

FINAL REPORT

PREPARED BY HEMSON FOR THE TOWN OF NEW TECUMSETH

WATER FINANCIAL PLAN

November 14, 2025

Municipal Drinking Water License Number: 123-101

Drinking Water Works Permit Number: 123-201



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1. INTRODUCTION

The Town of New Tecumseth provides water services to its customers through its extensive distribution network. The fee structure for the water system consists of a consumption charge levied for each cubic metre of water consumed. The Town recovers its costs through user fees charged to its customers based on a full cost recovery system.

Since the completion of the Town's last rate study in 2024, the Town has experienced some minor changes in service delivery costs, capital costs, financing costs, and water usage. In addition, the Town's Drinking Water Licence for the water system is set to expire in 2026 and must be updated to renew the Town's drinking water licence.

The purpose of this document is to present a water financial plan for the Town of New Tecumseth that applies to the entire water system. The financial plan was prepared consistent with requirements of the *Safe Drinking Water Act* (the SDWA) and its associated regulation, *Ontario Regulation 453/07* (O.Reg 453/07). The water financial plan is part of the process required for the Town to renew its municipal drinking water license under the SDWA. The preparation of a financial plan requires a thorough analysis of operating and capital needs, as well as consideration of available funding sources.

The financial plan includes specific statements such as statement of operations, statement of financial position, and statement of cash flow. In addition, a statement of net financial assets/debt is included. Although this statement is not required under O.Reg 453/07, it does provide further information about the financial performance of the Town's water system. Section two of the report explains each statement in greater detail.

The financial plan is prepared for an eight-year forecast period from 2026-2033 with 2026 being the first year of the forecast. For this report, 2025 will be used as the reference year for continuity within the report and consistency with the Town's most recent budget information. The forecast period aligns with the planning period from the 2024 Water and Wastewater Rate Study. This study and rate model was used as the foundation to aid in the completion of this plan.

2. BACKGROUND

In 2020, the Town of New Tecumseth approved the Water Financial Plan prepared as one of the submission requirements necessary in renewing their municipal drinking water license under the *Safe Drinking Water Act, 2002* (SDWA). The Town is now required to update the Financial Plan to again renew its drinking water license.

Financial Plans are defined in section 30(1) of the SDWA as follows: Financial plans that satisfy the requirements prescribed by the Minister, in any other case, 2002, c. 32, s. 30(1).

At this time, the *Sustainable Water and Sewage Systems Act, 2002* has been repealed, however, the standards identified underpin the specific requirements of s. 30 outlined in O.Reg. 453/07.

The SDWA and O. Reg. 453/07 include the following general requirements for a financial plan:

- Mandatory for all municipal water systems and recommended for sanitary wastewater systems;
- Includes a planning horizon of at least six years (commencing when the system first serves the public, for new systems);
- Must be completed and approved by the later of July 1, 2010, and the date that is six months after the first license is issued;
- May be amended and additional information may be included beyond what is prescribed, as necessary; and
- Must be approved by Council resolution indicating that the drinking water system is financially viable.

The Town is now required to update the Financial Plan to renew its drinking water license. The Financial Plan requirement for a license renewal generally mirrors the requirements to obtain a license for a new system under the SDWA. In accordance with the regulation, this Financial Plan will apply to the first year to which the drinking water system's existing municipal drinking water license would expire (in 2026).

In addition to the above noted general requirements, the following specific statements are required in the financial plan:

Statement of Operations

This statement includes details on the projected financial operations itemized by total revenues, total expenses, annual surplus/deficit, and the cumulative surplus/deficit for each year in which the financial plan applies. An annual surplus represents funds available to the Town to fund non-operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow the reserves. The Statement of Operations is discussed in detail later in this report and is included as Table 1.

Statement of Financial Position

This statement includes details on the financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets. In recording the tangible capital assets, the Town can account for its ability to provide for future benefits. A net financial asset position on this statement indicates whether the water system has the financial resources necessary to fund its future operations. The Statement of Financial Position is discussed in detail later in this report and is included as Table 2.

Statement of Cash Flow

This statement provides information on the generation and use of cash resources. The gross cash receipts/payments are itemized by operating, capital, investing, and financial transactions. Itemizing the cash receipts and payments by category allows the reader to understand where the cash is being generated (e.g. water rates), and how the cash is being used (e.g. capital and operating expenses). The Statement of Cash Flow is discussed in detail later in this report and is included as Table 3.

Statement of Net Financial Assets/Debt

Although this statement is not required under O.Reg 453/07, it does provide further information about the financial performance of the Town's water systems. The Statement of Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support the operating and tangible capital asset costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period and is included as Table 4.

The remainder of this study sets out the information and analysis upon which the statements were prepared.

Section 3 includes a discussion on the key inputs and documents used to develop the Financial Plan consistent with the governing legislation.

Section 4 includes the Statement of Operations, Statement of Financial Position, Statement of Cash Flows, and Statement of Change in Net Financial Assets/Debt that form the Financial Plan for Water Services.

Section 5 includes the Notes and Assumptions to the Financial Plan.

Overview of Results

In developing this Water Financial Plan, the Town recognizes that this is a living document, and it is expected to be reviewed again with any update or completion of a subsequent utility rate study. In reviewing the reporting requirements of this financial plan currently, the Town's water system continues to be financially sustainable, although, some important items should be considered.

