 10,095,323**
Operating Expenses						
Staff Costs	$ 907,822	$ 935,057	$ 963,109	$ 992,002	$ 1,021,762	$ 1,052,415
Equipment Cost	$ 149,766	$ 154,259	$ 158,887	$ 163,653	$ 168,563	$ 173,620
Facility Costs	$ 52,136	$ 53,700	$ 55,311	$ 56,970	$ 58,679	$ 60,439
Operating/Material Costs	$ 335,710	$ 345,781	$ 356,155	$ 366,839	$ 377,845	$ 389,180
External Contracts	$ 446,145	$ 459,529	$ 473,315	$ 487,514	$ 502,140	$ 517,204
Other Costs	$ 22,403	$ 23,075	$ 23,767	$ 24,480	$ 25,214	$ 25,971
Regional Wholesale Water Cost	$ 3,733,233	$ 3,933,856	$ 4,145,176	$ 4,367,760	$ 4,602,205	$ 4,849,138
Total Operating expenses	**$ 5,647,214**	**$ 5,905,256**	**$ 6,175,718**	**$ 6,459,219**	**$ 6,756,407**	**$ 7,067,967**
Debt Charges						
Debt Charges - Interest Expenses	$ -	$ 67,500	$ 65,348	$ 63,100	$ 60,750	$ 58,295
Amortization Expense						
Amortization of tangible capital assets	$ 436,819	$ 437,839	$ 458,044	$ 491,311	$ 513,612	$ 535,913
Total Expenses	$ 6,084,033	$ 6,410,595	$ 6,699,111	$ 7,013,629	$ 7,330,770	$ 7,662,175
Annual Surplus/Deficit	$ 1,093,366	$ 1,292,879	$ 1,541,848	$ 1,787,826	$ 2,093,039	$ 2,433,148

Statement of Cash Flow/Cash Receipts—Water

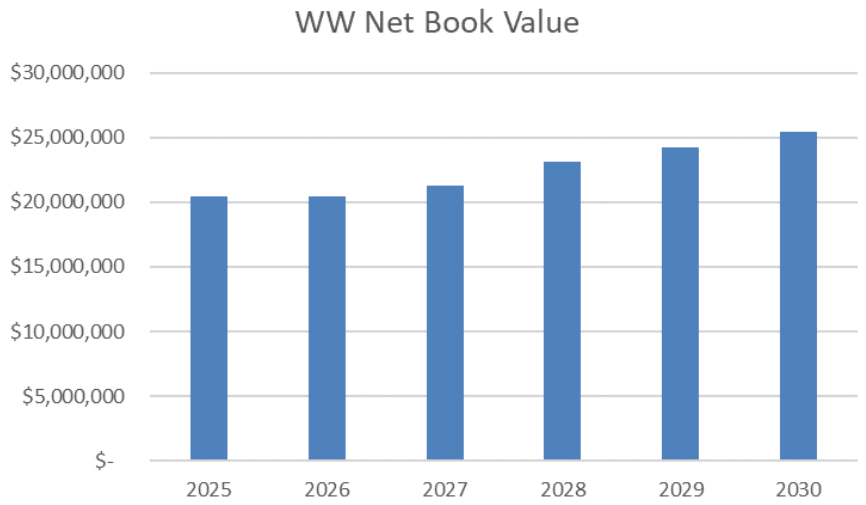
	Projected					
	2025	2026	2027	2028	2029	2030
Total Revenues	$ 7,177,399	$ 7,703,474	$ 8,240,959	$ 8,801,455	$ 9,423,809	$ 10,095,323
Cash Paid For						
Operating Costs	$ 5,647,214	$ 5,905,256	$ 6,175,718	$ 6,459,219	$ 6,756,407	$ 7,067,967
Debt Repayment - Debt Interest	$ -	$ 67,500	$ 65,348	$ 63,100	$ 60,750	$ 58,295
Cash Provided from Operating Transactions	$ 1,530,185	$ 1,730,718	$ 1,999,892	$ 2,279,137	$ 2,606,651	$ 2,969,062
Capital Transactions						
Acquisition of TCA	$ 1,448,000	$ 76,500	$ 1,515,400	$ 2,495,000	$ 1,672,600	$ 1,672,600
Finance Transactions						
Proceeds from Debt Issuance	$ 1,500,000	$ -	$ -	$ -	$ -	$ -
Other	$ -	$ -	$ -	$ -	$ -	$ -
Debt Principal Repayment	$ -	$ 47,814	$ 49,966	$ 52,214	$ 54,564	$ 57,019
Increase/(Decrease) in Cash Equivalents	$ 1,582,185	$ 1,606,404	$ 434,526	$ (268,078)	$ 879,487	$ 1,239,442
Cash and Cash Equivalents at Beginning Balance	$ (1,519,341)	$ 62,844	$ 1,669,248	$ 2,103,774	$ 1,835,696	$ 2,715,184
Cash and Cash Equivalents at Ending Balance	$ 62,844	$ 1,669,248	$ 2,103,774	$ 1,835,696	$ 2,715,184	$ 3,954,626

