



 **Watson
& Associates**
ECONOMISTS LTD.

Water and Wastewater Ontario Regulation 453/07 Financial Plans

Municipality of Huron East

Financial Plan #086-301A

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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 Municipality of Huron East (Municipality) retained Watson & Associates Economists Ltd. (Watson) to prepare a water and wastewater financial plan. The water financial plan form 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 and wastewater systems has already been completed and documented in the “2026 Water and Wastewater Rate Study” dated January 30, 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 (O. Reg.) 453/07 and project the financial position over a ten-year forecast period.

1.2 Background

The *Safe Drinking Water Act, 2002* (S.D.W.A.) was passed in December 2002 in order to address some of the recommendations made by the Walkerton Inquiry Part II report. One of the main requirements of the Act is the mandatory licensing of municipal water providers. Section 31 (1) specifically states,

“No person shall,

- a) establish a new municipal drinking water system or replace or carry out an alteration to a municipal drinking water system except under the authority of and in accordance with an approval under this Part or a drinking water works permit; or
- b) use or operate a municipal drinking water system that was established before or after this section comes into force except under the authority of and in accordance with an approval under this Part or municipal drinking water licence.”



In order to become licensed, a municipality must satisfy five key requirements as per section 44 (1):

1. Obtain a drinking water works permit.
2. Acceptance of the operational plan for the system based on the Drinking Water Quality Management Standard.
3. Accreditation of the Operating Authority.
4. Prepare and provide a financial plan.
5. Obtain permit to take water.

The preparation of a financial plan is a key requirement for licensing and as such, must be undertaken by all water providers.

1.2.1 Financial Plan Defined

Subsection 30 of the S.D.W.A. provides the following definition of financial plans:

"financial plans" means financial plans that satisfy the requirements prescribed by the Minister. 2017, c. 2, Sched. 11, s. 6 (3)

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

1.2.2 Financial Plan Requirements – Existing System

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

- Financial plans must be approved by Council resolution (or governing body);
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period, commencing in the year of licence expiry (i.e., 2026 for the 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 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 Chartered Professional Accountants (CPA) Canada 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, 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.

The Municipality completed its most recent Asset Management Plan (A.M.P.) as required under the legislation in May 2025 (2025 A.M.P.). The A.M.P. included a review of the Municipality's water and wastewater infrastructure. The findings of the 2025 A.M.P. have been considered as part of the 2026 Rate Study. Furthermore, the Municipality 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 and Wastewater Forecast

The Municipality 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 Municipality’s water and wastewater systems by including:

- An analysis of operating costs to determine how they will be impacted by evolving infrastructure needs and system growth;
- An analysis of required water and wastewater 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 Municipality’s staff, Council, the 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 and wastewater financial plans 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 Municipality Staff, has been used as a starting point to prepare the water and wastewater financial plans. The water and wastewater forecasts in the 2026 Rate Study are prepared on a modified cash basis; therefore, a conversion is required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plans along with the opening balances that will underpin the forecasts. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the financial plans. Financial plans have been prepared for both water and wastewater; however, the focus of the remaining chapters will be on water only, for submission as part of the licence renewal process. The complete financial plan for wastewater is provided in Appendix B.

3.2 Conversion Process

The conversion from the existing modified cash basis financial plan to the full accrual reporting format required under O. Reg. 453/07 can be summarized in the following steps:

1. Calculate Tangible Capital Asset Balances
2. Convert Statement of Operations
3. Convert Statement of Financial Position
4. Convert Statement of Cash Flow and Net Assets/Debt
5. Verification and Note Preparation

3.2.1 Calculate Tangible Capital Asset Balances

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water and wastewater assets, an inventory has already been compiled and summarized by the Municipality 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 Municipality 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
		DR	CR		
Revenues					Revenues
Base Charge Revenue	1,493,199			1,493,199	Base Charge Revenue
Rate Based Revenue	109,004			109,004	Rate Based Revenue
Other Revenue	193,021		-	193,021	Other Revenue
Total Revenues	1,795,224			1,795,224	Total Revenues
Expenditures					Expenses
Operating	1,265,539	-		1,265,539	Operating Expenses
Capital					
Transfers to Reserves	529,685		529,685		
Transfers to Capital	-		-		
		255,216		255,216	Amortization
Total Expenditures	1,795,224			1,520,755	Total Expenses
Net Expenditures	-			274,469	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			15,956,310	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	274,469	-	16,230,779	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		529,685	529,685		

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



3.2.3 Convert Statement of Financial Position

Once the Statement of Operations has been converted and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded (see Table 3-2). The opening/actual balances for the remaining accounts such as accounts receivable, inventory, accounts payable, outstanding debt (principal only), are recorded and classified according to the structure of the Statement of Financial Position as outlined in PS 1201.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the Municipality and as such, will be difficult to isolate the information that is relevant to water. An example of this is accounts receivable, which may be administered centrally by the Finance Department. 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 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
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	3,175,929			3,175,929	Cash
Accounts Receivable	186,074			186,074	Accounts Receivable
Total Financial Assets	3,362,003			3,362,003	Total Financial Assets
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	268,245			268,245	Accounts Payable & Accrued Liabilities
Total Liabilities	268,245			268,245	Total Liabilities
Net Assets/(Debt)	3,093,758			3,093,758	Net Financial Assets/(Debt)
		13,137,021	-	13,137,021	Non-Financial Assets
					Tangible Capital Assets
				13,137,021	Total Non-Financial Assets
Municipal Position					
Water Reserves	3,093,758.00	3,093,758	-		
Total Municipal Position	3,093,758		16,230,779	16,230,779	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		16,230,779	16,230,779		

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 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 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 Municipality’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 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 capital asset listing provided.
- 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 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 "Notes to the Financial Plan" section below.

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

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 asset position of approximately \$3.09 million. The Municipality's net financial position if projected to increase to approximately \$6.90 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 PS 3150 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 \$1.74 million over the 10-year 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 the ratio of expenses to revenues at 85% in 2026 and decreases to 69% by 2035. As a result, annual surpluses are projected for the 10-year forecast period. 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 \$5.81 million to a 2026 accumulated surplus (at the beginning of the year) of approximately



\$15.96 million, over the forecast period. This accumulated surplus, as indicated in Table 4-2, is predominantly 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 some years, the forecasted annual surplus (before amortization) exceeds forecasted tangible capital asset acquisitions, resulting in an overall increase in the net financial assets balance. This increase in the net asset balance is the result of capital asset acquisitions over the forecast period, allowing for a long-term plan of funding capital asset acquisitions through accumulated surplus (i.e., reserves). This is further evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions, improving from 0.62 to 1.67 by 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-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 Municipality's water system to increase from approximately \$3.53 million at the beginning of 2026 to approximately \$6.94 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	3,175,929	3,363,081	3,694,303	3,657,147	3,933,236	4,410,356	4,917,328	5,567,770	6,494,149	6,942,353	
Accounts Receivable	1	186,074	197,037	208,371	220,535	231,407	243,221	254,455	266,654	278,240	290,836	
Total Financial Assets		3,362,003	3,560,118	3,902,674	3,877,682	4,164,643	4,653,577	5,171,783	5,834,424	6,772,389	7,233,189	
Liabilities												
Bank Indebtedness		-	-	-	-	-	-	-	-	-	-	
Accounts Payable & Accrued Liabilities	1	268,245	275,059	282,077	289,309	296,761	304,441	312,358	320,521	328,938	337,618	
Debt (Principal only)	2	-	-	-	-	-	-	-	-	-	-	
Deferred Revenue	3	-	-	-	-	-	-	-	-	-	-	
Total Liabilities		268,245	275,059	282,077	289,309	296,761	304,441	312,358	320,521	328,938	337,618	
Net Financial Assets/(Debt)		3,093,758	3,285,059	3,620,597	3,588,373	3,867,882	4,349,136	4,859,425	5,513,903	6,443,451	6,895,571	
Non-Financial Assets												
Tangible Capital Assets	4	13,137,021	13,283,464	13,355,857	13,874,620	14,109,101	14,253,764	14,437,324	14,549,996	14,454,593	14,874,653	
Total Non-Financial Assets		13,137,021	13,283,464	13,355,857	13,874,620	14,109,101	14,253,764	14,437,324	14,549,996	14,454,593	14,874,653	
Accumulated Surplus/(Deficit)	5	16,230,779	16,568,523	16,976,454	17,462,993	17,976,983	18,602,900	19,296,749	20,063,899	20,898,044	21,770,224	
Financial Indicators												
		Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Increase/(Decrease) in Net Financial Assets		3,470,498	(331,315)	191,301	335,538	(32,224)	279,509	481,254	510,289	654,478	929,548	452,120
2) Increase/(Decrease) in Tangible Capital Assets		2,343,416	605,784	146,443	72,393	518,763	234,481	144,663	183,560	112,672	(95,403)	420,060
3) Increase/(Decrease) in Accumulated Surplus		5,813,914	274,469	337,744	407,931	486,539	513,990	625,917	693,849	767,150	834,145	872,180



