
MUNICIPALITY OF BROCKTON

WATER WORKS FINANCIAL PLAN
2026 – 2031



MUNICIPALITY OF BROCKTON

WATER WORKS FINANCIAL PLAN
2026 – 2031

October 6, 2025

B.M. ROSS AND ASSOCIATES LIMITED
Engineers and Planners
62 North Street
Goderich, Ontario N7A 2T4
Phone (519) 524-2641
www.bmross.net

File No. 25191

TABLE OF CONTENTS

1.0	INTRODUCTION	1
1.1	Overview	1
1.2	Key Legislated Requirements	1
1.3	Relationship to Previous Plans	2
2.0	METHODOLOGY	2
2.1	Available Information	2
2.2	Procedure	2
3.0	DESCRIPTION OF THE SYSTEM.....	2
3.1	General.....	2
3.2	Customer Information and Growth.....	3
4.0	FULL COST OF SERVICE	3
4.1	Cost Components	3
4.2	Operating Expenses	4
4.2.1	Review of 2025 Operating Budget.....	4
4.3	Interest Expense and Debt Repayment.....	5
4.4	Amortization of Tangible Capital Assets.....	5
4.5	Reserve Funds.....	6
4.6	Replacement Costs.....	6
5.0	ANALYSIS OF REVENUE	6
5.1	2021 Financial Plan	6
5.2	Current Rate Structure and Charges	7
5.3	Revenue Breakdown.....	7
6.0	FULL COST PROJECTIONS	8
6.1	General.....	8
6.2	Assumptions.....	8
6.3	Funding for Historic Under-Investment.....	8
6.4	Rate of Replacement	8
6.5	Proposed Capital Program.....	9
7.0	COST RECOVERY	9
7.1	General.....	9
7.2	Options for Cost Recovery.....	9
7.3	Basis of Comparison	10
7.4	Summary of Results.....	10
7.5	Discussion of Results.....	11

LIST OF FIGURES

Figure 4.1	Water Works Operational Expenses	5
------------	--	---

LIST OF TABLES

Table 3.1	Brockton Water Supply and Distribution Systems.....	3
Table 4.1	Brockton 2025 Operations Budget	4
Table 4.2	Summary of Water Works Related Debt	5
Table 4.3	2025 Net Book Value and Amortization Expense for Water Works.....	6

Table of Contents Cont'd

Table 5.1 2021 Financial Plan – Predicted vs Actual for 2024..... 6
Table 6.2 Capital Construction Plan 2026 to 2031..... 9
Table 7.2 Summary of Outcomes for Rate Alternatives..... 10

LIST OF APPENDICES

Appendix A Table 7.1 - Year-By-Year Water System Financial Position

MUNICIPALITY OF BROCKTON
WATER WORKS FINANCIAL PLAN
2026 - 2031

1.0 INTRODUCTION

1.1 Overview

On behalf of the Municipality of Brockton, B. M. Ross and Associates Limited (BMROSS) has prepared a Financial Plan for the Water System in accordance with O. Reg. 453/07. The Plan includes the following basic components:

1. A **full cost analysis** of the provision of water services.
2. A **cost recovery plan**, including a proposal for a **series of revenue increases**.

This memo summarizes the information used and assumptions made in developing the Financial Plan.

We have also reviewed the previous 2021 Financial Plan (for the period 2021 to 2026) and compared it to the actual performance in the 2022-2024 period. A summary is provided.

1.2 Key Legislated Requirements

As identified in the Ontario Ministry of the Environment, Conservation and Parks (MECP) Guidelines¹ for financial planning, achieving financial sustainability in Ontario's municipal water sector is a long-term goal of the Province.

In addition to related municipal operating and financing legislation, the MECP has set out, in the Safe Drinking Water Act, 2002 (SDWA), detailed requirements for financial planning related to water works systems.

The key aspects are considered to be as follows:

1. The Financial Plan must apply to a period of at least six years. The first year to which the Financial Plan must apply must be the year in which the drinking water system's existing Municipal Drinking Water License would otherwise expire (i.e. 2026).
2. Amortization costs for existing infrastructure must be identified in the Financial Plan, but there is no requirement to recover those costs.

¹ Ministry of the Environment (MOE), "Toward Financially Sustainable Drinking Water and Wastewater Systems", August 2007.

The Municipal Drinking Water Licence for Brockton is set to expire on July 21, 2026 and an application for renewal must be submitted on or before **January 21, 2026**. As part of the application for renewal of the License the Municipality must prepare and adopt a new Financial Plan. A resolution of Council accepting the plan must accompany the application.

1.3 Relationship to Previous Plans

The most recent Water Financial Plan for the Municipality was completed in January 2021 in accordance with O. Reg. 453/07. This plan recommended water pricing for 2021 to 2026. Following presentation of several different rate alternatives, council opted to target an annual rate increase of 2.0% in 2021 and 3.8% in each of 2022 through 2026. That report was reviewed and compared to the actual financial situation for 2024. This summary is provided in Section 5.1.

2.0 METHODOLOGY

2.1 Available Information

Information provided by Brockton includes;

1. 2021-2024 Capital and Operating Budgets and actual expenditures for the water system.
2. 2025 Capital and Operating Budgets for the water system.
3. Information concerning dedicated reserves for water supply.
4. Water Asset Inventory.
5. Number of customers.
6. 2025 water rates.
7. Other applicable information related to the water system.

2.2 Procedure

The available information listed in Section 2.1 was reviewed for inclusion in the Financial Plan. Existing water assets are listed in Brockton's asset inventory with historical financial details. The historical financial details were used to calculate the amortization expenses and net book value of the tangible capital assets and are recorded in the Financial Plan. Expenditures and revenues budgeted for 2025 were included with an inflation rate of 2%, with the exception of hydro at 5% and the service agreement with Veolia at 3%, applied for future years. Forecasted capital projects and debenture principal and interest payments were included in the prediction. The memo concludes by suggesting different rate increase options and the impact of selecting each option.

