

CORPORATION OF THE
TOWNSHIP OF ORO-MEDONTE

Water Financial Plan

Prepared in accordance with
Ontario Regulation 453/07: Financial Plans

October 23, 2023

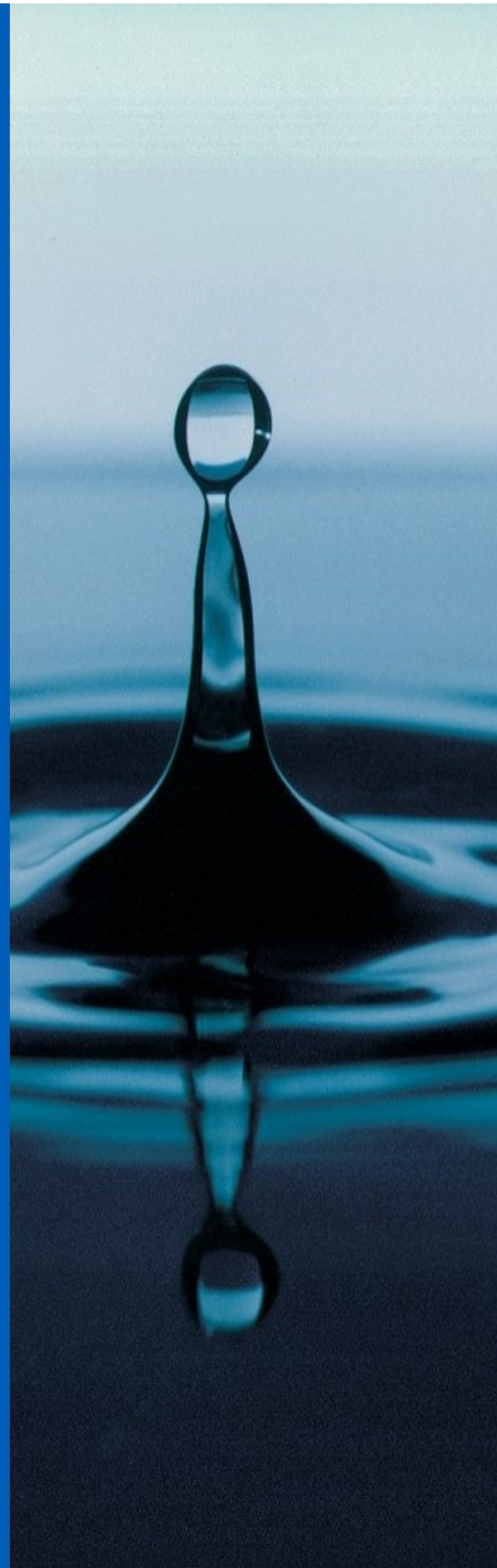
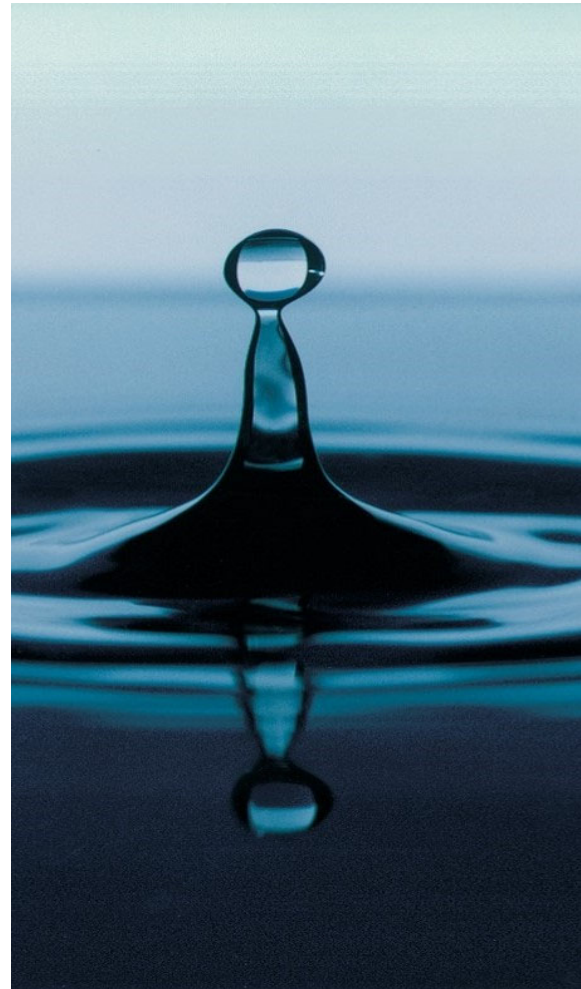


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Introduction

PROVINCIAL REPORTING REQUIREMENTS

Pursuant to Section 31(1) of the *Safe Drinking Water Act, 2002* (the “SDWA”), municipal drinking water licenses (“MDWL”) are required for the use or operation of municipal drinking water systems in Ontario. In obtaining MDWLs, the Township of Oro-Medonte (the “Township”) is required to meet five conditions under Section 44 (1) of the SDWA, including the preparation of a financial plan for the municipal drinking water system(s). The form and content of financial plans for municipal drinking water systems are prescribed under Ontario Regulation 453/07 (the “Regulation”). Under the terms of the Regulation, the Township is required to prepare a financial plan that:

- i. Is approved through a Council resolution that indicates that the drinking water system is financially viable
- ii. Extends over a minimum of six years and include a statement that the financial impacts of the drinking water system have been considered,
- iii. For each year of the financial plan, includes details of the proposed or projected financial operations of the system itemized by:
 - Total revenues, further broken down into water rates, user charges and other revenues,
 - Total expenses, further broken down into amortization expenses, interest expenses and other expenses,
 - Annual surplus or deficit
 - Accumulated surplus or deficit
- iv. Includes details of the proposed or projected financial position of the system, itemized by:
 - Total financial assets
 - Total liabilities
 - Net debt
 - Non-financial assets
 - Changes in tangible capital assets
- v. Details the proposed or projected gross cash receipts and cash payments itemized by:
 - Operating transactions
 - Capital transactions
 - Investing transactions
 - Financing transactions
 - Changes in cash and cash equivalents during the year
 - Cash and cash equivalents at the beginning and end of year

The disclosure requirements prescribed in the Regulation are consistent with financial statement requirements as outlined in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants, which comprise:

- A statement of operating results
- A statement of financial position
- A statement of cash flows
- A statement of changes in net financial assets

The Regulation requires a six-year financial plan for water. However, to be consistent with the Township's general approach to financial planning for environmental services, the financial plan considers a 10-year planning horizon.