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		1,493,199	1,585,303	1,679,233	1,774,190	1,870,856	1,969,980	2,070,097	2,172,730	2,276,297	2,382,439
Rate Based Revenue		109,004	114,346	127,532	141,419	147,460	153,501	159,543	165,584	171,626	177,667
Other Revenue	6	193,021	201,338	203,572	212,084	214,267	223,082	225,309	234,334	236,505	245,848
Total Revenues		1,795,224	1,900,987	2,010,337	2,127,693	2,232,583	2,346,563	2,454,949	2,572,648	2,684,428	2,805,954
Water Expenses											
Operating Expenses	Sch. 4-1	1,265,539	1,297,686	1,330,799	1,364,917	1,432,074	1,436,309	1,473,660	1,512,170	1,551,880	1,632,834
Interest on Debt	2	-	-	-	-	-	-	-	-	-	-
Amortization	4	255,216	265,557	271,607	276,237	286,519	284,337	287,440	293,328	298,403	300,940
Total Expenses		1,520,755	1,563,243	1,602,406	1,641,154	1,718,593	1,720,646	1,761,100	1,805,498	1,850,283	1,933,774
Annual Surplus/(Deficit)		274,469	337,744	407,931	486,539	513,990	625,917	693,849	767,150	834,145	872,180
Accumulated Surplus/(Deficit), beginning of year	5	15,956,310	16,230,779	16,568,523	16,976,454	17,462,993	17,976,983	18,602,900	19,296,749	20,063,899	20,898,044
Accumulated Surplus/(Deficit), end of year		16,230,779	16,568,523	16,976,454	17,462,993	17,976,983	18,602,900	19,296,749	20,063,899	20,898,044	21,770,224
Note 5:											
Accumulated Surplus/(Deficit) Reconciliation:		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserve Balances											
Reserves: Capital/Other		3,093,758	3,285,059	3,620,597	3,588,373	3,867,882	4,349,136	4,859,425	5,513,903	6,443,451	6,895,571
Total Reserves Balance		3,093,758	3,285,059	3,620,597	3,588,373	3,867,882	4,349,136	4,859,425	5,513,903	6,443,451	6,895,571
Less: Debt Obligations and Deferred Revenue		-	-	-	-	-	-	-	-	-	-
Add: Tangible Capital Assets	4	13,137,021	13,283,464	13,355,857	13,874,620	14,109,101	14,253,764	14,437,324	14,549,996	14,454,593	14,874,653
Total Ending Balance		16,230,779	16,568,523	16,976,454	17,462,993	17,976,983	18,602,900	19,296,749	20,063,899	20,898,044	21,770,224
Financial Indicators											
	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Expense to Revenue Ratio		85%	82%	80%	77%	77%	73%	72%	70%	69%	69%
2) Increase/(Decrease) in Accumulated Surplus	5,813,914	274,469	337,744	407,931	486,539	513,990	625,917	693,849	767,150	834,145	872,180



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											
Operating Expenses		33,000	33,660	34,333	35,020	35,720	36,434	37,163	37,906	38,664	39,437
Telecommunications		7,809	7,965	8,124	8,286	8,452	8,621	8,793	8,969	9,148	9,331
Utilities		127,957	134,355	141,073	148,127	155,533	163,310	171,476	180,050	189,053	198,506
R & M - Bldg		11,500	12,015	12,553	13,115	13,702	14,316	14,957	15,627	16,327	17,058
R & M - Equipment		101,500	106,047	110,797	115,760	120,945	126,363	132,023	137,937	144,116	150,572
Materials		104,823	106,919	109,057	111,238	113,463	115,732	118,047	120,408	122,816	125,272
Property Taxes		16,140	16,463	16,792	17,128	17,471	17,820	18,176	18,540	18,911	19,289
Consultant/Professional Services		12,566	12,817	13,073	13,334	13,601	13,873	14,150	14,433	14,722	15,016
Insurance		9,779	10,170	10,577	11,000	11,440	11,898	12,374	12,869	13,384	13,919
Contracted Services		498,934	508,913	519,091	529,473	540,062	550,863	561,880	573,118	584,580	596,272
Charge from W/WW Administration		341,531	348,362	355,329	362,436	369,685	377,079	384,621	392,313	400,159	408,162
Non TCA - Expenses from Capital Budget	7	-	-	-	-	32,000	-	-	-	-	40,000
TOTAL OPERATING EXPENSES		1,265,539	1,297,686	1,330,799	1,364,917	1,432,074	1,436,309	1,473,660	1,512,170	1,551,880	1,632,834



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)		274,469	337,744	407,931	486,539	513,990	625,917	693,849	767,150	834,145	872,180
Less: Acquisition of Tangible Capital Assets	4	(861,000)	(412,000)	(344,000)	(795,000)	(521,000)	(429,000)	(471,000)	(406,000)	(203,000)	(721,000)
Add: Amortization of Tangible Capital Assets	4	255,216	265,557	271,607	276,237	286,519	284,337	287,440	293,328	298,403	300,940
Sub-Total		(605,784)	(146,443)	(72,393)	(518,763)	(234,481)	(144,663)	(183,560)	(112,672)	95,403	(420,060)
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Sub-Total		-									
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(331,315)	191,301	335,538	(32,224)	279,509	481,254	510,289	654,478	929,548	452,120
Net Financial Assets/(Net Debt), beginning of year		3,425,073	3,093,758	3,285,059	3,620,597	3,588,373	3,867,882	4,349,136	4,859,425	5,513,903	6,443,451
Net Financial Assets/(Net Debt), end of year		3,093,758	3,285,059	3,620,597	3,588,373	3,867,882	4,349,136	4,859,425	5,513,903	6,443,451	6,895,571
Financial Indicators		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Acquisition of Tangible Capital Assets (Cumulative)		861,000	1,273,000	1,617,000	2,412,000	2,933,000	3,362,000	3,833,000	4,239,000	4,442,000	5,163,000
2) Annual Surplus/Deficit before Amortization (Cumulative)		529,685	1,132,986	1,812,524	2,575,300	3,375,809	4,286,063	5,267,352	6,327,830	7,460,378	8,633,498
3) Ratio of Annual Surplus before Amortization to Acquisition of TCAs (Cumulative)		0.62	0.89	1.12	1.07	1.15	1.27	1.37	1.49	1.68	1.67



