

Town of Gore Bay

# Water Financial Plan

## 2026–2033



**Prepared in accordance with  
Ontario Regulation 453/07**

Prepared by  
**Town of Gore Bay**

**March 2026**

**Town of Gore Bay Council**

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## Executive Summary

This Financial Plan demonstrates that the Town of Gore Bay Water System is financially viable and sustainable over the 2026–2033 planning horizon.

The projections confirm that operating revenues are sufficient to fund all operating and maintenance expenditures, service and fully retire existing long-term debt by 2031, and contribute to capital renewal through structured reserve transfers. The plan does not rely on new debt issuance beyond existing commitments and does not depend on uncertain external grant funding to maintain financial balance.

Under the selected annual rate adjustment of 6%, the system transitions from a leveraged position toward a self-funded infrastructure renewal model. Net debt declines steadily and is fully eliminated by 2031, and the system achieves a positive net financial asset position during the forecast period. This transition represents a meaningful strengthening of the system's financial structure.

Operating surpluses before amortization increase consistently throughout the planning horizon. These surpluses provide the capacity to fund capital requirements internally while maintaining rate stability and protecting long-term infrastructure integrity. Although accounting deficits arise in certain years due to amortization expense, these are non-cash in nature and do not impair the system's cash flow or funding capacity.

Reserve balances strengthen materially over the forecast period and are targeted to exceed the established financial resilience benchmark of two times annual operating expenditures. The reserve strategy provides capacity to address future infrastructure renewal requirements while reducing exposure to borrowing risk and interest rate volatility.

By 2033, the Water System demonstrates the following financial outcomes:

- Elimination of long-term debt
- Strengthened reserve balances
- Positive net financial asset position
- Stable operating structure supported by disciplined rate management

This Financial Plan reflects prudent financial stewardship, intergenerational equity, and responsible asset management. It provides Council, regulators, and the community with clear evidence that the Water System is positioned on a stable and sustainable financial trajectory.

Based on the financial projections presented in this plan, the Town of Gore Bay's drinking water system is expected to remain financially sustainable throughout the planning period.

## 1 Introduction

The Corporation of the Town of Gore Bay owns and operates a municipal drinking water system that supplies potable water to residential, commercial, institutional, and municipal customers within the Town.

The purpose of this Drinking Water System Financial Plan is to demonstrate that the Town's water system is financially sustainable and that sufficient revenues will be available to support the ongoing operation, maintenance, and renewal of the system.

The financial projections presented in this report include anticipated operating costs, capital infrastructure requirements, debt obligations, reserve contributions, and revenues required to support the continued operation of the municipal drinking water system.

This Financial Plan covers the period 2026 through 2033 and has been prepared using historical financial information, current operating arrangements, and projected infrastructure requirements.

## 2 Legislative Context

Ontario's municipal drinking water systems operate within a comprehensive regulatory framework established under the Safe Drinking Water Act, 2002. This framework was developed following the recommendations of the Walkerton Inquiry, which examined the circumstances surrounding the contamination of the Walkerton drinking water system in 2000.

One of the key outcomes of the Walkerton Inquiry was the creation of stronger regulatory oversight for municipal drinking water systems across the province. This included the introduction of a licensing system for municipal drinking water systems and enhanced requirements for system operation, monitoring, and financial accountability.

Under the Safe Drinking Water Act, municipal drinking water systems must obtain and maintain a Municipal Drinking Water Licence (MDWL) issued by the Province of Ontario. The licensing framework includes five key components:

- Drinking Water Works Permit
- Municipal Drinking Water Licence
- Operational Plan
- Accredited Operating Authority
- Financial Plan

The Financial Plan component is governed by Ontario Regulation 453/07 – Financial Plans, which requires owners of municipal drinking water systems to prepare and approve a financial plan demonstrating the long-term financial sustainability of the system.

Ontario Regulation 453/07 requires that financial plans include projections for a minimum period of six years and be approved by municipal council. Once approved, the financial plan must be made available to the public and submitted to the Ministry of the Environment, Conservation and Parks as part of the Municipal Drinking Water Licence renewal process.

This Financial Plan has been prepared in accordance with the requirements of Ontario Regulation 453/07 and is intended to demonstrate that the Town of Gore Bay’s drinking water system is financially sustainable over the planning period.

### 3 Water System Overview

The Town of Gore Bay operates a municipal drinking water system that provides potable water to residential, commercial, institutional, and municipal customers within the Town. The distribution of water service connections by customer class is summarized in Table 3-1.

