

## Council Meeting

**Motion #** 03/12/25 - 06  
**Title:** Water Financial Plan (2025) By-law  
**Date:** Wednesday, March 12, 2025

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**Moved by:** Mike Hinchberger  
**Seconded by:** Rory Cavanagh

That the "Water Financial Plan (2025) By-law" be deemed to be read a first, second and third time, finally passed and numbered as By-law No. 2025 - 031.

**Carried.**

**Jennifer Lawrie**

Signed with ConsignO Cloud (2025/03/28)  
Verify with verifio.com or Adobe Reader.



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Clerk



## BY-LAW

NO. 2025 – 031

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**Being a By-law to Provide for the Establishment of a Water Financial Plan  
for the Municipality of Kincardine**

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**Whereas** pursuant to the Safe Drinking Water Act, 2002 and O/Reg 453/07 the Municipality is responsible for ensuring it has a financial plan in place for its Drinking Water Systems; and

**Whereas** pursuant to the Safe Drinking Water Act, 2002 and O/Reg 453/07 financial plans is required for municipal drinking water Licence renewal applications; and

**Whereas** the Council of the Municipality of Kincardine approves the Water Financial Plan for Drinking Water License Numbers 088-101, 088-102, 088-103, 088-104 and 088-105; and

**Whereas** Council of The Corporation of the Municipality of Kincardine deems it advisable to adopt the Water Financial Plan for the Municipality of Kincardine prepared by Hemson Consultants, for a ten-year period from 2025 - 2034; now therefore be it

**Resolved** that the Council of The Corporation of the Municipality of Kincardine **Enacts** as follows:

1. That The Corporation of the Municipality of Kincardine receives the Water and Wastewater Rate Study dated February 12, 2025 as prepared by Hemson Consulting.
2. That The Corporation of the Municipality of Kincardine approves the Water Financial Plan dated February 12, 2025 as prepared by Hemson Consulting, attached hereto as Schedule 'A' and forming part of this By-law.
3. That this By-law shall come into full force and effect upon its final passage.
4. That this By-law be cited as "Water Financial Plan (2025) By-law".

**Read a First, Second and Third Time and Finally passed** this 12<sup>th</sup> day of March, 2025.

**Kenneth Craig**

Signed with ConsignO Cloud (2025/03/14)  
Verify with verifio.com or Adobe Reader.



Mayor

**Jennifer Lawrie**

Signed with ConsignO Cloud (2025/03/14)  
Verify with verifio.com or Adobe Reader.



Clerk

## Schedule 'A'

### FINAL REPORT

PREPARED BY HEMSON FOR THE MUNICIPALITY OF KINCARDINE

# MUNICIPALITY OF KINCARDINE WATER FINANCIAL PLAN

February 12, 2025

Drinking Water Licence Numbers: 088-101, 088-102,  
088-103, 088-104, and 088-105



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# 1. INTRODUCTION

The Municipality of Kincardine provides potable water to its customers through its extensive water distribution network. The fee structure for water service includes an annual fixed fee based on service size with an additional consumption charge levied for each cubic metre of water consumed. The Municipality recovers its costs through user fees charged to its customers based on a full cost recovery system.

In 2020, Hemson completed a water and sewer rate study and corresponding financial plan for all systems in the Municipality. The study addressed the full cost of providing water services, including provisions for the periodic rehabilitation and eventual replacement of water infrastructure with an accompanying revenue plan identifying the revenue requirements to finance the system. Since the completion of the last rate study in 2020, the Municipality has experienced some changes in service delivery costs, capital costs, financing costs, and water usage. In addition, the Municipality's Drinking Water Licence for the water system is set to expire in 2025 and is required to be updated to renew the Municipality's drinking water licence. These changes prompted an updated utility rate study to ensure the Municipality continues to recover the full cost of providing water services. The results of the utility rate study are summarized in the appendix of this plan.

The purpose of this document is to present a water financial plan for the Municipality of Kincardine that applies to the entire water system(s). The financial plan was prepared consistent with requirements of the *Safe Drinking Water Act* (the SDWA) and its associated regulation, *Ontario Regulation 453/07*. The water financial plan prepared is part of the process required for the Municipality 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 has been prepared. Although this statement is not required under *O.Reg 453/07*, it does provide further information about the financial performance of the Municipality's water system. Section two of the report explains each statement in greater detail.