- The Town generates sufficient revenues to fund system operation expenses, carry-out projected non-growth-related capital improvements and build the water reserves over the long-term to carry out future asset repair and replacement activities.
- The growth-related infrastructure needs of the Town are quite substantial and the ability to emplace this infrastructure in advance of development occurring will continue to be financially challenging. The growth-related capital expenditures over the forecast 8-year period equates to over \$240 million. While grant money of about \$94 million is secured for the water treatment plant expansion project, the remaining growth program amount would need to be funded from development charges. The funds required to facilitate this program are not readily available and these costs will be funded over the long-term through DCs. The decline in cash and cash equivalents and the increase in net financial deficit position result from the funding of this growth-related infrastructure. Although this financial plan looks at the immediate future in which the costs are being absorbed, the DC revenues would be received over the long-term and extend well beyond the 8-year period to which this plan applies. As a result, the Town should continue to exercise caution in planning for these projects to ensure the projects can properly be funded from the water utility system without support from other reserves to interim fund operations.
- It is fiscally prudent that the Town continue to monitor their water operations to compare the accuracy of the financial projections with actual results, as this will lead to improved planning in the future.

3. KEY INPUTS

This chapter discusses the key inputs and documents used to develop the Financial Plan consistent with governing legislation. The assumptions used in preparing the financial projections are based on the Town's data such as the 2025 operating budget, the 10-year capital plan, year-end reserve continuity schedules, debenture schedules and other relevant information provided by staff. Importantly, the assumptions below reflect the key inputs into the projections utilized in the 2024 Water and Wastewater Rate Study and this plan. The five financial categories discussed below drive the prescribed statements outlined in Section 2 and are described in detail in Section 4 of this report.

A. OPERATING EXPENDITURE FORECAST

The expenditure forecast is based upon information from the Town's 2024 and 2025 operating budget and ten-year capital plan. This includes a forecast of operating and capital expenditures to 2033 including a provision for annual contributions to reserves for the purpose of asset repair and replacement. The forecast of expenditures and revenues is included as Appendix A - Table 1.

Operating and non-rate revenue projections assume the following increases:

- Salaries, employee benefits, and contracted services are assumed to increase at an annual rate of 3%.
- Utility costs are assumed to increase by 4% annually.
- Chemical and fuel costs are projected to increase by 5% annually;
- Insurance is expected to increase by 10% annually;
- All other costs are forecast to increase by 2% annually;
- All non-rate revenues by 2% per annum; and
- No adjustments to the internal financing costs.

The Financial Plan also accounts debt repayment in the expenditure forecast.

Debt – Principal and Interest Payments

In 2025, the Town will make principal and interest payments of about \$1.3 million for water-related debt¹. By 2033, debt payments are forecasted to be about \$9.9 million for water services. A significant portion of the debt from 2029 onwards is related to the Town's share of the Collingwood Water Treatment Plant.

¹ This includes Parsons Road (13-168), Water Pipeline (21-100) and the construction loan interest.

B. CAPITAL EXPENDITURE FORECAST

The Town's capital budget forecast is in Appendix A - Table 2. This table identifies the cumulative cost for all in-year capital projects over the planning period and identifies the annual funding sources as outlined by Town staff and Council. In total, over the 2026-2033 period, approximately \$23.4 million in non-growth capital is required to support water services. Of note, the Town will be undertaking a more comprehensive review of the infrastructure needs, which includes condition-based assessments of the infrastructure. As a result, the non-growth-related capital investment requirements could change substantially following the completion of this work.

The growth-related projects incorporated in the analysis represent the projects to be funded through Development Charges (DC) and other funding sources (grants) identified in the Town's 10-year capital plan. Over the 2026-2033 period, these projects total \$230.5 million. The largest growth-related project, the Collingwood Water Treatment Plan is slated as a 2028 capital project, which is when the associated debenture will be issued. However, the plant will not be completed until 2030 or 2031.

Due to the magnitude of the capital plan, debenture financing requirements are assumed to be required to carry out the program in 2026, 2028, and 2031, requiring \$26.6 million, \$83.2 million, and \$11.8 million respectively in debt financing for capital needs. Most of the debenture financing will be paid using development charges.

C. RESERVE STATEMENTS

Water Reserves – General

Both the 2025 opening balance and the projected transfers to and from the Water Reserve were provided by Town staff and account for the cumulative water reserves available for the water system. These figures are outlined in Appendix A – Table 3.

The water reserve is used to fund non-growth-related capital projects as well as the repair and replacement of water assets. Additionally, these funds can be used to address revenue shortfalls that can arise from fluctuating annual water consumption (i.e. less water is billed during wet summers).

Development Charge Reserve Fund – Water Services

The 2025 Water Development Charge Reserve Fund was provided by Town staff. The Development Charge Reserve Fund is used to fund growth-related capital projects outlined in the Town's Development Charges Background Study. The timing and costs of each project

is subject to change based on annual capital budget reviews. Additionally, the Collinwood Water Treatment Plant is shown as a 2028 project as that is when a debenture for the project will be issued. However, the Collingwood Water Treatment Plant will not be completed until either 2030 or 2031.

Should additional monies be received that is not confirmed or quantified in this report, this would ultimately improve cash flows and reduce the amount of debt assumed thereby improving the net financial position.

