



# **WATER SYSTEM FINANCIAL PLAN**

**Prepared in accordance with the Safe Drinking Water Act**

**And**

**Ontario Regulation 453/07**

**THE CITY OF PETERBOROUGH**  
**DRINKING WATER SUPPLY SYSTEM**  
**2025 – 2031 FINANCIAL PLAN**  
**LICENCE # 145-101**

**The City of Peterborough** endorsed and approved the Water Financial Plan for submission to the Ministry of Municipal Affairs and Housing on March 23, 2026.

## **OVERVIEW**

The City of Peterborough (the City) is responsible for providing Peterborough residents and businesses with a safe, clean and reliable supply of water. Peterborough has a plentiful supply of source water from the Otonabee River. This water is treated in a government-inspected facility before being distributed throughout the City. Each year thousands of water samples are tested by both an internal operational lab and an external accredited laboratory to ensure that Peterborough's drinking water is safe and aesthetically pleasing. About twenty thousand tests are conducted each year to ensure the drinking water surpasses health-related standards.

The City must maintain and continually improve its infrastructure to ensure that its systems are capable of delivering safe, affordable and quality water to the residents of Peterborough for now and into the future and operates on a full cost recovery system.

## **BACKGROUND**

The Ministry of the Environment Conservation and Parks introduced a new Municipal Drinking Water Licensing Program under the Safe Drinking Water Act (SDWA) 2002 as a result of a recommendation by Justice O'Connor's Part II Report of the Walkerton Inquiry. Having met all the necessary initial filing requirements, the City of Peterborough applied and received the Municipal Drinking Water License in March 2025. This license will expire on April 11, 2026.

- Maintains its status as an accredited operating authority;
- Prepares a financial plan and has it approved by municipal council;
- Has a valid permit to take water; and
- Operates the drinking water system according to the conditions in the license.

An application will need to be submitted by the City of Peterborough, and the Director, MECP will issue The City of Peterborough a license if the Director is satisfied that the following criteria are all met:

1. The system will be operated by an accredited operating authority;
2. The Drinking Water Works Permit remains in force;
3. Operation plans for the system satisfy the requirements of the Directors' Directions for Operational Plans;
4. Financial plans have been prepared and approved;
5. The system has been and will continue to be operated in accordance with the requirements under the SDWA and the license; and
6. Any required permits to take water remain in force (if required).

This financial plan has been prepared to satisfy the above item number 4. Ontario Regulation 453/07 of the SDWA requires the owners of a drinking water system to submit their financial plans to the Ministry of Municipal Affairs and Housing for licensing. Per the regulations, the financial plan must;

- Be approved by Council resolution;
- Apply for a period of at least six years, the first of which must be the year in which the drinking water system's existing municipal drinking water license would otherwise expire;
- Provide projected financial statements including a statement of financial position, statement of financial operations and statement of cash flows;
- Be available to the public without charge and available on the City's website.

## **SUSTAINABLE FINANCIAL PLANNING**

Achieving financial sustainability in Ontario's municipal water and wastewater sector is a long-term provincial goal. The overall guiding principle in the development of this Financial Plan is to ensure that both current operating needs and longer-term infrastructure renewal planning are addressed.

The SDWA requires a declaration of the financial plan's sustainability, but it does not give a clear definition of what would be considered sustainable. The Ministry of the Environment released a guideline entitled "Towards Financially Sustainable Drinking-Water and Wastewater Systems" that provides principles for achieving sustainability, to assist owners in preparing the Financial Plan. Listed below are nine principles developed by the Ministry which the City has reviewed in preparing its Water System Financial Plan.

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 storm water 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.

## **FINANCIAL PLAN**

In accordance with the Ministry of Environment, Conservation and Parks requirements, and the principles listed above, the City of Peterborough has prepared the required financial plan which is included in this report. The financial plan comprises 2023 actual results, 2024 projected results and 2025 to 2031 forecasted results.

The 2023 and 2024 figures are a summarized version of the audited financial statements. The 2025 projected results are management’s best projection for the year end results which are yet to be finalized. The future year assumptions originate from the ten-year financial model prepared by water utility staff and management that integrates data from the water utility asset management plan to forecast capital and operating costs and identify sources of funding to ensure long-term financial viability. These financial plans are living documents that are continuously updated based on actual results and management's best estimates for the future.

The financial plan includes a statement of financial position, statement of operations and accumulated surplus, and statement of cash flow. The following summarizes key information from the forecasted financial plan presented.

### **Statement of Financial Position**

The Statement of Financial Position describes the financial assets, liabilities, non-financial assets and accumulated surplus of the City of Peterborough’s Water Utility.

