



 **Watson
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ECONOMISTS LTD.

Water Ontario Regulation 453/07 Financial Plans

Township of Stirling-Rawdon

Financial Plan #160-301A

February 9, 2026

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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 Stirling-Rawdon (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 system has already been completed and documented in the "2026 Water and Wastewater Rate Study Township of Stirling-Rawdon" dated February 6, 2026 (2026 Rate Study).

The objective of the report provided herein is to convert the findings of the 2026 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;
- 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 2035 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 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 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 required is to 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 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 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 Township has completed an Asset Management Plan (A.M.P.) for water infrastructure. The Township will need to consider the impacts of funding the lifecycle requirements identified in the A.M.P. during the annual budget and forecast periods.

2.4 Water Forecast

The Township has already completed their financial planning through its 2026 Rate Study. The 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 ten-year forecasts contained in the 2026 Rate Study provide the basis for the financial plans for the Township's 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 plan arising from the 2026 Rate Study are contained in Appendix A.



Chapter 3

Approach



3. Approach

3.1 Overview

The 2026 Rate Study, along with additional detailed information provided by Township Staff, has been used as a starting point to prepare the water financial plan. 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 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 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	648,918			648,918	Base Charge Revenue
Rate Based Revenue	149,416			149,416	Rate Based Revenue
			60,934	60,934	Earned Development Charges, Gas Tax and Canada Community Building Fund Revenue
Other Revenue	-		103,705	103,705	Other Revenue
Total Revenues	798,334			962,973	Total Revenues
Expenditures					Expenses
Operating	698,700	-		698,700	Operating Expenses
Capital					
Transfers to Reserves	75,825		75,825		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	23,809		10,044	13,765	Interest on Debt
		62,921		62,921	Amortization
Total Expenditures	798,334			775,386	Total Expenses
Net Expenditures	-			187,587	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			1,696,085	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	187,587	-	1,883,672	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		250,508	250,508		

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 Township 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. Ontario Regulation 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 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
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			-	Cash
Accounts Receivable	162,562			162,562	Accounts Receivable
Total Financial Assets	162,563			162,562	Total Financial Assets
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	136,392			136,392	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	1,510,627			1,510,627	Debt (Principal only)
Total Liabilities	1,673,190			1,673,189	Total Liabilities
Net Assets/(Debt)	(1,510,627)			(1,510,627)	Net Financial Assets/(Debt)
		3,394,299	-	3,394,299	Non-Financial Assets Tangible Capital Assets
				3,394,299	Total Non-Financial Assets
Municipal Position					
Water Reserves	-	-	-		
Amounts to be Recovered	(1,510,627)	-	1,510,627		
Total Municipal Position	(1,510,627)		1,883,673	1,883,672	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		3,394,299	3,394,299		

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 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 will be in a net financial debt position of approximately \$1.51 million. The financial plan forecasts the Township's water system to continue to be in a net debt position throughout the forecast period, due to the depletion of reserves and anticipated issuance of new debt to fund the capital program.

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 \$9.44 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 81% in 2026, which initially increases to 86% by 2027, before decreasing to 83% by 2035. As a result, annual surpluses ranging from approximately \$139,700 to approximately \$532,300 are anticipated every year. An annual surplus of approximately \$298,300 is anticipated by the end of 2035.

Deficits indicate that the Township is not currently contributing to water reserves at amounts equaling or exceeding amortization expenses each year. Amortization, which is a non-cash expense from a full accrual reporting standpoint, is included in operating expenses as shown in Table 4-2. 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 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 proposes to add approximately \$2.8 million to a 2026 accumulated surplus (at the beginning of the year) of approximately \$1.7 million over the forecast period. This accumulated surplus, as indicated in Table 4-2, is predominantly made up of reserve and reserve fund 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 doing so, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period.