3.0 DESCRIPTION OF THE SYSTEM

3.1 General

The Municipality owns three drinking water systems servicing local communities. The system descriptions are summarized in Table 3.1 below.

**Table 3.1
Brockton Water Supply and Distribution Systems**

System Name	Description
Walkerton Well Supply	Two wells and one pumphouse with UV primary disinfection, followed by chlorination. Water storage and pressure is maintained by two standpipes. There are two booster pumping stations and approximately 41.0 kilometers of distribution watermain.
Lake Rosalind Well Supply	Two wells and one pumphouse with two stage filtration and sodium hypochlorite disinfection. There are 1.1 kilometers of distribution watermain.
Chepstow Well Supply	One well pumphouse with sodium hypochlorite disinfection, 2 sets of two stage filtration filters, and 2 UV units for disinfection. There are 0.6 kilometers of distribution watermain.

3.2 Customer Information and Growth

The total average number of residential and non-residential customers in Brockton was 2,520 in 2024.

Reviewing the number of users between 2022 and 2024 indicates growth of 66 customers during that period or 33 new customers/year. This growth rate was used in the Financial Plan in projecting revenue in future years.

4.0 FULL COST OF SERVICE

4.1 Cost Components

The full cost of providing water services includes the following major categories²:

1. Operating expenses
2. Interest expense
3. Funding for Debt Principal Repayment
4. Amortization of Tangible Capital Assets
5. Funding for Inflation in Asset Costs
6. Funding for Historic Under-investment
7. Funding for Service Enhancements
8. Funding for System Growth

Items 2 and 3 would apply when debt has been, or will be, incurred for capital projects. Items 4 to 6 relate to asset maintenance and replacement. The final two items, 7 and 8, relate to planned capital projects for improvements or growth. In some cases, the improvements may be driven by changing regulations, in other cases the Municipality may initiate the project.

² Ministry of the Environment, "Toward Financially Sustainable Drinking Water and Wastewater Systems", August 2007.

4.2 Operating Expenses

4.2.1 Review of 2025 Operating Budget

Budgets and actual expenses for the water system were reviewed for 2022 - 2024. The 2025 budget is believed to reflect the cost of operating the current system. The 2025 anticipated expenses for water works operations are summarized in Table 4.1.

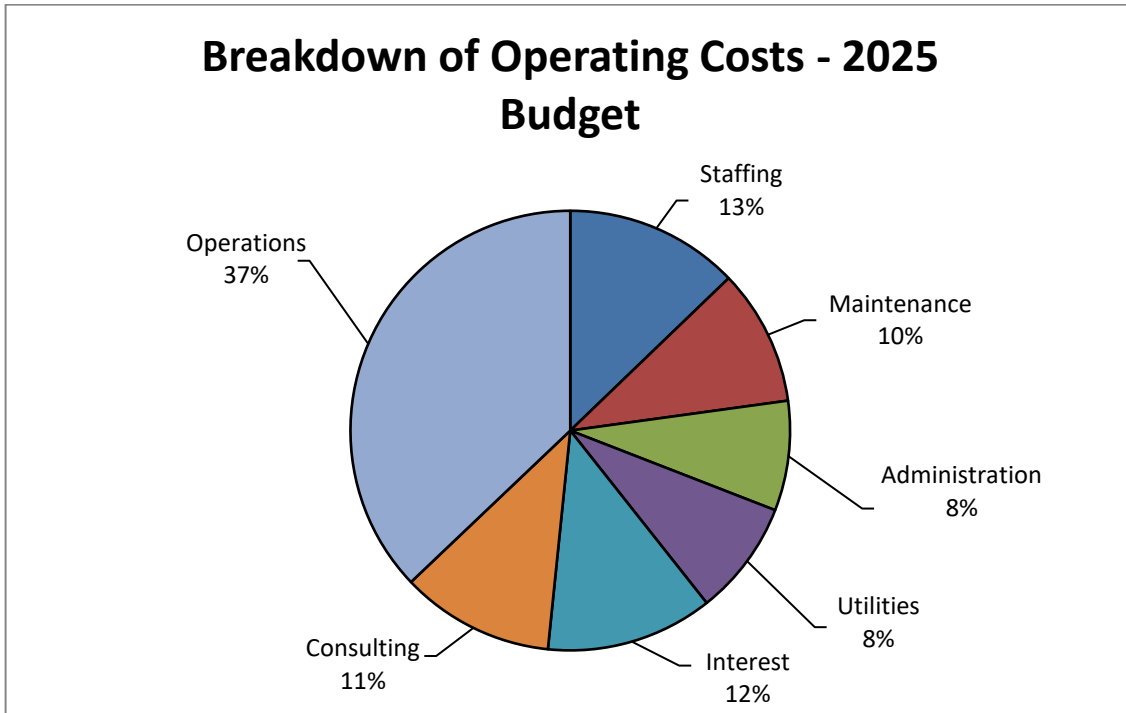
**Table 4.1
Brockton 2025 Operations Budget**

Item ¹	2025 (\$)	Category ²
Wages-Water	124,405	Staffing
Benefits-Water	38,542	Staffing
Clothing Allowance	200	Staffing
Mileage	250	Staffing
Training and Seminars	5,500	Staffing
Memberships	1,500	Staffing
Supplies	55,000	Administration
Engineering Services	150,000	Consulting
Payroll Process	500	Administration
Maintenance and Purchase of Equipment	32,200	Maintenance
Maintenance-Grounds	30,000	Maintenance
Maintenance-Vehicle	1,000	Maintenance
Maintenance-Watermains	70,000	Maintenance
Postage	10,500	Administration
Service Agreements	488,788	Operations
Telephone	1,374	Hydro/Utilities
Fuel-Truck	1,700	Operations
Utilities-Hydro	110,000	Hydro/Utilities
Utilities-Water	1,000	Hydro/Utilities
Insurance	41,399	Administration
Public Works Equipment Costs	3,000	Operations
Long Term Debt Charges-Interest	163,325	Interest
TOTAL	\$1,330,183	

Note: 1. Grouping provided by Brockton
2. Category assignments by BMROSS

The following Figure presents the general categorization of the various budget items.