The financial plan is prepared for a 10-year forecast period from 2025-2034 with 2025 being the first year of the forecast. For this report, 2024 will be used as the reference year for continuity within the report and consistency with the Municipality's Water and Sewer Rate Study.

## 2. BACKGROUND

In 2020, Municipality of Kincardine 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 Municipality 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 sewer 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 Municipality 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 2025).

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 Municipality 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 more 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 Municipality 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 more 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).

### **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 Municipality'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.

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 Municipality recognizes that this is a living document, and it is expected to be reviewed again with any update or completion of a utility rate study.

In reviewing the reporting requirements of this financial plan currently, the Municipality's water system continues to be financially sustainable. The Municipality requires careful monitoring of both operating and capital expenditures to continue to ensure financial sustainability of the systems.



# 3. KEY INPUTS

This chapter discusses the key inputs and documents used to develop the financial plan consistent with the governing legislation. The assumptions used in preparing the financial projections are based on the Municipality’s data such as the 2024 operating budget, the 10-year capital plan, year-end reserve continuity 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 Sewer Rate Study which informs this plan. The five financial categories discussed below drive the prescribed statements outlined in Section 2 and are described in more detail in Section 4 of this report.

## I. OPERATING EXPENDITURE FORECAST

The expenditure forecast is based upon the information obtained from the Municipality’s 2024 operating budget and ten-year capital plan. This includes a forecast of operating and capital expenditures to 2034 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 in expenditures:

- Salaries, Wages, Benefits, Pensions – 2% per annum;
- Materials, Services, Rents – 2% per annum;
- Utilities/Hydro – 5% per annum;
- Contracted Services – 3% per annum;
- Insurance – 2% per annum;
- All Non-Rate Revenues – 2% per annum;

The 2025 Water and Sewer Rate Study also includes debt repayment which have been included in the expenditure forecast.

### Debt – Principal and Interest Payments

In 2024, the Municipality will make principal and interest payments of about \$221,100 for water-related debt. By 2034, debt payments are forecasted to be about \$121,000 for water services. The Municipality recently finalized a debenture for the servicing costs for the Highway 9/21 Business Park to convert the floating rate capital loan though OILC (FA1436) to a debenture. This debenture begins in 2025 and the rate study assumes that no additional debt is required to carry out the non-growth related capital project in this planning period (see Appendix A – Table 4). However, the need for debenture financing requirements will be reviewed annually.

## **II. CAPITAL EXPENDITURE FORECAST**

The Municipality's capital budget forecast used in preparing the financial plan is outlined 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 Municipality staff and Council. In total, over the 2025-2034 period, approximately \$13.7 million in non-growth capital is required to support water services. For the entire period, reserves are used to fund in-year capital expenditure requirements while ensuring the reserve fund maintain a positive position throughout the period.

Please note the growth-related projects incorporated in the analysis represent the projects to be funded through Development Charges (DC) identified in the Municipality's 10-year capital plan. Over the 2025-2034 period, these projects total \$3.2 million. The timing of these works is assumed to be subject to the timing of new development, and therefore DCs are assumed to equal the cost of the project.

## **III. RESERVE STATEMENTS**

### **Water Reserves – General**

Both the 2024 water reserve opening balance and the projected transfers to and from the Water Reserve was provided by Municipality staff and accounts for the cumulative water reserves available for the water system, including the BEC water reserve fund. 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 Development Charge Reserve Fund is used to fund growth-related capital projects outlined in the Municipality's Development Charges Background Study. The timing and costs of each project is subject to change based on annual capital budget reviews. Please note that the reserve funds identified in this study reflect the reserve fund balances provided by Municipality staff.

#### IV. TANGIBLE CAPITAL ASSET ANALYSIS (TCA)

The Financial Information Returns (FIR) filed by the Municipality 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 2023 (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 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.