*Table 3-1 - Water Service Connections by Customer Class (2025–2033)*

	2025	2026	2027	2028	2029	2030	2031	2032	2033
Residential	403	405	405	407	409	411	413	415	417
Commercial	80	80	80	80	80	80	80	80	80
Industrial	1	1	1	1	1	1	1	1	1
Institutional	2	2	2	2	2	2	2	2	2
Government	5	5	5	5	5	5	5	5	5
	491	493	493	495	497	499	501	503	505

*Note: Connection counts represent active billed water service accounts and are assumed to remain relatively stable over the planning period.*

The municipal water system consists of three primary components:

- Raw water intake infrastructure
- Water treatment facilities
- Water distribution system

Together, these components allow the Town to withdraw raw water from Gore Bay, treat it to meet provincial drinking water standards, and distribute treated water throughout the community.

Historical water production and consumption data are summarized in Table 3-2.

Table 3-2– Historical Water Production and Consumption Summary

Description	2024	2025
Raw Water Production (m3)	184807	214538
Consumption (m3)	173377	201295
Consumption (m3) / Account	311	358
Consumption Increase (%)	-40%	+15%
Non-Revenue Water (m3)	11430	13243
Water Loss (%)	6%	6%

Note: Non-revenue water includes system losses, operational uses, and unbilled consumption.

### 3.1 Source Water

The Gore Bay drinking water system draws raw water from Gore Bay on the North Channel of Lake Huron. Surface water from the bay is conveyed through an intake system to the municipal water treatment facility where it undergoes treatment prior to distribution.

The North Channel provides a reliable and high-quality source of raw water for the Town’s drinking water system.

### 3.2 Water Treatment Facility

The Town’s water treatment facility is located at 119 Lighthouse Road. The plant treats raw surface water drawn from Gore Bay using a membrane filtration system combined with chemical disinfection to ensure treated water meets all provincial drinking water quality standards.

The treatment process includes several key components including:

- raw water intake and screening
- low lift pumping systems
- membrane filtration treatment units
- chlorination and disinfection systems
- treated water storage reservoir
- high lift pumping station

Treated water is stored in a clean water reservoir before being pumped into the distribution system for delivery to customers.



*Figure 3-1 - Gore Bay Water Treatment Plant, located at 119 Lighthouse Road. The facility treats raw surface water drawn from Gore Bay in the North Channel of Lake Huron.*

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### 3.3 Distribution System

Treated water is distributed throughout the Town through a network of municipal water mains, service connections, and associated infrastructure.

The distribution system supplies potable water to approximately 354 service connections consisting of residential, commercial, institutional, and municipal users.

The water distribution system includes approximately 14.7 kilometres of watermain of varying diameters which deliver treated water from the treatment facility to customers throughout the community.

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### 3.4 System Operations

The Town of Gore Bay has contracted the Ontario Clean Water Agency (OCWA) as the operating authority for the municipal drinking water system.

OCWA is responsible for the day-to-day operation of the water treatment facility and distribution system, including system monitoring, routine maintenance, regulatory sampling, and reporting requirements under the Safe Drinking Water Act.

The Town maintains oversight of the system through asset management planning, capital infrastructure planning, and financial management of the water utility.

*Table 3-3 – Gore Bay Drinking Water System Infrastructure Summary*

Item	Description
Source Water	Gore Bay (North Channel of Lake Huron)
Treatment Process	Membrane filtration and chlorination
Storage	Treated water reservoir
Distribution System	~14.7 km watermain
Service Connections	~354

## 4 Financial Assumptions

The financial projections presented in this plan are based on historical financial information, current operating arrangements, and reasonable assumptions regarding future operating and capital requirements for the municipal drinking water system.

These assumptions provide the foundation for the operating projections, capital forecasts, and financial statements presented in later sections of this report.

### 4.1 Planning Horizon

Ontario Regulation 453/07 requires that municipal drinking water financial plans include projections for a minimum six-year period.

This Financial Plan presents projections covering the period 2026 through 2033, which extends beyond the minimum regulatory requirement. Extending the planning horizon allows the Town to better reflect anticipated capital infrastructure needs and debt repayment schedules associated with the water system.

### 4.2 Historical Financial Information

The financial projections contained in this report were developed using historical financial information from the Town’s audited financial statements and internal financial records.

Historical operating expenditures and revenues were reviewed to establish reasonable baseline assumptions for projecting future operating costs and revenues associated with the water system.