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		274,469	337,744	407,931	486,539	513,990	625,917	693,849	767,150	834,145	872,180
Add: Amortization of TCAs	4	255,216	265,557	271,607	276,237	286,519	284,337	287,440	293,328	298,403	300,940
Less: Earned Deferred Revenue	3	-	-	-	-	-	-	-	-	-	-
Change in A/R (Increase)/Decrease		(17,630)	(10,963)	(11,334)	(12,164)	(10,872)	(11,814)	(11,234)	(12,199)	(11,586)	(12,596)
Change in A/P Increase/(Decrease)		(6,079)	6,814	7,018	7,232	7,452	7,680	7,917	8,163	8,417	8,680
Less: Interest Proceeds		-	-	-	-	-	-	-	-	-	-
Cash Provided by Operating Transactions		505,976	599,152	675,222	757,844	797,089	906,120	977,972	1,056,442	1,129,379	1,169,204
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(861,000)	(412,000)	(344,000)	(795,000)	(521,000)	(429,000)	(471,000)	(406,000)	(203,000)	(721,000)
Cash Applied to Capital Transactions		(861,000)	(412,000)	(344,000)	(795,000)	(521,000)	(429,000)	(471,000)	(406,000)	(203,000)	(721,000)
Financing Transactions											
Proceeds from Debt Issue	2	-	-	-	-	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	-	-	-	-	-	-	-	-	-	-
Cash Applied to Financing Transactions		-									
Increase in Cash and Cash Equivalents		(355,024)	187,152	331,222	(37,156)	276,089	477,120	506,972	650,442	926,379	448,204
Cash and Cash Equivalents, beginning of year	1	3,530,953	3,175,929	3,363,081	3,694,303	3,657,147	3,933,236	4,410,356	4,917,328	5,567,770	6,494,149
Cash and Cash Equivalents, end of year	1	3,175,929	3,363,081	3,694,303	3,657,147	3,933,236	4,410,356	4,917,328	5,567,770	6,494,149	6,942,353



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 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:

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:

- Receivables: Based on historical levels of water and wastewater receivables (provided by Municipality staff) as a percentage of annual water and wastewater revenue earned (as per the 2022 to 2024 Financial Information Returns (F.I.R.s)); and
- Payables: Based on historical levels of Municipality-wide payables as a percentage of annual expenses incurred by the Municipality (as per the 2022 to 2024 F.I.R.s).

2. Debt

The Municipality has no outstanding debt for water services.

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

3. Deferred Revenue

Deferred revenue is typically made up of water development charge (D.C.), and Canada Community-Building Fund (C.C.B.F.) fund balances which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected.



The Municipality does not collect water D.C.s or use funding from the C.C.B.F. for water services. Therefore, no deferred revenue has been projected over the forecast period.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - Facility and facility-related assets, including land;
 - Watermains;
 - Machinery and Equipment; and;
 - Vehicles.
- Amortization is calculated based on the straight-line approach and begins when the asset is capitalized.
- 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 Municipality conducts a lead monitoring and testing program. To date, sampling has not provided any indication of lead service pipes, which may be indicative of the age of the systems. Should lead service pipes be identified, the Municipality will proactively encourage the replacement of the service lines.



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	18,260,476	19,102,025	19,493,188	19,823,432	20,590,440	21,095,443	21,509,581	21,963,642	22,354,694	22,550,201
Acquisitions	861,000	412,000	344,000	795,000	521,000	429,000	471,000	406,000	203,000	721,000
Disposals	19,451	20,837	13,756	27,992	15,997	14,862	16,939	14,948	7,493	27,057
Closing Tangible Capital Asset Balance	19,102,025	19,493,188	19,823,432	20,590,440	21,095,443	21,509,581	21,963,642	22,354,694	22,550,201	23,244,144
Opening Accumulated Amortization	5,729,239	5,965,004	6,209,724	6,467,575	6,715,820	6,986,342	7,255,817	7,526,318	7,804,698	8,095,608
Amortization Expense	255,216	265,557	271,607	276,237	286,519	284,337	287,440	293,328	298,403	300,940
Amortization on Disposal	19,451	20,837	13,756	27,992	15,997	14,862	16,939	14,948	7,493	27,057
Ending Accumulated Amortization	5,965,004	6,209,724	6,467,575	6,715,820	6,986,342	7,255,817	7,526,318	7,804,698	8,095,608	8,369,491
Net Book Value	13,137,021	13,283,464	13,355,857	13,874,620	14,109,101	14,253,764	14,437,324	14,549,996	14,454,593	14,874,653



5. Accumulated Surplus

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

Water	2026 Opening Accumulated Surplus
Reserve Balances	
Reserves: Capital/Other	3,425,073
Total Reserves Balance	\$3,425,073
Add: Tangible Capital Assets	12,531,237
Total Opening Balance	\$15,956,310

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

6. Other Revenue

Other revenue consists of miscellaneous revenues including those from municipal service agreements with the Municipalities of Bluewater and Morris-Turnberry, connection charges, rent, service recovery, and interest.

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 own 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 and wastewater financial plans for the Municipality of Huron East 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 2026 Rate Study. Nevertheless, Council is required to pass certain resolutions with regard to this plan under the regulations, and it is recommended that:

1. The Municipality of Huron East Water and Wastewater Financial Plan prepared by Watson & Associates Economists Ltd. dated January 30, 2026, be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated January 30, 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



Table A-1
Municipality of Huron East
Capital Budget Forecast (uninflated \$) – Water

Description	Budget 2025	Total	Forecast										
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Capital Expenditures													
Brucefield													
Brucefield U.V. system replacement	150,000	-	-	-	-	-	-	-	-	-	-	-	-
Brussels													
Sports Drive (McCutcheon Drive to Thomas Street)	-	344,679	-	-	-	-	-	-	344,679	-	-	-	-
Ainley Street (Sports Drive to Flora Street)	-	298,506	-	-	-	-	-	-	-	-	298,506	-	-
High Lift Pump 1	-	40,000	-	-	40,000	-	-	-	-	-	-	-	-
UV unit	-	75,000	-	75,000	-	-	-	-	-	-	-	-	-
Seaforth													
Goderich Street (Main Street to Adam Street)	342,092	861,112	861,112	-	-	-	-	-	-	-	-	-	-
Franklin Street (County Road 12 to Chalk Street)	-	279,120	-	279,120	-	-	-	-	-	-	-	-	-
Isabella Street (Brantford Street to Daly Street)	-	185,653	-	-	-	185,653	-	-	-	-	-	-	-
Daly Street (Isabella Street to Sparling Street)	-	338,154	-	-	-	338,154	-	-	-	-	-	-	-
MacLean Street (Daly Street to Railway Street)	-	132,609	-	-	-	132,609	-	-	-	-	-	-	-
Vanastra													
5th Avenue (Front Road to Toronto Boulevard)	-	142,988	-	-	-	-	-	-	-	-	-	142,988	-
7th Avenue (London Road to Toronto Boulevard)	-	486,158	-	-	-	-	-	-	-	-	-	-	486,158
Victoria Boulevard (Front Road to Regina Road)	-	274,536	-	-	274,536	-	-	-	-	-	-	-	-
Victoria Boulevard (Regina Road to Andrew Court)	-	437,080	-	-	-	-	437,080	-	-	-	-	-	-
Victoria Boulevard (Andrew Court to Front Road)	-	362,265	-	-	-	-	-	-	362,265	-	-	-	-
HL Pump Replacement	-	80,000	-	40,000	-	40,000	-	-	-	-	-	-	-
Studies - Municipal-Wide:													
Rate Study and Financial Plan	26,789	53,578	-	-	-	-	-	26,789	-	-	-	-	26,789
Total Capital Expenditures	\$518,881	\$4,391,438	\$861,112	\$394,120	\$314,536	\$696,416	\$463,869	\$344,679	\$362,265	\$298,506	\$142,988	\$512,947	