D. TANGIBLE CAPITAL ASSET ANALYSIS (TCA)

The Financial Information Returns (FIR) filed by the Town were used to develop financial information related to the water systems assets. The statements included are not audited documents and contain estimates and assumptions as described below.

The following assumptions were made regarding the tangible capital assets:

- The amortization of assets is based on the amortization expense for 2024 (as per the latest FIR) and was assumed to remain consistent throughout the period;
- It is assumed that no write-offs occurred in any of the years;
- It is assumed that there were no gains or losses on the disposal of assets (assets were disposed of when they had reached the end of their useful life and therefore the historic cost is equal to accumulated depreciation); and
- Contributed assets were unknown and therefore not included in the forecast.

The forecasted tangible capital asset balances for the Town’s water system are as follows:

Town Of New Tecumseth TCA Analysis (\$000s)									
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Opening Tangible Capital Assets	\$100,055	\$123,153	\$158,151	\$164,732	\$350,778	\$354,957	\$357,601	\$371,994	\$373,250
Plus: Acquisitions - Repair/Replacement	\$10,207	\$5,606	\$1,551	\$3,176	\$2,960	\$1,833	\$3,693	\$778	\$3,818
Plus: Acquisitions - Growth Related	\$12,891	\$29,393	\$5,029	\$182,871	\$1,219	\$811	\$10,699	\$478	\$0
Closing Tangible Capital Assets	\$123,153	\$158,151	\$164,732	\$350,778	\$354,957	\$357,601	\$371,994	\$373,250	\$377,067
Opening Accumulated Amortization	\$26,826	\$28,655	\$30,521	\$32,481	\$34,486	\$36,647	\$38,840	\$41,067	\$43,322
Plus: Amortization Expense	\$1,830	\$1,865	\$1,960	\$2,006	\$2,161	\$2,193	\$2,227	\$2,254	\$2,290
Closing Accumulated Amortization	\$28,655	\$30,521	\$32,481	\$34,486	\$36,647	\$38,840	\$41,067	\$43,322	\$45,611
Net Book Value	\$94,497	\$127,630	\$132,251	\$316,292	\$318,310	\$318,762	\$330,927	\$329,928	\$331,456

The forecast for repair and replacement capital acquisitions could change subject to Town condition assessments in the coming years.

E. PROJECTION OF WATER RATES

Overall, the water rates are projected to increase moving forward (post 2026) to ensure long-term fiscal stability of the services. The table below provides a snapshot of the utility rates required for the 2026-2033 period based on the projections contained within the 2024

Water and Wastewater Rate Study. The water rate projection outlined below include recent direction by Council for the 2026 water rates, which are lower than the water rates calculated though the 2024 study for 2026. To keep pace with the Rate Study projections, the 2029 water rate in this Water Financial Plan are adjusted upward (from a 5% increase to 7.2%) to match the charges calculated in the Rate Study. Note, the utility rates are still subject to council approval each year. Additional detail surrounding the rate analysis is more fully described in the 2024 Water and Wastewater Rate Study.

CALCULATED UTILITY RATES (8-YEAR PROJECTION)								
All Accounts	2026	2027	2028	2029	2030	2031	2032	2033
Consumption Charge per m ³ <30,000 m ³	\$3.70	\$4.16	\$4.58	\$4.91	\$5.16	\$5.42	\$5.69	\$5.97
Consumption Charge per m ³ >30,000 m ³	\$2.78	\$3.13	\$3.44	\$3.61	\$3.79	\$3.98	\$4.18	\$4.39
Baxter Consumption Charge per m ³	\$2.78	\$3.13	\$3.44	\$3.61	\$3.79	\$3.98	\$4.18	\$4.39
<i>Change (%)</i>		<i>12.5%</i>	<i>10.0%</i>	<i>7.2%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>

4. WATER FINANCIAL PLAN

This section summarizes the complete Financial Plan for Town of New Tecumseth's water system. The Financial Plan represents a forecast or projection of the Town's future financial position. The statements included in this study are not audited documents and contain estimates and assumptions as described in Section 5 of this report.

A. STATEMENT OF OPERATIONS – TABLE 1

The Statement of Operations provides information on the revenues and expenses generated from the water system in each year. An annual surplus will be generated where annual revenues exceed annual expenses for the year. Where the expenses exceed the revenues, an annual deficit will result. The annual surplus is available to fund non-operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow the water reserve.

In 2025, the projected revenue is \$25.6 million with expenditures of \$11.4 million. As revenues exceed expenditures, an annual surplus of \$14.2 million is projected. The beginning period accumulated surplus of \$86.6 million is equal to the opening reserve balances, plus tangible capital assets, and less any debt obligations and deferred revenue. A reconciliation of this amount can be found in Table 5. The Town's forecasted Statement of Operations indicates an annual surplus for all years projected, with the accumulated surplus growing to approximately \$289.1 million by the end of 2033. This supports the Town's need to grow its reserves to pay for the repair and replacement of capital assets.

B. STATEMENT OF FINANCIAL POSITION – TABLE 2

The Statement of Financial Position provides information on the assets and liabilities of the Town's water system. Net Financial Assets/(Debt) is the difference between assets and liabilities. A position of net financial assets occurs when assets are greater than liabilities. Net financial debt occurs when liabilities exceed their assets. A net financial assets position implies that the system has the financial resources required to fund its future operations. A net financial debt position indicates that future revenues will be required to pay for past transactions.

