



Water Ontario Regulation 453/07 Financial Plan

Municipality of Trent Hills

Financial Plan #150-301A

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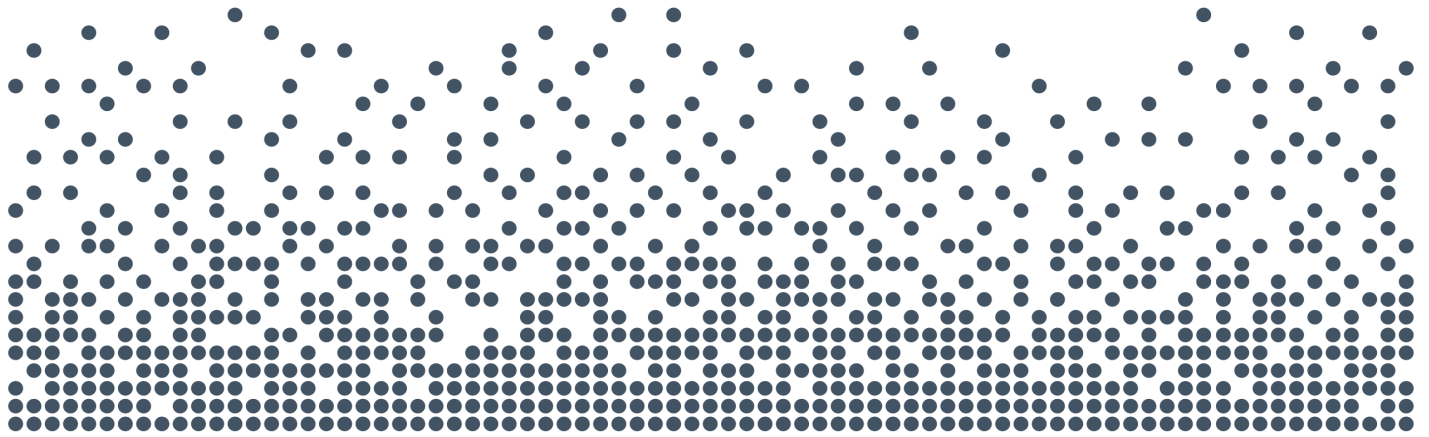
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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
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 Municipality of Trent Hills (Municipality) 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 Municipality's water system has been based on the Municipality's 2025 Water and Wastewater Rate Study completed by Watson.

The objective of the report provided herein is to convert the findings of the 2025 Water and Wastewater Rate Study into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation (O. Reg.) 453/07. The financial plan has been developed for the period starting in 2026, as the financial plan must begin in the year of licence expiry in accordance with O. Reg. 453/07. This Financial Plan will then form part of the submission for the Municipality's application to renew its Municipal Drinking Water Licence. The current licence expires June 23, 2026 therefore, the Municipality must submit their application for licence renewal by December 23, 2025.

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 Act 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)

As of time of writing, the *Sustainable Water and Sewage Systems Act, 2002* has been repealed (see Section 2.2 of this report) however, the standards that it directs underpin the specific requirements of s.30 as they are outlined in O. Reg. 453/07, and which 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 Municipality);
- 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 plan shall be for a forecast period of at least six years but longer planning horizons are encouraged. The 2026 to 2035 forecast included in this financial plan exceeds the legislative 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 in the course of review of the licence renewal. Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary. The financial plan must contain on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence.

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

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

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

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

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

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



Chapter 2

Sustainable Financial Planning



2. Sustainable Financial Planning

2.1 Introduction

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

- Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system to which they relate.
- Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.
- Principle #3: Revenues collected for the provision of water services should ultimately be used to meet the needs of those services.
- Principle #4: Life-cycle planning with mid-course corrections is preferable to planning over the short-term or not planning at all.
- Principle #5: An asset management plan is a key input to the development of a financial plan.
- Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
- Principle #7: Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.
- Principle #8: Financial plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.



Principle #9: Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

2.2 Water Opportunities, 2010

Since the passage of the *Safe Drinking Water Act, 2002*, 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 stormwater 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 preparation of joint or partially joint plans.

Regulations (still forthcoming) will prescribe details regarding 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 needed to have an asset management plan that addressed the related infrastructure by July 1, 2022 (Phase 1). O. Reg. 588/17 specifies that the Municipality's asset management plan must include the following for each asset category:

- the current levels of service being provided;



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

The Municipality completed an Asset Management Plan (A.M.P.) in 2024. The A.M.P. included a review of the Municipality's water infrastructure. The rate study has considered the impacts of funding the lifecycle requirements. The Municipality will need to continue to consider the impacts of funding the lifecycle requirements identified in the A.M.P. during the annual budget and forecast periods based on more detailed information on asset conditions as they approach their useful lives.

2.4 Water Forecast

The Municipality completed their financial planning through its 2025 Water and Wastewater Rate Study.