Table A-2
Municipality of Huron East
Capital Budget Forecast and Recommended Capital Financing (inflated \$) – Water

Description	Budget 2025	Total	Forecast										
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Capital Expenditures													
Brucefield													
Brucefield U.V. system replacement	150,000	-	-	-	-	-	-	-	-	-	-	-	-
Brussels													
Sports Drive (McCutcheon Drive to Thomas Street)	-	429,000	-	-	-	-	-	-	429,000	-	-	-	-
Ainley Street (Sports Drive to Flora Street)	-	406,000	-	-	-	-	-	-	-	-	406,000	-	-
High Lift Pump 1	-	44,000	-	-	44,000	-	-	-	-	-	-	-	-
UV unit	-	78,000	-	78,000	-	-	-	-	-	-	-	-	-
Seaforth													
Goderich Street (Main Street to Adam Street)	342,092	861,000	861,000	-	-	-	-	-	-	-	-	-	-
Franklin Street (County Road 12 to Chalk Street)	-	292,000	-	292,000	-	-	-	-	-	-	-	-	-
Isabella Street (Brantford Street to Daly Street)	-	212,000	-	-	-	212,000	-	-	-	-	-	-	-
Daly Street (Isabella Street to Sparling Street)	-	386,000	-	-	-	386,000	-	-	-	-	-	-	-
MacLean Street (Daly Street to Railway Street)	-	151,000	-	-	-	151,000	-	-	-	-	-	-	-
Vanastra													
5th Avenue (Front Road to Toronto Boulevard)	-	203,000	-	-	-	-	-	-	-	-	-	203,000	-
7th Avenue (London Road to Toronto Boulevard)	-	721,000	-	-	-	-	-	-	-	-	-	-	721,000
Victoria Boulevard (Front Road to Regina Road)	-	300,000	-	-	300,000	-	-	-	-	-	-	-	-
Victoria Boulevard (Regina Road to Andrew Court)	-	521,000	-	-	-	-	521,000	-	-	-	-	-	-
Victoria Boulevard (Andrew Court to Front Road)	-	471,000	-	-	-	-	-	-	471,000	-	-	-	-
HL Pump Replacement	-	88,000	-	42,000	-	46,000	-	-	-	-	-	-	-
Studies - Municipal-Wide:													
Rate Study and Financial Plan	26,789	72,000	-	-	-	-	32,000	-	-	-	-	-	40,000
Total Capital Expenditures	\$518,881	\$5,235,000	\$861,000	\$412,000	\$344,000	\$795,000	\$553,000	\$429,000	\$471,000	\$406,000	\$203,000	\$761,000	
Capital Financing													
Provincial/Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
External Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Reserve	518,881	5,235,000	861,000	412,000	344,000	795,000	553,000	429,000	471,000	406,000	203,000	761,000	
Total Capital Financing	\$518,881	\$5,235,000	\$861,000	\$412,000	\$344,000	\$795,000	\$553,000	\$429,000	\$471,000	\$406,000	\$203,000	\$761,000	



Table A-3
Municipality of Huron East
Water Reserve Continuity (inflated \$)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	3,613,051	3,425,073	3,093,758	3,285,058	3,620,597	3,588,373	3,867,882	4,349,136	4,859,425	5,513,903	6,443,451
Transfer from Operating	330,903	529,685	603,301	679,538	762,776	832,509	910,254	981,289	1,060,478	1,132,548	1,213,120
Transfer to Capital	518,881	861,000	412,000	344,000	795,000	553,000	429,000	471,000	406,000	203,000	761,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	\$3,425,073	\$3,093,758	\$3,285,058	\$3,620,597	\$3,588,373	\$3,867,882	\$4,349,136	\$4,859,425	\$5,513,903	\$6,443,451	\$6,895,571



Table A-4
Municipality of Huron East
Operating Budget Forecast – Water (inflated \$)

Description	Budget 2025	Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Expenditures												
<u>Operating Costs</u>												
Operating Expenses	33,475	33,000	33,660	34,333	35,020	35,720	36,434	37,163	37,906	38,664	39,437	
Telecommunications	2,276	7,809	7,965	8,124	8,286	8,452	8,621	8,793	8,969	9,148	9,331	
Utilities	127,957	127,957	134,355	141,073	148,127	155,533	163,310	171,476	180,050	189,053	198,506	
R & M - Bldg	7,370	11,500	12,015	12,553	13,115	13,702	14,316	14,957	15,627	16,327	17,058	
R & M - Equipment	67,465	101,500	106,047	110,797	115,760	120,945	126,363	132,023	137,937	144,116	150,572	
Materials	101,903	104,823	106,919	109,057	111,238	113,463	115,732	118,047	120,408	122,816	125,272	
Property Taxes	15,371	16,140	16,463	16,792	17,128	17,471	17,820	18,176	18,540	18,911	19,289	
Consultant/Professional Services	12,566	12,566	12,817	13,073	13,334	13,601	13,873	14,150	14,433	14,722	15,016	
Insurance	9,314	9,779	10,170	10,577	11,000	11,440	11,898	12,374	12,869	13,384	13,919	
Contracted Services	498,934	498,934	508,913	519,091	529,473	540,062	550,863	561,880	573,118	584,580	596,272	
Charge from Administration	50,005	-	-	-	-	-	-	-	-	-	-	
Charge from W/WW Administration	367,586	341,531	348,362	355,329	362,436	369,685	377,079	384,621	392,313	400,159	408,162	
Sub Total Operating	1,294,222	1,265,539	1,297,686	1,330,799	1,364,917	1,400,074	1,436,309	1,473,660	1,512,170	1,551,880	1,592,834	
<u>Capital-Related</u>												
Transfer to Capital Reserve	330,903	529,685	603,301	679,538	762,776	832,509	910,254	981,289	1,060,478	1,132,548	1,213,120	
Sub Total Capital Related	330,903	529,685	603,301	679,538	762,776	832,509	910,254	981,289	1,060,478	1,132,548	1,213,120	
Total Expenditures	\$1,625,125	\$1,795,224	\$1,900,987	\$2,010,337	\$2,127,693	\$2,232,583	\$2,346,563	\$2,454,949	\$2,572,648	\$2,684,428	\$2,805,954	
Revenues												
Meter Rate Revenue	23,289	24,999	26,279	27,622	28,914	30,212	31,515	32,823	34,137	35,455	36,779	
Flat Rate and Minimum Volume Charge Revenue	1,362,203	1,468,200	1,559,024	1,651,612	1,745,275	1,840,644	1,938,465	2,037,274	2,138,593	2,240,842	2,345,660	
Other Revenue	58,701	58,701	59,900	61,100	62,300	63,500	64,800	66,100	67,400	68,700	70,100	
Other Municipality	44,174	47,319	49,638	51,957	54,276	56,595	58,914	61,233	63,552	65,871	68,190	
Connection Charges	35,000	87,000	91,800	90,515	95,509	94,172	99,367	97,976	103,382	101,934	107,558	
Total Operating Revenue	\$1,523,366	\$1,686,219	\$1,786,641	\$1,882,805	\$1,986,274	\$2,085,123	\$2,193,062	\$2,295,406	\$2,407,064	\$2,512,802	\$2,628,287	
Water Billing Recovery - Operating	\$101,759	\$109,004	\$114,346	\$127,532	\$141,419	\$147,460	\$153,501	\$159,543	\$165,584	\$171,626	\$177,667	