A summary of the forecasted tangible capital asset balances for the Municipality water system is as follows:

Municipality of Kincardine TCA Analysis (\$000s)											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Tangible Capital Assets	\$45,293	\$47,369	\$52,752	\$54,726	\$59,286	\$60,645	\$61,286	\$61,930	\$62,499	\$63,068	\$63,638
Plus: Acquisitions - Repair/Replacement	\$2,076	\$5,064	\$1,656	\$4,242	\$1,041	\$323	\$325	\$251	\$251	\$251	\$251
Plus: Acquisitions - Growth Related	\$0	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318
Less: Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Tangible Capital Assets	\$47,369	\$52,752	\$54,726	\$59,286	\$60,645	\$61,286	\$61,930	\$62,499	\$63,068	\$63,638	\$64,207
Opening Accumulated Amortization	\$16,945	\$17,910	\$18,875	\$19,841	\$20,806	\$21,771	\$22,737	\$23,702	\$24,667	\$25,633	\$26,598
Plus: Amortization Expense	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965
Less: Amortization of Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Accumulated Amortization	\$17,910	\$18,875	\$19,841	\$20,806	\$21,771	\$22,737	\$23,702	\$24,667	\$25,633	\$26,598	\$27,563
Net Book Value	\$29,459	\$33,876	\$34,885	\$38,480	\$38,874	\$38,550	\$38,228	\$37,832	\$37,436	\$37,040	\$36,644

#### V. PROJECTION OF RATES

The rates are projected to increase moving forward (post 2025) to ensure long-term fiscal stability of the services. The table below provides a snapshot of the utility rates required for 2024-2034.

Calculated Water Rates	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Fixed Monthly Fee	\$ 40.77	\$ 43.58	\$ 45.32	\$ 47.14	\$ 49.02	\$ 50.98	\$ 53.02	\$ 55.14	\$ 57.35	\$ 59.64	\$ 62.03
Charge per Cubic Metre	\$ 1.18	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.42	\$ 1.47	\$ 1.53	\$ 1.59	\$ 1.66	\$ 1.72	\$ 1.79

Additional detail surrounding the rate analysis is more fully described in the 2025 Water and Sewer Rate Study, which has been prepared under a separate cover.

## 4. WATER FINANCIAL PLAN

This section summarizes the complete financial plan for Municipality of Kincardine's water system. The financial plan represents a forecast or projection of the Municipality'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 2024, the projected revenue is \$4.0 million with expenditures of \$3.3 million. As revenues exceed expenditures, an annual surplus of \$761,000 is projected. The beginning period accumulated surplus of \$35.9 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 Municipality's forecasted Statement of Operations indicates an annual surplus for all years projected, with the accumulated surplus growing to approximately \$63.3 million by the end of 2034. This supports the Municipality's need to grow its reserves to pay for the repair and replacement of capital assets.

**Table 1**  
**Municipality of Kincardine**  
**Statement of Operations**  
**in \$000's**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Revenues</b>											
<i>Water Sales</i>											
Metered	\$3,058	\$3,867	\$4,375	\$4,712	\$4,927	\$5,151	\$5,386	\$5,631	\$5,887	\$6,154	\$6,434
<i>Non Rate Revenue</i>	\$493	\$479	\$489	\$498	\$508	\$518	\$615	\$626	\$636	\$647	\$659
<i>Earned DC Revenue</i>	\$0	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318
<i>Interest Earned</i>	\$491	\$100	\$198	\$93	\$187	\$260	\$348	\$446	\$553	\$670	\$796
<i>Total Revenue</i>	\$4,042	\$4,764	\$5,379	\$5,622	\$5,940	\$6,247	\$6,666	\$7,021	\$7,395	\$7,790	\$8,207
<b>Expenditures</b>											
Amortization Expense	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965
Interest on Debt Expense	\$112	\$94	\$91	\$87	\$83	\$79	\$49	\$45	\$42	\$38	\$34
Operating Expense	\$2,204	\$2,315	\$2,536	\$2,648	\$2,726	\$2,796	\$2,867	\$2,940	\$3,016	\$3,094	\$3,174
<i>Total Expenditures</i>	\$3,281	\$3,375	\$3,592	\$3,700	\$3,775	\$3,840	\$3,881	\$3,951	\$4,023	\$4,097	\$4,173
<b>Annual Surplus/(Deficit)</b>	<b>\$761</b>	<b>\$1,389</b>	<b>\$1,787</b>	<b>\$1,922</b>	<b>\$2,165</b>	<b>\$2,408</b>	<b>\$2,785</b>	<b>\$3,070</b>	<b>\$3,372</b>	<b>\$3,693</b>	<b>\$4,034</b>
Annual Surplus/(Deficit)	\$761	\$1,389	\$1,787	\$1,922	\$2,165	\$2,408	\$2,785	\$3,070	\$3,372	\$3,693	\$4,034
Accumulated Surplus, Beginning of Period	\$35,895	\$36,656	\$38,045	\$39,833	\$41,755	\$43,921	\$46,328	\$49,113	\$52,183	\$55,555	\$59,248
Accumulated Surplus, End of Period	\$36,656	\$38,045	\$39,833	\$41,755	\$43,921	\$46,328	\$49,113	\$52,183	\$55,555	\$59,248	\$63,282

## **B. STATEMENT OF FINANCIAL POSITION – TABLE 2**

The Statement of Financial Position provides information on the assets and liabilities of the Municipality'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. The Municipality's water system is forecast to have a net financial asset position over the period. In 2024, net financial assets total approximately \$7.2 million.