In 2025, net financial assets total approximately \$6.3 million, however, the net financial asset position is expected to decrease to a deficit of \$42.4 million in 2033. The decrease can largely be attributed to the accumulation of new debt to pay for the growth-related capital

plan. Should capital work be deferred or different from what was identified in the 10-year capital plan, it would be reflected in the reserve balances of this statement. Furthermore, should additional monies be received that is not confirmed or quantified in this report, this would ultimately reduce the debt reliance and improve net financial position over the period.

The Statement of Financial Position also provides information on the Town's tangible capital assets. The reporting of tangible capital assets is a requirement under PS3150 of the Public Sector Accounting Board. Prior to 2009, the costs to acquire or construct capital assets were expensed in the year in which they occur. As of 2009 municipalities are required to capitalize their assets and account for their ability to provide future benefits. An increase in the tangible capital asset balance suggests that new assets have been acquired, and a decrease in the balance indicates the disposal, write down or use of assets. The Town's tangible capital assets are expected to have a net book value of an estimated \$94.5 million by the end of 2025 and are anticipated to grow to \$331.5 million by the end of the period.

C. STATEMENT OF CASH FLOW – TABLE 3

The Statement of Cash Flow provides information on the generation and use of cash resources in the following categories: operating; capital; investments; and financing activities. The statement describes how the cash from operations (\$4.6 million) and investments (\$133,000) will be used to support the 2025 capital transactions (\$23.1 million) and the 2025 financing transactions (\$632,000). The difference between the total cash generated and cash used results in an increase or decrease in cash and cash equivalents. The beginning of period cash and cash equivalents is equal to the water reserves on hand at the start of the period.

In 2025, the Town will see a \$19.0 million decrease in cash equivalents, mainly due to the timing of capital-related-expenditures and debt payments. The Town's net cash position is expected to decrease from negative \$15.1 million at the end of 2025 to negative \$68.4 million by the end of 2033. As indicated in Table 2, the decrease can largely be attributed to major capital works and new debt requirements for growth-related infrastructure. The Town's non-growth-related reserves (supported by utility rates) remain in a positive position throughout the planning period, but the Water DC Reserves go into a negative position with the front-ended nature of the capital plan. A summary of the Reserve and Reserve Fund projections for both water rate and growth-related assets can be found in Appendix A – Table 3.

D. STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/DEBT – TABLE 4

The Statement of Change in Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support operating and tangible capital asset costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. The statement outlines that, in 2025, the surplus (\$14.2 million) and amortization (\$1.8 million) are less than the forecasted capital expenditures (\$23.1 million), resulting in a decrease in net financial assets for 2025. As the capital program becomes more intensive over the next few years, the in-year net financial assets are expected to be in a deficit position in 2026 and 2028 but the change in net financial assets will be positive for the remaining period.

Table 1
Town Of New Tecumseth
Statement of Operations
in \$000's

	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenues									
<i>Water Sales</i>									
Metered	\$11,469	\$12,629	\$14,410	\$16,160	\$18,139	\$19,919	\$21,717	\$23,285	\$24,950
<i>Non Rate Revenue</i>	\$377	\$383	\$388	\$393	\$399	\$405	\$411	\$416	\$422
<i>Earned DC Revenue</i>	\$13,597	\$30,237	\$6,806	\$90,147	\$5,689	\$9,447	\$19,335	\$9,702	\$9,223
<i>Other Funding Sources</i>	\$0	\$0	\$0	\$94,500	\$0	\$0	\$0	\$0	\$0
<i>Less: DC Debenture</i>	\$0	(\$23,930)	\$0	(\$83,241)	\$0	\$0	(\$10,644)	\$0	\$0
<i>Interest Earned</i>	\$133	\$56	\$60	\$91	\$122	\$171	\$246	\$328	\$441
Total Revenue	\$25,576	\$19,376	\$21,664	\$118,050	\$24,349	\$29,941	\$31,065	\$33,732	\$35,037
Expenditures									
Amortization Expense	\$1,830	\$1,865	\$1,960	\$2,006	\$2,161	\$2,193	\$2,227	\$2,254	\$2,290
In-Year Asset Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on Debt Expense	\$641	\$777	\$958	\$939	\$2,523	\$4,984	\$4,964	\$5,260	\$5,239
Operating Expense	\$8,914	\$9,220	\$9,481	\$9,760	\$10,144	\$10,541	\$10,934	\$11,280	\$10,339
Total Expenditures	\$11,385	\$11,863	\$12,399	\$12,706	\$14,828	\$17,717	\$18,125	\$18,794	\$17,868
Annual Surplus/(Deficit)	\$14,192	\$7,513	\$9,265	\$105,345	\$9,521	\$12,224	\$12,940	\$14,938	\$17,169
Annual Surplus/(Deficit)	\$14,192	\$7,513	\$9,265	\$105,345	\$9,521	\$12,224	\$12,940	\$14,938	\$17,169
Accumulated Surplus, Beginning of Period	\$86,576	\$100,136	\$107,649	\$116,915	\$222,259	\$231,780	\$244,004	\$256,944	\$271,881
Accumulated Surplus, End of Period	\$100,768	\$107,649	\$116,915	\$222,259	\$231,780	\$244,004	\$256,944	\$271,881	\$289,050

