



**TOWNSHIP OF WEST LINCOLN
CORPORATE SERVICES COMMITTEE
AGENDA**

MEETING NO. SEVEN

Monday, October 20, 2025, 6:30 p.m.

Township Administration Building

318 Canborough Street, Smithville, Ontario

NOTE TO MEMBERS OF THE PUBLIC: All Cell Phones, Pagers and/or PDAs to be turned off. Members of the public who are attending and participating virtually are reminded to keep their microphones muted until they are acknowledged to speak. Additionally, for your information, please be advised that this meeting will be livestreamed as well as recorded and will be available on the Township's website.

Pages

1. CHAIR - Councillor Shelley Bradaric

Prior to commencing with the Corporate Services Committee meeting agenda, Chair Bradaric will note the following:

1. Comments can be made from members of the public for a matter that is on the agenda by advising the Chair during the "Request to Address an Item on the Agenda" Section of the agenda.
2. The public may submit written comments for matters that are on the agenda to jpaylove@westlincoln.ca before 4:30 p.m. on the day of the meeting for consideration by the Committee. Comments received after 4:30 p.m. on the day of the Committee meeting will be considered at the following Council meeting. Comments submitted are included in the record.
3. This meeting will be livestreamed as well as recorded and available on the Township's website.

2. LAND ACKNOWLEDGEMENT STATEMENT

The Township of West Lincoln, being part of Niagara Region is situated on treaty land. This land is steeped in the rich history of the First Nations such as the Hatiwendaronk, the Haudenosaunee, and the Anishinaabe, including the Mississaugas of the Credit First Nation. There are many First Nations, Métis, and Inuit from across Turtle Island that live and work in Niagara today. The Township of West Lincoln, as part of the Regional Municipality of Niagara, stands with all Indigenous people, past and present, in promoting the wise stewardship of the lands on which we live.

3. CHANGE IN ORDER OF ITEMS ON AGENDA

4. **DISCLOSURE OF PECUNIARY INTEREST AND/OR CONFLICT OF INTEREST**

5. **APPOINTMENTS**

5.1 **ITEM CS55-25**

6

Watson & Associates Economists Ltd.
Re: Water/Wastewater User Rate Study
POWERPOINT PRESENTATION

6. **REQUEST TO ADDRESS ITEMS ON THE AGENDA**

NOTE: Procedural By-law Section 10.13(5) – General Rules

One (1) hour in total shall be allocated for this section of the agenda and each individual person shall only be provided with **five (5) minutes** to address their issue (some exceptions apply). A response may not be provided and the matter may be referred to staff.

Chair to inquire if there are any members of the public present who wish to address any items on the Corporate Services Committee agenda.

7. **COMMUNICATIONS**

There are no communications

8. **STAFF REPORTS**

8.1 **ITEM CS56-25**

30

Director, Infrastructure (Mike Dipaola) and Director, Corporate Services / CFO (Katelyn Repovs)
Re: Recommendation Report I-23-2025 - 2025 Water and Wastewater Rate Study and Financial Plan

RECOMMENDATION:

1. That, Recommendation Report I-23-2025, dated October 20, 2025, regarding the “2025 Water and Wastewater Rate Study and Financial Plan” be received; and,
2. That the Water and Wastewater Systems Rate Structure and Rates recommended in the report prepared by Watson and Associates Economists Ltd., attached as Schedule A to this report, dated October 9, 2025, be accepted and approved; and,
3. That, the Water Ontario Regulation 453/07 Financial Plan No. 077-301, attached as Schedule B to this report, prepared by Watson and Associates Economists Ltd., dated October 9, 2025, be accepted and approved.

8.2 **ITEM CS57-25**

169

Manager of Finance/Deputy Treasurer (Steve Emslie) and Director of Corporate Services/CFO (Katelyn Repovs)
Re: Recommendation Report T-16-2025 - Draft Financial Statements and Audit Findings for Year-End 2024

RECOMMENDATION:

1. That, Recommendation Report T-16-2025 titled “Draft Financial

Statements and Audit Findings for Year-End 2024”, dated October 20, 2025, be received; and,

2. That, the 2024 Draft Audited Financial Statements, attached as Schedule A to this report, be approved; and,
3. That, the 2024 Audit Findings Report, attached as Schedule B to this report, be received.

8.3 ITEM CS58-25

241

Director of Corporate Services/CFO (Katelyn Repovs)

Re: Recommendation Report T-17-2025 - 2024 Accumulated Operating Surplus

RECOMMENDATION:

1. That, Recommendation Report T-17-2025, titled “2024 Accumulated Operating Surplus”, dated October 20, 2025, be received; and,
2. That, Council authorizes that \$150,000 of the 2024 Accumulated Operating Surplus be used as revenue in the 2026 Operating Budget; and,
3. That, Council authorizes that \$1,285,400 of the remaining Accumulated Operating Surplus be transferred to the Contingency Reserve.

8.4 ITEM CS59-25

245

Human Resources Advisor (Janine Buffo)

Re: Recommendation Report HR-01-2025 - Township Hours of Operation for Winter Break - 2025

RECOMMENDATION:

1. That, Recommendation Report HR-01-2025 titled “Township Hours of Operation for Winter Break - 2025” dated October 20, 2025, be received; and
2. That, the following Winter Break operating schedule be approved:
 - a. That, the Township Administration Building be closed on December 29, 30 and 31, 2025 (office closed for the period between December 24, 2025 to and including January 1, 2026); and,
 - b. That, the Public Works Yard remain open on December 29, 30 and 31, 2025; and
 - c. That, the West Lincoln Community Centre remain open, subject to program scheduling, from December 24, 2025 to January 1, 2026 inclusive, with the exception of December 25, 2025.

8.5 ITEM CS60-25

251

Manager, Legislative Services/Clerk (Justin Paylove)

Re: Recommendation Report LLS-10-2025 - Amendment to Delegation of Authority By-law – Addition of the Director of Legal and Legislative Services, the Director of Community and Protective Services, and the Clerk

RECOMMENDATION:

1. That Recommendation Report LLS-10-2025 titled “Amendment to Delegation of Authority By-law – Addition of the Director of Legal and Legislative Services, the Director of Community and Protective Services, and the Clerk” dated October 20, 2025, be received; and,
2. That, an amending by-law such as the one attached as Schedule “A” be approved.

8.6 ITEM CS61-25

261

Manager, Legislative Services/Clerk (Justin Paylove) and Coordinator, Legislative Services/Deputy Clerk (Barb Hutchinson)
Re: Recommendation Report LLS-11-2025 - Election Sign By-law Update

RECOMMENDATION:

1. That, Recommendation Report LLS-11-2025 titled “Election Sign By-law Update” dated October 20, 2025 be received; and,
2. That, By-law 2018-36, being a By-law to Govern the Erection of Signs within West Lincoln be repealed; and,
3. That, a by-law such as the draft by-law attached as Schedule “A” be approved.

9. OTHER BUSINESS

9.1 ITEM CS62-25

Members of Committee

Re: Verbal Updates from Members of Boards and Committees - If required

9.2 ITEM CS63-25

Members of Council

Re: Other Business Items of an Informative Nature

10. NEW BUSINESS

NOTE: Only for items that require immediate attention/direction and must first approve a motion to introduce a new item of business. (Motion Required)

11. CONFIDENTIAL MATTERS

RECOMMENDATION:

That, the next portion of this meeting be closed to the public to consider the following pursuant to Section 239(2) of the Municipal Act 2001:

11.1 Mayor Cheryl Ganann

Re: CAO Performance Evaluation Procedure Update

VERBAL UPDATE

Applicable closed session exemption(s):

- Personal matters about an identifiable individual, including municipal or local board employee(s).

11.1 Mayor Cheryl Ganann

Re: CAO Performance Evaluation Procedure Update
VERBAL UPDATE

12. DISCLOSURE OF CONFIDENTIAL MATTERS

13. ADJOURNMENT

The Chair declared the meeting adjourned at the hour of [time]



Township of West Lincoln Water and Wastewater Rate Study

Committee Presentation
October 20, 2025

Areas of Discussion



- Study Purpose
- Legislation for Water and Wastewater;
- Existing and Forecasted Customers and Volumes;
- Capital Needs, Lifecycle Costs, Operating Expenditures, and Financing;
- Water and Wastewater Rates;
- Municipal Comparators; and
- Next Steps.

Study Purpose



- Identify all current and future water and wastewater system capital needs;
- Identify cost recovery options for capital;
- Estimate future operating costs over the next 10 years;
- Recommend new rates to recover the cost of the water and wastewater systems; and
- Prepare a Water Financial Plan as part of the Township's Drinking Water Licence Application.

Legislation for Water and Wastewater



- Since Walkerton, new legislation has been passed by the Province to enhance the provision of services. These include the following:
 - Safe Drinking Water Act;
 - Sustainable Water and Sewage Systems Act;
 - O.Reg. 453/07 - Safe Drinking Water Act;
 - Clean Water Act; and
 - Water Opportunities Act.
- Further Requirements:
 - Municipal Infrastructure Strategy
 - Infrastructure for Jobs and Prosperity Act, 2015

Principal of
Full Cost
Recovery

2025 Rates



2025 - Water Billing Rates		
Base Charge - Per Quarter		
5/8"		50.87
3/4"		50.87
1"		127.16
1 1/4"		190.73
1 1/2"		254.32
2"		406.89
3"		813.79
4"		1,271.55
6"		2,543.08
8"		4,068.93
Volume Charge		
\$	1.810	per m ³
Volume Charge (Bulk Water)		
\$	2.460	per m ³

2025 - Wastewater Billing Rates		
Base Charge - Per Quarter		
5/8"		117.26
3/4"		117.26
1"		293.17
1 1/4"		439.73
1 1/2"		586.33
2"		938.10
3"		1,876.21
4"		2,931.57
6"		5,863.14
8"		9,381.02
Volume Charge		
\$	2.090	per m ³

Customer Profile and Volumes



Customer Profile

Metered	Water	Wastewater
5/8"	2,550	2,541
1"	13	11
1 1/2"	15	13
2"	20	18
3"	3	3
4"	3	3
Subtotal	2,604	2,589
Bulk	59	-
Subtotal	59	-
Total	2,663	2,589

Volumes

Metered	Water	Wastewater
Residential	386,911	378,736
Non-Residential	215,105	212,758
Subtotal	602,016	591,494
Bulk Water	256,944	-
Subtotal	256,944	-
Total	858,960	591,494

Water Users and Volume Forecast

Year	Total Users	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025	4	2	4	4	4	4	4	4	4	4	4
2026	68		34	68	68	68	68	68	68	68	68
2027	136			68	136	136	136	136	136	136	136
2028	272				136	272	272	272	272	272	272
2029	272					136	272	272	272	272	272
2030	272						136	272	272	272	272
2031	272							136	272	272	272
2032	272								136	272	272
2033	272									136	272
2034	272										136
2035	272										
Total	2,384	2	38	140	344	616	888	1,160	1,432	1,704	1,976
m ³ /user	161	161	161	161	161	161	161	161	161	161	161
Annual Flow		322	6,118	22,540	55,384	99,176	142,968	186,760	230,552	274,344	318,136

Water Customer Forecast	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Existing	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604
New - Growth	2	38	140	344	616	888	1,160	1,432	1,704	1,976
Total	2,606	2,642	2,744	2,948	3,220	3,492	3,764	4,036	4,308	4,580

Water Volume Forecast (m ³)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Existing	602,016	602,016	602,016	602,016	602,016	602,016	602,016	602,016	602,016	602,016
New - Growth	322	6,118	22,540	55,384	99,176	142,968	186,760	230,552	274,344	318,136
Total	602,338	608,134	624,556	657,400	701,192	744,984	788,776	832,568	876,360	920,152

Water Volume Forecast (m ³) - Purchased	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water Flow Metered	602,338	608,134	624,556	657,400	701,192	744,984	788,776	832,568	876,360	920,152
Water Flow Bulk	256,944	256,944	256,944	256,944	256,944	256,944	256,944	256,944	256,944	256,944
Sum	859,282	865,078	881,500	914,344	958,136	1,001,928	1,045,720	1,089,512	1,133,304	1,177,096
Unaccounted for Water Percentage	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Total	1,023,636	1,030,541	1,050,104	1,089,230	1,141,398	1,193,566	1,245,734	1,297,902	1,350,071	1,402,239

Note: Rate paid to Niagara Region assumed to be increasing at 4.3% annually - based on Region's Water and Wastewater Financial Plan.

Wastewater Users and Volume Forecast



Year	Total Users	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025	4	2	4	4	4	4	4	4	4	4	4
2026	68		34	68	68	68	68	68	68	68	68
2027	136			68	136	136	136	136	136	136	136
2028	272				136	272	272	272	272	272	272
2029	272					136	272	272	272	272	272
2030	272						136	272	272	272	272
2031	272							136	272	272	272
2032	272								136	272	272
2033	272									136	272
2034	272										136
2035	272										
Total	2,384	2	38	140	344	616	888	1,160	1,432	1,704	1,976
m ³ /user	161	161	161	161	161	161	161	161	161	161	161
Annual Flow		322	6,118	22,540	55,384	99,176	142,968	186,760	230,552	274,344	318,136

Wastewater Customer Forecast	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Existing	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589
New - Growth	2	38	140	344	616	888	1,160	1,432	1,704	1,976
Total	2,591	2,627	2,729	2,933	3,205	3,477	3,749	4,021	4,293	4,565

Wastewater Flows Forecast (m ³)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Existing	591,494	591,494	591,494	591,494	591,494	591,494	591,494	591,494	591,494	591,494
New - Growth	322	6,118	22,540	55,384	99,176	142,968	186,760	230,552	274,344	318,136
Total	591,816	597,612	614,034	646,878	690,670	734,462	778,254	822,046	865,838	909,630

Note: Rate paid to Niagara Region assumed to be increasing at 8.5% annually - based on Region's Water and Wastewater Financial Plan.

Capital Infrastructure



- Capital needs were developed by Township staff based on Council approved documents such as the Township's 2025 Ten Year Capital Plan, Development Charges Background Study, and other Budget Documents.
- Capital works were identified by
 - Need;
 - Timing; and
 - Costs.

Water System Operational & Capital Needs 2025 – 2034

(Inflated \$)



Description	Total 2025 - 2034	Timing
<u>Capital Expenditures</u>		
322 - Leak Detection Program	117,000	2033
324 - Water Rate Study and Financial Plan	60,000	2025
325 - Cube Van - To replace 2007 Chevrolet Van TR# 12004	80,000	2025
420 - Water Meter Replacement Program	590,000	2025-2034
658 - Bulk Water Station - Replace roof shingles	10,000	2027
679 - South Grimsby Rd 5 Water Main - From: Northridge Dr To: HWY 20	356,000	2027
682 - St. Catherines St. Water Main - From: Industrial Park Rd To: Frank St	832,000	2027
683 - Frank Street Water Main - From: RR20 To: RR14	125,000	2027
684 - Griffin St. N Water Main - From: Griffin Street to McMurchie Lane	104,000	2027
723 - Miscellaneous Water Equipment	60,000	2025-2034
743 - Water Meters - New Installation	439,000	2025-2034
927 - Industrial Park Rd Water Main - From: Pearson Rd to New Urban Boundary	832,000	2027
943 - Water Loss Study	57,000	2032
1191 - Edward Ct, Leslie Ct, & Margaret St. Watermain Replacement	645,000	2027, 2029
1192 - Erie Ave, Morgan Ave., College St., & McMurchie Ln Watermain Replacement	1,285,000	2028, 2031
1193 - Wade Rd, Wallis Ave., & Colver St. Watermain Replacement	2,213,000	2030, 2033
1194 - Thompson Rd., London Rd., & Skyway Rd. Watermain Replacement	1,367,000	2032, 2034
1195 - Rock St., Silver St., Tara Pl., Ellis St., Davis St., & Mill St. Watermain Replacement	2,080,000	2032, 2034
1243 - Water Valve Turning Machine	130,000	2027
1252 - Dufferin Street Watermain Replacement	570,000	2025-2026
1265 - Water Master Plan Update	81,000	2029
1275 - AMI Gateway Antennas	125,000	2027
Total Capital Expenditures	12,158,000	

Wastewater System Operational & Capital Needs 2025 – 2034

(Inflated \$)



Description	Total 2025 - 2034	Timing
<u>Capital Expenditures</u>		
374 - Pollution Control Plan - CSO Study - Extraneous Flow Reduction Program	223,000	2028, 2033
430 - Urban Boundary Expansion - WW-SL-004B - Wastewater Servicing (Stage 3A)	1,422,000	2025, 2033
500 - Inflow & Infiltration Reduction Program	1,083,000	2025-2033
733 - Miscellaneous Wastewater Equipment	63,000	2025-2034
1160 - Urban Boundary Expansion - WW-SL-001 Wastewater Servicing (Stage 1)	12,061,000	2032
1161 - Urban Boundary Expansion - WW-SL-002 Wastewater Servicing (Stage 1)	1,838,000	2032
1162 - Urban Boundary Expansion - WW-SL-003 Wastewater Servicing (Stage 2)	2,183,000	2032
1250 - Dufferin Street Sanitary Sewer Replacement	621,000	2025-2026
1264 - Sanitary Sewer Masterplan update	81,000	2029
Total Capital Expenditures	19,575,000	

Capital Financing Options



- ✓ Reserves
- ✓ Operating Budget Transfers (Funding Reserves)
- ✓ Grants
- ✓ Development Charges
- ✓ Debt
- Municipal Act (Part 12)

Reserve Balances – As of December 31, 2024



Reserve	Dec. 31 2024
Water	
Water Reserve	1,271,664
DC - Water Reserve	235,441
Wastewater	
Sewer Reserve	2,126,823
DC - Sewer Reserve	102,184

Operating Budgets



- The operating expenditures presented in the rate study have been adjusted to recognize the current rates of inflation. The following adjustments to the operating forecast are assumed:
 - Personnel – 2.9% annual increases
 - Purchases from Niagara Region – 4.3% annual increases for water
 - Purchases from Niagara Region – 8.5% annual increases for wastewater
 - All other operating expenditures – 2% annual increases

Proposed Capital Financing Sources

2025-2034 (Inflated \$)



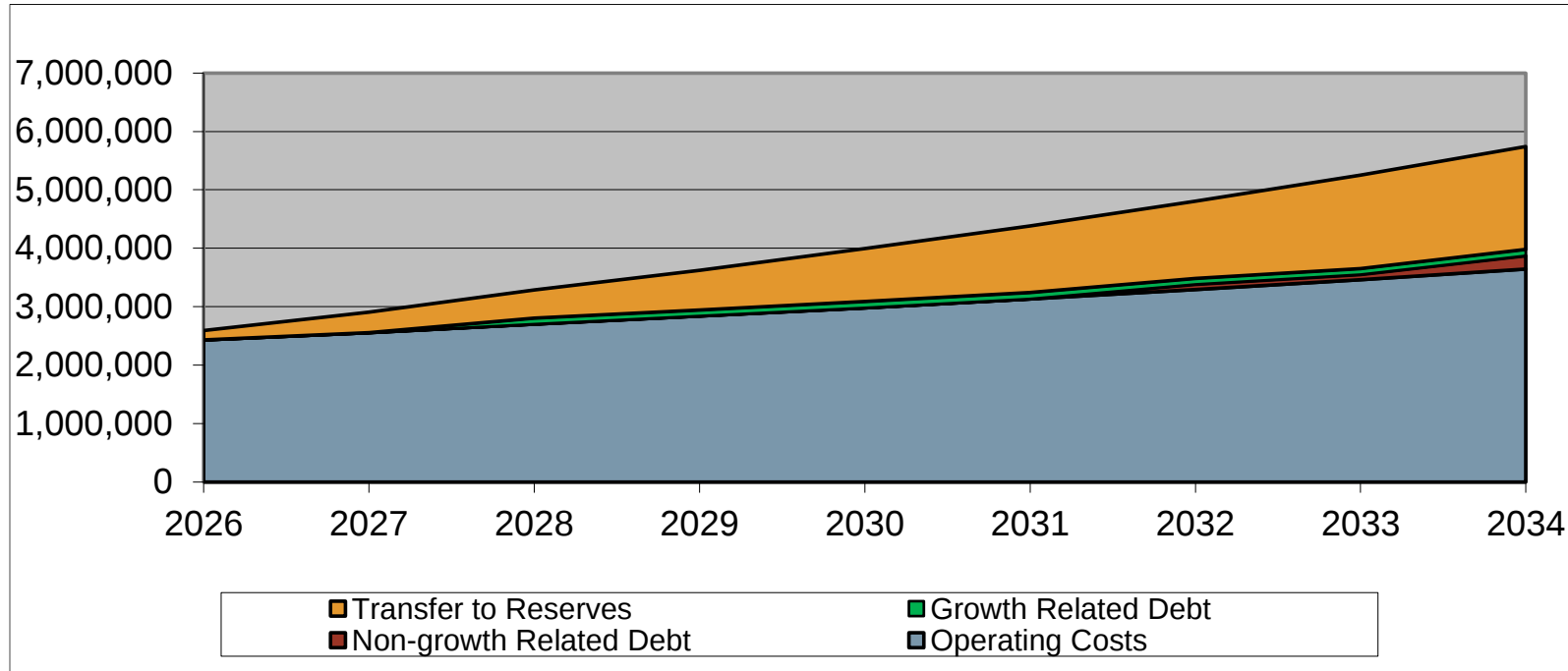
Description	Water	Wastewater
Capital Financing		
Provincial/Federal Grants	-	500,000
Development Charges Reserve Fund	250,000	5,282,586
Non-Growth Related Debenture Requirements	6,106,000	-
Growth Related Debenture Requirements	1,444,000	12,061,000
Operating Contributions	-	-
Water Reserve	4,358,000	1,731,414
Total Capital Financing	12,158,000	19,575,000

Water Rates Forecast



- The quarterly base charges (for customers with a 5/8" meter) are anticipated to increase by an average of \$3.97 per year over the forecast period.
- The volume rates are anticipated to increase by an average of \$0.14 per year over the forecast period.
- These increases will:
 - Align with the anticipated Regional Water increases of 4.3% annually
 - Provide for positive water reserve fund balances annually over the forecast period
 - Assumed debt of \$6.1 million to fund future capital infrastructure (aligns with the 10-year capital budget)
 - The water reserve balance at the end of 2034 is estimated to be \$5,860,000 (to assist with Asset Management and emergencies)

Water Operating Budget



Description	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Costs	2,431,261	2,554,783	2,701,142	2,838,516	2,982,883	3,134,896	3,294,825	3,463,362	3,641,017
Non-growth Related Debt	-	-	-	-	-	-	83,736	83,736	231,872
Growth Related Debt	-	-	101,361	101,361	107,384	107,384	107,384	107,384	107,384
Transfer to Reserves	160,084	353,832	480,176	683,555	901,858	1,143,278	1,317,400	1,600,615	1,762,848
Total	2,591,345	2,908,615	3,282,678	3,623,432	3,992,125	4,385,558	4,803,345	5,255,097	5,743,122

Water Annual Bill Forecast

Based on Annual Volumes of 161 m³



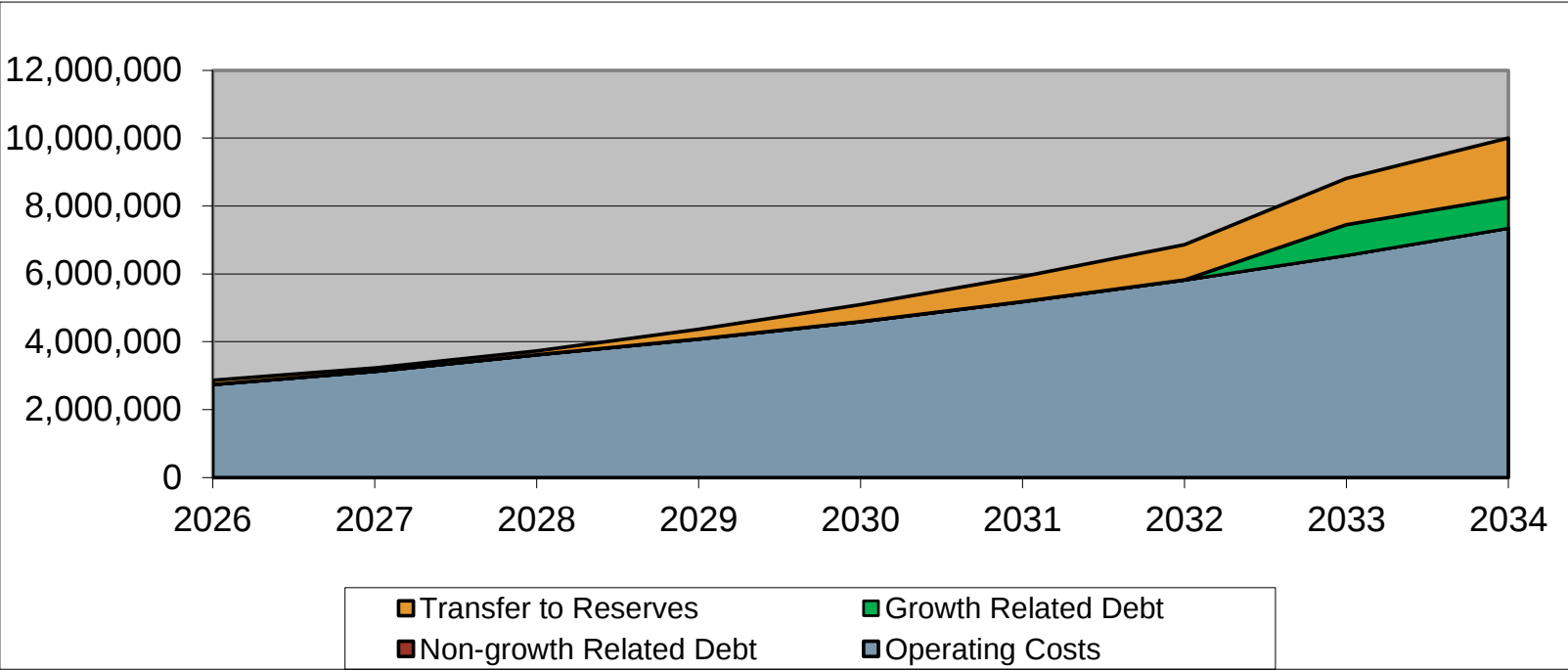
Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Quarterly Base Rate	\$50.87	\$55.96	\$61.55	\$64.63	\$67.86	\$71.25	\$74.82	\$78.56	\$82.49	\$86.61
Constant Rate	\$1.81	\$1.99	\$2.19	\$2.30	\$2.42	\$2.54	\$2.67	\$2.80	\$2.94	\$3.09
Annual Base Rate Bill	\$203.48	\$223.83	\$246.21	\$258.52	\$271.45	\$285.02	\$299.27	\$314.23	\$329.95	\$346.44
Volume	161	161	161	161	161	161	161	161	161	161
Annual Volume Bill	\$291.41	\$320.39	\$352.59	\$370.30	\$389.62	\$408.94	\$429.87	\$450.80	\$473.34	\$497.49
Total Annual Bill	\$494.89	\$544.22	\$598.80	\$628.82	\$661.07	\$693.96	\$729.14	\$765.03	\$803.29	\$843.93
Change in Annual Bill		\$49.33	\$54.58	\$30.02	\$32.25	\$32.89	\$35.18	\$35.89	\$38.25	\$40.65
Change per Quarter		\$12.33	\$13.65	\$7.51	\$8.06	\$8.22	\$8.80	\$8.97	\$9.56	\$10.16

Wastewater Rates Forecast



- The quarterly base charges (for customers with a 5/8" meter) are anticipated to increase by an average of \$15.27 per year over the forecast period.
- The volume rates are anticipated to increase by an average of \$0.27 per year over the forecast period.
- These increases will:
 - Align with the anticipated Regional Wastewater increases of 8.5% annually
 - Does not require non-growth related debt
 - Provide for positive wastewater reserve fund balances annually over the forecast period
 - The wastewater reserve balance at the end of 2034 is estimated to be \$6,942,000 (to assist with Asset Management and emergencies)

Wastewater Operating Budget



Description	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Costs	2,745,031	3,128,987	3,621,277	4,082,620	4,599,381	5,177,805	5,824,484	6,546,719	7,353,498
Non-growth Related Debt	0	0	0	0	0	0	0	0	0
Growth Related Debt	0	0	0	0	0	0	0	896,925	896,925
Transfer to Reserves	119,849	94,332	102,544	283,097	499,665	747,974	1,038,749	1,367,163	1,753,044
Total	2,864,880	3,223,320	3,723,822	4,365,717	5,099,046	5,925,780	6,863,233	8,810,807	10,003,467

Wastewater Annual Bill Forecast

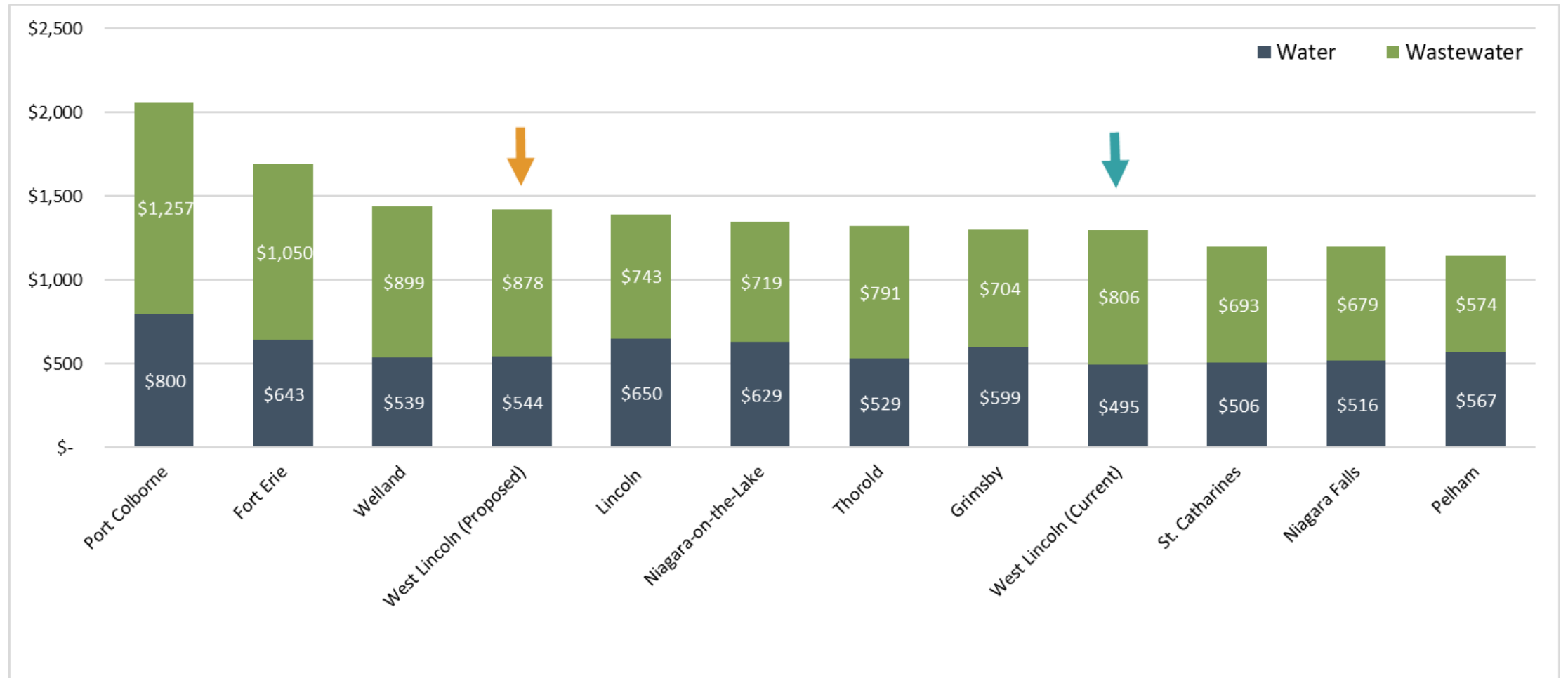
Based on Annual Volumes of 161 m³



Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Quarterly Base Rate	\$117.26	\$127.81	\$139.32	\$151.86	\$165.52	\$180.42	\$196.66	\$214.36	\$233.65	\$254.68
Constant Rate	\$2.09	\$2.28	\$2.49	\$2.71	\$2.95	\$3.22	\$3.51	\$3.83	\$4.17	\$4.55
Annual Base Rate Bill	\$469.04	\$511.25	\$557.27	\$607.42	\$662.09	\$721.68	\$786.63	\$857.42	\$934.59	\$1,018.70
Volume	161	161	161	161	161	161	161	161	161	161
Annual Volume Bill	\$336.49	\$367.08	\$400.89	\$436.31	\$474.95	\$518.42	\$565.11	\$616.63	\$671.37	\$732.55
Total Annual Bill	\$805.53	\$878.33	\$958.16	\$1,043.73	\$1,137.04	\$1,240.10	\$1,351.74	\$1,474.05	\$1,605.96	\$1,751.25
Change in Annual Bill		\$72.80	\$79.82	\$85.57	\$93.31	\$103.06	\$111.64	\$122.32	\$131.91	\$145.29
Change per Quarter		\$18.20	\$19.96	\$21.39	\$23.33	\$25.76	\$27.91	\$30.58	\$32.98	\$36.32

Survey of Water and Wastewater Bills

Based on Annual Volumes 161 m³



Matters for Committee's Consideration



1. Provide feedback on the Capital and Operating Program
2. Consider the Proposed Water Rates
3. Consider the Proposed Wastewater Rates
4. Finalize the Rate Study and Financial Plan based on the rates approved by the Township
5. Approve and submit the Financial Plan to the Province as part of the Municipality's Water Licence Renewal
6. Consider implementing the Rates by January 1, 2026

Questions



Questions?

DATE: October 20, 2025

REPORT NO: I-23-2025

SUBJECT: **2025 Water and Wastewater Rate Study and Financial Plan**

CONTACT: Mike DiPaola, P.Eng., Director, Infrastructure
Katelyn Repovs, CPA, CA, Director, Corporate Services / CFO

OVERVIEW:

- The Township is required to prepare and submit an updated Water System Financial Plan to meet the requirements of the Drinking Water Quality Management System as defined under O.Reg. 453/07 for renewal of its water distribution system license.
- Along with the Financial Plan, a Water and Wastewater Rate Study has also been completed.
- The purpose of this report is to present the Water and Wastewater Rate Study and Financial Plan for review and approval.
- The Water and Wastewater Rate Study and Financial Plan will provide a sustainable financial plan and rates, to ensure safety of the system, and also satisfy legislative requirements for the Township's water and wastewater system.

RECOMMENDATION:

1. That, Recommendation Report I-23-2025, dated October 20, 2025, regarding the "2025 Water and Wastewater Rate Study and Financial Plan" be received; and,
2. That the Water and Wastewater Systems Rate Structure and Rates recommended in the report prepared by Watson and Associates Economists Ltd., attached as Schedule A to this report, dated October 9, 2025, be accepted and approved; and,
3. That, the Water Ontario Regulation 453/07 Financial Plan No. 077-301, attached as Schedule B to this report, prepared by Watson and Associates Economists Ltd., dated October 9, 2025, be accepted and approved.

ALIGNMENT TO STRATEGIC PLAN:

Theme #4

- **FOUNDATIONAL:** Advance organizational capacity and effectiveness

BACKGROUND:

Regulation (O.Reg. 453/07) under the Safe Drinking Water Act (SDWA) puts in place requirements for Financial Plans for municipal drinking water systems as a pre-requisite for a drinking water licence. The Township's current Municipal Drinking Water License will expire on May 25, 2026. The new license, once approved, will be in effect for 5 years. The license renewal package, including the Financial Plan, is to be submitted by November 25, 2025, in order to meet the 6 months prior to license expiry date requirement.

The O.Reg 453/07 provides details with regards to the Financial Plans for existing water systems. The requirements for the existing systems are summarized as follows:

- Must indicate financial viability of the system
- Must be approved by resolution of Council (or governing body)
- Must apply to a period of at least six years (commencing the year of license expiry)
- Details of the proposed or projected financial position
- Details of the proposed or projected financial operations
- Details of the proposed or projected gross cash receipts and gross cash payments
- Financial plans applicable to two or more solely owned drinking water systems can be prepared as if they are for on drinking water system
- Financial plans are to be made available to the public upon request and at no charge
- Made available to the public through publication on the internet
- Notice of availability to be given to the public
- Submitted to the Ministry of Municipal Affairs and Housing

The Smithville water distribution system is supplied by the Region of Niagara via a connection to the Grimsby Water Treatment Plant. Water is distributed via a system that consists of approximately 35 km of watermains. Storage is provided in the Region-owned storage facility. Wastewater is discharged to the Region System at the Smithville Pumping Station which then discharges to the Baker Road Treatment Plant.

The Region's annual charges to the Township for water and wastewater treatment services comprise a significant portion of the annual cost of service for each system. The Township currently recovers water and wastewater system costs from various direct user fees and administrative charges, and from billings to customers through a base and volumetric charge based on water consumed.

CURRENT SITUATION:

Watson and Associates Economists Ltd., (Watson) were the successful proponents to a Request for Proposal (RFP) issued by the Township in March of 2025. Watson worked closely with Township Administration throughout this study and assignment.

Township Administration provided Watson with data such as Capital Plans, Growth Forecasts, Operating Budgets, Asset Inventory and Asset Management Plans, Customers, Consumption, Reserves, Development Charges, Staff Resources and Program Allocations. Several meetings were held to discuss the data, Watson's findings and analysis, and draft reports.

Attached to this report are two reports prepared by Watson. They are as follows:

- Schedule A: Water and Wastewater Rate Study
- Schedule B: Water Ontario Regulation 453/07 Financial Plan (#077-301)

There will be no change to the current rate structure which is based on a constant volumetric charge and a base charge. This rate structure is the most commonly used in Ontario. The charts below summarize the proposed rates outlined in the Rate Study. 1 cubic metre is equivalent to 1,000 litres. The 3/4" and 5/8" water meter size is the most commonly used size to service residential homes.

Water Rates based on an annual consumption of 161 cubic meters and a 3/4" or 5/8" water meter:

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Quarterly Base Rate	\$50.87	\$55.96	\$61.55	\$64.63	\$67.86	\$71.25	\$74.82	\$78.56	\$82.49	\$86.61
Constant Rate	\$1.81	\$1.99	\$2.19	\$2.30	\$2.42	\$2.54	\$2.67	\$2.80	\$2.94	\$3.09
Annual Base Rate Bill	\$203.48	\$223.83	\$246.21	\$258.52	\$271.45	\$285.02	\$299.27	\$314.23	\$329.95	\$346.44
Volume	161	161	161	161	161	161	161	161	161	161
Annual Volume Bill	\$291.41	\$320.39	\$352.59	\$370.30	\$389.62	\$408.94	\$429.87	\$450.80	\$473.34	\$497.49
Total Annual Bill	\$494.89	\$544.22	\$598.80	\$628.82	\$661.07	\$693.96	\$729.14	\$765.03	\$803.29	\$843.93

Bulk Water Rates per Cubic Meter:

Bulk Water Rate	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Constant Rate m ³	\$2.46	\$2.71	\$2.98	\$3.13	\$3.28	\$3.45	\$3.62	\$3.80	\$3.99	\$4.19

Wastewater Rates based on an annual consumption of 161 cubic meters and a 3/4" or 5/8" water meter:

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Quarterly Base Rate	\$117.26	\$127.81	\$139.32	\$151.86	\$165.52	\$180.42	\$196.66	\$214.36	\$233.65	\$254.68
Constant Rate	\$2.09	\$2.28	\$2.49	\$2.71	\$2.95	\$3.22	\$3.51	\$3.83	\$4.17	\$4.55
Annual Base Rate Bill	\$469.04	\$511.25	\$557.27	\$607.42	\$662.09	\$721.68	\$786.63	\$857.42	\$934.59	\$1,018.70
Volume	161	161	161	161	161	161	161	161	161	161
Annual Volume Bill	\$336.49	\$367.08	\$400.89	\$436.31	\$474.95	\$518.42	\$565.11	\$616.63	\$671.37	\$732.55
Total Annual Bill	\$805.53	\$878.33	\$958.16	\$1,043.73	\$1,137.04	\$1,240.10	\$1,351.74	\$1,474.05	\$1,605.96	\$1,751.25

From the above charts, the following provides the combined water and wastewater bills.

Total Combined Customer Bill – Based on an annual consumption of 161 cubic meters and a 3/4" or 5/8" water meter:

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Water Bill	\$494.89	\$544.22	\$598.80	\$628.82	\$661.07	\$693.96	\$729.14	\$765.03	\$803.29	\$843.93
Annual Wastewater Bill	\$805.53	\$878.33	\$958.16	\$1,043.73	\$1,137.04	\$1,240.10	\$1,351.74	\$1,474.05	\$1,605.96	\$1,751.25
Total Annual Bill	\$1,300.42	\$1,422.55	\$1,556.96	\$1,672.55	\$1,798.11	\$1,934.06	\$2,080.88	\$2,239.09	\$2,409.25	\$2,595.19
Change in Annual Bill		\$122.13	\$134.41	\$115.59	\$125.55	\$135.95	\$146.82	\$158.21	\$170.16	\$185.94
Change per Quarter		\$30.53	\$33.60	\$28.90	\$31.39	\$33.99	\$36.71	\$39.55	\$42.54	\$46.49

The Rate Study is based on a recommended rate increase effective January 1 of each year. This is a change from the past practice of implementing rate increases July 1 of each year. By adjusting rate changes to match the start of the Township's fiscal year, there is improved budgetary alignment, projections and financial planning enabled.

The combined water and wastewater bill is estimated to increase in annual costs for the average household with 161 m³ consumption is forecasted to be \$122.13 for 2026, which is approximately \$10 per month, for a 5/8" or 3/4" meter size.

In the forecast, rate increases would range from \$134.41 to \$185.94 per year from 2027 to 2034, this translates into an average increase of approximately \$143.90 per year for residential customers.

The recommended adjustments to the Township's water and wastewater rates are driven by several key factors, as outlined below:

Niagara Region Rates: The increases reflect alignment with the Niagara Region's wholesale rate adjustments of 8.5% for wastewater and 4.3% for water. This is based on the projected increases within the Niagara Region's Water and Wastewater Rate Study and Financial Plan.

10 Year Capital Plan: The increases support the Township's long-term financial sustainability by addressing identified infrastructure needs within the Council approved 2025 Ten-Year Capital Plan, Development Charges Background Study, Asset Management Plan, and other budget planning documents.

Additional Staffing Resources in Operations Department: The plan incorporates funding for an additional 1.5 full-time equivalent (FTE) staff positions required to meet new and evolving provincial regulatory obligations, including compliance with the Consolidated Linear Infrastructure Environmental Compliance Approval (CLI-ECA) framework and the Safe Drinking Water Act (SDWSA).

Updated Program Support Services Allocation: Adjustments also account for updated corporate service program support cost allocations to more accurately reflect service delivery costs. This project work was done in conjunction with the Building User Fee Review, whereby Administration reviewed the Program Support allocation methodology across the Township. As the water and wastewater systems are fully rate-funded, it is important that these program support costs are allocated to rate-funded areas in manner consistent with the guidelines set out by the Province and best practices.

FINANCIAL IMPLICATIONS:

The Water and Wastewater Rate Study is recommending a rate structure that will recover the full cost of delivering water and wastewater services and ensure that the systems are sustainable. This plan ensures that adequate reserves are maintained to fund the required infrastructure renewal and operating expenses. The 10 Year Financial Plan supports

capital spending of \$12.16 million for Water and \$19.58 million for Wastewater (adjusted for anticipated inflation). It is important to remember that the Water and Wastewater systems are fully rate-funded by the system users, and do not receive any support from the levy.

Recommendations in this report will guide the setting of water and sanitary sewer fixed rates (as per Tables 6.1 and 6.2 found in the attached Water and Wastewater Rate Study, completed by Watson – Schedule A) and the volumetric fees, and the operating and capital budget for water and sanitary sewer infrastructure.

There are some key items to note from the Rate Study and Financial Plan:

Water Rates

- Maintains the assumed debt of \$6.1 million for non-growth related capital investments (adjusted for anticipated inflation), which aligns with the Township's 10 year capital budget plan.
- Provides for positive water reserve fund balances annually over the forecast period.
- The water reserve balance at the end of 2034 is estimated to be \$5,860,000.
- Incorporates the anticipated Regional Water increase of 4.3% annually, per the Niagara Region's Water and Wastewater Rate Study and Financial Plan.

Wastewater Rates

- Incorporates the anticipated Regional Wastewater increases of 8.5% annually, per the Niagara Region's Water and Wastewater Rate Study and Financial Plan.
- Maintains the assumed debt of \$12.06 million for growth related capital investments (adjusted for anticipated inflation), which aligns with the Township's 10 year capital budget plan.
- Provides for positive wastewater reserve fund balances annually over the forecast period.
- The wastewater reserve balance at the end of 2034 is estimated to be \$6,942,000.
- The Wastewater Development Charge Reserve Fund is anticipated to fall into a negative balance in 2026. This will require internal borrowing from other reserves with reimbursement made from future Development Charges collected.