### 4.3 Operating Cost Projections

Projected operating expenditures for the water system are based on current operating costs and anticipated changes in future years.

Operating costs include expenses associated with the operation and maintenance of the water treatment facility and distribution system, including:

- contracted operating services
- utilities and treatment chemicals
- maintenance and repair costs
- administrative and support costs

Future operating costs have been projected based on historical trends and reasonable assumptions regarding future cost increases.

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### 4.4 Capital Infrastructure Planning

Capital infrastructure requirements for the water system have been developed based on available asset management information and known infrastructure renewal needs.

Capital expenditures may include projects such as equipment replacement, treatment system upgrades, watermain rehabilitation, and other infrastructure improvements required to maintain the long-term reliability of the water system.

Where available, capital projections reflect planned infrastructure work identified through the Town’s asset management and capital planning processes.

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### 4.5 Customer Base and Revenue Assumptions

The Town’s water system serves approximately 354 water service connections, including residential, commercial, institutional, and municipal customers.

For the purposes of this financial plan, the number of service connections is assumed to remain relatively stable over the planning horizon. Water revenues are therefore projected based primarily on the Town’s existing rate structure and anticipated adjustments required to support the financial sustainability of the water system.

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## 4.6 Reserve and Financing Assumptions

The Town maintains reserve funds to support the long-term sustainability of the water system and to help finance capital infrastructure renewal.

The financial projections in this report incorporate existing reserve balances and projected reserve contributions over the planning period. These reserves are intended to support future capital expenditures and reduce the need for debt financing where possible.

Where debt financing is required for major capital projects, repayment obligations are incorporated into the financial projections for the duration of the applicable debt term.

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## 4.7 Water Rate Strategy

The financial projections developed for this Financial Plan require periodic adjustments to water rates to ensure the continued financial sustainability of the municipal drinking water system. Rate revenues represent the primary source of funding for operating expenditures, debt repayment, capital renewal, and reserve contributions.

The Town has historically maintained a stable water rate structure designed to recover the costs associated with operating and maintaining the water system. As infrastructure continues to age and capital investment requirements increase, modest annual adjustments are necessary to maintain the long-term viability of the system while minimizing sudden or significant rate increases in the future.

Based on the financial projections presented in this plan, an annual rate increase of **6 percent** has been assumed beginning in 2027 and continuing through the planning period. This approach allows the system to gradually transition from reliance on debt financing toward a stronger reserve position capable of supporting future capital renewal.

Under this strategy, projected rate revenues increase steadily over the planning horizon while maintaining affordability and stability for system users. The resulting revenue projections are sufficient to cover anticipated operating expenditures, meet debt repayment obligations, and support the gradual growth of reserve funds required to finance future infrastructure replacement.

The projected revenue and rate adjustments associated with this strategy are summarized in Table 4-1 below.

## Town of Gore Bay – Water Financial Plan 2026–2033

Table 4-1– Water Rate Revenue and Required Rate Adjustments

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net Cost to Be Recovered from Rates	485,607	497,266	487,983	477,718	483,599	512,254	498,485	363,545	371,336
Water Revenue from User Rates	410,613	448,461	466,278	495,859	527,312	560,753	596,309	634,114	674,308
Required Annual Increase in Rates		7%	6%	6%	6%	6%	6%	6%	6%
Surplus/(Deficit)	(74,994)	(48,806)	(21,705)	18,141	43,712	48,499	97,824	270,569	302,972

## 5 Operating Plan

This section presents the financial framework supporting the long-term sustainability of the Town of Gore Bay’s municipal drinking water system for the planning period 2026 through 2033. The financial plan has been prepared in accordance with the requirements of Ontario Regulation 453/07 under the Safe Drinking Water Act and demonstrates the Town’s ability to operate, maintain, and renew the municipal drinking water system using projected revenues generated from water rates.

The financial projections incorporate anticipated operating costs, planned capital expenditures, debt repayment obligations, and reserve funding strategies required to support the continued delivery of safe and reliable drinking water services. Together, these projections provide a comprehensive view of the financial resources required to maintain the system and support future infrastructure renewal.

The financial plan reflects several key objectives:

- ensuring that water rate revenues are sufficient to support ongoing operating requirements
- maintaining appropriate reserve balances to fund future capital replacement and system improvements
- providing for the orderly repayment of existing long-term debt obligations
- supporting planned capital investments necessary to maintain reliable water infrastructure

Over the course of the planning period, the Town’s water system is expected to transition from a period focused on debt repayment and infrastructure renewal toward a more stable financial position supported by increasing operating capacity and growing reserve balances.