In connection with its financial plan, the Township is also required to ensure an appropriate level of public communication by:

- Making the financial plan available, on request, to members of the public at no charge
- Making the financial plan available to members of the public at no charge through the internet (if the municipality maintains a website)
- Providing notice as deemed appropriate to advise the public of the availability of the financial plan

FINANCIAL PLAN METHODOLOGY

In order to assist municipalities with the preparation of financial plans required under the SDWA, the Ministry of the Environment released a document entitled *Toward Financially Sustainable Drinking-Water and Wastewater Systems* (the "Ministry Document") that outlines suggested principles of financial sustainability for water and wastewater systems as well as possible approaches to implementing these principles.

SUSTAINABILITY PRINCIPLES

As outlined in the Ministry Document, financial sustainability for water and wastewater systems is intended to ensure that residents enjoy safe drinking water that is provided on a reliable basis over the long term in a manner that maintains environmental protection. The attainment of financial sustainability, which the Ministry Document recognizes does not necessarily need to occur at once but rather can involve a transition, can be supported by the adoption of nine principles that can be used to inform financial plans.

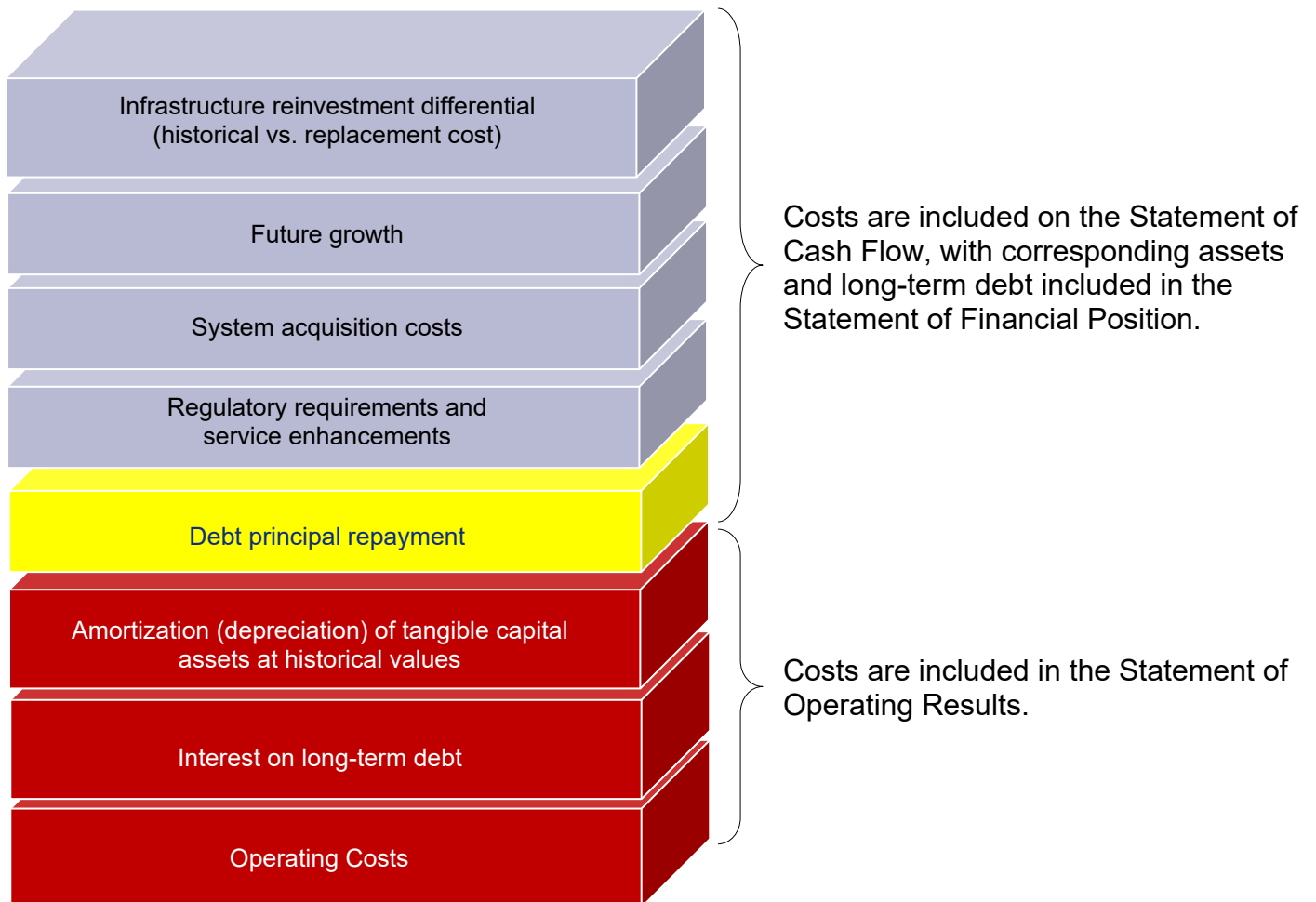
1. Ongoing public engagement and transparency can build support for and confidence in, financial plans and the system(s) to which they relate.
2. An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.
3. Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.
4. Life-cycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.
5. An asset management plan is a key input to the development of a financial plan.

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.
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.
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.
9. Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

The financial plan developed by the Township incorporates each of these principles, as further discussed in Section entitled “Congruence with Sustainability Principles.”