#### **Net Financial Assets**

The Statement of Financial Position indicates that the net financial assets are forecast to be \$14.00 million on December 31, 2024, decreasing to \$6.82 million in 2031. Total cash is expected to decrease from \$26.27 million on December 31, 2024, to \$12.65 million on December 31, 2031. This decrease in cash is mainly due to repayment of \$5.76 million in debenture financing and decrease in accounts payable, deposits & accrued charges of \$1.90 million over that period.

## Total Non-Financial Assets

Total Non-Financial Assets are expected to increase by \$29.63 million from \$127.19 million as of December 31, 2024, to \$156.82 million on December 31, 2031. The increase is primarily the result of the net additions in the Water Utility's tangible capital assets (TCA). The planned capital additions for the years 2025 to 2031 total \$78.74 million which is reduced by projected amortization of \$47.40 million resulting in the net increase in TCA of \$29.63 million.

## Accumulated Surplus

The water utility Accumulated Surplus is expected to increase by \$22.44 million from the December 31, 2024, amount of \$141.20 million to a December 31, 2031 forecast amount of \$156.82 million

## **Statement of Operations and Accumulated Surplus**

The Statement of Operations summarizes the revenues and expenses of the water utility for a specific period. The Annual Surplus measures whether the revenues generated were sufficient to cover operating expenses incurred, including the ability to fund the interest payments on debentures. The Annual Surplus is expected to fluctuate throughout the Financial Plan, starting at \$3.83 million for the year ending December 31, 2024, and projected to be \$3.16 million on December 31, 2031. It is important to note that the annual surplus is beneficial to ensure funding is available to non-operating costs, such as TCA additions and debt principal repayments.

## **Statement of Cash Flow**

The Statement of Cash Flow summarizes changes in cash resulting from the operations of the water utility and indicates how those activities are financed. In simple terms it is a summary of how the water utility generates and uses its cash resources during a specific period.

## Cash Provided by/ (Used in) Operations

The water utility is expected to generate cash from operations in the amount of \$70.09 million from 2024 to 2031. The amount is comprised of cash generated from the annual surplus of \$18.44 million, net of amortization of \$53.93 million, less reserve funds revenue in surplus of \$1.18 million. These amounts are reduced by revenue maintained in reserve funds and changes in non-cash working capital of \$1.10 million.

## Investing Activity

During the period 2024 to 2031 the City of Peterborough has planned capital expenditures of \$86.59 million. The capital program is driven by the water utility's asset management plan ("AMP") that is based upon a Linear Asset Management Plan ("LAMP") developed by water utility staff and a Long-Term Water Utility Master Plan provided by an outside consultant in 2019. This plan is reviewed and updated annually based on both current year's activity and projected future needs.

## Financing Activities

During the 2024 to 2031 planning period the Financial Plan does not include any debenture financing, instead relying on reserve funds to finance capital projects in excess of current year revenues. The existing debentures will be repaid according to the required repayment schedules including interest.

## Cash Position

Cash is anticipated to decrease from the December 31, 2024, balance of \$26.27 million to \$12.65 million at December 31, 2031. The December 31, 2031, balance provides a reasonable working capital reserve and therefore there are no cash flow concerns for the water utility with the City of Peterborough.

## **SUMMARY**

The City of Peterborough's water utility is well prepared to be able to meet the challenges ahead and continue delivering safe, affordable and quality water to the residents of Peterborough for now and into the future. Operating under a full cost recovery system, the financial plan utilizes long-term planning in developing an understanding of the City of Peterborough's water utility infrastructure needs and creating a financial structure that ensures resources are used in an efficient and effective manner. The City of Peterborough recognizes that the integrity of its finances is critical to the successful operation of the water utility and to its reputation and trust by ratepayers.

The Financial Plan has been prepared using the most accurate financial and technical information available at the time of publication. Actual results could differ from these estimates, the materiality of which is undeterminable at this time.

**DRAFT**  
**Statement of Financial Position**  
**(\$'s in thousands)**

	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Actual	Actual	Budget						
<b>Financial Assets</b>									
Cash	25,717	26,271	27,666	28,904	19,189	13,782	10,441	10,093	12,649
Accounts receivable	3,218	3,817	3,288	3,255	3,222	3,190	3,158	3,127	3,095
Unbilled water revenue	1,434	1,796	1,650	1,634	1,617	1,601	1,585	1,569	1,554
Unbilled sewer surcharge	1,482	1,890	1,732	1,714	1,697	1,680	1,663	1,647	1,630
	31,851	33,774	34,336	35,507	25,725	20,253	16,847	16,436	18,928
<b>Liabilities</b>									
Accounts payable, deposits & charges	9,184	9,808	8,397	8,313	8,230	8,148	8,066	7,986	7,906
Debentures	11,044	9,957	8,855	7,736	6,601	6,001	5,401	4,801	4,201
	20,228	19,765	17,252	16,049	14,831	14,149	13,467	12,787	12,107
<b>Net financial assets</b>	<b>11,623</b>	<b>14,009</b>	<b>17,084</b>	<b>19,458</b>	<b>10,894</b>	<b>6,104</b>	<b>3,380</b>	<b>3,649</b>	<b>6,821</b>
<b>Non-financial assets</b>									
Tangible capital assets	124,809	126,258	128,826	130,150	141,802	147,102	150,776	153,935	155,886
Inventory	934	932	930	930	930	930	930	930	930
Prepaid expenses	0	0	0	0	0	0	0	0	0
	125,743	127,190	129,756	131,080	142,732	148,032	151,706	154,865	156,816
<b>Accumulated Surplus</b>	<b>137,366</b>	<b>141,199</b>	<b>146,840</b>	<b>150,537</b>	<b>153,625</b>	<b>154,136</b>	<b>155,086</b>	<b>158,513</b>	<b>163,636</b>