Table 4-3 indicates that over the forecast period, the forecasted tangible capital asset acquisitions exceed the forecasted annual surplus, resulting in decreases in the net financial assets balance by the end of the forecast period. This is due to 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, initially increasing from 0.17 to 0.76 from 2026 to 2030 and then decreasing to 0.33 by the end of the forecast period (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 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 reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Township's water system to decrease from a surplus balance of \$11,760 at the beginning of 2026 to a deficit balance of approximately \$162,000 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	-	-	78,884	271,694	612,867	-	-	-	-	-
Accounts Receivable	1	162,562	181,982	197,870	216,066	236,605	247,240	265,450	287,954	314,160	340,870
Total Financial Assets		162,562	181,982	276,754	487,760	849,472	247,240	265,450	287,954	314,160	340,870
Liabilities											
Bank Indebtedness		26,170	6,815	-	-	-	84,728	101,610	119,254	140,462	161,999
Accounts Payable & Accrued Liabilities	1	136,392	141,487	145,743	150,096	154,566	162,511	163,839	168,699	173,697	178,870
Debt (Principal only)	2	1,510,627	1,463,186	1,411,572	1,357,681	1,301,414	2,061,911	3,516,496	5,173,716	6,733,516	8,344,191
Deferred Revenue	3	-	-	22,030	69,854	167,864	1	1	1	1	1
Total Liabilities		1,673,189	1,611,488	1,579,345	1,577,631	1,623,844	2,309,151	3,781,946	5,461,670	7,047,676	8,685,061
Net Financial Assets/(Debt)		(1,510,627)	(1,429,506)	(1,302,591)	(1,089,871)	(774,372)	(2,061,911)	(3,516,496)	(5,173,716)	(6,733,516)	(8,344,191)
Non-Financial Assets											
Tangible Capital Assets	4	3,394,299	3,452,918	3,537,881	3,609,656	3,524,494	5,344,332	7,174,877	9,051,059	10,929,541	12,838,563
Total Non-Financial Assets		3,394,299	3,452,918	3,537,881	3,609,656	3,524,494	5,344,332	7,174,877	9,051,059	10,929,541	12,838,563
Accumulated Surplus/(Deficit)	5	1,883,672	2,023,412	2,235,290	2,519,785	2,750,122	3,282,421	3,658,381	3,877,343	4,196,025	4,494,372
Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Increase/(Decrease) in Net Financial Assets	(8,032,056)	(1,198,492)	81,121	126,915	212,720	315,499	(1,287,539)	(1,454,585)	(1,657,220)	(1,559,800)	(1,610,675)
2) Increase/(Decrease) in Tangible Capital Assets	10,830,343	1,386,079	58,619	84,963	71,775	(85,162)	1,819,838	1,830,545	1,876,182	1,878,482	1,909,022
3) Increase/(Decrease) in Accumulated Surplus	2,798,287	187,587	139,740	211,878	284,495	230,337	532,299	375,960	218,962	318,682	298,347



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		648,918	705,300	768,921	842,092	924,814	968,161	1,016,011	1,069,408	1,129,486	1,195,044
Rate Based Revenue		149,416	162,165	176,420	192,609	210,752	219,632	229,343	240,072	252,022	264,978
Earned Development Charges	3	60,934	44,926	47,603	48,197	26,389	319,560	182,291	214,577	248,653	284,551
Other Revenue	6	103,705	107,149	111,098	115,972	5,218	-	-	-	-	-
Total Revenues		962,973	1,019,540	1,104,042	1,198,870	1,167,173	1,507,353	1,427,645	1,524,057	1,630,161	1,744,573
Water Expenses											
Operating Expenses	Sch. 4-1	698,700	724,800	746,600	768,900	791,800	832,500	839,300	995,200	889,800	916,300
Interest on Debt	2	13,765	66,619	64,527	62,250	59,874	57,392	90,930	155,077	228,161	296,948
Amortization	4	62,921	88,381	81,037	83,225	85,162	85,162	121,455	154,818	193,518	232,978
Total Expenses		775,386	879,800	892,164	914,375	936,836	975,054	1,051,685	1,305,095	1,311,479	1,446,226
Annual Surplus/(Deficit)		187,587	139,740	211,878	284,495	230,337	532,299	375,960	218,962	318,682	298,347
Accumulated Surplus/(Deficit), beginning of year	5	1,696,085	1,883,672	2,023,412	2,235,290	2,519,785	2,750,122	3,282,421	3,658,381	3,877,343	4,196,025
Accumulated Surplus/(Deficit), end of year		1,883,672	2,023,412	2,235,290	2,519,785	2,750,122	3,282,421	3,658,381	3,877,343	4,196,025	4,494,372
Note 5:											
Accumulated Surplus/(Deficit) Reconciliation:		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserve Balances											
Reserves: Development Charges		-	-	22,030	69,854	167,864	1	1	1	1	1
Reserves: Capital/Other		-	33,680	108,981	267,810	527,042	-	-	-	-	-
Total Reserves Balance		-	33,680	131,011	337,664	694,906	1	1	1	1	1
Less: Debt Obligations and Deferred Revenue		(1,510,627)	(1,463,186)	(1,433,602)	(1,427,535)	(1,469,278)	(2,061,912)	(3,516,497)	(5,173,717)	(6,733,517)	(8,344,192)
Add: Tangible Capital Assets	4	3,394,299	3,452,918	3,537,881	3,609,656	3,524,494	5,344,332	7,174,877	9,051,059	10,929,541	12,838,563
Total Ending Balance		1,883,672	2,023,412	2,235,290	2,519,785	2,750,122	3,282,421	3,658,381	3,877,343	4,196,025	4,494,372



