



Water and Sanitary Sewer Financial Plan and Rate Study

In Accordance with O.Reg. 453/07

Town of Lincoln

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Water and Sanitary Sewer Long Range Financial Plan Forecast



Water & Wastewater
Long Range
Financial Plan

Water/Sanitary Sewer 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 (PSAB) 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 Town was to undertake a similar process for the Town’s Sanitary Sewer 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 Sanitary Sewer 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 Sanitary Sewer Systems”) that outlines suggested principles for Water and Sanitary Sewer and provides possible approaches to achieving sustainability. The Province’s Principles of Financially Sustainable Water and Sanitary Sewer 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, Sanitary Sewer, and Storm Water systems is desirable given the inherent relationship among these services.
- **Principle #3:** Revenues collected for the provision of Water and Sanitary Sewer 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 Sanitary Sewer 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 Town's Financial Plan

The financial plan identifies the key financial strategies required to achieve a sustainable long-term financial future for the Water and Sanitary Sewer 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 Town'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 Sanitary Sewer financial plans have been developed to provide the Town 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 Town 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.

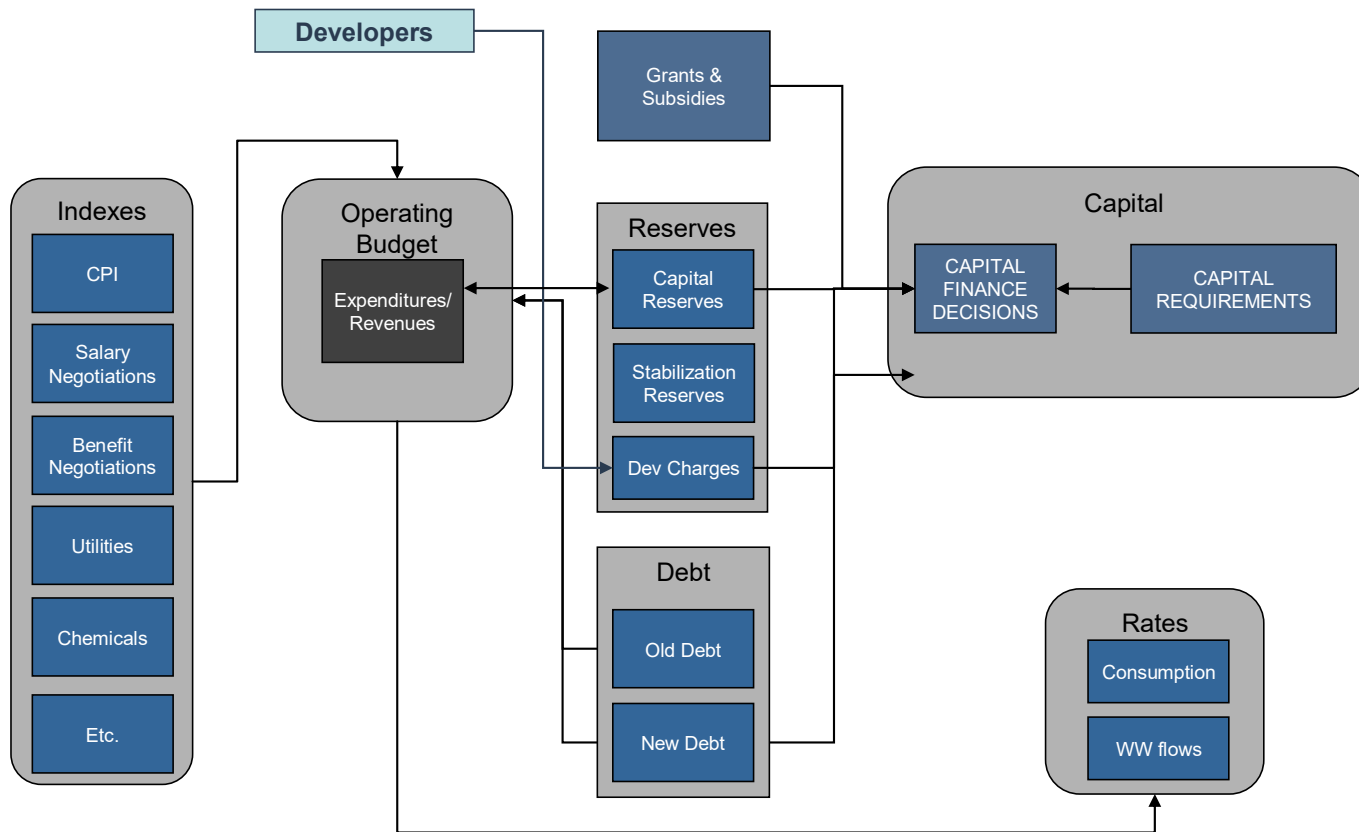


Water and Sanitary Sewer Model and Situational Analysis



Model Development

The financial plan model is an essential tool for long-term planning for the Town. The model has been developed to provide an indication of the Town's future Water and Sanitary Sewer 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 Sanitary Sewer Financial positions. The model has the flexibility to set and change assumptions for each variable.



Sources of Data Used

- **Reserves**—Water/Sanitary Sewer Reserve projected uncommitted 2025 was used in the forecast.
- **Operating Budget**—The Town provided the 2024 Operating Budgets for Water and Sanitary Sewer which were used to forecast future years based on various assumptions.
- **2025-2034 Capital Budget**—The proposed 10-year Capital Budget included sources of financing. Sources of funding included development charges for growth related capital, rates through contributions from reserves and grant recoveries. For the purposes of this report, the focus is on presenting a six-year capital plan in accordance with the O. Reg. requirements.
- **Financial Information Return (FIR) 2023**—The Town’s FIR was used in the preparation of the O. Regs. with respect to amortization information.
- **Consumption**—Consumption trends were provided by the Town to determine an appropriate assumption with respect to rate setting.
- **Regional Costs** – The plan is based on the most recent wholesale rate forecast as provided by the Region.
- **2024 Asset Replacement Costs (AMP)** – The 2022 AMP was used with an update using the 2024 asset replacement costs.
- **2024 Debt Schedules** – Debt schedules were provided by the Town for existing debt outstanding.

Challenges/Risks

The following summarizes the Town’s key challenges, risks and opportunities to long-term financial sustainability. Understanding these factors are important in the preparation of the financial plan.

- **Availability of Capital Reserves**— The Capital Reserve balances are low and need to be increased to address the immediate capital needs and avoid issuing high levels of debt.
- **Capital Intensive Water and Sanitary Sewer Systems**—The Town is responsible for distribution of water to local consumers. Based on the Town’s 2024 update to the Asset Management Plan. Replacement costs are estimated to be \$283 million in Water capital assets.
- The Town is also responsible for the collection of Sanitary Sewer and transferring the Sanitary Sewer to the Region of Niagara’s sanitary sewer system for treatment. Based on the Town’s 2024 AMP estimates, replacement cost of the Sanitary Sewer capital assets is approximately \$219 million.
- **Annual Requirements for Capital Contributions** – The annual contributions that are required to maintain the system in good

repair. Calculations were made using the useful life of the assets to determine the annual reserve transfer requirements. The following table reflects the annual infrastructure funding gap for Water and Sanitary Sewer operations. There is currently an annual funding gap in \$0.9 million in Water and \$2.4 million in Sanitary Sewer. This will be addressed in the report to gradually increase the contributions to reserves.

2024 Capital Contributions (000's)	Water	Sanitary
Current Capital Contribution for		
Asset Replacement	\$ 2,982	\$ 381
Debt Principal Payment	\$ 22	\$ 29
Recommended Annual Average Contribution (AMP)	\$ 3,902	\$ 2,814
Estimated Annual Funding Gap	\$ (898)	\$ (2,404)

Source: 2024 Lincoln Operating Budget, updated 2022 Asset Management Plan

- **Inflationary Increases to the Capital and Operating Costs**—The majority of the costs associated with the Water and Sanitary Sewer operations are the fixed and therefore cannot be controlled by the Town. Many of these Water and Sanitary Sewer operating and capital costs are increasing faster than the rate of inflation.

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

- The fixed and volumetric rates together raise the revenues required to fund Water and Sanitary Sewer operations. The fixed rates generally cover the administrative and operational costs of providing water and sanitary sewers such as billing, minor repairs, testing and capital provisions. These volumetric rates generally cover the costs of water and sanitary sewer services provided by the Region as consumption is the main driver. The Financial Plan has been prepared to smooth the rate increases and avoid the volatility in rate increases. This helps customers budget accordingly.
- **Fixed Rates** - From 2020-2022, there was no increase in the volumetric charge for Water and Sanitary Sewer. The increases in rates during this period were allocated to the fixed rates by 16.5%-17.5% annually. This approach was used to gradually increase revenue stability by increasing the fixed monthly charge.
- **Volumetric Rates** - In 2023 and 2024, the Water volumetric rates increased significantly by 20%. The Sanitary Sewer volumetric rates were increased by 12.6% in 2023 and 20% in 2024.