APPROACH TO THE FINANCIAL PLAN

In developing the financial plan, the Township has adopted the so-called “building-block” approach outlined in the Ministry Document, which considers both the current and anticipated operating and capital funding requirements for water services. A graphical depiction of the building-block approach utilized in the development of the Township’s plan is provided below.



NOTICE TO READER

The financial plan outlined in this report represents a forecast of the financial performance of the Township's municipal drinking water services under a series of assumptions that are documented within the plan.

The financial plan (which has been prepared for the purposes of meeting regulatory requirements established by the Ministry) does not represent a formal, multi-year budget for municipal water and wastewater services.

The approval of operating and capital budgets for municipal drinking water services is undertaken as part of the Township's overall annual budgeting process. Accordingly, the financial performance outlined in this document is subject to change based on future decisions of Council with respect to operating and capital costs, rate increases, consumption changes, and unforeseen revenues and expenses.

This report, including the attached appendices, must be considered in its entirety by the reader.

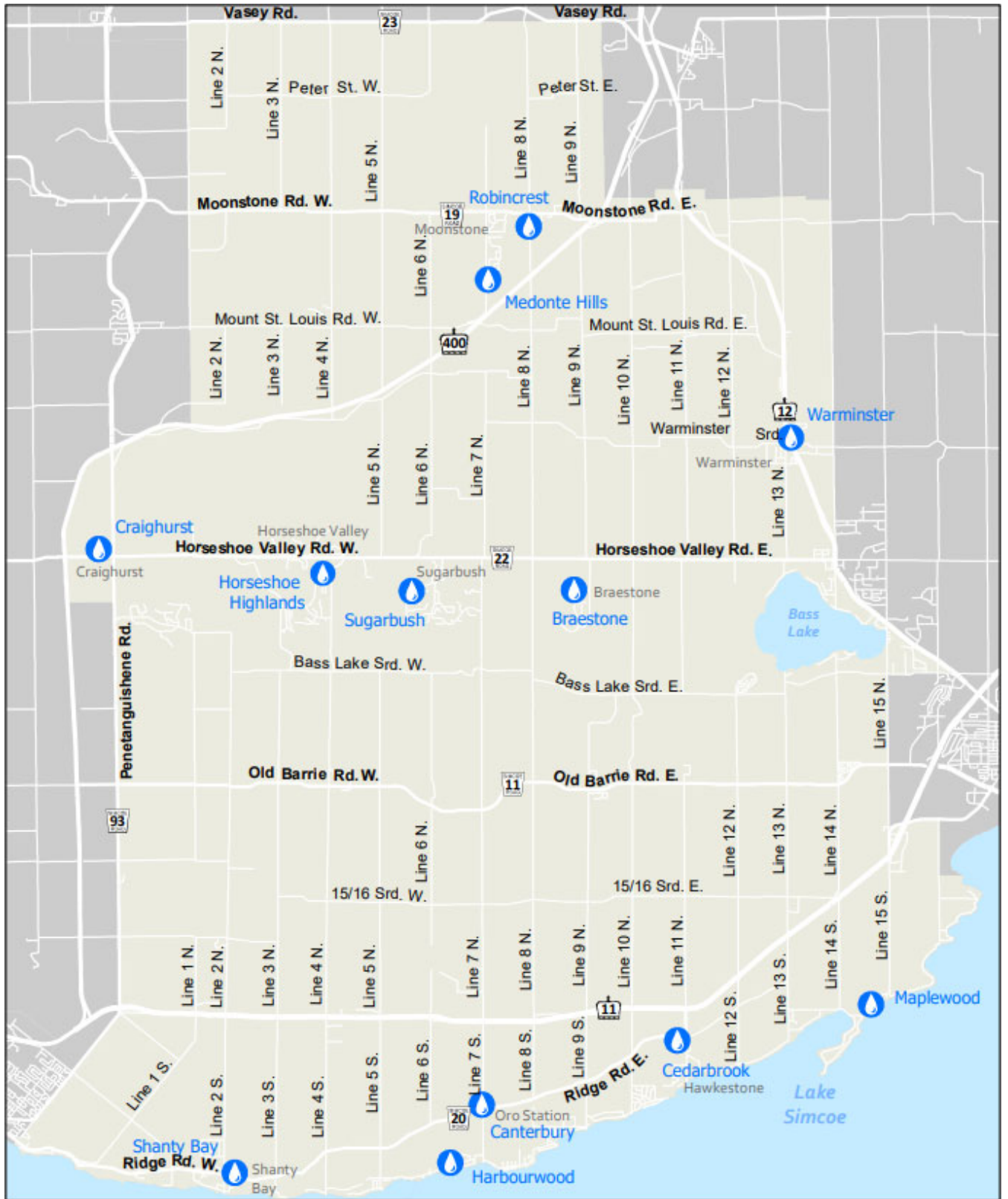
Overview of the Oro-Medonte Municipal Drinking Water Systems

WATER SUPPLY, TREATMENT & DISTRIBUTION

The Township currently provides potable water to approximately 2,400 households through the operation of 12 Township-owned water systems, including Braestone which is currently operated by the Township under contract through a Subdivision Agreement. During the period January to December 2022, the Township distributed just over 555,000 m³ of water to customers from these municipal drinking water systems.

The Township's water supply, treatment, and distribution infrastructure includes:

- 26 groundwater wells (including two wells servicing the Braestone system)
- Over 89 kilometers of distribution mains;
- Three booster stations;
- One elevated water storage tank; and
- Thirteen water reservoirs.