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

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operating Expenses											
Salary, Wage, and Benefit Costs		206,800	213,100	219,700	226,400	233,300	240,300	247,500	254,900	262,400	270,200
Equipment Hours		10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000	13,400
Grant In Lieu Expenses		5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800	7,000
Office Supplies & Stationary		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Postage		100	100	100	100	100	100	100	100	100	100
Heat		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Utilities		36,100	37,200	38,300	39,400	40,600	41,800	43,100	44,400	45,700	47,100
Other Materials		4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000	5,200
Repair Materials		67,000	69,000	71,100	73,200	75,400	77,700	80,000	82,400	84,900	87,400
Chemicals		23,700	24,400	25,100	25,900	26,700	27,500	28,300	29,100	30,000	30,900
Lab		12,400	12,800	13,200	13,600	14,000	14,400	14,800	15,200	15,700	16,200
Tools		2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
Advertising		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Audit		2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
Legal		500	500	500	500	500	500	500	500	500	500
Leases		500	500	500	500	500	500	500	500	500	500
Contracted Services		27,600	28,400	29,300	30,200	31,100	32,000	33,000	34,000	35,000	36,100
Consulting Services		5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800	7,000
Hired Contractors		149,400	153,900	158,500	163,300	168,200	173,200	178,400	183,800	189,300	195,000
Dispatch/Communications		7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,700	9,000
Courier		600	600	600	600	600	600	600	600	600	600
Memberships		400	400	400	400	400	400	400	400	400	400
Insurance		45,300	46,700	48,100	49,500	51,000	52,500	54,100	55,700	57,400	59,100
Mileage		-	-	-	-	-	-	-	-	-	-
Building Maintenance - Office		3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200
Training		8,200	8,400	8,700	9,000	9,300	9,600	9,900	10,200	10,500	10,800
Write Offs		4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000
Vehicle/Equipment - Fuel		7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,700	9,000	9,300
Vehicle Repairs - Explorer		2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
Vehicle Repairs - Chev		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Vehicle Repairs - GMC		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Equipment Replacement		10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000	13,400
Additional Staff		30,000	56,700	58,400	60,200	62,000	63,900	65,800	67,800	69,800	71,900
Asset Management Software Update		5,000	-	-	-	-	-	-	-	-	-
Water and Wastewater Rate Studies		15,000	-	-	-	-	17,400	-	-	-	-
Non TCA - Expenses from Capital Budget	7	-	-	-	-	-	-	-	131,000	-	-
TOTAL OPERATING EXPENSES		698,700	724,800	746,600	768,900	791,800	832,500	839,300	995,200	889,800	916,300