The proposed Water and Wastewater rates effective January 1, 2026 will be included in the 2026 Consolidated User Fees by-law presented to Council in December 2025.

INTER-DEPARTMENTAL COMMENTS:

The attached Rate Study and Financial Plan was a collaboration between Corporate Services and Operations Departments.

CONCLUSION:

It is being recommended that Council accept and approve the Water and Wastewater Rate Study and the Water Ontario Regulation 453/07 Financial Plan (#077-301), dated October

9, 2025, prepared by Watson and Associates Economists Ltd, with rate adjustments occurring in January 1 of each year.

ATTACHMENTS:

Schedule A - Water and Wastewater Rate Study

Schedule B – Water Ontario Regulation 453/07 Financial Plan (#077-301)

Prepared & Submitted by:

Mike DiPaola, P.Eng.
Director, Infrastructure

Katelyn Repovs, CPA, CA
Director, Corporate Services / CFO

Approved by:

Truper McBride
CAO



Water and Wastewater Rate Study

Township of West Lincoln

October 9, 2025

Watson & Associates Economists Ltd.
905-272-3600
info@watsonecon.ca

Table of Contents

	Page
Executive Summary	i
1. Introduction.....	1-1
1.1 Background.....	1-1
1.2 Study Process.....	1-2
1.3 Regulatory Changes in Ontario.....	1-2
1.4 Sustainable Water and Sewage Systems Act.....	1-3
1.5 Financial Plans Regulation	1-5
1.6 Water Opportunities Act, 2010.....	1-7
1.7 Infrastructure for Jobs and Prosperity Act, 2015 (I.J.P.A.)	1-8
1.8 Forecast Growth and Servicing Requirements	1-10
2. Capital Infrastructure Needs.....	2-1
2.1 Capital Forecast.....	2-1
3. Lifecycle Costing.....	3-1
3.1 Overview of Lifecycle Costing.....	3-1
3.1.1 Definition.....	3-1
3.1.2 Financing Costs	3-1
3.1.3 Costing Methods	3-4
3.2 Impact on Budgets	3-6
4. Capital Cost Financing Options	4-1
4.1 Summary of Capital Cost Financing Alternatives.....	4-1
4.2 Development Charges Act, 1997	4-2
4.3 Municipal Act	4-4
4.4 Grant Funding Availability	4-6
4.5 Existing Reserves/Reserve Funds.....	4-8
4.6 Debenture Financing.....	4-9
4.7 Infrastructure Ontario	4-9
4.8 Recommended Capital Financing Approach.....	4-11



Table of Contents (Cont'd)

	Page
5. Overview of Expenditures and Revenues	5-1
5.1 Water Operating Expenditures.....	5-1
5.2 Water Operating Revenues	5-1
5.3 Wastewater Operating Expenditures	5-4
5.4 Wastewater Operating Revenues	5-4
6. Pricing Structures	6-1
6.1 Introduction.....	6-1
6.2 Alternative Pricing Structures.....	6-2
6.3 Assessment of Alternative Pricing Structures	6-4
6.4 Rate Structures in Ontario	6-9
6.5 Recommended Rate Structures and Base Charges	6-10
7. Analysis of Water and Wastewater Rates and Policy Matters	7-2
7.1 Introduction.....	7-2
7.2 Water Rates.....	7-2
7.3 Wastewater Rates	7-4
8. Recommendations	8-1
Appendix A Detailed Water Rate Calculations	A-1
Appendix B Detailed Wastewater Rate Calculations	B-1



List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
A.M.O.	Association of Municipalities of Ontario
C.W.W.F.	Clean Water and Wastewater Fund
D.C.A.	Development Charges Act, 1997
F.I.R.	Financial Information Return
H.E.W.S.F.	Housing-Enabling Water Systems Fund
I.J.P.A.	Infrastructure for Jobs and Prosperity Act, 2015
I.O.	Infrastructure Ontario
M.O.E.	Ministry of Environment
O.C.I.F.	Ontario Community Infrastructure Fund
OLT	Ontario Land Tribunal
O. Reg.	Ontario Regulation
O.S.I.F.A.	Ontario Strategic Infrastructure Financing Authority
P.S.A.B.	Public Sector Accounting Board
P.T.I.F.	Public Transit Infrastructure Fund
S.W.S.S.A.	Sustainable Water and Sewage Systems Act, 2002



Executive Summary



Executive Summary

The Township of West Lincoln (Township) retained Watson & Associates Economists Ltd. (Watson) to undertake a water and wastewater rate study. This study aims to provide an analysis of current and future capital and operating costs, costing for lifecycle cost requirements, water and wastewater volumes and customer profiles. The results of this analysis provide the Township with updated water and wastewater base charges and volume rates. The rate analysis contained herein provides fiscally responsible practices that are in line with current provincial legislation at a level of rate increases that are reasonable.

The analysis presented herein provides the following:

- The Township currently serves 2,604 water customers, 2,589 wastewater customers, and 59 bulk water users. 2,384 new water and wastewater customers are assumed to be added over the 2034 forecast period.
- Expenditures related to the purchase of treated water and wastewater treatment from Niagara Region are assumed to increase by 4.3% and 8.5% per year respectively. Additionally, the volumes associated with new customers have also been added as purchased amounts required from the Region;
- The 2025 to 2034 capital spending program for water and wastewater is \$12.16 million and \$19.58 million (inflated), respectively.
- The forecasted operating expenditures (for water and wastewater) have been adjusted to recognize inflation:
 - For salaries and wages – assumed 2.9% per year
 - For water purchases from Niagara Region – assumed 4.3% per year
 - For wastewater treatment from Niagara Region – assumed 8.5% per year
 - For all other operating expenditures – assumed 2% per year
- The present rate structure of a quarterly base charge and volume rates are proposed to be continued.

To meet these expenditure requirements, the following water and wastewater rate increases are suggested:



- The water base charges and volumetric rates (including bulk water rates) are projected to increase by 10% per year in 2026 and 2027, and then 5% per year over the remainder of the forecast period.
- The wastewater base charges and volumetric rates are projected to increase by 9% per year over the forecast period.

Based on the above, the combined water and wastewater bill is anticipated to increase by an average of \$143.9 per year for residential customers, based on 161 cubic metres of usage and a $\frac{5}{8}$ " or $\frac{3}{4}$ " meter.

Tables ES-1 summarizes the recommended water rates and average annual bill, (assuming an annual volume of 161 cubic metres) based on the analysis provided herein over the forecast period.

Table ES-2 summarizes the recommended bulk water rates.

Table ES-3 summarizes the recommended wastewater rates and average annual bill (assuming an annual volume of 161 cubic metres) for customers based on the analysis provided herein over the forecast period.

Table ES-4 provides the combined water and wastewater bills.



Table ES-1
Township of West Lincoln
Water Rate Summary
Based on a 5/8" or 3/4" Meter and Annual Volume of 161 cubic metres

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Quarterly Base Rate	\$50.87	\$55.96	\$61.55	\$64.63	\$67.86	\$71.25	\$74.82	\$78.56	\$82.49	\$86.61
Constant Rate	\$1.81	\$1.99	\$2.19	\$2.30	\$2.42	\$2.54	\$2.67	\$2.80	\$2.94	\$3.09
Annual Base Rate Bill	\$203.48	\$223.83	\$246.21	\$258.52	\$271.45	\$285.02	\$299.27	\$314.23	\$329.95	\$346.44
Volume	161	161	161	161	161	161	161	161	161	161
Annual Volume Bill	\$291.41	\$320.39	\$352.59	\$370.30	\$389.62	\$408.94	\$429.87	\$450.80	\$473.34	\$497.49
Total Annual Bill	\$494.89	\$544.22	\$598.80	\$628.82	\$661.07	\$693.96	\$729.14	\$765.03	\$803.29	\$843.93
% Increase - Base Rate		10%	10%	5%	5%	5%	5%	5%	5%	5%
% Increase - Volume Rate		10%	10%	5%	5%	5%	5%	5%	5%	5%
% Increase - Total Annual Bill		10%	10%	5%	5%	5%	5%	5%	5%	5%
Change in Annual Bill		\$49.33	\$54.58	\$30.02	\$32.25	\$32.89	\$35.18	\$35.89	\$38.25	\$40.65
Change per Quarter		\$12.33	\$13.65	\$7.51	\$8.06	\$8.22	\$8.80	\$8.97	\$9.56	\$10.16

Table ES-2
Township of West Lincoln
Bulk Water Rates

Bulk Water Rate	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Constant Rate m³	\$2.46	\$2.71	\$2.98	\$3.13	\$3.28	\$3.45	\$3.62	\$3.80	\$3.99	\$4.19



Table ES-3
Township of West Lincoln
Wastewater Rate Summary
Based on a 5/8" or 3/4" Meter and Annual Volume of 161 cubic metres

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Quarterly Base Rate	\$117.26	\$127.81	\$139.32	\$151.86	\$165.52	\$180.42	\$196.66	\$214.36	\$233.65	\$254.68
Constant Rate	\$2.09	\$2.28	\$2.49	\$2.71	\$2.95	\$3.22	\$3.51	\$3.83	\$4.17	\$4.55
Annual Base Rate Bill	\$469.04	\$511.25	\$557.27	\$607.42	\$662.09	\$721.68	\$786.63	\$857.42	\$934.59	\$1,018.70
Volume	161	161	161	161	161	161	161	161	161	161
Annual Volume Bill	\$336.49	\$367.08	\$400.89	\$436.31	\$474.95	\$518.42	\$565.11	\$616.63	\$671.37	\$732.55
Total Annual Bill	\$805.53	\$878.33	\$958.16	\$1,043.73	\$1,137.04	\$1,240.10	\$1,351.74	\$1,474.05	\$1,605.96	\$1,751.25
% Increase - Base Rate		9%	9%	9%	9%	9%	9%	9%	9%	9%
% Increase - Volume Rate		9%	9%	9%	9%	9%	9%	9%	9%	9%
% Increase - Total Annual Bill		9%	9%	9%	9%	9%	9%	9%	9%	9%
Change in Annual Bill		\$72.80	\$79.82	\$85.57	\$93.31	\$103.06	\$111.64	\$122.32	\$131.91	\$145.29
Change per Quarter		\$18.20	\$19.96	\$21.39	\$23.33	\$25.76	\$27.91	\$30.58	\$32.98	\$36.32

Table ES-4
Township of West Lincoln
Water and Wastewater Rate Summary
Total Combined Customer Bill – Based on a 5/8" or 3/4" meter Meter and Annual Volume of 161 cubic metres

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Water Bill	\$494.89	\$544.22	\$598.80	\$628.82	\$661.07	\$693.96	\$729.14	\$765.03	\$803.29	\$843.93
Annual Wastewater Bill	\$805.53	\$878.33	\$958.16	\$1,043.73	\$1,137.04	\$1,240.10	\$1,351.74	\$1,474.05	\$1,605.96	\$1,751.25
Total Annual Bill	\$1,300.42	\$1,422.55	\$1,556.96	\$1,672.55	\$1,798.11	\$1,934.06	\$2,080.88	\$2,239.09	\$2,409.25	\$2,595.19
Change in Annual Bill		\$122.13	\$134.41	\$115.59	\$125.55	\$135.95	\$146.82	\$158.21	\$170.16	\$185.94
Change per Quarter		\$30.53	\$33.60	\$28.90	\$31.39	\$33.99	\$36.71	\$39.55	\$42.54	\$46.49



Report



Chapter 1

Introduction



1. Introduction

1.1 Background

The Township of West Lincoln provides municipal water services to residents through the Smithville water distribution system and originates from the Grimsby Water Treatment Plant, which is owned and operated by the Niagara Region. Wastewater is collected locally and conveyed to the Baker Road Wastewater Treatment Plant in Grimsby, also operated by Niagara Region, where it is treated in accordance with provincial standards before being safely discharged to the environment.

Currently, there are 2,604 water customers, 59 bulk water users, and 2,589 wastewater customers within the Township. These users are billed a quarterly charge as well as a volume rate based on their water consumption. Revenues received from the charges directly fund the capital and operating budgets.

Table 1-1 provides the existing rates currently in effect.

Table 1-1
Township of West Lincoln
Water and Wastewater Rates – 2025

2025 - Water Billing Rates	
Base Charge - Per Quarter	
5/8"	50.87
3/4"	50.87
1"	127.16
1 1/4"	190.73
1 1/2"	254.32
2"	406.89
3"	813.79
4"	1,271.55
6"	2,543.08
8"	4,068.93
Volume Charge	
\$ 1.810	per m ³
Volume Charge (Bulk Water)	
\$ 2.460	per m ³

2025 - Wastewater Billing Rates	
Base Charge - Per Quarter	
5/8"	117.26
3/4"	117.26
1"	293.17
1 1/4"	439.73
1 1/2"	586.33
2"	938.10
3"	1,876.21
4"	2,931.57
6"	5,863.14
8"	9,381.02
Volume Charge	
\$ 2.090	per m ³



Since the Walkerton crisis, the Province has continued to make legislative changes for municipal water and wastewater systems. Noted below are the historical changes along with pending legislation anticipated to be implemented in the future. Watson & Associates Economists Ltd. (Watson) was retained by the Township to assist in addressing these changes in a proactive manner as they relate to the water and wastewater systems. The assessment provided herein addresses changes recommended to the water and wastewater rates based on the most current information and forecasts the implications over the forecast period.

1.2 Study Process

The objectives of the study and the steps involved in carrying out this assignment are summarized below:

- Identify all current and future water and wastewater system capital needs to assess the immediate and longer-term implications;
- Identify potential methods of cost recovery from the capital needs listing. These recovery methods may include other statutory authorities (e.g. *Development Charges Act, 1997* (D.C.A.), *Municipal Act*, etc.) as an offset to recovery through the water and wastewater rates;
- Identify existing operating costs by component and estimate future operating costs over the next ten years. This assessment identifies fixed and variable costs in order to project those costs sensitive to changes to the existing infrastructure inventory, as well as costs which may increase commensurate with growth; and
- Provide staff and Council the findings to assist in gaining approval of the rates for 2026 and future years.

1.3 Regulatory Changes in Ontario

Resulting from the water crisis in Walkerton, significant regulatory changes have been made in Ontario. These changes arise as a result of the Walkerton Commission and the 93 recommendations made by the Walkerton Inquiry Part II report. Areas of recommendation include:



- watershed management and source protection;
- quality management;
- preventative maintenance;
- research and development;
- new performance standards;
- sustainable asset management; and
- lifecycle costing.

The legislation which would have most impacted municipal water and wastewater rates was the *Sustainable Water and Sewage Systems Act* (S.W.S.S.A.) which would have required municipalities to implement full cost pricing. The legislation was enacted in 2002, however, it had not been implemented pending the approval of its regulations. The Act was repealed as of January 1, 2013. It is expected that the provisions of the *Water Opportunities Act* will implement the fundamental requirements of S.W.S.S.A. Furthermore, on December 27, 2017, O. Reg. 588/17 was released under the *Infrastructure for Jobs and Prosperity Act, 2015* (I.J.P.A.), which outlines the requirements for asset management for municipalities. The results of the asset management review under this Act will need to be considered in light of the recent investments undertaken by the Township and the capital spending plan provided herein. The following sections describe these various resulting changes.

1.4 Sustainable Water and Sewage Systems Act

As noted earlier, the S.W.S.S.A. was passed on December 13, 2002. The intent of the Act was to introduce the requirement for municipalities to undertake an assessment of the “full cost” of providing their water and wastewater services. It is noted, however, that this Act has been repealed. To provide broader context and understanding to other legislation discussed herein, a description of the Act is provided below.

Full costs for water service was defined in subsection 3(7) of the Act and included “...source protection costs, operating costs, financing costs, renewal and replacement costs and improvement costs associated with extracting, treating or distributing water to the public and such other costs which may be specified by regulation.” Similar provisions were made for wastewater services in subsection 4(7) with respect to “...collecting, treating or discharging waste water.”



The Act would have required the preparation of two reports for submission to the Ministry of the Environment (or such other member of the Executive Council as may be assigned the administration of this Act under the *Executive Council Act*). The first report was on the “full cost of services” and the second was the “cost recovery plan.” Once these reports were reviewed and approved by the Ministry, the municipality would have been required to implement the plans within a specified time period.

In regard to the **full cost of services** report, the municipality (deemed a regulated entity under the Act) would prepare and approve a report concerning the provision of water and sewage services. This report was to include an inventory of the infrastructure, a management plan providing for the long-term integrity of the systems, and would address the full cost of providing the services (other matters may be specified by the regulations) along with the revenue obtained to provide them. A professional engineer would certify the inventory and management plan portion of the report. The municipality’s auditor would be required to provide a written opinion on the report. The report was to be approved by the municipality and then be forwarded to the Ministry along with the engineer’s certification and the auditor’s opinion. The regulations would stipulate the timing for this report.

The second report was referred to as a **cost recovery plan** and would address how the municipality intended to pay for the full costs of providing the service. The regulations were to specify limitations on what sources of revenue the municipality may use. The regulations may have also provided limits as to the level of increases any customer or class of customer may experience over any period of time. Provision was made for the municipality to implement increases above these limits; however, ministerial approval would be required first. Similar to the first report, the municipal auditor would provide a written opinion on the report prior to Council’s adoption, and this opinion must accompany the report when submitted to the Province.

The Act provided the Minister the power to approve or not approve the plans. If the Minister was not satisfied with the report or if a municipality did not submit a plan, the Minister may have a plan prepared. The cost to the Crown for preparing the plan would be recovered from the municipality. As well, the Minister may direct two or more regulated municipalities to prepare a joint plan. This joint plan may be directed at the onset or be directed by the Minister after receiving the individual plans from the municipalities.



The Minister also had the power to order a municipality to generate revenue from a specific revenue source or in a specified manner. The Minister may have also ordered a regulated entity to do or refrain from doing such things as the Minister considered advisable to ensure that the entity pays the full cost of providing the services to the public.

Once the plans were approved and in place, the municipality would be required to submit progress reports. The timing of these reports and the information to be contained therein would be established by the regulations. A municipal auditor's opinion must be provided with the progress report. Municipalities would also revise the plans if they deem the estimate does not reflect the full cost of providing the services, as a result of a change in circumstances, regulatory or other changes that affect their plan, etc. The municipality would then revise its prior plan, provide an auditor's opinion, and submit the plan to the Minister.

1.5 Financial Plans Regulation

On August 16, 2007, the M.O.E. passed O. Reg 453/07 which requires the preparation of financial plans for water (and wastewater) systems. The M.O.E. has also provided a Financial Plan Guidance Document to assist in preparing the plans. A brief summary of the key elements of the regulation is provided below:

- The financial plan will represent one of the key elements for the municipality to obtain its Drinking Water Licence;
- The financial plans shall be for a period of at least six years, but longer planning horizons are encouraged;
- As the regulation is under the *Safe Drinking Water Act, 2002*, the preparation of the plan is mandatory for water and encouraged for wastewater;
- The plan is considered a living document (i.e. will be updated as annual budgets are prepared) but will need to be undertaken, at a minimum, every five years;
- The plans generally require the forecasting of capital, operating and reserve fund positions, providing detailed inventories, forecasting future users and volume usage and corresponding calculation of rates. In addition, P.S.A.B. information on the system must be provided for each year of the forecast (i.e. total non-financial assets, tangible capital asset acquisitions, tangible capital asset construction, betterments, write-downs, disposals, total liabilities and net debt);



- The financial plans must be made available to the public (at no charge) upon request and be available on the municipality's website. The availability of this information must also be advertised; and
- The financial plans are to be approved by Resolution of the Council or governing body indicating that the drinking water system is financially viable.

In general, the financial principles of the draft regulations follow the intent of S.W.S.S.A. to move municipalities towards financial sustainability. Many of the prescriptive requirements, however, have been removed (e.g. preparation of two separate documents for provincial approval, auditor opinions, engineer certifications, etc.).

A Guideline ("Towards Financially Sustainable Drinking Shores – Water and Wastewater Systems") had been developed to assist municipalities in understanding the Province's direction and provided a detailed discussion on possible approaches to sustainability. The Province's Principles of Financially Sustainable Water and Wastewater Services are provided below:

Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.

Principle #2: An integrated approach to planning among water, wastewater, and stormwater systems is desirable given the inherent relationship among these services.

Principle #3: Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.

Principle #4: Lifecycle 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.

1.6 Water Opportunities Act, 2010

As noted earlier, since the passage of the *Safe Drinking Water Act, 2002*, continuing changes and refinements to the legislation have been introduced. Some of these Bills have found their way into law, while others have not been approved. Bill 72, the *Water Opportunities Act, 2010*, was introduced into legislation on May 18, 2010 and received Royal Assent on November 29, 2010.

The Act provides for the following elements:

- The fostering of innovative water, wastewater and stormwater technologies, services and practices in the private and public sectors;
- Preparation of water conservation plans to achieve water conservation targets established by the regulations; and
- Preparation of sustainability plans for municipal water services, municipal wastewater services and municipal stormwater services.

With regard to the sustainability plans:

- The Act extends from the water financial plans and requires a more detailed review of the water financial plan and requires a full plan for wastewater and stormwater services; and
- Regulations will provide performance targets for each service – these targets may vary based on the jurisdiction of the regulated entity or the class of entity.

The financial plan shall include:



- An asset management plan for the physical infrastructure;
- A financial plan;
- For water, a water conservation plan;
- An assessment of risks that may interfere with the future delivery of the municipal service, including, if required by the regulations, the risks posed by climate change and a plan to deal with those risks; and
- Strategies for maintaining and improving the municipal service, including strategies to ensure the municipal service can satisfy future demand, consider technologies, services and practices that promote the efficient use of water and reduce negative impacts on Ontario's water resources, and increase co-operation with other municipal service providers.

Performance indicators will be established by service, with the following considerations:

- May relate to the financing, operation or maintenance of a municipal service or to any other matter in respect of what information may be required to be included in a plan;
- May be different for different municipal service providers or for municipal services in different areas of the Province.

Regulations will prescribe:

- Timing;
- Contents of the plans;
- Which identified portions of the plan will require certification;
- Public consultation process; and
- Limitations, updates, refinements, etc.

As noted earlier, it is expected that this Act will implement the principles of the S.W.S.S.A. once all regulations are put in place.

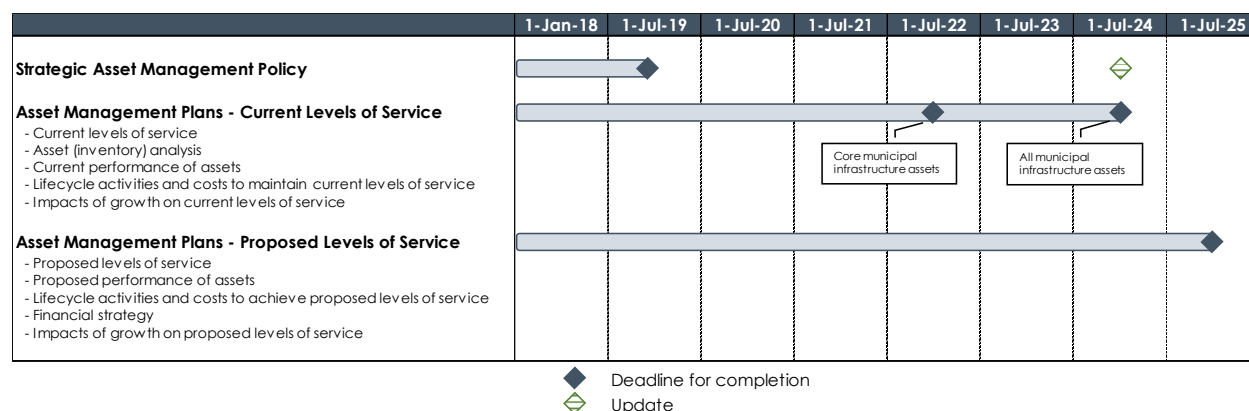
1.7 Infrastructure for Jobs and Prosperity Act, 2015 (I.J.P.A.)

On June 4, 2015, the Province of Ontario passed the I.J.P.A. which, over time, will require municipalities to undertake and implement asset management plans for all infrastructure they own. On December 27, 2017, the Province released Ontario



Regulation 588/17 under the I.J.P.A. which has three phases that municipalities must meet:

Figure 1-1
Legislative Timelines set out by the Infrastructure for Jobs and Prosperity Act
Legislation related to Asset Management Plans



Note: on March 15, 2021, the Province filed Regulation 193/21 to extend all of the timelines of Regulation 588/17 by one year (reflected in the table above).

Every municipality in Ontario was to have prepared a strategic asset management policy by July 1, 2019. Municipalities will be required to review their strategic asset management policies at least every five years and make updates as necessary. The subsequent phases are as follows:

- Phase 1 – Asset Management Plan (by July 1, 2022):
 - For core assets, municipalities must have the following:
 - Inventory of assets;
 - Current levels of service measured by standard metrics; and
 - Costs to maintain levels of service.
- Phase 2 – Asset Management Plan (by July 1, 2024):
 - Same steps as Phase 1 but for all assets.
- Phase 3 – Asset Management Plan (by July 1, 2025):
 - Builds on Phase 1 and 2 by adding:
 - Proposed levels of service; and
 - Lifecycle management and financial strategy.



In relation to water and wastewater (which is considered a core asset), municipalities were to have an asset management plan that addresses the related infrastructure by July 1, 2022 (Phase 1). O. Reg. 588/17 specifies that the municipality's asset management plan must include the following for each asset category:

- The current levels of service being provided, determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan;
- The current performance of each asset category, including:
 - a summary of the assets in the category;
 - the replacement cost of the assets in the category;
 - the average age of the assets in the category, determined by assessing the average age of the components of the assets;
 - the information available on the condition of the assets in the category;
 - a description of the municipality's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate; and
- The lifecycle activities that would need to be undertaken to maintain the current levels of service.

1.8 Forecast Growth and Servicing Requirements

As described earlier in this chapter, the Township services 2,604 water customers, 59 bulk water users, and 2,589 wastewater customers. Information on the existing number of customers and existing billable volumes was obtained from the Township.

For future water and wastewater customers to be added to the systems, consideration has been given to the potential new developments identified in the Development Charges Background Study over the forecast period between 2025 to 2034

The forecast assumes the addition of 2,384 water and wastewater customers over the forecast period. For operating revenue purposes, it would be undesirable to forecast too high as it could produce a potential operating deficit should the growth in the water and wastewater systems not materialize.



Based on historical information, the Township's volumes per customer is 161 m³ per year. For forecasting purposes, the assumed billable volumes per customer will be based on that figure.

Table 1-2 presents the forecast of water users and consumption volumes, while Table 1-3 presents the forecast of wastewater users and volumes.



Table 1-2
Township of West Lincoln
Water System Forecast

Year	Total Users	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025	4	2	4	4	4	4	4	4	4	4	4
2026	68		34	68	68	68	68	68	68	68	68
2027	136			68	136	136	136	136	136	136	136
2028	272				136	272	272	272	272	272	272
2029	272					136	272	272	272	272	272
2030	272						136	272	272	272	272
2031	272							136	272	272	272
2032	272								136	272	272
2033	272									136	272
2034	272										136
2035	272										
Total	2,384	2	38	140	344	616	888	1,160	1,432	1,704	1,976
m ³ /user	161	161	161	161	161	161	161	161	161	161	161
Annual Flow		322	6,118	22,540	55,384	99,176	142,968	186,760	230,552	274,344	318,136

Water Customer Forecast	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Existing	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604
New - Growth	2	38	140	344	616	888	1,160	1,432	1,704	1,976
Total	2,606	2,642	2,744	2,948	3,220	3,492	3,764	4,036	4,308	4,580

Water Volume Forecast (m ³)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Existing	602,016	602,016	602,016	602,016	602,016	602,016	602,016	602,016	602,016	602,016
New - Growth	322	6,118	22,540	55,384	99,176	142,968	186,760	230,552	274,344	318,136
Total	602,338	608,134	624,556	657,400	701,192	744,984	788,776	832,568	876,360	920,152

Water Volume Forecast (m ³) - Purchased	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water Flow Metered	602,338	608,134	624,556	657,400	701,192	744,984	788,776	832,568	876,360	920,152
Water Flow Bulk	256,944	256,944	256,944	256,944	256,944	256,944	256,944	256,944	256,944	256,944
Sum	859,282	865,078	881,500	914,344	958,136	1,001,928	1,045,720	1,089,512	1,133,304	1,177,096
Unaccounted for Water Percentage	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Total	1,023,636	1,030,541	1,050,104	1,089,230	1,141,398	1,193,566	1,245,734	1,297,902	1,350,071	1,402,239



Table 1-3
Township of West Lincoln
Wastewater System Forecast

Year	Total Users	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025	4	2	4	4	4	4	4	4	4	4	4
2026	68		34	68	68	68	68	68	68	68	68
2027	136			68	136	136	136	136	136	136	136
2028	272				136	272	272	272	272	272	272
2029	272					136	272	272	272	272	272
2030	272						136	272	272	272	272
2031	272							136	272	272	272
2032	272								136	272	272
2033	272									136	272
2034	272										136
2035	272										
Total	2,384	2	38	140	344	616	888	1,160	1,432	1,704	1,976
m ³ /user	161	161	161	161	161	161	161	161	161	161	161
Annual Flow		322	6,118	22,540	55,384	99,176	142,968	186,760	230,552	274,344	318,136

Wastewater Customer Forecast	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Existing	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589
New - Growth	2	38	140	344	616	888	1,160	1,432	1,704	1,976
Total	2,591	2,627	2,729	2,933	3,205	3,477	3,749	4,021	4,293	4,565

Wastewater Flows Forecast (m ³)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Existing	591,494	591,494	591,494	591,494	591,494	591,494	591,494	591,494	591,494	591,494
New - Growth	322	6,118	22,540	55,384	99,176	142,968	186,760	230,552	274,344	318,136
Total	591,816	597,612	614,034	646,878	690,670	734,462	778,254	822,046	865,838	909,630



Chapter 2

Capital Infrastructure Needs



2. Capital Infrastructure Needs

2.1 Capital Forecast

Capital forecasts have been provided for the water and wastewater systems and are presented in Tables 2-1 and 2-2 (note: the costs are in inflated dollars). The basis for these forecasts includes the Township's capital requirements, projects identified in the development charges background study, as well as other lifecycle-related works. It is noted that the inflation assumption for the capital program is assumed to be 2% per year.

For water, the capital costs over the forecast period totals \$12.16 million. For wastewater, the capital costs over the forecast period totals \$19.58 million.



Table 2-1
Township of West Lincoln
2025 to 2034 Water Capital Forecast Summary (Inflated \$)

Description	Total 2025 - 2034	Timing
Capital Expenditures		
322 - Leak Detection Program	117,000	2033
324 - Water Rate Study and Financial Plan	60,000	2025
325 - Cube Van - To replace 2007 Chevrolet Van TR# 12004	80,000	2025
420 - Water Meter Replacement Program	590,000	2025-2034
658 - Bulk Water Station - Replace roof shingles	10,000	2027
679 - South Grimsby Rd 5 Water Main - From: Northridge Dr To: HWY 20	356,000	2027
682 - St. Catherines St. Water Main - From: Industrial Park Rd To: Frank St	832,000	2027
683 - Frank Street Water Main - From: RR20 To: RR14	125,000	2027
684 - Griffin St. N Water Main - From: Griffin Street to McMurchie Lane	104,000	2027
723 - Miscellaneous Water Equipment	60,000	2025-2034
743 - Water Meters - New Installation	439,000	2025-2034
927 - Industrial Park Rd Water Main - From: Pearson Rd to New Urban Boundary	832,000	2027
943 - Water Loss Study	57,000	2032
1191 - Edward Ct, Leslie Ct, & Margaret St. Watermain Replacement	645,000	2027, 2029
1192 - Erie Ave, Morgan Ave., College St., & McMurchie Ln Watermain Replacement	1,285,000	2028, 2031
1193 - Wade Rd, Wallis Ave., & Colver St. Watermain Replacement	2,213,000	2030, 2033
1194 - Thompson Rd., London Rd., & Skyway Rd. Watermain Replacement	1,367,000	2032, 2034
1195 - Rock St., Silver St., Tara Pl., Ellis St., Davis St., & Mill St. Watermain Replacement	2,080,000	2032, 2034
1243 - Water Valve Turning Machine	130,000	2027
1252 - Dufferin Street Watermain Replacement	570,000	2025-2026
1265 - Water Master Plan Update	81,000	2029
1275 - AMI Gateway Antennas	125,000	2027
Total Capital Expenditures	12,158,000	



Table 2-2
Township of West Lincoln
2025 to 2034 Wastewater Capital Forecast Summary (Inflated \$)

Description	Total 2025 - 2034	Timing
<u>Capital Expenditures</u>		
374 - Pollution Control Plan - CSO Study - Extraneous Flow Reduction Program	223,000	2028, 2033
430 - Urban Boundary Expansion - WW-SL-004B - Wastewater Servicing (Stage 3A)	1,422,000	2025, 2033
500 - Inflow & Infiltration Reduction Program	1,083,000	2025-2033
733 - Miscellaneous Wastewater Equipment	63,000	2025-2034
1160 - Urban Boundary Expansion - WW-SL-001 Wastewater Servicing (Stage 1)	12,061,000	2032
1161 - Urban Boundary Expansion - WW-SL-002 Wastewater Servicing (Stage 1)	1,838,000	2032
1162 - Urban Boundary Expansion - WW-SL-003 Wastewater Servicing (Stage 2)	2,183,000	2032
1250 - Dufferin Street Sanitary Sewer Replacement	621,000	2025-2026
1264 - Sanitary Sewer Masterplan update	81,000	2029
Total Capital Expenditures	19,575,000	



Chapter 3

Lifecycle Costing



3. Lifecycle Costing

3.1 Overview of Lifecycle Costing

3.1.1 Definition

For many years, lifecycle costing has been used in the field of maintenance engineering and to evaluate the advantages of using alternative materials in construction or production design. The method has gained wider acceptance and use in the areas of industrial decision-making and the management of physical assets.

By definition, lifecycle costs are all the costs which are incurred during the lifecycle of a physical asset, from the time its acquisition is first considered to the time it is taken out of service for disposal or redeployment. The stages which the asset goes through in its lifecycle are specification, design, manufacture (or build), install, commission, operate, maintain and disposal. Figure 3-1 depicts these stages in a schematic form.

3.1.2 Financing Costs

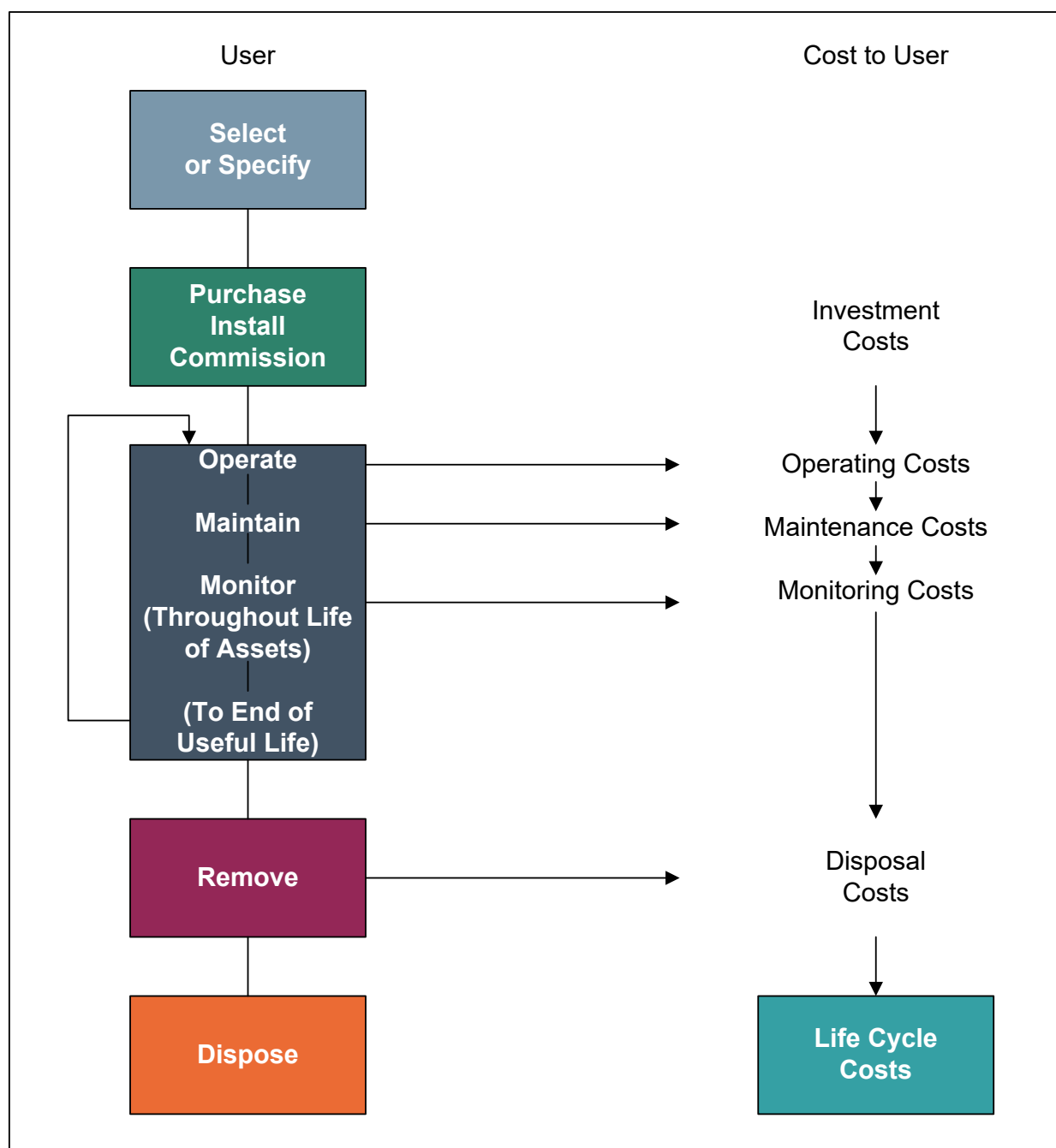
This section will focus on financing mechanisms in place to fund the costs incurred throughout the asset's life.

In a municipal context, services are provided to benefit tax/rate payers. Acquisition of assets is normally timed in relation to direct needs within the community. At times, economies of scale or technical efficiencies will lead to oversizing an asset to accommodate future growth within the Township. Over the past few decades, new financing techniques such as development charges have been employed based on the underlying principle of having tax/rate payers who benefit directly from the service paying for that service. Operating costs which reflect the cost of the service for that year are charged directly to all existing tax/rate payers who have received the benefit. Operating costs are normally charged through the tax base or user rates.

Capital expenditures are recouped through several methods, with operating budget contributions, development charges, reserves, developer contributions and debentures, being the most common.



Figure 3-1
Lifecycle Costing



New construction related to growth could produce development charges and developer contributions (e.g. works internal to a subdivision which are the responsibility of the developer to construct) to fund a significant portion of projects, where new assets are



being acquired to allow growth within the Township to continue. As well, debentures could be used to fund such works, with the debt charge carrying costs recouped from taxpayers in the future.

Capital construction to replace existing infrastructure, however, is largely not growth-related and will therefore not yield development charges or developer contributions to assist in financing these works. Hence, a municipality will be dependent upon debentures, reserves and contributions from the operating budget to fund these works.

Figure 3-2 depicts the costs of an asset from its initial conception through to replacement and then continues to follow the associated costs through to the next replacement.

As referred to earlier, growth-related financing methods such as development charges and developer contributions could be utilized to finance the growth-related component of the new asset. These revenues are collected (indirectly) from the new homeowner who benefits directly from the installation of this asset. Other financing methods may be used as well to finance the non-growth-related component of this project, such as reserves which have been collected from past tax/rate payers, operating budget contributions which are collected from existing tax/rate payers and debenturing which will be carried by future tax/rate payers. Ongoing costs for monitoring, operating and maintaining the asset will be charged annually to the existing tax/rate payer.

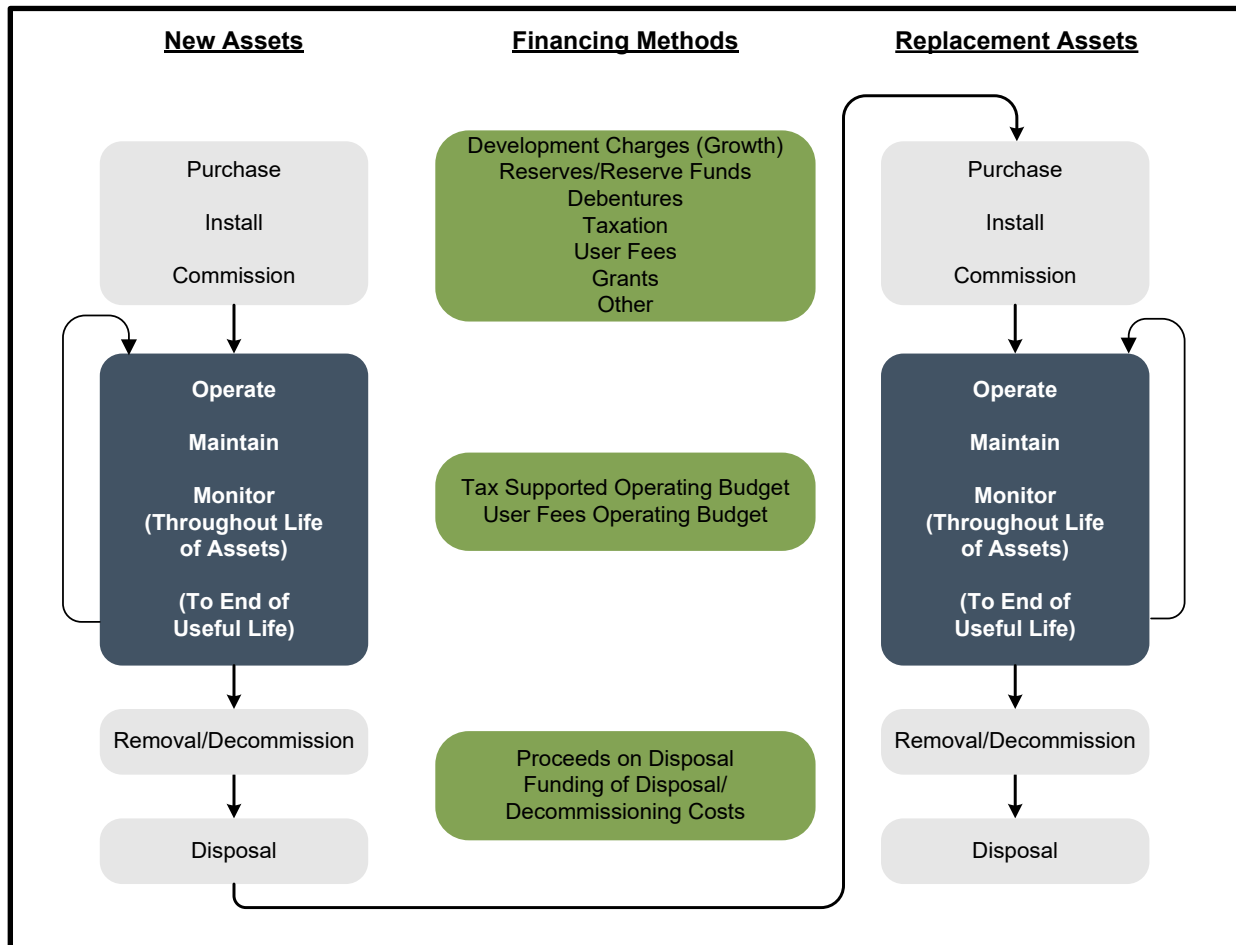
When the asset requires replacement, the sources of financing will be limited to reserves, debentures and contributions from the operating budget. At this point, the question is raised: "If the cost of replacement is to be assessed against the tax/rate payer who benefits from the replacement of the asset, should the past tax/rate payer pay for this cost or should future rate payers assume this cost?" If the position is taken that the past user has used up the asset, hence he should pay for the cost of replacement, then a charge should be assessed annually through the life of the asset, to have funds available to replace it when the time comes. If the position is taken that the future tax/rate payer should assume this cost, then debenturing and, possibly, a contribution from the operating budget should be used to fund this work.

Charging for the cost of using up an asset is the fundamental concept behind depreciation methods utilized by the private sector. This concept allows for expending the asset as it is used up in the production process. The tracking of these costs forms



part of the product's selling price and, hence, end-users are charged for the asset's depreciation. The same concept can be applied in a municipal setting to charge existing users for the asset's use and set those funds aside in a reserve to finance the cost of replacing the asset in the future.

Figure 3-2
Financing Lifecycle Costs



3.1.3 Costing Methods

There are two fundamental methods of calculating the cost of the usage of an asset and for the provision of the revenue required when the time comes to retire and replace it. The first method is the Depreciation Method. This method recognizes the reduction in the value of the asset through wear and tear and aging. There are two commonly used



forms of depreciation: the straight-line method and the reducing balance method (shown graphically in Figure 3-3).