Table A-5
Municipality of Huron East
Water Rate Forecast

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Unmetered Customers										
Monthly Flat Rate	\$50.00	\$52.45	\$54.90	\$57.35	\$59.80	\$62.25	\$64.70	\$67.15	\$69.60	\$72.05
Metered Customers										
Monthly Meter Rate										
Residential	\$4.36	\$4.58	\$4.79	\$5.01	\$5.22	\$5.43	\$5.65	\$5.86	\$6.08	\$6.29
Commercial	\$5.61	\$5.89	\$6.16	\$6.44	\$6.71	\$6.99	\$7.26	\$7.54	\$7.81	\$8.09
Volume Charge (\$ per m ³)	\$2.22	\$2.33	\$2.44	\$2.55	\$2.66	\$2.77	\$2.88	\$2.98	\$3.09	\$3.20
Minimum Volume Charge	\$50.00	\$52.45	\$54.90	\$57.35	\$59.80	\$62.25	\$64.70	\$67.15	\$69.60	\$72.05
Out of Town Rate										
Multiple of Municipality's Rate - Brucefield	1x									
Multiple of Municipality's Rate - Brussels	1.5x									
Connection Charge (per unit)										
Water	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247	\$3,312	\$3,378	\$3,446	\$3,515	\$3,585



Table A-6
Municipality of Huron East
Capital Budget Forecast (uninflated \$) – Wastewater

Description	Budget 2025	Total	Forecast										
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Capital Expenditures													
Brussels													
Road Reconstruction - Placeholder	-	700,000	-	-	-	-	-	-	350,000	-	350,000	-	-
Building Renovations	64,890	-	-	-	-	-	-	-	-	-	-	-	-
Parking Lot Paving	-	40,000	-	-	40,000	-	-	-	-	-	-	-	-
Brussels SPS By-Pass Chamber Reconstruction & Dry Well Elbow	-	278,135	-	150,000	-	-	-	-	-	-	-	128,135	-
Brussels SPS Pump Replacement	-	90,000	30,000	-	30,000	-	30,000	-	-	-	-	-	-
Electrical Panels	-	100,000	-	100,000	-	-	-	-	-	-	-	-	-
Blower	-	50,000	-	-	-	50,000	-	-	-	-	-	-	-
Seaforth													
Goderich Street (Main Street to Adam Street)	-	1,036,223	1,036,223	-	-	-	-	-	-	-	-	-	-
Franklin Street (County Road 12 to Chalk Street)	-	244,861	-	244,861	-	-	-	-	-	-	-	-	-
Isabella Street (Brantford Street to Daly Street)	-	162,866	-	-	-	162,866	-	-	-	-	-	-	-
Daly Street (Isabella Street to Sparling Street)	-	296,650	-	-	-	296,650	-	-	-	-	-	-	-
MacLean Street (Daly Street to Railway Street)	-	116,333	-	-	-	116,333	-	-	-	-	-	-	-
Seaforth Plan	400,461	-	-	-	-	-	-	-	-	-	-	-	-
Clarifier Chain Rebuild	-	100,000	100,000	-	-	-	-	-	-	-	-	-	-
STP Expansion	-	20,300,000	609,000	9,541,000	9,541,000	609,000	-	-	-	-	-	-	-
Vanastra													
5th Avenue (Front Road to Toronto Boulevard)	-	150,525	-	-	-	-	-	-	-	-	-	150,525	-
7th Avenue (London Road to Toronto Boulevard)	-	301,050	-	-	-	-	-	-	-	-	-	-	301,050
Victoria Boulevard (Front Road to Regina Road)	-	263,172	-	-	263,172	-	-	-	-	-	-	-	-
Victoria Boulevard (Regina Road to Andrew Court)	-	383,434	-	-	-	-	383,434	-	-	-	-	-	-
Victoria Boulevard (Andrew Court to Front Road)	-	317,801	-	-	-	-	-	-	317,801	-	-	-	-
Vanastra Bristol Babcock PLC replacement	-	50,000	50,000	-	-	-	-	-	-	-	-	-	-
Blower 2	-	35,000	-	-	35,000	-	-	-	-	-	-	-	-
Sludge Pumps 1 and 2	-	40,000	-	20,000	20,000	-	-	-	-	-	-	-	-
Studies - Municipal-Wide:													
Rate Study	17,739	35,478	-	-	-	-	17,739	-	-	-	-	-	17,739
Total Capital Expenditures	\$483,090	\$25,091,528	\$1,825,223	\$10,055,861	\$9,929,172	\$1,234,849	\$431,173	\$350,000	\$317,801	\$350,000	\$278,660	\$318,789	



Table A-7
Municipality of Huron East
Capital Budget Forecast and Recommended Capital Financing (inflated \$) – Wastewater

Description	Budget 2025	Total	Forecast										
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Capital Expenditures													
Brussels													
Road Reconstruction - Placeholder	-	912,000	-	-	-	-	-	-	436,000	-	476,000	-	-
Building Renovations	64,890	-	-	-	-	-	-	-	-	-	-	-	-
Parking Lot Paving	-	44,000	-	-	44,000	-	-	-	-	-	-	-	-
Brussels SPS By-Pass Chamber Reconstruction & Dry Well Elbow	-	339,000	-	157,000	-	-	-	-	-	-	-	182,000	-
Brussels SPS Pump Replacement	-	99,000	30,000	-	33,000	-	-	36,000	-	-	-	-	-
Electrical Panels	-	104,000	-	104,000	-	-	-	-	-	-	-	-	-
Blower	-	57,000	-	-	-	57,000	-	-	-	-	-	-	-
Seaforth													
Goderich Street (Main Street to Adam Street)	-	1,036,000	1,036,000	-	-	-	-	-	-	-	-	-	-
Franklin Street (County Road 12 to Chalk Street)	-	256,000	-	256,000	-	-	-	-	-	-	-	-	-
Isabella Street (Brantford Street to Daly Street)	-	186,000	-	-	-	186,000	-	-	-	-	-	-	-
Daly Street (Isabella Street to Sparling Street)	-	338,000	-	-	-	338,000	-	-	-	-	-	-	-
MacLean Street (Daly Street to Railway Street)	-	133,000	-	-	-	133,000	-	-	-	-	-	-	-
Seaforth Plan	400,461	-	-	-	-	-	-	-	-	-	-	-	-
Clarifier Chain Rebuild	-	100,000	100,000	-	-	-	-	-	-	-	-	-	-
STP Expansion	-	20,300,000	609,000	9,541,000	9,541,000	609,000	-	-	-	-	-	-	-
Vanastra													
5th Avenue (Front Road to Toronto Boulevard)	-	214,000	-	-	-	-	-	-	-	-	-	214,000	-
7th Avenue (London Road to Toronto Boulevard)	-	447,000	-	-	-	-	-	-	-	-	-	-	447,000
Victoria Boulevard (Front Road to Regina Road)	-	287,000	-	-	287,000	-	-	-	-	-	-	-	-
Victoria Boulevard (Regina Road to Andrew Court)	-	457,000	-	-	-	-	-	457,000	-	-	-	-	-
Victoria Boulevard (Andrew Court to Front Road)	-	413,000	-	-	-	-	-	-	413,000	-	-	-	-
Vanastra Bristol Babcock PLC replacement	-	50,000	50,000	-	-	-	-	-	-	-	-	-	-
Blower 2	-	38,000	-	-	38,000	-	-	-	-	-	-	-	-
Sludge Pumps 1 and 2	-	43,000	-	21,000	22,000	-	-	-	-	-	-	-	-
Studies - Municipal-Wide:													
Rate Study	17,739	47,000	-	-	-	-	-	21,000	-	-	-	-	26,000
Total Capital Expenditures	\$483,090	\$25,900,000	\$1,825,000	\$10,079,000	\$9,965,000	\$1,323,000	\$514,000	\$436,000	\$413,000	\$476,000	\$396,000	\$473,000	\$473,000
Capital Financing													
Provincial/Federal Grants	-	14,800,000	444,570	6,956,000	6,956,000	443,430	-	-	-	-	-	-	-
External Debenture Requirements	-	2,500,000	-	-	2,500,000	-	-	-	-	-	-	-	-
Wastewater Reserve	483,090	8,600,000	1,380,430	3,123,000	509,000	879,570	514,000	436,000	413,000	476,000	396,000	473,000	473,000
Total Capital Financing	\$483,090	\$25,900,000	\$1,825,000	\$10,079,000	\$9,965,000	\$1,323,000	\$514,000	\$436,000	\$413,000	\$476,000	\$396,000	\$473,000	\$473,000