The following sections present detailed projections for operating expenditures, debt repayment, reserve balances, capital expenditures, and overall financial performance of the water system.

The detailed operating, debt, reserve, and capital projections for the planning period are presented in Tables 5-1 through 5-4.

## 5.1 Operating and Maintenance Costs

This section presents projected operating expenditures associated with the operation and maintenance of the Town’s municipal drinking water system over the planning period.

Operating expenditures include costs associated with the operation of the water treatment facility, maintenance of the distribution system, contracted operating services, utilities, treatment chemicals, and administrative support required to manage the water utility.

Operating costs are projected based on historical financial information and anticipated changes in future operating conditions. These projections incorporate known contractual obligations, anticipated inflationary pressures, and expected maintenance requirements necessary to ensure the continued safe and reliable operation of the drinking water system.

Projected operating expenditures for the planning period are summarized in Table 5-1 below.

# Town of Gore Bay – Water Financial Plan 2026–2033

Table 5-1– Projected Operating and Capital Cost Requirements (2025–2033)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>O &amp; M Expenditures</b>									
OCWA Operations	144,239	147,123	150,066	153,067	156,128	159,251	162,436	165,685	168,998
Water Plant Repairs & Maint	20,238	23,300	23,766	24,241	24,726	25,221	25,725	26,240	26,764
Distribution System Maint	20,850	21,371	21,799	22,235	22,679	23,133	23,596	24,068	24,549
Building & Other Maint	18,376	23,300	23,075	6,750	6,450	28,800	8,600	14,000	15,100
Hydro and Utilities	54,198	40,000	40,800	41,616	42,448	43,297	44,163	45,046	45,947
Equipment and Machinery	-	7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041
Town Staff Salaries & Benefits	33,408	40,500	41,310	42,136	42,979	43,839	44,715	45,610	46,522
Administration & Overhead	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Audit and Professional Fees	12,266	12,512	12,762	13,017	13,278	13,543	13,814	14,090	14,372
Property Taxes	5,132	5,260	5,365	5,472	5,582	5,694	5,807	5,924	6,042
<b>Total O &amp; M Expenditures</b>	<b>323,707</b>	<b>335,366</b>	<b>341,083</b>	<b>330,818</b>	<b>336,699</b>	<b>365,354</b>	<b>351,585</b>	<b>363,545</b>	<b>371,336</b>
<b>Debt Service Expenditures</b>									
Debt Interest	41,149	35,871	30,330	24,512	18,404	11,991	5,258		
Principal Repayment	105,751	111,029	116,570	122,388	128,496	134,909	141,642		
Total Debt Service Expenditures	146,900	146,900	146,900	146,900	146,900	146,900	146,900	-	-
<b>Gross Annual Expenses</b>	<b>470,607</b>	<b>482,266</b>	<b>487,983</b>	<b>477,718</b>	<b>483,599</b>	<b>512,254</b>	<b>498,485</b>	<b>363,545</b>	<b>371,336</b>
<b>Transfer To Reserves</b>									
Transfer to Reserve (Specific)	15,000	15,000							
<b>Transfers to Reserves</b>	15,000	15,000	-	-	-	-	-	-	-
<b>Capital Expenditures</b>									
Capital Expenditure	332,620	50,000	161,000	123,000	92,500	81,500	252,500	67,500	-
Less: Provincial Grants									
Less: Federal Grant	(283,123)								
Less: Other Revenue	(44,174)								
Less: Transfer from Reserve	(5,323)	(50,000)	(161,000)	(123,000)	(92,500)	(81,500)	(252,500)	(67,500)	-
<b>Net Capital Requirement</b>	-	-	-	-	-	-	-	-	-
<b>Net Operating to Recover</b>	<b>485,607</b>	<b>497,266</b>	<b>487,983</b>	<b>477,718</b>	<b>483,599</b>	<b>512,254</b>	<b>498,485</b>	<b>363,545</b>	<b>371,336</b>

Capital expenditures shown are funded through reserves or grants and therefore do not increase the net annual revenue requirement.

## 5.2 Debt Service Costs

The Town currently carries long-term debt associated with past investments in the municipal drinking water system. This debt is repaid through annual debt service payments funded from water rate revenues.

Debt service expenditures include both principal and interest payments. Interest costs decline over time as the outstanding principal balance is reduced through scheduled repayments.