Overall, the net financial asset position is expected to increase to a surplus of \$26.6 million in 2034. The increase can largely be attributed to the retirement of pre-existing debt and the forecasted increase of cash and equivalents towards the end of the forecast period due to an increasing annual surplus. 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.

The Statement of Financial Position also provides information on the Municipality'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 Municipality's tangible capital assets are expected to have a net book value of an estimated \$29.5 million by the end of 2024 and are anticipated to grow to \$36.6 million by the end of the period.

**Table 2**  
**Municipality of Kincardine**  
**Statement of Financial Position**  
**in \$000's**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Financial Assets</b>											
Cash	\$9,992	\$6,731	\$7,276	\$5,370	\$6,908	\$9,407	\$12,427	\$15,805	\$19,486	\$23,488	\$27,831
<b>Total Assets</b>	<b>\$9,992</b>	<b>\$6,731</b>	<b>\$7,276</b>	<b>\$5,370</b>	<b>\$6,908</b>	<b>\$9,407</b>	<b>\$12,427</b>	<b>\$15,805</b>	<b>\$19,486</b>	<b>\$23,488</b>	<b>\$27,831</b>
<b>Liabilities</b>											
Debt	\$2,300	\$2,066	\$1,833	\$1,600	\$1,366	\$1,133	\$1,046	\$959	\$872	\$784	\$697
Deferred Revenue	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495
<b>Total Liabilities</b>	<b>\$2,795</b>	<b>\$2,562</b>	<b>\$2,328</b>	<b>\$2,095</b>	<b>\$1,862</b>	<b>\$1,628</b>	<b>\$1,541</b>	<b>\$1,454</b>	<b>\$1,367</b>	<b>\$1,280</b>	<b>\$1,192</b>
<b>Net Financial Assets/(Debt)</b>	<b>\$7,197</b>	<b>\$4,169</b>	<b>\$4,948</b>	<b>\$3,276</b>	<b>\$5,047</b>	<b>\$7,779</b>	<b>\$10,886</b>	<b>\$14,352</b>	<b>\$18,119</b>	<b>\$22,209</b>	<b>\$26,638</b>
<b>Non-Financial Assets</b>											
Tangible Capital Assets	\$29,459	\$33,876	\$34,885	\$38,480	\$38,874	\$38,550	\$38,228	\$37,832	\$37,436	\$37,040	\$36,644
<b>Accumulated Surplus/(Deficit)</b>	<b>\$36,656</b>	<b>\$38,045</b>	<b>\$39,833</b>	<b>\$41,755</b>	<b>\$43,921</b>	<b>\$46,328</b>	<b>\$49,113</b>	<b>\$52,183</b>	<b>\$55,555</b>	<b>\$59,248</b>	<b>\$63,282</b>

### **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 (\$1.2 million) and investments (\$491,000) will be used to support the 2024 capital transactions (\$2.1 million) and the 2024 financing transactions (\$109,000). 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 2024, the Municipality will see a \$459,000 decrease in cash equivalents, mainly due to the timing of capital-related-expenditures and debt payments. The Municipality's net cash position is expected to increase from \$10.0 million at the end of 2024 to \$27.8 million by the end of 2034. As indicated in the Table 2 description, the increase can largely be attributed to the retirement of pre-existing debt and the forecasted increase of annual surplus towards the end of the forecast period.

### **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 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. The statement outlines that, in 2024, the surplus (\$761,000) and amortization (\$965,000) does not exceed the forecasted capital expenditures (\$2.1 million), resulting in a decrease in net financial assets for 2024. As the capital program becomes more intensive over the next few years, the net financial assets are expected to remain positive throughout the period, and net financial assets are expected to eventually grow from \$7.2 million in 2024 to \$26.6 million by the end of 2034.