Table A-8
Municipality of Huron East
Schedule of External Debenture Repayments (inflated \$)

Debenture Year	2025	Principal (Inflated)	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
2026		-		-	-	-	-	-	-	-	-	-
2027		-			-	-	-	-	-	-	-	-
2028		2,500,000				183,954	183,954	183,954	183,954	183,954	183,954	183,954
2029		-					-	-	-	-	-	-
2030		-						-	-	-	-	-
2031		-							-	-	-	-
2032		-								-	-	-
2033		-									-	-
2034		-										-
2035		-										
Total Annual Debt Charges	\$0	\$2,500,000	\$0	\$0	\$0	\$183,954						

Table A-9
Municipality of Huron East
Wastewater Reserve Continuity (inflated \$)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	4,717,301	4,671,930	3,758,116	1,168,728	1,269,472	892,380	948,953	1,152,548	1,447,339	1,748,235	2,197,137
Transfer from Operating	437,719	466,616	533,613	609,744	502,478	570,572	639,595	707,791	776,897	844,902	913,585
Transfer to Capital	483,090	1,380,430	3,123,000	509,000	879,570	514,000	436,000	413,000	476,000	396,000	473,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	\$4,671,930	\$3,758,116	\$1,168,728	\$1,269,472	\$892,380	\$948,953	\$1,152,548	\$1,447,339	\$1,748,235	\$2,197,137	\$2,637,722



Table A-10
Municipality of Huron East
Operating Budget Forecast – Wastewater (inflated \$)

Description	Budget	Forecast										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Expenditures												
<u>Operating Costs</u>												
Operating Exp	6,180	30,000	30,600	31,212	31,836	32,473	33,122	33,784	34,460	35,149	35,852	
Telecommunications	4,287	4,287	4,373	4,460	4,549	4,640	4,733	4,828	4,925	5,024	5,124	
Utilities	188,326	188,326	197,742	207,629	218,010	228,911	240,357	252,375	264,994	278,244	292,156	
R & M - Bldg	10,815	15,530	16,226	16,953	17,712	18,505	19,334	20,200	21,105	22,050	23,038	
R & M - Equipment	37,080	157,000	164,033	171,381	179,058	187,079	195,459	204,214	213,362	222,919	232,904	
Property Taxes	51,231	53,793	54,869	55,966	57,085	58,227	59,392	60,580	61,792	63,028	64,289	
Tax Write Offs/Supplementals	206	206	210	214	218	222	226	231	236	241	246	
Insurance	24,845	26,087	27,130	28,215	29,344	30,518	31,739	33,009	34,329	35,702	37,130	
Contracted Services	432,608	432,608	451,986	472,232	493,385	515,486	538,577	562,702	587,908	614,243	641,757	
Charge from Administration	-	-	-	-	-	-	-	-	-	-	-	
Charge from W/WW Administration	330,395	335,557	342,268	349,113	356,095	363,217	370,481	377,891	385,449	393,158	401,021	
Sub Total Operating	1,085,973	1,243,394	1,289,437	1,337,375	1,387,292	1,439,278	1,493,420	1,549,814	1,608,560	1,669,758	1,733,517	
<u>Capital-Related</u>												
New External Debt (Principal)	-	-	-	-	83,954	87,313	90,805	94,437	98,215	102,143	106,229	
New External Debt (Interest)	-	-	-	-	100,000	96,642	93,149	89,517	85,740	81,811	77,725	
Transfer to Reserve	437,719	466,616	533,613	609,744	502,478	570,572	639,595	707,791	776,897	844,902	913,585	
Sub Total Capital Related	437,719	466,616	533,613	609,744	686,432	754,527	823,549	891,745	960,851	1,028,856	1,097,539	
Total Expenditures	\$1,523,692	\$1,710,010	\$1,823,050	\$1,947,119	\$2,073,724	\$2,193,805	\$2,316,969	\$2,441,559	\$2,569,411	\$2,698,614	\$2,831,056	
Revenues												
Flat Rate and Minimum Volume Charge Revenue	1,238,138	1,360,920	1,459,798	1,560,943	1,663,583	1,768,416	1,876,290	1,985,545	2,097,917	2,211,595	2,328,466	
Connection Charges	55,000	101,500	103,530	105,601	107,713	109,867	112,064	114,305	116,592	118,923	121,302	
Other Municipality	34,285	37,411	39,554	41,697	43,840	45,983	48,126	50,269	52,412	54,555	56,698	
Other Revenue	54,661	55,661	56,800	57,900	59,100	60,300	61,500	62,700	64,000	65,300	66,600	
Special Area Rate Levy	61,406	67,004	70,842	74,680	78,518	82,356	86,194	90,032	93,870	97,708	101,546	
Total Operating Revenue	\$1,443,490	\$1,622,496	\$1,730,524	\$1,840,821	\$1,952,754	\$2,066,922	\$2,184,174	\$2,302,852	\$2,424,791	\$2,548,082	\$2,674,611	
Wastewater Billing Recovery - Operating	\$80,202	\$87,514	\$92,526	\$106,298	\$120,970	\$126,883	\$132,795	\$138,708	\$144,620	\$150,533	\$156,445	



Table A-11
Municipality of Huron East
Wastewater Rate Forecast

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Unmetered Customers										
Monthly Flat Rate	\$55.00	\$58.15	\$61.30	\$64.45	\$67.60	\$70.75	\$73.90	\$77.05	\$80.20	\$83.35
Metered Customers										
Volume Charge (% of Water Volume Charge)	110%	111%	112%	112%	113%	114%	114%	115%	115%	116%
Volume Charge (\$ per m ³)	\$2.44	\$2.58	\$2.72	\$2.86	\$3.00	\$3.14	\$3.28	\$3.42	\$3.56	\$3.70
Out of Town Rate										
Multiple of Municipality's Rate - Brussels	1.5x									
Connection Charge (per unit)										
Wastewater	\$3,500	\$3,570	\$3,641	\$3,714	\$3,789	\$3,864	\$3,942	\$4,020	\$4,101	\$4,183



Appendix B

Wastewater Financial Plan



Figure B-1
Conversion Adjustments
Statement of Operations (Wastewater)

Modified Cash Basis	Budget 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		DR	CR		
Revenues					Revenues
Base Charge Revenue	1,360,920.00			1,360,920.00	Base Charge Revenue
Rate Based Revenue	87,514.00			87,514.00	Rate Based Revenue
Other Revenue	261,576		444,570	706,146	Other Revenue
Total Revenues	1,710,010.00			2,154,580	Total Revenues
Expenditures					Expenses
Operating	1,243,394.00	-		1,243,394	Operating Expenses
Capital					
Transfers to Reserves	466,616.00		466,616		
		300,130		300,130	Amortization
Total Expenditures	1,710,010.00			1,543,524	Total Expenses
Net Expenditures	-			611,056	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			15,204,163	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	611,056	-	15,815,219	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		911,186	911,186		