Table 2
Town Of New Tecumseth
Statement of Financial Position
in \$000's

	2025	2026	2027	2028	2029	2030	2031	2032	2033
Financial Assets									
Cash	(\$34,025)	(\$49,872)	(\$35,421)	(\$104,215)	(\$95,488)	(\$87,717)	(\$88,792)	(\$78,000)	(\$68,384)
Total Assets	(\$34,025)	(\$49,872)	(\$35,421)	(\$104,215)	(\$95,488)	(\$87,717)	(\$88,792)	(\$78,000)	(\$68,384)
Liabilities									
Debt	(\$632)	\$25,947	\$24,460	\$106,203	\$103,605	\$99,311	\$106,832	\$102,179	\$97,514
Deferred Revenue	(\$39,664)	(\$55,838)	(\$44,544)	(\$116,385)	(\$112,564)	(\$112,270)	(\$121,641)	(\$122,132)	(\$123,492)
Total Liabilities	(\$40,296)	(\$29,891)	(\$20,084)	(\$10,182)	(\$8,959)	(\$12,959)	(\$14,809)	(\$19,953)	(\$25,978)
Net Financial Assets/(Debt)	\$6,271	(\$19,981)	(\$15,337)	(\$94,032)	(\$86,530)	(\$74,758)	(\$73,983)	(\$58,047)	(\$42,406)
Non-Financial Assets									
Tangible Capital Assets	\$94,497	\$127,630	\$132,251	\$316,292	\$318,310	\$318,762	\$330,927	\$329,928	\$331,456
Accumulated Surplus/(Deficit)	\$100,768	\$107,649	\$116,915	\$222,259	\$231,780	\$244,004	\$256,944	\$271,881	\$289,050

Table 3
Town Of New Tecumseth
Statement of Cash Flow
In \$000's

	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating Transactions									
Annual Surplus/(Deficit)	\$14,192	\$7,513	\$9,265	\$105,345	\$9,521	\$12,224	\$12,940	\$14,938	\$17,169
Add: Amortization of TCA's	\$1,830	\$1,865	\$1,960	\$2,006	\$2,161	\$2,193	\$2,227	\$2,254	\$2,290
Less: DC Revenues	(\$13,597)	(\$30,237)	(\$6,806)	(\$90,147)	(\$5,689)	(\$9,447)	(\$19,335)	(\$9,702)	(\$9,223)
Less: DC Credits	(\$3,700)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add: DC Proceeds	\$6,037	\$14,063	\$18,099	\$18,306	\$9,510	\$9,740	\$9,964	\$9,210	\$7,863
Less: Interest Proceeds	(\$133)	(\$56)	(\$60)	(\$91)	(\$122)	(\$171)	(\$246)	(\$328)	(\$441)
Add: In-Year Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Operating:	\$4,628	(\$6,852)	\$22,459	\$35,418	\$15,381	\$14,539	\$5,551	\$16,372	\$17,657
Capital Transactions									
Proceeds on Sale of Tangible Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Cash Used to Acquire Tangible Capital Assets	(\$23,098)	(\$34,998)	(\$6,581)	(\$186,046)	(\$4,179)	(\$2,645)	(\$14,392)	(\$1,256)	(\$3,818)
Cash Applied to Capital	(\$23,098)	(\$34,998)	(\$6,581)	(\$186,046)	(\$4,179)	(\$2,645)	(\$14,392)	(\$1,256)	(\$3,818)
Investing Transactions									
Proceeds from Investments	\$133	\$56	\$60	\$91	\$122	\$171	\$246	\$328	\$441
Less: Cash Used to Acquire Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Investing	\$133	\$56	\$60	\$91	\$122	\$171	\$246	\$328	\$441
Financing Transactions									
Proceeds from Debt Issues	\$0	\$26,589	\$0	\$83,241	\$0	\$0	\$11,826	\$0	\$0
Less: Debt Repayment (principal only)	(\$632)	(\$642)	(\$1,487)	(\$1,498)	(\$2,598)	(\$4,294)	(\$4,305)	(\$4,653)	(\$4,665)
Cash Applied to Financing	(\$632)	\$25,947	(\$1,487)	\$81,743	(\$2,598)	(\$4,294)	\$7,521	(\$4,653)	(\$4,665)
Increase/(Decrease) in Cash and Cash Equivalents	(\$18,969)	(\$15,847)	\$14,450	(\$68,794)	\$8,726	\$7,771	(\$1,075)	\$10,792	\$9,616
Cash and Cash Equivalents									
Beginning of Period	(\$15,056)	(\$34,025)	(\$49,872)	(\$35,421)	(\$104,215)	(\$95,488)	(\$87,717)	(\$88,792)	(\$78,000)
Increase/(Decrease)	(\$18,969)	(\$15,847)	\$14,450	(\$68,794)	\$8,726	\$7,771	(\$1,075)	\$10,792	\$9,616
End of Period	(\$34,025)	(\$49,872)	(\$35,421)	(\$104,215)	(\$95,488)	(\$87,717)	(\$88,792)	(\$78,000)	(\$68,384)

Table 4
Town Of New Tecumseth
Statement of Change in Net Financial Assets/(Debt)
in \$000's