**Figure 4.1
Water Works Operational Expenses**



4.3 Interest Expense and Debt Repayment

The Municipality currently has three loans (debentures) related to water works projects completed between 2016 and 2023. Table 4.2 provides a summary of the debt information.

**Table 4.2
Summary of Water Works Related Debt**

Loan No.	Debenture Date	Maturity Date	Balance Dec/24
#2016-058	2016	2032	\$162,308
#2017-070	2017	2037	\$298,141
#2023-017	2023	2053	\$2,829,648
Totals			\$3,290,097

Note: 1. Only the water balance of the above noted debentures are shown.

4.4 Amortization of Tangible Capital Assets

Amortization is defined as “...the accounting process of allocating the cost less the residual value of a tangible capital asset to operating periods as an expense over its useful life in a rational and systematic manner appropriate to its nature and use.”³

³ MOE, August 2007

The current value (sometimes referred to as “net book value”) of the asset is; its original cost less depreciation. It can be calculated as; original cost times current age divided by its life expectancy. This is a method traditionally called straight line depreciation.

Using the above approach, the annual Amortization Expense and Net Book Value for the water system, as of 2025, is as follows:

**Table 4.3
2025 Net Book Value and Amortization Expense for Water Works**

System Component	Amortization Expense (2025)	Net Book Value (2025) ^{1.}
Distribution Systems	\$209,907	\$12,438,904
Supply and Storage Systems	\$96,329	\$1,929,654
Totals	\$306,236	\$14,368,558

Note: 1. Start of year

4.5 Reserve Funds

A single utility (i.e. water and wastewater) reserve fund is in place. The balance in reserves at the end of 2024 was \$1,143,860. For purposes of this Plan, we have divided the reserve equally between water and wastewater.

4.6 Replacement Costs

The replacement cost of the Brockton Drinking Water Systems as of 2025 is estimated to be approximately \$35.2 million. This value increases annually as construction costs increase; the annual increment would be roughly \$700,000 (based on inflation in construction costs at approximately 2% per year).

5.0 ANALYSIS OF REVENUE

5.1 2021 Financial Plan

Table 5.1 compares the 2024 predicted financial outcome with actual results.

**Table 5.1
2021 Financial Plan – Predicted vs Actual for 2024**

Item	2024 Predicted	2024 Actual
Revenue	\$ 1,413,660	\$ 1,446,359 ¹
Operating Expenditures	\$ 818,395	\$ 1,000,976 ²
Cash Reserves (end of year)	\$ -12,528	\$ 571,930
Financial Position	\$ 10,487,435	\$ 11,002,630

Note: 1. Excludes grants
2. Excludes debt principal
3. Approximate

The Plan was based on a 2% annual revenue increase in 2021 and a 3.8% annual revenue increase in each year from 2022 to 2026 and a capital program that averaged \$665,000 of upgrades per year.

5.2 Current Rate Structure and Charges

Current rates are established in Bylaw No. 2024-009.

A summary is as follows:

Metered Water Use

All metered water users connected to a municipal water system will pay a fixed charge, a volumetric charge plus a fixed and a volumetric wastewater treatment service charge as set out below.

Fixed Water Charge per Annum

5/8 x 3/4 inch - \$245
 3/4 inch - \$278
 1 inch - \$343
 1.5 inch - \$441
 2 inch - \$734
 3 inch - \$3,426
 4 inch - \$5,139
 6 inch - \$7,342

Volumetric Water Charge

This charge applies to all water that passes through the meter.

- for water use for the first 292 cubic meters per month - \$1.54 per cubic meter
- for water use over 292 cubic meters per month - \$1.26 per cubic meter
- for water use over 1,400 cubic meters per month - \$1.07 per cubic meter

Flat Water Rate

This rate applies to those who are connected to the Municipality's water system but are not metered under a special arrangement as approved by the Municipal Council.

Annual Fee - \$771

Minimum Fixed Water Charge

This charge applies to all consumers connected to the Municipal water system and will be assessed whether or not any water has been used.

Annual Fee - \$245

5.3 Revenue Breakdown

The 2025 budget anticipates approximately \$1,433,000 in water revenue. In 2025 the revenue is expected to be approximately 8% greater than operating costs excluding amortization, resulting in net revenue exclusive of the amortization amount of approximately \$103,000. Out of this value capital replacement and improvement projects will be funded. When amortization is considered, the surplus declines to a deficit of approximately \$203,000.

Average reserve transfers for 2022-2024 were -\$81,500 annually, or in other words, money has been transferred out of reserves over the last 3 years to fund capital projects. Transfers into reserves occur after contributions to capital.

6.0 FULL COST PROJECTIONS

6.1 General

O. Reg 453/07 requires that a Financial Plan be developed for a six year period beginning in the year the Municipal Drinking Water Licence would otherwise expire (i.e. 2026 to 2031).

The purpose of this Section is to identify the expected cost of service.

6.2 Assumptions

Assumptions regarding full cost of service for the Plan period are as follows:

1. The starting point for operating expenses was the 2025 Budget.
2. With the following exceptions, costs were assumed to increase at 2% per year. Exceptions are:
 - Hydro expenses – 5% per year.
 - Operations Service Agreement – 3% per year (consistent with historical trends).
 - Engineering services – Reduced in 2028 coinciding with reduced capital program.

6.3 Funding for Historic Under-Investment

In recent years there have been some infrastructure replacement projects funded from reserves. Historically, neither the amortization expense nor the inflation of asset costs for tangible capital assets was completely funded each year. As well, maintenance and replacement may have been deferred. These two factors combined are the historic under-investment in the system. As with amortization and inflation of asset costs there is no legislated requirement to generate a surplus which funds historic under-investment. If this amount is recovered along with amortization and inflation of asset costs the full cost of ongoing system replacement could be funded through reserves.