**Table 3**  
**Municipality of Kincardine**  
**Statement of Cash Flow**  
**In \$000's**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Operating Transactions</b>											
Annual Surplus/(Deficit)	\$761	\$1,389	\$1,787	\$1,922	\$2,165	\$2,408	\$2,785	\$3,070	\$3,372	\$3,693	\$4,034
Add: Amortization of TCA's	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965
Less: DC Revenues	\$0	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)
Add: DC Proceeds	\$0	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318
Less: Interest Proceeds	(\$491)	(\$100)	(\$198)	(\$93)	(\$187)	(\$260)	(\$348)	(\$446)	(\$553)	(\$670)	(\$796)
<b>Cash Provided by Operating :</b>	<b>\$1,235</b>	<b>\$2,255</b>	<b>\$2,555</b>	<b>\$2,794</b>	<b>\$2,944</b>	<b>\$3,113</b>	<b>\$3,403</b>	<b>\$3,589</b>	<b>\$3,784</b>	<b>\$3,989</b>	<b>\$4,203</b>
<b>Capital Transactions</b>											
Proceeds on Sale of Tangible Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Cash Used to Acquire Tangible Capital Assets	(\$2,076)	(\$5,383)	(\$1,974)	(\$4,560)	(\$1,359)	(\$641)	(\$643)	(\$569)	(\$569)	(\$569)	(\$569)
<b>Cash Applied to Capital</b>	<b>(\$2,076)</b>	<b>(\$5,383)</b>	<b>(\$1,974)</b>	<b>(\$4,560)</b>	<b>(\$1,359)</b>	<b>(\$641)</b>	<b>(\$643)</b>	<b>(\$569)</b>	<b>(\$569)</b>	<b>(\$569)</b>	<b>(\$569)</b>
<b>Investing Transactions</b>											
Proceeds from Investments	\$491	\$100	\$198	\$93	\$187	\$260	\$348	\$446	\$553	\$670	\$796
Less: Cash Used to Acquire Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Cash Provided by Investing</b>	<b>\$491</b>	<b>\$100</b>	<b>\$198</b>	<b>\$93</b>	<b>\$187</b>	<b>\$260</b>	<b>\$348</b>	<b>\$446</b>	<b>\$553</b>	<b>\$670</b>	<b>\$796</b>
<b>Financing Transactions</b>											
Proceeds from Debt Issues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Debt Repayment (principal only)	(\$109)	(\$233)	(\$233)	(\$233)	(\$233)	(\$233)	(\$87)	(\$87)	(\$87)	(\$87)	(\$87)
<b>Cash Applied to Financing</b>	<b>(\$109)</b>	<b>(\$233)</b>	<b>(\$233)</b>	<b>(\$233)</b>	<b>(\$233)</b>	<b>(\$233)</b>	<b>(\$87)</b>	<b>(\$87)</b>	<b>(\$87)</b>	<b>(\$87)</b>	<b>(\$87)</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(\$459)</b>	<b>(\$3,261)</b>	<b>\$545</b>	<b>(\$1,906)</b>	<b>\$1,538</b>	<b>\$2,498</b>	<b>\$3,020</b>	<b>\$3,379</b>	<b>\$3,681</b>	<b>\$4,002</b>	<b>\$4,343</b>
<b>Cash and Cash Equivalents</b>											
Beginning of Period	\$10,451	\$9,992	\$6,731	\$7,276	\$5,370	\$6,908	\$9,407	\$12,427	\$15,805	\$19,486	\$23,488
Increase/(Decrease)	(\$459)	(\$3,261)	\$545	(\$1,906)	\$1,538	\$2,498	\$3,020	\$3,379	\$3,681	\$4,002	\$4,343
End of Period	\$9,992	\$6,731	\$7,276	\$5,370	\$6,908	\$9,407	\$12,427	\$15,805	\$19,486	\$23,488	\$27,831