	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual Surplus/(Deficit)	\$14,192	\$7,513	\$9,265	\$105,345	\$9,521	\$12,224	\$12,940	\$14,938	\$17,169
Amortization of Tangible Capital Assets	\$1,830	\$1,865	\$1,960	\$2,006	\$2,161	\$2,193	\$2,227	\$2,254	\$2,290
Less: Acquisition of Tangible Capital Assets	(\$23,098)	(\$34,998)	(\$6,581)	(\$186,046)	(\$4,179)	(\$2,645)	(\$14,392)	(\$1,256)	(\$3,818)
<i>Change in Net Financial Assets/(Debt)</i>	(\$7,077)	(\$25,620)	\$4,644	(\$78,696)	\$7,503	\$11,772	\$775	\$15,936	\$15,641
<i>Net Financial Assets/(Debt)</i>									
Beginning of Period	\$13,348	\$5,639	(\$19,981)	(\$15,337)	(\$94,032)	(\$86,530)	(\$74,758)	(\$73,983)	(\$58,047)
Increase/(Decrease)	(\$7,077)	(\$25,620)	\$4,644	(\$78,696)	\$7,503	\$11,772	\$775	\$15,936	\$15,641
End of Period	\$6,271	(\$19,981)	(\$15,337)	(\$94,032)	(\$86,530)	(\$74,758)	(\$73,983)	(\$58,047)	(\$42,406)

5. NOTES AND ASSUMPTIONS TO FINANCIAL PLAN

Section 3(2) of O. Reg. 453/07 states that the information is required only if the information is known to the owner at the time the financial plan is prepared. The assumptions used in preparing the financial plan are noted below.

A. CASH

The beginning of period Cash and Cash equivalents contained in the Statement of Cash Flows is the total of the opening balance of reserves. The opening balances were unaudited at the time the Financial Plan was prepared and may change.

B. RECEIVABLES AND PAYABLES

It is assumed that water receivables and payables are not significant and therefore have not been identified.

C. DEBT

Budgeted debt of \$13.6 million existed at the beginning of 2025, which relates to Pipeline-21-100, Parson Road Reservoir 13-168, and a construction loan for Tottenham Transmission Main-1. Town projections assume that \$119.7 million in additional debt is required to carry out the capital projects in this planning period. The total cost of servicing this debt from 2025 to 2033 is \$24.8 million in principal payments and \$26.3 million in interest payments. Most of this new debt is growth-related and will be funded by development charges. These debts are for Tottenham Transmission Main-1 (90% DC funded), the Mill Street Reservoir portion of the Tottenham Transmission Main project (90% DC funded), Collingwood Water Treatment Plant (100% DC funded), and Tottenham Transmission Main-2 (90% DC funded).

D. DEFERRED REVENUE

Deferred revenue represents the development charge reserve fund balance. For financial reporting purposes, development charges are deemed a liability until they are used to acquire or construct the infrastructure for which they were collected.

E. ACCUMULATED SURPLUS

The accumulated surplus for all years in the forecast period is contained in Table 5.

Table 5
Town Of New Tecumseth
Reconciliation of Accumulated Surplus
in \$000's

	2025	2026	2027	2028	2029	2030	2031	2032	2033
Accumulated Surplus consists of:									
Opening Reserve Fund Balance									
<i>DC Reserve Fund</i>	(\$28,404)	(\$39,664)							
<i>Water Reserve Fund</i>	\$13,348	\$5,639							
Total Reserve Fund Balance	(\$15,056)	(\$34,025)							
<i>Less: Debt Obligations and Deferred Revenue</i>	\$28,404	\$39,664							
<i>Add: Tangible Capital Assets</i>	\$73,229	\$94,497							
Total Opening Balance	\$86,576	\$100,136	\$107,649	\$116,915	\$222,259	\$231,780	\$244,004	\$256,944	\$271,881
<i>Add: Contributions to/(from) Reserve Funds (excl DC)</i>									
<i>Water Reserve Fund</i>	(\$7,709)	\$327	\$3,157	\$3,048	\$4,905	\$7,478	\$8,295	\$11,283	\$10,976
Total Change in Reserve Funds	(\$7,709)	\$327	\$3,157	\$3,048	\$4,905	\$7,478	\$8,295	\$11,283	\$10,976
<i>Add: Changes in TCA during the year</i>									
<i>Capital Assets Acquired/(Disposed)</i>	\$23,098	\$34,998	\$6,581	\$186,046	\$4,179	\$2,645	\$14,392	\$1,256	\$3,818
<i>Amortization of Capital Assets</i>	(\$1,830)	(\$1,865)	(\$1,960)	(\$2,006)	(\$2,161)	(\$2,193)	(\$2,227)	(\$2,254)	(\$2,290)
Total Changes in Tangible Capital Assets	\$21,269	\$33,133	\$4,621	\$184,040	\$2,018	\$452	\$12,165	(\$999)	\$1,528
Subtract Changes in Debt Position									
<i>New Debt</i>	\$0	(\$26,589)	\$0	(\$83,241)	\$0	\$0	(\$11,826)	\$0	\$0
<i>Debt Repayment</i>	\$632	\$642	\$1,487	\$1,498	\$2,598	\$4,294	\$4,305	\$4,653	\$4,665
Total Change in Debt	\$632	(\$25,947)	\$1,487	(\$81,743)	\$2,598	\$4,294	(\$7,521)	\$4,653	\$4,665
Total Ending Balance	\$100,768	\$107,649	\$116,915	\$222,259	\$231,780	\$244,004	\$256,944	\$271,881	\$289,050

F. COLLINGWOOD WATER TREATMENT PLANT

The Collingwood Water Treatment Plant is shown as 2028 project for capital purposes. The plant is shown as a 2028 project to align with the beginning of construction and the timing of the project's debenture. However, the plant will not be completed until 2030 or 2031. Additionally, grants for the Collingwood Water Treatment Plant ("Other Funding Sources" in Appendix A – Table 2) have already been received.