	2020	2021	2022	2023	2024	
Water						
Total Fixed Water Charge	\$ 17.45	\$ 20.49	\$ 24.09	\$ 28.32	\$ 33.27	
Water Usage Charge (Volumetric) per m3	\$ 2.102	\$ 2.102	\$ 2.102	\$ 2.522	\$ 3.026	
Water Charge based on Meter Size Quarterly	3/4" & 5/8"	\$ 17.45	\$ 20.49	\$ 24.09	\$ 28.32	\$ 33.27
	1"	\$ 33.90	\$ 39.81	\$ 46.80	\$ 64.62	\$ 75.93
	1.5"	\$ 49.02	\$ 57.56	\$ 67.67	\$ 93.39	\$ 109.71
	2"	\$ 82.92	\$ 97.37	\$ 114.47	\$ 158.01	\$ 185.67
	3"	\$ 120.60	\$ 141.61	\$ 166.49	\$ 229.86	\$ 270.09
	4"	\$ 158.28	\$ 185.85	\$ 218.51	\$ 301.68	\$ 354.45
	6"	\$ 264.66	\$ 310.77	\$ 365.37	\$ 504.48	\$ 592.80
8"	\$ -	\$ -	\$ -	\$ 594.48	\$ 698.49	
Volumetric Rate Change	0.0%	0.0%	0.0%	20.0%	20.0%	
Fixed Rate Change	17.5%	17.4%	17.6%	17.6%	17.5%	

	2020	2021	2022	2023	2024	
Wastewater						
Total Fixed Wastewater Charge	\$ 16.95	\$ 19.74	\$ 23.04	\$ 26.85	\$ 31.26	
Wastewater Usage Charge (Volumetric) per m3	\$ 2.490	\$ 2.490	\$ 2.490	\$ 2.803	\$ 3.362	
Wastewater Charge based on Meter Size Quarterly	3/4" & 5/8"	\$ 16.95	\$ 19.74	\$ 23.04	\$ 26.85	\$ 31.26
	1"	\$ 33.30	\$ 38.78	\$ 45.26	\$ 61.32	\$ 71.46
	1.5"	\$ 48.12	\$ 56.04	\$ 65.41	\$ 88.62	\$ 103.23
	2"	\$ 81.39	\$ 94.79	\$ 110.63	\$ 150.00	\$ 174.75
	3"	\$ 118.40	\$ 137.89	\$ 160.94	\$ 218.10	\$ 254.10
	4"	\$ 155.40	\$ 180.98	\$ 211.23	\$ 286.26	\$ 333.51
	6"	\$ 259.86	\$ 302.63	\$ 353.23	\$ 478.68	\$ 557.67
8"	\$ -	\$ -	\$ -	\$ 589.62	\$ 686.88	
Volumetric Rate Change	0.0%	0.0%	0.0%	12.6%	20.0%	
Fixed Rate Change	16.5%	16.5%	16.7%	16.5%	16.4%	

Cost of Service and Ratepayer Affordability

- An analysis of the 2024 Water and Sanitary Sewer rates in Lincoln was undertaken against Niagara municipalities.
- As shown in the table to the right, the customer cost of Water/Sanitary Sewer services in Lincoln is approximately at the peer average for a residential customer that consumes 175 m³ per year. In Lincoln a customer pays \$1,376 annually compared with the Niagara average of \$1,347, 2% higher in 2024. As shown in Appendix A, the majority of the customers consume 175 m³ annually or less.
- Differences in rates amongst the municipalities 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 replacements.

2024 Volume Meter Size	Residential 175 m ³ 5/8"
Pelham	\$ 1,106
Niagara Falls	\$ 1,142
St. Catharines	\$ 1,151
Thorold	\$ 1,265
West Lincoln	\$ 1,278
Niagara-on-the-Lake	\$ 1,310
Welland	\$ 1,380
Fort Erie	\$ 1,633
Port Colborne	\$ 1,859
Average	\$ 1,347
Median	\$ 1,278
Lincoln	\$ 1,376
% Above Niagara Avg	2%

Source: 2024 Municipal Water/Sanitary Sewer Rates

Ratepayer Affordability

- 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/Sanitary Sewer costs as a percentage of average income. The threshold value, which is expressed as a percent, is applied to a measure of income to determine the point at which the cost of Water/Sanitary Sewer becomes unaffordable.
- There is no one benchmark percentage established in the industry. Depending on the source used, the range typically is from 1.5%-3.0% of household income, beyond which, affordability is questionable.
- Lincoln’s average household income is \$134,846, above the peer survey average and median. Residential Water/Sanitary Sewer costs in Lincoln are lower than the average and median in the survey on a cost per income basis.
- As shown in the table, using this affordability metric, Lincoln is below the survey of peer municipal comparators reflecting greater affordability. For example, the Water/Sanitary Sewer costs as a percentage of income in Lincoln is 1.0% compared with the survey average of 1.2%.

Municipality	2024 Est. Avg. Household Income	2024 Residential Water/WW Costs 175 m3	Water/WW as a % of Income
Pelham	\$ 152,722	\$ 1,106	0.7%
Niagara-on-the-Lake	\$ 140,702	\$ 1,310	0.9%
West Lincoln	\$ 136,336	\$ 1,278	0.9%
Niagara Falls	\$ 96,975	\$ 1,142	1.2%
St. Catharines	\$ 95,846	\$ 1,151	1.2%
Thorold	\$ 102,396	\$ 1,265	1.2%
Welland	\$ 90,426	\$ 1,380	1.5%
Fort Erie	\$ 97,431	\$ 1,633	1.7%
Port Colborne	\$ 94,647	\$ 1,859	2.0%
Wainfleet	\$ 120,422	N/A	N/A
Niagara Average	\$ 112,790	\$ 1,347	1.2%
Median	\$ 99,914	\$ 1,278	1.3%
Lincoln	\$ 134,846	\$ 1,376	1.0%
Difference to Avg	20%	2%	

Source: 2024 Municipal Water/Sanitary Sewer Rates, Manifold Data Mining

Financial Environment, Forecast Assumptions and Financial Policies



Water/Sanitary Sewer 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 Town’s 2025-2034 Capital Budget.
- **Debt Terms** — No new debt is required over the forecast period over the previously approved debt.
- **Water & Sanitary Sewer Capital Reserves**—The opening balance for 2025 of the Water and Sanitary Sewer Capital Reserves is based on the projected year-end balance for 2024, the estimated opening balance for 2025 is \$5.9 million in the Water Capital Reserve and \$2.77 million in the Sanitary Sewer Capital Reserve.
- **Service Standards**—Water and Sanitary Sewer 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 m³ annual consumption for residential new has been built into the model.

Annual Growth in Total Occupied Households							
Mid-Year	2025	2026	2027	2028	2029	2030	2031
Singles & Semis	29	29	29	29	29	29	29
Rows & Other Multiples	40	40	40	40	40	40	40
Apartments	102	102	102	102	102	102	102
Total New Households	172	172	172	172	172	172	172

Source: 2024 Lincoln 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 Town’s 2024 approved operating budgets were used as the base to project future revenue and expenditures increases. The following table shows the inflation index for the various categories of revenue and expenditures used in the projections. Indexing of salaries, wages and benefits accounts for recent trends in benefit costs and negotiated/legislative increases as well as allocations of staff time spend in water and sanitary sewer related work. In addition to the indexing of existing operating expenditures, there is a new position proposed in 2027 that will be shared between water and sanitary sewer.
- Regional Cost Increases** – Regional costs comprise the largest item in the budget and costs are forecast to increase over the next six years, above inflationary rates. The Regional water costs are allocated to the Town based on actuals and the sanitary sewer costs are allocated based on a three-year rolling average. The Region is responsible for the operations of the

Water and Sanitary Sewer systems throughout the Niagara Region; maintaining treatment plans, main trunk lines and resells the treatment of water to regional municipalities.

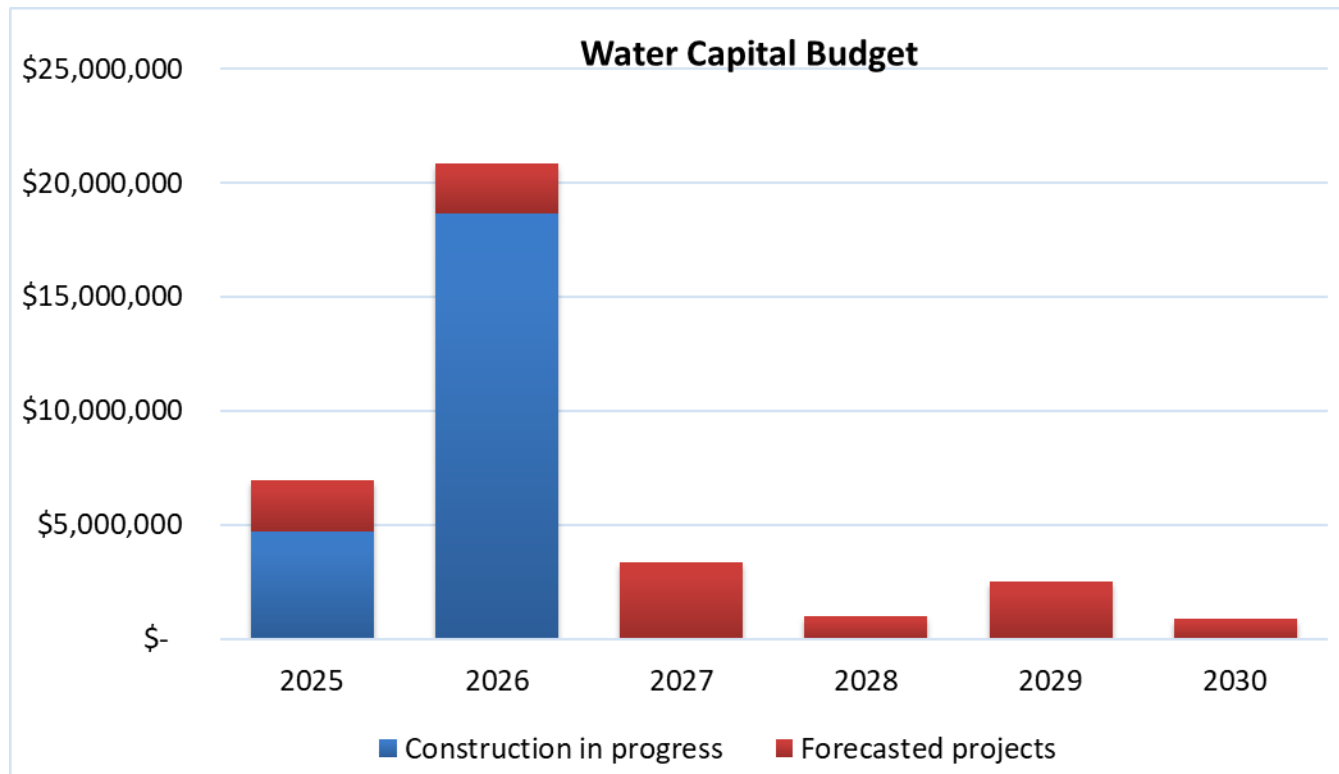
	2025	2026	2027	2028	2029	2030
Expenditures						
Salaries, Wages & Benefits	6.75%	5.00%	4.00%	4.00%	4.00%	4.00%
Administrative	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Equipment/Vehicles/Technology	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Financial Expenditures	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Interfunctional Charges	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Services & Supplies	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Utilities	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Regional	Water	Sanitary Sewer
2025	4.7%	8.7%
2026	4.7%	8.5%
2027	4.7%	8.5%
2028	4.7%	8.5%
2029	4.7%	8.5%
2030	4.7%	8.5%