The existing debt is fully amortized over the planning period, with no additional long-term borrowing assumed within this financial plan. The scheduled repayment of existing

debt improves the financial flexibility of the water system in later years of the planning period.

Projected debt repayment obligations are summarized in Table 5-2 below.

Table 5-2– Water System Debt Repayment Schedule

Description	2025	2026	2027	2028	2029	2030	2031
Opening Outstanding Debt	860,784	755,033	644,004	527,434	405,046	276,550	141,641
Annual Principal Repayment	105,751	111,029	116,570	122,388	128,496	134,909	141,642
Annual Interest	41,149	35,871	30,330	24,512	18,404	11,991	5,258
Total Annual Debt Service	146,900	146,900	146,900	146,900	146,900	146,900	146,900
New Debt	-	-	-	-	-	-	-
<b>Total Outstanding Debt</b>	<b>755,033</b>	<b>644,004</b>	<b>527,434</b>	<b>405,046</b>	<b>276,550</b>	<b>141,641</b>	<b>0</b>

The Town currently carries a single debenture related to past water infrastructure investments. Annual debt service remains constant at \$146,900 until the debt is fully repaid in 2031. No additional borrowing is assumed during the planning horizon.

### 5.3 Total Reserve Funds

Reserve funds play an important role in supporting the long-term financial sustainability of the Town’s drinking water system. These reserves allow the Town to accumulate funds over time that can be used to finance future capital replacements and system improvements without requiring additional debt.

For the purposes of this financial plan, the reserve schedule represents the consolidated reserve holdings associated with both the Town’s water and wastewater systems. Contributions to reserves are funded through water and wastewater user rates and are intended to provide a stable source of funding for future infrastructure renewal.

Over the course of the planning period, reserve balances are expected to grow as regular contributions continue and debt obligations are reduced. These reserves will be used to support planned capital investments in the drinking water system as identified in the Town’s capital program.

The water system maintains a separate operating cash account with a 2026 opening value of \$367,895.

Projected reserve balances for the planning period are presented in Table 5-3 below.

## Town of Gore Bay – Water Financial Plan 2026–2033

Table 5-3 – Consolidated Water and Wastewater Reserve Forecast

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033
Opening Balance	341,181	514,785	589,615	618,635	734,737	939,234	1,186,425	1,318,946	1,829,672
Transfer from Water Oper	0	0	0	17,696	42,096	45,663	95,248	265,140	296,167
Transfer from Wastewater	151,278	175,682	190,664	201,406	230,162	251,615	272,748	286,555	319,530
Special Project Transfer	15,000	15,000	0	0	0	0	0	0	0
Transfer to Water Capital	-5,323	-94,174	-161,000	-123,000	-92,500	-81,500	-252,500	-67,500	0
Transfer to Wastewater Cap	0	-38,000	-18,500	0	0	0	-20,000	-20,000	0
Reserve Interest	12,650	16,321	17,856	20,001	24,738	31,414	37,025	46,531	64,126
Closing Balance	514,785	589,615	618,635	734,737	939,234	1,186,425	1,318,946	1,829,672	2,509,495

Because Gore Bay operates relatively small drinking water and wastewater systems, the Town manages reserve funds on a consolidated basis to provide greater financial stability and flexibility when addressing infrastructure needs. Maintaining a combined reserve allows the municipality to respond more effectively to variable capital requirements while ensuring that both systems continue to contribute toward long-term asset replacement and renewal.

This approach reflects common practice in smaller municipalities where the scale of infrastructure systems makes maintaining entirely separate reserve balances less practical, while internal accounting records continue to track system-specific contributions and expenditures.

### 5.4 Capital Expenditures

Capital expenditures represent investments required to maintain, renew, and improve the Town's municipal drinking water infrastructure. These expenditures include the replacement or rehabilitation of key system components such as treatment equipment, pumping systems, distribution infrastructure, and related assets necessary to ensure reliable operation of the drinking water system.

The capital program reflected in this financial plan is based on known infrastructure requirements and available information regarding anticipated lifecycle replacement needs. Where possible, capital expenditures are funded through reserve balances accumulated from prior years.

In some cases, capital projects may also be supported through provincial or federal infrastructure funding programs where such funding opportunities are available.

Projected capital expenditures for the planning period are summarized in Table 5-4 below.