G. ASSET MANAGEMENT

The Town will be undertaking a more comprehensive review of the infrastructure needs, which include condition-based assessments of the infrastructure. As a result, the non-growth-related capital investment requirements (see Appendix A – Table 2 and the TCA table) could change substantially following the completion of this work.

H. DEVELOPMENT CHARGE CREDITS

In Appendix A – Table 3 Development Charge credits are shown as a liability for the DC reserve in 2025. However, the timing of DC credits is currently unknown. Nonetheless, the outstanding DC credits of \$3.7 million are still an existing liability for the water DC reserve.

I. LEAD PIPES

Ontario Regulation 453/07 contains a requirement for municipalities to include in the Financial Plan the cost associated with replacing lead pipes that are part of the drinking water system. Currently, the Town does not have any lead pipes in the water system, nor is it expected to emplace any in the future. Therefore, no provision for lead pipe replacement is required for this plan,

APPENDIX A

SUPPORTING TABLES

Appendix A - Table 1
Town Of New Tecumseth
Operating Budget Forecast
in \$000's

	2025	2026	2027	2028	2029	2030	2031	2032	2033
Expenditures									
Operating Costs									
Annual Gross Operating Expenditures	\$8,913.9	\$9,219.8	\$9,480.8	\$9,760.5	\$10,144.0	\$10,540.7	\$10,933.9	\$11,279.7	\$10,339.4
Existing Debt	\$568.0	\$574.6	\$514.1	\$505.3	\$496.2	\$487.3	\$478.4	\$469.5	\$460.5
Future Assumed Debt	\$0.0	\$0.0	\$155.1	\$155.1	\$155.1	\$155.1	\$155.1	\$220.4	\$220.4
	\$9,481.9	\$9,794.4	\$10,150.0	\$10,420.9	\$10,795.3	\$11,183.2	\$11,567.4	\$11,969.6	\$11,020.3
Capital Related Costs									
Non-Growth Capital	\$10,206.8	\$5,605.7	\$1,551.2	\$3,175.5	\$2,960.0	\$1,833.4	\$3,693.3	\$777.6	\$3,817.5
Growth-Related Capital	\$12,891.4	\$29,392.7	\$5,029.5	\$182,870.6	\$1,218.8	\$811.2	\$10,699.2	\$478.3	\$0.0
Future Debt Financing	\$0.0	(\$26,588.7)	\$0.0	(\$83,241.0)	\$0.0	\$0.0	(\$11,826.2)	\$0.0	\$0.0
	\$23,098.2	\$8,409.7	\$6,580.7	\$102,805.1	\$4,178.8	\$2,644.6	\$2,566.3	\$1,255.9	\$3,817.5
Reserve Fund Contribution									
Contributions to/(from) Water Reserve Fund	\$2,364.3	\$3,217.7	\$4,648.4	\$6,132.1	\$7,743.0	\$9,140.4	\$10,560.6	\$11,732.1	\$14,352.4
Contributions from DC Water Reserve Fund	(\$12,891.4)	(\$5,462.8)	(\$5,029.5)	(\$5,129.6)	(\$1,218.8)	(\$811.2)	(\$55.6)	(\$478.3)	\$0.0
	(\$10,527.1)	(\$2,245.1)	(\$381.0)	\$1,002.5	\$6,524.1	\$8,329.2	\$10,505.0	\$11,253.8	\$14,352.4
Total Expenditures	\$22,053.0	\$15,959.0	\$16,349.7	\$114,228.5	\$21,498.3	\$22,157.0	\$24,638.6	\$24,479.3	\$29,190.3
Revenues									
Water Billing Revenue	\$11,468.9	\$12,629.5	\$14,410.5	\$16,159.5	\$18,139.3	\$19,918.9	\$21,717.5	\$23,285.3	\$24,950.3
Transfer From Reserves for Capital	\$10,206.8	\$2,946.9	\$1,551.2	\$3,175.5	\$2,960.0	\$1,833.4	\$2,510.6	\$777.6	\$3,817.5
Non-User Rate Revenues	\$377.4	\$382.6	\$388.0	\$393.5	\$399.0	\$404.7	\$410.5	\$416.4	\$422.4
Other Funding Sources (grants)	\$0.0	\$0.0	\$0.0	\$94,500.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	\$22,053.0	\$15,959.0	\$16,349.7	\$114,228.5	\$21,498.3	\$22,157.0	\$24,638.6	\$24,479.3	\$29,190.3