Source: Niagara Region Financial Plan Rates Forecast, Lincoln DC Background Study

Water Capital Budget

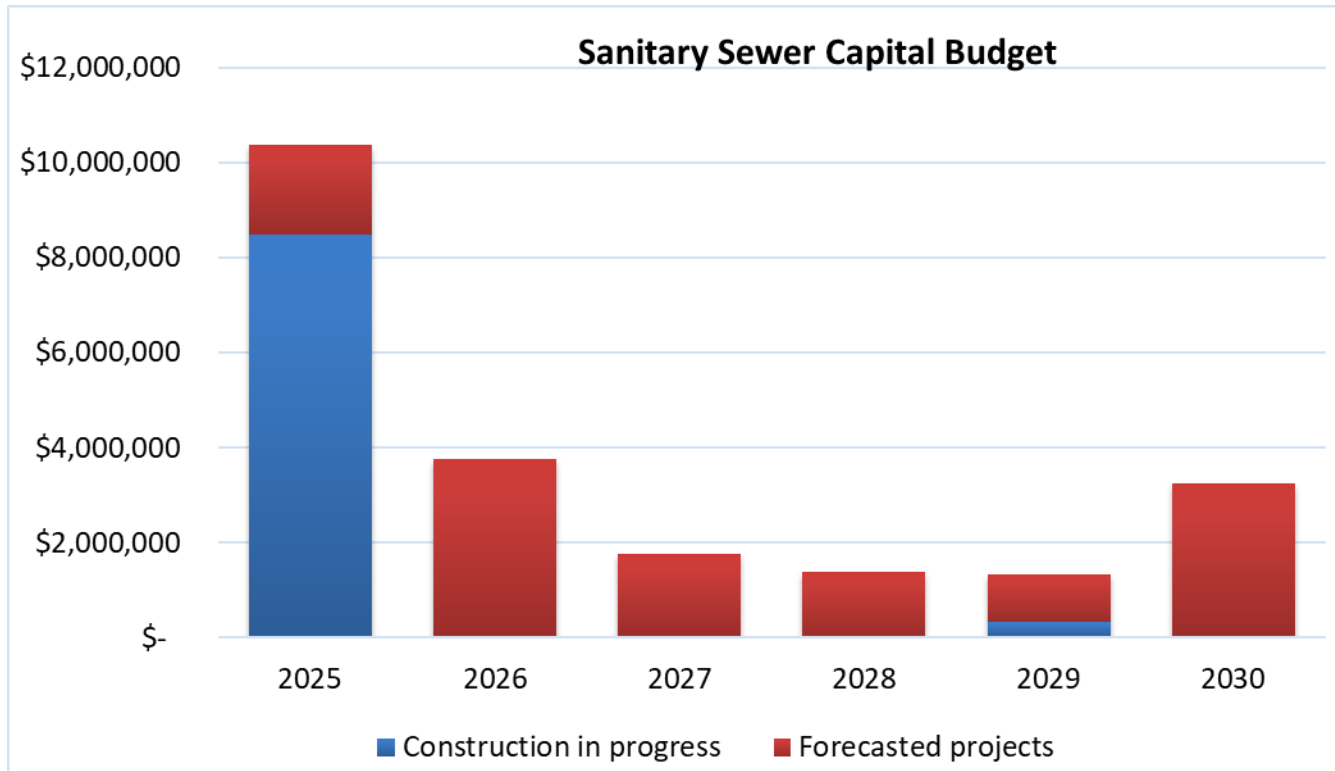
The following graph reflects the projected water capital spending plan to 2030 funded from rates. As shown below, \$35.56 million is required over the six-year period.



Source: 2025-2034 Lincoln Water Capital Budget

Sanitary Sewer Capital Budget

The following graph reflects the projected water capital spending plan to 2030 funded from rates. As shown below, \$21.86 million is required over the six-year period.



Source: 2025-2034 Lincoln Sanitary Capital Budget

Reserve Strategies

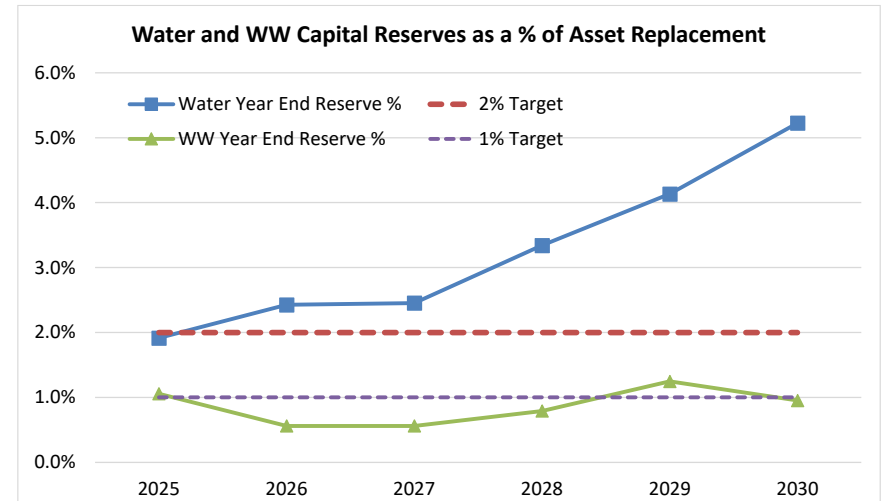
Reserves facilitate multi-year financial planning and are the critical component of financial sustainability. The Water and Sanitary Sewer Reserves are funded with annual contributions from the operating budgets in addition to any remaining surpluses not committed upon the closing of completed capital 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.

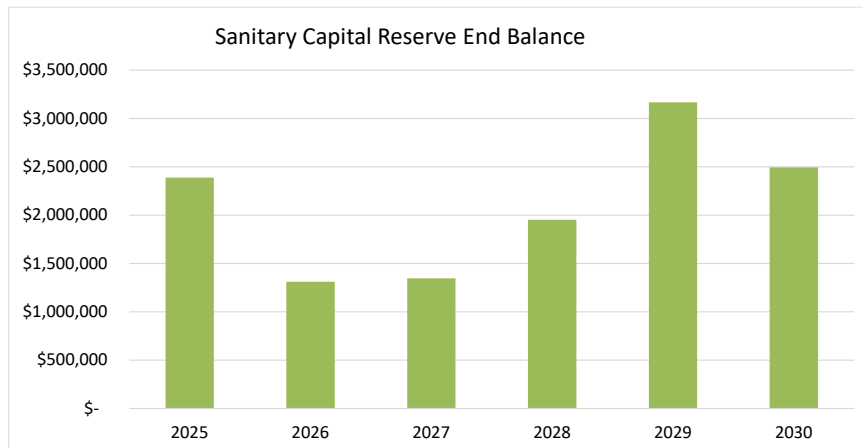
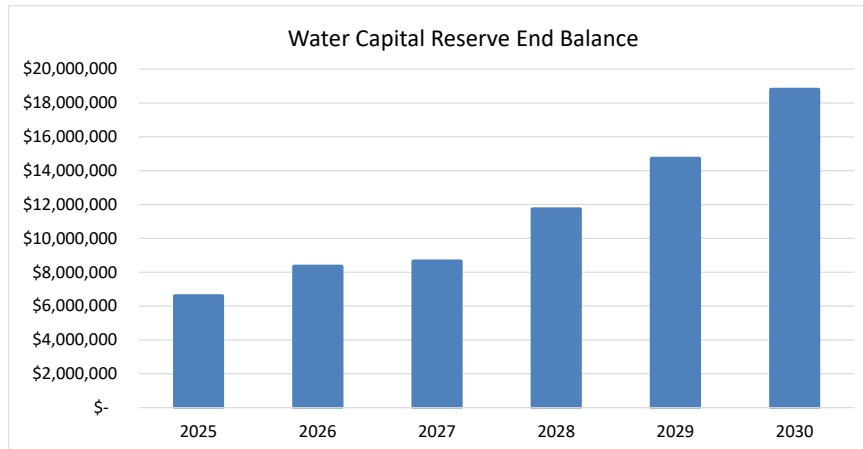
Leading practice for Water and Sanitary Sewer Reserves is to maintain a balance of 1% - 2% of the asset replacement value. This helps ensure there is a reasonable level of funds available for

unforeseen expenses, revenue shortfalls, and/or emergency situations. If significant capital investments are required, reserve balances may increase above 1-2% to build funds over a short period to alleviate fluctuations in rates.