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)		187,587	139,740	211,878	284,495	230,337	532,299	375,960	218,962	318,682	298,347
Less: Acquisition of Tangible Capital Assets	4	(1,449,000)	(147,000)	(166,000)	(155,000)	-	(1,905,000)	(1,952,000)	(2,031,000)	(2,072,000)	(2,142,000)
Add: Amortization of Tangible Capital Assets	4	62,921	88,381	81,037	83,225	85,162	85,162	121,455	154,818	193,518	232,978
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Sub-Total		(1,386,079)	(58,619)	(84,963)	(71,775)	85,162	(1,819,838)	(1,830,545)	(1,876,182)	(1,878,482)	(1,909,022)
Less: Acquisition of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Add: Consumption of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Sub-Total		-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(1,198,492)	81,121	126,915	212,720	315,499	(1,287,539)	(1,454,585)	(1,657,220)	(1,559,800)	(1,610,675)
Net Financial Assets/(Net Debt), beginning of year		(312,135)	(1,510,627)	(1,429,506)	(1,302,591)	(1,089,871)	(774,372)	(2,061,911)	(3,516,496)	(5,173,716)	(6,733,516)
Net Financial Assets/(Net Debt), end of year		(1,510,627)	(1,429,506)	(1,302,591)	(1,089,871)	(774,372)	(2,061,911)	(3,516,496)	(5,173,716)	(6,733,516)	(8,344,191)
Financial Indicators		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Acquisition of Tangible Capital Assets (Cumulative)		1,449,000	1,596,000	1,762,000	1,917,000	1,917,000	3,822,000	5,774,000	7,805,000	9,877,000	12,019,000
2) Annual Surplus/Deficit before Amortization (Cumulative)		250,508	478,629	771,544	1,139,264	1,454,763	2,072,224	2,569,639	2,943,419	3,455,619	3,986,944
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		0.17	0.30	0.44	0.59	0.76	0.54	0.45	0.38	0.35	0.33



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		187,587	139,740	211,878	284,495	230,337	532,299	375,960	218,962	318,682	298,347
Add: Amortization of TCA's	4	62,921	88,381	81,037	83,225	85,162	85,162	121,455	154,818	193,518	232,978
Less: Earned Deferred Revenue	3	(60,934)	(44,926)	(47,603)	(48,197)	(26,389)	(319,560)	(182,291)	(214,577)	(248,653)	(284,551)
Add: Deferred Revenue Proceeds		21,809	44,926	69,632	96,020	124,399	151,697	182,291	214,577	248,653	284,551
Change in A/R (Increase)/Decrease		(12,277)	(19,420)	(15,887)	(18,195)	(20,539)	(10,634)	(18,210)	(22,504)	(26,206)	(26,710)
Change in A/P Increase/(Decrease)		13,472	5,095	4,256	4,353	4,470	7,945	1,328	4,860	4,998	5,173
Less: Interest Proceeds		-	(333)	(1,079)	(2,652)	(5,218)	-	-	-	-	-
Cash Provided by Operating Transactions		212,578	213,463	302,234	399,049	392,222	446,908	480,533	356,136	490,992	509,788
Capital Transactions											
Less: Cash Used to acquire Tangible Capital Assets	4	(1,449,000)	(147,000)	(166,000)	(155,000)	-	(1,905,000)	(1,952,000)	(2,031,000)	(2,072,000)	(2,142,000)
Cash Applied to Capital Transactions		(1,449,000)	(147,000)	(166,000)	(155,000)	-	(1,905,000)	(1,952,000)	(2,031,000)	(2,072,000)	(2,142,000)
Investing Transactions											
Proceeds from Investments		-	333	1,079	2,652	5,218	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		-	333	1,079	2,652	5,218	-	-	-	-	-
Financing Transactions											
Proceeds from Debt Issue	2	1,208,536	1,934	-	-	-	819,246	1,542,286	1,798,416	1,765,092	1,881,817
Less: Debt Repayment (Principal only)	2	(10,044)	(49,375)	(51,614)	(53,891)	(56,267)	(58,749)	(87,701)	(141,196)	(205,292)	(271,142)
Cash Applied to Financing Transactions		1,198,492	(47,441)	(51,614)	(53,891)	(56,267)	760,497	1,454,585	1,657,220	1,559,800	1,610,675
Increase in Cash and Cash Equivalents		(37,930)	19,355	85,699	192,810	341,173	(697,595)	(16,882)	(17,644)	(21,208)	(21,537)
Cash and Cash Equivalents, beginning of year	1	11,760	(26,170)	(6,815)	78,884	271,694	612,867	(84,728)	(101,610)	(119,254)	(140,462)
Cash and Cash Equivalents, end of year	1	(26,170)	(6,815)	78,884	271,694	612,867	(84,728)	(101,610)	(119,254)	(140,462)	(161,999)



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 of water and wastewater receivables (as per 2022 to 2024 actuals, as provided by Township staff) as a percentage of annual water and wastewater revenue earned (as per 2022 to 2024 actuals, provided by Township staff); and
- b) Payables: Based on historical levels of Township-wide non-tax payables as a percentage of annual expenses incurred by the Township (as per the 2022 to 2024 F.I.R.s).

