



 **Watson
& Associates**
ECONOMISTS LTD.

Ontario Regulation 453/07 Water Financial Plan Township of Cramahe

Financial Plan #138-301

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

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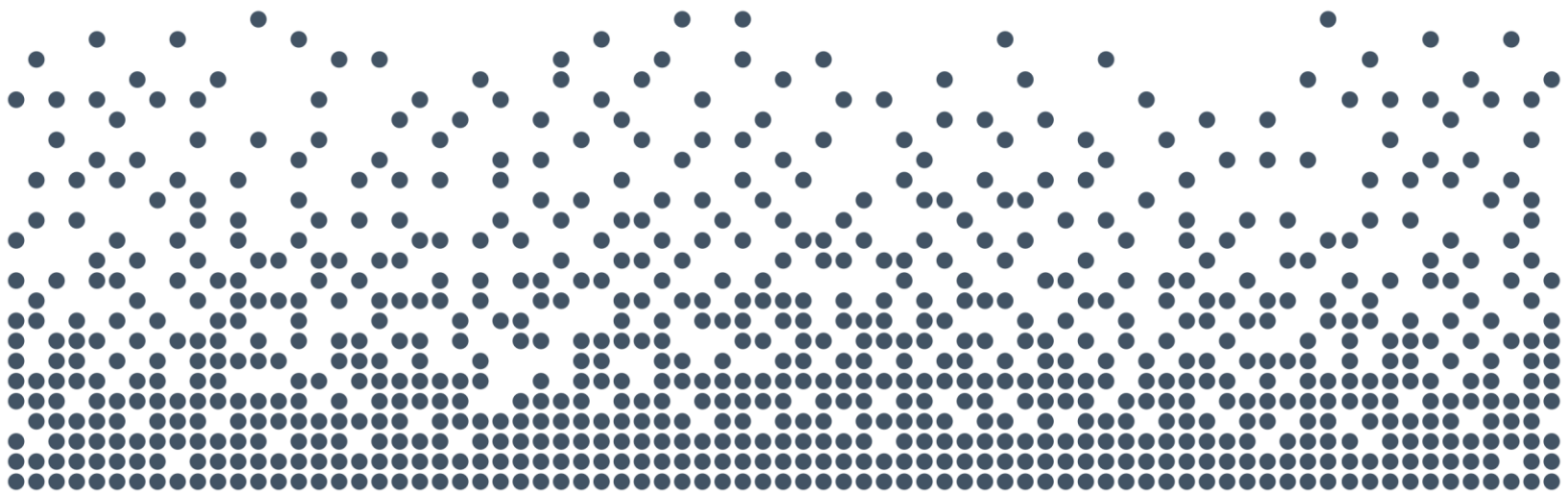
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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
D.C.	Development Charge
F.I.R.	Financial Information Return
MECP	Ministry of the Environment, Conservation and Parks
MMAH	Ministry of Municipal Affairs and Housing
O. Reg.	Ontario Regulation
P.S.A.B.	Public Sector Accounting Board
S.D.W.A.	<i>Safe Drinking Water Act, 2002</i>
W.O.A.	<i>Water Opportunities Act, 2010</i>



Report



Chapter 1

Introduction



1. Introduction

1.1 Study Purpose

The Township of Cramahe (Township) retained Watson & Associates Economists Ltd. (Watson) to prepare a water financial plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water licence 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 regarding the Township's water has already been completed and documented in the "Township of Cramahe Water and Wastewater Rate Study" dated May 21, 2026 (Rate Study). The objective of the report provided herein is to convert the findings of the Rate Study into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation 453/07 (O. Reg.) 453/07 and project the financial position over a ten-year forecast period.

1.2 Background

The *Safe Drinking Water Act, 2002* (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. Section 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 section 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

Subsection 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. 2017, c. 2, Sched. 11, s. 6 (3)

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

1.2.2 Financial Plan Requirements – Existing System

O. Reg. 453/07 also provides details with regard to s.30 (1) part b of the S.D.W.A. for existing water systems. The requirements for existing systems are summarized as follows:

- Financial plans must be approved by Council resolution (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 (i.e., 2026 for the Township);
- 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 Public Section Accounting Board (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 Act, 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 2026 to 2036 forecast included in this financial plan meets that requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3 (1) 1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water licence renewal (i.e., six months prior to licence 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 during the 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 PS 1201 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 must conform to the requirements of PS 1201 and PS 3150. 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 PS 3150. 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: 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.

2.2 Water Opportunities Act, 2010

Since the passage of the S.D.W.A., changes and refinements to the legislation have been introduced, including the *Water Opportunities Act, 2010* (W.O.A). The 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 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 the 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.

2.3 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, 2015* (I.J.P.A.) which, over time, will require municipalities to undertake and implement asset management plans for all the 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, including some prescribed measures; and
 - Lifecycle management strategies and associated costs to maintain current 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
 - Financial strategy that supports achieving proposed levels of service.