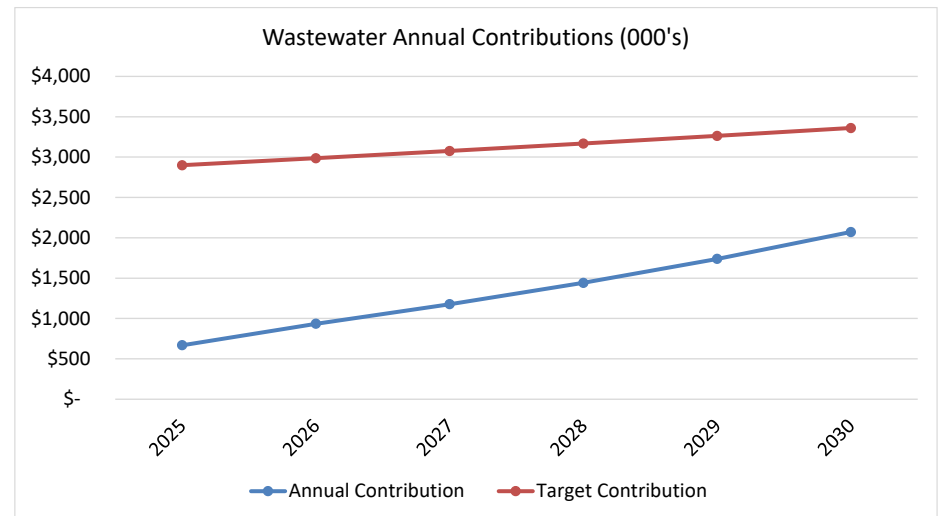
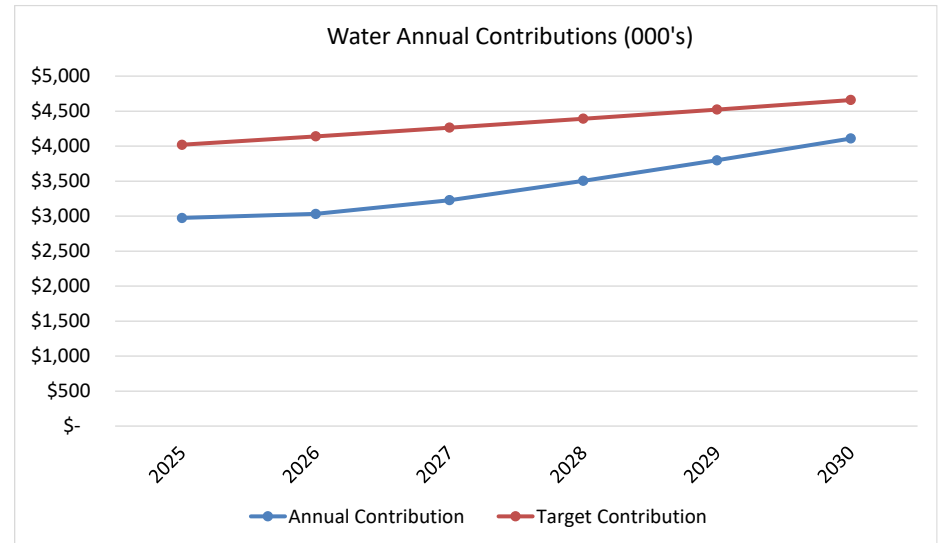
A phase-in approach is used to increase the contributions to reserves over the forecast period to gradually build the reserve position and address infrastructure backlogs. The Water Reserve is above the target of 2% due to significant planned expenditures in 2031 and 2034. Continuation of this strategy will bring both reserve balances up to the minimum level within the 10-year forecast period.

The following graphs reflects the Water and Sanitary Sewer year end reserve balances over the forecast period:



Closing the Infrastructure Gap

- The Financial Plan includes a strategy to close the annual infrastructure gap. Contributions to capital reserves are gradually increasing while taking into consideration ratepayer affordability. The following graphs reflects the target (inflated over time) and the contributions to the capital plan.
- As illustrated, the annual infrastructure gap gradually closes.



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:

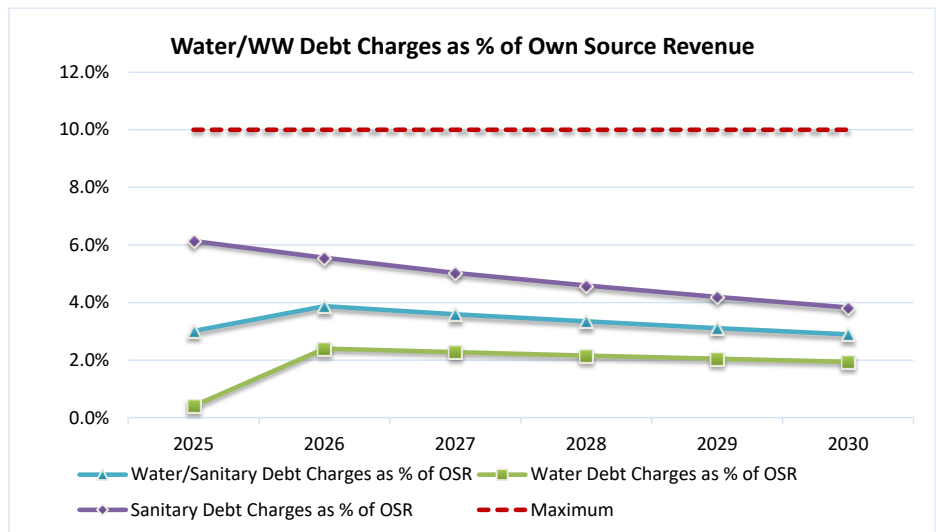
- Future debt service payments can be made in full and on time, without jeopardizing the provision of essential services;
- Outstanding debt obligations will not threaten long-term financial stability of the Water, Sanitary Sewer operations; and
- The amount of outstanding debt will not place undue burden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

A fiscally sustainable target for Water and Sanitary Sewer is that debt charges not exceed 10% of Water and Sanitary Sewer

revenues. No new debt is planned over the forecast period above debt previously approved.

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

Note: Debt for Development Charges funding is not included in the analysis but has been included in the O. Reg statements.



Summary of Operating Budget Requirements

The Town’s objective in establishing the Water and Sanitary Sewer 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 Town’s existing asset base, and replace assets where appropriate. Efforts are being made in this plan to gradually grow/maintain the Reserves to provide a source of funding for the ongoing and emergency situations. The following tables reflect the forecast revenues and expenditures based on assumptions.

Water	2025	2026	2027	2028	2029	2030
Rate Revenues	\$ 8,149,236	\$ 8,597,444	\$ 9,070,304	\$ 9,569,170	\$10,095,475	\$10,650,726
Other Revenues	\$ 254,904	\$ 262,552	\$ 270,428	\$ 278,541	\$ 286,897	\$ 295,504
Total Revenues	\$ 8,404,141	\$ 8,859,996	\$ 9,340,732	\$ 9,847,711	\$10,382,372	\$10,946,230
Operating Expenses	\$ 2,615,185	\$ 2,722,406	\$ 2,884,468	\$ 2,987,664	\$ 3,094,628	\$ 3,205,500
Regional Expenses	\$ 2,482,070	\$ 2,599,075	\$ 2,721,554	\$ 2,849,759	\$ 2,983,959	\$ 3,124,430
Transfer to Water Capital Reserve	\$ 3,274,139	\$ 3,332,167	\$ 3,528,328	\$ 3,803,871	\$ 4,097,332	\$ 4,409,808
Debt Charges	\$ 32,747	\$ 206,347	\$ 206,381	\$ 206,417	\$ 206,454	\$ 206,492
Total Expenditures	\$ 8,404,141	\$ 8,859,996	\$ 9,340,732	\$ 9,847,711	\$10,382,372	\$10,946,230
Rate Revenues % Change	6.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Sanitary Sewer	2025	2026	2027	2028	2029	2030
Rate Revenues	\$ 6,808,377	\$ 7,523,256	\$ 8,313,198	\$ 9,102,952	\$ 9,967,733	\$ 10,914,667
Other Revenues	\$ 92,501	\$ 95,276	\$ 98,135	\$ 101,079	\$ 104,111	\$ 107,234
Total Revenues	\$ 6,900,878	\$ 7,618,533	\$ 8,411,333	\$ 9,204,031	\$ 10,071,844	\$ 11,021,901
Operating Expenses	\$ 870,695	\$ 903,679	\$ 999,393	\$ 1,033,771	\$ 1,069,358	\$ 1,106,194
Regional Expenses	\$ 4,943,906	\$ 5,363,149	\$ 5,817,944	\$ 6,311,305	\$ 6,846,504	\$ 7,427,088
Transfer to Capital Reserve	\$ 668,634	\$ 934,062	\$ 1,176,354	\$ 1,441,311	\$ 1,738,339	\$ 2,070,976
Debt Charges	\$ 417,643	\$ 417,643	\$ 417,643	\$ 417,643	\$ 417,643	\$ 417,643
Total Expenditures	\$ 6,900,878	\$ 7,618,533	\$ 8,411,333	\$ 9,204,031	\$ 10,071,844	\$ 11,021,901
Rate Revenues % Change	10.5%	10.5%	10.5%	9.5%	9.5%	9.5%

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 6.5% for Water in 2025, then reduces to 5.5%. The Sanitary Sewer increases 9.5%-10.5% annually over the forecast period. The majority of the expense increases are related to Regional wholesale costs. Note: these increases do not translate directly into rate increases as there are growth related factors that reduce the rates to customers in Water with an adjustment required in Sanitary Sewer Region costs to reflect recent trends.

Rate Structure - Goals and Objectives

The Town of Lincoln currently utilizes a two-part Water and Sanitary Sewer 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 Lincoln, approximately 15% of the combined Water and Sanitary Sewer budgeted costs are allocated to the fixed charge, with the remainder recovered from volumetric rates.

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 Sanitary Sewer 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 Town is capable of meeting its current financial requirements. To the extent possible, cash flows should be matched with expenditures. Any rate setting practice employed by the Town will consider the impact on revenue stability and take the appropriate actions to maintain/improve revenue stability.
- ✓ ***Fairness and Equity***—The rate structure should ensure that customers are contributing equitably towards revenue requirements. Equity should be based on the user pay principle.
- ✓ ***Conservation***—The rate structure should encourage the efficient and justifiable uses of water as well as assist in managing system demand. Programs that promote efficient water usage may reduce operating costs and capital investment needs over time.
- ✓ ***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 Lincoln and the Town’s ability to attract new business to the community.

Fixed Rate

- Consistent with the approach in Lincoln, approximately 90% of 120+ Ontario municipalities surveyed have a fixed and volumetric rate structure.
- 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.
- The following table summarizes the allocation of fixed and volumetric charges using the 2024 Budget.

2024	Water	Sanitary Sewer	Water %	Sanitary Sewer %
Fixed	\$ 1,105,808	\$ 932,328	15%	15%
Volumetric	\$ 6,351,639	\$ 5,229,099	85%	85%
Total	\$ 7,457,447	\$ 6,161,427	100%	100%

Source: 2024 Lincoln Operating Budget Water and Sanitary Sewer

- As shown above in terms of the total budget, 15% of the consolidated Water and Sanitary Sewer budget revenues from rates recovered from the fixed monthly cost.
- 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.