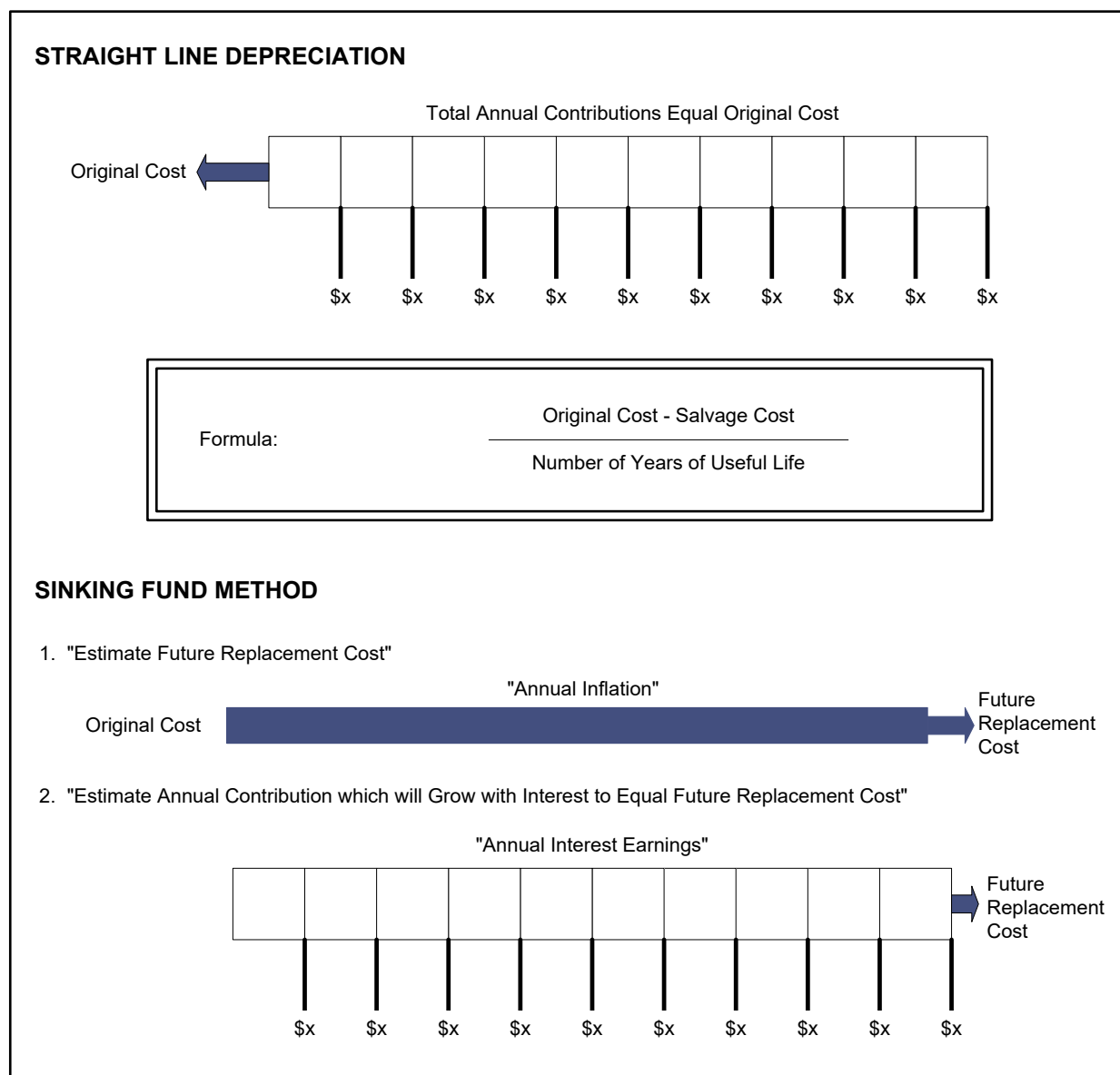
The straight-line method is calculated by taking the original cost of the asset, subtracting its estimated salvage value (estimated value of the asset at the time it is disposed of) and dividing this by the estimated number of years of useful life. The reducing balance method is calculated by utilizing a fixed percentage rate and this rate is applied annually to the undepreciated balance of the asset value.

The second method of lifecycle costing is the sinking fund method. This method first estimates the future value of the asset at the time of replacement. This is done by inflating the original cost of the asset at an assumed annual inflation rate. A calculation is then performed to determine annual contributions (equal or otherwise) which, when invested, will grow with interest to equal the future replacement cost.

The preferred method used herein for forecasting purposes is the sinking fund method of lifecycle costing.



Figure 3-3



3.2 Impact on Budgets

Based on the Township's review of its water and wastewater assets, an annual replacement program has been established to address the aging water and wastewater infrastructure. These amounts are identified through the Township's Asset Management Plan and are included in the calculations.



Chapter 4

Capital Cost Financing Options



4. Capital Cost Financing Options

4.1 Summary of Capital Cost Financing Alternatives

Historically, the powers that municipalities had to raise alternative revenues to taxation to fund capital services have been restrictive. Over the past decade, legislative reforms have been introduced. Some of these have expanded municipal powers (e.g. Bill 26 introduced in 1996 to provide for expanded powers for imposing fees and charges), while others appear to restrict them (Bill 98 in 1997 providing amendments to the D.C.A. along with recently proposed changes through Bill 23, *More Homes Built Faster Act*, 2022).

The Province passed a new *Municipal Act* which came into force on January 1, 2003. Part XII of the Act and O. Reg. 584/06 govern a municipality's ability to impose fees and charges. In contrast to the previous *Municipal Act*, this Act provides municipalities with broadly defined powers and does not differentiate between fees for operating and capital purposes. It is anticipated that the powers to recover capital costs under the previous *Municipal Act* will continue within the new Statutes and Regulations, as indicated by s.9(2) and s.452 of the new *Municipal Act*.

Under s.484 of *Municipal Act, 2001*, the *Local Improvement Act* was repealed with the in-force date of the *Municipal Act* (January 1, 2003). The municipal powers granted under the *Local Improvement Act* now fall under the jurisdiction of the *Municipal Act*. To this end, on December 20, 2002, O. Reg. 390/02 was filed, which allowed for the *Local Improvement Act* to be deemed to remain in force until April 1, 2003. O. Reg. 119/03 was enacted on April 19, 2003, which restored many of the previous *Local Improvement Act* provisions; however, the authority is now provided under the *Municipal Act*.

The methods of capital cost recovery available to municipalities are provided as follows:

Recovery Methods	Section Reference
• <i>Development Charges Act, 1997</i>	4.2
• <i>Municipal Act</i>	4.3
○ Fees and Charges	
○ Sewer and Water Area Charges	
○ Connection Fees	



Recovery Methods	Section Reference
○ Local Improvements	
• Historical Grant Funding Availability	4.4
• Existing Reserves/Reserve Funds	4.5
• Debenture Financing	4.6
• Infrastructure Ontario	4.7

4.2 Development Charges Act, 1997

In November, 1996, the Ontario Government introduced Bill 98, a new *Development Charges Act*. The Province's stated intentions were to "create new construction jobs and make home ownership more affordable" by reducing the charges and to "make municipal Council decisions more accountable and more cost effective." The basis for this Act is to allow municipalities to recover the growth-related capital cost of infrastructure necessary to accommodate new growth within the municipality. Generally, the Act provided the following changes to the former Act:

- Replace those sections of the 1989 Act that govern municipal development charges;
- Limit services which can be financed from development charges, specifically excluding parkland acquisition, administration buildings, and cultural, entertainment, tourism, solid waste management and hospital facilities;
- Ensure that the level of service used in the calculation of capital costs will not exceed the average level of service over the previous decade. Level of service is to be measured from both a quality and quantity perspective;
- Provide that uncommitted excess capacity available in existing municipal facilities and benefits to existing residents are removed from the calculation of the charge;
- Ensure that the development charge revenues collected by municipalities are spent only on those capital costs identified in the calculation of the development charge;
- Require municipalities to contribute funds (e.g. taxes, user charges or other non-development charge revenues) to the financing of certain projects primarily funded from development charges. The municipal contribution is 10 percent for services such as recreation, parkland development, libraries, etc.;



- Permit (but apparently not require) municipalities to grant developers credits for the direct provision of services identified in the development charge calculation and, when credits are granted, require the municipality to reimburse the developer for the costs the municipality would have incurred if the project had been financed from the development charge reserve fund;
- Set out provisions for front-end financing capital projects (limited to essential services) required to service new development; and
- Set out provisions for appeals and complaints.

In late 2015, the Province approved amendments to the D.C.A. With respect to water and wastewater, the only changes are for the municipality to provide an asset management calculation for the growth-related works and for the Council to consider (but not necessarily approve) area-specific rates.

Since 2019, a number of further amendments to the D.C.A. have occurred. With respect to water and wastewater, a few changes may impact D.C. revenue collections:

1. Timing of Collection:

- a. D.C. Rate Freeze - For developments proceeding through site plan or zoning by-law amendment, the D.C. rate is frozen at the time the application is submitted. The D.C. remains frozen for eighteen months after the application is approved. Should the D.C. study be updated to increase water and wastewater D.C. rates during this period, the Township would not be able to collect for this increase.
- b. D.C. Installment Payments - For rental housing and institutional development D.C.s are paid over five years. This provides a delay in receipt of D.C. revenues which will need to be cash-flowed by the Township.

2. Mandatory Exemptions:

- a. The ability to add additional units to new and existing homes without incurring D.C. payment.
- b. Developments of land intended for use by a university that receives operating funds from the Government.



- c. Affordable/Attainable Housing based on the thresholds set by the Province.
- d. Non-Profit housing.
- e. Discounts for rental housing (which range from 15% to 25%) depending on the number of bedrooms.

Consideration for these exemptions and discounts should be made during the D.C. study process to ensure all capacity available to growth is allocated appropriately.

4.3 Municipal Act

Part XII of the *Municipal Act* provides municipalities with broad powers to impose fees and charges via passage of a by-law. These powers, as presented in s.391(1), include imposing fees or charges:

- “for services or activities provided or done by or on behalf of it;
- for costs payable by it for services or activities provided or done by or on behalf of any other municipality or local board; and
- for the use of its property including property under its control.”

Restrictions are provided to ensure that the form of the charge is not akin to a poll tax. Any charges not paid under this authority may be added to the tax roll and collected in a like manner. The fees and charges imposed under this part are not appealable to the Ontario Land Tribunal (OLT, formerly known as Local Planning Appeal Tribunal (LPAT)).

Section 221 of the previous *Municipal Act* permitted municipalities to impose charges, by by-law, on owners or occupants of land who would or might derive benefit from the construction of sewage (storm and sanitary) or water works being authorized (in a specific benefit area). For a by-law imposed under this section of the previous Act:

- A variety of different means could be used to establish the rate and recovery of the costs and could be imposed by a number of methods at the discretion of Council (i.e. lot size, frontage, number of benefiting properties, etc.);
- Rates could be imposed with respect to costs of major capital works, even though an immediate benefit was not enjoyed;



- Non-abutting owners could be charged;
- Recovery was authorized against existing works, where a new water or sewer main was added to such works, "notwithstanding that the capital costs of existing works has in whole or in part been paid;"
- Charges on individual parcels could be deferred;
- Exemptions could be established;
- Repayment was secured; and
- OLT approval was not required.

While under the new *Municipal Act* no provisions are provided specific to the previous s.221, the intent to allow capital cost recovery through fees and charges is embraced within s.391. The new *Municipal Act* also maintains the ability of municipalities to impose capital charges for water and sewer services on landowners not receiving an immediate benefit from the works. Under s.391(2) of the Act, "a fee or charge imposed under subsection (1) for capital costs related to sewage or water services or activities may be imposed on persons not receiving an immediate benefit from the services or activities but who will receive a benefit at some later point in time." Also, capital charges imposed under s.391 are not appealable to the OLT on the grounds that the charges are "unfair or unjust."

Section 222 of the previous *Municipal Act* permitted municipalities to pass a by-law requiring buildings to connect to the municipality's sewer and water systems, charging the owner for the cost of constructing services from the mains to the property line. Under the new *Municipal Act*, this power still exists under Part II, General Municipal Powers (s.9 (3) b of the *Municipal Act*). Enforcement and penalties for this use of power are contained in s.427 (1) of the *Municipal Act*.

Under the previous *Local Improvement Act*:

- A variety of different types of works could be undertaken, such as watermain, storm and sanitary sewer projects, supply of electrical light or power, bridge construction, sidewalks, road widening and paving;
- Council could pass a by-law for undertaking such work on petition of a majority of benefiting taxpayers, on a 2/3 vote of Council and on sanitary grounds, based on the recommendation of the Minister of Health. The by-law was required to go to the OLT, which might hold hearings and alter the by-law, particularly if there were objections;



- The entire cost of a work was assessed only upon the lots abutting directly on the work, according to the extent of their respective frontages, using an equal special rate per metre of frontage; and
- As noted, this Act was repealed as of April 1, 2003; however, O. Reg. 119/03 was enacted on April 19, 2003 which restores many of the previous *Local Improvement Act* provisions; however, the authority is now provided under the *Municipal Act*.

4.4 Grant Funding Availability

Federal Infrastructure Funding

Phase 1 (April 1, 2016 to March 31, 2018)

Funding was provided by the Government of Canada to expressly help municipalities with repair and rehabilitation projects. Funding was mainly provided through the Clean Water and Wastewater Fund (C.W.W.F.) and Public Transit Infrastructure Fund (P.T.I.F.) in Federal Phase 1 projects. The C.W.W.F. was announced in Ontario on September 15, 2016. The Fund is \$1.1 billion for water, wastewater, and storm water systems in Ontario. The federal government provided \$569 million and Ontario and municipal governments provided \$275 million each.

Over 1,300 water, wastewater, and storm water projects have been approved in Ontario through the C.W.W.F. In Ontario, P.T.I.F. accounted for nearly \$1.5 billion of the national total of \$3.4 billion. The program was allocated by ridership numbers from the Canadian Urban Transit Association. The Association of Municipalities of Ontario (A.M.O.) understands that \$1 billion of Ontario's share has been approved.

Phase 2: Next Steps

The federal government announced Phase 2 of its infrastructure funding plan with a total of \$180 billion spent over 11 years. In addition to the balance of funding for previous green, social, and public transit infrastructure funds (\$20 billion each, including Phase 1), the government has added \$10.1 billion for trade and transportation infrastructure and \$2 billion for rural and northern communities. This funding must be implemented by agreements with each Province and Territory.



In Phase 2, Ontario will be eligible for \$11.8 billion including \$8.3 billion for transit, \$2.8 billion for green infrastructure, \$407 million for community, culture and recreation and \$250 million for rural and northern communities.

Federal Gas Tax

The federal Gas Tax is a permanent source of funding provided up front, twice-a-year, to Provinces and Territories, who in turn flow this funding to their municipalities to support local infrastructure priorities. Municipalities can pool, bank and borrow against this funding, providing significant financial flexibility. Every year, the federal Gas Tax provides over \$2 billion and supports approximately 2,500 projects in communities across Canada. Each municipality selects how best to direct the funds with the flexibility provided to make strategic investments across 18 different project categories, which include other water and wastewater servicing.

Ontario Government

The Province has taken steps to increase municipal infrastructure funding. The Ontario Community Infrastructure Fund (O.C.I.F.) was increased in 2016 with formula-based support growing to \$200 million, and application funding growing to \$100 million annually. As well, \$15 million annually will go to the new Connecting Links program to help pay for the construction and repair costs of municipal roads that connect communities to provincial highways. This is on top of the Building Ontario Up investment of \$130 billion in public infrastructure over 10 years starting in 2015.

Housing-Enabling Water Systems Fund

In Ontario's 2023 Fall Economic Statement, the Province announced the Housing-Enabling Water Systems Fund (H.E.W.S.F.), which aims to invest a total of \$200 million over three years towards the repair, rehabilitation, and expansion of core water, wastewater, and stormwater infrastructure to promote growth and enable new housing development. The H.E.W.S.F. is a competitive application-based funding program and the program guidelines were released on January 29, 2024.

Eligible Asset types include:



- Drinking water assets (e.g., treatment plants, reservoirs, local pipes including the distribution system watermain and the municipal portion of service lines, pump stations)
- Wastewater assets (e.g., lagoon systems, pump stations, lift station, linear assets, treatment plants, storage tanks and collection systems)
- Stormwater assets (e.g., management facilities, linear assets including conveyance piping/ditches/culverts)

The first round of HEWSF funding was launched with an initial commitment (e.g. \$200 million, per early plans) and ultimately led to an investment of \$970 million, with an application deadline of April 19, 2024. Under that first intake, 54 infrastructure projects across 61 municipalities were supported, enabling the construction of approximately 500,000 new homes across Ontario.

In view of high demand, the Province launched a second intake, providing an additional \$325 million, with applications due November 1, 2024.

In July 2025, the Province committed another \$400 million in direct funding to support 50 further projects from the first two intakes. These projects are expected to enable approximately 86,000 new housing units across 55 municipalities.

In total, the H.E.W.S.F. is investing nearly \$1.7 billion in housing-enabling water infrastructure, designed to support the development of around 700,000 new homes across Ontario.

Grant Funding

For this study process, an estimated grant amount of \$500,000 has been assumed for wastewater . However, if the status of the grant funding changes, the rate study may need to be amended to reflect the appropriate funding sources.

4.5 Existing Reserves/Reserve Funds

The Township has established reserves and reserve funds for water and wastewater. The estimated balances to the end of December 31, 2024 are presented in Table 4-1:



Table 4-1
Water and Wastewater Reserves and Reserve Funds
Estimated as of December 31, 2024

Reserve	Dec. 31 2024
Water	
Water Reserve	1,271,664
DC - Water Reserve	235,441
Wastewater	
Sewer Reserve	2,126,823
DC - Sewer Reserve	102,184

4.6 Debenture Financing

Although it is not a direct method of minimizing the overall cost to the ratepayer, debentures are used by municipalities to assist in cash flowing large capital expenditures.

The Ministry of Municipal Affairs regulates the level of debt incurred by Ontario municipalities, through its powers established under the *Municipal Act*. Ontario Regulation 403/02 provides the current rules respecting municipal debt and financial obligations. Through the rules established under these regulations, a municipality's debt capacity is capped at a level where no more than 25% of the municipality's own purpose revenue may be allotted for servicing the debt (i.e. debt charges). The Township of West Lincoln's calculation on Debt Capacity is shown on Schedule 81 of the Township's most recent Financial Information Return (F.I.R.). This calculates to the Township's estimated annual repayment limit of approximately \$3.16 million. Based upon 20-year financing at an assumed rate of 4.12%, the available debt for the Township is approximately \$42.46 million. Based on the calculations provided herein, it is assumed that the Township will require approximately \$19.61 million of debt to finance capital projects over the forecast period.

4.7 Infrastructure Ontario

Infrastructure Ontario (I.O.) is an arms-length crown corporation, which has been set up as a tool to offer low-cost and longer-term financing to assist municipalities in renewing their infrastructure (this corporation has merged the former O.S.I.F.A. into its



operations). I.O. combines the infrastructure renewal needs of municipalities into an infrastructure investment “pool.” I.O. will raise investment capital to finance loans to the public sector by selling a new investment product called Infrastructure Renewal Bonds to individual and institutional investors.

I.O. provides access to infrastructure capital that would not otherwise be available to smaller borrowers. Larger borrowers receive a longer term on their loans than they could obtain in the financial markets, and can also benefit from significant savings on transaction costs such as legal costs and underwriting commissions. Under the I.O. approach, all borrowers receive the same low interest rate. I.O. will enter into a financial agreement with each municipality subject to technical and credit reviews, for a loan up to the maximum amount of the loan request.

The first round of the former O.S.I.F.A.’s 2004/2005 infrastructure renewal program was focused on municipal priorities of clean water infrastructure, sewage treatment facilities, municipal roads and bridges, public transit and waste management infrastructure. The focus of the program was expanded in 2005/2006 somewhat to include:

- clean water infrastructure;
- sewage infrastructure;
- waste management infrastructure;
- municipal roads and bridges;
- public transit;
- municipal long-term care homes;
- renewal of municipal social housing and culture; and
- tourism and recreation infrastructure.

With the merging of O.S.I.F.A. and I.O., the program was broadened in late 2006 to also include municipal administrative buildings, local police and fire stations, emergency vehicles and equipment, ferries, docks and municipal airports.

To be eligible to receive these loans, municipalities must submit a formal application along with pertinent financial information. Allotments are prioritized and distributed based upon the Province’s assessment of need.



4.8 Recommended Capital Financing Approach

Of the various funding alternatives provided in this section, the following are recommended for further consideration by the Township for the capital expenditures (inflated) provided in Chapter 2:

Table 4-2
Township of West Lincoln
Capital Forecasting Financing Sources
Inflated \$

Description	Water	Wastewater
Capital Financing		
Provincial/Federal Grants	-	500,000
Development Charges Reserve Fund	250,000	5,282,586
Non-Growth Related Debenture Requirements	6,106,000	-
Growth Related Debenture Requirements	1,444,000	12,061,000
Operating Contributions	-	-
Water Reserve	4,358,000	1,731,414
Total Capital Financing	12,158,000	19,575,000

Tables 4-3 and 4-4 provide for the full capital expenditure and funding program by year for water and wastewater, respectively.



Table 4-3
Township of West Lincoln
Capital Budget Forecast – Water (inflated \$)

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures										
322 - Leak Detection Program	-	-	-	-	-	-	-	-	117,000	-
324 - Water Rate Study and Financial Plan	60,000	-	-	-	-	-	-	-	-	-
325 - Cube Van - To replace 2007 Chevrolet Van TR# 12004	80,000	-	-	-	-	-	-	-	-	-
420 - Water Meter Replacement Program	35,000	51,000	52,000	53,000	54,000	66,000	68,000	69,000	70,000	72,000
658 - Bulk Water Station - Replace roof shingles	-	-	10,000	-	-	-	-	-	-	-
679 - South Grimsby Rd 5 Water Main - From: Northridge Dr To: HWY 20	-	-	356,000	-	-	-	-	-	-	-
682 - St. Catherines St. Water Main - From: Industrial Park Rd To: Frank St	-	-	832,000	-	-	-	-	-	-	-
683 - Frank Street Water Main - From: RR20 To: RR14	-	-	125,000	-	-	-	-	-	-	-
684 - Griffin St. N Water Main - From: Griffin Street to McMurchie Lane	-	-	104,000	-	-	-	-	-	-	-
723 - Miscellaneous Water Equipment	5,000	5,000	5,000	5,000	5,000	7,000	7,000	7,000	7,000	7,000
743 - Water Meters - New Installation	25,000	39,000	41,000	43,000	44,000	46,000	48,000	49,000	51,000	53,000
927 - Industrial Park Rd Water Main - From: Pearson Rd to New Urban Boundary	-	-	832,000	-	-	-	-	-	-	-
943 - Water Loss Study	-	-	-	-	-	-	-	57,000	-	-
1191 - Edward Ct, Leslie Ct, & Margaret St. Watermain Replacement	-	-	104,000	-	541,000	-	-	-	-	-
1192 - Erie Ave, Morgan Ave., College St., & McMurchie Ln Watermain Replacement	-	-	-	159,000	-	-	1,126,000	-	-	-
1193 - Wade Rd, Wallis Ave., & Colver St. Watermain Replacement	-	-	-	-	-	221,000	-	-	1,992,000	-
1194 - Thompson Rd., London Rd., & Skyway Rd. Watermain Replacement	-	-	-	-	-	-	-	172,000	-	1,195,000
1195 - Rock St., Silver St., Tara Pl., Ellis St., Davis St., & Mill St. Watermain Replacement	-	-	-	-	-	-	-	287,000	-	1,793,000
1243 - Water Valve Turning Machine	-	-	130,000	-	-	-	-	-	-	-
1252 - Dufferin Street Watermain Replacement	60,000	510,000	-	-	-	-	-	-	-	-
1265 - Water Master Plan Update	-	-	-	-	81,000	-	-	-	-	-
1275 - AMI Gateway Antennas	-	-	125,000	-	-	-	-	-	-	-
Total Capital Expenditures	265,000	605,000	2,716,000	260,000	725,000	340,000	1,249,000	641,000	2,237,000	3,120,000
Capital Financing										
Development Charges Reserve Fund	-	-	250,000	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	1,126,000	-	1,992,000	2,988,000
Growth Related Debenture Requirements	-	-	1,363,000	-	81,000	-	-	-	-	-
Water Reserve	265,000	605,000	1,103,000	260,000	644,000	340,000	123,000	641,000	245,000	132,000
Total Capital Financing	265,000	605,000	2,716,000	260,000	725,000	340,000	1,249,000	641,000	2,237,000	3,120,000



Table 4-4
Township of West Lincoln
Capital Budget Forecast – Wastewater (inflated \$)

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures										
374 - Pollution Control Plan - CSO Study - Extraneous Flow Reduction Program	-	-	-	106,000	-	-	-	-	117,000	-
430 - Urban Boundary Expansion - WW-SL-004B - Wastewater Servicing (Stage 3A)	200,000	-	-	-	-	-	-	-	1,222,000	-
500 - Inflow & Infiltration Reduction Program	200,000	-	208,000	-	216,000	-	225,000	-	234,000	-
733 - Miscellaneous Wastewater Equipment	5,000	5,000	5,000	5,000	5,000	7,000	7,000	8,000	8,000	8,000
1160 - Urban Boundary Expansion - WW-SL-001 Wastewater Servicing (Stage 1)	-	-	-	-	-	-	-	12,061,000	-	-
1161 - Urban Boundary Expansion - WW-SL-002 Wastewater Servicing (Stage 1)	-	-	-	-	-	-	-	1,838,000	-	-
1162 - Urban Boundary Expansion - WW-SL-003 Wastewater Servicing (Stage 2)	-	-	-	-	-	-	-	2,183,000	-	-
1250 - Dufferin Street Sanitary Sewer Replacement	60,000	561,000	-	-	-	-	-	-	-	-
1264 - Sanitary Sewer Masterplan update	-	-	-	-	81,000	-	-	-	-	-
Total Capital Expenditures	465,000	566,000	213,000	111,000	302,000	7,000	232,000	16,090,000	1,581,000	8,000
Capital Financing										
Provincial/Federal Grants	100,000	-	100,000	-	100,000	-	100,000	-	100,000	-
Development Charges Reserve Fund	168,000	-	64,480	53,000	127,656	-	69,750	4,021,000	778,700	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	12,061,000	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-
Wastewater Reserve	197,000	566,000	48,520	58,000	74,344	7,000	62,250	8,000	702,300	8,000
Total Capital Financing	465,000	566,000	213,000	111,000	302,000	7,000	232,000	16,090,000	1,581,000	8,000



Chapter 5

Overview of Expenditures and Revenues



5. Overview of Expenditures and Revenues

5.1 Water Operating Expenditures

In this report, the forecast water and wastewater budget figures (2025 to 2034) are based on the 2025 operating budgets. The costs for each component of the operating budget have been reviewed with staff to establish forecast inflationary adjustments. Salaries and wages are assumed to increase by 2.9% per year, purchases from Niagara Region are assumed to increase by 4.3% per year for water, and all other operating expenditures are assumed to increase by 2% per year.

In addition, contributions to the water reserve funds have been included. The water reserve fund transfers are used to fund the water capital program identified in Chapter 2, as well as build-up the reserve balance for future lifecycle requirements.

5.2 Water Operating Revenues

The Township has base charges and miscellaneous revenue sources to help contribute towards operating expenditures. These miscellaneous revenues, include items such as service connections, penalties, etc. Miscellaneous revenues have been assumed to remain constant.

The water base charges are further discussed in section 6.5 of this study.

Note that the operating revenue presented herein represents the fixed component of the total operating revenue. The shortfall of the fixed revenue from the operating expenditures is what is used to calculate the recovery from the water volume rates, which is presented in Chapter 7. Table 5-1 provides for the water operating budget for the Township.



Table 5-1
Township of West Lincoln
Operating Budget Forecast – Water (inflated \$)

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures										
<u>Operating Costs</u>		-	-	-	-	-	-	-	-	-
Water										
Salaries and Wages	316,360	325,500	334,900	344,600	354,600	364,900	375,500	386,400	397,600	409,100
Water & Wastewater Operator (WWOPR1)		21,810	22,400	23,000	23,700	24,400	25,100	25,800	26,500	27,300
Water & Wastewater Operator (WWOPR2)		21,810	22,400	23,000	23,700	24,400	25,100	25,800	26,500	27,300
Water & Wastewater Operator (WWOPR3)		21,810	22,400	23,000	23,700	24,400	25,100	25,800	26,500	27,300
Benefits	100,470	103,400	106,400	109,500	112,700	116,000	119,400	122,900	126,500	130,200
Administrative Expenses	11,400	11,600	11,800	12,000	12,200	12,400	12,600	12,900	13,200	13,500
Supplies and Equipment	14,280	14,600	14,900	15,200	15,500	15,800	16,100	16,400	16,700	17,000
Repairs and Maintenance (Materials Only)	35,600	36,300	37,000	37,700	38,500	39,300	40,100	40,900	41,700	42,500
Utilities	6,800	6,900	7,000	7,100	7,200	7,300	7,400	7,500	7,700	7,900
Insurance	35,600	36,300	37,000	37,700	38,500	39,300	40,100	40,900	41,700	42,500
Contracted Services	42,870	43,700	44,600	45,500	46,400	47,300	48,200	49,200	50,200	51,200
Internal Functional Adjustments	30,010	30,600	31,200	31,800	32,400	33,000	33,700	34,400	35,100	35,800
Allocation of Program Support	173,900	177,400	180,900	184,500	188,200	192,000	195,800	199,700	203,700	207,800
Corporate Program Allocation		26,200	52,900	81,800	83,400	85,100	86,800	88,500	90,300	92,100
Coordinator of Engineering Services (ENGSER)	32,338	50,800	52,300	53,800	55,400	57,000	58,700	60,400	62,200	64,000
Department Director_PW (DIRECT3)	40,327	61,100	62,900	64,700	66,600	68,500	70,500	72,500	74,600	76,800
Manager of RDS, Water & WW (MGROPR)	66,194	84,700	87,200	89,700	92,300	95,000	97,800	100,600	103,500	106,500
MANAGER, CAPITAL DESIGN DELIVERY (MGRCAP)	32,338	50,800	52,300	53,800	55,400	57,000	58,700	60,400	62,200	64,000
Public Works Supervisor (PWSUP)	43,446	14,800	15,200	15,600	16,100	16,600	17,100	17,600	18,100	18,600
Public Works Clerk (CLKPW)	26,278	26,900	27,700	28,500	29,300	30,100	31,000	31,900	32,800	33,800
Water and Revenue Clerk (CLKWAT)	32,250	41,300	42,500	43,700	45,000	46,300	47,600	49,000	50,400	51,900
*Regulatory Compliance Supervisor (new role)		117,900	121,300	124,800	128,400	132,100	135,900	139,800	143,900	148,100
*Engineering Technologist (new role)		38,520	39,600	40,700	41,900	43,100	44,300	45,600	46,900	48,300
Bulk Water		-	-	-	-	-	-	-	-	-
Repairs and Maintenance (Materials Only)	5,130	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900	6,000
Utilities	3,880	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800
Contracted Services	4,030	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
Internal Functional Adjustments	2,230	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Purchases from Region	1,002,400	1,050,912	1,112,083	1,193,242	1,290,916	1,394,783	1,505,196	1,622,525	1,747,162	1,879,517
		-	-	-	-	-	-	-	-	-
Sub Total Operating	2,058,131	2,431,261	2,554,783	2,701,142	2,838,516	2,982,883	3,134,896	3,294,825	3,463,362	3,641,017



Table 5-1 (con't)
Township of West Lincoln
Operating Budget Forecast – Water (inflated \$)

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital-Related										
Existing Debt (Principal) - Growth Related										
Existing Debt (Interest) - Growth Related										
New Growth Related Debt (Principal)		-	-	45,205	47,067	51,693	53,823	56,040	58,349	60,753
New Growth Related Debt (Interest)		-	-	56,156	54,293	55,691	53,561	51,344	49,035	46,631
New Non-Growth Related Debt (Principal)		-	-	-	-	-	-	37,345	38,883	106,551
New Non-Growth Related Debt (Interest)		-	-	-	-	-	-	46,391	44,853	125,321
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	283,528	160,084	353,832	480,176	683,555	901,858	1,143,278	1,317,400	1,600,615	1,762,848
Sub Total Capital Related	283,528	160,084	353,832	581,536	784,916	1,009,242	1,250,662	1,508,520	1,791,735	2,102,105
Total Expenditures	2,341,660	2,591,345	2,908,615	3,282,678	3,623,432	3,992,125	4,385,558	4,803,345	5,255,097	5,743,122
Revenues										
Base Charge	598,728	666,658	758,438	849,098	965,387	1,091,181	1,227,142	1,373,971	1,532,415	1,703,268
1-08-08321-410101 WAT-UTLY-WATER SERVICES FEES	25,000	25,500	26,000	26,500	27,000	27,500	28,100	28,700	29,300	29,900
1-08-08321-420203 WAT-UTLY-P&I	18,600	19,000	19,400	19,800	20,200	20,600	21,000	21,400	21,800	22,200
Bulk Water	609,100	670,000	737,000	773,900	812,600	853,200	895,900	940,700	987,700	1,037,100
Contributions from Development Charges Reserve Fund	-	-	-	101,361	101,361	107,384	107,384	107,384	107,384	107,384
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	1,251,428	1,381,158	1,540,838	1,770,658	1,926,547	2,099,865	2,279,526	2,472,155	2,678,599	2,899,852
Water Billing Recovery - Total	1,090,232	1,210,187	1,367,778	1,512,020	1,696,885	1,892,259	2,106,032	2,331,190	2,576,498	2,843,270



5.3 Wastewater Operating Expenditures

Similar to water expenditures, the wastewater operating expenditures have been adjusted over the forecast period to reflect the current inflationary pressures in Ontario. Salaries and wages are assumed to increase by 2.9% per year, purchases from Niagara Region are assumed to increase by 8.5% per year for wastewater, and all other operating expenditures are assumed to increase by 2% per year.

In addition, contributions to the wastewater reserve funds have been included. The wastewater reserve fund transfers are used to fund the wastewater capital program identified in Chapter 2, as well as build-up the reserve balance for future lifecycle requirements.

5.4 Wastewater Operating Revenues

The Township's fixed revenue sources are generated primarily from base charges.

The wastewater base charges are further discussed in section 6.5 of this study.

As noted in the section above, the operating revenue presented herein represents the fixed component of the total operating revenue. The shortfall of the fixed revenue from the operating expenditures is what is used to calculate the recovery from the wastewater volume rates, which is presented in Chapter 7. Table 5-2 provides for the wastewater operating budget for the Township.



Table 5-2
Township of West Lincoln
Operating Budget Forecast – Wastewater (inflated \$)

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures										
<u>Operating Costs</u>										
Salaries and Wages	111,560	114,800	118,100	121,500	125,000	128,600	132,300	136,100	140,000	144,100
Water & Wastewater Operator (WWOPR1)		(15,995)	(16,500)	(17,000)	(17,500)	(18,000)	(18,500)	(19,000)	(19,600)	(20,200)
Water & Wastewater Operator (WWOPR2)		(15,995)	(16,500)	(17,000)	(17,500)	(18,000)	(18,500)	(19,000)	(19,600)	(20,200)
Water & Wastewater Operator (WWOPR3)		(15,995)	(16,500)	(17,000)	(17,500)	(18,000)	(18,500)	(19,000)	(19,600)	(20,200)
Benefits	35,030	36,000	37,000	38,100	39,200	40,300	41,500	42,700	43,900	45,200
Supplies and Equipment	7,150	7,300	7,400	7,500	7,700	7,900	8,100	8,300	8,500	8,700
Repairs and Maintenance (Materials Only)	10,640	10,900	11,100	11,300	11,500	11,700	11,900	12,100	12,300	12,500
Insurance	39,700	40,500	41,300	42,100	42,900	43,800	44,700	45,600	46,500	47,400
Internal Functional Adjustments	12,210	12,500	12,800	13,100	13,400	13,700	14,000	14,300	14,600	14,900
Allocation of Program Support	107,000	109,100	111,300	113,500	115,800	118,100	120,500	122,900	125,400	127,900
Corporate Program Allocation		119,700	241,800	373,800	381,300	388,900	396,700	404,600	412,700	421,000
Coordinator of Engineering Services (ENGSER)	24,500	8,500	8,700	9,000	9,300	9,600	9,900	10,200	10,500	10,800
Department Director_PW (DIRECT3)	30,500	10,200	10,500	10,800	11,100	11,400	11,700	12,000	12,300	12,700
Manager of RDS, Water & WW (MGROPR)	33,100	16,900	17,400	17,900	18,400	18,900	19,400	20,000	20,600	21,200
MANAGER, CAPITAL DESIGN DELIVERY (MGRCAP)	24,500	8,500	8,700	9,000	9,300	9,600	9,900	10,200	10,500	10,800
Public Works Supervisor (PWSUP)	14,500	-	-	-	-	-	-	-	-	-
Water and Revenue Clerk (CLKWAT)	16,100	8,300	8,500	8,700	9,000	9,300	9,600	9,900	10,200	10,500
*Regulatory Compliance Supervisor (new role)		13,100	13,500	13,900	14,300	14,700	15,100	15,500	15,900	16,400
*Engineering Technologist (new role)		9,600	9,900	10,200	10,500	10,800	11,100	11,400	11,700	12,000
Purchases from Region	2,007,000	2,198,516	2,450,487	2,800,477	3,243,620	3,741,781	4,301,105	4,928,384	5,631,119	6,417,598
Contracted Services	67,280	68,600	70,000	71,400	72,800	74,300	75,800	77,300	78,800	80,400
Sub Total Operating	2,540,770	2,745,031	3,128,987	3,621,277	4,082,620	4,599,381	5,177,805	5,824,484	6,546,719	7,353,498
<u>Capital-Related</u>										
New Growth Related Debt (Principal)		-	-	-	-	-	-	-	400,012	416,493
New Growth Related Debt (Interest)		-	-	-	-	-	-	-	496,913	480,433
Transfer to Capital Reserve	57,519	119,849	94,332	102,544	283,097	499,665	747,974	1,038,749	1,367,163	1,753,044
Sub Total Capital Related	57,519	119,849	94,332	102,544	283,097	499,665	747,974	1,038,749	2,264,088	2,649,969
Total Expenditures	2,598,289	2,864,880	3,223,320	3,723,822	4,365,717	5,099,046	5,925,780	6,863,233	8,810,807	10,003,467
Revenues										
Base Charge	1,361,394	1,502,325	1,694,375	1,970,782	2,328,241	2,734,078	3,194,108	3,714,797	4,303,338	4,967,726
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	-	-	896,925	896,925
Total Operating Revenue	1,361,394	1,502,325	1,694,375	1,970,782	2,328,241	2,734,078	3,194,108	3,714,797	5,200,263	5,864,651
Wastewater Billing Recovery - Total	1,236,895	1,362,555	1,528,945	1,753,039	2,037,477	2,364,968	2,731,672	3,148,436	3,610,544	4,138,817



Chapter 6

Pricing Structures

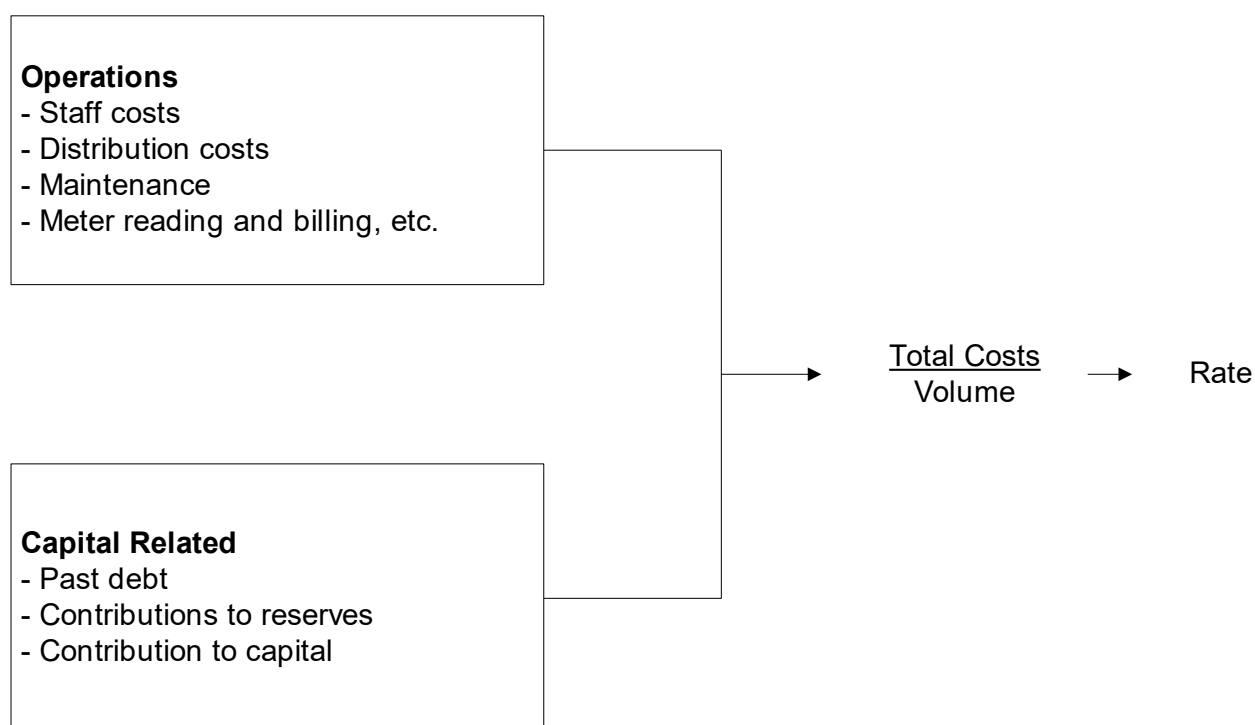


6. Pricing Structures

6.1 Introduction

Rates, in their simplest form, can be defined as total costs to maintain the utility function divided by the total expected volume to be generated for the period. Total costs are usually a combination of operating costs (e.g. staff costs, distribution costs, maintenance, administration, etc.) and capital-related costs (e.g. past debt to finance capital projects, transfers to reserves to finance future expenditures, etc.). The schematic below provides a simplified illustration of the rate calculation for water.

“Annual Costs”



These operating and capital expenditures will vary over time. Examples of factors that will affect the expenditures over time are provided below.

Operations

- Inflation;



- Increased maintenance as system ages; and
- Changes to provincial legislation.

Capital Related

- New capital will be built as areas expand;
- Replacement capital needed as system ages; and
- Financing of capital costs are a function of policy regarding reserves and direct financing from rates (pay as you go), debt and user pay methods (development charges, *Municipal Act*).

6.2 Alternative Pricing Structures

Throughout Ontario, and as well, Canada, the use of pricing mechanisms varies between municipalities. The use of a particular form of pricing depends upon numerous factors, including Council preference, administrative structure, surplus/deficit system capacities, economic/demographic conditions, to name a few.

Municipalities within Ontario have two basic forms of collecting revenues for water purposes, those being through incorporation of the costs within the tax rate charged on property assessment and/or through the establishment of a specific water rate billed to the customer. Within the rate methods, there are five basic rate structures employed along with other variations:

- Flat Rate (non-metered customers);
- Constant Rate;
- Declining Block Rate;
- Increasing (or Inverted) Block Rate;
- Hump Back Block Rate; and
- Base Charges.

The definitions and general application of the various methods are as follows:

Property Assessment: This method incorporates the total costs of providing water into the general requisition or the assessment base of the municipality. This form of collection is a "wealth tax," as payment increases directly with the value of property owned and bears no necessary relationship to actual consumption. This form is easy to



administer as the costs to be recovered are incorporated in the calculation for all general services, normally collected through property taxes.

Flat Rate: This rate is a constant charge applicable to all customers served. The charge is calculated by dividing the total number of user households and other entities (e.g. businesses) into the costs to be recovered. This method does not recognize differences in actual consumption but provides for a uniform spreading of costs across all users. Some municipalities define users into different classes of similar consumption patterns, that is, a commercial user, residential user and industrial user, and charge a flat rate by class. Each user is then billed on a periodic basis. No meters are required to facilitate this method, but an accurate estimate of the number of users is required. This method ensures set revenue for the collection period but is not sensitive to consumption, hence may cause a shortfall or surplus of revenues collected.

Constant Rate: This rate is a volume-based rate, in which the consumer pays the same price per unit consumed, regardless of the volume. The price per unit is calculated by dividing the total cost of the service by the total volume used by total consumers. The bill to the consumer climbs uniformly as the consumption increases. This form of rate requires the use of meters to record the volume consumed by each user. This method closely aligns the revenue recovery with consumption. Revenue collected varies directly with the consumption volume.

Declining Block Rates: This rate structure charges a successively lower price for set volumes, as consumption increases through a series of "blocks." That is to say that within set volume ranges, or blocks, the charge per unit is set at one rate. Within the next volume range, the charge per unit decreases to a lower rate, and so on. Typically, the first, or first and second blocks cover residential and light commercial uses. Subsequent blocks normally are used for heavier commercial and industrial uses. This rate structure requires the use of meters to record the volume consumed by each type of user. This method requires the collection and analysis of consumption patterns by user classification to establish rates at a level which does not over or under collect revenue from rate payers.