In relation to water (which is considered a core asset), municipalities will need to have an asset management plan that addresses the related infrastructure by July 1, 2022 (Phase 1). O. Reg. 588/17 specifies that the Township'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;
- 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 need to be undertaken to maintain the current levels of service.

The Township completed its most recent Asset Management Plan (A.M.P.) as required under the legislation in December 2025. The A.M.P. included a review of the Township's water infrastructure.

2.4 Water Forecast

The Township has already completed its financial planning through its Rate Study. The budget and rate study process is designed to address "full cost" principles and reflect the guiding principles toward sustainable financial planning.

As a result of employing this process, the 2026 budget along with the ten-year (2027-2036) forecast contained in the Rate Study provides the basis for the financial plan for the Township's Colborne water system by including:

- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs and system growth;
- An analysis of required water rates that ensure revenues are equitable and sufficient to meet system 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 financial plans.

The details of the water financial plans arising from the Rate Study are contained in Appendix A.



Chapter 3

Approach



3. Approach

3.1 Overview

The Rate Study, along with additional detailed information provided by Township Staff, has been used as a starting point to prepare the water financial plan for the Colborne Drinking Water (Colborne) System. The water forecasts are 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 plans along with the opening balances that will underpin the forecasts. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the financial plans.

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 and wastewater assets, an inventory has already been compiled and summarized by the Township as part of their annual PS 3150 compliance processes. As required, for PS 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 and any anticipated salvage value is recorded. 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 the forecast period.

Future water capital needs have also been determined and summarized by Township staff. 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 as 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. 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 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		DR	CR		
Revenues					Revenues
Base Charge Revenue	410,959			410,959	Base Charge Revenue
Rate Based Revenue	587,500			587,500	Rate Based Revenue
Other Revenue	14,379		27,068	41,447	Other Revenue
Total Revenues	1,012,838			1,039,906	Total Revenues
Expenditures					Expenses
Operating	696,626	-		696,626	Operating Expenses
Capital					
Transfers to Reserves	316,212		316,212		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	-		-	-	Interest on Debt
		117,469		117,469	Amortization
Total Expenditures	1,012,838			814,095	Total Expenses
Net Expenditures	-			225,811	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			6,735,625	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	225,811	-	6,961,436	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		343,280	343,280		

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). 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 PS 1201.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the municipality and as such, will 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 statement that 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, 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 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	1,325,099			1,325,099	Cash
Accounts Receivable	214,998			214,998	Accounts Receivable
Long-term Accounts Receivable	723,171			723,171	Long-term Accounts Receivable
Total Financial Assets	2,263,268			2,263,268	Total Financial Assets
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	159,651			159,651	Accounts Payable & Accrued Liabilities
Total Liabilities	159,651			159,651	Total Liabilities
Net Assets/(Debt)	2,103,617			2,103,617	Net Financial Assets/(Debt)
					Non-Financial Assets
		4,857,819	-	4,857,819	Tangible Capital Assets
				4,857,819	Total Non-Financial Assets
Municipal Position					
Water Reserves	1,380,446	1,380,446	-		
Amounts to be Recovered	723,171	723,171	-		
Total Municipal Position	2,103,617		6,961,436	6,961,436	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		6,961,436	6,961,436		

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 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. It may not, however, 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.



- 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 capital asset listing provided.
- 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 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 Colborne 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 in 2026, the Township's water system was in a net financial asset position of \$2.10 million. The water system is projected to maintain a net financial asset position for the duration of the forecast to 2036, which decreases to approximately \$742,000 by the end of the forecast.

Another important indicator in 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 PS 3150 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. The 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 that the Township's tangible capital assets are expected to increase by approximately \$5.30 million over the forecast period. This indicates that the Township plans to invest in tangible capital assets in excess of the anticipated 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 at 78% in 2026 and decreases to 68% by 2036. As a result, annual surpluses are projected for the 10-year forecast period. 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 in the future.

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 projects that the Township will add approximately \$4.16 million to a 2026 accumulated surplus (at the beginning of the year) of approximately \$6.74 million over the forecast period. This accumulated surplus,



as indicated in Table 4-2, is predominantly made up of historical investments in tangible capital assets 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 that in all years except 2029 and 2030, the forecasted tangible capital asset acquisitions exceed the forecasted annual surplus (before amortization), resulting in a decrease in the net financial assets balance. This reflects the significant capital assets anticipated to be constructed over the forecast. This is further evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions, which initially improves from 0.40 in 2026 to 0.76 in 2030, then fluctuates between 0.70 and 0.77 from 2031 to 2035 and ends at 0.74 in 2036. 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-based 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 reserve funds over the forecast period. The financial plan projects the cash position of the Township's water system to decrease from \$2.49 million at the beginning of 2026 to a positive balance of approximately \$448,000 by the end of 2036. 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
2026-2036