- 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 but to ensure that as the rates increase, both the volumetric and fixed charges increase by a commensurate amount, taking into consideration growth in consumption and accounts.

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** – Lincoln 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 and is understood by ratepayers.
- The following table summarizes the approach used across over 100 Ontario municipalities in 2024 using the BMA database.

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

		2024	2025	2026	2027	2028	2029	2030
Water								
Water Usage Charge (Volumetric) per m3		\$ 3.026	\$ 3.173	\$ 3.326	\$ 3.487	\$ 3.656	\$ 3.833	\$ 4.019
Water Charge based on Meter Size Quarterly	3/4" & 5/8"	\$ 33.27	\$ 34.85	\$ 36.58	\$ 38.40	\$ 40.31	\$ 42.32	\$ 44.43
	1"	\$ 75.93	\$ 79.53	\$ 83.49	\$ 87.64	\$ 92.00	\$ 96.59	\$ 101.40
	1.5"	\$ 109.71	\$ 114.91	\$ 120.63	\$ 126.63	\$ 132.94	\$ 139.56	\$ 146.51
	2"	\$ 185.67	\$ 194.47	\$ 204.15	\$ 214.31	\$ 224.98	\$ 236.18	\$ 247.96
	3"	\$ 270.09	\$ 282.90	\$ 296.97	\$ 311.75	\$ 327.27	\$ 343.57	\$ 360.69
	4"	\$ 354.45	\$ 371.26	\$ 389.72	\$ 409.12	\$ 429.49	\$ 450.88	\$ 473.35
	6"	\$ 592.80	\$ 620.91	\$ 651.79	\$ 684.23	\$ 718.29	\$ 754.08	\$ 791.66
	8"	\$ 698.49	\$ 731.61	\$ 768.00	\$ 806.22	\$ 846.36	\$ 888.52	\$ 932.81
	10"	\$ 838.19	\$ 877.93	\$ 921.60	\$ 967.46	\$ 1,015.63	\$ 1,066.23	\$ 1,119.37
Volumetric Rate Change		20.0%	4.9%	4.8%	4.8%	4.8%	4.8%	4.8%
Fixed Rate Change		17.5%	4.7%	5.0%	5.0%	5.0%	5.0%	5.0%
Sanitary Sewer								
Sanitary Sewer Surcharge (Volumetric) per m3 (Sep-May)		\$ 3.586	\$ 3.978	\$ 4.368	\$ 4.796	\$ 5.219	\$ 5.679	\$ 6.180
Sanitary Sewer Surcharge (Volumetric) per m3 (Jun-Aug)		\$ 2.690	\$ 3.196	\$ 3.509	\$ 3.853	\$ 4.192	\$ 4.562	\$ 4.965
Sanitary Sewer Charge based on Meter Size Quarterly	3/4" & 5/8"	\$ 31.26	\$ 34.74	\$ 38.15	\$ 41.90	\$ 45.60	\$ 49.62	\$ 54.01
	1"	\$ 71.46	\$ 79.29	\$ 87.07	\$ 95.62	\$ 104.06	\$ 113.25	\$ 123.25
	1.5"	\$ 103.23	\$ 114.57	\$ 125.81	\$ 138.16	\$ 150.36	\$ 163.63	\$ 178.09
	2"	\$ 174.75	\$ 193.90	\$ 212.92	\$ 233.82	\$ 254.46	\$ 276.93	\$ 301.39
	3"	\$ 254.10	\$ 282.06	\$ 309.73	\$ 340.13	\$ 370.15	\$ 402.84	\$ 438.43
	4"	\$ 333.51	\$ 370.16	\$ 406.47	\$ 446.37	\$ 485.77	\$ 528.66	\$ 575.36
	6"	\$ 557.67	\$ 619.07	\$ 679.81	\$ 746.53	\$ 812.42	\$ 884.16	\$ 962.27
	8"	\$ 686.88	\$ 729.44	\$ 801.01	\$ 879.63	\$ 957.27	\$ 1,041.79	\$ 1,133.83
	10"	\$ 824.26	\$ 875.33	\$ 961.21	\$ 1,055.56	\$ 1,148.72	\$ 1,250.16	\$ 1,360.60
Volumetric Rate Change		19.9%	10.9%	9.8%	9.8%	8.8%	8.8%	8.8%
Fixed Rate Change		16.4%	11.1%	9.8%	9.8%	8.8%	8.8%	8.8%
Haulage								
Haulage Usage Charge (Volumetric) per m3		\$ 3.026	\$ 3.173	\$ 3.326	\$ 3.487	\$ 3.656	\$ 3.833	\$ 4.019
Haulage Charge based on Meter Size Monthly	1"	\$ 46.00	\$ 48.18	\$ 50.58	\$ 53.10	\$ 55.74	\$ 58.52	\$ 61.44
	3"	\$ 138.00	\$ 144.54	\$ 151.73	\$ 159.28	\$ 167.21	\$ 175.54	\$ 184.29
Volumetric Rate Change		20.0%	4.9%	4.8%	4.8%	4.8%	4.8%	4.8%
Fixed Rate Change		17.5%	4.7%	5.0%	5.0%	5.0%	5.0%	5.0%
Flat Wastewater rates - no water service	quarter	\$ 218.34	\$ 230.22	\$ 252.81	\$ 277.63	\$ 302.13	\$ 328.81	\$ 357.86
Wastewater Service on Property	quarter	\$ 187.08	\$ 195.48	\$ 198.17	\$ 199.51	\$ 217.12	\$ 236.30	\$ 257.17
Wastewater Base	quarter	\$ 31.26	\$ 34.74	\$ 38.15	\$ 41.90	\$ 45.60	\$ 49.62	\$ 54.01

The Water rates are projected to increase approximately 5% per year over the next six years, and Sanitary Sewer rates by a range of 8.8%-11.1% per year as well.

Projected Water and Sanitary Sewer Rates' Residential Impact

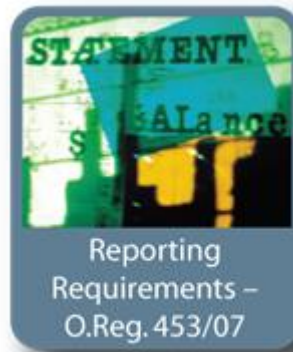
Based on the assumptions in terms of the rate revenue requirement, consumption and growth, the following provides a summary of the forecast rates over the forecast period for a residential customer consuming 175 m³ annually.

175 m³ residential impact - 5/8"					
Cost of service					
Year	Water	WW	Total	Blended Percentage Increase from Prior Year	Blended \$ Increase from Prior Year
2024	\$ 663	\$ 713	\$ 1,376		
2025	\$ 695	\$ 801	\$ 1,496	8.7%	\$ 120
2026	\$ 728	\$ 879	\$ 1,608	7.5%	\$ 112
2027	\$ 764	\$ 966	\$ 1,730	7.6%	\$ 122
2028	\$ 801	\$ 1,051	\$ 1,852	7.1%	\$ 122
2029	\$ 840	\$ 1,143	\$ 1,984	7.1%	\$ 132
2030	\$ 881	\$ 1,244	\$ 2,125	7.2%	\$ 142

On a blended average annual basis, the cost of Water/Sanitary Sewer service for a typical customer is approximately 8.7% in 2025, and 7.1%-7.6% over the 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 Town is generating excess revenues over expenses including amortization over the forecast period.

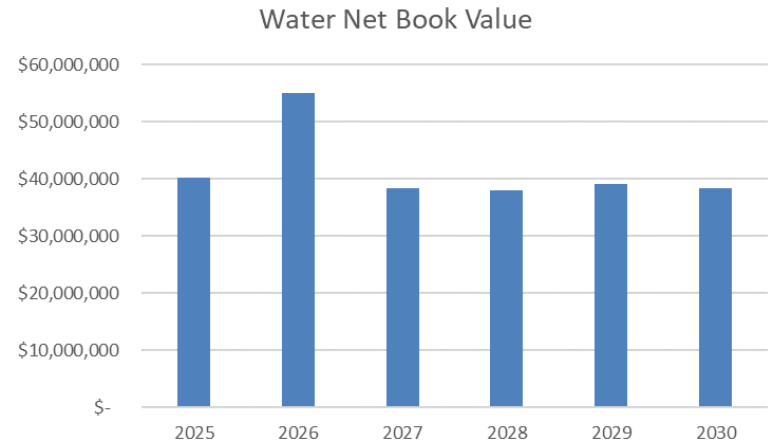
Cash Receipts or Gross Cash Payments (Cash Flows) - The cash flow statement summarizes how the Water and Sanitary Sewer system is expected to generate and utilize cash resources. The transactions that generate and use cash include the projection of cash to be received from revenues, cash to be used for 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 2024 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:

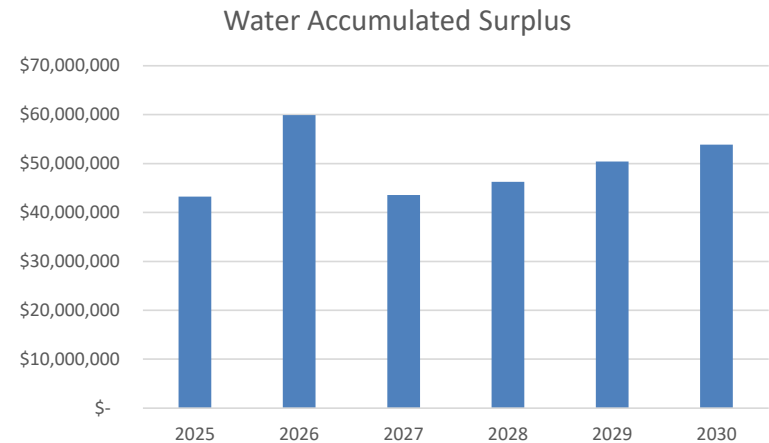
- Tangible Capital Assets
- Accumulated Surplus