Increasing or Inverted Block Rates: The increasing block rate works essentially the same way as the declining block rate, except that the price of water in successive blocks increases rather than declines. Under this method the consumer's bill rises faster with higher volumes used. This rate structure also requires the use of meters to



record the volume consumed by each user. This method requires, as with the declining block structure, the collection and analysis of consumption patterns by user classification to establish rates at a level which does not over or under collect from rate payers.

The Hump Back Rate: The hump back rate is a combination of an increasing block rate and the declining block rate. Under this method the consumer's bill rises with higher volumes used up to a certain level and then begins to fall for volumes in excess of levels set for the increasing block rate.

6.3 Assessment of Alternative Pricing Structures

The adoption by a municipality or utility of any one particular pricing structure is normally a function of a variety of administrative, social, demographic and financial factors. The number of factors, and the weighting each particular factor receives, can vary between municipalities. The following is a review of some of the more prevalent factors.

Cost Recovery

Cost recovery is a prime factor in establishing a particular pricing structure. Costs can be loosely defined into different categories: operations, maintenance, capital, financing and administration. These costs often vary between municipalities and even within a municipality, based on consumption patterns, infrastructure age, economic growth, etc.

The pricing alternatives defined earlier can all achieve the cost recovery goal, but some do so more precisely than others. Fixed pricing structures, such as Property Assessment and Flat Rate, are established on the value of property or on the number of units present in the municipality, but do not adjust in accordance with consumption. Thus, if actual consumption for the year is greater than projected, the municipality incurs a higher cost of production, but the revenue base remains static (since it was determined at the beginning of the year), thus potentially providing a funding shortfall. Conversely, if the consumption level declines below projections, fixed pricing structures will produce more revenue than actual costs incurred.



The other pricing methods (declining block, constant rate, increasing block) are consumption-based and generally will generate revenues in proportion to actual consumption.

Administration

Administration is defined herein as the staffing, equipment and supplies required to support the undertaking of a particular pricing strategy. This factor not only addresses the physical tangible requirements to support the collection of the revenues, but also the intangible requirements, such as policy development.

The easiest pricing structure to support is the Property Assessment structure. As municipalities undertake the process of calculating property tax bills and the collection process for their general services, the incorporation of the water costs into this calculation would have virtually no impact on the administrative process and structure.

The Flat Rate pricing structure is relatively easy to administer as well. It is normally calculated to collect a set amount, either on a monthly, quarterly, semi-annual or annual basis, and is billed directly to the customer. The impact on administration centres mostly on the accounts receivable or billing area of the municipality, but normally requires minor additional staff or operating costs to undertake.

The three remaining methods, those being Increasing Block Rate, Constant Rate and Declining Block Rate, have a more dramatic effect on administration. These methods are dependent upon actual consumption and hence involve a major structure in place to administer. First, meters must be installed in all existing units in the municipality, and units to be subsequently built must be required to include these meters. Second, meter readings must be undertaken periodically. Hence staff must be available for this purpose or a service contract must be negotiated. Third, the billings process must be expanded to accommodate this process. Billing must be done per a defined period, requiring staff to produce the bills. Lastly, either through increased staffing or by service contract, an annual maintenance program must be set up to ensure meters are working effectively in recording consumed volumes.

The benefit derived from the installation of meters is that information on consumption patterns becomes available. This information provides benefit to administration in calculating rates which will ensure revenue recovery. Additionally, when planning what services are to be constructed in future years, the municipality or utility has documented



consumption patterns distinctive to its own situation, which can be used to project sizing of growth-related works.

Equity

Equity is always a consideration in the establishment of pricing structures but its definition can vary depending on a municipality's circumstances and based on the subjective interpretation of those involved. For example: is the price charged to a particular class of rate payer consistent with those of a similar class in surrounding municipalities; through the pricing structure does one class of rate payer pay more than another class; should one pay based on ability to pay, or on the basis that a unit of water costs the same to supply no matter who consumes it; etc.? There are many interpretations. Equity therefore must be viewed broadly in light of many factors as part of achieving what is best for the municipality as a whole.

Conservation

In today's society, conservation of natural resources is increasingly being more highly valued. Controversy continuously focuses on the preservation of non-renewable resources and on the proper management of renewable resources. Conservation is also a concept which applies to a municipality facing physical limitations in the amount of water which can be supplied to an area. As well, financial constraints can encourage conservation in a municipality where the cost of providing each additional unit is increasing.

Pricing structures such as property assessment and flat rate do not, in themselves, encourage conservation. In fact, depending on the price which is charged, they may even encourage resource "squandering," either because consumers, without the price discipline, consume water at will, or the customer wants to get his money's worth and hence adopts more liberal consumption patterns. The fundamental reason for this is that the price paid for the service bears no direct relationship to the volume consumed and hence is viewed as a "tax," instead of being viewed as the price of a purchased commodity.

The Declining Block Rate provides a decreasing incentive towards conservation. By creating awareness of volumes consumed, the consumer can reduce his total costs by restricting consumption; however, the incentive lessens as more water is consumed, because the marginal cost per unit declines as the consumer enters the next block



pricing range. Similarly, those whose consumption level is at the top end of a block have less incentive to reduce consumption.

The Constant Rate structure presents the customer with a linear relationship between consumption and the cost thereof. As the consumer pays a fixed cost per unit, his bill will vary directly with the amount consumed. This method presents tangible incentive for consumers to conserve water. As metering provides direct feedback as to usage patterns and the consumer has direct control over the total amount paid for the commodity, the consumer is encouraged to use only those volumes that are reasonably required.

The Inverted Block method presents the most effective pricing method for encouraging conservation. Through this method, the price per unit consumed increases as total volumes consumed grow. The consumer becomes aware of consumption through metering with the charges increasing dramatically with usage. Hence, there normally is awareness that exercising control over usage can produce significant savings. This method not only encourages conservation methods, but may also penalize legitimate high-volume users if not properly structured.

Figure 6-1 provides a schematic representation of the various rate structures (note property tax as a basis for revenue recovery has not been presented for comparison, as the proportion of taxes paid varies in direct proportion to the market value of the property). The graphs on the left-hand side of the figure present the cost per unit for each additional amount of water consumed. The right-hand side of the figure presents the impact on the customer's bill as the volume of water increases. Following the schematic is a table summarizing each rate structure.



Figure 6-1

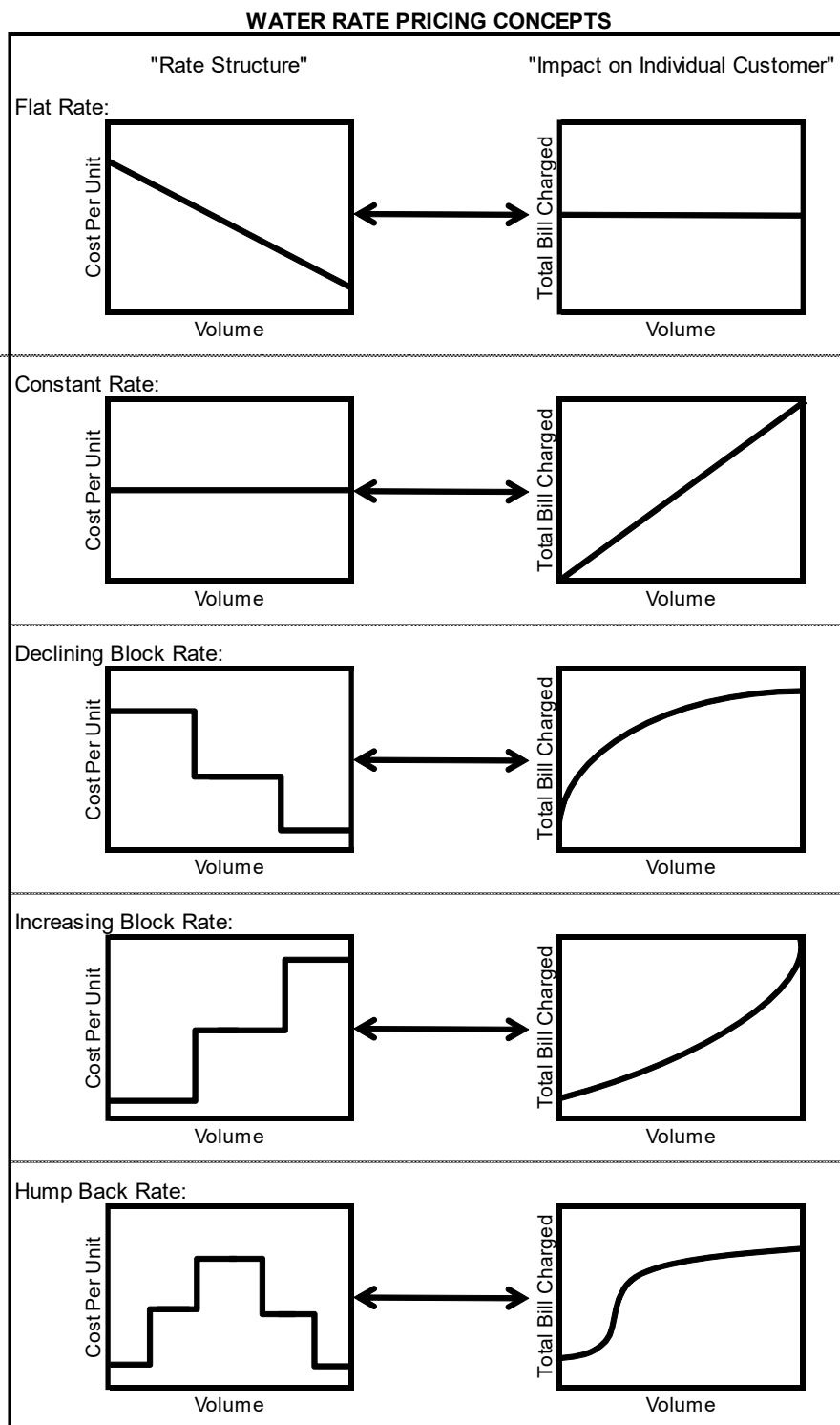




Figure 6-2
Summary of Various Rate Structures and their Impact on Customer Bills as Volume Usage Increases

Rate Structure	Cost Per Unit As Volume Increases	Impact On Customer Bill As Volume Increases
Flat Rate	Cost per unit decreases as more volume consumed	Bill remains the same no matter how much volume is consumed
Constant Rate	Cost per unit remains the same	Bill increases in direct proportion to consumption
Declining Block	Cost per unit decreases as threshold targets are achieved	Bill increases at a slower rate as volumes increase
Increasing Block	Cost per unit increases as threshold targets are achieved	Bill increases at a faster rate as volumes increase
Hump Back Rate	Combination of an increasing block at the lower consumption volumes and then converts to a declining block for the high consumption	Bill increases at a faster rate at the lower consumption amounts and then slows as volumes increase

6.4 Rate Structures in Ontario

In a past survey of over 170 municipalities (approximately half of the municipalities who provide water and/or sewer), all forms of rate structures are in use by Ontario municipalities. The most common rate structure is the constant rate (for metered municipalities). Most municipalities (approximately 92%) who have volume rate structures impose a base monthly charge.

Historically, the development of a base charge often reflected either the recovery of meter reading/billing/collection costs, plus administration or those costs plus certain fixed costs (such as capital contributions or reserve contributions). More recently, many municipalities have started to establish base charges based on ensuring a secure



portion of the revenue stream which does not vary with volume consumption. Selection of the quantum of the base charge is a matter of policy selected by individual municipalities.

6.5 Recommended Rate Structures and Base Charges

The Township currently utilizes a quarterly base charge and constant volume rate for both water and wastewater. It is recommended that the same rate structures be continued in the future.

To support the Township's capital expenditures, future asset replacement requirements, and day-to-day operating needs, the water base charges are proposed to increase by 10% per year in 2026 and 2027, and decreasing to 5% annual increases over the remainder of the forecast period.

With respect to wastewater, the base charges are proposed to increase by 9% per year over the forecast period.

The forecasted base charges and corresponding revenues are provided in Tables 6-1 and 6-2.



Table 6-1
Township of West Lincoln
Base Charge Forecast – Water

Water	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604	2,604
New	2	38	140	344	616	888	1,160	1,432	1,704	1,976	2,248
Total Customers	2,606	2,642	2,744	2,948	3,220	3,492	3,764	4,036	4,308	4,580	4,852
Total Annual Revenue	\$598,728	\$666,658	\$758,438	\$849,098	\$965,387	\$1,091,181	\$1,227,142	\$1,373,971	\$1,532,415	\$1,703,268	\$1,887,376

5/8" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
New	2	38	140	344	616	888	1,160	1,432	1,704	1,976	2,248
Subtotal Customers	2,552	2,588	2,690	2,894	3,166	3,438	3,710	3,982	4,254	4,526	4,798
Quarterly Base Charge	\$50.87	\$55.96	\$61.55	\$64.63	\$67.86	\$71.25	\$74.82	\$78.56	\$82.49	\$86.61	\$90.94
Annual Base Charge	\$203.48	\$223.83	\$246.21	\$258.52	\$271.45	\$285.02	\$299.27	\$314.23	\$329.95	\$346.44	\$363.77
Total Annual Revenue	\$519,281	\$579,267	\$662,307	\$748,161	\$859,402	\$979,898	\$1,110,295	\$1,251,281	\$1,403,590	\$1,568,002	\$1,745,347

¾" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	0	0	0	0	0	0	0	0	0	0	0
New											
Subtotal Customers	-	-	-	-	-	-	-	-	-	-	-
Quarterly Base Charge	\$50.87	\$55.96	\$61.55	\$64.63	\$67.86	\$71.25	\$74.82	\$78.56	\$82.49	\$86.61	\$90.94
Annual Base Charge	\$203.48	\$223.83	\$246.21	\$258.52	\$271.45	\$285.02	\$299.27	\$314.23	\$329.95	\$346.44	\$363.77
Total Annual Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

1" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	13	13	13	13	13	13	13	13	13	13	13
New											
Subtotal Customers	13	13	13	13	13	13	13	13	13	13	13
Quarterly Base Charge	\$127.16	\$139.88	\$153.86	\$161.56	\$169.63	\$178.12	\$187.02	\$196.37	\$206.19	\$216.50	\$227.33
Annual Base Charge	\$508.64	\$559.50	\$615.45	\$646.23	\$678.54	\$712.47	\$748.09	\$785.49	\$824.77	\$866.01	\$909.31
Total Annual Revenue	\$6,612	\$7,274	\$8,001	\$8,401	\$8,821	\$9,262	\$9,725	\$10,211	\$10,722	\$11,258	\$11,821

1 ½" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	15	15	15	15	15	15	15	15	15	15	15
New											
Subtotal Customers	15	15	15	15	15	15	15	15	15	15	15
Quarterly Base Charge	\$254.32	\$279.75	\$307.73	\$323.11	\$339.27	\$356.23	\$374.04	\$392.75	\$412.38	\$433.00	\$454.65
Annual Base Charge	\$1,017.28	\$1,119.01	\$1,230.91	\$1,292.45	\$1,357.08	\$1,424.93	\$1,496.18	\$1,570.99	\$1,649.54	\$1,732.01	\$1,818.61
Total Annual Revenue	\$15,259	\$16,785	\$18,464	\$19,387	\$20,356	\$21,374	\$22,443	\$23,565	\$24,743	\$25,980	\$27,279



Table 6-1 (con't)
Township of West Lincoln
Base Charge Forecast – Water

2" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	20	20	20	20	20	20	20	20	20	20	20
New											
Subtotal Customers	20	20	20	20	20	20	20	20	20	20	20
Quarterly Base Charge	\$406.89	\$447.58	\$492.34	\$516.95	\$542.80	\$569.94	\$598.44	\$628.36	\$659.78	\$692.77	\$727.41
Annual Base Charge	\$1,627.56	\$1,790.32	\$1,969.35	\$2,067.81	\$2,171.21	\$2,279.77	\$2,393.75	\$2,513.44	\$2,639.11	\$2,771.07	\$2,909.62
Total Annual Revenue	\$32,551	\$35,806	\$39,387	\$41,356	\$43,424	\$45,595	\$47,875	\$50,269	\$52,782	\$55,421	\$58,192

3" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	3	3	3	3	3	3	3	3	3	3	3
New											
Subtotal Customers	3	3	3	3	3	3	3	3	3	3	3
Quarterly Base Charge	\$813.79	\$895.17	\$984.69	\$1,033.92	\$1,085.62	\$1,139.90	\$1,196.89	\$1,256.74	\$1,319.57	\$1,385.55	\$1,454.83
Annual Base Charge	\$3,255.16	\$3,580.68	\$3,938.74	\$4,135.68	\$4,342.46	\$4,559.59	\$4,787.57	\$5,026.95	\$5,278.29	\$5,542.21	\$5,819.32
Total Annual Revenue	\$9,765	\$10,742	\$11,816	\$12,407	\$13,027	\$13,679	\$14,363	\$15,081	\$15,835	\$16,627	\$17,458

4" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	3	3	3	3	3	3	3	3	3	3	3
New											
Subtotal Customers	3	3	3	3	3	3	3	3	3	3	3
Quarterly Base Charge	\$1,271.55	\$1,398.71	\$1,538.58	\$1,615.50	\$1,696.28	\$1,781.09	\$1,870.15	\$1,963.66	\$2,061.84	\$2,164.93	\$2,273.18
Annual Base Charge	\$5,086.20	\$5,594.82	\$6,154.30	\$6,462.02	\$6,785.12	\$7,124.37	\$7,480.59	\$7,854.62	\$8,247.35	\$8,659.72	\$9,092.71
Total Annual Revenue	\$15,259	\$16,784	\$18,463	\$19,386	\$20,355	\$21,373	\$22,442	\$23,564	\$24,742	\$25,979	\$27,278

6" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	0	0	0	0	0	0	0	0	0	0	0
New											
Subtotal Customers	-	-	-	-	-	-	-	-	-	-	-
Quarterly Base Charge	\$2,543.08	\$2,797.39	\$3,077.13	\$3,230.98	\$3,392.53	\$3,562.16	\$3,740.27	\$3,927.28	\$4,123.64	\$4,329.83	\$4,546.32
Annual Base Charge	\$10,172.32	\$11,189.55	\$12,308.51	\$12,923.93	\$13,570.13	\$14,248.64	\$14,961.07	\$15,709.12	\$16,494.58	\$17,319.31	\$18,185.27
Total Annual Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

8" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	0	0	0	0	0	0	0	0	0	0	0
New											
Subtotal Customers	-	-	-	-	-	-	-	-	-	-	-
Quarterly Base Charge	\$4,068.93	\$4,475.82	\$4,923.41	\$5,169.58	\$5,428.05	\$5,699.46	\$5,984.43	\$6,283.65	\$6,597.83	\$6,927.73	\$7,274.11
Annual Base Charge	\$16,275.72	\$17,903.29	\$19,693.62	\$20,678.30	\$21,712.22	\$22,797.83	\$23,937.72	\$25,134.61	\$26,391.34	\$27,710.90	\$29,096.45
Total Annual Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0



Table 6-2
Township of West Lincoln
Base Charge Forecast – Wastewater

Wastewater	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589
New	2	38	140	344	616	888	1,160	1,432	1,704	1,976	2,248
Subtotal Customers	2,591	2,627	2,729	2,933	3,205	3,477	3,749	4,021	4,293	4,565	4,837
Total Annual Revenue	\$1,361,394	\$1,502,325	\$1,694,375	\$1,970,782	\$2,328,241	\$2,734,078	\$3,194,108	\$3,714,797	\$4,303,338	\$4,967,726	\$5,716,847

5/8" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,541
New	2	38	140	344	616	888	1,160	1,432	1,704	1,976	2,248
Subtotal Customers	2,543	2,579	2,681	2,885	3,157	3,429	3,701	3,973	4,245	4,517	4,789
Quarterly Base Charge	\$117.26	\$127.81	\$139.32	\$151.86	\$165.52	\$180.42	\$196.66	\$214.36	\$233.65	\$254.68	\$277.60
Annual Base Charge	\$469.04	\$511.25	\$557.27	\$607.42	\$662.09	\$721.68	\$786.63	\$857.42	\$934.59	\$1,018.70	\$1,110.39
Total Annual Revenue	\$1,192,769	\$1,318,523	\$1,494,031	\$1,752,408	\$2,090,213	\$2,474,628	\$2,911,307	\$3,406,543	\$3,967,341	\$4,601,490	\$5,317,649

¾" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	0	0	0	0	0	0	0	0	0	0	0
New											
Subtotal Customers	-	-	-	-	-	-	-	-	-	-	-
Quarterly Base Charge	\$117.26	\$127.81	\$139.32	\$151.86	\$165.52	\$180.42	\$196.66	\$214.36	\$233.65	\$254.68	\$277.60
Annual Base Charge	\$469.04	\$511.25	\$557.27	\$607.42	\$662.09	\$721.68	\$786.63	\$857.42	\$934.59	\$1,018.70	\$1,110.39
Total Annual Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

1" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	11	11	11	11	11	11	11	11	11	11	11
New											
Subtotal Customers	11	11	11	11	11	11	11	11	11	11	11
Quarterly Base Charge	\$293.17	\$319.56	\$348.32	\$379.66	\$413.83	\$451.08	\$491.68	\$535.93	\$584.16	\$636.73	\$694.04
Annual Base Charge	\$1,172.68	\$1,278.22	\$1,393.26	\$1,518.65	\$1,655.33	\$1,804.31	\$1,966.70	\$2,143.70	\$2,336.64	\$2,546.94	\$2,776.16
Total Annual Revenue	\$12,899	\$14,060	\$15,326	\$16,705	\$18,209	\$19,847	\$21,634	\$23,581	\$25,703	\$28,016	\$30,538

1 ½" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	13	13	13	13	13	13	13	13	13	13	13
New											
Subtotal Customers	13	13	13	13	13	13	13	13	13	13	13
Quarterly Base Charge	\$586.33	\$639.10	\$696.62	\$759.31	\$827.65	\$902.14	\$983.33	\$1,071.83	\$1,168.30	\$1,273.45	\$1,388.06
Annual Base Charge	\$2,345.32	\$2,556.40	\$2,786.47	\$3,037.26	\$3,310.61	\$3,608.57	\$3,933.34	\$4,287.34	\$4,673.20	\$5,093.78	\$5,552.23
Total Annual Revenue	\$30,489	\$33,233	\$36,224	\$39,484	\$43,038	\$46,911	\$51,133	\$55,735	\$60,752	\$66,219	\$72,179



Table 6-2 (con't)
Township of West Lincoln
Base Charge Forecast – Wastewater

2" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	18	18	18	18	18	18	18	18	18	18	18
New											
Subtotal Customers	18	18	18	18	18	18	18	18	18	18	18
Quarterly Base Charge	\$938.10	\$1,022.53	\$1,114.56	\$1,214.87	\$1,324.20	\$1,443.38	\$1,573.29	\$1,714.88	\$1,869.22	\$2,037.45	\$2,220.82
Annual Base Charge	\$3,752.40	\$4,090.12	\$4,458.23	\$4,859.47	\$5,296.82	\$5,773.53	\$6,293.15	\$6,859.53	\$7,476.89	\$8,149.81	\$8,883.30
Total Annual Revenue	\$67,543	\$73,622	\$80,248	\$87,470	\$95,343	\$103,924	\$113,277	\$123,472	\$134,584	\$146,697	\$159,899

3" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	3	3	3	3	3	3	3	3	3	3	3
New											
Subtotal Customers	3	3	3	3	3	3	3	3	3	3	3
Quarterly Base Charge	\$1,876.21	\$2,045.07	\$2,229.13	\$2,429.75	\$2,648.42	\$2,886.78	\$3,146.59	\$3,429.79	\$3,738.47	\$4,074.93	\$4,441.67
Annual Base Charge	\$7,504.84	\$8,180.28	\$8,916.50	\$9,718.99	\$10,593.69	\$11,547.13	\$12,586.37	\$13,719.14	\$14,953.86	\$16,299.71	\$17,766.69
Total Annual Revenue	\$22,515	\$24,541	\$26,750	\$29,157	\$31,781	\$34,641	\$37,759	\$41,157	\$44,862	\$48,899	\$53,300

4" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	3	3	3	3	3	3	3	3	3	3	3
New											
Subtotal Customers	3	3	3	3	3	3	3	3	3	3	3
Quarterly Base Charge	\$2,931.57	\$3,195.41	\$3,483.00	\$3,796.47	\$4,138.15	\$4,510.58	\$4,916.54	\$5,359.02	\$5,841.34	\$6,367.06	\$6,940.09
Annual Base Charge	\$11,726.28	\$12,781.65	\$13,931.99	\$15,185.87	\$16,552.60	\$18,042.34	\$19,666.15	\$21,436.10	\$23,365.35	\$25,468.23	\$27,760.37
Total Annual Revenue	\$35,179	\$38,345	\$41,796	\$45,558	\$49,658	\$54,127	\$58,998	\$64,308	\$70,096	\$76,405	\$83,281

6" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	0	0	0	0	0	0	0	0	0	0	0
New											
Subtotal Customers	-	-	-	-	-	-	-	-	-	-	-
Quarterly Base Charge	\$5,863.14	\$6,390.82	\$6,966.00	\$7,592.94	\$8,276.30	\$9,021.17	\$9,833.07	\$10,718.05	\$11,682.67	\$12,734.11	\$13,880.18
Annual Base Charge	\$23,452.56	\$25,563.29	\$27,863.99	\$30,371.75	\$33,105.20	\$36,084.67	\$39,332.29	\$42,872.20	\$46,730.69	\$50,936.46	\$55,520.74
Total Annual Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

8" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	0	0	0	0	0	0	0	0	0	0	0
New											
Subtotal Customers	-	-	-	-	-	-	-	-	-	-	-
Quarterly Base Charge	\$9,381.02	\$10,225.31	\$11,145.59	\$12,148.69	\$13,242.08	\$14,433.86	\$15,732.91	\$17,148.87	\$18,692.27	\$20,374.57	\$22,208.29
Annual Base Charge	\$37,524.08	\$40,901.25	\$44,582.36	\$48,594.77	\$52,968.30	\$57,735.45	\$62,931.64	\$68,595.49	\$74,769.08	\$81,498.30	\$88,833.14
Total Annual Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0



Chapter 7

Analysis of Water and Wastewater Rates and Policy Matters



7. Analysis of Water and Wastewater Rates and Policy Matters

7.1 Introduction

To summarize the analysis undertaken thus far, Chapter 2 reviewed capital-related issues and responds to the provincial directives to maintain and upgrade infrastructure to required levels. Chapter 4 provided a review of capital financing options to which water and wastewater reserve contributions will be the predominant basis for financing future capital replacement. Chapter 5 established the 10-year operating forecast of expenditures including an annual capital reserve contribution. The base charge revenues identified in Chapter 6 are to ensure that fixed costs are recovered regardless of the amount of volume used by customers. This chapter will provide for the calculation of the volume rates over the forecast period. These calculations will be based on the net operating expenditures (the variable costs) provided in Chapter 5, divided by the water and wastewater volume forecast provided in section 1.8.

7.2 Water Rates

Based on the discussion of rate structures provided in section 6.5 and the recommendation to continue with the present structures, the rates are calculated by taking the net recoverable amounts from Table 5-1 (the product of total expenditures less non-rate revenues and deduct the base charge amounts provided in section 6.5) and completes the calculation by dividing them by the volumes resulting in the forecasted rates. This results in a water volumetric rate increase (including bulk water) of 10% per year for 2026 and 2027, and decreasing to 5% per year over the remainder of the forecast period.

These increases are required in order to fund the operating and capital expenditure forecast, while providing reserve fund transfers to prepare for the future lifecycle requirements. Detailed calculations of the volume rates are provided in Appendix A. A summary of the recommended quarterly base charge and volume rates, along with the total annual bill for an average residential user who consumes 161 cubic meters per year, is presented in Table 7-1. The bulk water rate forecast is presented in Table 7-2.



Table 7-1
Annual Customer Water Bill
Based on 161 cubic metres of usage m³ of usage and 5/8" or 3/4" meter

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Quarterly Base Rate	\$50.87	\$55.96	\$61.55	\$64.63	\$67.86	\$71.25	\$74.82	\$78.56	\$82.49	\$86.61
Constant Rate	\$1.81	\$1.99	\$2.19	\$2.30	\$2.42	\$2.54	\$2.67	\$2.80	\$2.94	\$3.09
Annual Base Rate Bill	\$203.48	\$223.83	\$246.21	\$258.52	\$271.45	\$285.02	\$299.27	\$314.23	\$329.95	\$346.44
Volume	161	161	161	161	161	161	161	161	161	161
Annual Volume Bill	\$291.41	\$320.39	\$352.59	\$370.30	\$389.62	\$408.94	\$429.87	\$450.80	\$473.34	\$497.49
Total Annual Bill	\$494.89	\$544.22	\$598.80	\$628.82	\$661.07	\$693.96	\$729.14	\$765.03	\$803.29	\$843.93
% Increase - Base Rate		10%	10%	5%	5%	5%	5%	5%	5%	5%
% Increase - Volume Rate		10%	10%	5%	5%	5%	5%	5%	5%	5%
% Increase - Total Annual Bill		10%	10%	5%	5%	5%	5%	5%	5%	5%
Change in Annual Bill		\$49.33	\$54.58	\$30.02	\$32.25	\$32.89	\$35.18	\$35.89	\$38.25	\$40.65
Change per Quarter		\$12.33	\$13.65	\$7.51	\$8.06	\$8.22	\$8.80	\$8.97	\$9.56	\$10.16

Table 7-2
Bulk Water Rate Forecast

Bulk Water Rate	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Constant Rate m ³	\$2.46	\$2.71	\$2.98	\$3.13	\$3.28	\$3.45	\$3.62	\$3.80	\$3.99	\$4.19



7.3 Wastewater Rates

Similar to water, the calculation of the wastewater rates takes the net recoverable amounts from Table 5-2 and completes the calculation by dividing them by the volumes, resulting in the forecast rates. Detailed calculations are provided in Appendix B.

Based on the capital and operating needs over the forecast period, the wastewater volumetric rate increases are anticipated at 9% per year over the forecast period. This is primarily attributed to the Niagara Region treatment costs, which are forecasted at 8.5% per year.

Table 7-3 summarizes the recommended rates for wastewater and provides the average annual bill for a residential customer who uses 161 cubic meters per year.



Table 7-3
Annual Customer Wastewater Bill
Based on 161 cubic metres of usage and m³ of usage and 5/8" or 3/4" meter

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Quarterly Base Rate	\$117.26	\$127.81	\$139.32	\$151.86	\$165.52	\$180.42	\$196.66	\$214.36	\$233.65	\$254.68
Constant Rate	\$2.09	\$2.28	\$2.49	\$2.71	\$2.95	\$3.22	\$3.51	\$3.83	\$4.17	\$4.55
Annual Base Rate Bill	\$469.04	\$511.25	\$557.27	\$607.42	\$662.09	\$721.68	\$786.63	\$857.42	\$934.59	\$1,018.70
Volume	161	161	161	161	161	161	161	161	161	161
Annual Volume Bill	\$336.49	\$367.08	\$400.89	\$436.31	\$474.95	\$518.42	\$565.11	\$616.63	\$671.37	\$732.55
Total Annual Bill	\$805.53	\$878.33	\$958.16	\$1,043.73	\$1,137.04	\$1,240.10	\$1,351.74	\$1,474.05	\$1,605.96	\$1,751.25
% Increase - Base Rate		9%	9%	9%	9%	9%	9%	9%	9%	9%
% Increase - Volume Rate		9%	9%	9%	9%	9%	9%	9%	9%	9%
% Increase - Total Annual Bill		9%	9%	9%	9%	9%	9%	9%	9%	9%
Change in Annual Bill		\$72.80	\$79.82	\$85.57	\$93.31	\$103.06	\$111.64	\$122.32	\$131.91	\$145.29
Change per Quarter		\$18.20	\$19.96	\$21.39	\$23.33	\$25.76	\$27.91	\$30.58	\$32.98	\$36.32



Chapter 8

Recommendations



8. Recommendations

As presented within this report, capital and operating expenditures have been identified and forecasted over the 2025 to 2034 period for water and wastewater services.

Based upon the foregoing, the following recommendations are identified for consideration by Council:

1. That Council provide for the recovery of all water and wastewater costs through full cost recovery rates.
2. That Council consider the Capital Plan for water and wastewater as provided in Tables 2-1 and 2-2 and the associated Capital Financing Plan as set out in Tables 4-3 and 4-4.
3. That Council consider the base charges provided in Table 6-1 for water and Table 6-2 for wastewater.
4. That Council consider the volume rates for water and wastewater as provided in Tables 7-1, 7-2, and 7-3 respectively.



Appendices



Appendix A

Detailed Water Rate Calculations



Appendix A: Detailed Water Rate Calculations

Table A-1
Township of West Lincoln
Water Service
Capital Budget Forecast
Inflated \$

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures										
322 - Leak Detection Program	-	-	-	-	-	-	-	-	117,000	-
324 - Water Rate Study and Financial Plan	60,000	-	-	-	-	-	-	-	-	-
325 - Cube Van - To replace 2007 Chevrolet Van TR# 12004	80,000	-	-	-	-	-	-	-	-	-
420 - Water Meter Replacement Program	35,000	51,000	52,000	53,000	54,000	66,000	68,000	69,000	70,000	72,000
658 - Bulk Water Station - Replace roof shingles	-	-	10,000	-	-	-	-	-	-	-
679 - South Grimsby Rd 5 Water Main - From: Northridge Dr To: HWY 20	-	-	356,000	-	-	-	-	-	-	-
682 - St. Catherines St. Water Main - From: Industrial Park Rd To: Frank St	-	-	832,000	-	-	-	-	-	-	-
683 - Frank Street Water Main - From: RR20 To: RR14	-	-	125,000	-	-	-	-	-	-	-
684 - Griffin St. N Water Main - From: Griffin Street to McMurchie Lane	-	-	104,000	-	-	-	-	-	-	-
723 - Miscellaneous Water Equipment	5,000	5,000	5,000	5,000	5,000	7,000	7,000	7,000	7,000	7,000
743 - Water Meters - New Installation	25,000	39,000	41,000	43,000	44,000	46,000	48,000	49,000	51,000	53,000
927 - Industrial Park Rd Water Main - From: Pearson Rd to New Urban Boundary	-	-	832,000	-	-	-	-	-	-	-
943 - Water Loss Study	-	-	-	-	-	-	-	57,000	-	-
1191 - Edward Ct, Leslie Ct, & Margaret St. Watermain Replacement	-	-	104,000	-	541,000	-	-	-	-	-
1192 - Erie Ave, Morgan Ave., College St., & McMurchie Ln Watermain Replacement	-	-	-	159,000	-	-	1,126,000	-	-	-
1193 - Wade Rd, Wallis Ave., & Colver St. Watermain Replacement	-	-	-	-	-	221,000	-	-	1,992,000	-
1194 - Thompson Rd., London Rd., & Skyway Rd. Watermain Replacement	-	-	-	-	-	-	-	172,000	-	1,195,000
1195 - Rock St., Silver St., Tara Pl., Ellis St., Davis St., & Mill St. Watermain Replacement	-	-	-	-	-	-	-	287,000	-	1,793,000
1243 - Water Valve Turning Machine	-	-	130,000	-	-	-	-	-	-	-
1252 - Dufferin Street Watermain Replacement	60,000	510,000	-	-	-	-	-	-	-	-
1265 - Water Master Plan Update	-	-	-	-	81,000	-	-	-	-	-
1275 - AMI Gateway Antennas	-	-	125,000	-	-	-	-	-	-	-
Total Capital Expenditures	265,000	605,000	2,716,000	260,000	725,000	340,000	1,249,000	641,000	2,237,000	3,120,000
Capital Financing										
Development Charges Reserve Fund	-	-	250,000	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	1,126,000	-	1,992,000	2,988,000
Growth Related Debenture Requirements	-	-	1,363,000	-	81,000	-	-	-	-	-
Water Reserve	265,000	605,000	1,103,000	260,000	644,000	340,000	123,000	641,000	245,000	132,000
Total Capital Financing	265,000	605,000	2,716,000	260,000	725,000	340,000	1,249,000	641,000	2,237,000	3,120,000



Table A-2
Township of West Lincoln
Water Service
Water Non-Growth Related Debenture Repayments
Inflated \$

Debenture Year	2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
2026			-	-	-	-	-	-	-	-
2027				-	-	-	-	-	-	-
2028					-	-	-	-	-	-
2029						-	-	-	-	-
2030							-	-	-	-
2031								83,736	83,736	83,736
2032									-	-
2033										148,137
2034										
2035										
Total Annual Debt Charges	-	-	-	-	-	-	-	83,736	83,736	231,872

Table A-3
Township of West Lincoln
Water Service
Water Growth Related Debenture Repayments
Inflated \$

Debenture Year	2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
2026			-	-	-	-	-	-	-	-
2027				101,361	101,361	101,361	101,361	101,361	101,361	101,361
2028					-	-	-	-	-	-
2029						6,024	6,024	6,024	6,024	6,024
2030							-	-	-	-
2031								-	-	-
2032									-	-
2033										-
2034										
2035										
Total Annual Debt Charges	-	-	-	101,361	101,361	107,384	107,384	107,384	107,384	107,384



Table A-4
Township of West Lincoln
Water Service
Water Capital Reserve Continuity
Inflated \$

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	1,271,664	1,315,996	888,501	142,120	369,542	417,279	998,719	2,059,377	2,790,493	4,229,031
Transfer from Operating	283,528	160,084	353,832	480,176	683,555	901,858	1,143,278	1,317,400	1,600,615	1,762,848
Transfer to Capital	265,000	605,000	1,103,000	260,000	644,000	340,000	123,000	641,000	245,000	132,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
Closing Balance	1,290,192	871,080	139,333	362,296	409,097	979,137	2,018,997	2,735,777	4,146,108	5,859,879
Interest	25,804	17,422	2,787	7,246	8,182	19,583	40,380	54,716	82,922	117,198

Table A-5
Township of West Lincoln
Water Service
Water Development Charges Reserve Fund Continuity
Inflated \$

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	235,441	241,276	268,283	64,339	55,811	49,017	37,852	28,375	20,627	14,644
Development Charge Proceeds	1,104	21,747	44,794	91,739	93,605	95,476	97,351	99,231	101,115	103,003
Transfer to Capital	-	-	250,000	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	101,361	101,361	107,384	107,384	107,384	107,384	107,384
Closing Balance	236,545	263,023	63,077	54,717	48,056	37,110	27,819	20,222	14,357	10,263
Interest	4,731	5,260	1,262	1,094	961	742	556	404	287	205
Required from Development Charges	-	-	1,613,000	-	81,000	-	-	-	-	-



Table A-6
Township of West Lincoln
Water Service
Operating Budget Forecast
Inflated \$

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures										
<u>Operating Costs</u>		-	-	-	-	-	-	-	-	-
Water										
Salaries and Wages	316,360	325,500	334,900	344,600	354,600	364,900	375,500	386,400	397,600	409,100
Water & Wastewater Operator (WWOPR1)		21,810	22,400	23,000	23,700	24,400	25,100	25,800	26,500	27,300
Water & Wastewater Operator (WWOPR2)		21,810	22,400	23,000	23,700	24,400	25,100	25,800	26,500	27,300
Water & Wastewater Operator (WWOPR3)		21,810	22,400	23,000	23,700	24,400	25,100	25,800	26,500	27,300
Benefits	100,470	103,400	106,400	109,500	112,700	116,000	119,400	122,900	126,500	130,200
Administrative Expenses	11,400	11,600	11,800	12,000	12,200	12,400	12,600	12,900	13,200	13,500
Supplies and Equipment	14,280	14,600	14,900	15,200	15,500	15,800	16,100	16,400	16,700	17,000
Repairs and Maintenance (Materials Only)	35,600	36,300	37,000	37,700	38,500	39,300	40,100	40,900	41,700	42,500
Utilities	6,800	6,900	7,000	7,100	7,200	7,300	7,400	7,500	7,700	7,900
Insurance	35,600	36,300	37,000	37,700	38,500	39,300	40,100	40,900	41,700	42,500
Contracted Services	42,870	43,700	44,600	45,500	46,400	47,300	48,200	49,200	50,200	51,200
Internal Functional Adjustments	30,010	30,600	31,200	31,800	32,400	33,000	33,700	34,400	35,100	35,800
Allocation of Program Support	173,900	177,400	180,900	184,500	188,200	192,000	195,800	199,700	203,700	207,800
Corporate Program Allocation		26,200	52,900	81,800	83,400	85,100	86,800	88,500	90,300	92,100
Coordinator of Engineering Services (ENGSER)	32,338	50,800	52,300	53,800	55,400	57,000	58,700	60,400	62,200	64,000
Department Director_PW (DIRECT3)	40,327	61,100	62,900	64,700	66,600	68,500	70,500	72,500	74,600	76,800
Manager of RDS, Water & WW (MGROPR)	66,194	84,700	87,200	89,700	92,300	95,000	97,800	100,600	103,500	106,500
MANAGER, CAPITAL DESIGN DELIVERY (MGRCAP)	32,338	50,800	52,300	53,800	55,400	57,000	58,700	60,400	62,200	64,000
Public Works Supervisor (PWSUP)	43,446	14,800	15,200	15,600	16,100	16,600	17,100	17,600	18,100	18,600
Public Works Clerk (CLKPW)	26,278	26,900	27,700	28,500	29,300	30,100	31,000	31,900	32,800	33,800
Water and Revenue Clerk (CLKWAT)	32,250	41,300	42,500	43,700	45,000	46,300	47,600	49,000	50,400	51,900
*Regulatory Compliance Supervisor (new role)		117,900	121,300	124,800	128,400	132,100	135,900	139,800	143,900	148,100
*Engineering Technologist (new role)		38,520	39,600	40,700	41,900	43,100	44,300	45,600	46,900	48,300
Bulk Water		-	-	-	-	-	-	-	-	-
Repairs and Maintenance (Materials Only)	5,130	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900	6,000
Utilities	3,880	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800
Contracted Services	4,030	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
Internal Functional Adjustments	2,230	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Purchases from Region	1,002,400	1,050,912	1,112,083	1,193,242	1,290,916	1,394,783	1,505,196	1,622,525	1,747,162	1,879,517
		-	-	-	-	-	-	-	-	-
Sub Total Operating	2,058,131	2,431,261	2,554,783	2,701,142	2,838,516	2,982,883	3,134,896	3,294,825	3,463,362	3,641,017



Table A-6 (con't)
Township of West Lincoln
Water Service
Operating Budget Forecast
Inflated \$

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital-Related										
Existing Debt (Principal) - Growth Related										
Existing Debt (Interest) - Growth Related										
New Growth Related Debt (Principal)		-	-	45,205	47,067	51,693	53,823	56,040	58,349	60,753
New Growth Related Debt (Interest)		-	-	56,156	54,293	55,691	53,561	51,344	49,035	46,631
New Non-Growth Related Debt (Principal)		-	-	-	-	-	-	37,345	38,883	106,551
New Non-Growth Related Debt (Interest)		-	-	-	-	-	-	46,391	44,853	125,321
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	283,528	160,084	353,832	480,176	683,555	901,858	1,143,278	1,317,400	1,600,615	1,762,848
Sub Total Capital Related	283,528	160,084	353,832	581,536	784,916	1,009,242	1,250,662	1,508,520	1,791,735	2,102,105
Total Expenditures	2,341,660	2,591,345	2,908,615	3,282,678	3,623,432	3,992,125	4,385,558	4,803,345	5,255,097	5,743,122
Revenues										
Base Charge	598,728	666,658	758,438	849,098	965,387	1,091,181	1,227,142	1,373,971	1,532,415	1,703,268
1-08-08321-410101 WAT-UTLY-WATER SERVICES FEES	25,000	25,500	26,000	26,500	27,000	27,500	28,100	28,700	29,300	29,900
1-08-08321-420203 WAT-UTLY-P&I	18,600	19,000	19,400	19,800	20,200	20,600	21,000	21,400	21,800	22,200
Bulk Water	609,100	670,000	737,000	773,900	812,600	853,200	895,900	940,700	987,700	1,037,100
Contributions from Development Charges Reserve Fund	-	-	-	101,361	101,361	107,384	107,384	107,384	107,384	107,384
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	1,251,428	1,381,158	1,540,838	1,770,658	1,926,547	2,099,865	2,279,526	2,472,155	2,678,599	2,899,852
Water Billing Recovery - Total	1,090,232	1,210,187	1,367,778	1,512,020	1,696,885	1,892,259	2,106,032	2,331,190	2,576,498	2,843,270

Table A-7
Township of West Lincoln
Water Rate Forecast
Inflated \$

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Water Billing Recovery	1,090,232	1,210,187	1,367,778	1,512,020	1,696,885	1,892,259	2,106,032	2,331,190	2,576,498	2,843,270
Total Volume (m ³)	602,338	608,134	624,556	657,400	701,192	744,984	788,776	832,568	876,360	920,152
Constant Rate	1.81	1.99	2.19	2.30	2.42	2.54	2.67	2.80	2.94	3.09
Bulk Water Rate	2.46	2.71	2.98	3.13	3.28	3.45	3.62	3.80	3.99	4.19