As a result of employing the rate study findings, the 10-year forecast from 2026 to 2035 provides the basis for a sound financial plan for the Municipality's water system by assessing:

- A detailed assessment of current and future capital needs including an analysis of potential funding sources (including lifecycle costs for assets anticipated to be replaced within the 10-year forecast);
- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs, including long-term lifecycle needs;



- A review and recommendation on rates that ensure revenues are equitable and sufficient to meet system needs; and
- A public process that involved consultation with the main stakeholders including the Municipal's staff, Council, the general public (specifically the users of the system) and others with the aim of gaining input and collaboration on the sustainability of the water systems.

The details of the financial plan arising from the 2026 to 2035 forecast, as per the 2025 rate study, are contained in Appendix A.



Chapter 3

Approach



3. Approach

3.1 Overview

The Municipality's 2025 Water and Wastewater Rate Study, along with additional detailed information provided by Municipal Staff, has been used as a starting point to prepare the Financial Plan for the municipal water system. The water forecast is prepared on a modified cash basis; therefore, a conversion is required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the Financial Plan for the municipal water system.

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 assets, an inventory has already been compiled and summarized by the Municipality as part of their annual P.S.A.B. 3150 compliance processes. As required, for P.S.A.B. 3150 reporting purposes, the asset inventory listing included historical cost (which is the original cost to purchase, develop, or construct each asset) along with an estimated



useful life for each asset 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 related capital needs have also been determined and summarized by Municipal staff. However, these estimates only represent future assets that the Municipality anticipates purchasing or constructing. At present, the Municipality does not anticipate any assets will be contributed by developers and other parties (at no or partial cost to the Municipality). 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
		Debits	Credits		
Revenues					Revenues
Base Charge Revenue	1,366,463			1,366,463	Base Charge Revenue
Rate Based Revenue	924,952			924,952	Rate Based Revenue
Transfers from Reserves	-	-			
Other Revenue	484,825		19,682	504,508	Other Revenue
Total Revenues	2,776,240			2,795,923	Total Revenues
Expenditures					Expenses
Operating	1,738,100	-		1,738,100	Operating Expenses
Capital					
Transfers to Reserves	651,549		651,549		
Debt Repayment (Principal & Interest)	386,592		325,065	61,527	Interest on Debt
		781,196		781,196	Amortization
Total Expenditures	2,776,240			2,580,823	Total Expenses
Net Expenditures	-			215,100	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			23,117,839	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	215,100	-	23,332,939	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		996,296	996,296		

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



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 PS1201.

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 Municipality 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 which reconciles the difference between the surplus or deficit from current operations and the change in net financial assets/debt for the year. This is significant, as net debt provides an indication of future revenue requirements. In order to complete the Statement of Net Financial Assets/Debt, 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
Statement of Financial Position – Water

Modified Cash Basis	Budget 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		Debits	Credits		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	1,163,473			1,163,473	Cash
Accounts Receivable	29,050			29,050	Accounts Receivable
Total Financial Assets	1,192,523			1,192,523	Total Financial Assets
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	188,763			188,763	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	2,164,169			2,164,169	Debt (Principal only)
Total Liabilities	2,352,932			2,352,932	Total Liabilities
Net Assets/(Debt)	(1,160,409)			(1,160,409)	Net Financial Assets/(Debt)
		24,493,348	-	24,493,348	Non-Financial Assets
					Tangible Capital Assets
				24,493,348	Total Non-Financial Assets
Municipal Position					
Water Reserves	1,003,760	1,003,760	-		
Amounts to be Recovered	(2,164,169)	-	2,164,169		
Total Municipal Position	(1,160,409)		23,332,939	23,332,939	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		25,497,108	25,497,108		

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



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 Municipality 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 are 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 Municipality's ledgers. 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:

Estimated 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 Municipality'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 2025 capital budget and forecast and adjusted for 2025 projected amortization.
- d) Contributed Assets – As noted earlier, contributed assets could represent a significant part of the Municipality's infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation may be required in order to adequately capture these assets. In the case where contributed assets are deemed to be insignificant or unknown, an assumption of “no contributed assets within the forecast period” will be made.
- e) Accumulated Surplus – The magnitude of the surplus in this area may precipitate the need for additional explanation especially in the first year of reporting. This Accumulated Surplus captures the historical infrastructure investment which has not been reported in the past but has accumulated to significant levels. It also includes all water reserve and reserve fund balances.
- f) Other Revenues – Will represent the recognition of revenues such as those from miscellaneous water charges and other minor miscellaneous revenues.



Chapter 4

Financial Plan



4. Financial Plan

4.1 Introduction

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

Similar tables and analysis for the Municipality's water financial plan are included in Appendix A.

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 Municipality'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 Municipality's water system will be in a net financial debt position of approximately \$1.16 million. The Municipality's net financial asset position is projected to increase to a net financial asset position of approximately \$6.82 million by the end of the forecast period.

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 PS3150 compliance and is significant from a financial planning perspective for the following reasons:

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



- Tangible capital assets such as water mains and treatment plants are imperative to water service delivery.
- 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 Municipality 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 Municipality's tangible capital assets are expected to increase by approximately \$424,000 over the forecast period. This indicates that the Municipality 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 that the ratio of expenses to revenues is projected to decrease over the forecast period from 92% in 2026 to 64% in 2035. As a result, annual surpluses are anticipated every year of the forecast period (2026 to 2035). It is important to note that an annual surplus is beneficial to ensure funding is available to non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments in the future.