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 or assets have been added due to development. 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 Town 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 and Fixed Revenues	\$ 8,149,236	\$ 8,597,444	\$ 9,070,304	\$ 9,569,170	\$ 10,095,475	\$ 10,650,726
	Other revenues	\$ 254,904	\$ 262,552	\$ 270,428	\$ 278,541	\$ 286,897	\$ 295,504
	Interest Earnings	\$ 129,402	\$ 163,474	\$ 169,549	\$ 229,853	\$ 288,449	\$ 368,552
	Total revenues	\$ 8,533,543	\$ 9,023,469	\$ 9,510,280	\$ 10,077,564	\$ 10,670,821	\$ 11,314,782
Operating Expenses							
	Salaries, Wages & Benefits	\$ 1,410,858	\$ 1,481,401	\$ 1,605,657	\$ 1,669,883	\$ 1,736,679	\$ 1,806,146
	Administrative	\$ 129,550	\$ 133,437	\$ 137,440	\$ 141,563	\$ 145,810	\$ 150,184
	Equipment/Vehicles/Technology	\$ 127,515	\$ 131,340	\$ 135,281	\$ 139,339	\$ 143,519	\$ 147,825
	Financial Expenditures	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 29,851
	Interfunctional Charges	\$ 296,834	\$ 305,739	\$ 314,911	\$ 324,358	\$ 334,089	\$ 344,112
	Region Flow Charges - Expense	\$ 2,482,070	\$ 2,599,075	\$ 2,721,554	\$ 2,849,759	\$ 2,983,959	\$ 3,124,430
	Services & Supplies	\$ 597,245	\$ 615,163	\$ 633,617	\$ 652,626	\$ 672,205	\$ 692,371
	Utilities	\$ 27,432	\$ 28,804	\$ 30,244	\$ 31,756	\$ 33,344	\$ 35,011
	Total Operating expenses	\$ 5,097,255	\$ 5,321,481	\$ 5,606,022	\$ 5,837,423	\$ 6,078,586	\$ 6,329,930
Debt Charges							
	Debt Charges - Interest Expenses	\$ 30,929	\$ 142,201	\$ 139,664	\$ 137,026	\$ 134,282	\$ 131,428
Amortization Expense							
	Amortization of tangible capital assets	\$ 946,453	\$ 1,224,559	\$ 1,405,602	\$ 1,421,992	\$ 1,463,364	\$ 1,478,287
	Total Expenses	\$ 6,074,637	\$ 6,688,241	\$ 7,151,288	\$ 7,396,441	\$ 7,676,233	\$ 7,939,645
	Annual Surplus/Deficit	\$ 2,458,905	\$ 2,335,228	\$ 2,358,992	\$ 2,681,123	\$ 2,994,588	\$ 3,375,137

Statement of Cash Flow/Cash Receipts—Water

	Projected					
	2025	2026	2027	2028	2029	2030
Total Revenues	\$ 8,533,543	\$ 9,023,469	\$ 9,510,280	\$ 10,077,564	\$ 10,670,821	\$ 11,314,782
Cash Paid For						
Operating Costs	\$ 5,097,255	\$ 5,321,481	\$ 5,606,022	\$ 5,837,423	\$ 6,078,586	\$ 6,329,930
Debt Repayment - Debt Interest	\$ 30,929	\$ 142,201	\$ 139,664	\$ 137,026	\$ 134,282	\$ 131,428
Cash Provided from Operating Transactions	\$ 3,405,358	\$ 3,559,787	\$ 3,764,594	\$ 4,103,115	\$ 4,457,952	\$ 4,853,424
Capital Transactions						
Acquisition of TCA	\$ 6,954,998	\$ 20,844,358	\$ 3,388,050	\$ 983,400	\$ 2,521,860	\$ 869,000
Finance Transactions						
Proceeds from Grants and Subsidies	\$ 2,115,148	\$ 13,640,895	\$ -	\$ -	\$ -	\$ -
Proceeds from Debt Issuance	\$ -	\$ 370,884	\$ -	\$ -	\$ -	\$ -
Proceeds from DC Debt Issuance	\$ -	\$ 3,312,158	\$ -	\$ -	\$ -	\$ -
Proceeds from DCs	\$ 2,129,150	\$ 1,762,421	\$ -	\$ 25,200	\$ 1,124,480	\$ 175,900
Debt Principal Repayment	\$ 1,818	\$ 64,146	\$ 66,717	\$ 69,391	\$ 72,171	\$ 75,064
Increase/(Decrease) in Cash Equivalents	\$ 692,841	\$ 1,737,641	\$ 309,827	\$ 3,075,524	\$ 2,988,401	\$ 4,085,260
Cash and Cash Equivalents at Beginning Balance	\$ 5,906,670	\$ 6,599,511	\$ 8,337,152	\$ 8,646,979	\$ 11,722,503	\$ 14,710,904
Cash and Cash Equivalents at Ending Balance	\$ 6,599,511	\$ 8,337,152	\$ 8,646,979	\$ 11,722,503	\$ 14,710,904	\$ 18,796,164

Statement of Financial Position—Water

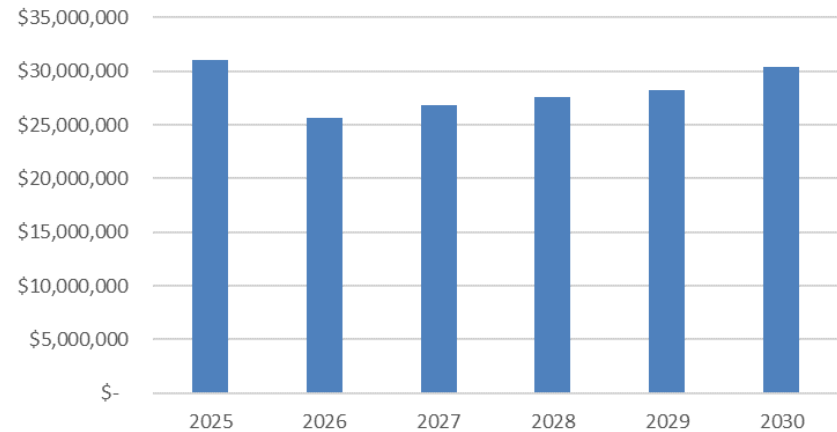
	Projected					
	2025	2026	2027	2028	2029	2030
Financial Assets						
Cash	\$ 6,599,511	\$ 8,337,152	\$ 8,646,979	\$ 11,722,503	\$ 14,710,904	\$ 18,796,164
Liabilities						
Debt - Principal Outstanding	\$ 3,595,858	\$ 3,531,712	\$ 3,464,995	\$ 3,395,604	\$ 3,323,433	\$ 3,248,369
Net Financial Assets	\$ 3,003,652	\$ 4,805,440	\$ 5,181,984	\$ 8,326,899	\$ 11,387,471	\$ 15,547,795
Non-Financial Assets						
Tangible Capital Assets	\$ 47,627,924	\$ 49,839,424	\$ 51,997,624	\$ 55,385,674	\$ 56,369,074	\$ 58,825,074
Additions to Tangible Capital Assets	\$ 6,954,998	\$ 20,844,358	\$ 3,388,050	\$ 983,400	\$ 2,521,860	\$ 869,000
Accumulated Amortization	\$ 14,350,392	\$ 15,574,951	\$ 16,980,553	\$ 18,402,545	\$ 19,865,909	\$ 21,344,196
Total Non-Financial Assets	\$ 40,232,530	\$ 55,108,831	\$ 38,405,121	\$ 37,966,529	\$ 39,025,025	\$ 38,349,878
Accumulated Surplus	\$ 43,236,182	\$ 59,914,271	\$ 43,587,105	\$ 46,293,428	\$ 50,412,496	\$ 53,897,673
Cash as a % of Non-Financial Assets	16.4%	15.1%	22.5%	30.9%	37.7%	49.0%
Debt as a % of Non-Financial Assets	8.9%	6.4%	9.0%	8.9%	8.5%	8.5%

Sanitary Sewer Statements

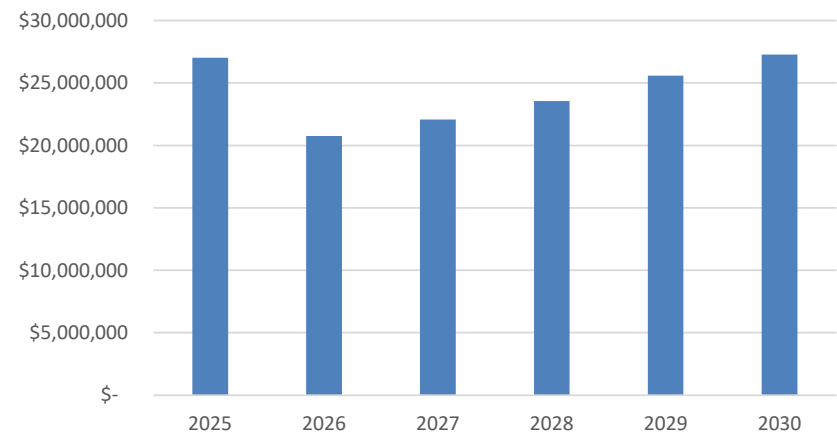
Tangible Capital Assets (Net Book Value) - An increase in net book value of tangible capital assets is an indication that assets have been renewed faster than they were used or assets have been added due to development. A decrease in net book value indicates that assets are being used, or amortized, faster than they are renewed. The net book value is projected to increase for Sanitary Sewer 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 Sanitary Sewer. The increasing projected surpluses in Sanitary Sewer operations indicate that if the Town adheres to the financial plan, it will strengthen its combined cash and asset position.