Annual Water Production by Township-owned Drinking Water Systems (2022)

System	Total Water Production (m3)	Percentage of Total
Canterbury	3,160	0.6%
Cedarbrook	5,009	0.9%
Craighurst	9,228	1.7%
Harbourwood	28,063	5.1%
Horseshoe Highlands	160,922	29.0%
Maplewood	8,807	1.6%
Medonte Hills	26,048	4.7%
Robincrest	53,888	9.7%
Shanty Bay	52,604	9.5%
Sugarbush	122,897	22.1%
Warminster	84,960	15.1%
Total	555,586	100.0%

WATER RATES

The Township has adopted a full-cost recovery approach for water services, whereby direct operating and capital costs are recovered through user fees, with no municipal taxation support for water services. Under the Township's current rate structure, water customers are charged:

Component	January 1, 2020	January 1, 2021	January 1, 2022
Fixed operating charge (quarterly)	\$84.20	\$82.47	\$80.78
Fixed infrastructure charge (quarterly)	\$87.00	\$94.00	\$101.00
Variable consumption charge:			
• Up to 75 m3	\$1.45/m3	\$1.45/m3	\$1.45/m3
• More than 75 m3	\$2.20/m3	\$2.20/m3	\$2.20/m3

NOTE: 2022 water rates remain in effect for 2023

Key Assumptions

The preparation of the financial plan for water services requires the use of assumptions concerning future events, with the more salient assumptions listed below.

OPERATING COSTS

Projected operating costs are comprised of personnel costs (wages and benefits), utilities, and other operating costs (materials, supplies, repairs, etc.). Operating costs are projected to increase commensurate with inflation, as follows:

— Wages and benefits	3.25% per year
— Utilities and other expenses	5.00% for 2024 4.50% for 2025 3.50% for 2026 2.50% for 2027 – 2033

CAPITAL COSTS

Projected capital expenditures reflect ongoing costs associated with:

- (i) ongoing upgrades to the Township's existing distribution system infrastructure to meet new regulatory and service level requirements; and
- (ii) replacement of infrastructure reaching end of useful life. The financial plan identifies a total of \$22.0 million of required capital expenditures over the projection period (2024-2033), which assumes sufficient funding is provided through rate increases and other strategies.

Consistent with Public Sector Accounting Guidelines for financial reporting, the financial plan reflects capital revenues and expenditures as follows:

- Capital revenues, including the quarterly fixed infrastructure fee charged to customers and senior government grants, are recorded in the Statement of Operations as revenue in the year that the funds are received/earned;
- Capital expenditures are recorded as tangible capital asset additions and are reflected as such in the Statement of Financial Position; and
- Amortization of tangible capital assets is recorded as an expense in the Statement of Operation.
- Contributions to and fund reserves are initially shown as revenues/expenses, which is consistent with the Township's approach to budgeting and which demonstrates the services are provided on a full recovery basis (i.e. no municipal tax subsidy).

CAPITAL FINANCING

The forecasted source of funding for future capital expenditures is the quarterly fixed infrastructure fee, which is projected to increase at an average rate of 3.70% per year over the projection period, reflecting the Township's strategy of increasing capital funding to address its infrastructure investment requirements. The financial plan does not consider other funding sources, including senior government grants or debt financing.

The financial plan does not contemplate the requirement to increase water rates to fund capital projects for new subdivisions, which will be funded through (i) development charges; and/or (ii) developer contributions. Where new subdivisions are constructed, the Township is not expected to be responsible for funding the initial capital expenditure but will be responsible for ongoing operating costs (to be funded through incremental user fees).

Consistent with Public Sector Accounting Guidelines for financial reporting, the financial plan reflects capital revenues (including amounts collected through the fixed quarterly infrastructure charge) in the Statement of Operations as revenue in the year that the funds are received/earned. For internal purposes, however, the fixed quarterly infrastructure charge is transferred to the Township's water renewal reserve, with transfers from the reserve used to finance capital expenditures.

CONTINGENCIES

In addition to the key assumptions noted above, there are a number of other variables that have not been reflected in the financial plan which, in the event that these materialize (whether in whole or in part), may have a significant impact (either positive or negative) on the projected financial plan.

Contingencies that were identified but not incorporated into the financial plan due to uncertainty as to quantum or probability of occurrence include:

- The acquisition of any third-party water systems.
- The potential for amalgamation, either of the Township's water system or the municipality as a whole, in light of the Province's review of upper and lower tier governance.
- Potential operating savings resulting from the projected increase in capital spending. For example, the frequency and cost of repairing water main breaks may decrease as capital funding increases (which would reduce the overall age of the water main system).
- Potential operating savings related to ongoing process reviews and technology enhancements.
- Senior government grant revenues for operating and/or capital purposes above the level of grant revenue noted in the financial plan.
- Unforeseen capital expenditure projects such as water service extensions, system enhancements, and/or development cost-sharing initiatives that exceed the financial resources identified in this plan.
- New Ministry regulations that would have a significant impact on operating costs.