**Table 4**  
**Municipality of Kincardine**  
**Statement of Change in Net Financial Assets/(Debt)**  
**in \$000's**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Surplus/(Deficit)	\$761	\$1,389	\$1,787	\$1,922	\$2,165	\$2,408	\$2,785	\$3,070	\$3,372	\$3,693	\$4,034
Amortization of Tangible Capital Assets	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965	\$965
Less: Acquisition of Tangible Capital Assets	(\$2,076)	(\$5,383)	(\$1,974)	(\$4,560)	(\$1,359)	(\$641)	(\$643)	(\$569)	(\$569)	(\$569)	(\$569)
<b><i>Change in Net Financial Assets/(Debt)</i></b>	<b>(\$350)</b>	<b>(\$3,028)</b>	<b>\$779</b>	<b>(\$1,672)</b>	<b>\$1,771</b>	<b>\$2,732</b>	<b>\$3,107</b>	<b>\$3,466</b>	<b>\$3,768</b>	<b>\$4,089</b>	<b>\$4,430</b>
<b><i>Net Financial Assets/(Debt)</i></b>											
Beginning of Period	\$7,547	\$7,197	\$4,169	\$4,948	\$3,276	\$5,047	\$7,779	\$10,886	\$14,352	\$18,119	\$22,209
Increase/(Decrease)	(\$350)	(\$3,028)	\$779	(\$1,672)	\$1,771	\$2,732	\$3,107	\$3,466	\$3,768	\$4,089	\$4,430
End of Period	\$7,197	\$4,169	\$4,948	\$3,276	\$5,047	\$7,779	\$10,886	\$14,352	\$18,119	\$22,209	\$26,638

## 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.

### I. 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.

### II. RECEIVABLES AND PAYABLES

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

### III. DEBT

Budgeted debt of \$1.7 million existed at the beginning of 2024 relating to the Huron Terrace project, of which, \$109,000 in principal payments is expected to be repaid in 2024. The Municipality recently finalized a debenture for the servicing costs for the Highway 9/21 Business Park to convert the floating rate capital loan through OILC (FA1436) to a debenture. This debenture begins in 2025 and the rate study assumes that no additional debt is required to carry out the non-growth related capital project in this planning period.

### IV. 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.

### V. ACCUMULATED SURPLUS

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

**Table 5**  
**Municipality of Kincardine**  
**Reconciliation of Accumulated Surplus**  
**in \$000's**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Accumulated Surplus consists of:											
<b>Opening Reserve Fund Balance</b>											
<i>DC Reserve Fund</i>	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495
<i>Water Reserve Fund</i>	\$9,956	\$9,497	\$6,236	\$6,781	\$4,875	\$6,413	\$8,912	\$11,932	\$15,310	\$18,991	\$22,993
<b>Total Reserve Fund Balance</b>	<b>\$10,451</b>	<b>\$9,992</b>	<b>\$6,731</b>	<b>\$7,276</b>	<b>\$5,370</b>	<b>\$6,908</b>	<b>\$9,407</b>	<b>\$12,427</b>	<b>\$15,805</b>	<b>\$19,486</b>	<b>\$23,488</b>
<i>Less: Debt Obligations and Deferred Revenue</i>	(\$2,904)										
<i>Add: Tangible Capital Assets</i>	\$28,348	\$29,459	\$33,876	\$34,885	\$38,480	\$38,874	\$38,550	\$38,228	\$37,832	\$37,436	\$37,040
<b>Total Opening Balance</b>	<b>\$35,895</b>	<b>\$36,656</b>	<b>\$38,045</b>	<b>\$39,833</b>	<b>\$41,755</b>	<b>\$43,921</b>	<b>\$46,328</b>	<b>\$49,113</b>	<b>\$52,183</b>	<b>\$55,555</b>	<b>\$59,248</b>
<i>Add: Contributions to/(from) Reserve Funds (excl DC)</i>											
<i>Water Reserve Fund</i>	(\$459)	(\$3,261)	\$545	(\$1,906)	\$1,538	\$2,498	\$3,020	\$3,379	\$3,681	\$4,002	\$4,343
<b>Total Change in Reserve Funds</b>	<b>(\$459)</b>	<b>(\$3,261)</b>	<b>\$545</b>	<b>(\$1,906)</b>	<b>\$1,538</b>	<b>\$2,498</b>	<b>\$3,020</b>	<b>\$3,379</b>	<b>\$3,681</b>	<b>\$4,002</b>	<b>\$4,343</b>
<i>Add: Changes in TCA during the year</i>											
<i>Capital Assets Acquired/(Disposed)</i>	\$2,076	\$5,383	\$1,974	\$4,560	\$1,359	\$641	\$643	\$569	\$569	\$569	\$569
<i>Amortization of Capital Assets</i>	(\$965)	(\$965)	(\$965)	(\$965)	(\$965)	(\$965)	(\$965)	(\$965)	(\$965)	(\$965)	(\$965)
<b>Total Changes in Tangible Capital Assets</b>	<b>\$1,111</b>	<b>\$4,417</b>	<b>\$1,009</b>	<b>\$3,595</b>	<b>\$394</b>	<b>(\$324)</b>	<b>(\$322)</b>	<b>(\$396)</b>	<b>(\$396)</b>	<b>(\$396)</b>	<b>(\$396)</b>
<b>Subtract Changes in Debt Position</b>											
<i>New Debt</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Debt Repayment</i>	\$109	\$233	\$233	\$233	\$233	\$233	\$87	\$87	\$87	\$87	\$87
<b>Total Change in Debt</b>	<b>\$109</b>	<b>\$233</b>	<b>\$233</b>	<b>\$233</b>	<b>\$233</b>	<b>\$233</b>	<b>\$87</b>	<b>\$87</b>	<b>\$87</b>	<b>\$87</b>	<b>\$87</b>
<b>Total Ending Balance</b>	<b>\$36,656</b>	<b>\$38,045</b>	<b>\$39,833</b>	<b>\$41,755</b>	<b>\$43,921</b>	<b>\$46,328</b>	<b>\$49,113</b>	<b>\$52,183</b>	<b>\$55,555</b>	<b>\$59,248</b>	<b>\$63,282</b>