	Notes	Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Financial Assets												
Cash	1	1,325,099	1,109,736	827,984	919,976	1,172,551	717,648	810,577	609,998	537,149	373,311	447,660
Accounts Receivable	1	214,998	230,786	241,954	253,635	267,109	280,496	295,094	309,989	326,009	342,574	359,923
Long-term Accounts Receivable	8	723,171	723,171	723,171	723,171	723,171	723,171	723,171	723,171	723,171	723,171	180,000
Total Financial Assets		2,263,268	2,063,693	1,793,109	1,896,782	2,162,831	1,721,315	1,828,842	1,643,158	1,586,329	1,439,056	987,583
Liabilities												
Bank Indebtedness		-	-	-	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	159,651	166,543	173,762	181,325	189,232	197,528	206,259	215,427	224,983	235,044	245,586
Debt (Principal only)	2	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	3	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities		159,651	166,543	173,762	181,325	189,232	197,528	206,259	215,427	224,983	235,044	245,586
Net Financial Assets/(Debt)		2,103,617	1,897,150	1,619,347	1,715,457	1,973,599	1,523,787	1,622,583	1,427,731	1,361,346	1,204,012	741,997
Non-Financial Assets												
Tangible Capital Assets	4	4,857,819	5,334,935	5,906,535	6,128,135	6,221,735	7,041,335	7,344,935	7,968,535	8,496,135	9,152,478	10,153,881
Total Non-Financial Assets		4,857,819	5,334,935	5,906,535	6,128,135	6,221,735	7,041,335	7,344,935	7,968,535	8,496,135	9,152,478	10,153,881
Accumulated Surplus/(Deficit)	5	6,961,436	7,232,085	7,525,882	7,843,592	8,195,334	8,565,122	8,967,518	9,396,266	9,857,481	10,356,490	10,895,878
Financial Indicators	Total Change											
1) Increase/(Decrease) in Net Financial Assets	(1,866,915)	(505,295)	(206,467)	(277,803)	96,110	258,142	(449,812)	98,796	(194,852)	(66,385)	(157,334)	(462,015)
2) Increase/(Decrease) in Tangible Capital Assets	6,027,168	731,106	477,116	571,600	221,600	93,600	819,600	303,600	623,600	527,600	656,343	1,001,403
3) Increase/(Decrease) in Accumulated Surplus	4,160,253	225,811	270,649	293,797	317,710	351,742	369,788	402,396	428,748	461,215	499,009	539,388



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2036

	Notes	Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Water Revenue												
Base Charge Revenue		410,959	438,815	460,791	483,797	508,278	534,740	562,898	592,416	623,355	656,259	690,752
Rate Based Revenue		587,500	625,936	655,640	686,692	719,598	754,939	792,402	831,612	872,647	916,129	961,644
Other Revenue	6	41,447	45,482	40,966	43,821	54,966	47,409	52,496	50,120	52,313	50,878	54,189
Total Revenues		1,039,906	1,110,233	1,157,397	1,214,310	1,282,842	1,337,088	1,407,796	1,474,148	1,548,315	1,623,266	1,706,585
Water Expenses												
Operating Expenses	Sch. 4-1	696,626	726,700	758,200	791,200	825,700	861,900	900,000	940,000	981,700	1,025,600	1,071,600
Interest on Debt	2	-	-	-	-	-	-	-	-	-	-	-
Amortization	4	117,469	112,884	105,400	105,400	105,400	105,400	105,400	105,400	105,400	98,657	95,597
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Total Expenses		814,095	839,584	863,600	896,600	931,100	967,300	1,005,400	1,045,400	1,087,100	1,124,257	1,167,197
Annual Surplus/(Deficit)		225,811	270,649	293,797	317,710	351,742	369,788	402,396	428,748	461,215	499,009	539,388
Accumulated Surplus/(Deficit), beginning of year	5	6,735,625	6,961,436	7,232,085	7,525,882	7,843,592	8,195,334	8,565,122	8,967,518	9,396,266	9,857,481	10,356,490
Accumulated Surplus/(Deficit), end of year		6,961,436	7,232,085	7,525,882	7,843,592	8,195,334	8,565,122	8,967,518	9,396,266	9,857,481	10,356,490	10,895,878
Note 5:												
Accumulated Surplus/(Deficit) Reconciliation:		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Reserve Balances												
Reserves: Capital/Other		1,380,446	1,173,979	896,176	992,286	1,250,428	800,616	899,412	704,560	638,175	480,841	561,997
Total Reserves Balance		1,380,446	1,173,979	896,176	992,286	1,250,428	800,616	899,412	704,560	638,175	480,841	561,997
Add: Long-term Accounts Receivable	4	723,171	723,171	723,171	723,171	723,171	723,171	723,171	723,171	723,171	723,171	180,000
Add: Tangible Capital Assets	3	4,857,819	5,334,935	5,906,535	6,128,135	6,221,735	7,041,335	7,344,935	7,968,535	8,496,135	9,152,478	10,153,881
Total Ending Balance		6,961,436	7,232,085	7,525,882	7,843,592	8,195,334	8,565,122	8,967,518	9,396,266	9,857,481	10,356,490	10,895,878
Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
1) Expense to Revenue Ratio		78%	76%	75%	74%	73%	72%	71%	71%	70%	69%	68%
2) Increase/(Decrease) in Accumulated Surplus	4,160,253	225,811	270,649	293,797	317,710	351,742	369,788	402,396	428,748	461,215	499,009	539,388



Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2036

	Notes	Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Operating Expenses												
SOURCE WATER PROTECTIONS		7,000	7,100	7,200	7,300	7,400	7,500	7,700	7,900	8,100	8,300	8,500
AUDIT		7,000	7,100	7,200	7,300	7,400	7,500	7,700	7,900	8,100	8,300	8,500
INSURANCE		21,102	21,800	22,600	23,400	24,200	25,000	25,900	26,800	27,700	28,700	29,700
CONSULTANTS		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TELEPHONE		1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
HYDRO		30,000	31,500	33,100	34,800	36,500	38,300	40,200	42,200	44,300	46,500	48,800
LINE MAINTENANCE		20,000	20,800	21,700	22,600	23,500	24,500	25,500	26,600	27,700	28,800	30,000
WATER MAIN BREAKS		40,000	41,700	43,400	45,200	47,100	49,100	51,100	53,200	55,400	57,700	60,100
EQUIPMENT MAINT./SERVICE		71,000	73,900	77,000	80,200	83,500	87,000	90,600	94,400	98,300	102,400	106,600
HYDRANTS MAINTENANCE		15,000	15,600	16,200	16,900	17,600	18,300	19,100	19,900	20,700	21,600	22,500
BUILDING MAINTENANCE		10,000	10,400	10,800	11,200	11,700	12,200	12,700	13,200	13,700	14,300	14,900
INSPECTIONS		45,000	46,900	48,800	50,800	52,900	55,100	57,400	59,800	62,300	64,900	67,600
OFFICE SUPPLIES		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TREATMENT CHEMICALS		20,000	22,000	24,200	26,600	29,300	32,200	35,400	39,000	42,900	47,200	52,000
ADMINISTRATION FEE		5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900	6,000
METERS/SPOOLERS		15,000	15,300	15,600	15,900	16,200	16,500	16,800	17,100	17,400	17,700	18,100
SAMPLING		7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300	9,500
FIRE HYDRANT PAINTING		10,500	10,700	10,900	11,100	11,300	11,500	11,700	11,900	12,100	12,300	12,500
OTHER EXPENSE		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
CONTRACTED OUT-WATER BILLING		368,224	384,800	402,100	420,200	439,100	458,900	479,600	501,200	523,800	547,400	572,000
Non TCA - Expenses from Capital Budget	7	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		696,626	726,700	758,200	791,200	825,700	861,900	900,000	940,000	981,700	1,025,600	1,071,600



Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2036

	Notes	Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Annual Surplus/(Deficit)		225,811	270,649	293,797	317,710	351,742	369,788	402,396	428,748	461,215	499,009	539,388
Less: Acquisition of Tangible Capital Assets	4	(848,575)	(590,000)	(677,000)	(327,000)	(199,000)	(925,000)	(409,000)	(729,000)	(633,000)	(755,000)	(1,097,000)
Add: Amortization of Tangible Capital Assets	4	117,469	112,884	105,400	105,400	105,400	105,400	105,400	105,400	105,400	98,657	95,597
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
		(731,106)	(477,116)	(571,600)	(221,600)	(93,600)	(819,600)	(303,600)	(623,600)	(527,600)	(656,343)	(1,001,403)
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(505,295)	(206,467)	(277,803)	96,110	258,142	(449,812)	98,796	(194,852)	(66,385)	(157,334)	(462,015)
Net Financial Assets/(Net Debt), beginning of year		2,608,912	2,103,617	1,897,150	1,619,347	1,715,457	1,973,599	1,523,787	1,622,583	1,427,731	1,361,346	1,204,012
Net Financial Assets/(Net Debt), end of year		2,103,617	1,897,150	1,619,347	1,715,457	1,973,599	1,523,787	1,622,583	1,427,731	1,361,346	1,204,012	741,997
Financial Indicators												
1) Acquisition of Tangible Capital Assets (Cumulative)		848,575	1,438,575	2,115,575	2,442,575	2,641,575	3,566,575	3,975,575	4,704,575	5,337,575	6,092,575	7,189,575
2) Annual Surplus/Deficit before Amortization (Cumulative)		343,280	726,813	1,126,010	1,549,120	2,006,262	2,481,450	2,989,246	3,523,394	4,090,009	4,687,675	5,322,660
3) Ratio of Annual Surplus before Amortization to Acquisition of TCAs (Cumulative)		0.40	0.51	0.53	0.63	0.76	0.70	0.75	0.75	0.77	0.77	0.74



Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2036

	Notes	Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Operating Transactions												
Annual Surplus/Deficit		225,811	270,649	293,797	317,710	351,742	369,788	402,396	428,748	461,215	499,009	539,388
Add: Amortization of TCAs	4	117,469	112,884	105,400	105,400	105,400	105,400	105,400	105,400	105,400	98,657	95,597
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Due from Wastewater	8	(723,171)										
Change in A/R (Increase)/Decrease		(24,544)	(15,788)	(11,168)	(11,681)	(13,474)	(13,387)	(14,598)	(14,895)	(16,020)	(16,565)	(17,349)
Change in A/P Increase/(Decrease)		90,656	6,892	7,219	7,563	7,907	8,296	8,731	9,168	9,556	10,061	10,542
Less: Interest Proceeds		(27,068)	(23,019)	(17,572)	(19,457)	(24,518)	(15,698)	(17,636)	(13,815)	(12,513)	(9,428)	(11,020)
Cash Provided by Operating Transactions		(340,847)	351,618	377,676	399,535	427,057	454,399	484,293	514,606	547,638	581,734	617,158
Capital Transactions												
Less: Cash Used to acquire Tangible Capital Assets	4	(848,575)	(590,000)	(677,000)	(327,000)	(199,000)	(925,000)	(409,000)	(729,000)	(633,000)	(755,000)	(1,097,000)
Cash Applied to Capital Transactions		(848,575)	(590,000)	(677,000)	(327,000)	(199,000)	(925,000)	(409,000)	(729,000)	(633,000)	(755,000)	(1,097,000)
Investing Transactions												
Proceeds from Investments		27,068	23,019	17,572	19,457	24,518	15,698	17,636	13,815	12,513	9,428	11,020
Cash Provided by (applied to) Investing Transactions		27,068	23,019	17,572	19,457	24,518	15,698	17,636	13,815	12,513	9,428	11,020
Financing Transactions												
Add: Long-term Accounts Receivable Proceeds (recovery of debt)	8	-	-	-	-	-	-	-	-	-	-	543,171
Cash Applied to Financing Transactions		-	-	-	-	-	-	-	-	-	-	543,171
Increase in Cash and Cash Equivalents		(1,162,354)	(215,363)	(281,752)	91,992	252,575	(454,903)	92,929	(200,579)	(72,849)	(163,838)	74,349
Cash and Cash Equivalents, beginning of year	1	2,487,453	1,325,099	1,109,736	827,984	919,976	1,172,551	717,648	810,577	609,998	537,149	373,311
Cash and Cash Equivalents, end of year	1	1,325,099	1,109,736	827,984	919,976	1,172,551	717,648	810,577	609,998	537,149	373,311	447,660



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, Section 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 if 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 are cash received from revenues, cash paid for operating expenses and finance charges.
- B. Investing transactions that are acquisitions and disposal of investments.
- C. Changes 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*

For the Township, receivable and payable balances were estimated for each year of the forecast based on the following factors:

- a) Receivables: Based on historical levels Township-wide receivables as a percentage of annual revenue earned (as per the 2021 to 2023 Financial Information Returns (F.I.R.s)); and
- b) Payables: Based on historical levels of Township-wide payables as a percentage of annual expenses incurred by the Township (as per the 2021 to 2023 F.I.R.s).

2. Debt

There was no outstanding water-related debt anticipated at the beginning of 2026. Furthermore, no additional debt proceeds are anticipated throughout the forecast period.

For financial reporting purposes, debt principal payments represent a decrease in debt liability, and the interest payments represent a current year operating expense.

3. Deferred Revenue

Deferred revenue is typically made up of water development charge (D.C.), and Canada Community-Building Fund (C.C.B.F.) 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.



The Township does not collect water D.C.s or use any funding from the C.C.B.F. for water services. Therefore, deferred revenue is assumed to be zero over the forecast period.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water-related assets in the following categories:
 - i. Facility Assets, including facilities and components, and wells;
 - ii. Water meters;
 - iii. Equipment; and
 - iv. Distribution Assets, including watermains and hydrants.
- Amortization is calculated based on the straight-line approach with no amortization applied in the year of acquisition or construction and in the last year of the asset's useful life.
- 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. To calculate the value of each asset disposal, the replacement value (of each new asset that has been identified as a "replacement") has been deflated (by weighted average useful life for all assets on hand in the respective asset category) to an estimated historical cost. This figure was used to calculate disposals only. Future assets are disposed of when fully amortized.
- Gains/losses on disposal for all assets except vehicles 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 or unknown during the forecast period and are therefore assumed to be \$0.
- The Township is not aware of any specific lead service piping in the municipal water system.