Financial Plan Highlights

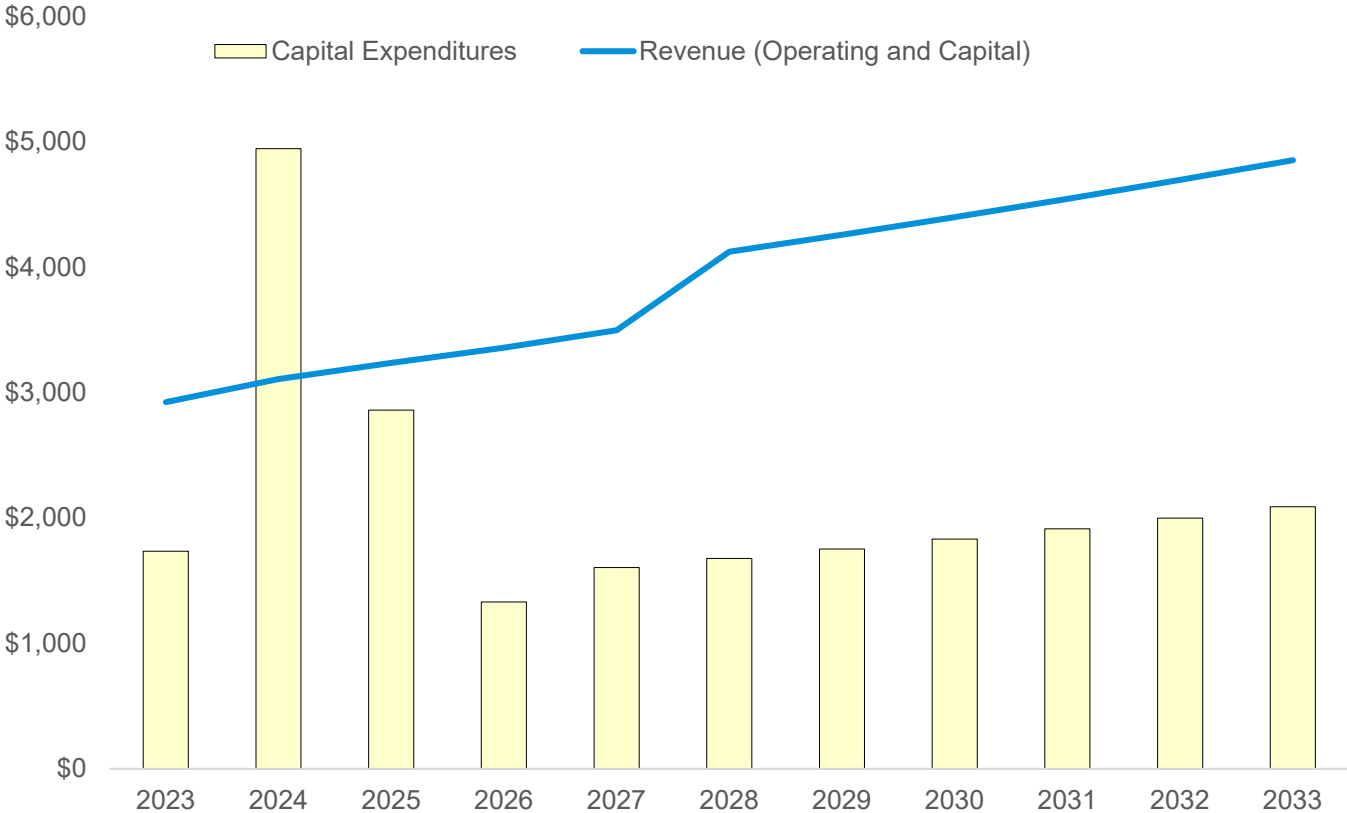
Included as Appendix A is the financial plan for water services, which provides a financial forecast of water revenues and expenditures for the period 2024 to 2033 (and incorporates budget information for 2023 and 2024 for reference). The financial plan is comprised of:

- A Statement of Projected Operations and Accumulated Surplus
- A Statement of Projected Financial Position
- A Statement of Changes in Net Financial Assets
- A Statement of Cash Flow

In addition to these statements, the financial plan also includes continuity schedules for development charge reserves, long-term debt, tangible capital assets, and the Township’s water-related reserves.

As noted in the financial plan, total revenues are projected to increase from the 2023 budget of \$2.9 million to \$5.1 million in 2033, reflecting the ongoing impacts of inflation. During the same period, a total of \$22.0 million is projected to be invested in water infrastructure, funded through the quarterly infrastructure charge and existing reserve balances.

Projected Financial Performance (in thousands)



PROJECTED WATER RATES

Based on the financial plan, we have summarized below the Township’s calculated water rates for each of the years 2023 to 2032. These rates reflect the anticipated total cost of water services (capital and operating), other revenue sources, and reserve balances, as well as the continuation of the Township’s past practice of “smoothing” water rates so as to achieve a consistent rate of increase over a long-term period (as opposed to differing levels of rate increases based on short-term requirements).

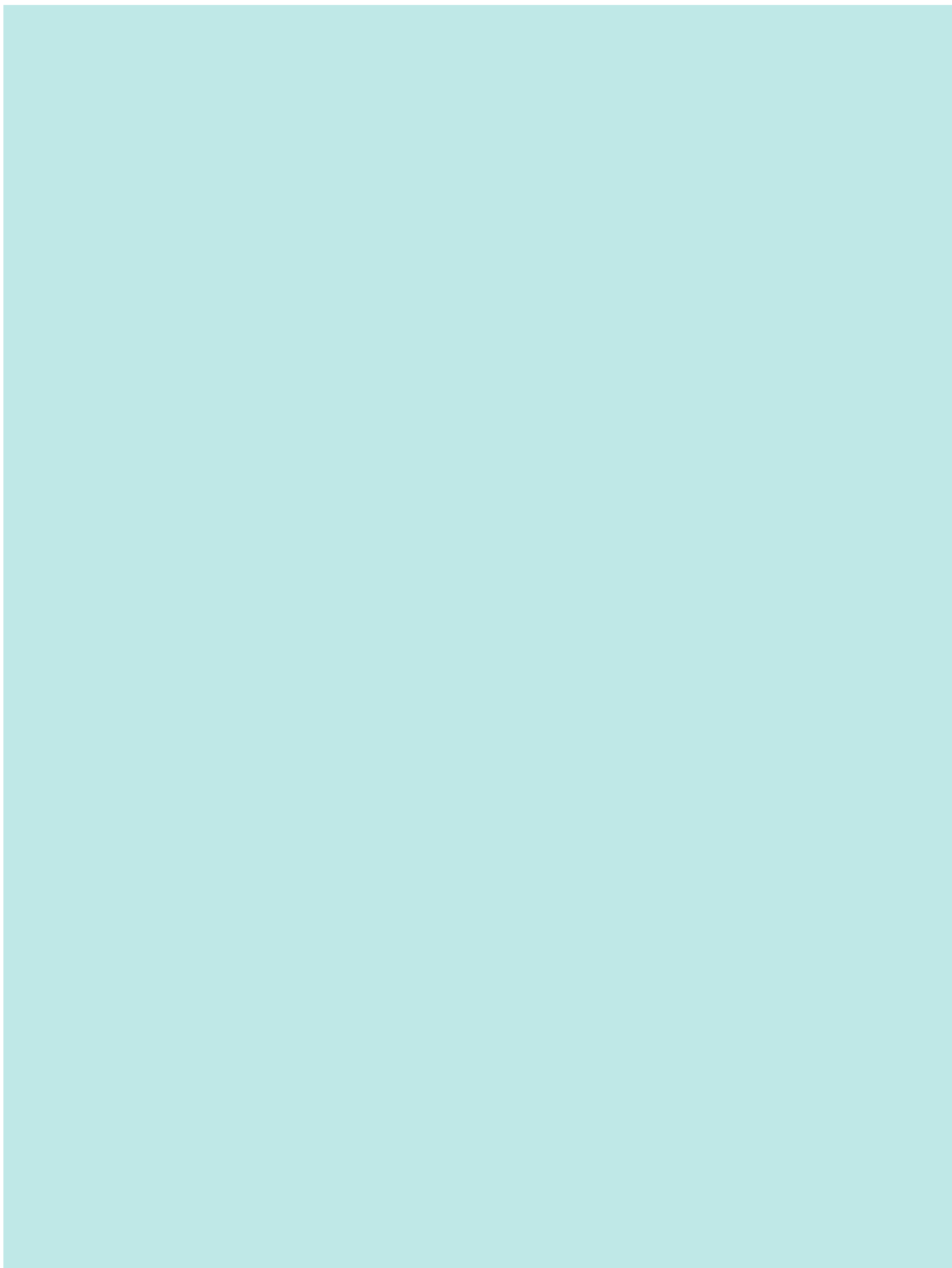
Based on the financial model and key assumptions, the fixed quarterly charge is projected to increase by 8.0% annually from 2024 to 2033, with operating rates (variable and fixed) increasing by 4.0% per year. Overall, the annual cost of water services for customers using 50 m3 of water per year is projected to increase by 5.8% per year over the period of the financial plan.