Statement of Financial Position—Water

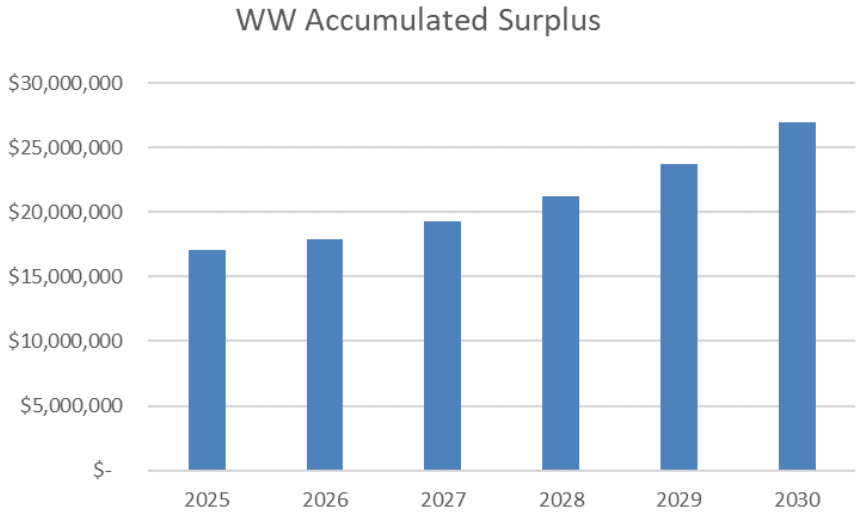
	Projected					
	2025	2026	2027	2028	2029	2030
Financial Assets						
Cash	$ 62,844	$ 1,669,248	$ 2,103,774	$ 1,835,696	$ 2,715,184	$ 3,954,626
Liabilities						
Debt - Principal Outstanding	$ 1,500,000	$ 1,452,186	$ 1,402,220	$ 1,350,006	$ 1,295,442	$ 1,238,422
Net Financial Assets	$ (1,437,156)	$ 217,062	$ 701,554	$ 485,691	$ 1,419,742	$ 2,716,204
Non-Financial Assets						
Tangible Capital Assets	$ 26,483,971	$ 27,931,971	$ 28,008,471	$ 29,523,871	$ 32,018,871	$ 33,691,471
Additions to Tangible Capital Assets	$ 1,448,000	$ 76,500	$ 1,515,400	$ 2,495,000	$ 1,672,600	$ 1,672,600
Accumulated Amortization	$ 6,753,105	$ 7,190,943	$ 7,648,987	$ 8,140,298	$ 8,653,910	$ 9,189,823
Total Non-Financial Assets	$ 21,178,866	$ 20,817,528	$ 21,874,884	$ 23,878,573	$ 25,037,561	$ 26,174,248
Accumulated Surplus	$ 19,741,710	$ 21,034,590	$ 22,576,438	$ 24,364,264	$ 26,457,303	$ 28,890,451
Cash as a % of Non-Financial Assets	0.3%	8.0%	9.6%	7.7%	10.8%	15.1%
Debt as a % of Non-Financial Assets	7.1%	7.0%	6.4%	5.7%	5.2%	4.7%

Wastewater Statements

Tangible Capital Assets (Net Book Value) - An increase in net book value of tangible capital assets is an indication that assets have been renewed faster than they were used. A decrease in net book value indicates that assets are being used, or amortized, faster than they are renewed. The net book value is projected to increase for wastewater indicating that assets are being renewed faster than they are being used.



Accumulated Surplus—Another financial indicator which is reflected in the financial position statement is the accumulated surplus. This indicator represents cash on hand plus the net book value of tangible capital assets less debt. The accumulated surplus is forecast to increase from 2025 to 2030 for wastewater. The increasing projected surpluses in wastewater operations indicate that if the Township adheres to the financial plan, it will strengthen its combined cash and asset position.