## Town of Gore Bay – Water Financial Plan 2026–2033

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033
Downtown Revitalization – Water Infrastructure	332,620								
PLC System Replacement							185,000		
Variable Feed Valves Replacement (4)						14,000			
SCADA Licensing Update					25,000				
Caustic Soda Pump Panel Replacement			26,000						
Calcium Thiosulphate pump panel Replacement				26,000					
High Lift pump replacement			65,000	65,000	67,500				
Low lift pump replacement						67,500	67,500	67,500	
Permeate Pump Replacement				32,000					
Turbidity Analyzer Replacement		50,000							
Roof Replacement			70,000						
<b>Total Capital Spending</b>	<b>332,620</b>	<b>50,000</b>	<b>161,000</b>	<b>123,000</b>	<b>92,500</b>	<b>81,500</b>	<b>252,500</b>	<b>67,500</b>	<b>-</b>

Table 5-4 – Water System Capital Expenditure Forecast

The capital expenditures identified in the forecast represent anticipated lifecycle replacement and renewal projects required to maintain reliable operation of the Town’s drinking water system.

### 5.5 Financial Sustainability Summary

The financial projections presented in this section illustrate the long-term financial sustainability of the Town’s drinking water system over the planning period.

The following chart summarizes the relationship between operating expenditures, capital investments, reserve balances, and water rate revenues.

As illustrated in Figure 5-1, operating revenues increase gradually over the planning period to support the continued operation and maintenance of the water system. At the same time, planned capital expenditures are funded through a combination of reserve balances and available grant funding.

Existing debt obligations are fully repaid during the planning period, which improves the financial capacity of the water system in later years. Reserve balances increase steadily as regular contributions continue, providing the Town with the financial resources necessary to address future infrastructure renewal.

Overall, these projections demonstrate that the Town’s drinking water system remains financially sustainable throughout the planning horizon.

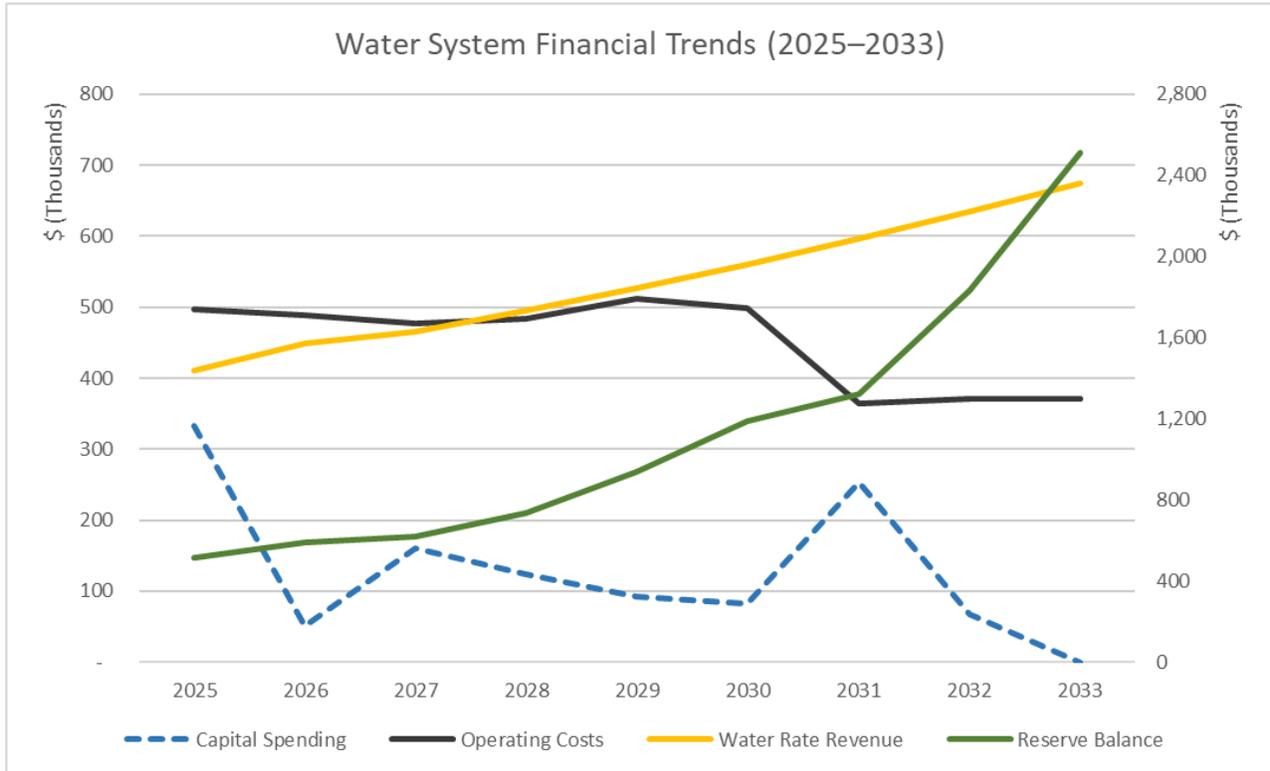


Figure 5-1 - Water System Financial Trends (2025–2033)