Another important indicator in 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 illustrates an increase in



accumulated surplus of approximately \$8.62 million will be added to the opening accumulated surplus of approximately \$23.12 million over the forecast period. The existing accumulated surplus, as indicated in Table 4-2, is predominately made up of reserve balances as well as historical investments in tangible capital assets.

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 the years 2026 to 2035, the forecasted annual surplus is greater than the tangible capital asset acquisitions, resulting in increases in the net financial assets balance. This is due to additional funds being transferred to reserves to assist in funding future tangible capital asset replacements in the post-forecast period. This is further evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions fluctuating from 1.77 in 2026 to 1.90 in 2035, (note: a desirable ratio is 1:1 or better).

4.2.4 Statement of Cash Flow (Table 4-4)

The Statement of Cash Flow summarizes how the Municipality's water system is expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash- and accrual-based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e., tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Municipality's water system to increase from approximately \$1.05 million in the beginning of 2026 to a balance of approximately \$7.67 million by the end of 2035. 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
2026-2035

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Financial Assets											
Cash	1	1,163,473	618,950	1,334,934	1,506,501	1,144,532	2,009,920	2,758,847	3,805,264	5,602,237	7,673,598
Accounts Receivable	1	29,050	30,938	32,954	35,105	37,402	39,855	42,474	45,272	48,259	51,450
Total Financial Assets		1,192,523	649,888	1,367,888	1,541,606	1,181,934	2,049,775	2,801,321	3,850,536	5,650,496	7,725,048
Liabilities											
Bank Indebtedness		-	-	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	188,763	194,443	200,275	206,281	212,461	218,847	225,406	232,172	239,134	246,312
Debt (Principal only)	2	2,164,169	1,962,299	1,778,624	1,590,011	1,396,323	1,256,042	1,112,257	964,880	813,821	658,988
Total Liabilities		2,352,932	2,156,742	1,978,899	1,796,292	1,608,784	1,474,889	1,337,663	1,197,052	1,052,955	905,300
Net Financial Assets/(Debt)		(1,160,409)	(1,506,854)	(611,011)	(254,686)	(426,850)	574,886	1,463,658	2,653,484	4,597,541	6,819,748
Non-Financial Assets											
Tangible Capital Assets	4	24,493,348	25,141,785	24,675,985	24,886,314	25,758,883	25,610,070	25,758,140	25,796,974	25,335,112	24,917,339
Total Non-Financial Assets		24,493,348	25,141,785	24,675,985	24,886,314	25,758,883	25,610,070	25,758,140	25,796,974	25,335,112	24,917,339
Accumulated Surplus/(Deficit)	5	23,332,939	23,634,931	24,064,974	24,631,628	25,332,033	26,184,956	27,221,798	28,450,458	29,932,653	31,737,087
Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Increase/(Decrease) in Net Financial Assets	8,412,453	432,296	(346,445)	895,843	356,325	(172,164)	1,001,736	888,772	1,189,826	1,944,057	2,222,207
2) Increase/(Decrease) in Tangible Capital Assets	206,795	(217,196)	648,437	(465,800)	210,329	872,569	(148,813)	148,070	38,834	(461,862)	(417,773)
3) Increase/(Decrease) in Accumulated Surplus	8,619,248	215,100	301,992	430,043	566,654	700,405	852,923	1,036,842	1,228,660	1,482,195	1,804,434