Year	Operating Rates			Quarterly Infrastructure Charge (Capital)	Projected Annual Cost (Assumes 50 m3 of consumption per quarter)		
	Fixed Quarterly	Consumption-Based			Total Cost	Annual Increase	Percentage Increase
		<75 m3 per quarter	>75 m3 per quarter				
2023	\$80.78	\$1.45	\$2.20	\$101.00	\$1,017.12		
2024	\$84.00	\$1.51	\$2.29	\$109.10	\$1,074.40	\$57.28	5.6%
2025	\$87.40	\$1.57	\$2.38	\$117.80	\$1,134.80	\$60.40	5.6%
2026	\$90.90	\$1.63	\$2.48	\$127.20	\$1,198.40	\$63.60	5.6%
2027	\$94.50	\$1.70	\$2.58	\$137.40	\$1,267.60	\$69.20	5.8%
2028	\$98.30	\$1.77	\$2.68	\$148.40	\$1,340.80	\$73.20	5.8%
2029	\$102.20	\$1.84	\$2.79	\$160.30	\$1,418.00	\$77.20	5.8%
2030	\$106.30	\$1.91	\$2.90	\$173.10	\$1,499.60	\$81.60	5.8%
2031	\$110.60	\$1.99	\$3.02	\$186.90	\$1,588.00	\$88.40	5.9%
2032	\$115.00	\$2.07	\$3.14	\$201.90	\$1,681.60	\$93.60	5.9%
2033	\$119.60	\$2.15	\$3.27	\$218.10	\$1,780.80	\$99.20	5.9%

As indicated earlier in the document, the financial plan (which has been prepared for the purposes of meeting regulatory requirements established by the Ministry) does not represent a formal, multi-year budget for municipal drinking water services. The approval of operating and capital budgets for water services is undertaken as part of the Township’s overall annual budgeting process. Accordingly, the financial performance outlined in this document is subject to change based on future decisions of Council with respect to operating and capital costs, rate increases, consumption changes, and unforeseen revenues and expenses.

Congruence With Sustainability Principles

Principle	How Addressed	Conclusion
1. Public engagement and transparency	<ul style="list-style-type: none"> ▪ The financial plan will be presented at a public council meeting ▪ Public access to financial plan will be provided consistent with the Regulation 	Achieved
2. Integrated approach to planning	<ul style="list-style-type: none"> ▪ Future planning will incorporate wastewater services if these are assumed by the Township. Capital planning also considers other Township infrastructure (e.g. roads) 	Achieved
3. Revenues should be used to meet water and wastewater needs	<ul style="list-style-type: none"> ▪ The financial model anticipates that all revenues will be used to fund water operating and capital costs. 	Achieved
4. Life cycle planning with mid-course corrections is preferable	<ul style="list-style-type: none"> ▪ Planning considers ongoing infrastructure replacement 	Achieved
5. Asset management plan is a key input	<ul style="list-style-type: none"> ▪ The Township has undertaken asset management planning with consideration given to the useful life of assets 	Achieved
6. Sustainable level of revenue considers operating and capital requirements	<ul style="list-style-type: none"> ▪ Revenue is sufficient to fund all operating costs as well as ongoing capital asset replacement, growth, and regulatory changes 	Achieved
7. Users pay for services they receive	<ul style="list-style-type: none"> ▪ The Township's water rate structure includes a variable component that fluctuates based on usage and does not include municipal tax support for water services 	Achieved
8. Financial plans are living documents	<ul style="list-style-type: none"> ▪ Township intends to update the financial plan to reflect major changes to operations 	Achieved
9. Financial plans benefit from close collaboration	<ul style="list-style-type: none"> ▪ Preparation included involvement from infrastructure and finance groups, as well as external advisors 	Achieved



TOWNSHIP OF ORO-MEDONTE
Water Financial Plan

Statement of Projected Operations
For the Years Ending December 31
(in thousands)
(Unaudited - See Notice to Reader)