The chart illustrates the relationship between operating costs, capital spending, reserve growth, and water rate revenues over the planning period. The steady increase in reserves alongside stable operating costs and planned capital investments demonstrates the long-term financial sustainability of the Town’s drinking water system.

## 6 Financial Statements

The following financial statements summarize the projected financial position and operating results of the Town of Gore Bay’s municipal drinking water system for the planning period 2025–2033. These statements are based on the financial assumptions and projections outlined in the preceding sections of this report and incorporate anticipated operating expenditures, capital investments, reserve activity, and debt repayment obligations.

The financial statements provide a consolidated view of the water system’s projected financial performance and demonstrate the Town’s ability to operate, maintain, and renew the drinking water system in a financially sustainable manner throughout the planning horizon.

## Town of Gore Bay – Water Financial Plan 2026–2033

The following statements are presented:

- Statement of Financial Position
- Statement of Operations
- Statement of Cash Flow

Together, these statements provide a comprehensive overview of the financial condition and projected performance of the Town's municipal drinking water system.

## 6.1 Statement of Financial Position

	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>Financial Assets</b>									
Cash	367,895	358,703	336,508	335,265	333,944	332,540	331,046	329,459	327,771
Accounts Receivable	22,105	18,415	19,584	20,826	22,147	23,552	25,045	26,633	28,321
Inventory	15,005	15,005	15,005	15,005	15,005	15,005	15,005	15,005	15,005
<b>Total Financial Assets</b>	<b>405,005</b>	<b>392,123</b>	<b>371,096</b>						
<b>Liabilities</b>									
Accounts Payable	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Long-Term Debt	753,503	642,474	525,904	403,516	275,020	140,112	0	0	0
<b>Total Liabilities</b>	<b>803,503</b>	<b>692,474</b>	<b>575,904</b>	<b>453,516</b>	<b>325,020</b>	<b>190,112</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Net Debt</b>	<b>(398,499)</b>	<b>(300,351)</b>	<b>(204,808)</b>	<b>(82,420)</b>	<b>46,076</b>	<b>180,984</b>	<b>321,096</b>	<b>321,096</b>	<b>321,096</b>
<b>Non-Financial Assets</b>									
Tangible Capital Assets	12,942,498	12,992,498	13,153,498	13,276,498	13,368,998	13,450,498	13,702,998	13,770,498	13,770,498
Less: Accumulated Amortization	(6,440,957)	(6,879,234)	(7,323,951)	(7,773,588)	(8,226,925)	(8,683,522)	(9,150,219)	(9,619,616)	(10,089,014)
<b>Net Tangible Capital Assets</b>	<b>6,501,541</b>	<b>6,113,263</b>	<b>5,829,546</b>	<b>5,502,909</b>	<b>5,142,072</b>	<b>4,766,975</b>	<b>4,552,778</b>	<b>4,150,881</b>	<b>3,681,484</b>
<b>Accumulated Surplus</b>	<b>6,103,042</b>	<b>5,812,912</b>	<b>5,624,738</b>	<b>5,420,489</b>	<b>5,188,148</b>	<b>4,947,959</b>	<b>4,873,874</b>	<b>4,471,977</b>	<b>4,002,580</b>