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2035

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Water Revenue											
Base Charge Revenue		1,366,463	1,455,077	1,549,073	1,648,764	1,754,481	1,866,575	1,985,415	2,111,392	2,244,920	2,386,433
Rate Based Revenue		924,952	1,002,255	1,085,906	1,176,375	1,274,268	1,380,214	1,494,791	1,618,726	1,752,764	1,897,741
Other Revenue	6	504,508	508,290	537,267	555,949	564,676	597,955	629,470	667,320	720,403	779,389
Total Revenues		2,795,923	2,965,622	3,172,246	3,381,088	3,593,425	3,844,744	4,109,676	4,397,438	4,718,087	5,063,563
Water Expenses											
Operating Expenses	Sch. 4-1	1,738,100	1,790,400	1,844,100	1,899,400	1,956,300	2,015,100	2,075,500	2,137,800	2,201,900	2,268,000
Interest on Debt	2	61,527	52,667	47,303	42,363	37,289	32,908	29,404	25,812	22,130	18,356
Amortization	4	781,196	820,563	850,800	872,671	899,431	943,813	967,930	1,005,166	1,011,862	972,773
Total Expenses		2,580,823	2,663,630	2,742,203	2,814,434	2,893,020	2,991,821	3,072,834	3,168,778	3,235,892	3,259,129
Annual Surplus/(Deficit)		215,100	301,992	430,043	566,654	700,405	852,923	1,036,842	1,228,660	1,482,195	1,804,434
Accumulated Surplus/(Deficit), beginning of year	5	23,117,839	23,332,939	23,634,931	24,064,974	24,631,628	25,332,033	26,184,956	27,221,798	28,450,458	29,932,653
Accumulated Surplus/(Deficit), end of year		23,332,939	23,634,931	24,064,974	24,631,628	25,332,033	26,184,956	27,221,798	28,450,458	29,932,653	31,737,087
Note 5:											
Accumulated Surplus/(Deficit) Reconciliation:		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserve Balances											
Reserves: Capital/Other		1,003,760	455,445	1,167,613	1,335,325	969,473	1,830,928	2,575,915	3,618,364	5,411,362	7,478,736
Total Reserves Balance		1,003,760	455,445	1,167,613	1,335,325	969,473	1,830,928	2,575,915	3,618,364	5,411,362	7,478,736
Less: Debt Obligations and Deferred Revenue		(2,164,169)	(1,962,299)	(1,778,624)	(1,590,011)	(1,396,323)	(1,256,042)	(1,112,257)	(964,880)	(813,821)	(658,988)
Add: Tangible Capital Assets	4	24,493,348	25,141,785	24,675,985	24,886,314	25,758,883	25,610,070	25,758,140	25,796,974	25,335,112	24,917,339
Total Ending Balance		23,332,939	23,634,931	24,064,974	24,631,628	25,332,033	26,184,956	27,221,798	28,450,458	29,932,653	31,737,087
Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Expense to Revenue Ratio		92%	90%	86%	83%	81%	78%	75%	72%	69%	64%
2) Increase/(Decrease) in Accumulated Surplus	8,619,248	215,100	301,992	430,043	566,654	700,405	852,923	1,036,842	1,228,660	1,482,195	1,804,434



Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2035

	Forecast									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operating Expenses										
Wages & Benefits	848,800	874,300	900,500	927,500	955,300	984,000	1,013,500	1,043,900	1,075,200	1,107,500
Materials & Supplies	342,500	352,800	363,400	374,300	385,500	397,100	409,000	421,300	433,900	446,900
Contracted Services	538,400	554,600	571,200	588,300	605,900	624,100	642,800	662,100	682,000	702,500
Financial-General	8,400	8,700	9,000	9,300	9,600	9,900	10,200	10,500	10,800	11,100
TOTAL OPERATING EXPENSES	1,738,100	1,790,400	1,844,100	1,899,400	1,956,300	2,015,100	2,075,500	2,137,800	2,201,900	2,268,000

Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2035

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Annual Surplus/(Deficit)		215,100	301,992	430,043	566,654	700,405	852,923	1,036,842	1,228,660	1,482,195	1,804,434
Less: Acquisition of Tangible Capital Assets	4	(564,000)	(1,469,000)	(385,000)	(1,083,000)	(1,772,000)	(795,000)	(1,116,000)	(1,044,000)	(550,000)	(555,000)
Add: Amortization of Tangible Capital Assets	4	781,196	820,563	850,800	872,671	899,431	943,813	967,930	1,005,166	1,011,862	972,773
Sub-Total		217,196	(648,437)	465,800	(210,329)	(872,569)	148,813	(148,070)	(38,834)	461,862	417,773
Less: Acquisition of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Add: Consumption of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Sub-Total		-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		432,296	(346,445)	895,843	356,325	(172,164)	1,001,736	888,772	1,189,826	1,944,057	2,222,207
Net Financial Assets/(Net Debt), beginning of year		(1,592,705)	(1,160,409)	(1,506,854)	(611,011)	(254,686)	(426,850)	574,886	1,463,658	2,653,484	4,597,541
Net Financial Assets/(Net Debt), end of year		(1,160,409)	(1,506,854)	(611,011)	(254,686)	(426,850)	574,886	1,463,658	2,653,484	4,597,541	6,819,748
Financial Indicators		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Acquisition of Tangible Capital Assets (Cumulative)		564,000	2,033,000	2,418,000	3,501,000	5,273,000	6,068,000	7,184,000	8,228,000	8,778,000	9,333,000
2) Annual Surplus/Deficit before Amortization (Cumulative)		996,296	2,118,851	3,399,694	4,839,019	6,438,855	8,235,591	10,240,363	12,474,189	14,968,246	17,745,453
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		1.77	1.04	1.41	1.38	1.22	1.36	1.43	1.52	1.71	1.90