Sanitary Sewer Net Book Value



Sanitary Sewer Accumulated Surplus



Statement of Financial Operations—Sanitary Sewer

	Projected					
	2025	2026	2027	2028	2029	2030
Revenues						
Rate and Fixed Revenues	\$ 6,808,377	\$ 7,523,256	\$ 8,313,198	\$ 9,102,952	\$ 9,967,733	\$ 10,914,667
Other revenues	\$ 92,501	\$ 95,276	\$ 98,135	\$ 101,079	\$ 104,111	\$ 107,234
Interest Earnings	\$ 46,829	\$ 25,700	\$ 26,377	\$ 38,270	\$ 62,090	\$ 48,891
Total revenues	\$ 6,947,707	\$ 7,644,233	\$ 8,437,709	\$ 9,242,301	\$ 10,133,933	\$ 11,070,792
Operating Expenses						
Salaries, Wages & Benefits	\$ 343,151	\$ 360,309	\$ 439,721	\$ 457,310	\$ 475,602	\$ 494,626
Administrative	\$ 19,879	\$ 20,475	\$ 21,090	\$ 21,722	\$ 22,374	\$ 23,045
Equipment/Vehicles/Technology	\$ 15,755	\$ 16,228	\$ 16,714	\$ 17,216	\$ 17,732	\$ 18,264
Financial Expenditures	\$ 27,089	\$ 27,902	\$ 28,739	\$ 29,601	\$ 30,489	\$ 31,404
Interfunctional Charges	\$ 120,302	\$ 123,911	\$ 127,628	\$ 131,457	\$ 135,401	\$ 139,463
Region Flow Charges - Expense	\$ 4,943,906	\$ 5,363,149	\$ 5,817,944	\$ 6,311,305	\$ 6,846,504	\$ 7,427,088
Services & Supplies	\$ 344,519	\$ 354,855	\$ 365,501	\$ 376,466	\$ 387,759	\$ 399,392
Total Operating expenses	\$ 5,814,601	\$ 6,266,828	\$ 6,817,336	\$ 7,345,077	\$ 7,915,862	\$ 8,533,282
Debt Charges						
Debt Charges - Interest Expenses	\$ 294,392	\$ 288,698	\$ 282,740	\$ 276,504	\$ 269,977	\$ 263,146
Amortization Expense						
Amortization of tangible capital assets	\$ 471,720	\$ 591,054	\$ 620,317	\$ 643,200	\$ 662,095	\$ 715,226
Total Expenses	\$ 6,580,712	\$ 7,146,580	\$ 7,720,393	\$ 8,264,781	\$ 8,847,934	\$ 9,511,654
Annual Surplus/Deficit	\$ 366,994	\$ 497,653	\$ 717,316	\$ 977,520	\$ 1,285,999	\$ 1,559,138

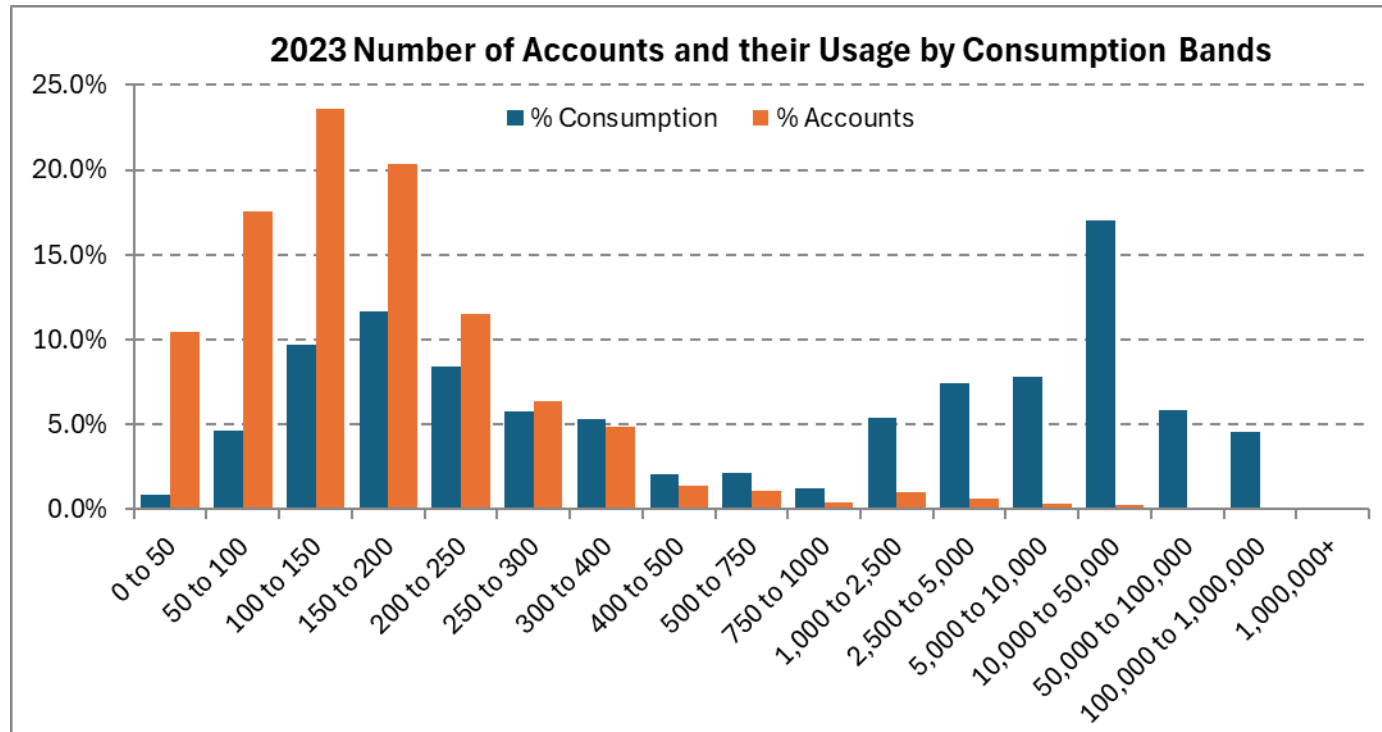
Statement of Cash Flow/Cash Receipts—Sanitary Sewer

	Projected					
	2025	2026	2027	2028	2029	2030
Total Revenues	\$ 6,947,707	\$ 7,644,233	\$ 8,437,709	\$ 9,242,301	\$ 10,133,933	\$ 11,070,792
Cash Paid For						
Operating Costs	\$ 5,814,601	\$ 6,266,828	\$ 6,817,336	\$ 7,345,077	\$ 7,915,862	\$ 8,533,282
Debt Repayment - Debt Interest	\$ 294,392	\$ 288,698	\$ 282,740	\$ 276,504	\$ 269,977	\$ 263,146
Cash Provided from Operating Transactions	\$ 838,714	\$ 1,088,707	\$ 1,337,633	\$ 1,620,720	\$ 1,948,094	\$ 2,274,364
Capital Transactions						
Acquisition of TCA	\$ 10,380,786	\$ 3,767,800	\$ 1,755,750	\$ 1,373,000	\$ 1,334,140	\$ 3,253,000
Finance Transactions						
Proceeds from Grants and Subsidies						
Proceeds from Debt Issuance	\$ 4,090,393	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from DCs	\$ 5,190,393	\$ 1,730,500	\$ 587,500	\$ 500,000	\$ 748,500	\$ 460,000
Debt Principal Repayment	\$ 123,251	\$ 128,945	\$ 134,903	\$ 141,139	\$ 147,666	\$ 154,497
Increase/(Decrease) in Cash Equivalents	\$ (384,537)	\$ (1,077,538)	\$ 34,480	\$ 606,581	\$ 1,214,788	\$ (673,133)
Cash and Cash Equivalents at Beginning Balance	\$ 2,772,797	\$ 2,388,260	\$ 1,310,722	\$ 1,345,202	\$ 1,951,783	\$ 3,166,571
Cash and Cash Equivalents at Ending Balance	\$ 2,388,260	\$ 1,310,722	\$ 1,345,202	\$ 1,951,783	\$ 3,166,571	\$ 2,493,439

Statement of Financial Position—Sanitary Sewer

	Projected					
	2025	2026	2027	2028	2029	2030
Financial Assets						
Cash	\$ 2,388,260	\$ 1,310,722	\$ 1,345,202	\$ 1,951,783	\$ 3,166,571	\$ 2,493,439
Liabilities						
Debt - Principal Outstanding	\$ 6,372,168	\$ 6,243,223	\$ 6,108,320	\$ 5,967,181	\$ 5,819,515	\$ 5,665,018
Net Financial Assets	\$ (3,983,908)	\$ (4,932,501)	\$ (4,763,118)	\$ (4,015,398)	\$ (2,652,944)	\$ (3,171,580)
Non-Financial Assets						
Tangible Capital Assets	\$ 30,057,322	\$ 31,957,322	\$ 35,725,122	\$ 37,480,872	\$ 38,853,872	\$ 39,853,872
Additions to Tangible Capital Assets	\$ 10,380,786	\$ 3,767,800	\$ 1,755,750	\$ 1,373,000	\$ 1,334,140	\$ 3,253,000
Accumulated Amortization	\$ 9,440,925	\$ 10,031,979	\$ 10,652,296	\$ 11,295,496	\$ 11,957,591	\$ 12,672,817
Total Non-Financial Assets	\$ 30,997,183	\$ 25,693,143	\$ 26,828,576	\$ 27,558,376	\$ 28,230,421	\$ 30,434,055
Accumulated Surplus	\$ 27,013,275	\$ 20,760,642	\$ 22,065,458	\$ 23,542,978	\$ 25,577,477	\$ 27,262,475
Cash as a % of Non-Financial Assets	7.7%	5.1%	5.0%	7.1%	11.2%	8.2%
Debt as a % of Non-Financial Assets	20.6%	24.3%	22.8%	21.7%	20.6%	18.6%

Appendix A – Frequency Distribution of Consumption



Source: 2023 Town of Lincoln Consumption by Customer Accounts

- 72% of the customers consume annually between 0-200 m³ which reflects efforts to conserve water:
 - 10.4% of customers consume 0-50 m³ annually
 - 17.6% of customers consume 50-100 m³ annually
 - 23.6% of customers consume 100-150 m³ annually
 - 20.3% of customers consume 150-200 m³ annually

- Of the total consumption there are 20 customers consuming 17% of total consumption with annual consumptions between 10,000-50,000 m³