Appendix B

Detailed Wastewater Rate Calculations



Appendix B: Detailed Wastewater Rate Calculations

Table B-1
Township of West Lincoln
Wastewater Service
Capital Budget Forecast
Inflated \$

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures										
374 - Pollution Control Plan - CSO Study - Extraneous Flow Reduction Program	-	-	-	106,000	-	-	-	-	117,000	-
430 - Urban Boundary Expansion - WW-SL-004B - Wastewater Servicing (Stage 3A)	200,000	-	-	-	-	-	-	-	1,222,000	-
500 - Inflow & Infiltration Reduction Program	200,000	-	208,000	-	216,000	-	225,000	-	234,000	-
733 - Miscellaneous Wastewater Equipment	5,000	5,000	5,000	5,000	5,000	7,000	7,000	8,000	8,000	8,000
1160 - Urban Boundary Expansion - WW-SL-001 Wastewater Servicing (Stage 1)	-	-	-	-	-	-	-	12,061,000	-	-
1161 - Urban Boundary Expansion - WW-SL-002 Wastewater Servicing (Stage 1)	-	-	-	-	-	-	-	1,838,000	-	-
1162 - Urban Boundary Expansion - WW-SL-003 Wastewater Servicing (Stage 2)	-	-	-	-	-	-	-	2,183,000	-	-
1250 - Dufferin Street Sanitary Sewer Replacement	60,000	561,000	-	-	-	-	-	-	-	-
1264 - Sanitary Sewer Masterplan update	-	-	-	-	81,000	-	-	-	-	-
Total Capital Expenditures	465,000	566,000	213,000	111,000	302,000	7,000	232,000	16,090,000	1,581,000	8,000
Capital Financing										
Provincial/Federal Grants	100,000	-	100,000	-	100,000	-	100,000	-	100,000	-
Development Charges Reserve Fund	168,000	-	64,480	53,000	127,656	-	69,750	4,021,000	778,700	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	12,061,000	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-
Wastewater Reserve	197,000	566,000	48,520	58,000	74,344	7,000	62,250	8,000	702,300	8,000
Total Capital Financing	465,000	566,000	213,000	111,000	302,000	7,000	232,000	16,090,000	1,581,000	8,000



Table B-2
Township of West Lincoln
Wastewater Service
Wastewater Non-Growth Related Debenture Repayments
Inflated \$

Debenture Year	2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
2026			-	-	-	-	-	-	-	-
2027				-	-	-	-	-	-	-
2028					-	-	-	-	-	-
2029						-	-	-	-	-
2030							-	-	-	-
2031								-	-	-
2032									-	-
2033										-
2034										
2035										
Total Annual Debt Charges		-	-	-	-	-	-	-	-	-

Table B-3
Township of West Lincoln
Wastewater Service
Wastewater Growth Related Debenture Repayments
Inflated \$

Debenture Year	2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
2026			-	-	-	-	-	-	-	-
2027				-	-	-	-	-	-	-
2028					-	-	-	-	-	-
2029						-	-	-	-	-
2030							-	-	-	-
2031								-	-	-
2032									896,925	896,925
2033										-
2034										
2035										
Total Annual Debt Charges		-	-	-	-	-	-	-	896,925	896,925



Table B-4
Township of West Lincoln
Wastewater Service
Wastewater Capital Reserve Continuity
Inflated \$

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	2,126,823	2,027,090	1,612,558	1,691,537	1,770,803	2,019,148	2,562,049	3,312,728	4,430,347	5,197,114
Transfer from Operating	57,519	119,849	94,332	102,544	283,097	499,665	747,974	1,038,749	1,367,163	1,753,044
Transfer to Capital	197,000	566,000	48,520	58,000	74,344	7,000	62,250	8,000	702,300	8,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
Closing Balance	1,987,343	1,580,939	1,658,370	1,736,082	1,979,557	2,511,813	3,247,773	4,343,478	5,095,210	6,942,158
Interest	39,747	31,619	33,167	34,722	39,591	50,236	64,955	86,870	101,904	138,843

Table B-5
Township of West Lincoln
Wastewater Service
Wastewater Development Charges Reserve Fund Continuity
Inflated \$

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	102,184	(44,566)	399,050	1,255,834	3,098,614	4,939,414	6,985,483	9,040,264	7,145,652	7,645,912
Development Charge Proceeds	22,124	435,791	896,640	1,835,023	1,871,604	1,909,099	1,947,271	1,986,278	2,025,965	2,066,574
Transfer to Capital	168,000	-	64,480	53,000	127,656	-	69,750	4,021,000	778,700	-
Transfer to Operating	-	-	-	-	-	-	-	-	896,925	896,925
Closing Balance	(43,692)	391,226	1,231,210	3,037,857	4,842,562	6,848,513	8,863,003	7,005,541	7,495,992	8,815,560
Interest	(874)	7,825	24,624	60,757	96,851	136,970	177,260	140,111	149,920	176,311
Required from Development Charges	168,000	-	64,480	53,000	127,656	-	69,750	16,082,000	778,700	-



Table B-6
Township of West Lincoln
Wastewater Service
Operating Budget Forecast
Inflated \$

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures										
<u>Operating Costs</u>										
Salaries and Wages	111,560	114,800	118,100	121,500	125,000	128,600	132,300	136,100	140,000	144,100
Water & Wastewater Operator (WWOPR1)		(15,995)	(16,500)	(17,000)	(17,500)	(18,000)	(18,500)	(19,000)	(19,600)	(20,200)
Water & Wastewater Operator (WWOPR2)		(15,995)	(16,500)	(17,000)	(17,500)	(18,000)	(18,500)	(19,000)	(19,600)	(20,200)
Water & Wastewater Operator (WWOPR3)		(15,995)	(16,500)	(17,000)	(17,500)	(18,000)	(18,500)	(19,000)	(19,600)	(20,200)
Benefits	35,030	36,000	37,000	38,100	39,200	40,300	41,500	42,700	43,900	45,200
Supplies and Equipment	7,150	7,300	7,400	7,500	7,700	7,900	8,100	8,300	8,500	8,700
Repairs and Maintenance (Materials Only)	10,640	10,900	11,100	11,300	11,500	11,700	11,900	12,100	12,300	12,500
Insurance	39,700	40,500	41,300	42,100	42,900	43,800	44,700	45,600	46,500	47,400
Internal Functional Adjustments	12,210	12,500	12,800	13,100	13,400	13,700	14,000	14,300	14,600	14,900
Allocation of Program Support	107,000	109,100	111,300	113,500	115,800	118,100	120,500	122,900	125,400	127,900
Corporate Program Allocation		119,700	241,800	373,800	381,300	388,900	396,700	404,600	412,700	421,000
Coordinator of Engineering Services (ENGSER)	24,500	8,500	8,700	9,000	9,300	9,600	9,900	10,200	10,500	10,800
Department Director_PW (DIRECT3)	30,500	10,200	10,500	10,800	11,100	11,400	11,700	12,000	12,300	12,700
Manager of RDS, Water & WW (MGROPR)	33,100	16,900	17,400	17,900	18,400	18,900	19,400	20,000	20,600	21,200
MANAGER, CAPITAL DESIGN DELIVERY (MGRCAP)	24,500	8,500	8,700	9,000	9,300	9,600	9,900	10,200	10,500	10,800
Public Works Supervisor (PWSUP)	14,500	-	-	-	-	-	-	-	-	-
Water and Revenue Clerk (CLKWAT)	16,100	8,300	8,500	8,700	9,000	9,300	9,600	9,900	10,200	10,500
*Regulatory Compliance Supervisor (new role)		13,100	13,500	13,900	14,300	14,700	15,100	15,500	15,900	16,400
*Engineering Technologist (new role)		9,600	9,900	10,200	10,500	10,800	11,100	11,400	11,700	12,000
Purchases from Region	2,007,000	2,198,516	2,450,487	2,800,477	3,243,620	3,741,781	4,301,105	4,928,384	5,631,119	6,417,598
Contracted Services	67,280	68,600	70,000	71,400	72,800	74,300	75,800	77,300	78,800	80,400
Sub Total Operating	2,540,770	2,745,031	3,128,987	3,621,277	4,082,620	4,599,381	5,177,805	5,824,484	6,546,719	7,353,498
<u>Capital-Related</u>										
New Growth Related Debt (Principal)		-	-	-	-	-	-	-	400,012	416,493
New Growth Related Debt (Interest)		-	-	-	-	-	-	-	496,913	480,433
Transfer to Capital Reserve	57,519	119,849	94,332	102,544	283,097	499,665	747,974	1,038,749	1,367,163	1,753,044
Sub Total Capital Related	57,519	119,849	94,332	102,544	283,097	499,665	747,974	1,038,749	2,264,088	2,649,969
Total Expenditures	2,598,289	2,864,880	3,223,320	3,723,822	4,365,717	5,099,046	5,925,780	6,863,233	8,810,807	10,003,467
Revenues										
Base Charge	1,361,394	1,502,325	1,694,375	1,970,782	2,328,241	2,734,078	3,194,108	3,714,797	4,303,338	4,967,726
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	-	-	896,925	896,925
Total Operating Revenue	1,361,394	1,502,325	1,694,375	1,970,782	2,328,241	2,734,078	3,194,108	3,714,797	5,200,263	5,864,651
Wastewater Billing Recovery - Total	1,236,895	1,362,555	1,528,945	1,753,039	2,037,477	2,364,968	2,731,672	3,148,436	3,610,544	4,138,817



Table B-7
Township of West Lincoln
Wastewater Rate Forecast
Inflated \$

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Wastewater Billing Recovery	1,236,895	1,362,555	1,528,945	1,753,039	2,037,477	2,364,968	2,731,672	3,148,436	3,610,544	4,138,817
Total Volume (m ³)	591,816	597,612	614,034	646,878	690,670	734,462	778,254	822,046	865,838	909,630
Constant Rate	2.09	2.28	2.49	2.71	2.95	3.22	3.51	3.83	4.17	4.55



 **Watson
& Associates**
ECONOMISTS LTD.

Water Ontario Regulation 453/07 Financial Plan

Township of West Lincoln

Financial Plan #077-301

October 9, 2025

Page 126 of 270

Watson & Associates Economists Ltd.
905-272-3600
info@watsonecon.ca

Table of Contents

	Page
1. Introduction.....	1-1
1.1 Study Purpose	1-1
1.2 Background.....	1-1
1.2.1 Financial Plan Defined	1-2
1.2.2 Financial Plan Requirements – Existing System (Licence Renewal).....	1-2
1.2.3 Financial Plan Requirements – General	1-3
1.2.4 Public Sector Accounting Board (P.S.A.B.) Requirements	1-3
2. Sustainable Financial Planning.....	2-1
2.1 Introduction	2-1
2.2 Sustainable Water and Sewage Systems Act.....	2-2
2.3 Water Opportunities Act, 2010	2-2
2.4 Infrastructure for Jobs and Prosperity Act (I.J.P.A.), 2015	2-3
2.5 Water Forecast	2-4
3. Approach.....	3-1
3.1 Overview	3-1
3.2 Conversion Process.....	3-1
3.2.1 Calculate Tangible Capital Asset Balances	3-1
3.2.2 Convert Statement of Operations.....	3-2
3.2.3 Convert Statement of Financial Position	3-4
3.2.4 Convert Statement of Cash Flow and Net Financial Assets/Debt.....	3-4
3.2.5 Verification and Note Preparation	3-6
4. Financial Plan	4-1
4.1 Introduction	4-1
4.2 Water Financial Plan.....	4-1
4.2.1 Statement of Financial Position (Table 4-1)	4-1
4.2.2 Statement of Operations (Table 4-2).....	4-2



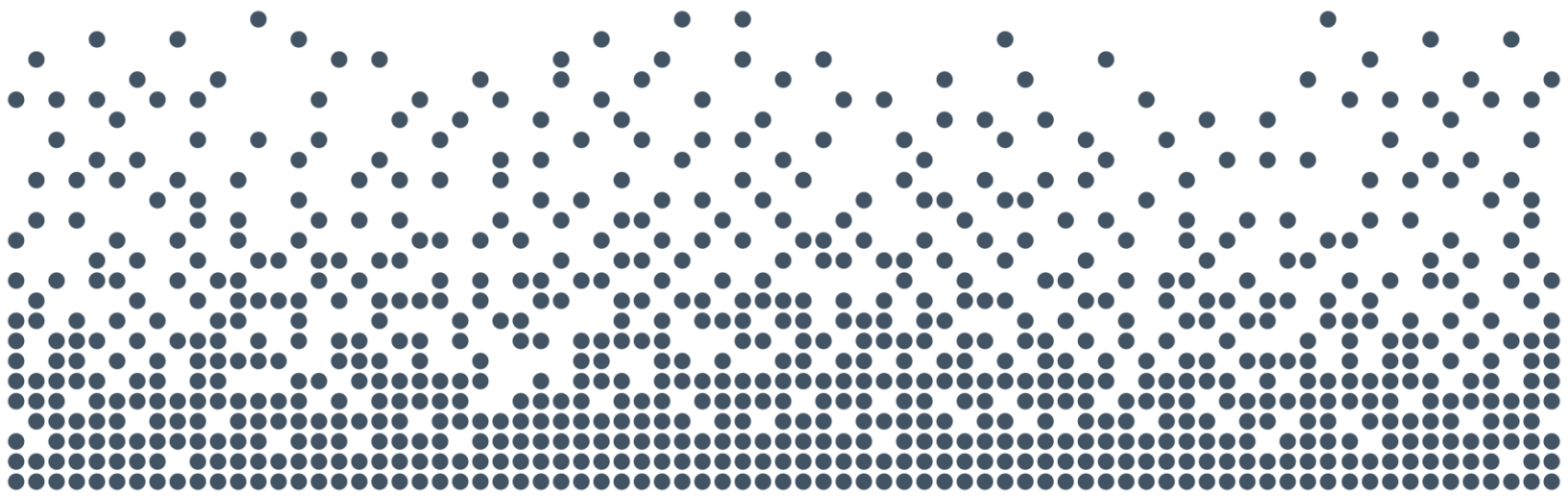
Table of Contents (Cont'd)

	Page
4.2.3 Statement of Change in Net Financial Assets/Debt (Table 4-3)	4-3
4.2.4 Statement of Cash Flow (Table 4-4)	4-3
5. Process for Financial Plan Approval and Submission to the Province	5-1
6. Recommendations	6-1



List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
A.M.P.	Asset Management Plan
D.C.	Development Charges
F.I.R.	Financial Information Return
MECP	Ministry of the Environment, Conservation and Parks
MMAH	Ministry of Municipal Affairs and Housing
OCIF	Ontario Community Infrastructure Fund
O. Reg.	Ontario Regulation
PSAB	Public Sector Accounting Board
S.D.W.A.	Safe Drinking Water Act
T.C.A.	Tangible Capital Assets
W.O.A.	Water Opportunities Act



Report



Chapter 1

Introduction



1. Introduction

1.1 Study Purpose

Watson & Associates Economists Ltd. (Watson) was retained by the Township of West Lincoln (Township) to prepare a water financial plan as part of the five submission requirements for the purposes of renewing a municipal drinking water license as per the *Safe Drinking Water Act, 2002*. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. This detailed financial planning and forecasting in regard to the Township's water system has already been completed and documented by Watson within the "Township of West Lincoln Water and Wastewater Rate Study" (2025 Rate Study). The objective of the report provided herein is to convert the findings of the 2025 Rate Study into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation 453/07 (O. Reg. 453/07).

1.2 Background

The *Safe Drinking Water Act* (S.D.W.A.) was passed in December 2002 in order to address some of the recommendations made by the Walkerton Inquiry Part II report. One of the main requirements of the Act is the mandatory licensing of municipal water providers. Subsection 31 (1) specifically states,

"No person shall,

- a) establish a new municipal drinking water system or replace or carry out an alteration to a municipal drinking water system except under the authority of and in accordance with an approval under this Part or a drinking water works permit; or
- b) use or operate a municipal drinking water system that was established before or after this section comes into force except under the authority of and in accordance with an approval under this Part or municipal drinking water licence."

In order to become licensed, a municipality must satisfy five key requirements as per subsection 44 (1):



1. Obtain a drinking water works permit.
2. Acceptance of the operational plan for the system based on the Drinking Water Quality Management Standard.
3. Accreditation of the Operating Authority.
4. Prepare and provide a financial plan.
5. Obtain permit to take water.

The preparation of a financial plan is a key requirement for licensing and as such, must be undertaken by all water providers.

1.2.1 Financial Plan Defined

Section 30 of the S.D.W.A. provides the following definition of financial plans:

"financial plans" means financial plans that satisfy the requirements prescribed by the Minister.

These requirements are outlined in O. Reg. 453/07 and are examined in detail below.

1.2.2 Financial Plan Requirements – Existing System (Licence Renewal)

O. Reg. 453/07 provides details on the requirements for existing water systems (licence renewal), which are summarized as follows:

- Financial plans must be approved by resolution of Council (or governing body);
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period (commencing in the year of licence expiry);
- 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 the P.S.A.B.) for each year in which the financial plans apply;
- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the components of a "Statement of Financial Position" as per P.S.A.B.) for each year in which the financial plans apply;
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the



components of a “Statement of Cash Flow” as per P.S.A.B.) for each year in which the financial plans apply;

- Financial plans applicable to two or more solely-owned drinking water systems can be prepared as if they are for one drinking water system;
- 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 plan is to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.3 Financial Plan Requirements – General

Given that the requirement for a financial plan is legislated under the S.D.W.A., a financial plan is mandatory for water systems. The financial plans shall be for a forecast period of at least six years but longer planning horizons are encouraged. The nine-year forecast included in this financial plan goes above and beyond the minimum requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3 (1), paragraph 1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water license renewal (i.e., six months prior to license expiry).

A copy of the financial plan must be submitted to the Ministry of Municipal Affairs and Housing (MMAH). The financial plan does not need to be submitted to the Ministry of the Environment, Conservation, and Parks (MECP); however, the MECP may request it in the course of review of the licence renewal. Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary. The financial plan must contain on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence.

1.2.4 Public Sector Accounting Board (P.S.A.B.) Requirements

The components of the financial plans indicated by the regulation are consistent with the requirements for financial statement presentation as set out in section PS1201 of the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook:

“Financial statements should include a Statement of Financial Position, a Statement of Operations, a Statement of Change in Net Debt, and a Statement of Cash Flow.”



The format required is to conform to the requirements of PS1201 and PS3150. The financial statements are to be reported on a full accrual accounting basis. The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when they are actually paid for. Since an exchange of cash is not necessary to report a financial transaction, the accrual method is meant to provide a more accurate picture of financial position.

The accounting treatment of tangible capital assets is prescribed under section PS3150. Tangible capital assets are to be capitalized to ensure an inventory of the assets owned is recorded and to account for their ability to provide future benefits.

The Statement of Cash Flow and the Statement of Change in Net Financial Assets/Debt are required statements. The Statement of Change in Net Financial Assets/Debt reports on whether enough revenue was generated in a period to cover the expenses in the period and whether sufficient resources have been generated to support current and future activities. The Statement of Cash Flow reports on how activities were financed for a given period providing a measure of the changes in cash for that period.



Chapter 2

Sustainable Financial Planning



2. Sustainable Financial Planning

2.1 Introduction

In general, sustainability refers to the ability to maintain a certain position over time. While the S.D.W.A. requires a declaration of the financial plan's sustainability, it does not give a clear definition of what would be considered sustainable. Instead, the MECP released a guideline ("Towards Financially Sustainable Drinking-Water and Wastewater Systems") that provides possible approaches to achieving sustainability. The Province's Principles of Financially Sustainable Water Services are provided below:

Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system to which they relate.

Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.

Principle #3: Revenues collected for the provision of water 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.

2.2 Sustainable Water and Sewage Systems Act

The *Sustainable Water and Sewage Systems Act* (S.W.S.S.A.) was passed on December 13, 2002. The intent of the Act was to introduce the requirement for municipalities to undertake an assessment of the “full cost” of providing their water and wastewater services. In total, there were 40 areas within the Act to which the Minister could have made Regulations. It is noted that the regulations, which accompany the Act, were not issued and the Act was repealed on December 31, 2012.

2.3 Water Opportunities Act, 2010

Since the passage of the *Safe Drinking Water Act*, changes and refinements to the legislation have been introduced, including the *Water Opportunities Act* (W.O.A). W.O.A. was introduced into legislation on May 18, 2010 and received Royal Assent on November 29, 2010.

The purposes of the W.O.A. are to foster innovative water, wastewater and storm water technologies, services, and practices; create opportunities for economic development and clean-technology jobs; and conserve and sustain water resources. To achieve this, the W.O.A. provides for the creation of performance targets (financial, operational and maintenance related), which will vary by service type and location and the required submission of conservation and sustainability plans for water, wastewater, and stormwater.

The sustainability plan in the W.O.A. expands on interim legislation for financial plans included in O. Reg. 453/07, to include the following:

- an asset management plan (A.M.P.) for the physical infrastructure;
- financial plan;
- water conservation plan (for water service only);
- a risk assessment;
- a strategy for maintaining and improving the services; and
- additional information considered advisable.



Where a Board has jurisdiction over a service, the plan (and any plan amendments) must be approved by the municipality in which the municipal service is provided, before submission to the Minister. The Minister may also direct preparation of joint or partially joint plans.

Regulations (still forthcoming) will prescribe details in regard to any time periods or time limits, contents of the plans, identifying which portions of the plan will require certification, the public consultation process (if required), limitations updates and refinements.

2.4 Infrastructure for Jobs and Prosperity Act (I.J.P.A.), 2015

On June 4, 2015, the Province passed the *Infrastructure for Jobs and Prosperity Act* (I.J.P.A.) which, over time, will require municipalities to undertake and implement A.M.P.s for all infrastructure they own. On December 27, 2017, the Province of Ontario released O. Reg. 588/17 under I.J.P.A. which has three phases that municipalities must meet. The timelines associated with the three phases were later extended by O. Reg. 193/21 which was filed on March 15, 2021.

Every municipality in Ontario will have to prepare a strategic asset management policy by July 1, 2019. Municipalities will be required to review their strategic asset management policies at least every five years and make updates, as necessary. The subsequent phases are as follows:

- Phase 1 – Asset Management Plan (by July 1, 2022):
 - For core assets – Municipalities must have the following:
 - Inventory of assets;
 - Current levels of service measured by standard metrics; and
 - Costs to maintain levels of service.
- Phase 2 – Asset Management Plan (by July 1, 2024):
 - Same elements as Phase 1 but for all assets.
- Phase 3 – Asset Management Plan (by July 1, 2025):
 - Builds on Phase 1 and 2 by adding:
 - Proposed levels of service; and
 - Lifecycle management and Financial strategy.



In relation to water (which is considered a core asset), municipalities will need to have an A.M.P. that addresses the related infrastructure by July 1, 2022 (Phase 1). O. Reg. 588/17 specifies that the Township's A.M.P. must include the following for each asset category:

- the current levels of service being provided;
 - determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the A.M.P.
- the current performance of each asset category;
- a summary of the assets in the category;
- the replacement cost of the assets in the category;
- the average age of the assets in the category, determined by assessing the average age of the components of the assets;
- the information available on the condition of the assets in the category;
- a description of the Township's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate; and
- the lifecycle activities that would need to be undertaken to maintain the current levels of service.

The Township completed an A.M.P. in 2024 which included a review of the Township's water and wastewater infrastructure. The Township will need to consider the impacts of funding the lifecycle requirements identified in the A.M.P. during the annual budget and forecast process.

2.5 Water Forecast

The Township has already completed financial planning through the 2025 Rate Study. The forecast was designed to address "full cost" principles and reflect the guiding principles toward sustainable financial planning.

As a result of employing this process, the 2025 Rate Study provides the basis for a financial plan for the Township's water system by including:



- A detailed assessment of current and future capital needs including an analysis of potential funding sources;
- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs and the system's growth;
- An analysis of required water rates that ensure revenues are equitable and sufficient to meet the system's needs; and
- A public process that involves consultation with the main stakeholders including the Township's staff, Council, the general public (specifically the users of the system) and others, with the aim of gaining input and collaboration on the sustainability of the water financial plan.

The background information and details of the financial plan are contained within the Township's 2025 Rate Study.



Chapter 3

Approach



3. Approach

3.1 Overview

The 2025 Rate Study has been used as a starting point to prepare the water financial plan. The water forecast contained in the 2025 Rate Study was prepared on a modified cash basis; therefore, a conversion is required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the financial plan.

3.2 Conversion Process

The conversion from the existing modified cash basis financial plan to the full accrual reporting format required under O. Reg. 453/07 can be summarized in the following steps:

1. Calculate Tangible Capital Asset Balances
2. Convert Statement of Operations
3. Convert Statement of Financial Position
4. Convert Statement of Cash Flow and Net Assets/Debt
5. Verification and Note Preparation

3.2.1 Calculate Tangible Capital Asset Balances

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water assets, an inventory has already been compiled and summarized as part of the Township's annual P.S.A.B. 3150 compliance processes. As required for P.S.A.B. 3150 reporting purposes, the asset inventory listing included historical cost (which is the original cost to purchase, develop, or construct each asset) along with an estimated useful life for each asset. The following calculations are made to determine net book value:



- Accumulated amortization up to the year prior to the first forecast year.
- Amortization expense on existing assets for each year of the forecast period.
- Acquisition of new assets for each year of the forecast period.
- Disposals and related gains or losses for each year of forecast period.

Future water capital needs have also been determined and summarized within the 2025 Rate Study. However, these estimates only represent future assets that the Township anticipates purchasing or constructing. At present, the Township does not anticipate any assets will be contributed by developers and other parties (at no or partial cost to the Township). If, over the forecast period, additional capital needs arise or contributed assets are anticipated, the financial plan may need to be adjusted to properly account for these transactions. Once the sequence and total asset acquisition has been determined for the forecast period, annual amortization of these assets for each year is calculated in a similar manner to that used for existing assets.

Once the historical cost, accumulated amortization, and amortization expenses are calculated as described above, the total net book value of the tangible capital assets can be determined and recorded on the Statement of Financial Position.

3.2.2 *Convert Statement of Operations*

A wide range of adjustments will be considered, dependent on the size and complexity of the system, in order to convert from the cash to full accrual basis (see Table 3-1). For example, debt repayment costs relating to the principal payment portion only need to be removed under the accrual basis, as they no longer qualify as an expense for reporting purposes. Principal payments are reported as a decrease in debt liability on the Statement of Financial Position. Transfers to and from reserves are removed as these transactions are represented by changes in cash and accumulated surplus. Finally, expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets are reported on the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives and therefore are added in under the accrual basis.



Table 3-1
Conversion Adjustments
Statement of Operations (Water)

Modified Cash Basis	Budget 2025	Adjustments		Full Accrual Budget 2025	Accrual Basis
		DR	CR		
Revenues					Revenues
Base Charge Revenue	598,728			598,728	Base Charge Revenue
Rate Based Revenue	1,090,232			1,090,232	Rate Based Revenue
Other Revenue	652,699		25,804	678,503	Other Revenue
Total Revenues	2,341,659			2,367,463	Total Revenues
Expenditures					Expenses
Operating	2,058,131	60,000		2,118,131	Operating Expenses
Capital					
Transfers to Reserves	283,528		283,528		
		349,845		349,845	Amortization
Total Expenditures	2,341,659			2,467,976	Total Expenses
Net Expenditures	-			(100,513)	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			15,714,004	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	-	100,513	15,613,491	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		409,845	409,845		

Note: The combined adjustments above should be balanced and net to \$0 (i.e. Total DR = Total CR)



3.2.3 Convert Statement of Financial Position

Once the Statement of Operations has been converted and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded (see Table 3-2). As noted earlier, the applicable balances from the Statement of Capital and the Statement of Reserve and Reserve Funds will need to be transferred to this statement. The opening/actual balances for the remaining accounts such as accounts receivable, inventory, accounts payable, outstanding debt (principal only), are recorded and classified according to the structure of the Statement of Financial Position as outlined in PS1201.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the Township and as such, it may be difficult to isolate the information that is relevant to water. An example of this is accounts receivable, which may be administered centrally by the Finance Department. O. Reg. 453/07 allows for the exclusion of these numbers if they are not known at the time of preparing the financial plan. Please refer to the Financial Plan Notes in Chapter 4 for more details.

3.2.4 Convert Statement of Cash Flow and Net Financial Assets/Debt

The Statement of Cash Flow summarizes how the Township financed its activities or in other words, how the costs of providing services were recovered. The statement is derived using comparative Statement of Financial Position, the current Statement of Operations and other available transaction data.

The Statement of Change in Net Financial Assets/Debt is a new statement which reconciles the difference between the surplus or deficit from current operations and the change in net financial assets/debt for the year. This is significant, as net debt provides an indication of future revenue requirements. In order to complete the Statement of Net Financial Assets/Debt, additional information regarding any gains/losses on disposals of assets, asset write-downs, acquisition/use of supplies inventory, and the acquisition use of prepaid expenses is necessary, (if applicable). Although the Statement of Change in Net Financial Assets/Debt is not required under O. Reg. 453/07, it has been included in this report as a further indicator of financial viability.



Table 3-2
Conversion Adjustments
Statements of Financial Position (Water)

Modified Cash Basis	Budget 2025	Adjustments		Full Accrual Budget 2025	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	2,053,113			2,053,113	Cash
Accounts Receivable	251,467			251,467	Accounts Receivable
Total Financial Assets	2,304,580			2,304,580	Total Financial Assets
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	747,308			747,308	Accounts Payable & Accrued Liabilities
Deferred Revenue	241,276			241,276	Deferred Revenue
Total Liabilities	988,584			988,584	Total Liabilities
Net Assets/(Debt)	1,315,996			1,315,996	Net Financial Assets/(Debt)
		14,357,495	60,000	14,297,495	Non-Financial Assets
				14,297,495	Tangible Capital Assets
Municipal Position					Total Non-Financial Assets
Water Reserves	1,315,996	1,315,996	-		
Development Charge Reserve Fund	241,276	241,276	-		
Amounts to be Recovered	(241,276)	-	241,276		
Total Municipal Position	1,315,996		15,613,491	15,613,491	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		15,914,767	15,914,767		

Note: The combined adjustments above should be balanced and net to \$0 (i.e. Total DR = Total CR)



3.2.5 Verification and Note Preparation

The final step in the conversion process is to ensure that all of the statements created by the previous steps are in balance. The Statement of Financial Position summarizes the resources and obligations of the Township at a set point in time. The Statement of Operations summarizes how these resources and obligations changed over the reporting period. To this end, the accumulated surplus/deficit reported on the Statement of Financial Position should equal the accumulated surplus/deficit reported on the Statement of Operations.

The Statement of Change in Net Financial Assets/Debt and the Statement of Financial Position are also linked in terms of reporting on net financial assets/debt. On the Statement of Financial Position, net financial assets/debt is equal to the difference between financial assets and liabilities and should equal net financial assets/debt as calculated on the Statement of Net Financial Assets/Debt.

While not part of the financial plan, the accompanying notes are important to summarize the assumptions and estimates made in preparing the financial plan. Some of the significant assumptions that need to be addressed within the financial plan are as follows:

- a) Opening cash balances – Opening cash balances are necessary to complete the Statement of Cash Flows and balance the Statement of Financial Position. Preferably, opening cash balances should be derived from actual information contained within the Township's ledgers. However, it may not be possible to extract this information from the ledgers for water alone; therefore, a reasonable proxy will be needed. One approach is to assume that opening cash balances equal ending reserve and reserve fund balances from the previous year adjusted for accrual-based transactions reflected by accounts receivable/payable balances. The following equation outlines this approach:

Ending Reserve/Reserve Fund Balance
Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
Equals: Approximate Ending Cash Balance



- b) Amortization Expense – The method and timing of amortization should be based on the Township’s amortization policy. Otherwise, an assumption will need to be made and applied consistently throughout the financial plan.
- c) Accumulated Amortization – Will be based on the culmination of accumulated amortization expenses throughout the life of each asset however derived, along with information on construction/acquisition date and useful life obtained from the 2025 Rate Study.
- d) Contributed Assets – As noted earlier, contributed assets could represent a significant part of the Township’s infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation may be required in order to adequately capture these assets. In the case where contributed assets are deemed to be insignificant or unknown, an assumption of “no contributed assets within the forecast period” will be made.
- e) Accumulated Surplus – The magnitude of the surplus in this area may precipitate the need for additional explanation especially in the first year of reporting. This Accumulated Surplus captures the historical infrastructure investment which has not been reported in the past but has accumulated to significant levels. It also includes all water reserve and reserve fund balances.
- f) Other Revenues – Will represent the recognition of revenues previously deferred (i.e. development charge revenues) and/or accrued revenues (developer contributions), and/or other minor miscellaneous revenues.



Chapter 4

Financial Plan



4. Financial Plan

4.1 Introduction

The following tables provide the complete financial plan for the Township's water system. A brief description and analysis of each table is provided below. It is important to note that the financial plan that follows is a forward look at the financial position of the Township's water system. It is not an audited document¹ and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

4.2 Water Financial Plan

4.2.1 *Statement of Financial Position (Table 4-1)*

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the Township's water system. The first important indicator is net financial assets/(debt), which is defined as the difference between financial assets and liabilities. This indicator provides an indication of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. Table 4-1 indicates that for 2025, the Township's water system will be in a net financial asset position of approximately \$1.32 million. The Township's net financial asset position is projected to decrease to a net debt position of approximately \$1.02 million by the end of the forecast.

Another important indicator on the Statement of Financial Position is the tangible capital asset balance. As noted earlier, providing this information is a requirement for municipalities as part of PS3150 compliance and is significant from a financial planning perspective for the following reasons:

- Tangible capital assets such as water mains and treatment plants are imperative to water service delivery.

¹ O.Reg. 453/07 does not require an audited financial plan.



- These assets represent significant economic resources in terms of their historical and replacement costs. Therefore, ongoing capital asset management is essential to managing significant replacements and repairs.
- The annual maintenance required by these assets has an enduring impact on water operational budgets.

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the Township or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. A use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows tangible capital assets are expected to increase by approximately \$7.61 million over the 10-year forecast period. This indicates that the Township's plans to invest in tangible capital assets is greater than its use of existing assets over the forecast period.

4.2.2 Statement of Operations (Table 4-2)

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates the ratio of expenses to revenues decreasing over the forecast period, from 104% in 2025 to 74% by 2034. An annual surplus position is forecasted for most years (except 2025 and 2026) within the forecast period, with an ending annual surplus of approximately \$1.55 million by 2034. It is important to note that an annual surplus is beneficial to ensure funding is available for non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments.

Another important indicator on this statement is accumulated surplus/deficit. An accumulated surplus indicates that the available net resources are sufficient to provide future water services. An accumulated deficit indicates that resources are insufficient to provide future services and that borrowing or rate increases are required to finance annual deficits. From Table 4-2, the financial plan proposes to add approximately \$5.32 million to an opening 2025 accumulated surplus of \$15.71 million over the forecast



period. This accumulated surplus, as indicated in Table 4-2, is predominantly made up of up of reserve and reserve fund balances.

4.2.3 Statement of Change in Net Financial Assets/Debt (Table 4-3)

The Statement of Change in Net Financial Assets/Debt indicates whether revenue generated was sufficient to cover operating and non-financial asset costs (i.e., inventory supplies, prepaid expenses, tangible capital assets, etc.) and in so doing, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period.

Table 4-3 indicates in most years, forecasted annual surplus is less than forecasted tangible capital asset acquisitions (net of amortization for the year), resulting in an overall decrease to the net financial asset balance from 2025 to 2034. The overall decrease to net financial asset balance is the result of capital asset acquisitions over the forecast period. The ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions is forecasted to decrease over the forecast period, from 1.22 in 2025 to 0.81 by 2034 (note: a desirable ratio is 1:1 or better).

4.2.4 Statement of Cash Flow (Table 4-4)

The Statement of Cash Flow summarizes how the Township's water system is expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash- and accrual-based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e., tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Township's water system to increase from a positive balance of approximately \$2.00 million at the beginning of 2025 to a positive balance of approximately \$6.69 million by the end of 2034. For further discussion on projected cash balances please refer to the Notes to the Financial Plan.



Table 4-1
Statement of Financial Position: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Financial Assets											
Cash	1	2,053,113	1,761,297	821,750	1,053,617	1,107,848	1,690,949	2,755,074	3,491,647	4,936,884	6,692,853
Accounts Receivable	1	251,467	278,280	312,351	352,521	389,114	428,708	470,958	515,823	564,336	616,744
Accounts Receivable - Other	3	-	-	-	-	-	-	-	-	-	-
Total Financial Assets		2,304,580	2,039,577	1,134,101	1,406,138	1,496,962	2,119,657	3,226,032	4,007,470	5,501,220	7,309,597
Liabilities											
Bank Indebtedness		-	-	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	747,308	882,792	927,642	980,785	1,030,666	1,083,086	1,138,281	1,196,352	1,257,548	1,322,054
Debt (Principal only)	2	-	-	1,363,000	1,317,795	1,351,728	1,300,035	2,372,212	2,278,827	4,173,595	6,994,291
Deferred Revenue	3	241,276	268,283	64,339	55,811	49,017	37,851	28,374	20,625	14,642	10,466
Total Liabilities		988,584	1,151,075	2,354,981	2,354,391	2,431,411	2,420,972	3,538,867	3,495,804	5,445,785	8,326,811
Net Financial Assets/(Debt)		1,315,996	888,502	(1,220,880)	(948,253)	(934,449)	(301,315)	(312,835)	511,666	55,435	(1,017,214)
Non-Financial Assets											
Tangible Capital Assets	4	14,297,495	14,547,988	16,899,283	16,735,555	16,950,205	16,849,761	17,656,282	17,779,917	19,429,882	22,053,559
Total Non-Financial Assets		14,297,495	14,547,988	16,899,283	16,735,555	16,950,205	16,849,761	17,656,282	17,779,917	19,429,882	22,053,559
Accumulated Surplus/(Deficit)	5	15,613,491	15,436,490	15,678,403	15,787,302	16,015,756	16,548,446	17,343,447	18,291,583	19,485,317	21,036,345
Financial Indicators	Total Change	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Increase/(Decrease) in Net Financial Assets	(2,288,878)	44,332	(427,494)	(2,109,382)	272,627	13,804	633,134	(11,520)	824,501	(456,231)	(1,072,649)
2) Increase/(Decrease) in Tangible Capital Assets	7,611,219	(144,845)	250,493	2,351,295	(163,728)	214,650	(100,444)	806,521	123,635	1,649,965	2,623,677
3) Increase/(Decrease) in Accumulated Surplus	5,322,341	(100,513)	(177,001)	241,913	108,899	228,454	532,690	795,001	948,136	1,193,734	1,551,028



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water Revenue											
Base Charge Revenue		598,728	666,658	758,438	849,098	965,387	1,091,181	1,227,142	1,373,971	1,532,415	1,703,268
Rate Based Revenue		1,090,232	1,210,187	1,367,778	1,512,020	1,696,885	1,892,259	2,106,032	2,331,190	2,576,498	2,843,270
Earned Development Charges Revenue	3	-	-	250,000	101,361	101,361	107,384	107,384	107,384	107,384	107,384
Other Revenue	6	678,503	731,922	785,185	827,446	867,980	920,884	985,379	1,045,516	1,121,722	1,206,398
Total Revenues		2,367,463	2,608,767	3,161,401	3,289,925	3,631,613	4,011,708	4,425,937	4,858,061	5,338,019	5,860,320
Water Expenses											
Operating Expenses	Sch. 4-1	2,118,131	2,431,261	2,554,783	2,701,142	2,919,516	2,982,883	3,134,896	3,351,825	3,580,362	3,641,017
Interest on Debt	2	-	-	-	56,156	54,293	55,691	53,561	97,735	93,888	171,952
Amortization	4	349,845	354,507	364,705	423,728	429,350	440,444	442,479	460,365	470,035	496,323
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Total Expenses		2,467,976	2,785,768	2,919,488	3,181,026	3,403,159	3,479,018	3,630,936	3,909,925	4,144,285	4,309,292
Annual Surplus/(Deficit)		(100,513)	(177,001)	241,913	108,899	228,454	532,690	795,001	948,136	1,193,734	1,551,028
Accumulated Surplus/(Deficit), beginning of year	5	15,714,004	15,613,491	15,436,490	15,678,403	15,787,302	16,015,756	16,548,446	17,343,447	18,291,583	19,485,317
Accumulated Surplus/(Deficit), end of year		15,613,491	15,436,490	15,678,403	15,787,302	16,015,756	16,548,446	17,343,447	18,291,583	19,485,317	21,036,345
Note 5:											
Accumulated Surplus/(Deficit) Reconciliation:		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Reserve Balances											
Reserves: Development Charges		241,276	268,283	64,339	55,811	49,017	37,851	28,374	20,625	14,642	10,466
Reserves: Capital/Other		1,315,996	888,502	142,120	369,542	417,279	998,720	2,059,377	2,790,493	4,229,030	5,977,077
Total Reserves Balance		1,557,272	1,156,785	206,459	425,353	466,296	1,036,571	2,087,751	2,811,118	4,243,672	5,987,543
Less: Debt Obligations and Deferred Revenue		(241,276)	(268,283)	(1,427,339)	(1,373,606)	(1,400,745)	(1,337,886)	(2,400,586)	(2,299,452)	(4,188,237)	(7,004,757)
Add: Tangible Capital Assets	4	14,297,495	14,547,988	16,899,283	16,735,555	16,950,205	16,849,761	17,656,282	17,779,917	19,429,882	22,053,559
Total Ending Balance		15,613,491	15,436,490	15,678,403	15,787,302	16,015,756	16,548,446	17,343,447	18,291,583	19,485,317	21,036,345
Financial Indicators	Total Change	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Expense to Revenue Ratio		104%	107%	92%	97%	94%	87%	82%	80%	78%	74%
2) Increase/(Decrease) in Accumulated Surplus	5,322,341	(100,513)	(177,001)	241,913	108,899	228,454	532,690	795,001	948,136	1,193,734	1,551,028



Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Expenses											
Salaries and Wages		316,360	325,500	334,900	344,600	354,600	364,900	375,500	386,400	397,600	409,100
Water & Wastewater Operator (WWOPR1)		-	21,810	22,400	23,000	23,700	24,400	25,100	25,800	26,500	27,300
Water & Wastewater Operator (WWOPR2)		-	21,810	22,400	23,000	23,700	24,400	25,100	25,800	26,500	27,300
Water & Wastewater Operator (WWOPR3)		-	21,810	22,400	23,000	23,700	24,400	25,100	25,800	26,500	27,300
Benefits		100,470	103,400	106,400	109,500	112,700	116,000	119,400	122,900	126,500	130,200
Administrative Expenses		11,400	11,600	11,800	12,000	12,200	12,400	12,600	12,900	13,200	13,500
Supplies and Equipment		14,280	14,600	14,900	15,200	15,500	15,800	16,100	16,400	16,700	17,000
Repairs and Maintenance (Materials Only)		35,600	36,300	37,000	37,700	38,500	39,300	40,100	40,900	41,700	42,500
Utilities		6,800	6,900	7,000	7,100	7,200	7,300	7,400	7,500	7,700	7,900
Insurance		35,600	36,300	37,000	37,700	38,500	39,300	40,100	40,900	41,700	42,500
Contracted Services		42,870	43,700	44,600	45,500	46,400	47,300	48,200	49,200	50,200	51,200
Internal Functional Adjustments		30,010	30,600	31,200	31,800	32,400	33,000	33,700	34,400	35,100	35,800
Allocation of Program Support		173,900	177,400	180,900	184,500	188,200	192,000	195,800	199,700	203,700	207,800
Corporate Program Allocation		-	26,200	52,900	81,800	83,400	85,100	86,800	88,500	90,300	92,100
Coordinator of Engineering Services (ENGSER)		32,338	50,800	52,300	53,800	55,400	57,000	58,700	60,400	62,200	64,000
Department Director PW (DIRECT3)		40,327	61,100	62,900	64,700	66,600	68,500	70,500	72,500	74,600	76,800
Manager of RDS, Water & WW (MGROPR)		66,194	84,700	87,200	89,700	92,300	95,000	97,800	100,600	103,500	106,500
MANAGER, CAPITAL DESIGN DELIVERY (MGRCAP)		32,338	50,800	52,300	53,800	55,400	57,000	58,700	60,400	62,200	64,000
Public Works Supervisor (PWSUP)		43,446	14,800	15,200	15,600	16,100	16,600	17,100	17,600	18,100	18,600
Public Works Clerk (CLKPW)		26,278	26,900	27,700	28,500	29,300	30,100	31,000	31,900	32,800	33,800
Water and Revenue Clerk (CLKWAT)		32,250	41,300	42,500	43,700	45,000	46,300	47,600	49,000	50,400	51,900
*Regulatory Compliance Supervisor (new role)		-	117,900	121,300	124,800	128,400	132,100	135,900	139,800	143,900	148,100
*Engineering Technologist (new role)		-	38,520	39,600	40,700	41,900	43,100	44,300	45,600	46,900	48,300
Repairs and Maintenance (Materials Only)		5,130	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900	6,000
Utilities		3,880	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800
Contracted Services		4,030	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
Internal Functional Adjustments		2,230	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Purchases from Region		1,002,400	1,050,912	1,112,083	1,193,242	1,290,916	1,394,783	1,505,196	1,622,525	1,747,162	1,879,517
Non TCA - Expenses from Capital Budget	7	60,000	-	-	-	81,000	-	-	57,000	117,000	-
TOTAL OPERATING EXPENSES		2,118,131	2,431,261	2,554,783	2,701,142	2,919,516	2,982,883	3,134,896	3,351,825	3,580,362	3,641,017



Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Surplus/(Deficit)		(100,513)	(177,001)	241,913	108,899	228,454	532,690	795,001	948,136	1,193,734	1,551,028
Less: Acquisition of Tangible Capital Assets	4	(205,000)	(605,000)	(2,716,000)	(260,000)	(644,000)	(340,000)	(1,249,000)	(584,000)	(2,120,000)	(3,120,000)
Add: Amortization of Tangible Capital Assets	4	349,845	354,507	364,705	423,728	429,350	440,444	442,479	460,365	470,035	496,323
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		144,845	(250,493)	(2,351,295)	163,728	(214,650)	100,444	(806,521)	(123,635)	(1,649,965)	(2,623,677)
Less: Acquisition of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Add: Consumption of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		44,332	(427,494)	(2,109,382)	272,627	13,804	633,134	(11,520)	824,501	(456,231)	(1,072,649)
Net Financial Assets/(Net Debt), beginning of year		1,271,664	1,315,996	888,502	(1,220,880)	(948,253)	(934,449)	(301,315)	(312,835)	511,666	55,435
Net Financial Assets/(Net Debt), end of year		1,315,996	888,502	(1,220,880)	(948,253)	(934,449)	(301,315)	(312,835)	511,666	55,435	(1,017,214)

Financial Indicators	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Acquisition of Tangible Capital Assets (Cumulative)	205,000	810,000	3,526,000	3,786,000	4,430,000	4,770,000	6,019,000	6,603,000	8,723,000	11,843,000
2) Annual Surplus/Deficit before Amortization (Cumulative)	249,332	426,838	1,033,456	1,566,083	2,223,887	3,197,021	4,434,501	5,843,002	7,506,771	9,554,122
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)	1.22	0.53	0.29	0.41	0.50	0.67	0.74	0.88	0.86	0.81



Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Transactions											
Annual Surplus/Deficit		(100,513)	(177,001)	241,913	108,899	228,454	532,690	795,001	948,136	1,193,734	1,551,028
Add: Amortization of TCA's	4	349,845	354,507	364,705	423,728	429,350	440,444	442,479	460,365	470,035	496,323
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Earned Deferred Revenue	3	-	-	(250,000)	(101,361)	(101,361)	(107,384)	(107,384)	(107,384)	(107,384)	(107,384)
Less: Developer Contributions		-	-	-	-	-	-	-	-	-	-
Add: Deferred Revenue Proceeds		5,835	27,007	46,056	92,833	94,566	96,218	97,907	99,635	101,402	103,208
Change in A/R (Increase)/Decrease		-	(26,813)	(34,071)	(40,170)	(36,592)	(39,594)	(42,250)	(44,865)	(48,514)	(52,408)
Change in A/P Increase/(Decrease)		-	135,484	44,850	53,143	49,881	52,420	55,195	58,071	61,196	64,506
Less: Interest Proceeds		(25,804)	(17,422)	(2,787)	(7,246)	(8,182)	(19,583)	(40,380)	(54,716)	(82,922)	(117,198)
Cash Provided by Operating Transactions		229,363	295,762	410,666	529,826	656,116	955,211	1,200,568	1,359,242	1,587,547	1,938,075
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(205,000)	(605,000)	(2,716,000)	(260,000)	(644,000)	(340,000)	(1,249,000)	(584,000)	(2,120,000)	(3,120,000)
Cash Applied to Capital Transactions		(205,000)	(605,000)	(2,716,000)	(260,000)	(644,000)	(340,000)	(1,249,000)	(584,000)	(2,120,000)	(3,120,000)
Investing Transactions											
Proceeds from Investments		25,804	17,422	2,787	7,246	8,182	19,583	40,380	54,716	82,922	117,198
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		25,804	17,422	2,787	7,246	8,182	19,583	40,380	54,716	82,922	117,198
Financing Transactions											
Proceeds from Debt Issue	2	-	-	1,363,000	-	81,000	-	1,126,000	-	1,992,000	2,988,000
Less: Debt Repayment (Principal only)	2	-	-	-	(45,205)	(47,067)	(51,693)	(53,823)	(93,385)	(97,232)	(167,304)
Cash Applied to Financing Transactions		-	-	1,363,000	(45,205)	33,933	(51,693)	1,072,177	(93,385)	1,894,768	2,820,696
Increase in Cash and Cash Equivalents		50,167	(291,816)	(939,547)	231,867	54,231	583,101	1,064,125	736,573	1,445,237	1,755,969
Cash and Cash Equivalents, beginning of year	1	2,002,946	2,053,113	1,761,297	821,750	1,053,617	1,107,848	1,690,949	2,755,074	3,491,647	4,936,884
Cash and Cash Equivalents, end of year	1	2,053,113	1,761,297	821,750	1,053,617	1,107,848	1,690,949	2,755,074	3,491,647	4,936,884	6,692,853



Water

Notes to Financial Plan

The financial plan format as outlined in Chapter 4 closely approximates the full accrual format used by municipalities (2009 onward) on their audited financial statements. However, the financial plan is not an audited document and contains various estimates. In this regard, subsection 3 (2) of O. Reg. 453/07 states the following:

“Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared:

1. Sub-subparagraphs 4 i A, B and C of subsection (1)
2. Sub-subparagraphs 4 iii A, C, E and F of subsection (1).”

The information referred to in sub-subparagraphs 4 i A, B and C of subsection (1) includes:

- A. Total financial assets (i.e., cash and receivables);
- B. Total liabilities (i.e., payables, debt and deferred revenue);
- C. Net debt (i.e., the difference between A and B above).