Noting a historic under-investment for this system is based solely on a numerical calculation. Recent Rate of Replacement rates (as noted in the following section) suggest the Town has been replacing infrastructure at a fairly rapid rate compared to its relative age.

6.4 Rate of Replacement

Between 2022 and 2024, approximately \$601,000 in watermain replacement and other capital replacement projects was completed, less the amount being transferred out of reserves (\$81,500). Therefore, a total of approximately \$519,500 was put towards replacing water infrastructure during that period.

The average total weighted life expectancy as expressed in the Water Asset Inventory database of all of the water assets is approximately 75 years. The remaining average life expectancy is 47 years.

The Rate of Replacement has been defined as the current replacement cost of the water assets (i.e. \$35.2M) divided by the sum of the average annual capital expenditure on replacement plus the contribution to reserves. Based on the 2022 to 2024 capital expenditures and reserve contributions the current Rate of Replacement is:

$$\begin{aligned}
 \text{Rate of Replacement (2025)} &= \frac{\text{2025 Replacement Cost}}{\text{Average Capital Investment + Transfer to Reserves}} \\
 &= \frac{\$35,214,693}{\$601,389 - \$81,472} \\
 &= 68 \text{ Years}
 \end{aligned}$$

It is generally recommended to target a replacement rate that is equal to or lower than the remaining average life expectancy (i.e. lower than 47 years).

6.5 Proposed Capital Program

For purposes of this Financial Plan the capital program for 2026 to 2031 will be as set out in Table 6.2 and as provided by the Municipality.

Table 6.2
Capital Construction Plan 2026 to 2031

Year	Proposed Works	Cost Allowance
2026	Replace watermain at McNab intersection	\$585,000
2028	Well 7 & 9 UV system replacement	\$400,000
	Total	\$985,000

7.0 COST RECOVERY

7.1 General

Although not yet a legislated requirement, Section 30(2) of the SDWA (2002) requires water system owners to develop a “Cost Recovery Plan”. The intent is to create a long-term plan that will ensure adequate funding to operate, maintain and replace infrastructure. This section of the memo identifies the revenue increases required to achieve the goals of the Plan.

7.2 Options for Cost Recovery

The required rate increase in the Plan period is dependent on what the Municipality wants to achieve. As discussed in Sections 1.2 and 6.3, the Province has advocated for full cost recovery (i.e. full funding of asset replacement) but there is no legislated requirement to do so.

Possible Options suggested here include:

1. A 0% rate increase (the base case).
2. A 4.8% increase (i.e. target a rate of replacement of 68 years by 2031 - matching previous 3-year RoR).
3. A 7.7% annual rate increase (i.e. set rate of replacement to match average remaining life expectancy of the assets – 45 years).

7.3 Basis of Comparison

When comparing the effect of each option on the required water rates it is assumed that there would be a series of uniform increases.

For each option we have considered the following:

- Annual % increase required
- Reserves at end of planning period (2031)
- Financial Position at 2031 (Asset value + Reserves)
- Financial Position change (\$ and %)
- Rate of Replacement

7.4 Summary of Results

Table 7.1 A to C, which are attached to this Memo provides year by year details of the water system financial position. Table 7.2 summarizes the effect of selecting each option.

**Table 7.2
Summary of Outcomes for Rate Alternatives**

Option No.	Description	% Annual Increase Required	Reserves at 2031	Financial Position (2026)			Rate of Replacement ² (Years)
				\$	Change ¹ .		
					\$	%	
	End of 2025 Position	-	\$0.35M	\$11.4M	-	-	68
1	0% Rate Increase (Status Quo)	0	-\$0.18M	\$10.5M	-\$0.9M	-8	245
2	4.8% Annual Rate Increase (Maintain RoR)	4.8	\$1.0M	\$11.8M	\$0.4M	4	68
3	7.7% Annual Rate Increase (RoR matching remaining life expectancy)	7.7	\$1.9M	\$12.6M	\$1.2M	11	45

Notes: 1. Difference between 2025 and 2031.

2. Rate of Replacement in year 2031 based on method described in Section 6.3.

7.5 Discussion of Results

A review of the outcomes of various rate increases presented in Table 7.2 indicates the following:

- With no increase in revenue, the current rate of reserve fund growth combined with the proposed capital replacement program will result in an 8% decrease in the financial position and an increase in the rate of replacement to 245 years. This would be unsustainable in the long term.
- Increasing revenue by 4.8% per year (i.e. maintaining current Rate of Replacement) will result in a small improvement to the financial position by 2031 and projected positive reserves of approximately \$1.0 million.
- Selecting a 7.7% annual rate increase, would result in an 11% increase in the financial position and result in a rate of replacement of 45 years (approximately matching the current weighted average remaining life expectancy of the assets). This would be considered the most sustainable approach between the three options.

B. M. ROSS AND ASSOCIATES LIMITED

Per 
Ryan P. DeVries, P. Eng.

RPD:hv
Encl.