	Budget	Budget	Forecast								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenues:											
User fees											
Fixed charges	\$ 900	971	1,013	1,050	1,081	1,114	1,148	1,183	1,220	1,257	1,295
Variable charges	850	918	957	992	1,023	1,054	1,086	1,119	1,153	1,189	1,225
Infrastructure charge	995	1,040	1,087	1,136	1,213	1,776	1,845	1,917	1,992	2,071	2,154
Municipal taxation support	-	-	-	-	-	-	-	-	-	-	-
Other revenues	179	179	179	179	179	179	179	179	179	179	179
	2,924	3,108	3,236	3,357	3,496	4,123	4,258	4,398	4,544	4,696	4,853
Expenses:											
Wages and benefits	788	905	934	964	995	1,027	1,060	1,094	1,130	1,167	1,205
Other operating costs	926	938	980	1,014	1,039	1,065	1,092	1,119	1,147	1,176	1,205
	1,714	1,843	1,914	1,978	2,034	2,092	2,152	2,213	2,277	2,343	2,410
Surplus before reserve transfers	1,210	1,265	1,322	1,379	1,462	2,031	2,106	2,185	2,267	2,353	2,443
Transfers to reserves - operations	(215)	(225)	(235)	(243)	(249)	(255)	(261)	(268)	(275)	(282)	(289)
Transfers to reserves - capital	(995)	(1,040)	(1,087)	(1,136)	(1,213)	(1,776)	(1,845)	(1,917)	(1,992)	(2,071)	(2,154)
Surplus (deficit) for budgeting purposes	-	-	-	-	-	-	-	-	-	-	-
Add (less):											
Transfers to (from) reserves	1,210	1,265	1,322	1,379	1,462	2,031	2,106	2,185	2,267	2,353	2,443
Amortization of tangible capital assets	(750)	(918)	(996)	(1,009)	(1,033)	(1,059)	(1,087)	(1,116)	(1,148)	(1,182)	(1,219)
Interest on long-term debt	(153)	(146)	(139)	(130)	(122)	(114)	(105)	(96)	(86)	(76)	(66)
Surplus (deficit) for financial reporting purposes	\$ 307	201	187	240	307	858	914	973	1,033	1,095	1,158
Accumulated surplus, beginning of year	20,366	20,673	20,874	21,061	21,301	21,608	22,466	23,380	24,353	25,386	26,481
Accumulated surplus, end of year	\$ 20,673	20,874	21,061	21,301	21,608	22,466	23,380	24,353	25,386	26,481	27,639

TOWNSHIP OF ORO-MEDONTE
Water Financial Plan

Statement of Projected Financial Position
As at December 31
(in thousands)
(Unaudited - See Notice to Reader)

	Budget	Budget	Forecast								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2032
Financial assets:											
Due from Township of Oro-Medonte	6,728	2,694	802	497	-	-	-	-	-	-	-
Financial liabilities:											
Long-term debt	4,065	3,857	3,642	3,418	3,186	2,946	2,697	2,439	2,171	1,893	1,605
Net financial assets (debt)	2,663	(1,163)	(2,840)	(2,921)	(3,186)	(2,946)	(2,697)	(2,439)	(2,171)	(1,893)	(1,605)
Non-financial assets:											
Tangible capital assets	18,010	22,037	23,901	24,222	24,794	25,412	26,077	26,792	27,557	28,374	29,244
Accumulated surplus	\$ 20,673	20,874	21,061	21,301	21,608	22,466	23,380	24,353	25,386	26,481	27,639
Accumulated surplus is comprised of:											
Equity in tangible assets	\$ 18,010	22,037	23,901	24,222	24,794	25,412	26,077	26,792	27,557	28,374	29,244
Amounts to be recovered in future periods	(4,065)	(3,857)	(3,642)	(3,418)	(3,186)	(2,946)	(2,697)	(2,439)	(2,171)	(1,893)	(1,605)
Reserves and reserve funds	6,728	2,694	802	497	-	-	-	-	-	-	-
	\$ 20,673	20,874	21,061	21,301	21,608	22,466	23,380	24,353	25,386	26,481	27,639

TOWNSHIP OF ORO-MEDONTE
Water Financial Plan

Statement of Projected Changes in Net Financial Liabilities
As at December 31
(in thousands)
(Unaudited - See Notice to Reader)

	Budget	Budget	Forecast								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual surplus (deficit) for financial reporting purposes	\$ 307	201	187	240	307	858	914	973	1,033	1,095	1,158
Acquisition of tangible capital assets	(1,735)	(4,945)	(2,860)	(1,330)	(1,605)	(1,677)	(1,752)	(1,831)	(1,913)	(1,999)	(2,089)
Amortization of tangible capital assets	750	918	996	1,009	1,033	1,059	1,087	1,116	1,148	1,182	1,219
Change in net financial liabilities	(678)	(3,826)	(1,677)	(81)	(265)	240	249	258	268	278	288
Net financial liabilities, beginning of year	3,341	2,663	(1,163)	(2,840)	(2,921)	(3,186)	(2,946)	(2,697)	(2,439)	(2,171)	(1,893)
Net financial liabilities, end of year	\$ 2,663	(1,163)	(2,840)	(2,921)	(3,186)	(2,946)	(2,697)	(2,439)	(2,171)	(1,893)	(1,605)

TOWNSHIP OF ORO-MEDONTE
Water Financial Plan

Statement of Projected Cash Flows
As at December 31
(in thousands)
(Unaudited - See Notice to Reader)