The information referred to in sub-subparagraphs 4 iii A, C, E and F of subsection (1) includes:

- A. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges
- B. Investing transactions that are acquisitions and disposal of investments
- C. Change in cash and cash equivalents during the year
- D. Cash and cash equivalents at the beginning and end of the year

In order to show a balanced financial plan in a full accrual format for the Township, some of the items listed above have been estimated given that the Township does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses).



The assumptions used have been documented below:

1. Cash, Receivables and Payables

It is assumed that the opening cash balances required to complete the financial plan are equal to:

Ending Reserve/Reserve Fund Balance
Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
Equals: *Approximate Ending Cash Balance*

Receivable and payable balances were estimated for each year of the forecast based on the following factors:

- a) Receivables: Based on ratios of Township-wide receivables as a percentage of annual Township-wide revenues (using the Township's financial information return data); and
- b) Payables: Based on ratios of Township-wide payables as a percentage of annual Township-wide expenses (using the Township's financial information return data).

2. Debt

The Township currently has no outstanding debt. An estimated amount of \$7.55 million of new water debt is anticipated over the forecast period. The schedule of principal payments over the 10-year forecast period is provided below:

Year	Principal Payments
2025	-
2026	-
2027	-
2028	45,205
2029	47,067
2030	51,693
2031	53,823
2032	93,385
2033	97,232
2034	167,304
Total	555,709



3. Deferred Revenue

Deferred revenue is typically made up of water development charge reserve fund balances which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected. In years when the water development charge reserve fund balance is negative, it is shown as an asset (accounts receivable – other) for financial reporting purposes, representing future amounts to be collected from developers. Deferred revenue can also represent grant funding that has not been earned as revenue in any given year. For the purposes of this financial plan it is assumed all grant funding received will be earned in the year it is received.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets, based on information contained with the Township's asset database.
- Amortization is calculated based on the straight-line approach with amortization applied in the year of acquisition or construction.
- Given the planned asset replacement forecast in the 2025 Rate Study, useful life on acquisitions is assumed to be equal to typical values assigned by the Township for each asset category.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced, unless the asset is documented as a new asset. The value of each asset disposal is calculated by estimating the original purchase/construction date and deflating current replacement cost values to those estimated dates in order to calculate original historical cost.
- Gains/losses on disposal are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- Residual value is assumed to be \$0 for all assets contained within the forecast period.
- Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant/ unknown during the forecast period and are therefore assumed to be \$0.



- The Township is unaware of any specific lead service piping in the municipal water system.

The balance of tangible capital assets is summarized on Table 4-5, as follows:



Table 4-5
Tangible Capital Asset Summary

Asset Historical Cost	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Tangible Capital Asset Balance	20,983,702	21,107,157	21,648,846	24,178,196	24,377,571	24,947,691	25,212,860	26,350,136	26,841,239	28,805,666
Acquisitions	205,000	605,000	2,716,000	260,000	644,000	340,000	1,249,000	584,000	2,120,000	3,120,000
Disposals	81,545	63,311	186,650	60,625	73,880	74,831	111,724	92,897	155,573	198,293
Closing Tangible Capital Asset Balance	21,107,157	21,648,846	24,178,196	24,377,571	24,947,691	25,212,860	26,350,136	26,841,239	28,805,666	31,727,373
Opening Accumulated Amortization	6,541,362	6,809,662	7,100,858	7,278,913	7,642,016	7,997,486	8,363,099	8,693,854	9,061,322	9,375,784
Amortization Expense	349,845	354,507	364,705	423,728	429,350	440,444	442,479	460,365	470,035	496,323
Amortization on Disposal	81,545	63,311	186,650	60,625	73,880	74,831	111,724	92,897	155,573	198,293
Ending Accumulated Amortization	6,809,662	7,100,858	7,278,913	7,642,016	7,997,486	8,363,099	8,693,854	9,061,322	9,375,784	9,673,814
Net Book Value	14,297,495	14,547,988	16,899,283	16,735,555	16,950,205	16,849,761	17,656,282	17,779,917	19,429,882	22,053,559



5. Accumulated Surplus

Opening accumulated surplus for the forecast period is reconciled as follows:

Water	2025 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	235,441
Reserves: Capital/Other	1,271,664
Total Reserves Balance	1,507,105
Less: Debt Obligations and Deferred Revenue	(235,441)
Add: Tangible Capital Assets	14,442,340
Total Opening Balance	15,714,004

The accumulated surplus reconciliation for all years within the forecast period is contained in Table 4-2.

6. Other Revenue

Other revenue includes revenues collected from service fess, bulk water, and other miscellaneous charges.

7. Operating Expenses

Capital expenditures for items not meeting the definition of tangible capital assets have been reclassified as operating expenses and have been expensed in the year in which they occur.



Chapter 5

Process for Financial Plan Approval and Submission to the Province



5. Process for Financial Plan Approval and Submission to the Province

As mentioned in Section 1.2, preparation and approval of a financial plan for water assets that meets the requirements of the Act is mandatory for municipal water providers. Proof of the plan preparation and approval is a key submission requirement for municipal drinking water licensing and, upon completion, must be submitted to the MECP. The process established for plan approval, public circulation and filing is set out in O. Reg. 453/07 and can be summarized as follows:

1. The financial plan must be approved by resolution of Council of the municipality who owns the drinking water system or the governing body of the owner. (O. Reg. 453/07, subsection 3 (1), paragraph 1).
2. The owner of the drinking water system must provide notice advertising the availability of the financial plan. The plans will be made available to the public upon request and without charge. The plans must also be made available to the public on the municipality's website. (O. Reg. 453/07, subsection 3 (1), paragraph 5).
3. The owner of the drinking water system must provide a copy of the financial plan to the Director of Policy Branch, Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, subsection 3 (1), paragraph 6).
4. The owner of the drinking water system must provide proof satisfactory to the Director that the financial plans for the system satisfy the requirements under the *Safe Drinking Water Act*. (S.D.W.A. subsection 32 (5), subparagraph 2 ii).



Chapter 6

Recommendations



6. Recommendations

This report presents the water financial plan for the Township of West Lincoln in accordance with the mandatory reporting formats for water system as detailed in O. Reg. 453/07. It is important to note that while mandatory, the financial plan is provided for Council's interest and approval however, for decision making purposes, it may be more informative to rely on the information contained within the 2025 Rate Study. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The Township of West Lincoln Water Financial Plan prepared by Watson & Associates Economists Ltd. dated October 9, 2025 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Water Financial Plan dated October 9, 2025 be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, subsection 3 (1), paragraph 6)
4. The Council Resolution approving the Financial Plan be submitted to the Ministry of the Environment, Conservation, and Parks satisfying the requirements under the *Safe Drinking Water Act*. (S.D.W.A. subsection 32 (5), subparagraph 2 ii).

DATE: October 20, 2025

REPORT NO: T-16-2025

SUBJECT: **Audited Financial Statements and Audit Findings for Year-End 2024**

CONTACT: Steve Emslie, CPA, CA Manager of Finance/Deputy Treasurer
Katelyn Repovs, CPA, CA, Director of Corporate Services/CFO

OVERVIEW:

- Presentation of the 2024 Draft Audited Financial Statements
- Presentation of the 2024 Audit Findings Report

RECOMMENDATION:

1. That, Recommendation Report T-16-2025 titled “Draft Financial Statements and Audit Findings for Year-End 2024”, dated October 20, 2025, be received; and,
2. That, the 2024 Draft Audited Financial Statements, attached as Schedule A to this report, be approved; and,
3. That, the 2024 Audit Findings Report, attached as Schedule B to this report, be received.

ALIGNMENT TO STRATEGIC PLAN:

Theme #4

- **Advance Organizational Capacity and Effectiveness**

BACKGROUND:

The 2024 financial statements provide residents and other interested parties a transparent summary of the Township’s financial position and operations, allowing the Township to remain accountable to its various stakeholders. In addition, the Township is demonstrating good governance in meeting the requirements of Sections 294 & 295 of the Municipal Act regarding the preparation and publication of the financial statements.

The 2024 draft consolidated financial statements, including the accompanying notes, attached as Schedule A, have been prepared by the Corporate Services Department –

Finance Division in accordance with Canadian Public Sector Accounting Standards (PSAS).

Staff utilize Caseware software to automate a large portion of the financial statements, resulting in increased efficiency, a reduction of trivial tasks, and savings of Administration time and resources.

The statements reflect the assets, liabilities, revenues and expenditures of the Township, including the Library Board. The statements were audited by the firm, KPMG LLP, in accordance with Canadian Generally Accepted Auditing Standards. This is the third year that the Township's financial statements were audited by KPMG LLP, as they were approved for a five-year term appointment through Report T-01-2023 "Appointment of Township Auditors".

Schedule B to this report contains the Audit Findings Report, which includes comments on audit results and other reportable matters. It is important to note that the Township Budget is prepared on a cash basis, not on a PSAS basis. This is common practice among municipalities.

CURRENT SITUATION:

Schedule A presents the 2024 Draft Audited Financial Statements, for both the Consolidated Township and the Trust Funds, along with the draft Independent Auditor's Report for both sets of statements. The Independent Auditor's Reports provide an unqualified opinion (or a clean opinion), which indicates that the auditors did not find any material misstatements, either quantitatively or qualitatively.

The approval by Council of these 2024 draft financial statements is one of the final steps required before issuance of the finalized 2024 Audited Financial Statements. Canadian Auditing Standard 700, as issued by the Chartered Professional Accountants of Canada, requires that the date of the auditor's report can be no earlier than the date of approval of the financial statements in final form by the directors.

Schedule B presents the 2024 Audit Findings Report, prepared by KPMG LLP. This document is prepared for Council and provides an overview of the 2024 audit results and audit risks. It indicates that there were no corrected or uncorrected misstatements noted by the auditor within the course of the 2024 audit, and no other matters to report on or bring to Council's attention.

As an item of information for Council, new Canadian Public Sector Accounting Standards related to revenue (PS 3400), public private partnerships (PS 3160), and purchased intangibles (PSG-8) were implemented and came into effect for the Township's fiscal period ending December 31, 2024. Through Administration's work on this implementation project, there were no significant impacts to the Township, other than changes to the financial statements and accompanying note disclosures.

FINANCIAL IMPLICATIONS:

Some areas of the financial statements to highlight are below:

- Tangible capital asset net additions in 2024 totalled approximately \$3.1 million, compared to \$9.9 million in 2023. In 2024, the Township assumed approximately \$0.4 Million in infrastructure assets. Total net book value of tangible capital assets is approximately \$101.7 million. This represents the historical cost less accumulated depreciation and is not reflective of actual replacement costs.
- Long term debt experienced a net increase of approximately \$1.82 million in 2024, which consists of the debenture issued for the Township's contribution toward the West Lincoln Memorial Hospital rebuild, reduced by the scheduled debenture principal repayments made.
- The statements present a 2024 surplus of approximately \$1.04 million; it should be noted that this is based on PSAS accounting rules. However, the Township budget is prepared on a cash basis. Therefore, these two reporting approaches have significant differences and result in the reported surplus not being indicative of the actual "cash basis" surplus. Some examples of these differences are noted below:
 - The change in equity of the Township's subsidiary, Peninsula West Power Inc., for which 2024 totalled \$0.2 million, is considered revenue under PSAS accounting. However, for cash basis reporting, this does not contribute to an actual surplus.
 - The contributed tangible capital assets, resulting from the Township's assumption of infrastructure, totalled \$0.4 million and is considered revenue under PSAS accounting. However, for cash basis reporting, this does not contribute to the actual surplus.
 - Another example is amortization expense of \$3.8 million in 2024 is not accounted for under the cash basis of accounting, but is included in PSAS accounting.
- Through Staff Report T-17-2025 "Accumulated Operating Surplus for Year-End 2024" being presented at the October 20, 2025 Corporate Services Committee meeting, Administration provided recommendations to Council regarding the 2024 actual accumulated operating surplus of approximately \$1.5 million.

INTER-DEPARTMENTAL COMMENTS:

The Corporate Services Department recognizes that the Financial Statement Audit impacts every department within the Township and acknowledges the contributions of all individuals involved.

CONCLUSION:

It is recommended that Council approve the 2024 Draft Audited Financial Statements, attached as **Schedule A**, and acknowledge receipt of the Audit Findings Report document, attached as **Schedule B**.

ATTACHMENTS:

Schedule A – 2024 Draft Audited Financial Statements

Schedule B – 2024 Audit Findings Report

Prepared & Submitted by:

Steve Emslie, CPA, CA
Manager of Finance/Deputy Treasurer

Approved by:

Truper McBride
CAO

Reviewed by:

Katelyn Repovs, CPA, CA
Director, Corporate Services/CFO

Consolidated Financial Statements of

**The Corporation of the
Township of West Lincoln**

December 31, 2024

CONTENTS

	<u>Page</u>
The Corporation of the Township of West Lincoln	
Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditor's Report	2
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Consolidated Schedule of Tangible Capital Assets	29
Consolidated Schedule of Segment Disclosure	31
The Corporation of the Township of West Lincoln - Trust Funds	
Independent Auditor's Report	33
Statement of Financial Position & Statement of Operations and Accumulated Surplus	36
Notes to the Financial Statements	37

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Township of West Lincoln (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Truper McBride

Chief Administrative Officer

Katelyn Repovs

Director, Corporate Services / Chief
Financial Officer



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Tel 905 523 8200
Fax 905 523 2222

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of Corporation of the Township of West Lincoln

Opinion

We have audited the consolidated financial statements of Corporation of the Township of West Lincoln (the Township), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2024, and its consolidated results of operations, its consolidated remeasurement of gains and losses, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Hamilton, Canada

October 20, 2025

The Corporation of the Township of West Lincoln

Consolidated Statement of Financial Position

As At December 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents (Note 3)	\$ 11,853,025	\$ 7,243,028
Portfolio investments (Note 4)	15,072,588	17,168,799
Taxes receivable	2,974,483	2,443,449
User charges receivable	921,415	836,579
Accounts receivable	531,702	1,251,867
Long term receivables	178,880	72,300
Investment in subsidiary (Note 5)	8,356,977	8,190,921
	39,889,070	37,206,943
Liabilities		
Accounts payable and accrued liabilities	3,583,378	4,329,650
Other liabilities	2,303,614	2,317,137
Due to trust funds (Note 19)	284,712	279,172
Deferred revenue (Note 6)	5,514,354	4,934,402
Long term debt (Note 8)	21,114,566	19,299,526
Liability for contaminated site (Note 9)	1,055,249	1,015,395
Employee future benefit obligations (Note 10)	1,084,229	1,064,350
	34,940,102	33,239,632
Net financial assets	4,948,968	3,967,311
Non-financial assets		
Tangible capital assets (Pages 29 and 30)	101,666,036	101,603,572
Inventory	15,285	17,751
Prepaid expenses	245,916	244,210
	101,927,237	101,865,533
Accumulated surplus (Note 11)	\$ 106,876,205	\$ 105,832,844

Contingencies (Note 20)

Approved by

Truper McBride

Chief Administrative Officer

Katelyn Repovs

Director, Corporate Services / Chief
Financial Officer

See accompanying notes and schedules to the consolidated financial statements

The Corporation of the Township of West Lincoln

Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2024

	Budget 2024	Actual 2024	Actual 2023
(Note 23)			
Revenues			
Taxation (Note 13)	\$ 10,900,430	\$ 11,007,175	\$ 10,285,033
User charges (Note 15)	6,182,390	6,339,040	6,034,524
Government transfers (Note 16)	1,107,363	1,130,778	1,272,459
Other (Note 17)	1,127,290	2,166,565	1,999,683
	<u>19,317,473</u>	<u>20,643,558</u>	<u>19,591,699</u>
Expenses			
General government	4,395,265	3,365,960	2,972,630
Protection to persons and property	2,369,556	2,230,282	2,027,367
Transportation services	5,125,043	5,050,860	4,525,202
Environmental services	5,011,635	4,962,425	5,027,992
Health services	137,497	80,729	111,703
Recreation and cultural services	3,014,494	4,237,843	4,075,881
Planning and development	934,692	1,003,197	1,103,305
	<u>20,988,182</u>	<u>20,931,296</u>	<u>19,844,080</u>
Net expense before other	<u>(1,670,709)</u>	<u>(287,738)</u>	<u>(252,381)</u>
Other			
Revenue related to tangible capital assets			
User charges (Note 15)	2,556,500	108,627	1,276,918
Government transfers (Note 16)	1,530,000	1,050,049	1,933,508
Other (Note 17)	1,550	96,997	103,145
Contributed tangible capital assets	-	440,262	2,927,836
Loss on disposal of tangible capital assets	-	(530,892)	(107,024)
Change in equity of subsidiary (Note 5)	-	166,056	202,150
	<u>4,088,050</u>	<u>1,331,099</u>	<u>6,336,533</u>
Annual surplus	<u>2,417,341</u>	<u>1,043,361</u>	<u>6,084,152</u>
Accumulated surplus (Note 11)			
Beginning of year	<u>105,832,844</u>	<u>105,832,844</u>	<u>99,748,692</u>
End of year	<u>\$ 108,250,185</u>	<u>\$ 106,876,205</u>	<u>\$ 105,832,844</u>

See accompanying notes and schedules to the consolidated financial statements

The Corporation of the Township of West Lincoln

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2024

	Budget 2024	Actual 2024	Actual 2023
(Note 23)			
Annual surplus	\$ 2,417,343	\$ 1,043,361	\$ 6,084,152
Amortization of tangible capital assets	3,819,830	3,819,831	3,421,630
Acquisition of tangible capital assets	(9,771,500)	(4,443,249)	(11,559,041)
Loss on disposal of tangible capital assets	-	530,892	107,024
Proceeds from sale of tangible capital assets	-	30,062	95,492
	(3,534,327)	980,897	(1,850,743)
Use of inventory	-	2,466	7,454
Acquisition of prepaid expenses	-	(1,706)	(20,173)
Change in net financial assets	(3,534,327)	981,657	(1,863,462)
Net financial assets			
Beginning of year	3,967,311	3,967,311	5,830,773
End of year	\$ 432,984	\$ 4,948,968	\$ 3,967,311

See accompanying notes and schedules to the consolidated financial statements

The Corporation of the Township of West Lincoln

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2024

	2024	2023
Operating activities		
Annual surplus	\$ 1,043,361	\$ 6,084,152
Non-cash items		
Amortization of tangible capital assets	3,819,831	3,421,630
Loss on disposal of tangible capital assets	530,892	107,024
Increase in taxes receivable	(531,034)	(95,716)
Increase in user charges receivable	(84,836)	(11,391)
Decrease in accounts receivable	720,165	168,963
(Decrease) increase in accounts payable and accrued liabilities	(746,272)	586,729
Decrease in other liabilities	(13,523)	(142,124)
Increase in due to trust funds	5,540	7,209
Increase (decrease) in deferred revenue	579,952	(1,332,298)
Increase in liability for contaminated site	39,854	69,495
Increase in employee benefit obligations	19,879	21,380
Decrease in inventory	2,466	7,454
Increase in prepaid expenses	(1,706)	(20,173)
	<u>5,384,569</u>	<u>8,872,334</u>
Capital activities		
Proceeds from sale of tangible capital assets	30,062	95,492
Acquisition of tangible capital assets	(4,443,249)	(11,559,041)
	<u>(4,413,187)</u>	<u>(11,463,549)</u>
Investing activities		
Decrease (increase) in portfolio investments	2,096,211	(4,333,445)
Increase in investment in subsidiary	(166,056)	(202,150)
Increase in long term receivables	(106,580)	(25,249)
	<u>1,823,575</u>	<u>(4,560,844)</u>
Financing activities		
Issuance of long term debt	2,670,950	2,672,600
Payment of long term debt	(855,910)	(722,280)
	<u>1,815,040</u>	<u>1,950,320</u>
Net change in cash and cash equivalents	<u>4,609,997</u>	<u>(5,201,739)</u>
Cash and cash equivalents		
Beginning of year	7,243,028	12,444,767
End of year	<u>\$ 11,853,025</u>	<u>\$ 7,243,028</u>

See accompanying notes and schedules to the consolidated financial statements

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

The Corporation of the Township of West Lincoln (the "Municipality") was amalgamated/incorporated in 1970 as a municipality under the Province of Ontario and operates under the provision of the Municipal Act, 2001.

1. Significant accounting policies

The consolidated financial statements of the Municipality are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

(a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

West Lincoln Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

Peninsula West Power Inc. is a subsidiary corporation of the Municipality and is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 5). Under the modified equity basis, the government business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties (Note 19).

(b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

(c) Financial instruments

i) Measurement

The Municipality initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Municipality subsequently measures its financial assets and financial liabilities at amortized cost or fair value depending on the nature of the instrument.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies (continued)

(c) Financial instruments (continued)

i) Measurement (continued)

Financial assets measured at amortized cost include cash and cash equivalents, portfolio investments (excluding derivatives or equity instruments quoted in an active market), accounts receivable, and long term receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, other liabilities, and long term debt.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write-down reflects the difference between the carrying amount and the higher of: the present value of the cash flows expected to be generated by the asset or group of assets; the amount that could be realized by selling the assets or group of assets; and the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirms that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

(d) Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

(e) Portfolio investments

The Municipality's portfolio investments, which exclude derivatives or equity instruments quoted in an active market, are valued at amortized cost.

Investments are carried at amortized cost or fair value depending on the nature of the financial instrument. Discounts and premiums arising on the purchase of investments carried at cost are amortized over the term of the investments. Unrealized gains and losses from investments carried at fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gains or losses are reclassified from the Consolidated Statement of Remeasurement Gains and Losses and recognized in the Consolidated Statement of Operations and Accumulated Surplus. When there has been a loss in value that is other than a temporary decline in market value, the respective investment is written down to recognize the loss.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies (continued)

(e) Portfolio investments (continued)

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the reliability of the data used to determine fair value, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities, either directly (ie. as prices) or indirectly (ie. derived from prices); and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The fair value hierarchy requires the use of observable data from the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which have been considered in measuring fair value.

(f) Deferred revenue

Receipts that are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenses that will be incurred in a later period are deferred until they are earned by being matched against those expenses.

(g) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the municipality is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies (continued)

(h) Employee future benefit obligations

The Municipality provides certain benefits which will require funding in future periods. These benefits include extended health and dental benefits for certain retirees. The costs of extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, health care cost trends, long-term inflation rates and discount rates.

For self-insured retirement benefits that vest or accumulate over the periods of service provided by employees, the cost is actuarially determined using the projected accrued benefit cost method pro-rated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gain or loss related to the past service of employees are amortized over the expected average remaining service life to the expected retirement age of the employee group.

The cost of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

(i) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon the date of acquisition and are also recorded as revenue. The Municipality does not capitalize interest as part of the costs of its capital assets.

Works of art for display in municipal property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies (continued)

(i) Tangible capital assets (continued)

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the consolidated statement of operations.

Classification	Useful Life
Land improvements	15 to 40 years
Facilities	20 to 50 years
Rolling stock	5 to 20 years
Equipment	5 to 20 years
Infrastructure – transportation	10 to 75 years
Infrastructure – environmental	15 to 80 years

No amortization is charged in the year of acquisition and a full year amortization is taken in year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(j) Asset retirement obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible assets include, but are not limited to, assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date, to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when the following conditions are met:

- there is a legal obligation for the Municipality to incur costs in relation to a specific tangible capital asset;
- when the past transaction or event causing the liability has already occurred;
- when economic benefits will need to be given up in order to remediate the liability; and
- when a reasonable estimate of such amount can be made

The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies (continued)

(j) Asset retirement obligations (continued)

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized for underlying assets that have been reported within the tangible capital asset values presented in the financial statements. Through the passage of time, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the asset retirement obligation will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

At remediation, the Municipality derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the consolidated statement of operations.

(k) Subdivision infrastructure

Subdivision roads, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion, they are turned over to the Municipality. The Municipality is not involved in the construction and does not budget for either the contribution from the developer or the capital expense.

(l) Reserves for future expenses

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital expenses.

(m) Revenue recognition

i) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Region of Niagara and the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies (continued)

(m) Revenue recognition (continued)

ii) User charges

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

iii) Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

iv) Other revenue

Other revenue is recorded when it is earned and collection is reasonably assured.

v) Investment income

Investment income earned on operating surplus funds and reserves and reserve funds (other than obligatory reserve funds) are recorded as revenue in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

(n) Local improvements

The Municipality records capital expenses funded by local improvement agreements as they are incurred. Revenues are recognized in the year they become payable.

(o) Region of Niagara and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the accumulated surplus of these financial statements.

(p) Use of estimates and measurement uncertainty

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Estimates are used with accounting for items such as allowances for taxes receivable, accrued liabilities, liability for contaminated site, employee benefit obligations and tangible capital assets.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

2. Accounting policies adopted during the year

PS 3400 Revenue

Effective January 1, 2024, the Municipality adopted the Public Sector Accounting Board ("PSAB") standard PS 3400 Revenue. This new standard addresses the recognition, measurement, presentation and disclosure of revenue, and introduces a distinction between exchange and non-exchange transactions. The distinguishing feature between the two is the existence of a performance obligation, an enforceable promise to provide a good or service to a payor in return for promised consideration. Exchange transactions are characterized by one or more performance obligations, while non-exchange transactions have no direct transfer of goods or services to a payor. The adoption of this standard did not have a significant impact on the Municipality.

PS 3160 Public Private Partnerships

Effective January 1, 2024, the Municipality adopted the Public Sector Accounting Board ("PSAB") standard PS 3160 Public Private Partnerships. This standard addresses the accounting for transactions associated with certain public private partnerships, where public sector entities procure infrastructure using private sector partners. PS 3160 provides guidance on the recognition, measurement, presentation and disclosure of the tangible capital assets, financial liabilities, revenues and expenses within its scope. The adoption of this standard did not have a significant impact on the Municipality.

PSG-8 Purchased Intangibles

Effective January 1, 2024, the Municipality adopted the Public Sector Accounting Board ("PSAB") standard PSG-8 Purchased Intangibles. This standard provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act. The adoption of this standard did not have a significant impact on the Municipality.

The Municipality adopted these standards concurrently beginning January 1, 2024 on a prospective basis. As the remeasurement gain (loss) resulting from the adoption of the above accounting standards is nominal to the financial statements of the Municipality, a Consolidated Statement of Remeasurement Gains and Losses has not been prepared.

3. Cash and cash equivalents

Cash and temporary investments are comprised of:

	2024	2023
Cash on hand	\$ 1,415	\$ 715
Cash held in banks	7,591,881	5,965,076
Investments maturing within three months	4,259,729	1,277,237
	\$ 11,853,025	\$ 7,243,028

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

4. Portfolio investments

	2024	2023
Guaranteed investment certificates	\$ 13,280,323	\$ 15,239,626
Debentures and bonds	1,313,647	1,453,854
Accrued interest income	478,618	475,319
	\$ 15,072,588	\$ 17,168,799

Portfolio investments carry an effective interest rate ranging from 1.70% to 5.70% and maturity dates ranging from February 2025 to May 2033. Interest is receivable on an annual basis. Portfolio investments reported on the consolidated statement of financial position have a market value of \$15,011,647 (2023 - \$17,077,206).

5. Investment in subsidiary

Peninsula West Power Inc. (PWPI), established by Municipal Council under Municipal By-law 2004-45, is an amalgamation of hydro-electric commissions from the municipalities of Lincoln, West Lincoln and Pelham. PWPI wholly-owns Peninsula West Services Ltd. (PWSL), which provides water heater and related services and owns a 25.5% share of Niagara Peninsula Energy Inc. (NPEI), which provides electric distribution services. The Corporation of the Township of West Lincoln has a 24% interest in PWPI.

The following table provides condensed supplementary financial information for PWPI:

	2024	2023
Financial position		
Current assets	\$ 1,810,169	\$ 1,781,669
Capital assets	50,753	60,351
Investment	39,818,483	38,954,910
Total assets	41,679,405	40,796,930
Current liabilities	35,929	58,599
Deferred tax liabilities	6,822,738	6,609,495
Total liabilities	6,858,667	6,668,094
Net assets	\$ 34,820,738	\$ 34,128,836
Municipality's interest – 24%	\$ 8,356,977	\$ 8,190,921

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

5. Investment in subsidiary (continued)

Results of operations and change in equity investment in subsidiary

Revenues	\$ 100,493	\$ 178,803
Expenses	(117,779)	(188,282)
Loss from operating activities	(17,286)	(9,479)
Gain on investment – Niagara Peninsula Energy Inc.	1,424,573	1,731,055
Finance income – net	69,482	60,170
Income before income taxes	1,476,769	1,781,746
Income tax expense	(223,867)	(392,456)
Net income and comprehensive income	1,252,902	1,389,290
Dividends	(561,000)	(547,000)
Net increase in equity of subsidiary	\$ 691,902	\$ 842,290
Municipality's interest – 24%	\$ 166,056	\$ 202,150

The financial position information is as reported by PWPI at December 31, 2024 and the results of operations are as reported for the year ended December 31, 2024. The comparative financial position and results of operations figures are as reported by PWPI at December 31, 2023.

The below summarizes the Municipality's related party transactions with NPEI. All transactions are in the normal course of operations and are recorded at the exchange value based on normal commercial rates.

	2024	2023
Electricity purchased	\$ 272,220	\$ 295,208
Contracted services	-	9,622
	\$ 272,220	\$ 304,830

6. Deferred revenue

	2024	2023
Development Charges Act	\$ 2,666,805	\$ 2,427,275
Recreational land (Planning Act)	561,538	504,633
Canada Community - Building Fund	876,804	943,962
Deferred property tax revenue	1,095,078	991,991
Other	314,129	66,541
	\$ 5,514,354	\$ 4,934,402

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

6. Deferred revenue (continued)

Deferred revenue is made up of the following:

	2024	2023
Balance, beginning of year	\$ 4,934,402	\$ 6,266,700
Contributions from		
Development Charges Act	348,761	312,185
Interest earned	240,569	276,829
Canada Community - Building Fund	493,040	479,864
Deferred property tax revenue	1,100,078	991,991
Other	631,981	710,020
	<u>2,814,429</u>	<u>2,770,889</u>
Utilized for		
Operations	(1,156,667)	(1,306,535)
Tangible capital asset acquisitions	(1,077,810)	(2,796,652)
	<u>(2,234,477)</u>	<u>(4,103,187)</u>
Balance, end of year	<u>\$ 5,514,354</u>	<u>\$ 4,934,402</u>

7. Credit facility

The Municipality has available an authorized revolving line of credit of \$2,000,000 bearing interest at prime less 0.75% to assist with general operating requirements. The line of credit is unsecured and due on demand. As at year end, the line of credit has not been drawn upon (2023 - \$nil).

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

8. Long term debt

	2024	2023
The municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt issued by the Region of Niagara. At year end, outstanding principal is:	\$ 21,114,566	\$ 19,299,526

The balance of long term debt reported on the consolidated statement of financial position is made up of the following:

By-Law Number	Purpose	Interest Rate	Maturity Date	2024	2023
2017-83	Recreation Centre	3.53%	2048	\$ 11,750,000	\$ 12,250,000
2017-83	Bridge 12	3.16%	2028	101,313	130,260
2019-101	Recreation Centre	2.80%	2049	3,333,333	3,466,666
2021-109	Elcho and Concession 5 Roads	2.63%	2036	720,000	780,000
2023-66	Fire Station 2 and Vaughan Road	5.02%	2043	2,538,970	2,672,600
2024-48	West Lincoln Memorial Hospital	4.45%	2044	2,670,950	-
				\$ 21,114,566	\$ 19,299,526

Principal repayments in each of the next five years and thereafter are due as follows:

2025	\$ 943,860
2026	946,910
2027	950,910
2028	940,437
2029	929,963
Thereafter	<u>16,402,486</u>
	\$ 21,114,566

The Municipality paid \$682,531 (2023 - \$572,063) interest on long term debt during the year.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

9. Liability for contaminated site

In 2022, a Consulting Geotechnical and Environmental Engineering firm was hired by the Township to complete an Environmental Site Assessment at 5490 Vaughan Road, the former public works yard owned by the Township of West Lincoln.

The assessment indicated that soil and groundwater quality levels exceeded Ministry of the Environment, Conservation and Parks industrial/commercial land use environmental standards due to the long term effects of salt storage. The estimated remediation cost to employ a stratified depth clean-up approach would be approximately \$945,900. The annual Statistics Canada Construction Price Index for the Toronto Census Metropolitan Area has been applied to \$945,900 to reflect the present value of this estimated remediation cost, resulting in an accretion expense of \$39,854 (2023 - \$69,495).

10. Employee future benefit obligations

	2024	2023
Accrued vacation pay funded	\$ 450,529	\$ 453,450
Retirement benefits	633,700	610,900
	1,084,229	1,064,350
Less: Accrued vacation pay funded	450,529	453,450
Liabilities to be recovered in the future	\$ 633,700	\$ 610,900

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

10. Employee future benefit obligations (continued)

Retirement benefits

	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$ 526,800	\$ 508,800
Current benefit cost	39,300	37,600
Interest	25,300	24,100
Benefits paid	(33,400)	(43,700)
Balance, end of year	558,000	526,800
Unamortized actuarial gain	75,700	84,100
Accrued benefit liability, end of year	\$ 633,700	\$ 610,900

Included in expenses is \$8,400 (2023 - \$8,400) for amortization of the actuarial gain. The unamortized actuarial gain is amortized over the expected average remaining service life of 11 years.

The Municipality provides employees with health and dental benefits between the time an employee retires under the OMERS retirement provisions to the age of sixty-five. The accrued benefit obligation was determined by actuarial valuation completed with an effective date of December 31, 2022, using a discount rate of 4.60% (2023 - 4.60%). Medical costs were assumed to increase in 2024 at 6.57%, decreasing by 0.110% per year until the rate of increase is 4.50%. Dental costs were assumed to increase 4.50% per year. In order to qualify for retirement benefits, CUPE employees must be employed by the Municipality for at least twenty-five years and be part of OMERS for at least twenty-five years, non-CUPE employees must be employed by the Municipality for at least fifteen years, and be part of OMERS for at least twenty years.

11. Accumulated surplus

	2024	2023
Operating surplus	\$ 1,343,327	\$ 442,519
Investment in subsidiary	8,356,977	8,190,921
Unfunded:		
Liability for contaminated sites	(1,055,249)	(1,015,395)
Employee future benefit obligations	(633,700)	(610,900)
Investment in tangible capital assets (net of long term debt)	80,551,470	82,304,046
Reserves and reserve funds (Note 12)	18,313,380	16,521,653
	\$ 106,876,205	\$ 105,832,844

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

12. Reserves and reserve funds

	2024	2023
Contingencies	\$ 995,023	\$ 1,788,504
Technology	138,830	150,420
Hospital	4,533,250	1,632,302
Insurance	187,655	187,655
Election	78,945	45,285
Library	564,887	529,650
Capital	1,811,450	2,421,155
Wind turbine community fund	321,366	379,709
Fire trucks and equipment	1,751,786	1,533,407
Road equipment	656,223	468,770
Industrial park	455,759	455,759
Bridges	537,974	580,932
Facilities	380,856	415,899
Sidewalks	269,955	231,917
Streetlights	63,624	64,752
Sewers	2,223,643	2,128,873
Water	1,284,671	1,668,357
Winter control	648,320	643,110
Cemeteries	156,146	127,160
West Lincoln Community Centre	577,787	464,872
Settlement road agreement	107,100	107,100
Planning	588,784	590,572
Building revenues	(20,654)	(94,507)
	<u>\$ 18,313,380</u>	<u>\$ 16,521,653</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

13. Taxation

	Budget 2024	Actual 2024	Actual 2023
Real property	\$ 31,471,871	\$ 31,729,176	\$ 29,816,396
From other governments			
Payments in lieu of taxes	1,118,809	1,131,716	1,126,709
	<u>32,590,680</u>	<u>32,860,892</u>	<u>30,943,105</u>
Less: taxation collected on behalf of others (Note 14)	21,690,250	21,853,717	20,658,072
Net taxes available for municipal purposes	<u>\$ 10,900,430</u>	<u>\$ 11,007,175</u>	<u>\$ 10,285,033</u>
Residential and farm	\$ 9,275,540	\$ 8,860,775	\$ 8,302,006
Commercial	1,155,630	1,607,034	1,532,379
Industrial	469,260	539,366	450,648
Net taxes available for municipal purposes	<u>\$ 10,900,430</u>	<u>\$ 11,007,175</u>	<u>\$ 10,285,033</u>

14. Collections for the Region of Niagara and school boards

Total taxation and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	2024	2023
Region of Niagara	\$ 17,377,508	\$ 16,257,827
School boards	4,476,209	4,400,245
	<u>\$ 21,853,717</u>	<u>\$ 20,658,072</u>

The Municipality is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. These taxes are recorded as revenue at the amounts levied. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

The Municipality collects development charges on behalf of the Region of Niagara and the Niagara Catholic District School Board. Development charges collected in excess of those paid to the Region of Niagara and the Niagara Catholic District School Board are recorded as accounts payable.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

15. User charges

	Budget 2024	Actual 2024	Actual 2023
Operating			
Direct water and sewer billings	\$ 4,550,660	\$ 4,598,425	\$ 4,327,279
Licences and permits	462,040	354,913	405,290
Development charges	108,600	132,038	359,346
Room rentals and program fees	496,380	541,240	491,970
Rents and concessions	56,010	58,215	59,745
Other	508,700	654,209	390,894
	<u>6,182,390</u>	<u>6,339,040</u>	<u>6,034,524</u>
Capital			
Development charges	2,556,500	108,627	1,276,918
	<u>\$ 8,738,890</u>	<u>\$ 6,447,667</u>	<u>\$ 7,311,442</u>

16. Government transfers

	Budget 2024	Actual 2024	Actual 2023
Operating			
Province of Ontario	\$ 1,089,720	\$ 1,105,636	\$ 1,167,697
Government of Canada	9,810	5,000	10,000
Municipal	7,833	20,142	94,762
	<u>1,107,363</u>	<u>1,130,778</u>	<u>1,272,459</u>
Capital			
Province of Ontario	540,000	397,932	734,348
Government of Canada	990,000	652,117	632,075
Municipal	-	-	567,085
	<u>1,530,000</u>	<u>1,050,049</u>	<u>1,933,508</u>
	<u>\$ 2,637,363</u>	<u>\$ 2,180,827</u>	<u>\$ 3,205,967</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

17. Other revenue

	Budget 2024	Actual 2024	Actual 2023
Operating			
Penalties and interest on taxes	\$ 330,000	\$ 439,585	\$ 383,412
Other fines	23,540	34,996	49,475
Interest and dividend income	330,000	1,121,065	1,043,663
Interest income - reserves and reserve funds	-	39,838	34,612
Other	23,750	79,581	37,021
Community Fund	420,000	451,500	451,500
	<u>1,127,290</u>	<u>2,166,565</u>	<u>1,999,683</u>
Capital			
Other	1,550	96,997	103,145
	<u>\$ 1,128,840</u>	<u>\$ 2,263,562</u>	<u>\$ 2,102,828</u>

18. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$2.91 billion (2023 - \$4.20 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Plan funding deficits may require additional increases in the contributions by participating employees and members in future years. Contributions were made in the 2024 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the consolidated statement of operations. Employer contributions to OMERS for 2024 current and past service was \$573,742 (2023 - \$480,173) and were matched by employee contributions in a similar amount.