APPENDIX A

YEAR-BY-YEAR WATER SYSTEM FINANCIAL POSITION

TABLE 7.1a
BROCKTON FINANCIAL PLAN FOR WATER WORKS - 2026 - 2031
FINANCIAL PLAN - 081-303A

6-Oct-25
0% Revenue Increase - Base Case

	2026	2027	2028	2029	2030	2031
FINANCIAL POSITION						
Financial assets						
Cash and cash equivalents	(170,921)	(128,629)	(413,678)	(321,009)	(244,065)	(184,190)
Total FINANCIAL ASSETS	(170,921)	(128,629)	(413,678)	(321,009)	(244,065)	(184,190)
Liabilities						
Long-term debt	3,126,913	3,039,173	2,947,059	2,850,353	2,748,825	2,642,234
Total LIABILITIES	3,126,913	3,039,173	2,947,059	2,850,353	2,748,825	2,642,234
NET DEBT (Liabilities - Assets)	3,297,834	3,167,802	3,360,737	3,171,363	2,992,891	2,826,424
Non-financial assets (Tangible capital assets)						
Existing watermain and facilities - book value	14,326,822	14,598,944	14,278,753	14,358,563	14,022,372	13,686,181
New watermain and facilities - at cost	585,000	-	400,000	-	-	-
Less: Loss (gain) of tangible capital assets	-	-	-	-	-	-
Less: Amortization	(312,878)	(320,191)	(320,191)	(336,191)	(336,191)	(336,191)
Total NON-FINANCIAL ASSETS	14,598,944	14,278,753	14,358,563	14,022,372	13,686,181	13,349,991
Financial position (Non-Financial assets - Net Debt)	11,301,110	11,110,951	10,997,826	10,851,009	10,693,291	10,523,567

Analysis of financial position						
Equity in tangible capital assets	11,472,031	11,239,580	11,411,503	11,172,018	10,937,356	10,707,757
Reserves and reserve funds	-	-	-	-	-	-
General surplus (deficit)	(170,921)	(128,629)	(413,678)	(321,009)	(244,065)	(184,190)
Financial position (from analysis)	11,301,110	11,110,951	10,997,826	10,851,009	10,693,291	10,523,567

	2026	2027	2028	2029	2030	2031
FINANCIAL OPERATIONS						
REVENUE						
01-3135-0133 Licenses and Permits	-	-	-	-	-	-
01-3135-0135 Water Penalty	-	-	-	-	-	-
01-3135-0145 Recoveries-disconnect/reconnections	-	-	-	-	-	-
01-3135-0150 Miscellaneous Revenue	20,400	20,808	21,224	21,649	22,082	22,523
01-3135-0255 Meter Revenue	1,483,029	1,498,686	1,514,344	1,530,001	1,545,658	1,561,315
01-3135-0256 Flat Rate no Meters	-	-	-	-	-	-
Total REVENUE	1,503,429	1,519,494	1,535,568	1,551,649	1,567,740	1,583,838
EXPENSES						
01-3135-1200 Wages-Water	126,893	129,431	132,020	134,660	137,353	140,100
01-3135-1240 Benefits-Water	39,313	40,099	40,901	41,719	42,553	43,405
01-3135-1260 Clothing allowance	204	208	212	216	221	225
01-3135-1270 Mileage	255	260	265	271	276	282
01-3135-1271 Training & Seminars	5,610	5,722	5,837	5,953	6,072	6,194
01-3135-1303 Memberships	1,530	1,561	1,592	1,624	1,656	1,689
01-3135-1305 Supplies	56,100	57,222	58,366	59,534	60,724	61,939
01-3135-1310 Legal Services	-	-	-	-	-	-
01-3135-1317 Engineering services	153,000	156,060	70,000	71,400	72,828	74,285
01-3135-1315 Payroll Process	510	520	531	541	552	563
01-3135-1320 Maintenance and Purchase of Equipment	32,844	33,501	34,171	34,854	35,551	36,262
01-3135-1325 Maintenance - Grounds	30,600	31,212	31,836	32,473	33,122	33,785
01-3135-1330 Maintenance - Vehicle	1,020	1,040	1,061	1,082	1,104	1,126
01-3135-1334 Maintenance - Watermains	71,400	72,828	74,285	75,770	77,286	78,831
01-3135-1336 Maintenance - Samples	-	-	-	-	-	-
01-3135-1340 Postage	10,710	10,924	11,143	11,366	11,593	11,825
01-3135-1344 Service agreements	503,452	518,555	534,112	550,135	566,639	583,638
01-3135-1350 Telephone	1,401	1,430	1,458	1,487	1,517	1,547
01-3135-1358 Fuel - Truck	1,734	1,769	1,804	1,840	1,877	1,914
01-3135-1360 Utilities - Hydro	115,500	121,275	127,339	133,706	140,391	147,411
01-3135-1365 Utilities - Natural Gas	-	-	-	-	-	-
01-3135-1366 Utilities - Water	1,020	1,040	1,061	1,082	1,104	1,126
01-3135-1380 Insurance	42,227	43,072	43,933	44,812	45,708	46,622
01-3135-1390 Water write-offs	-	-	-	-	-	-
01-3135-1470 Public works equipment costs	3,060	3,121	3,184	3,247	3,312	3,378
01-3135-1530 Miscellaneous expenses	-	-	-	-	-	-
Water quantity report (SWP)	-	-	-	-	-	-
Subtotal Operating Expense	1,198,383	1,230,850	1,175,110	1,207,773	1,241,441	1,276,148
01-3135-1301 Longterm debt charges - Interest	159,359	155,194	150,820	146,228	141,406	136,342
Loss (gain) on disposal of tangible capital assets	-	-	-	-	-	-
Amortization-Treatment	101,096	101,096	101,096	117,096	117,096	117,096
Amortization-Distribution	211,782	219,095	219,095	219,095	219,095	219,095
Total EXPENSES	1,670,620	1,706,235	1,646,121	1,690,192	1,719,038	1,748,681
Net Revenue (Deficit) for the year	(167,191)	(186,740)	(110,553)	(138,543)	(151,298)	(164,843)