2. Debt

Outstanding water related debt anticipated at the beginning of 2026 is forecasted to be approximately \$312,100 with additional debt proceeds anticipated throughout the forecast period. Estimated principal repayments over the forecast period are scheduled as follows:



Year	Principal Payments
2026	10,044
2027	49,375
2028	51,614
2029	53,891
2030	56,267
2031	58,749
2032	87,701
2033	141,196
2034	205,292
2035	271,142
Total	\$985,271

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/or 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's deferred revenue is associated with D.C.s.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - i. Land;
 - ii. Facility Assets;
 - iii. Machinery and Equipment;
 - iv. Distribution Assets (watermains, valves, hydrants, etc.); and
 - v. Vehicles.
- Amortization is calculated based on the straight-line approach on a daily basis, beginning the day after an asset is emplaced.
- 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). For vehicles, gains/losses on disposal have been estimated based on the anticipated trade-in values in the year of disposal.
- 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 unaware 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
Opening Tangible Capital Asset Balance	3,038,409	4,398,255	4,544,184	4,707,139	4,860,818	4,860,818	6,764,154	8,716,154	10,743,425	12,815,425
Acquisitions	1,449,000	147,000	166,000	155,000	-	1,905,000	1,952,000	2,031,000	2,072,000	2,142,000
Disposals	89,154	1,071	3,045	1,321	-	1,664	-	3,729	-	1,800
Closing Tangible Capital Asset Balance	4,398,255	4,544,184	4,707,139	4,860,818	4,860,818	6,764,154	8,716,154	10,743,425	12,815,425	14,955,625
Opening Accumulated Amortization	1,030,189	1,003,956	1,091,266	1,169,258	1,251,162	1,336,324	1,419,822	1,541,277	1,692,366	1,885,884
Amortization Expense	62,921	88,381	81,037	83,225	85,162	85,162	121,455	154,818	193,518	232,978
Amortization on Disposal	89,154	1,071	3,045	1,321	-	1,664	-	3,729	-	1,800
Ending Accumulated Amortization	1,003,956	1,091,266	1,169,258	1,251,162	1,336,324	1,419,822	1,541,277	1,692,366	1,885,884	2,117,062
Net Book Value	3,394,299	3,452,918	3,537,881	3,609,656	3,524,494	5,344,332	7,174,877	9,051,059	10,929,541	12,838,563



5. Accumulated Surplus

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

Water	2026 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	39,126
Total Reserves Balance	\$39,126
Less: Debt Obligations and Deferred Revenue	(351,261)
Add: Tangible Capital Assets	2,008,220
Total Opening Balance	\$1,696,085

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

6. Other Revenue

Other revenue includes external grant funding.

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.



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*. (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 Stirling-Rawdon 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 2026 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 Stirling-Rawdon Water Financial Plan prepared by Watson & Associates Economists Ltd. dated February 9, 2026, be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan, dated February 9, 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

Water and Wastewater 2026 Rate Study Summary Tables for Water Services

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

Description	Total	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures											
Connecting Well #7 to WTP	600,000	600,000									
Provision for Linear Infrastructure	-										
2025 Budgeted Capital Expenditures	-										
Stirling WTP Ultraviolet Light Reactors and Control Panel	30,000	30,000									
Stirling Water Treatment Plant	44,295		-	14,000	-	-	8,260	-	15,540	-	6,495
Belleville St. Water Main Reconstruction	160,910	40,228	40,228	40,228	40,228						
	-										
Growth Related:											
North Street Water Main Upgrades	390,782	97,696	97,696	97,696	97,696						
Water Storage Upgrades & Class 'B' MCEA	6,926,769						1,385,354	1,385,354	1,385,354	1,385,354	1,385,354
Elizabeth & Henry St. Watermain Upgrades	1,009,960						201,992	201,992	201,992	201,992	201,992
Campbellford Rd. Watermain Upgrades	638,783	638,783									
North St. Watermain Upgrades	-										
Servicing Study Updates	103,363								103,363		
	-										
Total Capital Expenditures	9,904,862	1,406,706	137,923	151,923	137,923	-	1,595,606	1,587,346	1,706,249	1,587,346	1,593,841