The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Opening Tangible Capital Asset Balance	6,218,596	6,923,101	7,412,068	7,933,687	8,183,333	8,376,470	9,270,719	9,665,604	10,368,848	10,979,428	11,734,428
Acquisitions	848,575	590,000	677,000	327,000	199,000	925,000	409,000	729,000	633,000	755,000	1,097,000
Disposals	144,070	101,033	155,381	77,354	5,863	30,751	14,115	25,756	22,420	-	40,860
Closing Tangible Capital Asset Balance	6,923,101	7,412,068	7,933,687	8,183,333	8,376,470	9,270,719	9,665,604	10,368,848	10,979,428	11,734,428	12,790,568
Opening Accumulated Amortization	2,091,883	2,065,282	2,077,133	2,027,152	2,055,198	2,154,735	2,229,384	2,320,669	2,400,313	2,483,293	2,581,950
Amortization Expense	117,469	112,884	105,400	105,400	105,400	105,400	105,400	105,400	105,400	98,657	95,597
Amortization on Disposal	144,070	101,033	155,381	77,354	5,863	30,751	14,115	25,756	22,420	-	40,860
Ending Accumulated Amortization	2,065,282	2,077,133	2,027,152	2,055,198	2,154,735	2,229,384	2,320,669	2,400,313	2,483,293	2,581,950	2,636,687
Net Book Value	4,857,819	5,334,935	5,906,535	6,128,135	6,221,735	7,041,335	7,344,935	7,968,535	8,496,135	9,152,478	10,153,881



5. Accumulated Surplus

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

Water	2026 Opening Accumulated Surplus
Reserve Balances	
Reserves: Capital/Other	2,608,912
Total Reserves Balance	2,608,912
Add: Tangible Capital Assets	4,126,713
Total Opening Balance	6,735,625

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

6. Other Revenue

Other revenue consists of miscellaneous revenues, including those from penalties and interest earnings, and connection 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.

8. Long-term Receivables

Long-term receivables consist of an interim loan from the water reserve fund to the wastewater reserve fund. The loan is anticipated to be issued in 2026, with repayments beginning in 2036. The projected outstanding balance at the end of 2036 is \$200,000.



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, it 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 the Council of the municipality that owns the drinking water system or the governing body of the owner. (O. Reg. 453/07, section 3 (1) 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, at no charge. The plans must also be made available to the public on the municipality's website. (O. Reg. 453/07, section 3 (1) 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, section 3 (1) 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. section 32 (5) 2. ii.).



Chapter 6

Recommendations



6. Recommendations

This report presents the Water Financial Plan for the Township of Cramahe in accordance with the mandatory reporting formats for water systems as detailed in O. Reg. 453/07. It is important to note that while mandatory for water, 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 Township's 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 Cramahe Water Financial Plan prepared by Watson & Associates Economists Ltd. dated May 21, 2026, be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated May 21, 2026, be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, Section 3 (1) 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. Section 32 (5) 2 ii)).



Appendix A

Rate Study Summary Tables



Table A-1
Township of Cramahe
Water Capital Budget Forecast (uninflated \$)

Description	Budget 2026	Total	Forecast										
			2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Capital Expenditures													
ENV-06-23 CAPITAL UPGRADES TO SYSTEM-SCADA	191,126	-	-	-	-	-	-	-	-	-	-	-	-
ENV-03-24 CAPITAL UPGRADES TO BUILDINGS	500,949	-	-	-	-	-	-	-	-	-	-	-	-
ENV-01-26 WATER METER UPGRADES	120,000	360,000	120,000	120,000	120,000	-	-	-	-	-	-	-	-
PRV REPLACEMENT - ELGIN & PARK	25,000	-	-	-	-	-	-	-	-	-	-	-	-
Equipment	11,500	-	-	-	-	-	-	-	-	-	-	-	-
1298 - Hydrants	-	676,242	169,061	169,061	169,061	169,061	-	-	-	-	-	-	-
2385 - SCADA	-	36,554	-	-	-	-	-	-	-	-	-	36,554	-
1214 - Streamside Drive	-	127,938	-	-	-	-	127,938	-	-	-	-	-	-
1218 - Parliament Street	-	626,895	-	-	-	-	626,895	-	-	-	-	-	-
1230 - Creek Street	-	183,682	-	-	-	-	-	183,682	-	-	-	-	-
1231 - Arthur Street	-	86,815	-	-	-	-	-	86,815	-	-	-	-	-
1234 - Rotary Centennial Park Drive	-	50,261	-	-	-	-	-	50,261	-	-	-	-	-
1235 - Division Street	-	548,304	-	-	-	-	-	-	548,304	-	-	-	-
1236 - Division Street	-	182,768	-	-	-	-	-	-	-	182,768	-	-	-
1237 - Division Street	-	91,384	-	-	-	-	-	-	-	91,384	-	-	-
1238 - Division Street	-	183,377	-	-	-	-	-	-	-	183,377	-	-	-
1241 - King Street West	-	487,382	-	-	-	-	-	-	-	-	487,382	-	-
1242 - King Street East	-	268,060	-	-	-	-	-	-	-	-	-	268,060	-
1243 - King Street East	-	268,060	-	-	-	-	-	-	-	-	-	268,060	-
1244 - King Street East	-	194,953	-	-	-	-	-	-	-	-	-	194,953	-
212 - Water Treatment Plant	-	518,330	259,165	259,165	-	-	-	-	-	-	-	-	-
2386 - Generator w Fence	-	76,298	-	76,298	-	-	-	-	-	-	-	-	-
462 - Electrical System	-	18,277	18,277	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	848,575	4,985,580	566,503	624,524	289,061	169,061	754,833	320,758	548,304	457,529	523,936	731,073	