## **VI. 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 Municipality 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**  
**Municipality of Kincardine**  
**Operating Budget Forecast**  
**in \$000's**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Expenditures</b>											
<b>Operating Costs</b>											
Salaries/Wages/ Benefits/Pensions	\$812	\$828	\$845	\$862	\$879	\$897	\$915	\$933	\$951	\$971	\$990
Materials/Service/Rents	\$772	\$788	\$803	\$820	\$836	\$853	\$870	\$887	\$905	\$923	\$941
Hydro/Utilities	\$336	\$352	\$370	\$388	\$408	\$428	\$450	\$472	\$496	\$521	\$547
Insurance	\$71	\$72	\$73	\$75	\$76	\$78	\$79	\$81	\$83	\$84	\$86
Contracts	\$213	\$220	\$226	\$233	\$240	\$247	\$255	\$262	\$270	\$278	\$287
Existing Debt (P + I)	\$221	\$328	\$324	\$320	\$316	\$312	\$136	\$132	\$129	\$125	\$121
Existing Debt (P + I) - Growth Related	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Debt for Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Provision for Service Enhancements (2 FTE)	\$0	\$32	\$78	\$79	\$81	\$82	\$84	\$86	\$88	\$89	\$91
Bruce Power Additional Costs: Operating (Treatment and Pumping)	\$0	\$23	\$140	\$191	\$206	\$210	\$215	\$219	\$223	\$228	\$232
	<b>\$2,425</b>	<b>\$2,643</b>	<b>\$2,860</b>	<b>\$2,968</b>	<b>\$3,043</b>	<b>\$3,108</b>	<b>\$3,003</b>	<b>\$3,073</b>	<b>\$3,144</b>	<b>\$3,218</b>	<b>\$3,295</b>
<b>Capital Related Costs</b>											
Non-Growth Capital	\$2,076	\$5,064	\$1,656	\$4,242	\$1,041	\$323	\$325	\$251	\$251	\$251	\$251
Growth-Related Capital	\$0	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318
Debt Financing Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>\$2,076</b>	<b>\$5,383</b>	<b>\$1,974</b>	<b>\$4,560</b>	<b>\$1,359</b>	<b>\$641</b>	<b>\$643</b>	<b>\$569</b>	<b>\$569</b>	<b>\$569</b>	<b>\$569</b>
<b>Reserve Fund Contribution</b>											
Contributions to/(from) Water Reserve Fund	\$1,126	\$1,703	\$2,004	\$2,243	\$2,392	\$2,562	\$2,998	\$3,184	\$3,379	\$3,583	\$3,798
Contributions from DC Water Reserve Fund	\$0	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)
	<b>\$1,126</b>	<b>\$1,385</b>	<b>\$1,685</b>	<b>\$1,924</b>	<b>\$2,074</b>	<b>\$2,243</b>	<b>\$2,679</b>	<b>\$2,865</b>	<b>\$3,060</b>	<b>\$3,265</b>	<b>\$3,479</b>
<b>Total Expenditures</b>	<b>\$5,627</b>	<b>\$9,410</b>	<b>\$6,519</b>	<b>\$9,452</b>	<b>\$6,476</b>	<b>\$5,993</b>	<b>\$6,326</b>	<b>\$6,507</b>	<b>\$6,774</b>	<b>\$7,053</b>	<b>\$7,343</b>
<b>Revenues</b>											
Water Billing Revenue	\$3,058	\$3,867	\$4,375	\$4,712	\$4,927	\$5,151	\$5,386	\$5,631	\$5,887	\$6,154	\$6,434
Transfer From Reserves for Capital	\$2,076	\$5,064	\$1,656	\$4,242	\$1,041	\$323	\$325	\$251	\$251	\$251	\$251
Non-User Rate Revenues	\$493	\$479	\$489	\$498	\$508	\$518	\$615	\$626	\$636	\$647	\$659
	<b>\$5,627</b>	<b>\$9,410</b>	<b>\$6,519</b>	<b>\$9,452</b>	<b>\$6,476</b>	<b>\$5,993</b>	<b>\$6,326</b>	<b>\$6,507</b>	<b>\$6,774</b>	<b>\$7,053</b>	<b>\$7,343</b>