es



Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2035

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operating Transactions											
Annual Surplus/Deficit		215,100	301,992	430,043	566,654	700,405	852,923	1,036,842	1,228,660	1,482,195	1,804,434
Add: Amortization of TCA's	4	781,196	820,563	850,800	872,671	899,431	943,813	967,930	1,005,166	1,011,862	972,773
Less: Earned Deferred Revenue	3	-	-	-	-	-	-	-	-	-	-
Change in A/R (Increase)/Decrease		(1,769)	(1,888)	(2,017)	(2,151)	(2,297)	(2,453)	(2,619)	(2,798)	(2,987)	(3,191)
Change in A/P Increase/(Decrease)		5,487	5,681	5,832	6,006	6,180	6,386	6,559	6,766	6,962	7,178
Less: Interest Proceeds		(19,682)	(8,930)	(22,894)	(26,183)	(19,009)	(35,901)	(50,508)	(70,948)	(106,105)	(146,642)
Cash Provided by Operating Transactions		980,332	1,117,418	1,261,764	1,416,998	1,584,710	1,764,768	1,958,204	2,166,846	2,391,927	2,634,552
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(564,000)	(1,469,000)	(385,000)	(1,083,000)	(1,772,000)	(795,000)	(1,116,000)	(1,044,000)	(550,000)	(555,000)
Cash Applied to Capital Transactions		(564,000)	(1,469,000)	(385,000)	(1,083,000)	(1,772,000)	(795,000)	(1,116,000)	(1,044,000)	(550,000)	(555,000)
Investing Transactions											
Proceeds from Investments		19,682	8,930	22,894	26,183	19,009	35,901	50,508	70,948	106,105	146,642
Cash Provided by (applied to) Investing Transactions		19,682	8,930	22,894	26,183	19,009	35,901	50,508	70,948	106,105	146,642
Financing Transactions											
Less: Debt Repayment (Principal only)	2	(325,065)	(201,871)	(183,674)	(188,614)	(193,688)	(140,281)	(143,785)	(147,377)	(151,059)	(154,833)
Cash Applied to Financing Transactions		(325,065)	(201,871)	(183,674)	(188,614)	(193,688)	(140,281)	(143,785)	(147,377)	(151,059)	(154,833)
Increase in Cash and Cash Equivalents		110,949	(544,523)	715,984	171,567	(361,969)	865,388	748,927	1,046,417	1,796,973	2,071,361
Cash and Cash Equivalents, beginning of year	1	1,052,524	1,163,473	618,950	1,334,934	1,506,501	1,144,532	2,009,920	2,758,847	3,805,264	5,602,237
Cash and Cash Equivalents, end of year	1	1,163,473	618,950	1,334,934	1,506,501	1,144,532	2,009,920	2,758,847	3,805,264	5,602,237	7,673,598



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 a 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. Change in cash and cash equivalents during the year.
- D. Cash and cash equivalents at the beginning and end of the year.

In order to show a balanced financial plan in a full accrual format for the Municipality, some of the items listed above have been estimated given that the Municipality 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:

Estimated Ending Reserve/Reserve Fund Balance

Plus: Ending Accounts Payable Balance

Less: Ending Accounts Receivable Balance

Equals: Approximate Ending Cash Balance

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

- a) Receivables: Based on historical levels of water and wastewater receivables as a percentage of annual water and wastewater revenue earned (as per data provided by municipal staff and the 2022, 2023, and 2024 Financial Information Returns); and
- b) Payables: Based on historical levels of municipal-wide payables as a percentage of annual municipal-wide expenses incurred (as per the 2021, 2022, and 2023 Financial Information Returns).

2. Debt

The Municipality has outstanding water related debt of approximately \$2.49 million at the start of 2026. It is not anticipated that the Municipality will issue any new debt throughout the forecast period, based on the anticipated capital forecast needs.



Principal repayments over the forecast period, related to the existing debt, are provided in Schedule A, as follows:

Schedule A
Anticipated Debenture Principal Payments

Year	Principal Payments
2026	\$325,065
2027	\$201,871
2028	\$183,674
2029	\$188,614
2030	\$193,688
2031	\$140,281
2032	\$143,785
2033	\$147,377
2034	\$151,059
2035	\$154,833
Total	\$1,830,247

3. Deferred Revenue

Deferred revenue is typically made up of water development charge reserve fund balances and/or Canada Community Benefit Fund (i.e., Gas Tax) revenues 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 Municipality does not impose development charges currently, nor do they utilize the Canada Community Benefit Fund for water services.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - i. Land;
 - ii. Facilities;
 - iii. Watermains;
 - iv. Machinery and Equipment;
 - v. Vehicles; and
 - vi. Technology and communications.
- Amortization is calculated based on the straight-line approach starting in the year after the acquisition or construction.



- 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 are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- Residual value is assumed to be \$0 for all assets contained within the forecast period.
- Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant/unknown during the forecast period and are therefore assumed to be \$0.
- There is no known lead service piping in the municipal water system.

The balance of tangible capital assets is summarized in Schedule B.



Schedule B
Tangible Capital Asset Annual Balances

Asset Historical Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Tangible Capital Asset Balance	41,724,462	42,058,550	43,403,188	43,652,164	44,503,645	45,863,038	46,477,124	47,318,182	47,921,221	48,278,468
Acquisitions	564,000	1,469,000	385,000	1,083,000	1,772,000	795,000	1,116,000	1,044,000	550,000	555,000
Disposals	229,912	124,362	136,024	231,519	412,607	180,914	274,942	440,961	192,753	298,183
Closing Tangible Capital Asset Balance	42,058,550	43,403,188	43,652,164	44,503,645	45,863,038	46,477,124	47,318,182	47,921,221	48,278,468	48,535,285
Opening Accumulated Amortization	17,013,918	17,565,202	18,261,403	18,976,179	19,617,331	20,104,155	20,867,054	21,560,042	22,124,247	22,943,356
Amortization Expense	781,196	820,563	850,800	872,671	899,431	943,813	967,930	1,005,166	1,011,862	972,773
Amortization on Disposal	229,912	124,362	136,024	231,519	412,607	180,914	274,942	440,961	192,753	298,183
Ending Accumulated Amortization	17,565,202	18,261,403	18,976,179	19,617,331	20,104,155	20,867,054	21,560,042	22,124,247	22,943,356	23,617,946
Net Book Value	24,493,348	25,141,785	24,675,985	24,886,314	25,758,883	25,610,070	25,758,140	25,796,974	25,335,112	24,917,339