Table A-2
Township of Cramahe
Water Capital Budget Forecast and Recommended Capital Financing (inflated \$)

Description	Budget 2026	Total	Forecast										
			2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Capital Expenditures													
ENV-06-23 CAPITAL UPGRADES TO SYSTEM-SCADA	191,126	-	-	-	-	-	-	-	-	-	-	-	-
ENV-03-24 CAPITAL UPGRADES TO BUILDINGS	500,949	-	-	-	-	-	-	-	-	-	-	-	-
ENV-01-26 WATER METER UPGRADES	120,000	391,000	125,000	130,000	136,000	-	-	-	-	-	-	-	-
PRV REPLACEMENT - ELGIN & PARK	25,000	-	-	-	-	-	-	-	-	-	-	-	-
Equipment	11,500	-	-	-	-	-	-	-	-	-	-	-	-
1298 - Hydrants	-	749,000	176,000	183,000	191,000	199,000	-	-	-	-	-	-	-
2385 - SCADA	-	53,000	-	-	-	-	-	-	-	-	-	53,000	-
1214 - Streamside Drive	-	157,000	-	-	-	-	157,000	-	-	-	-	-	-
1218 - Parliament Street	-	768,000	-	-	-	-	768,000	-	-	-	-	-	-
1230 - Creek Street	-	234,000	-	-	-	-	-	234,000	-	-	-	-	-
1231 - Arthur Street	-	111,000	-	-	-	-	-	111,000	-	-	-	-	-
1234 - Rotary Centennial Park Drive	-	64,000	-	-	-	-	-	64,000	-	-	-	-	-
1235 - Division Street	-	729,000	-	-	-	-	-	-	729,000	-	-	-	-
1236 - Division Street	-	253,000	-	-	-	-	-	-	-	253,000	-	-	-
1237 - Division Street	-	126,000	-	-	-	-	-	-	-	-	126,000	-	-
1238 - Division Street	-	254,000	-	-	-	-	-	-	-	-	254,000	-	-
1241 - King Street West	-	702,000	-	-	-	-	-	-	-	-	-	702,000	-
1242 - King Street East	-	402,000	-	-	-	-	-	-	-	-	-	-	402,000
1243 - King Street East	-	402,000	-	-	-	-	-	-	-	-	-	-	402,000
1244 - King Street East	-	293,000	-	-	-	-	-	-	-	-	-	-	293,000
212 - Water Treatment Plant	-	551,000	270,000	281,000	-	-	-	-	-	-	-	-	-
2386 - Generator w Fence	-	83,000	-	83,000	-	-	-	-	-	-	-	-	-
462 - Electrical System	-	19,000	19,000	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	848,575	6,341,000	590,000	677,000	327,000	199,000	925,000	409,000	729,000	633,000	755,000	1,097,000	
Capital Financing													
Water Reserve Fund	848,575	6,341,000	590,000	677,000	327,000	199,000	925,000	409,000	729,000	633,000	755,000	1,097,000	
Total Capital Financing	848,575	6,341,000	590,000	677,000	327,000	199,000	925,000	409,000	729,000	633,000	755,000	1,097,000	



Table A-3
Township of Cramahe
Water Reserve Fund Continuity (inflated \$)

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Opening Balance	2,608,912	1,380,446	1,173,979	896,176	992,285	1,250,429	800,617	899,413	704,560	638,175	480,841
Transfer from Operating	316,212	360,514	381,625	403,653	432,625	459,490	490,160	520,333	554,102	588,238	623,965
Transfer from Wastewater Reserve	-	-	-	-	-	-	-	-	-	-	543,171
Transfer to Capital	848,575	590,000	677,000	327,000	199,000	925,000	409,000	729,000	633,000	755,000	1,097,000
Transfer to Wastewater Reserve	723,171	-	-	-	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	1,353,378	1,150,960	878,604	972,829	1,225,911	784,919	881,777	690,745	625,662	471,413	550,976
Interest	27,068	23,019	17,572	19,457	24,518	15,698	17,636	13,815	12,513	9,428	11,020



Table A-4
Township of Cramahe
Operating Budget Forecast – Water (inflated \$)