	2026	2027	2028	2029	2030	2031
CASH FLOW						
Operating Transactions						
Net revenue (deficit) for the year	(167,191)	(186,740)	(110,553)	(138,543)	(151,298)	(164,843)
Add back (deduct) non-cash expense:	-	-	-	-	-	-
Add back Loss (gain) on disposal of tangible capital	-	-	-	-	-	-
Add back Amortization of Capital Assets	312,878	320,191	320,191	336,191	336,191	336,191
Total OPERATING TRANSACTIONS	145,687	133,450	209,637	197,648	184,892	171,348
Capital Transactions						
Storage and Treatment Upgrades	-	-	(400,000)	-	-	-
New watermain capital	(585,000)	-	-	-	-	-
Various watermain replacements	-	-	-	-	-	-
Total CAPITAL TRANSACTIONS	(585,000)	-	(400,000)	-	-	-
Investing transactions						
Proceeds from portfolio investments	6,901	(3,418)	(2,573)	(8,274)	(6,420)	(4,881)
Total INVESTING TRANSACTIONS	6,901	(3,418)	(2,573)	(8,274)	(6,420)	(4,881)
Financing transactions						
Federal/Provincial grants	-	-	-	-	-	-
Proceeds from debenture issue	-	-	-	-	-	-
Longterm debt charges - Principal	(83,575)	(87,740)	(92,114)	(96,706)	(101,528)	(106,592)
Total FINANCING TRANSACTIONS	(83,575)	(87,740)	(92,114)	(96,706)	(101,528)	(106,592)
Net Cash Receipts (Payments) for the year	(515,987)	42,292	(285,049)	92,669	76,944	59,875
Cash at beginning of year	345,066	(170,921)	(128,629)	(413,678)	(321,009)	(244,065)
Cash at end of year	(170,921)	(128,629)	(413,678)	(321,009)	(244,065)	(184,190)

Notes:

- Financial plan assumes expenses increase at 2% per year (except hydro at 5% and operator services agreement at 3%).
- At the end of 2024 there was approx. \$1,143,860 in the Utility Reserve Fund. For the purpose of this Financial Plan, assume that half of that will be used for the water system and half for the wastewater system.

**TABLE 7.1b
BROCKTON FINANCIAL PLAN FOR WATER WORKS - 2026 - 2031
FINANCIAL PLAN - 081-303A**

6-Oct-25

4.8% Revenue Increase - Maintain RoR of 68 years by 2031

	2026	2027	2028	2029	2030	2031
FINANCIAL POSITION						
Financial assets						
Cash and cash equivalents	(170,921)	(55,904)	(188,982)	141,840	550,493	1,043,466
Total FINANCIAL ASSETS	(170,921)	(55,904)	(188,982)	141,840	550,493	1,043,466
Liabilities						
Long-term debt	3,126,913	3,039,173	2,947,059	2,850,353	2,748,825	2,642,234
Total LIABILITIES	3,126,913	3,039,173	2,947,059	2,850,353	2,748,825	2,642,234
NET DEBT (Liabilities - Assets)	3,297,834	3,095,077	3,136,041	2,708,513	2,198,332	1,598,767
Non-financial assets (Tangible capital assets)						
Existing watermain and facilities - book value	14,326,822	14,598,944	14,278,753	14,358,563	14,022,372	13,686,181
New watermains and facilities - at cost	585,000	-	400,000	-	-	-
Less: Loss (gain) of tangible capital assets	-	-	-	-	-	-
Less: Amortization	(312,878)	(320,191)	(320,191)	(336,191)	(336,191)	(336,191)
Total NON-FINANCIAL ASSETS	14,598,944	14,278,753	14,358,563	14,022,372	13,686,181	13,349,991
Financial position (Non-Financial assets - Net Debt)	11,301,110	11,183,676	11,222,521	11,313,859	11,487,849	11,751,223

Analysis of financial position						
Equity in tangible capital assets	11,472,031	11,239,580	11,411,503	11,172,018	10,937,356	10,707,757
Reserves and reserve funds	-	-	-	141,840	550,493	1,043,466
General surplus (deficit)	(170,921)	(55,904)	(188,982)	-	-	-
Financial position (from analysis)	11,301,110	11,183,676	11,222,521	11,313,859	11,487,849	11,751,223

	2026	2027	2028	2029	2030	2031
FINANCIAL OPERATIONS						
REVENUE						
01-3135-0133 Licenses and Permits	-	-	-	-	-	-
01-3135-0135 Water Penalty	-	-	-	-	-	-
01-3135-0145 Recoveries-disconnect/reconnections	-	-	-	-	-	-
01-3135-0150 Miscellaneous Revenue	20,400	20,808	21,224	21,649	22,082	22,523
01-3135-0255 Meter Revenue	1,483,029	1,571,411	1,664,860	1,763,661	1,868,110	1,978,522
01-3135-0256 Flat Rate no Meters	-	-	-	-	-	-
Total REVENUE	1,503,429	1,592,219	1,686,085	1,785,309	1,890,191	2,001,046
EXPENSES						
01-3135-1200 Wages-Water	126,893	129,431	132,020	134,660	137,353	140,100
01-3135-1240 Benefits-Water	39,313	40,099	40,901	41,719	42,553	43,405
01-3135-1260 Clothing allowance	204	208	212	216	221	225
01-3135-1270 Mileage	255	260	265	271	276	282
01-3135-1271 Training & Seminars	5,610	5,722	5,837	5,953	6,072	6,194
01-3135-1303 Memberships	1,530	1,561	1,592	1,624	1,656	1,689
01-3135-1305 Supplies	56,100	57,222	58,366	59,534	60,724	61,939
01-3135-1310 Legal Services	-	-	-	-	-	-
01-3135-1317 Engineering services	153,000	156,060	70,000	71,400	72,828	74,285
01-3135-1315 Payroll Process	510	520	531	541	552	563
01-3135-1320 Maintenance and Purchase of Equipment	32,844	33,501	34,171	34,854	35,551	36,262
01-3135-1325 Maintenance - Grounds	30,600	31,212	31,836	32,473	33,122	33,785
01-3135-1330 Maintenance - Vehicle	1,020	1,040	1,061	1,082	1,104	1,126
01-3135-1334 Maintenance - Watermains	71,400	72,828	74,285	75,770	77,286	78,831
01-3135-1336 Maintenance - Samples	-	-	-	-	-	-
01-3135-1340 Postage	10,710	10,924	11,143	11,366	11,593	11,825
01-3135-1344 Service agreements	503,452	518,555	534,112	550,135	566,639	583,638
01-3135-1350 Telephone	1,401	1,430	1,458	1,487	1,517	1,547
01-3135-1358 Fuel - Truck	1,734	1,769	1,804	1,840	1,877	1,914
01-3135-1360 Utilities - Hydro	115,500	121,275	127,339	133,706	140,391	147,411
01-3135-1365 Utilities - Natural Gas	-	-	-	-	-	-
01-3135-1366 Utilities - Water	1,020	1,040	1,061	1,082	1,104	1,126
01-3135-1380 Insurance	42,227	43,072	43,933	44,812	45,708	46,622
01-3135-1390 Water write-offs	-	-	-	-	-	-
01-3135-1470 Public works equipment costs	3,060	3,121	3,184	3,247	3,312	3,378
01-3135-1530 Miscellaneous expenses	-	-	-	-	-	-
Water quantity report (SWP)	-	-	-	-	-	-
Subtotal Operating Expense	1,198,383	1,230,850	1,175,110	1,207,773	1,241,441	1,276,148
01-3135-1301 Longterm debt charges - Interest	159,359	155,194	150,820	146,228	141,406	136,342
Loss (gain) on disposal of tangible capital assets	-	-	-	-	-	-
Amortization-Treatment	101,096	101,096	101,096	117,096	117,096	117,096
Amortization-Distribution	211,782	219,095	219,095	219,095	219,095	219,095
Total EXPENSES	1,670,620	1,706,235	1,646,121	1,690,192	1,719,038	1,748,681
Net Revenue (Deficit) for the year	(167,191)	(114,016)	39,964	95,117	171,153	252,364