**Appendix A-Table 2**  
**Municipality of Kincardine**  
**Capital Budget Forecast**  
**in \$000's**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Capital Program</b>											
Non-Growth Related	\$2,076	\$5,064	\$1,656	\$4,242	\$1,041	\$323	\$325	\$251	\$251	\$251	\$251
Growth Related	\$0	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318
<b>Total</b>	<b>\$2,076</b>	<b>\$5,383</b>	<b>\$1,974</b>	<b>\$4,560</b>	<b>\$1,359</b>	<b>\$641</b>	<b>\$643</b>	<b>\$569</b>	<b>\$569</b>	<b>\$569</b>	<b>\$569</b>
<b>Funding Sources</b>											
Transfer From Reserve for Capital	\$2,076	\$5,064	\$1,656	\$4,242	\$1,041	\$323	\$325	\$251	\$251	\$251	\$251
Debenture Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from DC Reserves	\$0	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318
Operating Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$2,076</b>	<b>\$5,383</b>	<b>\$1,974</b>	<b>\$4,560</b>	<b>\$1,359</b>	<b>\$641</b>	<b>\$643</b>	<b>\$569</b>	<b>\$569</b>	<b>\$569</b>	<b>\$569</b>



**Appendix A - Table 3**  
**Municipality of Kincardine**  
**Reserve Fund Continuity**  
**in \$000's**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Water Reserve Fund</b>											
Opening Balance	\$9,956	\$9,497	\$6,236	\$6,781	\$4,875	\$6,413	\$8,912	\$11,932	\$15,310	\$18,991	\$22,993
Transfer to Reserve Funds	\$1,126	\$1,703	\$2,004	\$2,243	\$2,392	\$2,562	\$2,998	\$3,184	\$3,379	\$3,583	\$3,798
Transfer from Reserves (To Capital)	(\$2,076)	(\$5,064)	(\$1,656)	(\$4,242)	(\$1,041)	(\$323)	(\$325)	(\$251)	(\$251)	(\$251)	(\$251)
Interest Earned	\$491	\$100	\$198	\$93	\$187	\$260	\$348	\$446	\$553	\$670	\$796
Ending Balance	\$9,497	\$6,236	\$6,781	\$4,875	\$6,413	\$8,912	\$11,932	\$15,310	\$18,991	\$22,993	\$27,336
<b>Debenture Requirements</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Development Charges Water Reserve Fund</b>											
Opening Balance	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495
Revenue	\$0	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318	\$318
Transfer to Capital	\$0	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)	(\$318)
Transfer to Operating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495
<b>Debenture Requirements</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

**Appendix A - Table 4**  
**Municipality of Kincardine**  
**Non- Growth Related Debenture Schedule**  
**in \$000's**

	2024		2025		2026		2027		2028		2029	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
New Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Existing Debt	\$109	\$112	\$233	\$94	\$233	\$91	\$233	\$87	\$233	\$83	\$233	\$79
Total	\$109	\$112	\$233	\$94	\$233	\$91	\$233	\$87	\$233	\$83	\$233	\$79

	2030		2031		2032		2033		2034		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
New Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Existing Debt	\$87	\$49	\$87	\$45	\$87	\$42	\$87	\$38	\$87	\$34	\$1,712	\$752
Total	\$87	\$49	\$87	\$45	\$87	\$42	\$87	\$38	\$87	\$34	\$1,712	\$752