Appendix B – Summary of Fees

Description	Unit of Measure	2024 Fee (After Tax)	2025 Fee (After Tax)	Change	HST
Variable Rate - Based on Water Usage					
Related: By-law 02-21; By-law 01-134					
Water Charge	m ³ of water	\$ 3.026	\$ 3.173	\$ 0.147	N
Wastewater Surcharge (Sep-May)	m ³ of water	\$ 3.586	\$ 3.978	\$ 0.392	N
Wastewater Surcharge (Jun-Aug)	m ³ of water	\$ 2.690	\$ 3.196	\$ 0.506	N
Flat Rate					
Related: By-law 02-21; By-law 01-134					
Flat Wastewater rates - no water service	quarter	\$ 218.34	\$ 230.22	\$ 11.88	N
Wastewater Service on Property	quarter	\$ 187.08	\$ 195.48	\$ 8.40	N
Wastewater Base	quarter	\$ 31.26	\$ 34.74	\$ 3.48	N
Base Charges - Based on Service					
Related: By-law 02-21; By-law 2019-112					
Water and Wastewater Service on Property					
Hookup Size 12.5mm to 19mm (1/2" to 3/4")	quarter	\$ 64.53	\$ 69.59	\$ 5.06	N
Water Base	quarter	\$ 33.27	\$ 34.85	\$ 1.58	N
Wastewater Base	quarter	\$ 31.26	\$ 34.74	\$ 3.48	N
Hookup Size 25mm (1")	quarter	\$ 147.39	\$ 158.82	\$ 11.43	N
Water Base	quarter	\$ 75.93	\$ 79.53	\$ 3.60	N
Wastewater Base	quarter	\$ 71.46	\$ 79.29	\$ 7.83	N
Hookup Size 38mm (1-1/2")	quarter	\$ 212.94	\$ 229.48	\$ 16.54	N
Water Base	quarter	\$ 109.71	\$ 114.91	\$ 5.20	N
Wastewater Base	quarter	\$ 103.23	\$ 114.57	\$ 11.34	N
Hookup Size 50mm (2")	quarter	\$ 360.42	\$ 388.37	\$ 27.95	N
Water Base	quarter	\$ 185.67	\$ 194.47	\$ 8.80	N
Wastewater Base	quarter	\$ 174.75	\$ 193.90	\$ 19.15	N

Description	Unit of Measure	2024 Fee (After Tax)	2025 Fee (After Tax)	Change	HST
Base Charges - Based on Service					
Related: By-law 02-21; By-law 2019-112					
Water and Wastewater Service on Property					
Hookup Size 64mm to 75mm (2-1/2" to 3")	quarter	\$ 524.19	\$ 564.95	\$ 40.76	N
Water Base	quarter	\$ 270.09	\$ 282.90	\$ 12.81	N
Wastewater Base	quarter	\$ 254.10	\$ 282.06	\$ 27.96	N
Hookup Size 100mm (4")	quarter	\$ 687.96	\$ 741.41	\$ 53.45	N
Water Base	quarter	\$ 354.45	\$ 371.26	\$ 16.81	N
Wastewater Base	quarter	\$ 333.51	\$ 370.16	\$ 36.65	N
Hookup Size 150mm (6")	quarter	\$ 1,150.47	\$ 1,239.97	\$ 89.50	N
Water Base	quarter	\$ 592.80	\$ 620.91	\$ 28.11	N
Wastewater Base	quarter	\$ 557.67	\$ 619.07	\$ 61.40	N
Hookup Size 200mm (8")	quarter	\$ 1,385.37	\$ 1,461.05	\$ 75.68	N
Water Base	quarter	\$ 698.49	\$ 731.61	\$ 33.12	N
Wastewater Base	quarter	\$ 686.88	\$ 729.44	\$ 42.56	N
Hookup Size 250mm (10")	quarter	\$ 1,662.45	\$ 1,753.26	\$ 90.81	N
Water Base	quarter	\$ 838.19	\$ 877.93	\$ 39.74	N
Wastewater Base	quarter	\$ 824.26	\$ 875.33	\$ 51.07	N
Water Service on Property - No Wastewater Service					
Hookup Size 12.5mm to 19mm (1/2" to 3/4")	quarter	\$ 35.01	\$ 36.67	\$ 1.66	N
Hookup Size 25mm (1")	quarter	\$ 79.98	\$ 83.77	\$ 3.79	N
Hookup Size 38mm (1-1/2")	quarter	\$ 115.59	\$ 121.07	\$ 5.48	N
Hookup Size 50mm (2")	quarter	\$ 195.54	\$ 204.81	\$ 9.27	N
Hookup Size 64mm to 75mm (2-1/2" to 3")	quarter	\$ 284.43	\$ 297.92	\$ 13.49	N
Hookup Size 100mm (4")	quarter	\$ 373.32	\$ 391.02	\$ 17.70	N
Hookup Size 150mm (6")	quarter	\$ 624.21	\$ 653.81	\$ 29.60	N
Hookup Size 200mm (8")	quarter	\$ 875.13	\$ 916.62	\$ 41.49	N
Water Hauler Station - Plus Deposit					
Hookup Size 3" - Large Volume (*charged in periods with consumption)	monthly*	\$ 138.00	\$ 144.54	\$ 6.54	N
Hookup Size 1" - Small Volume (*charged in periods with consumption)	monthly*	\$ 46.00	\$ 48.18	\$ 2.18	N

Appendix C – Capital Budget Detail

Water Projects	2025	2026	2027	2028	2029	2030
Construction in progress	\$ 4,743,498	\$ 18,686,158	\$ -	\$ -	\$ 65,860	\$ -
Forecasted projects						
202582 - Water Meter Replacements	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
202223 - Cargo Van - Enviro Services	\$ -	\$ 74,200	\$ -	\$ -	\$ -	\$ -
202344 - 4X4 Pickup - Enviro Sev.	\$ -	\$ -	\$ -	\$ 42,000	\$ -	\$ -
202397 - 4X4 Pickup - Enviro Serv	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,000
202545 - Cargo Van – Enviro Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
202551 - Cargo Van – Enviro Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
202232 - Greenlane Watermain Replacement	\$ 1,110,000	\$ -	\$ -	\$ -	\$ -	\$ -
202213 - William St Neighbourhood Reconstruction Ph1	\$ -	\$ 1,334,000	\$ -	\$ -	\$ -	\$ -
201932 - Greenlane Phases 1A (King St to Konkle Trail)	\$ 801,500	\$ -	\$ -	\$ -	\$ -	\$ -
202158 - Jordan Station Rd Reconstruction & WM Replacement	\$ -	\$ -	\$ -	\$ 45,000	\$ 2,008,000	\$ -
202164 - 19th St WM & Road Reconstruction (4th-Red Maple)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,000
202167 - King St Road Reconstruction (Vineland)	\$ -	\$ 275,000	\$ -	\$ -	\$ -	\$ -
202269 - Cherry Heights Blvd & Eastdale Dr WM Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
202333 - Tallman Dr Road and Watermain Reconstruction	\$ -	\$ -	\$ -	\$ -	\$ 148,000	\$ -
202372 - Culp Rd Watermain Replacement	\$ -	\$ 175,000	\$ 2,275,000	\$ -	\$ -	\$ -
202401 - Church-Marlin-Miller Watermain Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
202413 - Menno St WM Replacement and Road Reconstruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,000
202503 - St. Johns Dr Road Reconstruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
202504 - 19th St from King St to Glen Rd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
202519 - May and Central - WM Reconstruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
202522 - Twenty-First Street Reconstruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
202701 - William St Neighbourhood Reconstruction Ph2	\$ -	\$ -	\$ 813,050	\$ -	\$ -	\$ -
202801 - William St Neighbourhood Reconstruction Ph3	\$ -	\$ -	\$ -	\$ 596,400	\$ -	\$ -
Subtotal - Forecasted projects	\$ 2,211,500	\$ 2,158,200	\$ 3,388,050	\$ 983,400	\$ 2,456,000	\$ 869,000
Total	\$ 6,954,998	\$ 20,844,358	\$ 3,388,050	\$ 983,400	\$ 2,521,860	\$ 869,000

Sanitary Sewer Projects	2025	2026	2027	2028	2029	2030
Construction in progress	\$ 8,480,786	\$ -	\$ -	\$ -	\$ 334,140	\$ -
Forecasted projects						
202223 - Cargo Van - Enviro Services	\$ -	\$ 31,800	\$ -	\$ -	\$ -	\$ -
202344 - 4X4 Pickup - Enviro Sev.	\$ -	\$ -	\$ -	\$ 18,000	\$ -	\$ -
202397 - 4X4 Pickup - Enviro Serv	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000
202545 - Cargo Van – Enviro Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
202551 - Cargo Van – Enviro Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
202510 - I/I Investigation and Rehab	\$ 1,900,000	\$ 2,185,000	\$ 1,175,000	\$ 1,000,000	\$ 1,000,000	\$ 800,000
202534 - Sanitary Sewer System Condition Assessment Update	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000
202167 - King St Road Reconstruction (Vineland)	\$ -	\$ 275,000	\$ -	\$ -	\$ -	\$ -
202211 - Bartlett Rd Reconstruction - Truck Diversion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,015,000
202213 - William St Neighbourhood Reconstruction Ph1	\$ -	\$ 1,276,000	\$ -	\$ -	\$ -	\$ -
202215 - Union Road Reconstruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,000
202519 - May and Central - WM Reconstruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
202701 - William St Neighbourhood Reconstruction Ph2	\$ -	\$ -	\$ 580,750	\$ -	\$ -	\$ -
202801 - William St Neighbourhood Reconstruction Ph3	\$ -	\$ -	\$ -	\$ 355,000	\$ -	\$ -
Subtotal - Forecasted projects	\$ 1,900,000	\$ 3,767,800	\$ 1,755,750	\$ 1,373,000	\$ 1,000,000	\$ 3,253,000
Total	\$ 10,380,786	\$ 3,767,800	\$ 1,755,750	\$ 1,373,000	\$ 1,334,140	\$ 3,253,000