	2026	2027	2028	2029	2030	2031
CASH FLOW						
Operating Transactions						
Net revenue (deficit) for the year	(167,191)	(114,016)	39,964	95,117	171,153	252,364
Add back (deduct) non-cash expense:	-	-	-	-	-	-
Add back Loss (gain) on disposal of tangible capital	-	-	-	-	-	-
Add back Amortization of Capital Assets	312,878	320,191	320,191	336,191	336,191	336,191
Total OPERATING TRANSACTIONS	145,687	206,175	360,154	431,308	507,344	588,555
Capital Transactions						
Storage and Treatment Upgrades	-	-	(400,000)	-	-	-
New watermain capital	(585,000)	-	-	-	-	-
Various watermain replacements	-	-	-	-	-	-
Total CAPITAL TRANSACTIONS	(585,000)	-	(400,000)	-	-	-
Investing transactions						
Proceeds from portfolio investments	6,901	(3,418)	(1,118)	(3,780)	2,837	11,010
Total INVESTING TRANSACTIONS	6,901	(3,418)	(1,118)	(3,780)	2,837	11,010
Financing transactions						
Federal/Provincial grants	-	-	-	-	-	-
Proceeds from debenture issue	-	-	-	-	-	-
Longterm debt charges - Principal	(83,575)	(87,740)	(92,114)	(96,706)	(101,528)	(106,592)
Total FINANCING TRANSACTIONS	(83,575)	(87,740)	(92,114)	(96,706)	(101,528)	(106,592)
Net Cash Receipts (Payments) for the year	(515,987)	115,016	(133,077)	330,822	408,653	492,973
Cash at beginning of year	345,066	(170,921)	(55,904)	(188,982)	141,840	550,493
Cash at end of year	(170,921)	(55,904)	(188,982)	141,840	550,493	1,043,466

Notes:

- Financial plan assumes expenses increase at 2% per year (except hydro at 5% and operator services agreement at 3%).
- At the end of 2024 there was approx. \$1,143,860 in the Utility Reserve Fund. For the purpose of this Financial Plan, assume that half of that will be used for the water system and half for the wastewater system.

**TABLE 7.1c
BROCKTON FINANCIAL PLAN FOR WATER WORKS - 2026 - 2031
FINANCIAL PLAN - 081-303A**

6-Oct-25
7.7% Revenue Increase - Target RoR of 45 years by 2031

	2026	2027	2028	2029	2030	2031
FINANCIAL POSITION						
Financial assets						
Cash and cash equivalents	(170,921)	(11,932)	(49,662)	436,148	1,068,648	1,864,595
Total FINANCIAL ASSETS	(170,921)	(11,932)	(49,662)	436,148	1,068,648	1,864,595
Liabilities						
Long-term debt	3,126,913	3,039,173	2,947,059	2,850,353	2,748,825	2,642,234
Total LIABILITIES	3,126,913	3,039,173	2,947,059	2,850,353	2,748,825	2,642,234
NET DEBT (Liabilities - Assets)	3,297,834	3,051,105	2,996,722	2,414,206	1,680,177	777,639
Non-financial assets (Tangible capital assets)						
Existing watermain and facilities - book value	14,326,822	14,598,944	14,278,753	14,358,563	14,022,372	13,686,181
New watermains and facilities - at cost	585,000	-	400,000	-	-	-
Less: Loss (gain) of tangible capital assets	-	-	-	-	-	-
Less: Amortization	(312,878)	(320,191)	(320,191)	(336,191)	(336,191)	(336,191)
Total NON-FINANCIAL ASSETS	14,598,944	14,278,753	14,358,563	14,022,372	13,686,181	13,349,991
Financial position (Non-Financial assets - Net Debt)	11,301,110	11,227,649	11,361,841	11,608,166	12,006,004	12,572,352

Analysis of financial position						
Equity in tangible capital assets	11,472,031	11,239,580	11,411,503	11,172,018	10,937,356	10,707,757
Reserves and reserve funds	-	-	-	436,148	1,068,648	1,864,595
General surplus (deficit)	(170,921)	(11,932)	(49,662)	-	-	-
Financial position (from analysis)	11,301,110	11,227,649	11,361,841	11,608,166	12,006,004	12,572,352