5. Accumulated Surplus

Opening accumulated surplus for the forecast period is reconciled and provided in Schedule C. The accumulated surplus reconciliation for all years within the forecast period is contained in Table 4-2.

Schedule C
Tangible Capital Asset Annual Balances

Water	2026 Opening Accumulated Surplus
Reserve Balances	
Reserves: Capital/Other	896,529
Total Reserves Balance	\$896,529
Less: Debt Obligations and Deferred Revenue	(2,489,234)
Add: Tangible Capital Assets	24,710,544
Total Opening Balance	\$23,117,839

6. Other Revenue

Other revenue consists of miscellaneous revenues including bulk water sales, hydrant rentals, sale of water meters, connection charges, connection/disconnection fees, late payment fess, and other minor miscellaneous revenues.



Chapter 5

Process for Financial Plan Approval and Submission to the Province



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

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

1. The financial plan must be approved by resolution of Council of the municipality who owns the drinking water system or the governing body of the owner. (O. Reg. 453/07, 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 and without 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, 2002*. (S.D.W.A. section 32 (5) 2. ii.).



Chapter 6

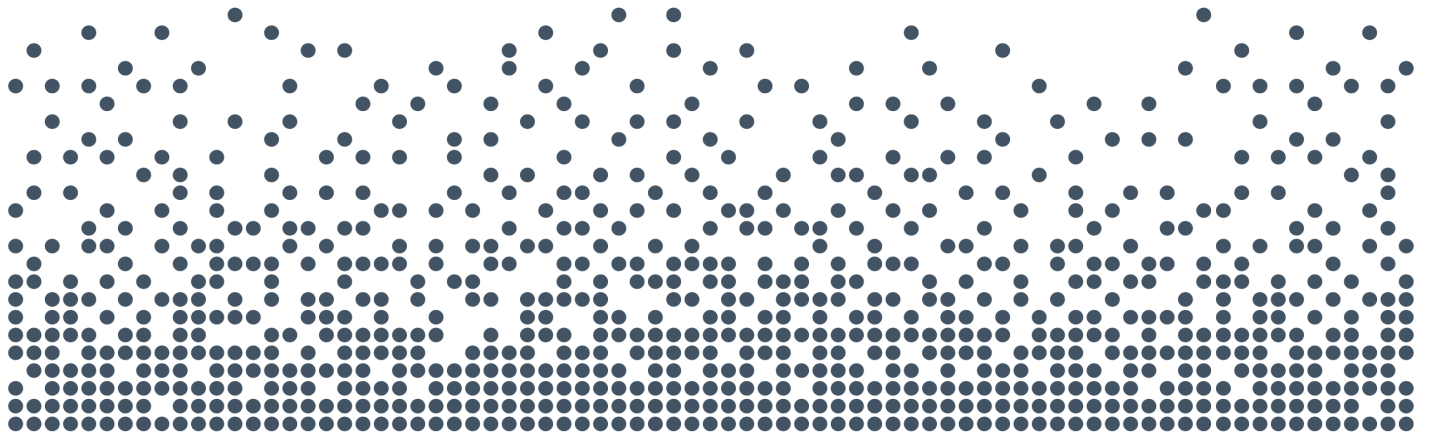
Recommendations



6. Recommendations

This report presents the water financial plan for the Municipality 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 Municipality's operating and capital budgets. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations, and it is recommended that:

1. The Municipality of Trent Hills Water Financial Plan prepared by Watson & Associates Economists Ltd. dated September 17, 2025, be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan, dated September 17, 2025, 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, 2002*. (S.D.W.A, Section 32 (5) 2 ii)).



Appendices



Appendix A

2026 to 2035 Forecast



Table A-1
Municipality of Trent Hills
Water Services
Capital Budget Forecast (Inflated \$)