	Budget	Budget	Forecast								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Cash provided by (used in):											
Operating activities:											
Annual surplus	\$ 307	201	187	240	307	858	914	973	1,033	1,095	1,158
Items not involving cash:											
Amortization of tangible capital assets	750	918	996	1,009	1,033	1,059	1,087	1,116	1,148	1,182	1,219
Net change in cash from operating activities	1,057	1,119	1,183	1,249	1,340	1,917	2,001	2,089	2,181	2,277	2,377
Financing activities:											
Principal repayments on municipal debt	(201)	(208)	(215)	(224)	(232)	(240)	(249)	(258)	(268)	(278)	(288)
Net change in cash from financing activities	(201)	(208)	(215)	(224)	(232)	(240)	(249)	(258)	(268)	(278)	(288)
Capital activities:											
Acquisition of tangible capital assets	(1,735)	(4,945)	(2,860)	(1,330)	(1,605)	(1,677)	(1,752)	(1,831)	(1,913)	(1,999)	(2,089)
Net change in cash from capital activities	(1,735)	(4,945)	(2,860)	(1,330)	(1,605)	(1,677)	(1,752)	(1,831)	(1,913)	(1,999)	(2,089)
Net change in cash	(879)	(4,034)	(1,892)	(305)	(497)	-	-	-	-	-	-
Cash (due from Township of Oro-Medonte), beginning of year	7,607	6,728	2,694	802	497	-	-	-	-	-	-
Cash (due from Township of Oro-Medonte), end of year	\$ 6,728	2,694	802	497	-	-	-	-	-	-	-

TOWNSHIP OF ORO-MEDONTE
Water Financial Plan

Schedule of Projected Long-term Debt
For the Years Ending December 31
(in thousands)
(Unaudited - See Notice to Reader)

	Budget	Budget	Forecast								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Balance outstanding, beginning of year	\$ 4,266	4,065	3,857	3,642	3,418	3,186	2,946	2,697	2,439	2,171	1,893
Total payments	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)
Less: interest component	153	146	139	130	122	114	105	96	86	76	66
Balance outstanding, end of year	\$ 4,065	3,857	3,642	3,418	3,186	2,946	2,697	2,439	2,171	1,893	1,605

TOWNSHIP OF ORO-MEDONTE

Water Financial Plan

Schedule of Projected Tangible Capital Assets

For the Years Ending December 31

(in thousands)

(Unaudited - See Notice to Reader)

	Budget		Forecast								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net book value, beginning of year	\$ 17,025	18,010	22,037	23,901	24,222	24,794	25,412	26,077	26,792	27,557	28,374
Additions	1,735	4,945	2,860	1,330	1,605	1,677	1,752	1,831	1,913	1,999	2,089
Amortization	(750)	(918)	(996)	(1,009)	(1,033)	(1,059)	(1,087)	(1,116)	(1,148)	(1,182)	(1,219)
Net book value, end of year	\$ 18,010	22,037	23,901	24,222	24,794	25,412	26,077	26,792	27,557	28,374	29,244

TOWNSHIP OF ORO-MEDONTE
Water Financial Plan

Schedule of Projected Reserve Balances
For the Years Ending December 31
(in thousands)
(Unaudited - See Notice to Reader)

	Budget	Budget	Forecast								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Reserve balances, beginning of year	\$ 7,607	6,728	2,694	802	497	-	-	-	-	-	-
Transfers from operations - operating	215	225	235	243	249	255	261	268	275	282	289
Transfers to capital - capital expenditures	(1,735)	(4,945)	(2,860)	(1,330)	(1,605)	(1,677)	(1,752)	(1,831)	(1,913)	(1,999)	(2,089)
Transfers to capital - debt servicing	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)	(354)
Reserve balance before capital infrastructure funding	5,733	1,654	(285)	(639)	(1,213)	(1,776)	(1,845)	(1,917)	(1,992)	(2,071)	(2,154)
Capital infrastructure funding (fixed charge):											
Prior year's infrastructure revenue, adjusted for inflation	995	1,040	1,087	1,136	1,187	1,240	1,296	1,354	1,415	1,479	1,546
Amount required to maintain minimum reserve balance	-	-	-	-	26	536	549	563	577	592	608
	995	1,040	1,087	1,136	1,213	1,776	1,845	1,917	1,992	2,071	2,154
Reserve balances, end of year	\$ 6,728	2,694	802	497	-	-	-	-	-	-	-

TOWNSHIP OF ORO-MEDONTE
Water Financial Plan

Water Rate Analysis - No Smoothing
For the Years Ending December 31
(in thousands)
(Unaudited - See Notice to Reader)

	Budget	Budget	Forecast									
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Operating expenses:												
Wages and benefits	\$ 788	905	934	964	995	1,027	1,060	1,094	1,130	1,167	1,205	
Other operating costs	926	938	980	1,014	1,039	1,065	1,092	1,119	1,147	1,176	1,205	
Contributions to reserves	215	225	235	243	249	255	261	268	275	282	289	
	1,929	2,068	2,149	2,221	2,283	2,347	2,413	2,481	2,552	2,625	2,699	
Debt servicing costs	354	354	354	354	354	354	354	354	354	354	354	
Capital expenditures	1,735	4,945	2,860	1,330	1,605	1,677	1,752	1,831	1,913	1,999	2,089	
Total financial requirement before other revenues	4,018	7,367	5,363	3,905	4,242	4,378	4,519	4,666	4,819	4,978	5,142	
Non-rate revenue:												
Municipal taxation support	-	-	-	-	-	-	-	-	-	-	-	
Grants and other capital financing	-	-	-	-	-	-	-	-	-	-	-	
Contributions from reserves for capital	(2,089)	(5,299)	(3,214)	(1,684)	(1,959)	(2,031)	(2,106)	(2,185)	(2,267)	(2,353)	(2,443)	
Other revenues	(179)	(179)	(179)	(179)	(179)	(179)	(179)	(179)	(179)	(179)	(179)	
	(2,268)	(5,478)	(3,393)	(1,863)	(2,138)	(2,210)	(2,285)	(2,364)	(2,446)	(2,532)	(2,622)	
Total financial requirement funded through user fees	\$ 1,750	1,889	1,970	2,042	2,104	2,168	2,234	2,302	2,373	2,446	2,520	
Fixed user fees	\$ 900	971	1,013	1,050	1,081	1,114	1,148	1,183	1,220	1,257	1,295	
Variable user fees	850	918	957	992	1,023	1,054	1,086	1,119	1,153	1,189	1,225	
Projected user fee revenue (operating)	\$ 1,750	1,889	1,970	2,042	2,104	2,168	2,234	2,302	2,373	2,446	2,520	