	2026	2027	2028	2029	2030	2031
FINANCIAL OPERATIONS						
REVENUE						
01-3135-0133 Licenses and Permits	-	-	-	-	-	-
01-3135-0135 Water Penalty	-	-	-	-	-	-
01-3135-0145 Recoveries-disconnect/reconnections	-	-	-	-	-	-
01-3135-0150 Miscellaneous Revenue	20,400	20,808	21,224	21,649	22,082	22,523
01-3135-0255 Meter Revenue	1,483,029	1,615,384	1,759,328	1,915,862	2,086,071	2,271,133
01-3135-0256 Flat Rate no Meters	-	-	-	-	-	-
Total REVENUE	1,503,429	1,636,192	1,780,552	1,937,510	2,108,153	2,293,656
EXPENSES						
01-3135-1200 Wages-Water	126,893	129,431	132,020	134,660	137,353	140,100
01-3135-1240 Benefits-Water	39,313	40,099	40,901	41,719	42,553	43,405
01-3135-1260 Clothing allowance	204	208	212	216	221	225
01-3135-1270 Mileage	255	260	265	271	276	282
01-3135-1271 Training & Seminars	5,610	5,722	5,837	5,953	6,072	6,194
01-3135-1303 Memberships	1,530	1,561	1,592	1,624	1,656	1,689
01-3135-1305 Supplies	56,100	57,222	58,366	59,534	60,724	61,939
01-3135-1310 Legal Services	-	-	-	-	-	-
01-3135-1317 Engineering services	153,000	156,060	70,000	71,400	72,828	74,285
01-3135-1315 Payroll Process	510	520	531	541	552	563
01-3135-1320 Maintenance and Purchase of Equipment	32,844	33,501	34,171	34,854	35,551	36,262
01-3135-1325 Maintenance - Grounds	30,600	31,212	31,836	32,473	33,122	33,785
01-3135-1330 Maintenance - Vehicle	1,020	1,040	1,061	1,082	1,104	1,126
01-3135-1334 Maintenance - Watermains	71,400	72,828	74,285	75,770	77,286	78,831
01-3135-1336 Maintenance - Samples	-	-	-	-	-	-
01-3135-1340 Postage	10,710	10,924	11,143	11,366	11,593	11,825
01-3135-1344 Service agreements	503,452	518,555	534,112	550,135	566,639	583,638
01-3135-1350 Telephone	1,401	1,430	1,458	1,487	1,517	1,547
01-3135-1358 Fuel - Truck	1,734	1,769	1,804	1,840	1,877	1,914
01-3135-1360 Utilities - Hydro	115,500	121,275	127,339	133,706	140,391	147,411
01-3135-1365 Utilities - Natural Gas	-	-	-	-	-	-
01-3135-1366 Utilities - Water	1,020	1,040	1,061	1,082	1,104	1,126
01-3135-1380 Insurance	42,227	43,072	43,933	44,812	45,708	46,622
01-3135-1390 Water write-offs	-	-	-	-	-	-
01-3135-1470 Public works equipment costs	3,060	3,121	3,184	3,247	3,312	3,378
01-3135-1530 Miscellaneous expenses	-	-	-	-	-	-
Water quantity report (SWP)	-	-	-	-	-	-
Subtotal Operating Expense	1,198,383	1,230,850	1,175,110	1,207,773	1,241,441	1,276,148
01-3135-1301 Longterm debt charges - Interest	159,359	155,194	150,820	146,228	141,406	136,342
Loss (gain) on disposal of tangible capital assets	-	-	-	-	-	-
Amortization-Treatment	101,096	101,096	101,096	117,096	117,096	117,096
Amortization-Distribution	211,782	219,095	219,095	219,095	219,095	219,095
Total EXPENSES	1,670,620	1,706,235	1,646,121	1,690,192	1,719,038	1,748,681
Net Revenue (Deficit) for the year	(167,191)	(70,043)	134,431	247,318	389,115	544,975

	2026	2027	2028	2029	2030	2031
CASH FLOW						
Operating Transactions						
Net revenue (deficit) for the year	(167,191)	(70,043)	134,431	247,318	389,115	544,975
Add back (deduct) non-cash expense:	-	-	-	-	-	-
Add back Loss (gain) on disposal of tangible capital	-	-	-	-	-	-
Add back Amortization of Capital Assets	312,878	320,191	320,191	336,191	336,191	336,191
Total OPERATING TRANSACTIONS	145,687	250,148	454,622	583,509	725,305	881,166
Capital Transactions						
Storage and Treatment Upgrades	-	-	(400,000)	-	-	-
New watermain capital	(585,000)	-	-	-	-	-
Various watermain replacements	-	-	-	-	-	-
Total CAPITAL TRANSACTIONS	(585,000)	-	(400,000)	-	-	-
Investing transactions						
Proceeds from portfolio investments	6,901	(3,418)	(239)	(993)	8,723	21,373
Total INVESTING TRANSACTIONS	6,901	(3,418)	(239)	(993)	8,723	21,373
Financing transactions						
Federal/Provincial grants	-	-	-	-	-	-
Proceeds from debenture issue	-	-	-	-	-	-
Longterm debt charges - Principal	(83,575)	(87,740)	(92,114)	(96,706)	(101,528)	(106,592)
Total FINANCING TRANSACTIONS	(83,575)	(87,740)	(92,114)	(96,706)	(101,528)	(106,592)
Net Cash Receipts (Payments) for the year	(515,987)	158,989	(37,730)	485,810	632,500	795,947
Cash at beginning of year	345,066	(170,921)	(11,932)	(49,662)	436,148	1,068,648
Cash at end of year	(170,921)	(11,932)	(49,662)	436,148	1,068,648	1,864,595

Notes:

- Financial plan assumes expenses increase at 2% per year (except hydro at 5% and operator services agreement at 3%).
- At the end of 2024 there was approx. \$1,143,860 in the Utility Reserve Fund. For the purpose of this Financial Plan, assume that half of that will be used for the water system and half for the wastewater system.