19. Corporation of the Township of West Lincoln - Trust Funds

Trust funds administered by the Municipality amounting to \$284,712 (2023 - \$279,172) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of operations.

20. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect to any outstanding claims, the Municipality believes that insurance coverage is adequate, and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the financial statements.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

21. Commitments

West Lincoln Memorial Hospital

The Township has committed to funding a portion of the local share amount of \$50 million towards the reconstruction of the West Lincoln Memorial Hospital located in Grimsby. The Township approved a plan to contribute \$4,524,850 towards this project. The Township contribution of \$4,524,850 was due and payable upon substantial completion in June 2025. The Township introduced a new hospital levy in 2021 in order to provide funding towards this commitment. The approved plan included the issuance of a debenture in 2024 in order to provide the required payment that was due and payable. The funds from the annual hospital levy will be used to fund the principal and interest payments on the debenture.

22. Measurement uncertainty

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date that was used by the Municipality in computing the property tax bills. However, the property tax revenue and tax receivables of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. Any adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

23. Budget

The budget by-law adopted by Council on February 26, 2024 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian public sector accounting standards. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, budget figures presented in the consolidated statements of operations and accumulated surplus and changes in net financial assets represent the Council approved budget and subsequent budget amendments, with the following adjustments.

	<u>2024</u>
Approved budgeted annual surplus	\$ -
Add:	
Acquisition of tangible capital assets	9,771,500
Debenture principal repayment	856,030
Transfer to reserve and reserve funds	2,710,160
Less:	
Transfer from reserve and reserve funds	(5,883,118)
Debenture proceeds	(1,217,400)
Amortization of tangible capital assets	(3,819,831)
Budgeted surplus reported on the consolidated statement of operations	<u>\$ 2,417,341</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

24. Segmented information

The Municipality provides a wide range of services to its citizens. Municipal services are provided by departments and their activities are reported in the consolidated statement of operations. Certain departments that have been separately disclosed in the Consolidated Schedule of Segment Disclosure, along with the services they provide, are as follows:

General government

General government is comprised of Municipal Council, corporate services, administrative and clerks departments.

Protection to persons and property

Protection to persons and property is comprised of the fire and emergency management, building, by-law enforcement and animal control departments.

Transportation services

The transportation services department is responsible for the delivery of public works services related to maintenance of roadway systems, winter control, street lighting, and maintenance of Municipal buildings.

Environmental services

The environmental services department consists of water, wastewater and solid waste disposal utilities. The department provides drinking water, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities.

Health services

Health services department is responsible for cemetery operations.

Recreation and culture services

Recreation and culture services department is responsible for the delivery, maintenance and upkeep of all recreation programs and facilities including arena, recreation complex, parks, open spaces, and library.

Planning and development

Planning and development is responsible for providing planning and zoning advice to the residents of the Municipality and construction and maintenance of Municipal drains.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Taxation revenue is allocated to segments based on budgeted amounts with any supplementary tax revenue being allocated to the general government segment.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. The consolidated schedule of segment disclosure follow the notes.

25. Financial instruments and risks

The Municipality's financial instruments consist of cash and cash equivalents, portfolio investments, user charges receivable, accounts receivable, accounts payable and accrued liabilities, other liabilities, and long-term debt. The fair values of these financial instruments approximate their carrying values. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Corporation of the Township of West Lincoln

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2024

	2024							
	Land	Land Improvements	Facilities	Rolling Stock	Equipment	Infrastructure	Construction in Progress	Total
Cost								
Beginning of year	\$ 4,235,267	\$ 5,800,854	\$ 25,930,615	\$ 8,430,553	\$ 4,771,490	\$ 95,867,713	\$ 3,785,736	\$ 148,822,228
Add: additions (transfers)	(20,427)	237,679	3,805,198	280,528	280,425	2,898,992	(3,039,146)	4,443,249
Less: disposals	(456,859)	(5,018)	(162,181)	(233,894)	(209,059)	(297,924)	-	(1,364,935)
End of year	3,757,981	6,033,515	29,573,632	8,477,187	4,842,856	98,468,781	746,590	151,900,542
Accumulated amortization								
Beginning of year	-	2,171,539	4,457,764	2,929,412	1,825,781	35,834,164	-	47,218,660
Add: amortization	-	203,433	636,130	513,592	359,175	2,107,501	-	3,819,831
Less: amortization on disposals	-	(4,630)	(136,051)	(233,894)	(204,866)	(224,544)	-	(803,985)
End of year	-	2,370,342	4,957,843	3,209,110	1,980,090	37,717,121	-	50,234,506
Net book value	\$ 3,757,981	\$ 3,663,173	\$ 24,615,789	\$ 5,268,077	\$ 2,862,766	\$ 60,751,660	\$ 746,590	\$ 101,666,036

The Corporation of the Township of West Lincoln

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2024

	2023							
	Land	Land Improvements	Facilities	Rolling Stock	Equipment	Infrastructure	Construction in Progress	Total
Cost								
Beginning of year	\$ 4,112,267	\$ 5,637,567	\$ 25,891,656	\$ 6,944,668	\$ 4,554,057	\$ 89,651,118	\$ 2,171,517	\$ 138,962,850
Add: additions	123,000	274,215	85,018	2,030,034	441,515	6,991,040	1,614,219	11,559,041
Less: disposals	-	(110,928)	(46,059)	(544,149)	(224,082)	(774,445)	-	(1,699,663)
End of year	4,235,267	5,800,854	25,930,615	8,430,553	4,771,490	95,867,713	3,785,736	148,822,228
Accumulated amortization								
Beginning of year	-	2,108,804	3,889,733	3,007,588	1,676,333	34,611,715	-	45,294,173
Add: amortization	-	173,663	595,005	418,669	362,860	1,871,433	-	3,421,630
Less: amortization on disposals	-	(110,932)	(26,974)	(496,845)	(213,412)	(648,984)	-	(1,497,147)
End of year	-	2,171,535	4,457,764	2,929,412	1,825,781	35,834,164	-	47,218,656
Net book value	\$ 4,235,267	\$ 3,629,319	\$ 21,472,851	\$ 5,501,141	\$ 2,945,709	\$ 60,033,549	\$ 3,785,736	\$ 101,603,572

The Corporation of the Township of West Lincoln

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2024

								2024
	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Consolidated
Revenues								
Taxation	\$ 3,702,475	\$ 1,448,657	\$ 3,144,055	\$ 59,507	\$ 106,315	\$ 1,824,256	\$ 721,911	\$ 11,007,176
User charges	134,565	312,111	170,327	4,646,926	27,698	573,905	582,135	6,447,667
Government transfers	1,054,033	745	928,749	133,609	-	47,076	16,614	2,180,826
Other	2,029,205	11,238	33,362	21,427	13,987	154,343	-	2,263,562
Contributed tangible capital assets	-	-	93,505	338,917	-	7,840	-	440,262
Loss on disposal of tangible capital assets	-	(977)	(529,083)	-	-	(832)	-	(530,892)
Change in equity of subsidiary	166,056	-	-	-	-	-	-	166,056
	7,086,334	1,771,774	3,840,915	5,200,386	148,000	2,606,588	1,320,660	21,974,657
Expenses								
Salaries and benefits	2,600,258	1,048,989	1,929,202	480,807	18,395	1,937,025	726,362	8,741,038
Interest on long term debt	49,437	78,191	76,713	-	-	518,810	-	723,151
Operating materials and supplies	302,012	272,433	931,414	1,049,200	3,613	604,816	12,267	3,175,755
Contracted services	582,362	312,447	817,398	1,860,503	41,754	381,223	178,766	4,174,453
Rent and financial expenses	35,120	2,861	2,154	-	-	14,905	-	55,040
External transfers to others	31,900	595	-	-	15,590	5,800	75,410	129,295
Tax write-offs	110,076	-	2,657	-	-	-	-	112,733
Interfunctional adjustments	(616,600)	208,300	(410,070)	711,910	-	96,460	10,000	-
Amortization of tangible capital assets	271,395	306,466	1,701,392	860,005	1,377	678,804	392	3,819,831
	3,365,960	2,230,282	5,050,860	4,962,425	80,729	4,237,843	1,003,197	20,931,296
Annual surplus (deficit)	\$ 3,720,374	\$ (458,508)	\$ (1,209,945)	\$ 237,961	\$ 67,271	\$ (1,631,255)	\$ 317,463	\$ 1,043,361

The Corporation of the Township of West Lincoln

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2024

	2023							
	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Consolidated
Revenues								
Taxation	\$ 3,424,646	\$ 1,265,723	\$ 2,984,638	\$ 132,682	\$ 106,145	\$ 1,594,894	\$ 776,305	\$ 10,285,033
User charges	124,872	828,407	687,305	4,663,899	35,760	702,373	268,826	7,311,442
Government transfers	1,104,320	40,000	1,886,269	90,000	-	51,593	33,785	3,205,967
Other	1,897,213	38,975	967	20,097	13,418	132,158	-	2,102,828
Contributed tangible capital assets	-	-	697,217	2,160,619	-	70,000	-	2,927,836
Gain on disposal of tangible capital assets	(8,379)	5,392	(104,037)	-	-	-	-	(107,024)
Change in equity of subsidiary	202,150	-	-	-	-	-	-	202,150
	6,744,822	2,178,497	6,152,359	7,067,297	155,323	2,551,018	1,078,916	25,928,232
Expenses								
Salaries and benefits	2,192,319	1,026,144	1,716,210	492,480	14,155	1,812,115	562,530	7,815,953
Interest on long term debt	-	19,494	39,336	-	-	538,767	-	597,597
Operating materials and supplies	307,935	240,656	922,401	1,022,659	3,444	619,296	24,077	3,140,468
Contracted services	595,331	276,416	797,514	2,065,127	82,029	325,126	279,606	4,421,149
Rent and financial expenses	16,054	3,033	1,996	-	-	16,359	-	37,442
External transfers to others	39,900	-	-	-	10,700	5,300	224,800	280,700
Tax write-offs	127,005	-	2,136	-	-	-	-	129,141
Interfunctional adjustments	(560,700)	189,500	(397,150)	662,080	-	94,370	11,900	-
Amortization of tangible capital assets	254,786	272,124	1,442,759	785,646	1,375	664,548	392	3,421,630
	2,972,630	2,027,367	4,525,202	5,027,992	111,703	4,075,881	1,103,305	19,844,080
Annual surplus (deficit)	\$ 3,772,192	\$ 151,130	\$ 1,627,157	\$ 2,039,305	\$ 43,620	\$ (1,524,863)	\$ (24,389)	\$ 6,084,152



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Tel 905 523 8200
Fax 905 523 2222

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of West Lincoln

Opinion

We have audited the financial statements of Township of West Lincoln - Trust Funds (the Trust Funds), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2024, and its results of operations, its remeasurement of gains and losses, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Hamilton, Canada

October 20, 2025

The Corporation of the Township of West Lincoln

Trust Funds

Statement of Financial Position

As at December 31, 2024

	Bismark United Church Cemetery	Bethel Cemetery	Cemetery Perpetual Care	Marker Perpetual Care	St Ann's Cemetery	Waite Cemetery	Union Cemetery	Union Cemetery Monument	Union Cemetery Care & Maintenance	Caistor Baptist Cemetery	2024 Total	2023 Total
Financial assets												
Due from Corporation of the Township of West Lincoln	\$ 48,339	\$ 16,898	\$ 109,934	\$ 26,964	\$ 5,993	\$ 6,848	\$ 35,444	\$ 7,474	\$ 18,128	\$ 8,690	\$ 284,712	\$ 279,171
Net financial assets and accumulated surplus	\$ 48,339	\$ 16,898	\$ 109,934	\$ 26,964	\$ 5,993	\$ 6,848	\$ 35,444	\$ 7,474	\$ 18,128	\$ 8,690	\$ 284,712	\$ 279,171

Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2024

Revenue												
Perpetual care agreements	\$ -	\$ -	\$ 3,441	\$ 2,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,541	\$ 7,208
Interest earned	838	2,398	431	899	371	1,758	340	297	1,286	5,368	13,986	13,419
	838	2,398	3,872	2,999	371	1,758	340	297	1,286	5,368	19,527	20,627
Expenses												
Interest earned distributed to cemetery reserve	838	2,398	431	899	371	1,758	340	297	1,286	5,368	13,986	13,419
Annual surplus	-	-	3,441	2,100	-	-	-	-	-	-	5,541	7,208
Accumulated Surplus												
Beginning of year	48,339	16,898	106,493	24,864	5,993	6,848	35,444	7,474	18,128	8,690	279,171	271,963
End of year	\$ 48,339	\$ 16,898	\$ 109,934	\$ 26,964	\$ 5,993	\$ 6,848	\$ 35,444	\$ 7,474	\$ 18,128	\$ 8,690	\$ 284,712	\$ 279,171

See accompanying notes to the financial statements

The Corporation of the Township of West Lincoln

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies

The financial statements of the Trust Funds of the Corporation of the Town of West Lincoln are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements and actual results could differ from those judgements. Significant accounting policies adopted by the Trust Funds are as follows:

(a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

2. Due from Corporation of the Township of West Lincoln

The amounts due from the Corporation of the Township of West Lincoln are unsecured, interest bearing, with no specific terms of repayment.

3. Statement of cash flows

A statement of cash flows has not been provided as the related information is readily determinable from the financial statements as presented.

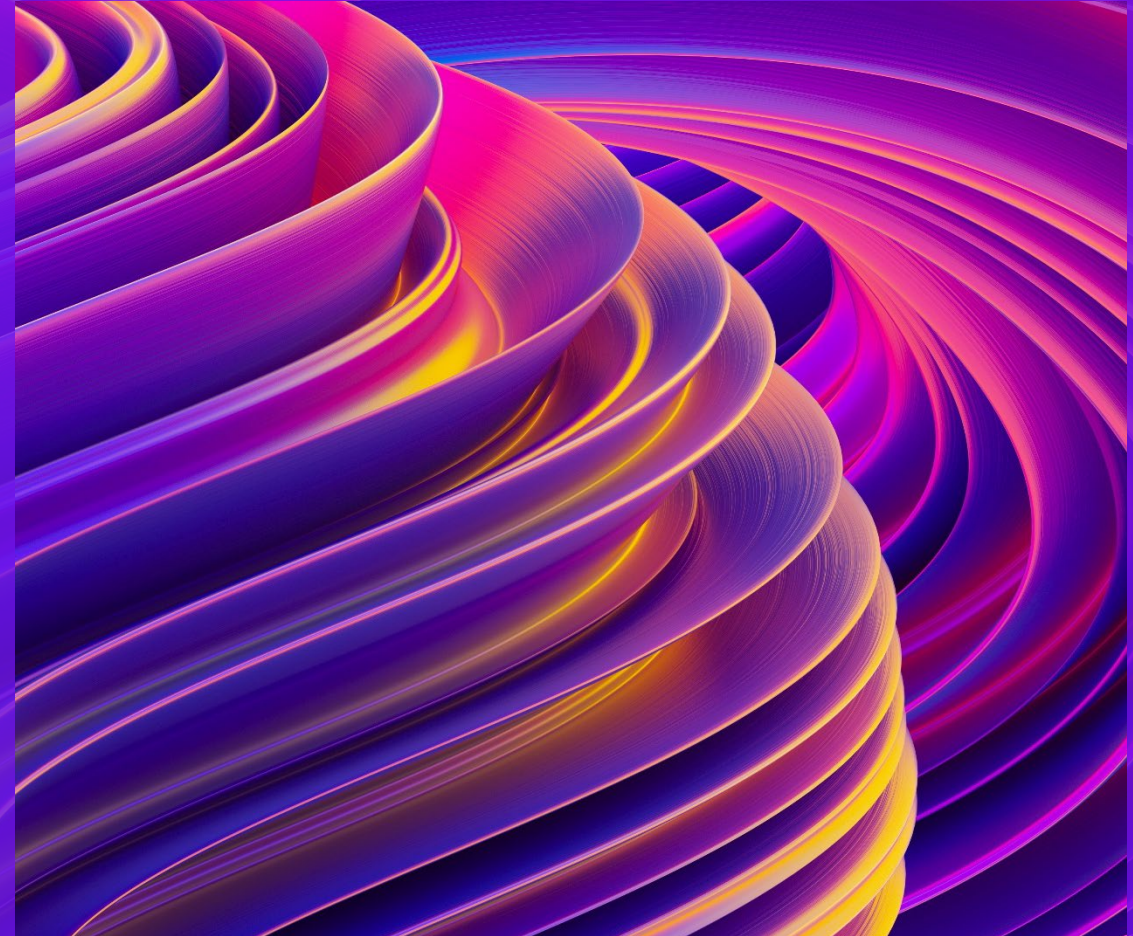


Township of West Lincoln

Audit Findings Report for the year ended December 31, 2024

Prepared as of October 15, 2025 for presentation to Council on
October 20, 2025.

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



Carlos Alvarez

Audit Engagement Partner

905-523-2238

carlosalvarez@kpmg.ca



Daniel Glasbergen

Audit Senior Manager

905-523-6851

dglasbergen@kpmg.ca



Table of contents

Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

4	Highlights	6	Status	7	Significant changes	8	Risks and results
11	Policies and practices	13	Specific topics	14	Misstatements		
16	Control deficiencies	17	Audit quality	18	Independence	19	Appendices

Audit highlights



No matters to report

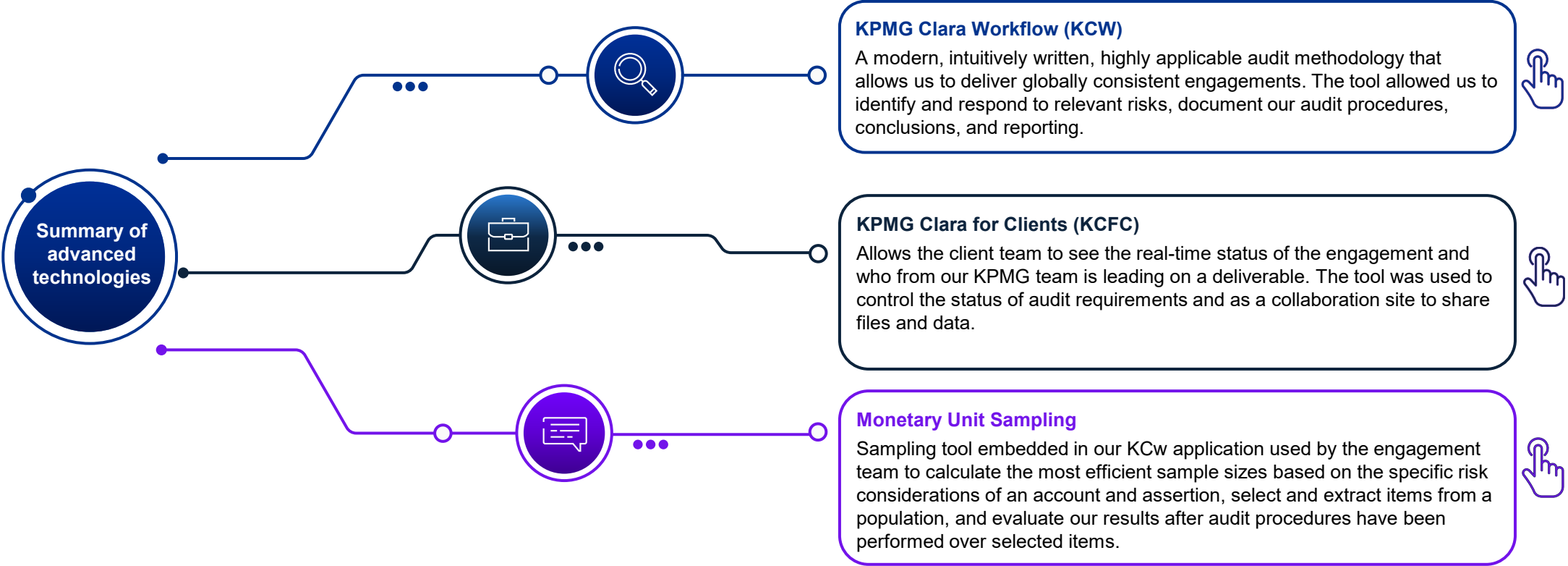


Matters to report – see link for details

Status	We have completed the audit of the consolidated financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.	Misstatements - uncorrected	Uncorrected misstatements We did not identify any misstatements during our audit which were not corrected in the financial statements.
Significant changes	Significant changes since our audit plan	Misstatements - Corrected	Corrected misstatements We did not identify any misstatement during our audit which required to be corrected in the financial statements.
Risks and results & Significant unusual transactions	Significant risks Management override of controls (see page 7)	Control deficiencies	Significant deficiencies We did not identify any significant control deficiencies during the process understanding of our audit.
	Other risks of material misstatement	Audit Quality	Learn more about how we deliver audit quality.
	Going concern matters	Independence	Annual Statement of Compliance Refer to slide 18 for annual independence confirmation.
	Significant unusual transactions		
Policies and practices & Specific topics	Accounting policies and practices		
	Other financial reporting matters		
	Specific topics		

Technology highlights

As previously communicated in our audit planning report, we have utilized technology to enhance the quality and effectiveness of the audit.



Status

As of the date of this report on October 15, 2025 we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

- Final completion procedures
- Updating our review of meeting minutes up to the expected audit report date
- Completing our discussions with Council
- Obtaining evidence of Council's approval of the financial statements
- Response from internal legal counsel and receipt of legal responses from legal advisors.
- Receipt of signed management representation letter.

We will update Council on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided in Appendix: Draft Auditor's Report.

KPMG Clara for Clients (KCc)



Real-time collaboration and transparency

We leveraged **KCc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCc to coordinate requests with management.



Significant changes

We have made the following significant changes since our communication in the Audit Planning Report:

Audit strategy			More details
 Significant changes to materiality		Nothing to report	
 Significant change to involvement of others		Nothing to report	
Audit strategy – Group audit			
 Significant changes to the group audit strategy, including scoping and involvement of component auditors		Nothing to report. There is a new group audit standard for fiscal 2024 which did not have a significant impact on our audits.	
 Significant changes to the nature of our involvement in the work of component auditors		Nothing to report.	
Key milestones and deliverables			
 <Significant changes to key milestones and deliverables>		Nothing to report.	

Significant risks and results

We highlight our significant findings in respect of **significant risks**.

 Fraud risk arising from management override of controls.

RISK OF

ERROR FRAUD

Significant risk	Estimate?	Key audit matter?
------------------	-----------	-------------------

Fraud risk arising from management override of controls refers to the potential for management to bypass established procedures and internal controls, thereby manipulating financial reporting and concealing fraudulent activities.

No

No

Therefore, management override of controls is a significant risk for all audits. Our audit methodology incorporates the required procedures in professional standards to address the risk of management override of controls.

Our response

- To respond to the risk of management override of controls we test the appropriateness of journal entries and other adjustments and evaluate the existence of any management bias in the preparation of accounting estimates.
- In responding to risks of fraud and management override of controls, we set specific criteria to isolate high risk journal entries and adjustments in order to analyze for further insights into our audit procedures and findings. We focused on journal entries that could possible be related to override activities.
- No issues were noted based on the completion of our journal entry testing.

Significant qualitative aspects of the Company’s accounting practices

No evidence of bias observed in selection or application of the Township’s accounting policies and practices or in the development of estimates.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

 Presumption of risk of fraud involving improper revenue recognition		
Other risk of material misstatement	Estimate?	Key audit matter?
This presumed fraud risk related to inappropriate recognition of revenue is a rebuttable fraud risk which we must consider in each audit. As disclosed in our audit plan, we have rebutted the presumption that there is a significant fraud risk related to revenue recognition. This is based on the nature of the Township and its primary revenue streams, the majority of which are third party in nature, specifically from Government which can be confirmed with funders and agreed to underlying agreements.	No	No
Our response		
Regardless of our rebuttal of the presumption of fraud risk, in accordance with our planned approach, we have substantively tested all material revenue accounts to ensure we have obtained adequate audit evidence over the completeness, existence and accuracy of revenue and its related accounts. Due to the nature of Government funded-related revenues, we were able to substantively test material revenue accounts and captions with procedures primarily including vouching to funding letters issued by the Government and observation of deposits to the bank account when funding is received. This allowed us to obtain significant audit coverage over revenues and mitigate the presumed fraud risk related to revenue. Similarly, we are able to audit the annual tax levy revenue based on the published rates for the year, allowing 100% coverage over this material revenue stream.		
Significant qualitative aspects of the Company's accounting practices		

We did not identify any issues with respect to revenue recognition accounting policies and have no reportable findings.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

Tangible Capital Assets		
Other risk of material misstatement	Estimate?	Key audit matter?
Tangible Capital Assets	No	No
We are focusing on this area due to the significance of the account balances and the fact that there is a risk of error in recognition of costs as either capital or operating,		
Our response		

Our procedures included:

- We discussed and reviewed capitalization processes and their application with the management.
- We rolled the tangible capital asset continuity schedule, including tie-out to the general ledger and financial statements.
- We performed statistical sampling to select tangible capital asset additions, work in progress and disposals in the year and vouched to third party supporting documentation and assessed whether capitalization was appropriate.
- We reviewed expense accounts to ensure that items related to tangible capital assets were not inappropriately expensed during the year.
- We tested the reasonableness of amortization expense.
- Review and testing of the Asset Retirement Obligation estimate, including updates from the previous year's initial implementation.

Significant qualitative aspects of the Company's accounting practices

No significant qualitative aspects to note nor any other matters.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

 Operating Expenses, including payroll and employee future benefits		
Other risk of material misstatement	Estimate?	Key audit matter?
Risk of material misstatement related to the completeness, existence and accuracy of expenses Post employment benefit liabilities involves the use of an actuary, assumptions and calculations which we assess for reasonability.	Yes – Post Employment benefits	No
Our response		

Our procedures included:

Operating Expenses, including payroll

- We performed substantive sampling of operating expenditures, vouching to third party supporting documentation.
- A search for unrecorded liabilities was performed to ensure all 2024 expenses and accruals have been properly recorded.
- Additionally, we performed substantive procedures over payroll expenses and payroll accruals.

Post employment benefits

- We obtained most recent actuarial valuation and reviewed valuation to gain an understanding of assumptions and data used by management's expert
- We tested assumptions to ensure that assumptions used were appropriate
- We reviewed financial statement disclosures to ensure disclosures are adequate.

Significant qualitative aspects of the Company's accounting practices

No significant qualitative aspects to note nor any other matters.

Accounting policies and practices



Description of new or revised significant accounting policies and practices

PS 3400 – Revenue

Previous standards provided guidance for revenue recognition on primary revenue streams such as taxation revenue and government grants. The new standard provides general recognition guidance to provide consistency for other streams not previously covered by existing public sector standards.

PSG-8 – Purchased Intangibles

This standard governs recognition of intangible assets which were acquired through an exchange transaction, namely an arm's length exchange between two willing parties (as opposed to inter-entity transfers, which are excluded).

PS 3160 – Public Private Partnerships

Public private partnerships ("P3s") are an alternative procurement and finance model where public sector entities purchase infrastructure using a private sector partner.

Each of the above standards were adopted and implemented by the Township as required by Public Sector Accounting Standards PSG-8 and PS 3160 had no impact on the Township. There was one impact as a result of adoption of PS 3400 as noted in the consolidated financial statements. Disclosures have been added to the consolidated financial statements to summarize these new accounting policies and impacts.

Other financial reporting matters

We also highlight the following:

 Financial statement presentation - form, arrangement, and content	 The form, arrangement, and content of the financial statements are appropriate for the size, scope, and industry of the organization.
 Concerns regarding application of new accounting pronouncements	 The application of the new accounting standards is considered appropriate for the organization.
 Significant qualitative aspects of financial statement presentation and disclosure	 There are no concerns with respect to the presentation or disclosure of the financial statements; the financial statement presentation and disclosure is considered appropriate for the organization.

Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud (identified or suspected)	No matters to report
Other information in documents containing the audited financial statements	No matters to report
Significant difficulties encountered during the audit	No matters to report
Difficult or contentious matters for which the auditor consulted	No matters to report
Management’s consultation with other accountants	No matters to report
Disagreements with management	No matters to report
Related parties	No matters to report
Significant issues in connection with our appointment or retention	No matters to report
Other matters that are relevant matters of governance interest	No matters to report

Uncorrected misstatements

Uncorrected misstatements include financial presentation and disclosure omissions. As required by professional standards, we request these misstatements be corrected.



Impact of uncorrected misstatements – Not material to the financial statements

- KPMG did not identify any misstatements that remain uncorrected.

Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements.



Impact of corrected misstatements

- We did not identify any misstatements that were subsequently corrected

Control deficiencies

Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting



A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

KPMG has not identified any significant control deficiencies as a result of our audit. We received the full support and co-operation of the management team and they were responsive to audit requests throughout the engagement.

Audit quality - How do we deliver audit quality?

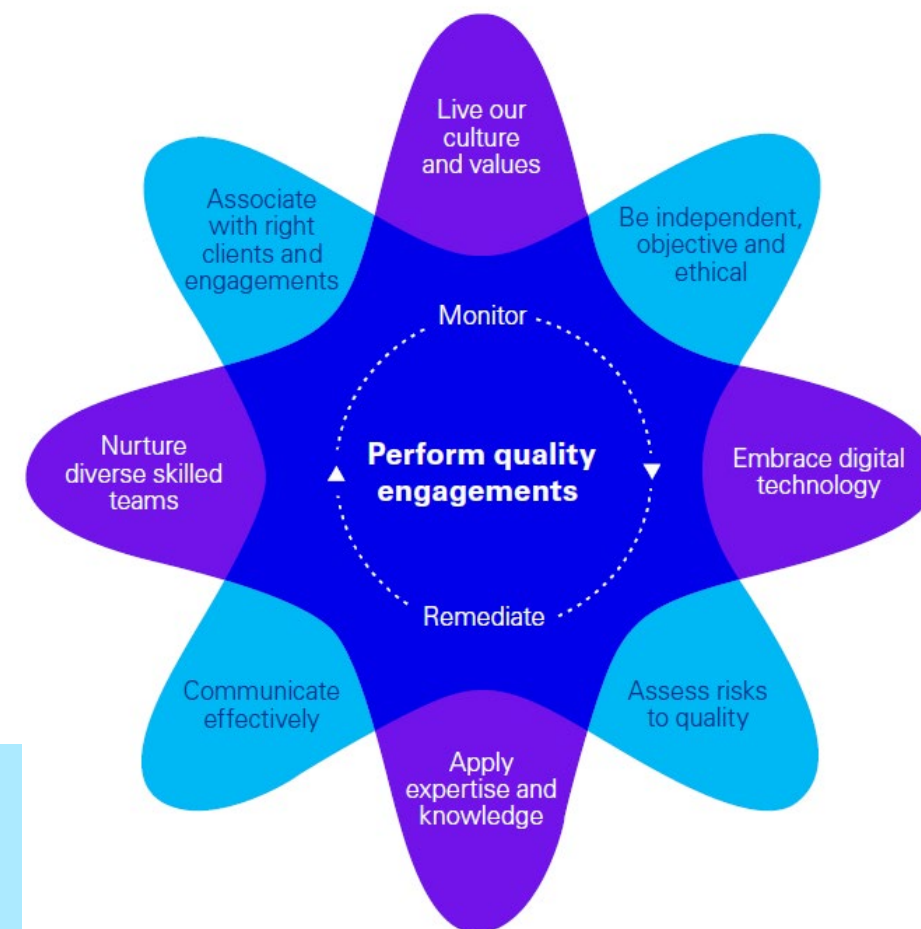
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:

 [KPMG Canada Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.

Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code¹ and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Township and its related entities in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

Appendices

A

Required
communications

B

Draft Audit Report

C

Management Rep
Letter

D

New auditing
standards

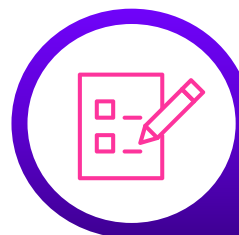
E

Insights

F

Technology

Appendix A: Other required communications



Engagement terms

A copy of the engagement letter and any subsequent amendments is available to Council.

We confirm there have been no changes to the most recently executed engagement letter since initial approval.



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2024 Annual Inspections Results](#)

Appendix B: Draft auditor's report

Refer to copy of auditor's report attached to the draft financial statements included within the meeting package. The planned auditor's report is unqualified.

Appendix C: Management representation letter(s)

A management representation letter will be provided to the Township for signature prior to the release of our auditor's report.

Appendix D: Newly effective and upcoming changes to auditing standards

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

.....
Revised special
considerations –
Audits of group
financial
statements

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

.....
Communications
with those charged
with governance

ISA 700/CAS 700

.....
Forming an opinion
and reporting on
the financial
statements

Appendix E: Audit and assurance insights

Our latest thinking on the issues that matter most to Councils, Audit Committees, board of directors and management. Key areas of support to strengthen and help businesses evolve and adapt including:

1. **Cyber security** services
2. **Lean process reviews** to assist with succession and efficiencies
3. Assisting entities with creating **AI strategy and adopting AI tools**
4. Annual **fraud prevention** support.
5. **ESG discovery** sessions

We would welcome the opportunity to help your business continue to move forward in these and other areas.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Sustainability Reporting

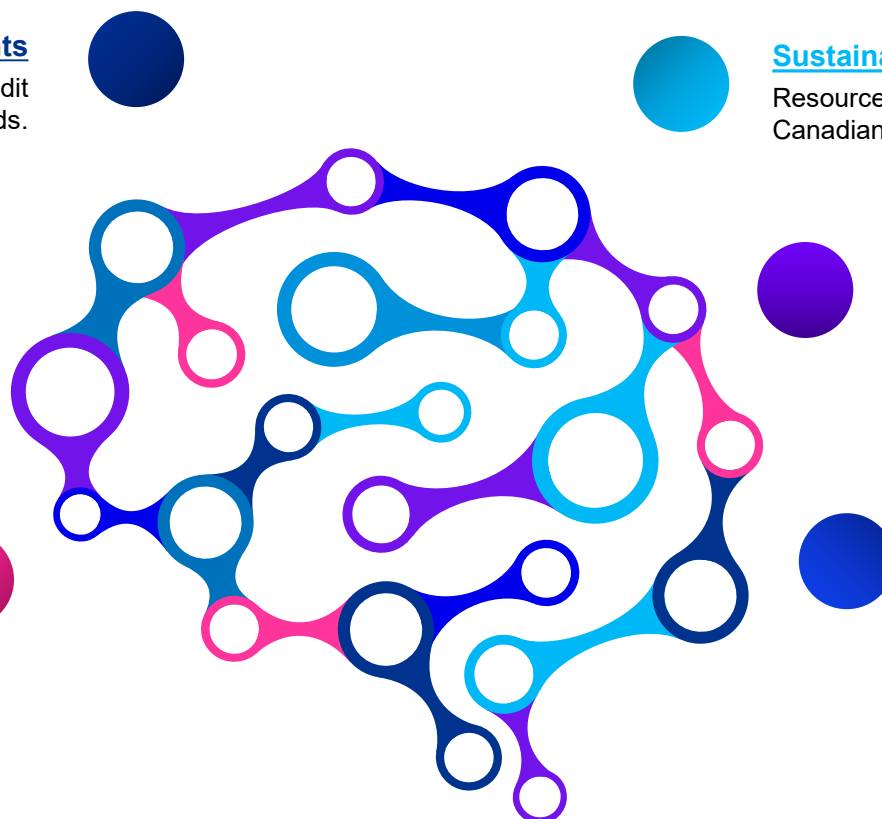
Resource centre on implementing the new Canadian reporting standards

Accelerate - The key issues driving the audit committee agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.



Appendix F: Continuous evolution

Our investment:

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

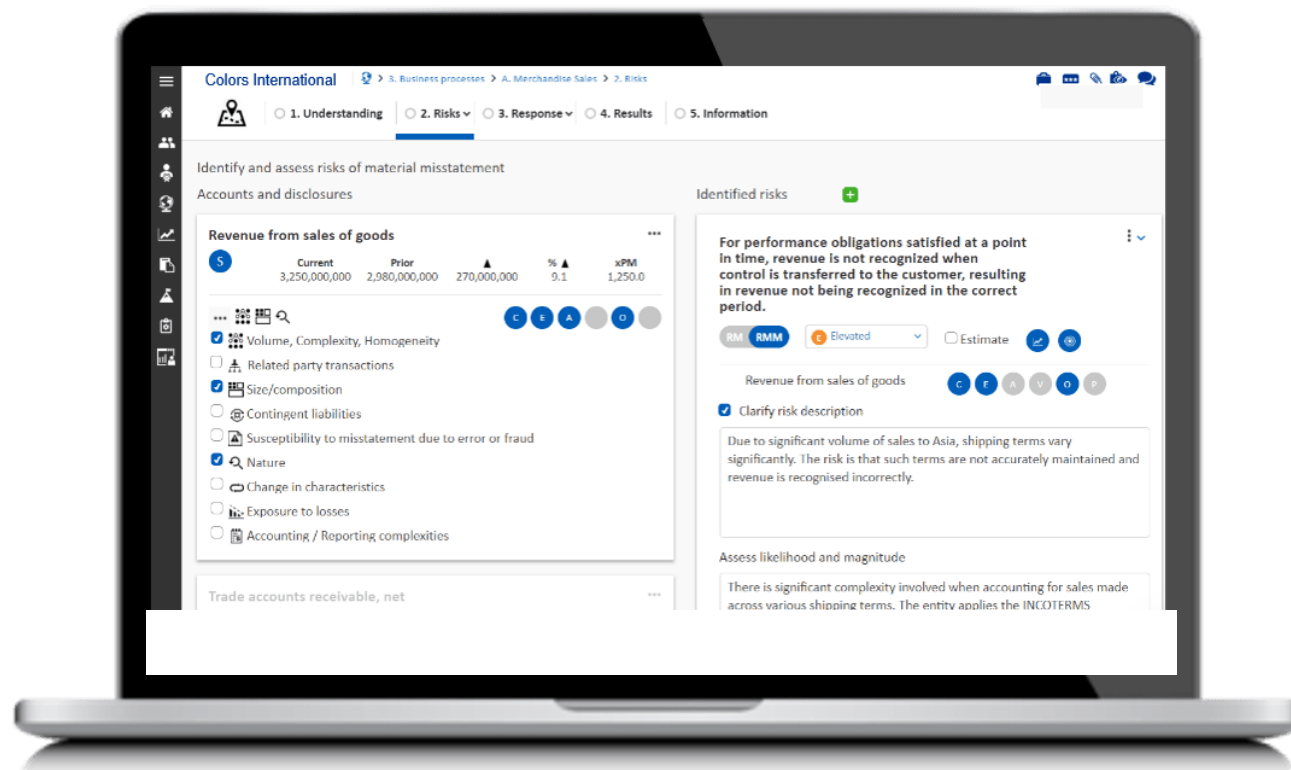
Result: A better experience

Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.



Appendix F: KPMG Clara Generative AI

With our global alliance partner Microsoft, we have embarked on a journey to embed Generative AI into our smart audit platform—KPMG Clara. This will make our auditors more productive and give them the tools to provide quicker feedback, make more insightful connections, and deliver a better audit experience.



AI done right

Although early adoption is key, we are focused on avoiding reliance on a 'black box' so we're building 'explainability' and 'traceability' at the core.



Bolstered productivity

Focused on removing time-consuming low value tasks, we'll apply our skills in other, more judgmental areas or in order to give insights to you.



Quality at our fingertips

We are teaching our model with our knowledge databases to capture our vast experience. This means quality information accessible in seconds.



Secure integration

KPMG Clara has been built on a solid and secure Azure Cloud backbone, allowing us to easily integrate Generative AI in partnership with Microsoft.

Celebrating our Canadian Heritage and Commitment

KPMG puts Canada first as part of our commitment to our teams, clients and communities. We are one of Canada's largest professional services firms providing audit, tax, advisory and law services and can proudly say the following:

- **Canadian-Owned and Operated.** We are immensely proud to be 100% Canadian-owned and operated. When you choose us, you support a company deeply rooted in Canadian values, committed to the success of our nation. Our local decision-making ensures we understand and address the unique challenges and opportunities faced by Canadian businesses.
- **Investing in Our Communities.** Our success is intertwined with the well-being of the communities we serve. We actively participate in initiatives that foster growth, innovation, and prosperity across the country.
- **Creating Opportunities and Building Expertise.** As one of Canada's largest professional services firms, we provide jobs and opportunities to thousands of talented individuals. Our extensive network of professionals brings a wealth of knowledge and expertise, ensuring the highest quality of service for our clients.

As you consider your auditors and advisors of the future look to us to support you close to home.

Sincerely,

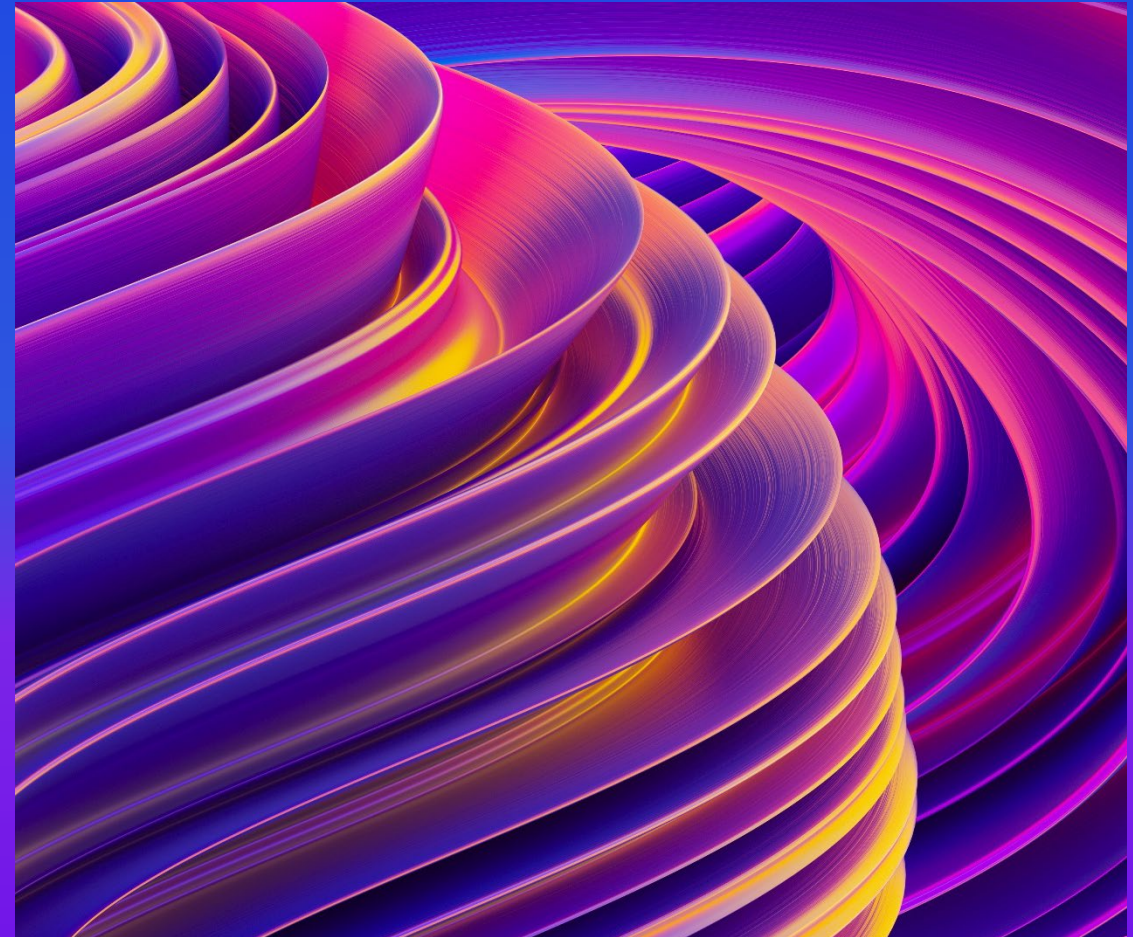
KPMG





<https://kpmg.com/ca/en/home.html>

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.



DATE: October 20, 2025

REPORT NO: T-17-2025

SUBJECT: **Accumulated Operating Surplus for Year-End 2024**

CONTACT: Katelyn Repovs, CPA, CA, Director of Corporate Services/CFO

OVERVIEW:

- Closing Balance in the Accumulated Operating Surplus as of December 31, 2024 is \$1,585,400.
- Council previously approved a \$150,000 transfer from the accumulated surplus to be used as revenue in the 2025 budget.
- \$1,435,400 of the remaining surplus is recommended to be transferred to the 2026 Operating Budget and the Contingency Reserve as outlined in the report below.

RECOMMENDATION:

1. That, Recommendation Report T-17-2025, titled “2024 Accumulated Operating Surplus”, dated October 20, 2025, be received; and,
2. That, Council authorizes that \$150,000 of the 2024 Accumulated Operating Surplus be used as revenue in the 2026 Operating Budget; and,
3. That, Council authorizes that \$1,285,400 of the remaining Accumulated Operating Surplus be transferred to the Contingency Reserve.

ALIGNMENT TO STRATEGIC PLAN:

Theme #4

- Foundational: Advance organizational capacity and effectiveness.