Description	Budget	Forecast									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Expenditures											
<u>Operating Costs</u>											
SOURCE WATER PROTECTIONS	7,000	7,100	7,200	7,300	7,400	7,500	7,700	7,900	8,100	8,300	8,500
AUDIT	7,000	7,100	7,200	7,300	7,400	7,500	7,700	7,900	8,100	8,300	8,500
INSURANCE	21,102	21,800	22,600	23,400	24,200	25,000	25,900	26,800	27,700	28,700	29,700
CONSULTANTS	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TELEPHONE	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
HYDRO	30,000	31,500	33,100	34,800	36,500	38,300	40,200	42,200	44,300	46,500	48,800
LINE MAINTENANCE	20,000	20,800	21,700	22,600	23,500	24,500	25,500	26,600	27,700	28,800	30,000
WATER MAIN BREAKS	40,000	41,700	43,400	45,200	47,100	49,100	51,100	53,200	55,400	57,700	60,100
EQUIPMENT MAINT./SERVICE	71,000	73,900	77,000	80,200	83,500	87,000	90,600	94,400	98,300	102,400	106,600
HYDRANTS MAINTENANCE	15,000	15,600	16,200	16,900	17,600	18,300	19,100	19,900	20,700	21,600	22,500
BUILDING MAINTENANCE	10,000	10,400	10,800	11,200	11,700	12,200	12,700	13,200	13,700	14,300	14,900
INSPECTIONS	45,000	46,900	48,800	50,800	52,900	55,100	57,400	59,800	62,300	64,900	67,600
OFFICE SUPPLIES	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TREATMENT CHEMICALS	20,000	22,000	24,200	26,600	29,300	32,200	35,400	39,000	42,900	47,200	52,000
ADMINISTRATION FEE	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900	6,000
METERS/SPOOLERS	15,000	15,300	15,600	15,900	16,200	16,500	16,800	17,100	17,400	17,700	18,100
SAMPLING	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300	9,500
FIRE HYDRANT PAINTING	10,500	10,700	10,900	11,100	11,300	11,500	11,700	11,900	12,100	12,300	12,500
OTHER EXPENSE	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
CONTRACTED OUT-WATER BILLING	368,224	384,800	402,100	420,200	439,100	458,900	479,600	501,200	523,800	547,400	572,000
Sub Total Operating	696,626	726,700	758,200	791,200	825,700	861,900	900,000	940,000	981,700	1,025,600	1,071,600
<u>Capital-Related</u>											
Transfer to Capital Reserve	316,212	360,514	381,625	403,653	432,625	459,490	490,160	520,333	554,102	588,238	623,965
Sub Total Capital Related	316,212	360,514	381,625	403,653	432,625	459,490	490,160	520,333	554,102	588,238	623,965
Total Expenditures	1,012,838	1,087,214	1,139,825	1,194,853	1,258,325	1,321,390	1,390,160	1,460,333	1,535,802	1,613,838	1,695,565
Revenues											
Base Charge	410,959	438,815	460,791	483,797	508,278	534,740	562,898	592,416	623,355	656,259	690,752
Connection Charge Revenue	14,379	22,463	23,394	24,364	30,448	31,711	34,860	36,305	39,800	41,450	43,168
Total Operating Revenue	425,338	461,278	484,185	508,161	538,727	566,450	597,758	628,721	663,155	697,708	733,920
Water Billing Recovery - Total	587,500	625,936	655,640	686,692	719,598	754,939	792,402	831,612	872,647	916,129	961,644



Table A-5
Township of Cramahe
Water Rate Forecast (inflated \$)

Description	2026		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	January to June	July to December										
Metered Customers												
Monthly Base Charge:												
15 mm	\$27.58	\$28.61	\$29.68	\$30.80	\$31.95	\$33.15	\$34.39	\$35.67	\$37.01	\$38.40	\$39.83	\$41.33
20 mm	\$27.58	\$28.61	\$29.68	\$30.80	\$31.95	\$33.15	\$34.39	\$35.67	\$37.01	\$38.40	\$39.83	\$41.33
25 mm	\$38.64	\$40.09	\$41.59	\$43.15	\$44.76	\$46.44	\$48.18	\$49.98	\$51.85	\$53.79	\$55.81	\$57.90
40 mm	\$49.67	\$51.53	\$53.46	\$55.46	\$57.54	\$59.69	\$61.93	\$64.25	\$66.65	\$69.15	\$71.74	\$74.43
50 mm	\$80.02	\$83.02	\$86.13	\$89.35	\$92.70	\$96.17	\$99.77	\$103.51	\$107.38	\$111.40	\$115.57	\$119.90
75 mm	\$303.54	\$314.91	\$326.70	\$338.93	\$351.63	\$364.79	\$378.45	\$392.63	\$407.33	\$422.58	\$438.41	\$454.83
100 mm	\$436.90	\$453.26	\$470.23	\$487.84	\$506.11	\$525.07	\$544.73	\$565.13	\$586.29	\$608.24	\$631.02	\$654.65
Percentage Increase		3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Volumetric Charge:												
Rate per m3	\$ 2.73	\$ 2.83	\$ 2.94	\$ 3.05	\$ 3.16	\$ 3.28	\$ 3.40	\$ 3.53	\$ 3.66	\$ 3.80	\$ 3.94	\$ 4.09
Percentage Increase		3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Unmetered Customers												
Residential Flat-Rate	\$136.67	\$141.79	\$147.10	\$152.61	\$158.32	\$164.25	\$170.40	\$176.78	\$183.40	\$190.27	\$197.39	\$204.79
Non Residential Flat-Rate	\$182.23	\$189.05	\$196.13	\$203.47	\$211.09	\$219.00	\$227.20	\$235.71	\$244.54	\$253.69	\$263.19	\$273.05
Percentage Increase		3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%