Statement of Financial Operations—Wastewater

	Projected					
	2025	2026	2027	2028	2029	2030
Revenues						
Rate Revenues	$ 6,827,889	$ 7,578,956	$ 8,412,642	$ 9,338,032	$ 10,085,075	$ 10,891,881
Other revenues	$ 22,974	$ 23,663	$ 24,373	$ 25,104	$ 25,858	$ 26,633
Interest Earnings	$ (6,469)	$ 6,965	$ 14,636	$ 16,024	$ 40,786	$ 78,742
Total revenues	**$ 6,844,394**	**$ 7,609,584**	**$ 8,451,651**	**$ 9,379,160**	**$ 10,151,718**	**$ 10,997,256**
Operating Expenses						
Staff Costs	$ 871,615	$ 897,763	$ 924,696	$ 952,437	$ 981,010	$ 1,010,440
Equipment Cost	$ 87,855	$ 90,491	$ 93,205	$ 96,001	$ 98,881	$ 101,848
Facility Costs	$ 70,592	$ 72,710	$ 74,891	$ 77,138	$ 79,452	$ 81,836
Operating/Material Costs	$ 81,609	$ 84,057	$ 86,579	$ 89,176	$ 91,852	$ 94,607
External Contracts	$ 127,875	$ 131,711	$ 135,662	$ 139,732	$ 143,924	$ 148,242
Other Costs	$ 187,026	$ 192,637	$ 198,416	$ 204,369	$ 210,500	$ 216,815
Regional Wholesale WW Cost	$ 4,350,400	$ 4,627,950	$ 4,876,822	$ 5,138,966	$ 5,260,917	$ 5,385,644
Total Operating expenses	**$ 5,776,972**	**$ 6,097,319**	**$ 6,390,272**	**$ 6,697,819**	**$ 6,866,536**	**$ 7,039,432**
Debt Charges						
Debt Charges - Interest Expenses	$ 57,558	$ 190,550	$ 184,217	$ 177,634	$ 170,798	$ 163,607
Amortization Expense						
Amortization of tangible capital assets	$ 449,148	$ 455,815	$ 473,721	$ 504,168	$ 526,773	$ 549,378
Total Expenses	$ 6,283,678	$ 6,743,683	$ 7,048,210	$ 7,379,622	$ 7,564,106	$ 7,752,417
Annual Surplus/Deficit	$ 560,716	$ 865,901	$ 1,403,441	$ 1,999,539	$ 2,587,612	$ 3,244,839

Statement of Cash Flow/Cash Receipts—Wastewater

	Projected					
	2025	2026	2027	2028	2029	2030
Total Revenues	$ 6,844,394	$ 7,609,584	$ 8,451,651	$ 9,379,160	$ 10,151,718	$ 10,997,256
Cash Paid For						
Operating Costs	$ 5,776,972	$ 6,097,319	$ 6,390,272	$ 6,697,819	$ 6,866,536	$ 7,039,432
Debt Repayment - Debt Interest	$ 57,558	$ 190,550	$ 184,217	$ 177,634	$ 170,798	$ 163,607
Cash Provided from Operating Transactions	$ 1,009,864	$ 1,321,716	$ 1,877,162	$ 2,503,707	$ 3,114,385	$ 3,794,218
Capital Transactions						
Acquisition of TCA	$ 2,603,350	$ 500,000	$ 1,343,000	$ 2,283,500	$ 1,695,390	$ 1,695,390
Finance Transactions						
Proceeds from Debt Issuance	$ 3,000,000	$ -	$ -	$ -	$ -	$ -
Debt Principal Repayment	$ 39,000	$ 136,628	$ 142,932	$ 149,429	$ 156,128	$ 163,039
Increase/(Decrease) in Cash Equivalents	$ 1,367,514	$ 685,087	$ 391,231	$ 70,778	$ 1,262,867	$ 1,935,789
Cash and Cash Equivalents at Beginning Balance	$ (1,697,410)	$ (329,896)	$ 355,192	$ 746,422	$ 817,200	$ 2,080,067
Cash and Cash Equivalents at Ending Balance	$ (329,896)	$ 355,192	$ 746,422	$ 817,200	$ 2,080,067	$ 4,015,856

Statement of Financial Position—Wastewater

	Projected					
	2025	2026	2027	2028	2029	2030
Financial Assets						
Cash	$ (329,896)	$ 355,192	$ 746,422	$ 817,200	$ 2,080,067	$ 4,015,856
Liabilities						
Debt - Principal Outstanding	$ 3,000,000	$ 2,904,372	$ 2,804,440	$ 2,700,011	$ 2,590,883	$ 2,476,845
Net Financial Assets	$ (3,329,896)	$ (2,549,180)	$ (2,058,018)	$ (1,882,811)	$ (510,816)	$ 1,539,011
Non-Financial Assets						
Tangible Capital Assets	$ 23,984,923	$ 26,588,273	$ 27,088,273	$ 28,431,273	$ 30,714,773	$ 32,410,163
Additions to Tangible Capital Assets	$ 2,603,350	$ 500,000	$ 1,343,000	$ 2,283,500	$ 1,695,390	$ 1,695,390
Accumulated Amortization	$ 6,176,356	$ 6,632,170	$ 7,105,892	$ 7,610,060	$ 8,136,833	$ 8,686,211
Total Non-Financial Assets	$ 20,411,917	$ 20,456,103	$ 21,325,381	$ 23,104,713	$ 24,273,330	$ 25,419,342
Accumulated Surplus	$ 17,082,022	$ 17,906,923	$ 19,267,364	$ 21,221,902	$ 23,762,514	$ 26,958,353
Cash as a % of Non-Financial Assets	0.0%	1.7%	3.5%	3.5%	8.6%	15.8%
Debt as a % of Non-Financial Assets	14.7%	14.2%	13.2%	11.7%	10.7%	9.7%