BACKGROUND:

The 2024 Financial Statements for the Township of West Lincoln have been audited and as such, the final surplus numbers are being communicated for Council’s review. Council approved a 2024 Operating budget of \$21.9 million. The final 2024 financial results indicate a closing accumulated operating surplus of \$1,585,400, with various items contributing to this figure. As part of the 2025 budget process, Council approved that \$150,000 of this prior year closing surplus be treated as revenue in the 2025 budget. It is

recommended that the remainder of the surplus of \$1,435,400 be utilized as discussed later in this report.

It is important to note that the accumulated operating surplus discussed in this report is calculated on the same cash basis that is used to determine the tax levy. The Audited Financial Statements which are presented in Report T-16-2025 indicated an accumulated surplus of \$106.9 million based on Public Sector Accounting Standards (PSAS). The wide variance is the result of three key items considered as part of the accumulated surplus using PSAS: Tangible Capital Assets, Investment in Subsidiary, and Reserves and Reserve Funds. These three items are not part of the accumulated operating surplus when calculated using a cash basis.

CURRENT SITUATION:

There are several factors that have contributed to the 2024 closing accumulated surplus of \$1,585,400. \$150,000 of that amount is from prior years and was approved by Council in report T-15-2024 to be used as revenue in the 2025 budget. As part of the 2025 Budget approval, the recognition of \$150,000 of prior year surplus as 2025 revenue was formally adopted.

The Township had the following significant positive revenue outcomes that contributed to the 2024 surplus as follows:

- 1) Income from investments has exceeded budget by \$791,700. The Township was able to take advantage of higher rate of returns available on investment purchases made in 2022 through to 2024. Administration has strategically positioned investment decisions to ensure that a portion of Township investments were locked in for over a year to take advantage of the higher rates of interest, in anticipation that rates of return will slowly decline. Included in the amount above is a dividend of \$134,640 from Peninsula West Power Inc. that had not been included in the 2024 budget.

It is important to note the current economic environment has resulted in lower interest rates, which will directly affect the Township's investment returns. As rates continue to decline, Administration anticipate a corresponding reduction in investment income in the future.

- 2) Supplementary Property Taxes exceeded budget by \$99,200. Supplemental Property Tax Revenue represents additional revenue collected on assessment changes that were not reflected in the MPAC assessment roll received in December 2023, for 2024. This includes, for example, new homes and property improvements such as additions. This revenue was offset by the Tax Write-Offs expenditure, which exceeded budget by \$32,600, and was a result of higher than budgeted tax write-offs related to Section 357 tax applications.
- 3) The Township applies an interest rate of 1.25% on unpaid property tax balances. At the end of 2024, this revenue exceeded budget by \$109,600.

Also contributing to the surplus was expenditure that was below budget, as outlined below:

- 1) Transportation Services, which includes Road and Roadside Maintenance, Winter Control, Streetlights and Bridge Maintenance experienced an overall savings of \$76,000.
- 2) The Community Services Department's Recreation Division, which includes Parks, Recreation Facilities and Recreation Programming, saw an overall savings of \$166,400. Most of the savings was related to Parks and Youth Programming.
- 3) There were savings of \$48,400 within Fire Services, due to lower expenditures on wages and mandatory benefits, as a result of lower than expected fire call volumes. Further, there was a \$49,500 savings in the By-Law Enforcement Division, mainly attributable to underspending in the legal services budget line, along with wage savings due to a staffing vacancy.
- 4) The Storm Sewer and Drainage operating budgets had a final balance that resulted in savings of \$68,800. Contracted services were not used as budgeted.
- 5) The balance of the surplus is attributable to underspending within all of the other various departments within the municipality.

FINANCIAL IMPLICATIONS:

The availability of surplus funds provides the Township the opportunity to once again review its financial needs and reflect on the best options in utilizing these funds.

Aside from using a small portion of the surplus for tax stabilization purposes each year, the remainder of the year-end operating surplus generally represents one-time funding that cannot be relied on to recur on an ongoing basis. As such, these year-end surpluses should only be allocated to fund one-time, non-recurring expenditures. Actual financial results vary from year-to-year based on various external and internal factors. The budget process includes the review of actual spending trends and considers future need requirements; collectively determining the budget required in any given year to meet the Council-approved service levels. Financial policies are in place to allow the Township to manage any surplus or deficit in a fiscally responsible manner.

The recommendations to Council are based on two important principles: avoiding large fluctuations in the budget, and ensuring Township reserves have adequate balances. As noted above, \$150,000 of the accumulated surplus is being used as revenue in the 2025 budget. That leaves \$1,435,400 to be allocated, as recommended below:

Utilize \$150,000 of this surplus as revenue in the 2026 budget:

The current 2025 budget is using \$150,000 of prior year surplus as a revenue source. Using a portion of the current accumulated surplus towards the 2026 budget will avoid a large fluctuation in revenue in the 2026 budget. This will assist with managing any tax levy increase in 2026.

Transfer \$1,285,400 into the Contingency Reserve:

The Contingency Reserve is used to fund in year funding shortfalls that may occur as a result of one-time expenditures. The target balance for this reserve, as outlined in the Township's Reserve and Reserve Fund policy, is 10% of the previous year tax levy, which for 2025 is a target balance of \$1,025,512. The Contingency Reserve currently has a projected uncommitted balance of \$(365,392) as of December 31, 2025.

Administration has taken into account that \$420,000 of the Contingency Reserve has been committed to provide funding for the implementation of the non-union grid. The new grid was approved in 2022 and is slowly being funded through the tax levy, but it will require transfers from the Contingency Reserve over the years 2025 to 2027. Further, this reserve also takes into account \$673,400 in commitments made to fund organizational restructuring changes, as communicated previously to Council through confidential staff reports.

Using the accumulated surplus to replenish this reserve will result in an uncommitted balance of \$920,008 in the Contingency Reserve, which will still fall short of the target balance by \$105,504 but will allow the Township to be much closer to the desired target.

INTER-DEPARTMENTAL COMMENTS:

Departments are responsible for managing their programs according to municipal standards and within the approved budget. The responsibility of monitoring the operating budget is shared by the operating departments and the Finance Division.

CONCLUSION:

The Township is fortunate to have a significant accumulated surplus in 2024. \$300,000 of the accumulated surplus will be used to offset tax levy increases in 2025 and 2026. Finally, it is recommended that the remaining \$1,285,400 is transferred to the Contingency Reserve.

Prepared & Submitted by:

Katelyn Repovs, CPA, CA
Director of Corporate Services/CFO

Approved by:

Truper McBride
CAO

DATE: October 20, 2025

REPORT NO: HR-01-2025

SUBJECT: Township Hours of Operation for Winter Break - 2025

CONTACT: Janine Buffo, HR Advisor

OVERVIEW:

- This report will address the hours of operation for the Township Administration Building, the Public Works Yard, and the West Lincoln Community Centre during the 2025 Winter Break (December 24, 2025 to January 1, 2026 inclusive)

RECOMMENDATION:

1. That, Recommendation Report HR-01-2025 titled “Township Hours of Operation for Winter Break - 2025” dated October 20, 2025, be received; and
2. That, the following Winter Break operating schedule be approved:
 - (a) That, the Township Administration Building be closed on December 29, 30 and 31, 2025 (office closed for the period between December 24, 2025 to and including January 1, 2026); and,
 - (b) That, the Public Works Yard remain open on December 29, 30 and 31, 2025; and
 - (c) That, the West Lincoln Community Centre remain open, subject to program scheduling, from December 24, 2025 to January 1, 2026 inclusive, with the exception of December 25, 2025.

ALIGNMENT TO STRATEGIC PLAN:

Theme # 4

- Advance organizational capacity and effectiveness

BACKGROUND:

Each year, the Township Administration Building is closed between December 24 to and including January 1, with the Public Works Yard remaining open during the time period following December 26. Historically, this request has been approved by Council as there

has been very little activity at the Township Administration Building during this time period.

CURRENT SITUATION:

At present, the 2025 Winter Break operating schedule has not yet been formally approved. The Administration building is expected to experience minimal service demand during the period between December 24, 2025, and January 1, 2025.

Preliminary department discussions have identified that the Public Works Yard will remain operational on December 29,30,31 to ensure continued delivery of essential services such as snow removal. Similarly, the West Lincoln Community Centre is prepared to offer programming during the winter break, based on community interest, except on December 25 when the facility will be closed.

Th Township's after-hours emergency phone line will remain available to residents during the holiday closure to address urgent matters. Further information regarding the emergency phone line system is provided in the attachment to this report, originally provided to Council in November 2024.

To ensure coordinated communication with the public and adequate internal planning, Council approval of the proposes operating schedule is requested at this time.

FINANCIAL IMPLICATIONS:

There are no financial implications to the municipality with respect to the closure of the Township Administration Building during this time, as impacted employees will use either a vacation day, lieu day, or take the time off without pay. This is communicated well in advance of the holiday closure, to ensure every employee has the opportunity to plan this time period accordingly.

INTER-DEPARTMENTAL COMMENTS:

The issue of closing the Township Administration Building has been reviewed by the Senior Management Team as well as the Human Resources Advisor and no concerns were raised.

CONCLUSION:

This report is to inform Committee and Council that Administration recommends that the Township Administration Building be closed on December 29, 30 and 31, 2025; and, that the Public Works Yard remain open on these days, and the West Lincoln Community Centre remain open subject to program scheduling from December 24, 2025 to January 1, 2026 inclusive with the exception of December 24 and 25, 2025.

ATTACHMENTS:

1. Report HR-01-2024, After Hours Emergency Phone Procedure

Prepared & Submitted by:

**Janine Buffo
HR Advisor**

Approved by:

**Truper McBride
CAO**

DATE: October 21, 2024

REPORT NO: HR-01-2024

SUBJECT: **After Hours Emergency Phone Procedure.- HR-01-2024docx.docx**

CONTACT: Janine Buffo, Human Resources Advisor
Justin Paylove, Acting Director of Legislative Services/Clerk

OVERVIEW:

- At the September 16, 2024 Administration/Finance/Fire Committee meeting administration was directed to report back for clarification on the operation of the phone system during an office closure, specifically the Christmas break, and how calls from residents are retrieved or routed for snow events or other emergency operations during the winter season.
- Accordingly, administration has outlined the procedures that are used for contacting staff after hours and/or when the Township office is closed.

RECOMMENDATION:

That Information Report HR-01-2024 titled “After Hours Emergency Phone System Procedure”, dated October 21, 2024, be received.

ALIGNMENT TO STRATEGIC PLAN:

Theme #4 – Foundational: Advance Organizational Capacity and Effectiveness

BACKGROUND:

At the September 16th 2024 Administration/Finance/Fire Committee Meeting, Council received Recommendation Report C-05-2024 titled “Township Hours of Operation for Winter Break – 2024”. This report is being brought to Council in response to the request for clarification on the operation of the phone system during an office closure, specifically the Christmas break, and how calls from residents are retrieved or routed for snow events or other emergency operations during the winter season.

Council approved the following resolutions on September 16, 2024:

*“That, Recommendation Report C-05-2024, titled “Township Hours of Operation for Winter Break - 2024”, dated September 16, 2024, be received; and
That, the following Winter Break operating schedule be approved:
That, the Township Administration Building be closed on December 27, 30 and 31, 2024 (office closed for the period between December 24, 2024 to and including January 1, 2025); and,
That, the Public Works Yard remain open on December 27, 30 and 31, 2024; and
That, the West Lincoln Community Centre remain open, subject to program scheduling, from December 24, 2024 to January 1, 2025 inclusive, with the exception of December 25, 2024.”*

Council also passed the following amending resolution:

“That, administration return with a report to the next Administration/Finance/Fire Committee meeting that provides further clarity on the emergency phone system.”

CURRENT SITUATION:

If a call is placed to the Township when the office is closed, the caller will be given the option to either leave a message for a specific employee at their extension, or they can choose to hear the after-hours emergency contact information. The after-hours emergency contact is routed to the Niagara Region dispatch number, where they can report their concern or emergency. The Niagara Region dispatch phone line is monitored 24 hours a day, 7 days a week. Once a call is received it is dispatched immediately to the appropriate West Lincoln employee who is on call during that time, within the appropriate department; Roads, Water, Wastewater, Parks and Recreation, and Other.

The following recording is played when the Township office is closed.

“Thank you for calling the Township of West Lincoln, unfortunately our offices are now closed.

If you know the extension of the person you are calling and would like to leave a message, please dial it now.

Our office hours are 9 – 4:30 Monday to Friday.

3 – After-hours emergency (Niagara Region Dispatch contact information)
0 – leave a message in General Mailbox
2 – Staff Directory
4 – Public Works – 5139 (PW Secretary)
5 – Arena – 4688 – (Front Desk)”

During the Christmas closure, the message will be modified to indicate the number of days that the Township office is closed, so the public has a sense as to when they can

expect a return call.

Administration has also reviewed the contractual obligations of the Township to both Union and Non-union employees, to confirm that this closure is in compliance with the Collective Agreement, as well as Employment Standards Act, 2000.

In 2023, the Township changed phone systems at all facilities. This new phone system is cloud based, which offers a “softphone” feature. This means that Township extensions can be answered through any device that has internet, for example a cell phone or a laptop. This application allows for every employee with a phone line to answer their phone via the internet, which includes the ability to receive and monitor calls during an emergency.

FINANCIAL IMPLICATIONS:

There are no financial implications to the municipality with respect to the emergency phone procedure. Report C-05-2024 outlined that during the Winter Break closure, impacted employees will use either a vacation day, lieu day, or take the time off without pay. This is communicated well in advance of the holiday closure, to ensure every employee has the opportunity to plan their vacations accordingly.

INTER-DEPARTMENTAL COMMENTS:

This report was reviewed by the CAO and the Clerk.

CONCLUSION:

Administration is satisfied that the after-hours phone message provides the required information to connect residents with Niagara Region dispatch which is monitored 24/7 and has the up to date information as to how to route calls within West Lincoln.

Prepared & Submitted by:

Janine Buffo
Human Resources Advisor

Approved by:

Truper McBride
CAO

DATE: October 20, 2025

REPORT NO: LLS-10-2025

SUBJECT: Amendment to Delegation of Authority By-law – Addition of the Director of Legal and Legislative Services, the Director of Community and Protective Services, and the Clerk

CONTACT: Justin Paylove, Manager of Legislative Services/Clerk

OVERVIEW:

- This report proposes amending the Delegation of Authority By-law to include new schedules for the Director of Legal and Legislative Services, the Director of Community and Protective Services, and the Clerk.
- The amendment will improve efficiency by allowing these positions to make routine decisions within their areas of responsibility and operation.
- The proposed changes are consistent with the phased approach previously endorsed by Council and maintain appropriate oversight and alignment with approved policies and budgets.
- This will be the final amendment adding positions to the delegated authority under the current organizational structure.

RECOMMENDATION:

1. That Recommendation Report LLS-10-2025 titled “Amendment to Delegation of Authority By-law – Addition of the Director of Legal and Legislative Services, the Director of Community and Protective Services, and the Clerk” dated October 20, 2025, be received; and,
2. That, an amending by-law such as the one attached as Schedule “A” be approved.

ALIGNMENT TO STRATEGIC PLAN:

Theme #4

- **Advance** – organizational capacity and effectiveness

BACKGROUND:

In accordance with Section 23.1 of the *Municipal Act, 2001*, municipal councils are permitted to delegate certain powers and duties to municipal staff or other bodies to promote operational efficiency and good governance. Delegating administrative and routine decision-making to senior staff allows Council to focus on strategic policy, planning, and community priorities.

Council previously adopted a Delegation of Authority By-law through Report C-06-2024, beginning with the Chief Administrative Officer (CAO) and later amended to include the Director, Operations/Infrastructure and Report LLS-08-2025 to include the Director, Corporate Services/CFO and Director of Growth and Sustainability. These steps established a structured framework for decision-making authority at the senior leadership level.

This report brings forward a further amendment to the Delegation of Authority By-law to add new schedules for three additional positions: Director, Legal and Legislative Services, Director, Community and Protective Services, and the Clerk. These roles are integral to day-to-day municipal operations, and the proposed delegation will enhance decision-making responsiveness while maintaining appropriate oversight.

CURRENT SITUATION:

By formalizing delegation to these 3 positions through individual schedules, Council ensures clear boundaries and accountability while enabling efficient day-to-day operations. This phase aligns with the original intent of the Delegation of Authority By-law to gradually expand delegated powers in a controlled and transparent manner. This is the final addition to the Delegated Authority By-law framework. As noted to Council over the course of the additions of department heads and statutory positions, the Delegation of Authority By-law is intended to be a living document. Council may wish to amend the By-law as needed, to further improve administrative efficiency and transparency.

FINANCIAL IMPLICATIONS:

There are no direct financial costs associated with approving this amendment. Proper internal controls and oversight mechanisms will ensure delegated powers are exercised in alignment with Council policies.

INTER-DEPARTMENTAL COMMENTS:

The proposed amendment has been reviewed and endorsed by the Senior Leadership Team (SLT). Their input was incorporated into the development of the respective schedules to ensure clarity and appropriateness of the delegated authorities.

CONCLUSION:

The addition of delegated authority schedules for the Director, Legal and Legislative Services, Director, Community and Protective Services, and the Clerk is consistent with

the phased approach adopted under the Delegation of Authority By-law. It reflects Council's ongoing commitment to modernizing municipal operations, improving decision-making efficiency, and strengthening administrative accountability.

With these amendments, Council can continue to focus on strategic issues while ensuring that staff are empowered to carry out their duties effectively and in accordance with approved plans and budgets.

ATTACHMENTS:

1. Schedule A – By-law 2025-XX – Amending By-Law – Addition of Director of Legal and Legislative Services, the Director of Community and Protective Services, and the Clerk
2. Schedule B – Clerk
3. Schedule C – Director, Legal and Legislative Services
4. Schedule D – Director, Community and Protective Services

Prepared & Submitted by:

Approved by:

**Justin Paylove,
Manager, Legislative Services/Clerk**

**Truper McBride,
CAO**

**Jessica Dyson,
Director, Legal and Legislative Services**

Schedule “A”

THE CORPORATION OF THE TOWNSHIP OF WEST LINCOLN

BY-LAW NO. 2025-xx

A BY-LAW TO AMEND BY-LAW 2025-02 DELEGATE POWERS AND DUTIES TO OFFICERS, TO ADD SCHEDULE “E”, MANAGER, LEGISLATIVE SERVICES/CLERK AND SCHEDULE “F”, DIRECTOR, COMMUNITY AND PROTECTIVE SERVICES AND SCHEDULE "G" DIRECTOR, LEGAL AND LEGISLATIVE SERVICES

WHEREAS the Township of West Lincoln has adopted By-law No. 2025-02, being a By-law to delegate powers and duties to officers, employees and agents of the corporation of the Township of West Lincoln;

WHEREAS the Township of West Lincoln considers it desirable and necessary to amend By-law No. 2025-02, Delegate Powers and Duties to Officers, to add Schedule “E”, Manager, Legislative Services/Clerk and Schedule “F”, Director, Community and Protective Services and Schedule “G”, Director, Legal and Legislative Services.

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF WEST LINCOLN ENACTS AS FOLLOWS:

1. That By-law No. 2025-02, being a By-law to delegate powers and duties to officers, employees and agents of the corporation of the Township of West Lincoln be amended by adding Schedule “E”, Manager, Legislative Services/Clerk, Schedule “F” Director, Community and Protective Services and Schedule “G”, Director, Legal and Legislative Services.

**READ A FIRST, SECOND AND THIRD
TIME AND FINALLY PASSED THIS
27 DAY OF OCTOBER 2025.**

MAYOR CHERYL GANANN

JUSTIN PAYLOVE, CLERK

Schedule “E”: Delegated Municipal Powers and Duties

	Delegation	Delegate	Limitation
LEGISLATIVE SERVICES			
Clerk			
1	Authority to comment on a Liquor License Application	Clerk	Consultation required with Growth and Sustainability and Community and Protective Services
2	Designate an event as an event of municipal significance for the purposes of prescribing it as a special event occasion where an application has been made pursuant to subsection 19(1) of the Liquor License Act, R.S.O. 1990, c. L. 19	Clerk	In accordance with Requests for Designation of Public Events as Municipally Significant Procedure Consult with Growth and Sustainability and Community and Protective Services and Council
3	All of the powers and duties of the “head” in regards to the Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, Chapter M.56	Clerk	
4	The Clerk is authorized to correct clerical, spelling, or minor errors of an administrative nature in by-laws of the township.	Clerk	Provides the ability for the Clerk to correct clerical, spelling and minor errors of an administrative nature in Township By-laws
5	The clerk is authorized to execute licences ie: (marriage, refreshment, and kennel licences	Clerk	Subject to the limitations set out in the by-laws.
6	The Clerk is delegated the powers and duties of Council as head of a public sector body that is a municipality for the purposed of the Ombudsman Act.	Clerk	The authority fulfills the requirement for a designate head of the municipality in accordance with the Ombudsman Act.

7	The Clerk is authorized to sign documents to implement and Administer the Administrative Monetary Penalty Program (AMPS), a license agreement with the Ministry of Transportation on behalf of the Council of the Corporation of the Township of West Lincoln.	Clerk	
8	The Clerk or Treasurer, or his/her delegate, shall issue and sell municipal Hunting Licences	Clerk Director of Corporate Services/CFO	By-law 2010-20
9	Authority to appoint on behalf of the Town valuers for the purposes of investigating or assessing damage to livestock or poultry caused by wild animals as may be required pursuant to s. 7(6) of the Ministry of Agriculture, Food and Rural Affairs Act, R.S.O. 1990, M. 16	Clerk	

Schedule “F”: Delegated Municipal Powers and Duties

	Delegation	Delegate	Limitation
COMMUNITY AND PROTECTIVE SERVICES			
1	Authority for the negotiation, entering into and execution of license agreements for the use of Community Centre Facilities by not-for-profit	Director, Community and Protective Services	Legal to approve form of agreement
2	Receiving grant applications from applicants for town grants	Director, Community and Protective Services	In accordance with the Corporate Sponsorship Policy
3	Signing permits (facility booking)	Director, Community and Protective Services or Delegate	Subject to the Administration of Recreation and related procedures Subject to the rates and fees By-law established by Council
4	Partnership agreements/letters of agreement with service providers to support Town programming	Director, Community and Protective Services	Agreements must be in form satisfactory to Legal Consultation with Finance where required
5	Applying to federal or provincial funding agencies re: operating subsidies / new activity/program subsidies / wage subsidy	Director, Community and Protective Services	
6	Applying to federal or provincial funding agencies re: operating subsidies / new activity/program subsidies / wage subsidy	Director, Community and Protective Services	

	Delegation	Delegate	Limitation
7	From time to time, authority to introduce new fees related to facility rentals, programs or services, in addition to promotional offers	Director, Community and Protective Services	Any new fees would be included in the next budget development cycle and included in the following year's rates and fees document
8	Negotiate, enter into and execute sponsorship agreements	Director, Community and Protective Services	In accordance with the limitation and thresholds identified in the <u>Corporate Sponsorship Policy</u> Consult with Finance and Legal
9	The Program of Recreation and Community Centres shall be directed, managed, supervised and under Community and Protective Services	Director, Community and Protective Services	
10	Power to sell or otherwise dispose of any abandoned vessel and/or trailer in the harbour or yard in accordance with the provisions of the <i>Repair and Storage Lien Act</i> , as may be amended or replaced	Director, Community and Protective Services	Consult with Legal and Finance
11	Delegated authority to execute provisions of the By- Law, including the imposition of conditions as necessary to ensure compliance with By- law Re: A by-law to establish rules and regulations for Township of West Lincoln Cemeteries	Director, Community and Protective Services	Consult with Legal
12	Delegated authority to make designations assigned pursuant to the Parks By-law	Director, Community and Protective Services	
13	Authority to approve operational aspects of commercial filming on Municipal Parkland, including the use of special effects; hours of filming; and notification and consent	Director, Community and Protective Services	Ward councillors to be notified by staff when a film application has been received prior to permit approval
14	Execute connection agreements to the Corporation's central fire alarm panel	Director, Community and Protective Services	Consult with Legal

16	To authorize a programing within and maintenance of community centres	Director, Community and Protective Services	
----	---	---	--

Schedule "G": Delegated Municipal Powers and Duties

Legal and Legislative Services			
Director, Legal and Legislative Services			
	Delegation	Delegate	Limitation
1	Accept service of any legal document on behalf of the Town	Director, Legal and Legislative Services or Township Clerk	
2	Title clean-up of Town lands that does not have the effect of conveying an interest in land to a third party	Director, Legal and Legislative Services	
3	Removal of expired or no longer relevant agreements or easements from title	Director, Legal and Legislative Services	Consultation required with Growth and Sustainability, Infrastructure Community and Protective Services, as applicable
4	Execution of required documentation in connection with a real estate closing where the real estate transaction itself has been approved	Director, Legal and Legislative Services	The real estate transaction which is the subject of closing must have received the necessary approval(s)
5	Delegated the authority to appoint or rescind the appointment of Screening Officers and Hearing Officers together with the authority to determine the appropriate terms of such appointments	Director, Legal and Legislative Services	
6	Appoint By-law Enforcement Officers for purposes of enforcing the municipal by-laws of the Township of West Lincoln.	Director, Legal and Legislative Services	
7	Authority to appoint or rescind the appointment of municipal law enforcement officers for the purposes of enforcing parking on private property contrary to the by-laws of The Corporation of the Township of West Lincoln	Director, Legal and Legislative Services	

DATE: October 20, 2025

REPORT NO: LLS-11-2025

SUBJECT: Election Sign By-law Update

CONTACT: Justin Paylove, Manager, Legislative Services/Clerk
Barb Hutchinson, Coordinator, Legislative Services/Deputy Clerk

OVERVIEW:

- West Lincoln updated and passed a new by-law in 2018 before the commencement of the 2018 Municipal and Schoolboard Elections.
- By-law 2018-36 being a by law which regulates the erection of signs for Federal, Provincial, and Municipal Elections was passed to keep up with the changing legislative requirements of administration to adhere to.
- Currently, West Lincoln is still in compliance with provincial regulation, however administration has been involved in a project spanning most of the local area municipalities to improve clarity.
- The proposed by-law is an update to our current by-law, to ensure that there is consistency across local area municipalities in regard to the rules and regulations with Municipal, provincial, and federal election signs.

RECOMMENDATION:

1. That, Recommendation Report LLS-11-2025 titled “Election Sign By-law Update” dated October 20, 2025 be received; and,
2. That, By-law 2018-36, being a By-law to Govern the Erection of Signs within West Lincoln be repealed; and,
3. That, a by-law such as the draft by-law attached as Schedule “A” be approved.

ALIGNMENT TO STRATEGIC PLAN:

Theme #4

Advance – Organizational capacity and effectiveness

BACKGROUND:

In 2018, By-law 2018-36 was enacted which regulates the erection of signs for Federal, Provincial, Regional and Municipal Elections. This by-law has appropriately served the Township in accordance with all legislative requirements imposed by Provincial Standards.

During the 2022 Municipal and School board election cycle, there was discussion amongst the Area Clerk's group, in conjunction with the Area CAO's group, to provide a unified approach to Election Sign By-laws. The push from the Clerk's and CAO's was based upon providing a more streamlined, clear, and transparent administration of the Municipal and Schoolboard Elections, by having regulations be the same across neighbouring municipalities.

CURRENT SITUATION:

Work and consultation between Local Area Clerk's was conducted throughout 2024 and into 2025, finally culminating into a draft Election Sign By-law that all participating municipalities could agree upon. As a result, the draft By-law is being proposed to further strengthen and improve its effectiveness and to provide clearer wording on rules and regulations.

While the changes being made to the Township of West Lincoln's current Election Sign By-law are largely semantic in nature, it is an important step to maintain clarity and cohesion even across municipal borders. One key proposed change that was noted to exist in neighbouring Municipalities Election sign By-law that did not exist in West Lincoln's, was an effective permitting/fee system. With the various strains on administrative time noted in the 2024 By-election, administration is recommending a permit/fee structure to better provide administration tools to support the management of election signs during the various electoral cycles. This effort will ensure that residents across the Niagara Region, not just West Lincoln, are able to understand Election Sign By-law rules and regulations more clearly.

While each municipal Council may amend or suggest alterations to the draft By-law being presented to each respective Council, the current proposed draft by-law meets all statutory regulations imposed by the province, as well as the needs of administration.

FINANCIAL IMPLICATIONS:

There are no financial implications to this report.

INTER-DEPARTMENTAL COMMENTS:

This Report was reviewed by the Clerk's office, the CAO, and the Director, Legal and Legislative Services.

CONCLUSION:

This proposed by-law is intended to provide greater clarity and consistency for election signage during the election cycles of all levels of government, as well as proper tools for administration to properly regulate election signs within the Township of West Lincoln.

ATTACHMENTS:

1. Schedule A - Draft Election Sign By-law

Prepared & Submitted by:

Approved by:

**Justin Paylove,
Manager, Legislative Services/Clerk**

**Truper McBride,
CAO**

**Jessica Dyson,
Director, Legal and Legislative Services**

THE CORPORTION OF THE TOWNSHIP OF WEST LINCOLN
BY-LAW 2025-XX
BEING A BY-LAW TO REGULATE THE ERECTION OF
ELECTION SIGNS WITHIN THE TOWNSHIP OF WEST
LINCOLN

WHEREAS Section 11 of the *Municipal Act, 2001* authorizes the Corporation of the Township of West Lincoln to pass by-laws respecting spheres of jurisdiction that include highways, structures, including fences and signs; and

WHEREAS Section 63 of the *Municipal Act, 2001* authorizes the Corporation of the Township of West Lincoln, if it passes a by-law for prohibiting or regulating the placing of an object on a Highway, to provide for the removal of any object placed on a Highway in contravention of that by-law; and

WHEREAS Section 99 of the *Municipal Act, 2001* provides rules which apply to a by-law of a municipality respecting advertising devices, including signs; and

WHEREAS Section 425 of the *Municipal Act, 2001* establishes that any person who contravenes any by-law of the Corporation of the Township of West Lincoln is guilty of an offence; and

WHEREAS Section 426 of the *Municipal Act, 2001* permits a municipality to establish a system of fines for offences under a by-law of a municipality passed under the *Municipal Act, 2001*; and

WHEREAS Section 436 of the *Municipal Act, 2001* authorizes a municipality to pass a by-law providing that the municipality may enter onto land at any reasonable time for the purpose of carrying out an inspection to determine compliance with a by-law, direction, order of licence; and

WHEREAS Subsection 446(1) of the *Municipal Act, 2001* provides that if a person is directed or required to do a matter or thing, in default of it being done by the person directed or required to do it, the matter or thing shall be done at the person's expense; and

WHEREAS Subsection 446 (2) of the *Municipal Act, 2001* authorizes a municipality to enter upon land at any reasonable time for the purposes of Subsection 446(1); and

WHEREAS to provide clarity and ease of reference, Council for the Corporation of the Township of West Lincoln deem it desirable to outline provisions related to Election Signs; and

WHEREAS Council for the Corporation of the Township of West Lincoln recognize the importance of the right to freedom of expression and recognizes that Election Signs are a protected form of expression under the Canadian Charter of Rights and Freedoms; and

WHEREAS the Council for the Corporation of the Township of West Lincoln seeks to protect the constitutional right to freedom of expression, subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF WEST LINCOLN HEREBY ENACTS AS FOLLOWS:

1. Definitions

In this By-law:

“Act” means the *Municipal Elections Act, 1996*, S.O. 1996., c.32, Sched.

“Advance Voting Day” means one (1) or more days that are designed for electors to cast ballots prior to Voting Day.

“Boulevard” means the portion of the Road between a street line and the edge of the curb, or, where there is no curb, that portion of the Road which is travelled or designed to be travelled by vehicles, and includes medians, bulges and traffic islands.

“By-Election” means an election other than a regular Election.

“Campaign Office” means a building or structure, or part of a building or structure, used by a Candidate, an agent of a Candidate, a Registered Third Party Advertiser, as part of an Election campaign and is registered with the Township Clerk as the Candidate or Registered Third Party Advertiser’s Campaign Office.

“Campaign Office Election Sign” means a sign displayed at a Campaign Office which displays the name of a Candidate in a municipal or school board Election, or with the name of a Candidate and/or the name and/or logo of a political party in a federal or provincial Election, or the name of a Registered Third Party Advertiser and the location of the Candidate’s or Registered Third Party Advertiser’s Campaign Office in any Election.

“Candidate” means:

- a) a candidate within the meaning of the Canada Elections Act, the Election Act (Ontario), or the Act; and
- b) shall be deemed to include a person seeking to influence other persons to vote for or against any question or by-law to the electors under section 8 of the Act.

“Election” means any federal, provincial, or municipal election, by-election, and any question or by-law submitted to the electors and includes an election to a local board or commissioner.

“Election Sign” means a sign advertising, promoting or opposing the Election of a political party or candidate for public office in a federal, provincial or municipal Election and includes promoting the position of a person registered to campaign with respect to a question on the ballot and third-party advertisers Election signs. Election signs include but not limited to, posters, placards, bulletins, banners, notices and/or signs not permanently affixed to the ground and specifically designed and intended to be readily moved from place to place, which by the use of words, pictures or graphics or any combination thereof that is intended to influence, promote, oppose or take a position.

“Municipal Act” means the *Municipal Act, 2001*, S.O. 2001, c. 25.

“Municipal Law Enforcement Officer” means a Municipal Law Enforcement Officer appointed by the Township.

“Park” means any land or premises under the control and/or ownership of the Township for park and recreational purposes and includes any lane, walkway, or public parking area leading thereto, and also includes any and all buildings, structures, equipment, facilities, and improvements located in or on such land.

“Placed” means to attach, install, erect, build, construct, reconstruct, move, display or affix. “Places” and “Placing” shall have the same meaning.

“Private Property” means real property that is not a Boulevard, Public Property, or Road.

“Public Property” means land owned by the Township, the Corporation of the Regional Municipality of Niagara, the Province of Ontario, and includes any Boulevard or Road.

“Owner” means a Candidate or Registered Third Party Advertiser who Places or permits the Placing of an Election Sign or any person described on the Election Sign, whose name, address, telephone number or email address is on the Election Sign or who benefits from the message of the Sign.

“Registered Third Party Advertiser” means an individual, corporation, or trade union that is registered in accordance with the requirements for registration in a municipal, provincial, or federal Election or referendum.

“Road” means a common and public highway, street, avenue, parkway, driveway, square, place, bridge, viaduct or trestle, designed and intended for use by the general public for the passage of vehicles and includes all lands lying within the limits of the road allowance or right-of-way all of which are owned or within the jurisdiction of the Township.

“Sight Triangle” means a triangular space that is formed by the intersection of the boundaries of two (2) Roads of a corner lot, and a line joining two (2) points that are six (6) metres back from the intersection. Where the two (2) road lines do not intersect at a point, the point of intersection of the projection of the road lines or the intersection of the angles to the road lines.

“Township Clerk” means the appointed Township Clerk of the Corporation of the Township of West Lincoln.

“Township” means the Corporation of the Township of West Lincoln.

“Vehicle” includes a motor vehicle, trailer, traction engine, farm tractor, road-building machine, bicycle and any vehicle drawn, propelled or driven by any kind of power, including muscular power, but does not include a motorized snow vehicle or a streetcar (i.e., electric/steam railway) and excludes stationary equipment (i.e., hitch trailer).

“Voting Day” means Voting Day as defined by the Act.

“Voting Location” means a place where electors cast their ballots as approved by the Federal, Provincial or Municipal Election Officials, and includes any street abutting when a Voting Location is located on Private Property or Public Property.

2. General Administration

2.1. The Township Clerk is responsible for the administration of this By-law.

2.2. No Candidate or Registered Third Party Advertiser shall Place or permit to be Placed an Election Sign without obtaining an Election Sign permit and making payment of the prescribed Election Sign deposit.

2.3. The Election Sign permits shall be:

- a) in the form prescribed by the Township; and
- b) accompanied by the prescribed Election Sign deposit as set out in Section 9; and
- c) Election Sign deposits will be refunded within ninety (90) days after Voting Day, minus any deductions for the removal of any Election Signs by the Township.

2.4. Subject to subsection 2.3, Election Signs shall only be Placed or permitted to be Placed:

- a) forty-five (45) days before Voting Day; or
- b) the day following Nomination Day for a By-election; or
- c) in the case of a federal or provincial Election, the day the Writ of Election is issued or any day thereafter.

2.5. Election Signs Placed or permitted to be Placed by a Registered Third Party Advertiser shall include the following information in accordance with the Act:

- a) the name of the Third Party;
- b) the municipality where the Third Party is registered; and
- c) contact information for the Third Party including a telephone number, mailing address and/or an email address.

- 2.6. A Registered Third Party Advertiser that does not register in accordance with the Act, *Election Act*, or *Canada Elections Act*, as the case may be, is not permitted to Place Election Signs.

3. Sign Guidelines

- 3.1. An Election Sign shall meet the following maximum size and height requirements:

- a) Height and width of 5 feet; and
- b) Shall be no higher than 1.5 metres (4.92 feet) above the ground, measured from the topmost point of the Election Sign.

4. General Prohibitions

- 4.1. No Owner or Person shall Place or permit to be Placed an Election Sign except in accordance with this By-law.

- 4.2. No Candidate shall Place or permit to be Placed an Election Sign for a municipal Election in any ward that they are not officially nominated or registered in.

- 4.3. With respect to general prohibitions, no Owner shall Place or permit to be Placed an Election Sign that:

- a) display a logo, crest, trademark or official mark, in whole or in part, owned or licensed by the Township;
- b) is illuminated, has flashing lights, or rotating parts;
- c) simulates any traffic sign, traffic signal, any other sign that directs the movement of traffic, or any official sign;
- d) uses words such as “stop”, “look”, “one way”, “danger”, “yield” or any similar phrases, symbols, lights or characters in such a manner as to tend to interfere with, mislead or confuse traffic;
- e) is in a state of disrepair or is located where it is a general hazard to public safety;
- f) impedes or obstructs the Township’s maintenance operations;
- g) impedes or obstructs the passages of pedestrians where they are reasonably expected to walk;
- h) is affixed to public utility poles, telephone poles, hydro poles, light standard or any other utility infrastructure;
- i) is Placed on, painted on, attached to, or supported by a tree, stone or other natural object;
- j) is Placed on a Road structure.

- 4.4. Two Election Signs may be displayed on or in a vehicle provided:

- a) the display of such Election Sign is not contrary to the provisions of this By-law;
- b) such Election Sign, if on the exterior of the vehicle, is mounted flush on the motor vehicle body;
- c) such Election Sign is not displayed so as to contravene provisions of sections 73 (1) or 74 (1) of the *Highway Traffic Act*, R.S.O. 1990, c.H.8.

- 4.5. Election Signs, including signs attached to vehicles, are not permitted to be Placed in any way on Public Property or buildings, including but not limited to, municipal offices, township parks, cemeteries, arenas, libraries, and fire halls.

- 4.6. No person shall deface or willfully cause damage to a lawfully erected Election Sign.

- 4.7. The Township or any of its municipal employees, agents or contractors will not be responsible for investigating or prosecuting for any acts of vandalism-to or theft-of Election Signs.

5. Public Property and Roads

- 5.1. In addition to the limitations in Section 4, an Owner shall not Place or permit to be Placed an Election Sign on Public Property that is not in accordance with this By-law, and where applicable, the Ministry of Transportation's requirements.
- 5.2. With respect to Public Property and Roads, no Owner shall Place or permit to be Placed an Election Sign that:
- a) is within a Park;
 - b) interferes with the safe operation of vehicular traffic or the safety of pedestrians, including the visibility of warning devices and traffic signals;
 - c) be Placed so as to impede, hinder or prevent parking by vehicles on private or public lands, or on a Road;
 - d) is on a Road, except as otherwise permitted by this By-law;
 - e) no Owner shall Place or to be Placed an Election Sign on a Road structure;
 - f) is located 1.8 metres (6 feet) away from the face of the curb or edge of pavement of a Road and where there is a Sidewalk, not within 0.6 metres (2 feet) of such Sidewalk;
 - g) clause 5.2 (f) does not apply when the Sidewalk is less than 0.6 metres (2 feet) from the main wall of the building, in which case the Election Sign shall be placed at the furthest distance possible from the Sidewalk or from the face of the curb or edge of pavement;
 - h) is between the curb and the Sidewalk, where there is a Sidewalk;
 - i) be Placed on a boundary fence line or noise attenuation wall which is located on Public Property;
 - j) no Owner shall dig, drill or drive into asphalt, concrete, brick or any other hard improved surface on a Road when placing an Election Sign;
 - k) is within a Sight Triangle;
 - l) is less than 3 metres (9.8 feet) from or within a school zone.

6. Private Property

- 6.1. Subject to Section 4, Election Signs are permitted on Private Property, provided that:
- a) the property owner, tenant, or occupant of the property consents; and
 - b) no Election Sign shall be located so as to obstruct or impede any fire escape, fire exit, door, window, scuttle, skylight, flue or air intake or exhaust nor so as to prevent or impede the free access of emergency personnel to any part of the building including, but not limited to, emergency water connections, or fire hydrants.
- 6.2. No Owner shall Place or permit to be Placed an Election Sign on a right-of-way adjacent to a private residence unless permission has been granted by the property owner, tenant, or occupant of the property.
- 6.3. No Owner or Person shall be permitted to Place or permit to be Placed more than one (1) Election Sign per Candidate and/or Third Party Advertiser on any one piece of land zoned residential unless the Private Property consists of multiple residential properties, then one (1) Election Sign per Candidate and/or Third Party Advertiser per unit will be permitted, providing that the Election Signs are a minimum of one (1) metre apart.
- 6.4. A maximum of three (3) Election Signs per Candidate and/or Third Party Advertiser are permitted on any non-residential property, providing that the Election Signs are a minimum of one (1) metre apart.
- 6.5. No Owner or Person shall Place or be permitted to Place an Election Sign on or in a Voting Location on the day(s) that location is being used for voting.

7. Removal of Election Signs

- 7.1. Subject to Section 2, for a Municipal Election, every Person, Owner, Candidate or Registered Third Party Advertiser shall remove all Election Signs Placed or permitted to be Placed by the respective Person, Owner, Candidate or Registered Third Party Advertiser from all locations within two (2) days following Voting Day.
- 7.2. The Township Clerk or Municipal Law Enforcement Officer may remove any Election Sign Placed in contravention of this By-law without notice.
- 7.3. The Township Clerk may make regulations under this By-law prescribing rules and procedures for the retrieval and destruction of Election Signs removed under this By-law, without limitation, the form of and any information required to be provided to the Township Clerk to authorize the release of an Election Sign, dates on or by which an Election Sign may be retrieved or destroyed, and the manner in which notice may be given to an Owner relating to the retrieval and destruction of an Election Sign.
- 7.4. Election Signs that have been removed for contravention of this By-law will be subject to a penalty outlined in Section 9, which will be deducted from the acquired Election Sign deposit.
- 7.5. The Township Clerk or designate may destroy any Election Sign which has been removed and not claimed and retrieved by the Owner within ninety (90) days of Voting Day.

8. Power of Entry

- 8.1. The Township may enter on land at any reasonable time for the purpose of carrying out an inspection to determine whether or not the provisions of this By-law are being complied with.
- 8.2. The Township's power of entry may be exercised by an employee, inspector, or agent of the Township or by a member of the police force with jurisdiction, as well by any person under their direction.
- 8.3. No person shall hinder or obstruct, or attempt to hinder or obstruct, a Municipal Law Enforcement Office who is exercising a power or performing a duty under this By-law.

9. Fees

- 9.1. The prescribed Election Sign deposit must be paid by cash, debit or cheque payable to the Township of West Lincoln, and is as follows:
 - a) \$150.00 for Mayor and Regional Councillor; and
 - b) \$100.00 for Ward Councillor, Registered Third Party Advertisers, and School Board Trustees; and
 - c) \$200.00 for Federal and Provincial Candidates.
- 9.2. Election Sign deposits will be refunded within ninety (90) days after Voting Day, minus any deductions for the removal of any Election Signs by the Township.
- 9.3. Subject to Sections 2 and 7, where an Election Sign has been placed in contravention of any provision of this By-law, the Candidate will be notified and asked to remove. Should the Election Sign not be removed within the timeframe, the Municipal Law Enforcement Officer may remove the Election Sign without further notice at a cost of \$25.00 fine/per Election Sign, which will be deducted from the acquired Election Sign deposit.
- 9.4. If contraventions exceed the acquired Election Sign deposit, the Township will issue an invoice to the Candidate and Registered Third Party Advertiser, within ninety (90) days of Voting Day.

10. Force and Effect

- 10.1. Upon enactment of this By-law, By-law 2018-36 being a by-law to regulate the erection of signs within the Township of West Lincoln is hereby repealed.

- 10.2. This By-law shall come into force and take effect on the day of the final passing.
- 10.3. That By-law 2024-82 which confirms fees and charges for the Township of West Lincoln, be amended to include the fees established in this By-law to be enacted by January 1, 2026.

**READ A FIRST, SECOND AND THIRD
TIME AND FINALLY PASSED THIS
xx DAY OF XX, 2025.**

MAYOR CHERYL GANANN

JUSTIN PAYLOVE, CLERK

DRAFT