Description	Total	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures											
Campbellford											
General Capital	26,000	26,000	-	-	-	-	-	-	-	-	-
Citywide MMS	62,000	62,000	-	-	-	-	-	-	-	-	-
Equipment Purchases	271,000	21,000	22,000	23,000	24,000	26,000	27,000	29,000	31,000	33,000	35,000
GAC Replacement	461,000	-	-	-	214,000	-	-	-	247,000	-	-
Filter Underdrain Replacement	-	-	-	-	-	-	-	-	-	-	-
PLC Upgrades	151,000	-	-	-	-	-	-	-	151,000	-	-
Saskatoon Avenue - Lower Water main in Front of Firehall	-	-	-	-	-	-	-	-	-	-	-
Clarifier Upgrades	767,000	-	-	-	-	767,000	-	-	-	-	-
Waste Pumps	32,000	-	-	-	32,000	-	-	-	-	-	-
Chlorinators	37,000	-	-	-	-	-	-	37,000	-	-	-
Low Lift Pumps	-	-	-	-	-	-	-	-	-	-	-
VFD Replacements on Lowlift Pumps	27,000	-	-	-	-	-	27,000	-	-	-	-
SCADA Upgrades	86,000	-	-	-	-	38,000	-	-	-	-	48,000
Water Meter Replacements	590,000	52,000	53,000	55,000	56,000	58,000	60,000	61,000	63,000	65,000	67,000
Singer Valve Main Kits	-	-	-	-	-	-	-	-	-	-	-
Valve/Actuator Replacements	107,000	-	-	-	-	-	33,000	36,000	38,000	-	-
Truck replacement	159,000	77,000	-	82,000	-	-	-	-	-	-	-
Church St. Watermain	424,000	-	-	-	424,000	-	-	-	-	-	-
River Crossing behind Ultramar	637,000	-	637,000	-	-	-	-	-	-	-	-
Ranney St. from Bridge to River	310,000	-	-	-	-	-	310,000	-	-	-	-
Pellesier, Inkerman and Balacava Watermain Replacemen	515,000	-	515,000	-	-	-	-	-	-	-	-
Booth St. and Cromwell St. Watermain Replacement	571,000	-	-	-	-	-	-	571,000	-	-	-
Elmore St. - First St to Second St.	311,000	-	-	-	-	-	-	-	-	311,000	-
Wallace St. watermain Replacement	204,000	-	-	-	-	-	-	-	-	-	204,000
Kent St. Watermain -	424,000	-	-	-	-	424,000	-	-	-	-	-
Steelcrest Watermain	237,000	-	-	-	-	-	-	-	237,000	-	-
Circle Dr. Watermain	191,000	-	-	-	-	-	191,000	-	-	-	-
Tanner Subdivision	602,000	153,000	142,000	149,000	158,000	-	-	-	-	-	-
Hastings											
General Capital	271,000	21,000	22,000	23,000	24,000	26,000	27,000	29,000	31,000	33,000	35,000
Equipment Purchases	97,000	26,000	-	-	-	31,000	-	-	-	-	40,000
SCADA Upgrades	49,000	-	-	-	-	21,000	-	-	-	-	28,000
WTP Equipment Upgrades - General	88,000	-	16,000	-	-	-	33,000	-	-	39,000	-
GAC Replacement	215,000	-	-	-	96,000	-	-	-	119,000	-	-
PLC Upgrades	-	-	-	-	-	-	-	-	-	-	-
Clyde St. Watermain Upgrades	256,000	-	-	-	-	256,000	-	-	-	-	-
Nelsen St. Watermain Upgrades	143,000	-	-	-	-	-	-	143,000	-	-	-
Watermeter Replacements	176,000	15,000	16,000	16,000	17,000	17,000	18,000	18,000	19,000	20,000	20,000
Valve/Actuator Replacements	74,000	-	-	-	-	-	-	36,000	38,000	-	-



Table A-1, Continued
Municipality of Trent Hills
Water Services
Capital Budget Forecast (Inflated \$)

Description	Total	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Warkworth	-	-	-	-	-	-	-	-	-	-	-
SCADA Upgrades	46,000	-	-	-	-	20,000	-	-	-	-	26,000
General Capital	271,000	21,000	22,000	23,000	24,000	26,000	27,000	29,000	31,000	33,000	35,000
WTP Equipment Replacement	11,000	-	11,000	-	-	-	-	-	-	-	-
Booster Station PLC Upgrade	-	-	-	-	-	-	-	-	-	-	-
PLC Upgrades Plant	-	-	-	-	-	-	-	-	-	-	-
Lowlift Pump Replacement	22,000	-	-	-	-	22,000	-	-	-	-	-
GAC Replacement	-	-	-	-	-	-	-	-	-	-	-
Highlift Pump Replacements	83,000	-	-	-	-	26,000	27,000	30,000	-	-	-
Valve/Actuator Replacements	44,000	-	-	-	-	-	-	21,000	23,000	-	-
Facility Upgrades - Roof, lab	61,000	-	-	-	-	-	-	61,000	-	-	-
Watermeter Replacements	147,000	13,000	13,000	14,000	14,000	14,000	15,000	15,000	16,000	16,000	17,000
Truck Replacement	77,000	77,000	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	9,333,000	564,000	1,469,000	385,000	1,083,000	1,772,000	795,000	1,116,000	1,044,000	550,000	555,000
Capital Financing											
Provincial/Federal Grants	-	-	-	-	-	-	-	-	-	-	-
Connection Charges Reserve Fund	812,037	-	615,829	-	-	196,208	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Water Reserve	8,520,963	564,000	853,171	385,000	1,083,000	1,575,792	795,000	1,116,000	1,044,000	550,000	555,000
Total Capital Financing	9,333,000	564,000	1,469,000	385,000	1,083,000	1,772,000	795,000	1,116,000	1,044,000	550,000	555,000