Table 6-1 Statement of Financial Position

## 6.2 Statement of Operations

	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>Operating Revenue</b>									
Water Rate Revenue	410,613	438,457	466,278	495,859	527,312	560,753	596,309	634,114	674,308
Other	1,646	1,754	1,865	1,983	2,109	2,243	2,385	2,536	2,697
<b>Total Operating Revenue</b>	<b>412,259</b>	<b>440,211</b>	<b>468,143</b>	<b>497,843</b>	<b>529,421</b>	<b>562,996</b>	<b>598,695</b>	<b>636,650</b>	<b>677,005</b>
<b>Expenses</b>									
Water Operations	144,239	147,123	150,801	154,571	158,436	162,397	166,457	170,618	174,883
Town Staff Sal/Wage/Exp	33,408	40,500	41,513	42,550	43,614	44,704	45,822	46,968	48,142
Hydro and Utilities	54,198	40,000	40,800	41,616	42,448	43,297	44,163	45,046	45,947
Water Treatment Plant Repairs and Maintenance	20,238	23,300	23,075	6,750	6,450	28,800	8,600	14,000	15,100
Distribution System Maintenance	20,850	21,371	21,906	22,453	23,015	23,590	24,180	24,784	25,404
Admin	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Other	18,376	23,300	23,883	24,480	25,092	25,719	26,362	27,021	27,696
Machinery		7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041
Audit Fees	12,266	12,512	12,762	13,017	13,278	13,543	13,814	14,090	14,372
Taxes	5,132	5,260	5,391	5,526	5,664	5,806	5,951	6,100	6,252
Interest	41,149	35,871	30,330	24,512	18,404	11,991	5,258	-	
Contribution to Reserve	15,000	15,000							
<b>Total Operating Expenses</b>	<b>379,856</b>	<b>386,237</b>	<b>372,600</b>	<b>357,759</b>	<b>358,829</b>	<b>382,425</b>	<b>363,335</b>	<b>371,510</b>	<b>380,838</b>
Amortization Expense	434,510	438,277	444,717	449,637	453,337	456,597	466,697	469,397	469,397
<b>Total Expense</b>	<b>814,366</b>	<b>824,514</b>	<b>817,318</b>	<b>807,396</b>	<b>812,166</b>	<b>839,022</b>	<b>830,032</b>	<b>840,907</b>	<b>850,235</b>
<b>Annual Surplus (Deficit)</b>	<b>(118,984)</b>	<b>(384,304)</b>	<b>(349,174)</b>	<b>(309,553)</b>	<b>(282,745)</b>	<b>(276,026)</b>	<b>(231,338)</b>	<b>(204,257)</b>	<b>(173,230)</b>

Table 6-2 Statement of Operations

### 6.3 Statement of Cash Flows

	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>Operating Activities</b>									
Operating Surplus	32,404	53,973	95,543	140,084	170,592	180,571	235,359	265,140	296,167
Change in AR	(2,959)	3,690	(1,168)	(1,242)	(1,321)	(1,405)	(1,493)	(1,588)	(1,688)
<b>Net Cash from Operating Activities</b>	<b>29,445</b>	<b>57,664</b>	<b>94,374</b>	<b>138,841</b>	<b>169,271</b>	<b>179,167</b>	<b>233,866</b>	<b>263,552</b>	<b>294,479</b>
<b>Capital Activities</b>									
Capital Spending	332,620	50,000	161,000	123,000	92,500	81,500	252,500	67,500	
Capital Grants	283,123								
<b>Net Cash Used for Capital Activities</b>	<b>(49,497)</b>	<b>(50,000)</b>	<b>(161,000)</b>	<b>(123,000)</b>	<b>(92,500)</b>	<b>(81,500)</b>	<b>(252,500)</b>	<b>(67,500)</b>	
<b>Financing Activities</b>									
Debt Principal Repayment	(105,751)	(111,029)	(116,570)	(122,388)	(128,496)	(134,909)	(140,112)		
Reserve Contribution				(17,696)	(42,096)	(45,663)	(95,248)	(265,140)	(296,167)
Reserve Draw	5,323	94,174	161,000	123,000	92,500	81,500	252,500	67,500	
<b>Net Financing Cash</b>	<b>(100,428)</b>	<b>(16,855)</b>	<b>44,430</b>	<b>(17,084)</b>	<b>(78,092)</b>	<b>(99,071)</b>	<b>17,141</b>	<b>(197,640)</b>	<b>(296,167)</b>
<b>Net Change in Cash</b>	<b>(120,480)</b>	<b>(9,191)</b>	<b>(22,196)</b>	<b>(1,242)</b>	<b>(1,321)</b>	<b>(1,405)</b>	<b>(1,493)</b>	<b>(1,588)</b>	<b>(1,688)</b>
Opening Cash	488,375	367,895	358,703	336,508	335,265	333,944	332,540	331,046	329,459
<b>Closing Cash</b>	<b>367,895</b>	<b>358,703</b>	<b>336,508</b>	<b>335,265</b>	<b>333,944</b>	<b>332,540</b>	<b>331,046</b>	<b>329,459</b>	<b>327,771</b>

Table 6-3 Statement of Cash Flows