**Appendix A - Table 2
Town Of New Tecumseth
Capital Budget Forecast
in \$000's**

Capital Budget Forecast									
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Capital Program									
Non-Growth Related	\$10,207	\$5,606	\$1,551	\$3,176	\$2,960	\$1,833	\$3,693	\$778	\$3,818
Growth Related ⁽¹⁾	\$12,891	\$29,393	\$5,029	\$182,871	\$1,219	\$811	\$10,699	\$478	\$0
Total	\$23,098	\$34,998	\$6,581	\$186,046	\$4,179	\$2,645	\$14,392	\$1,256	\$3,818
Funding Sources									
Transfer From Reserve for Capital	\$10,207	\$2,947	\$1,551	\$3,176	\$2,960	\$1,833	\$2,511	\$778	\$3,818
Operating Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from DC Reserves	\$12,891	\$5,463	\$5,029	\$5,130	\$1,219	\$811	\$56	\$478	\$0
Other Funding Sources (grants)	\$0	\$0	\$0	\$94,500	\$0	\$0	\$0	\$0	\$0
Debenture Requirements	\$0	\$26,589	\$0	\$83,241	\$0	\$0	\$11,826	\$0	\$0
Total Funding	\$23,098	\$34,998	\$6,581	\$186,046	\$4,179	\$2,645	\$14,392	\$1,256	\$3,818

Appendix A - Table 3
Town Of New Tecumseth
Reserve Fund Continuity ⁽¹⁾
in \$000's

	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water Reserves - General									
Opening Balance	\$13,348	\$5,639	\$5,966	\$9,123	\$12,171	\$17,075	\$24,553	\$32,849	\$44,132
Transfer to Reserve Funds	\$2,364	\$3,218	\$4,648	\$6,132	\$7,743	\$9,140	\$10,561	\$11,732	\$14,352
Transfer from Reserves (To Capital)	(\$10,207)	(\$2,947)	(\$1,551)	(\$3,176)	(\$2,960)	(\$1,833)	(\$2,511)	(\$778)	(\$3,818)
<i>Interest Earned</i>	<i>\$133</i>	<i>\$56</i>	<i>\$60</i>	<i>\$91</i>	<i>\$122</i>	<i>\$171</i>	<i>\$246</i>	<i>\$328</i>	<i>\$441</i>
Ending Balance	\$5,639	\$5,966	\$9,123	\$12,171	\$17,075	\$24,553	\$32,849	\$44,132	\$55,108
Debenture Requirements	\$0	\$2,659	\$0	\$0	\$0	\$0	\$1,183	\$0	\$0
Development Charges Reserve Fund - Water Services									
Opening Balance	(\$28,404)	(\$39,664)	(\$55,838)	(\$44,544)	(\$116,385)	(\$112,564)	(\$112,270)	(\$121,641)	(\$122,132)
Revenue	\$6,037	\$14,063	\$18,099	\$18,306	\$9,510	\$9,740	\$9,964	\$9,210	\$7,863
Transfer to Capital	(\$12,891)	(\$29,393)	(\$5,029)	(\$88,371)	(\$1,219)	(\$811)	(\$10,699)	(\$478)	\$0
Transfer to Operating	(\$705)	(\$845)	(\$1,776)	(\$1,776)	(\$4,470)	(\$8,635)	(\$8,635)	(\$9,223)	(\$9,223)
DC Credits	(\$3,700)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	(\$39,664)	(\$55,838)	(\$44,544)	(\$116,385)	(\$112,564)	(\$112,270)	(\$121,641)	(\$122,132)	(\$123,492)
Debenture Requirements	\$0	\$23,930	\$0	\$83,241	\$0	\$0	\$10,644	\$0	\$0

Note 1: Reserve fund balances are unaudited at the time of study.

Appendix A - Table 4
Town Of New Tecumseth
Non-Growth Related Debenture Schedule
in \$000's

	2025		2026		2027		2028		2029	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	Pipeline-21-100	\$401	\$202	\$411	\$192	\$422	\$182	\$432	\$172	\$443
Parsons Rd Res 13-168	\$231	\$78	\$231	\$69	\$231	\$60	\$231	\$51	\$231	\$42
Tottenham Transmission Main-1 -Construction Loan	\$0	\$361	\$0	\$516	\$0	\$0	\$0	\$0	\$0	\$0
Tottenham Transmission Main-1	\$0	\$0	\$0	\$0	\$536	\$434	\$536	\$434	\$536	\$434
Mill St Reservoir-Portion of Tottenham Transmission Main Project	\$0	\$0	\$0	\$0	\$299	\$282	\$299	\$282	\$299	\$282
Collingwood Water Treatment Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,090	\$1,604
Tottenham Transmission Main-2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$632	\$641	\$642	\$777	\$1,487	\$958	\$1,498	\$939	\$2,598	\$2,523

	2030		2031		2032		2033		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	Pipeline-21-100	\$453	\$150	\$465	\$139	\$476	\$128	\$488	\$116	\$3,991
Parsons Rd Res 13-168	\$231	\$33	\$231	\$25	\$231	\$16	\$231	\$7	\$2,075	\$381
Tottenham Transmission Main-1 -Construction Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$877
Tottenham Transmission Main-1	\$536	\$434	\$536	\$434	\$536	\$434	\$536	\$434	\$3,751	\$3,041
Mill St Reservoir-Portion of Tottenham Transmission Main Project	\$299	\$282	\$299	\$282	\$299	\$282	\$299	\$282	\$2,095	\$1,972
Collingwood Water Treatment Plant	\$2,775	\$4,084	\$2,775	\$4,084	\$2,775	\$4,084	\$2,775	\$4,084	\$12,190	\$17,939
Tottenham Transmission Main-2	\$0	\$0	\$0	\$0	\$336	\$317	\$336	\$317	\$673	\$633
Total	\$4,294	\$4,984	\$4,305	\$4,964	\$4,653	\$5,260	\$4,665	\$5,239	\$24,774	\$26,286