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

Description	Total	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures											
Connecting Well #7 to WTP	618,000	618,000	-	-	-	-	-	-	-	-	-
2025 Budgeted Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-
Stirling WTP Ultraviolet Light Reactors and Control Panel	31,000	31,000	-	-	-	-	-	-	-	-	-
Stirling Water Treatment Plant	54,000	-	-	15,000	-	-	10,000	-	20,000	-	9,000
Belleville St. Water Main Reconstruction	173,000	41,000	43,000	44,000	45,000	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Growth Related:											
North Street Water Main Upgrades	422,000	101,000	104,000	107,000	110,000	-	-	-	-	-	-
Water Storage Upgrades & Class 'B' MCEA	8,783,000	-	-	-	-	-	1,654,000	1,704,000	1,755,000	1,808,000	1,862,000
Elizabeth & Henry St. Watermain Upgrades	1,280,000	-	-	-	-	-	241,000	248,000	256,000	264,000	271,000
Campbellford Rd. Watermain Upgrades	658,000	658,000	-	-	-	-	-	-	-	-	-
North St. Watermain Upgrades	-	-	-	-	-	-	-	-	-	-	-
Servicing Study Updates	131,000	-	-	-	-	-	-	-	131,000	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	12,150,000	1,449,000	147,000	166,000	155,000	-	1,905,000	1,952,000	2,162,000	2,072,000	2,142,000
Capital Financing											
Provincial/Federal Grants	433,860	103,704	106,815	110,020	113,321	-	-	-	-	-	-
Development Charges Reserve Fund	807,686	60,934	18,685	21,214	21,808	-	293,172	124,034	109,928	87,334	70,579
Non-Growth Related Debenture Requirements	5,482,601	864,516	-	-	-	-	401,446	934,078	1,055,487	1,074,821	1,152,254
Growth Related Debenture Requirements	3,534,725	344,020	1,934	-	-	-	417,800	608,208	742,929	690,271	729,563
Water Reserve	1,891,128	75,825	19,566	34,767	19,871	-	792,583	285,680	253,657	219,575	189,605
Total Capital Financing	12,150,000	1,449,000	147,000	166,000	155,000	-	1,905,000	1,952,000	2,162,000	2,072,000	2,142,000

Table A-3
Township of Stirling-Rawdon
Township-Wide Water Development Charges Reserve Fund Continuity (inflated \$)

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	39,126	-	-	22,030	69,853	167,863	-	-	-	-
Development Charge Proceeds	21,809	44,926	69,414	95,328	122,737	151,697	182,291	214,578	248,653	284,550
Transfer to Capital	60,934	18,685	21,214	21,808	-	293,172	124,034	109,928	87,334	70,579
Transfer to Operating	-	26,241	26,389	26,389	26,389	26,389	58,257	104,650	161,319	213,972
Closing Balance	-	-	21,812	69,162	166,201	-	-	-	-	-
Interest	-	-	218	692	1,662	-	-	-	-	-



Table A-4
Township of Stirling-Rawdon
Water Reserve Continuity (inflated \$)

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	-	-	33,681	108,981	267,810	527,042	-	-	-	-
Transfer from Operating	75,825	52,913	108,988	176,049	254,014	265,541	285,680	253,657	219,575	189,605
Transfer to Capital	75,825	19,566	34,767	19,871	-	792,583	285,680	253,657	219,575	189,605
Transfer to Operating	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	33,347	107,902	265,158	521,824	-	-	-	-	-
Interest	-	333	1,079	2,652	5,218	-	-	-	-	-