Table A-2
Municipality of the Trent Hills
Water Services
Water Reserve Fund Continuity (Inflated \$)

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	259,437	148,676	-	485,319	415,120	-	604,146	1,079,530	1,839,630	3,337,058
Transfer from Operating	450,324	704,495	860,803	1,004,661	1,160,672	1,387,300	1,570,217	1,768,029	1,981,995	2,213,185
Transfer to Capital	564,000	853,171	385,000	1,083,000	1,575,792	795,000	1,116,000	1,044,000	550,000	555,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
Closing Balance	145,761	-	475,803	406,980	-	592,300	1,058,363	1,803,559	3,271,625	4,995,243
Interest	2,915	-	9,516	8,140	-	11,846	21,167	36,071	65,433	99,905

Table A-3
Municipality of Trent Hills
Water Services
Water Connection Charges Reserve Fund Continuity (Inflated \$)

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	637,092	855,083	455,445	682,295	920,206	969,475	1,226,783	1,496,386	1,778,736	2,074,307
Connection Charge Proceeds	201,225	207,261	213,471	219,868	226,467	233,254	240,262	247,472	254,898	262,547
Transfer to Capital	-	615,829	-	-	196,208	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
Closing Balance	838,317	446,515	668,917	902,163	950,466	1,202,729	1,467,045	1,743,859	2,033,634	2,336,853
Interest	16,766	8,930	13,378	18,043	19,009	24,055	29,341	34,877	40,673	46,737
Required from Connection Charges	-	-	-	-	-	-	-	-	-	-



Table A-4
Municipality of Trent Hills
Water Services
Operating Budget Forecast (Inflated \$)

Description	Budget 2025		Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Expenditures												
Operating Costs												
Wages & Benefits	824,126		848,800	874,300	900,500	927,500	955,300	984,000	1,013,500	1,043,900	1,075,200	1,107,500
Materials & Supplies	332,547		342,500	352,800	363,400	374,300	385,500	397,100	409,000	421,300	433,900	446,900
Contracted Services	522,703		538,400	554,600	571,200	588,300	605,900	624,100	642,800	662,100	682,000	702,500
Financial-General	8,200		8,400	8,700	9,000	9,300	9,600	9,900	10,200	10,500	10,800	11,100
Sub Total Operating	1,687,576		1,738,100	1,790,400	1,844,100	1,899,400	1,956,300	2,015,100	2,075,500	2,137,800	2,201,900	2,268,000
Capital-Related												
Existing Debt (Principal) - Growth Related												
Existing Debt (Interest) - Growth Related												
New Growth Related Debt (Principal)			-	-	-	-	-	-	-	-	-	-
New Growth Related Debt (Interest)			-	-	-	-	-	-	-	-	-	-
Existing Debt (Principal) - Non-Growth Related	315,815		325,065	201,871	183,674	188,614	193,688	140,281	143,785	147,377	151,059	154,833
Existing Debt (Interest) - Non-Growth Related	70,777		61,527	52,667	47,303	42,363	37,289	32,908	29,404	25,812	22,130	18,356
New Non-Growth Related Debt (Principal)			-	-	-	-	-	-	-	-	-	-
New Non-Growth Related Debt (Interest)			-	-	-	-	-	-	-	-	-	-
Transfer to Capital	-		-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	337,659		450,324	704,495	860,803	1,004,661	1,160,672	1,387,300	1,570,217	1,768,029	1,981,995	2,213,185
Transfer to Connection Charge Reserve Fund	195,369		201,225	207,261	213,471	219,868	226,467	233,254	240,262	247,472	254,898	262,547
Sub Total Capital Related	919,621	-	1,038,141	1,166,294	1,305,251	1,455,507	1,618,117	1,793,742	1,983,668	2,188,690	2,410,082	2,648,921
Total Expenditures	2,607,197		2,776,241	2,956,694	3,149,351	3,354,907	3,574,417	3,808,842	4,059,168	4,326,490	4,611,982	4,916,921
Revenues												
Base Charge	1,282,934		1,366,463	1,455,077	1,549,073	1,648,764	1,754,481	1,866,575	1,985,415	2,111,392	2,244,920	2,386,433
Fees & Charges	275,350		283,600	292,100	300,900	309,900	319,200	328,800	338,700	348,900	359,400	370,200
Connection Charges	195,369		201,225	207,261	213,471	219,868	226,467	233,254	240,262	247,472	254,898	262,547
Contributions from Development Charges Reserve Fund	-		-	-	-	-	-	-	-	-	-	-
Contributions from Reserves / Reserve Funds	-		-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	1,753,653		1,851,288	1,954,439	2,063,444	2,178,532	2,300,148	2,428,628	2,564,377	2,707,765	2,859,218	3,019,180
Water Billing Recovery - Operating	853,543		924,952	1,002,255	1,085,906	1,176,375	1,274,268	1,380,214	1,494,791	1,618,726	1,752,764	1,897,741