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



Figure B-2
Conversion Adjustments
Statements of Financial Position (Wastewater)

Modified Cash Basis	Budget 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	3,844,425			3,844,425	Cash
Accounts Receivable	177,242			177,242	Accounts Receivable
Total Financial Assets	4,021,667			4,021,667	Total Financial Assets
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	263,551			263,551	Accounts Payable & Accrued Liabilities
Total Liabilities	263,551			263,551	Total Liabilities
Net Assets/(Debt)	3,758,116			3,758,116	Net Financial Assets/(Debt)
		12,057,103	-	12,057,103	Non-Financial Assets
					Tangible Capital Assets
				12,057,103	Total Non-Financial Assets
Municipal Position					
Wastewater Reserves	3,758,116	3,758,116	-		
Total Municipal Position	3,758,116		15,815,219	15,815,219	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		15,815,219	15,815,219		

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



Table B-1
Statement of Financial Position: Wastewater 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	3,844,425	1,253,080	1,351,126	971,492	1,026,637	1,228,942	1,522,772	1,822,869	2,271,350	2,711,723
Accounts Receivable	1	177,242	188,959	201,818	214,941	227,387	240,153	253,067	266,319	279,711	293,438
Accounts Receivable - Other	3	-	-	-	-	-	-	-	-	-	-
Total Financial Assets		4,021,667	1,442,039	1,552,944	1,186,433	1,254,024	1,469,095	1,775,839	2,089,188	2,551,061	3,005,161
Liabilities											
Bank Indebtedness		-	-	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	263,551	273,310	283,471	294,052	305,071	316,547	328,500	340,952	353,923	367,438
Debt (Principal only)	2	-	-	2,500,000	2,416,046	2,328,733	2,237,928	2,143,491	2,045,276	1,943,133	1,836,904
Deferred Revenue	3	-	-	-	-	-	-	-	-	-	-
Total Liabilities		263,551	273,310	2,783,471	2,710,098	2,633,804	2,554,475	2,471,991	2,386,228	2,297,056	2,204,342
Net Financial Assets/(Debt)		3,758,116	1,168,729	(1,230,527)	(1,523,665)	(1,379,780)	(1,085,380)	(696,152)	(297,040)	254,005	800,819
Non-Financial Assets											
Tangible Capital Assets	4	12,057,103	21,800,252	31,218,019	31,790,245	31,506,379	31,184,353	30,834,654	30,542,792	30,168,562	29,832,899
Total Non-Financial Assets		12,057,103	21,800,252	31,218,019	31,790,245	31,506,379	31,184,353	30,834,654	30,542,792	30,168,562	29,832,899
Accumulated Surplus/(Deficit)	5	15,815,219	22,968,981	29,987,492	30,266,580	30,126,599	30,098,973	30,138,502	30,245,752	30,422,567	30,633,718

Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Increase/(Decrease) in Net Financial Assets	(3,871,111)	(913,814)	(2,589,387)	(2,399,256)	(293,138)	143,885	294,400	389,228	399,112	551,045	546,814
2) Increase/(Decrease) in Tangible Capital Assets	19,300,666	1,524,870	9,743,149	9,417,767	572,226	(283,866)	(322,026)	(349,699)	(291,862)	(374,230)	(335,663)
3) Increase/(Decrease) in Accumulated Surplus	15,429,555	611,056	7,153,762	7,018,511	279,088	(139,981)	(27,626)	39,529	107,250	176,815	211,151



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

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Wastewater Revenue											
Base Charge Revenue		1,360,920	1,459,798	1,560,943	1,663,583	1,768,416	1,876,290	1,985,545	2,097,917	2,211,595	2,328,466
Rate Based Revenue		87,514	92,526	106,298	120,970	126,883	132,795	138,708	144,620	150,533	156,445
Other Revenue	6	706,146	7,226,726	7,235,878	732,601	298,506	307,884	317,306	326,875	336,486	346,145
Total Revenues		2,154,580	8,779,050	8,903,119	2,517,154	2,193,805	2,316,969	2,441,559	2,569,412	2,698,614	2,831,056
Wastewater Expenses											
Operating Expenses	Sch. 4-1	1,243,394	1,289,437	1,337,375	1,387,292	1,460,278	1,493,420	1,549,814	1,608,560	1,669,758	1,759,517
Interest on Debt	2	-	-	-	100,000	96,642	93,149	89,517	85,740	81,811	77,725
Amortization	4	300,130	335,851	547,233	750,774	776,866	758,026	762,699	767,862	770,230	782,663
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Total Expenses		1,543,524	1,625,288	1,884,608	2,238,066	2,333,786	2,344,595	2,402,030	2,462,162	2,521,799	2,619,905
Annual Surplus/(Deficit)		611,056	7,153,762	7,018,511	279,088	(139,981)	(27,626)	39,529	107,250	176,815	211,151
Accumulated Surplus/(Deficit), beginning of year	5	15,204,163	15,815,219	22,968,981	29,987,492	30,266,580	30,126,599	30,098,973	30,138,502	30,245,752	30,422,567
Accumulated Surplus/(Deficit), end of year		15,815,219	22,968,981	29,987,492	30,266,580	30,126,599	30,098,973	30,138,502	30,245,752	30,422,567	30,633,718
Note 5:											
Accumulated Surplus/(Deficit) Reconciliation:											
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserve Balances											
Reserves: Capital/Other		3,758,116	1,168,729	1,269,473	892,381	948,953	1,152,548	1,447,339	1,748,236	2,197,138	2,637,723
Total Reserves Balance		3,758,116	1,168,729	1,269,473	892,381	948,953	1,152,548	1,447,339	1,748,236	2,197,138	2,637,723
Less: Debt Obligations and Deferred Revenue		-	-	(2,500,000)	(2,416,046)	(2,328,733)	(2,237,928)	(2,143,491)	(2,045,276)	(1,943,133)	(1,836,904)
Add: Tangible Capital Assets	4	12,057,103	21,800,252	31,218,019	31,790,245	31,506,379	31,184,353	30,834,654	30,542,792	30,168,562	29,832,899
Total Ending Balance		15,815,219	22,968,981	29,987,492	30,266,580	30,126,599	30,098,973	30,138,502	30,245,752	30,422,567	30,633,718
Financial Indicators											
	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Expense to Revenue Ratio		72%	19%	21%	89%	106%	101%	98%	96%	93%	93%
2) Increase/(Decrease) in Accumulated Surplus	15,429,555	611,056	7,153,762	7,018,511	279,088	(139,981)	(27,626)	39,529	107,250	176,815	211,151



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

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operating Expenses											
Operating Exp		30,000	30,600	31,212	31,836	32,473	33,122	33,784	34,460	35,149	35,852
Telecommunications		4,287	4,373	4,460	4,549	4,640	4,733	4,828	4,925	5,024	5,124
Utilities		188,326	197,742	207,629	218,010	228,911	240,357	252,375	264,994	278,244	292,156
R & M - Bldg		15,530	16,226	16,953	17,712	18,505	19,334	20,200	21,105	22,050	23,038
R & M - Equipment		157,000	164,033	171,381	179,058	187,079	195,459	204,214	213,362	222,919	232,904
Property Taxes		53,793	54,869	55,966	57,085	58,227	59,392	60,580	61,792	63,028	64,289
Tax Write Offs/Supplementals		206	210	214	218	222	226	231	236	241	246
Insurance		26,087	27,130	28,215	29,344	30,518	31,739	33,009	34,329	35,702	37,130
Contracted Services		432,608	451,986	472,232	493,385	515,486	538,577	562,702	587,908	614,243	641,757
Charge from W/WW Administration		335,557	342,268	349,113	356,095	363,217	370,481	377,891	385,449	393,158	401,021
Non TCA - Expenses from Capital Budget	7	-	-	-	-	21,000	-	-	-	-	26,000
TOTAL OPERATING EXPENSES		1,243,394	1,289,437	1,337,375	1,387,292	1,460,278	1,493,420	1,549,814	1,608,560	1,669,758	1,759,517