Table A-5
Township of Stirling-Rawdon
Operating Budget Forecast – Water (inflated \$)

Description	Forecast									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Expenditures										
<u>Operating Costs</u>										
Salary, Wage, and Benefit Costs	206,800	213,100	219,700	226,400	233,300	240,300	247,500	254,900	262,400	270,200
Equipment Hours	10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000	13,400
Grant In Lieu Expenses	5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800	7,000
Office Supplies & Stationary	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Postage	100	100	100	100	100	100	100	100	100	100
Heat	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Utilities	36,100	37,200	38,300	39,400	40,600	41,800	43,100	44,400	45,700	47,100
Other Materials	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000	5,200
Repair Materials	67,000	69,000	71,100	73,200	75,400	77,700	80,000	82,400	84,900	87,400
Chemicals	23,700	24,400	25,100	25,900	26,700	27,500	28,300	29,100	30,000	30,900
Lab	12,400	12,800	13,200	13,600	14,000	14,400	14,800	15,200	15,700	16,200
Tools	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
Advertising	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Audit	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
Legal	500	500	500	500	500	500	500	500	500	500
Leases	500	500	500	500	500	500	500	500	500	500
Contracted Services	27,600	28,400	29,300	30,200	31,100	32,000	33,000	34,000	35,000	36,100
Consulting Services	5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800	7,000
Hired Contractors	149,400	153,900	158,500	163,300	168,200	173,200	178,400	183,800	189,300	195,000
Dispatch/Communications	7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,700	9,000
Courier	600	600	600	600	600	600	600	600	600	600
Memberships	400	400	400	400	400	400	400	400	400	400
Insurance	45,300	46,700	48,100	49,500	51,000	52,500	54,100	55,700	57,400	59,100
Building Maintenance - Office	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200
Training	8,200	8,400	8,700	9,000	9,300	9,600	9,900	10,200	10,500	10,800
Write Offs	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000
Vehicle/Equipment - Fuel	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,700	9,000	9,300
Vehicle Repairs - Explorer	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
Vehicle Repairs - Chev	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Vehicle Reparis - GMC	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000



Table A-5 (continued)
Township of Stirling-Rawdon
Operating Budget Forecast – Water (inflated \$)

Description	Forecast									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Expenditures										
<u>Operating Costs</u>										
Equipment Replacement	10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000	13,400
Additional Staff	30,000	56,700	58,400	60,200	62,000	63,900	65,800	67,800	69,800	71,900
Asset Management Software Update	5,000									
Water and Wastewater Rate Studies	15,000					17,400				
Sub Total Operating	698,700	724,800	746,600	768,900	791,800	832,500	839,300	864,200	889,800	916,300
<u>Capital-Related</u>										
New Growth Related Debt (Principal)	-	11,070	11,620	12,133	12,668	13,226	27,253	48,026	74,050	99,527
New Growth Related Debt (Interest)	-	15,171	14,768	14,256	13,721	13,162	31,004	56,624	87,269	114,445
New Non-Growth Related Debt (Principal)	10,044	38,305	39,994	41,758	43,599	45,522	60,447	93,170	131,242	171,615
New Non-Growth Related Debt (Interest)	13,765	51,447	49,758	47,994	46,153	44,230	59,926	98,453	140,892	182,503
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	75,825	52,913	108,988	176,049	254,014	265,541	285,680	253,657	219,575	189,605
Sub Total Capital Related	99,634	168,906	225,129	292,190	370,155	381,682	464,311	549,930	653,027	757,695
Total Expenditures	798,334	893,706	971,729	1,061,090	1,161,955	1,214,182	1,303,611	1,414,130	1,542,827	1,673,995
Revenues										
Base Charge	648,918	705,300	768,921	842,092	924,814	968,161	1,016,011	1,069,408	1,129,486	1,195,044
Contributions from Development Charges Reserve Fund	-	26,241	26,389	26,389	26,389	26,389	58,257	104,650	161,319	213,972
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	648,918	731,541	795,309	868,480	951,202	994,549	1,074,268	1,174,058	1,290,806	1,409,016
Water Billing Recovery - Operating	149,416	162,165	176,420	192,609	210,752	219,632	229,343	240,072	252,022	264,978