**DRAFT**  
**Statement of Operations and Accumulated Surplus**  
**(\$'s in thousands)**

	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Actual	Actual	Budget						
<b>Revenues</b>									
Sale of water	19,242	20,452	20,730	21,369	22,567	23,835	25,176	26,596	28,098
Other	3,939	4,001	3,579	870	896	923	951	979	1,009
<b>Total revenues</b>	<b>23,181</b>	<b>24,453</b>	<b>24,309</b>	<b>22,239</b>	<b>23,463</b>	<b>24,758</b>	<b>26,127</b>	<b>27,575</b>	<b>29,106</b>
<b>Expenses</b>									
Operating	8,870	9,408	10,170	9,702	10,286	10,901	11,551	12,236	12,959
Administrative	4,639	4,392	4,778	4,922	5,069	5,221	5,378	5,539	5,705
Interest	306	281	250	209	179	152	137	122	108
Amortization	6,231	6,539	6,375	6,503	6,633	6,765	6,901	7,039	7,179
<b>Total expenses</b>	<b>20,046</b>	<b>20,620</b>	<b>21,573</b>	<b>21,336</b>	<b>22,167</b>	<b>23,039</b>	<b>23,967</b>	<b>24,936</b>	<b>25,951</b>
<b>Annual Surplus</b>	<b>3,135</b>	<b>3,833</b>	<b>2,736</b>	<b>903</b>	<b>1,296</b>	<b>1,718</b>	<b>2,160</b>	<b>2,639</b>	<b>3,156</b>
<b>Opening Accumulated Surplus</b>	<b>134,231</b>	<b>137,366</b>	<b>144,104</b>	<b>149,634</b>	<b>152,329</b>	<b>152,417</b>	<b>152,926</b>	<b>155,875</b>	<b>160,480</b>
<b>Closing Accumulated Surplus</b>	<b>137,366</b>	<b>141,199</b>	<b>146,840</b>	<b>150,537</b>	<b>153,625</b>	<b>154,136</b>	<b>155,086</b>	<b>158,513</b>	<b>163,636</b>

**DRAFT**  
**Statement of Cash Flow**  
**(\$'s in thousands)**

	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Actual	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Cash provided by (used in)									
Operations									
Annual Surplus	3,135	3,833	2,736	903	1,296	1,718	2,160	2,639	3,156
Add: Non cash charges									
Amortization	6,230	6,539	6,375	6,503	6,633	6,765	6,901	7,039	7,179
Less: Reserve fund revenue in surplus	(131)	(138)	(170)	(172)	(173)	(175)	(177)	(179)	0
	9,234	10,234	8,941	7,234	7,756	8,308	8,884	9,499	10,335
Changes in non-cash working capital	256	(744)	(53)	(51)	(51)	(50)	(50)	(49)	(49)
	9,489	9,490	8,888	7,183	7,705	8,258	8,834	9,450	10,286
Investing Activity									
Net additions to tangible capital asset	(9,236)	(7,850)	(10,663)	(7,827)	(18,285)	(12,065)	(10,575)	(10,198)	(9,130)
Financing Activities									
Proceeds from debenture debt	0	0	0	0	0	0	0	0	0
Repayment of long tem debt	(1,071)	(1,087)	(1,102)	(1,119)	(1,135)	(600)	(600)	(600)	(600)
Transfer from reserves	0	0	4,325	3,000	2,000	(1,000)	(1,000)	1,000	2,000
	(1,071)	(1,087)	3,223	1,881	865	-1,600	-1,600	400	1,400
Net change in cash for the year	(818)	553	1,448	1,238	(9,715)	(5,407)	(3,341)	(348)	2,556
Cash position, beginning of year	26,535	25,717	26,218	27,666	28,904	19,189	13,782	10,441	10,093
Cash Position, end of year	25,717	26,271	27,666	28,904	19,189	13,782	10,441	10,093	12,649