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

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Annual Surplus/(Deficit)		611,056	7,153,762	7,018,511	279,088	(139,981)	(27,626)	39,529	107,250	176,815	211,151
Less: Acquisition of Tangible Capital Assets	4	(1,825,000)	(10,079,000)	(9,965,000)	(1,323,000)	(493,000)	(436,000)	(413,000)	(476,000)	(396,000)	(447,000)
Add: Amortization of Tangible Capital Assets	4	300,130	335,851	547,233	750,774	776,866	758,026	762,699	767,862	770,230	782,663
Sub-Total		(1,524,870)	(9,743,149)	(9,417,767)	(572,226)	283,866	322,026	349,699	291,862	374,230	335,663
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Sub-Total		-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(913,814)	(2,589,387)	(2,399,256)	(293,138)	143,885	294,400	389,228	399,112	551,045	546,814
Net Financial Assets/(Net Debt), beginning of year		4,671,930	3,758,116	1,168,729	(1,230,527)	(1,523,665)	(1,379,780)	(1,085,380)	(696,152)	(297,040)	254,005
Net Financial Assets/(Net Debt), end of year		3,758,116	1,168,729	(1,230,527)	(1,523,665)	(1,379,780)	(1,085,380)	(696,152)	(297,040)	254,005	800,819
Financial Indicators		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Acquisition of Tangible Capital Assets (Cumulative)		1,825,000	11,904,000	21,869,000	23,192,000	23,685,000	24,121,000	24,534,000	25,010,000	25,406,000	25,853,000
2) Annual Surplus/Deficit before Amortization (Cumulative)		911,186	8,400,799	15,966,543	16,996,405	17,633,290	18,363,690	19,165,918	20,041,030	20,988,075	21,981,889
3) Ratio of Annual Surplus before Amortization to Acquisition of TCAs (Cumulative)		0.50	0.71	0.73	0.73	0.74	0.76	0.78	0.80	0.83	0.85



Table B-4
Statement of Cash Flow – Indirect Method: Wastewater 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		611,056	7,153,762	7,018,511	279,088	(139,981)	(27,626)	39,529	107,250	176,815	211,151
Add: Amortization of TCAs	4	300,130	335,851	547,233	750,774	776,866	758,026	762,699	767,862	770,230	782,663
Less: Earned Deferred Revenue	3	-	-	-	-	-	-	-	-	-	-
Change in A/R (Increase)/Decrease		(19,312)	(11,717)	(12,859)	(13,123)	(12,446)	(12,766)	(12,914)	(13,252)	(13,392)	(13,727)
Change in A/P Increase/(Decrease)		33,367	9,759	10,161	10,581	11,019	11,476	11,953	12,452	12,971	13,515
Cash Provided by Operating Transactions		925,241	7,487,655	7,563,046	1,027,320	635,458	729,110	801,267	874,312	946,624	993,602
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(1,825,000)	(10,079,000)	(9,965,000)	(1,323,000)	(493,000)	(436,000)	(413,000)	(476,000)	(396,000)	(447,000)
Cash Applied to Capital Transactions		(1,825,000)	(10,079,000)	(9,965,000)	(1,323,000)	(493,000)	(436,000)	(413,000)	(476,000)	(396,000)	(447,000)
Financing Transactions											
Proceeds from Debt Issue	2	-	-	2,500,000	-	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	-	-	-	(83,954)	(87,313)	(90,805)	(94,437)	(98,215)	(102,143)	(106,229)
Cash Applied to Financing Transactions		-	-	2,500,000	(83,954)	(87,313)	(90,805)	(94,437)	(98,215)	(102,143)	(106,229)
Increase in Cash and Cash Equivalents		(899,759)	(2,591,345)	98,046	(379,634)	55,145	202,305	293,830	300,097	448,481	440,373
Cash and Cash Equivalents, beginning of year	1	4,744,184	3,844,425	1,253,080	1,351,126	971,492	1,026,637	1,228,942	1,522,772	1,822,869	2,271,350
Cash and Cash Equivalents, end of year	1	3,844,425	1,253,080	1,351,126	971,492	1,026,637	1,228,942	1,522,772	1,822,869	2,271,350	2,711,723



Wastewater

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 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 wastewater. 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 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 (provided by Municipality staff) as a percentage of annual water and wastewater revenue earned (as per the 2022 to 2024 Financial Information Returns (F.I.R.s)); and
- b) Payables: Based on historical levels of Municipality-wide payables as a percentage of annual expenses incurred by the Municipality (as per the 2022 to 2024 F.I.R.s).

2. Debt

The Municipality has no outstanding wastewater related debt at the beginning of 2026. Additional debt proceeds are anticipated in 2029. Principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2026	-
2027	-
2028	-
2029	83,954
2030	87,313
2031	90,805
2032	94,437
2033	98,215
2034	102,143
2035	106,229
Total	\$663,096



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 wastewater development charge (D.C.), Canada Community-Building Fund (C.C.B.F.) reserve 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 Municipality does not collect water D.C.s or use funding from the C.C.B.F. for wastewater services. Therefore, no deferred revenue has been projected over the forecast period.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes wastewater related assets in the following categories:
 - i. Facility and Facility-Related Assets, including Land;
 - ii. Collection system assets (i.e., sanitary sewers and services); and
 - iii. Machinery and Equipment Assets; and
 - iv. Vehicles.
- Amortization is calculated based on the straight-line approach and begins when the asset is capitalized.
- 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.



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	17,204,478	18,909,560	28,828,233	38,710,322	39,977,092	40,435,910	40,856,805	41,254,952	41,713,426	41,985,724
Acquisitions	1,825,000	10,079,000	9,965,000	1,323,000	493,000	436,000	413,000	476,000	396,000	447,000
Disposals	119,918	160,327	82,911	56,230	34,182	15,105	14,853	17,526	123,702	16,775
Closing Tangible Capital Asset Balance	18,909,560	28,828,233	38,710,322	39,977,092	40,435,910	40,856,805	41,254,952	41,713,426	41,985,724	42,415,949
Opening Accumulated Amortization	6,672,245	6,852,457	7,027,981	7,492,303	8,186,847	8,929,531	9,672,452	10,420,298	11,170,634	11,817,162
Amortization Expense	300,130	335,851	547,233	750,774	776,866	758,026	762,699	767,862	770,230	782,663
Amortization on Disposal	119,918	160,327	82,911	56,230	34,182	15,105	14,853	17,526	123,702	16,775
Ending Accumulated Amortization	6,852,457	7,027,981	7,492,303	8,186,847	8,929,531	9,672,452	10,420,298	11,170,634	11,817,162	12,583,050
Net Book Value	12,057,103	21,800,252	31,218,019	31,790,245	31,506,379	31,184,353	30,834,654	30,542,792	30,168,562	29,832,899



5. Accumulated Surplus

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

Wastewater	2026 Opening Accumulated Surplus
Reserve Balances	
Reserves: Capital/Other	4,671,930
Total Reserves Balance	\$4,671,930
Add: Tangible Capital Assets	10,532,233
Total Opening Balance	\$15,204,163

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

6. Other Revenue

Other revenue consists of miscellaneous revenues such as interest earnings and grants.

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.