Water Ontario Regulation 453/07 Financial Plans

Municipality of South Huron

Financial Plan #054-301

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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.	*Safe Drinking Water Act, 2002*
W.O.A.	*Water Opportunities Act, 2010*

Report

Chapter 1
Introduction

1. Introduction

1.1 Study Purpose

The Municipality of South Huron (Municipality) retained Watson & Associates Economists Ltd. (Watson) to prepare a water financial plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water licence as per the *Safe Drinking Water Act, 2002*. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. This detailed financial planning and forecasting regarding the Municipality's water system has already been completed and documented in the "2026 Water and Wastewater Rate Study Municipality of South Huron" dated January 19, 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, 2022* (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 2036 forecast included in this financial plan meets that requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3 (1) 1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water licence renewal (i.e., six months prior to licence expiry).

A copy of the financial plan must be submitted to the Ministry of Municipal Affairs and Housing (MMAH). The financial plan does not need to be submitted to the Ministry of the Environment, Conservation, and Parks (MECP); however, the MECP may request it 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 Municipality completed its 2025 Asset Management Plan (2025 A.M.P.), which was adopted by Council on June 16, 2025, to meet the legislated timelines. The 2025 A.M.P. included a review of the Municipality's water infrastructure. 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 Forecast

The Municipality 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 Municipality'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 Municipality’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 Municipality 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 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 DR	Adjustments CR	Full Accrual Budget 2026	Accrual Basis
Revenues					**Revenues**
Base Charge Revenue	2,405,328			2,405,328	Base Charge Revenue
Rate Based Revenue	1,820,026			1,820,026	Rate Based Revenue
Transfers from Reserves	84,520	84,520			
			79,329	79,329	Earned Development Charges Revenue
Other Revenue	1,499,999		-	1,499,999	Other Revenue
Total Revenues	**5,809,873**			**5,804,682**	**Total Revenues**
Expenditures					**Expenses**
Operating	2,243,867	-		2,243,867	Operating Expenses
Capital					
Transfers to Reserves	2,664,125		2,664,125		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	901,882		559,351	342,531	Interest on Debt
		718,625		718,625	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
Total Expenditures	**5,809,874**			**3,305,023**	**Total Expenses**
Net Expenditures	**-**			**2,499,659**	**Annual Surplus/(Deficit)**
Increase (decrease) in amounts to be recovered	-			25,610,965	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	**-**	**2,499,659**	**-**	**28,110,624**	**Accumulated Surplus/(Deficit), end of year**

TOTAL ADJUSTMENTS		**3,302,804**	**3,302,804**

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 DR	Adjustments CR	Full Accrual Budget 2026	Accrual Basis
ASSETS					**ASSETS**
Financial Assets					**Financial Assets**
Cash	3,972,905			3,972,905	Cash
Accounts Receivable	706,877			706,877	Accounts Receivable
Total Financial Assets	**4,679,782**			**4,679,782**	**Total Financial Assets**
LIABILITIES					**Liabilities**
Accounts Payable & Accrued Liabilities	474,822			474,822	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	6,444,831			6,444,831	Debt (Principal only)
Deferred Revenue	-			-	Deferred Revenue
Bank Indebtedness	-			-	Bank Indebtedness
Other	-			-	Other
Total Liabilities	**6,919,653**			**6,919,653**	**Total Liabilities**
Net Assets/(Debt)	**(2,239,871)**			**(2,239,871)**	**Net Financial Assets/(Debt)**
					Non-Financial Assets
		30,350,495	-	30,350,495	Tangible Capital Assets
		-		-	Inventory of Supplies
		-		-	Prepaid Expenses
				30,350,495	**Total Non-Financial Assets**
Municipal Position					
Water Reserves	4,204,960	4,204,960	-		
Amounts to be Recovered	(6,444,831)	-	6,444,831		
Total Municipal Position	**(2,239,871)**		28,110,624	**28,110,624**	**Accumulated Surplus/(Deficit), end of year**
TOTAL ADJUSTMENTS		**34,555,455**	**34,555,455**		

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) <u>Opening Cash Balances</u> – 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
   <u>Less: Ending Accounts Receivable Balance</u>
   Equals: Approximate Ending Cash Balance

b) <u>Amortization Expense</u> – 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 document[1] 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 Municipality's water system. The first important indicator is net financial assets/(debt), which is defined as the difference between financial assets and liabilities. This indicator provides an indication of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. Table 4-1 indicates that in 2026, the Municipality's water system will be in a net financial debt position of approximately $2.24 million. The financial plan forecasts the Municipality's water system would be in a net debt position from 2026 until 2036, due to the depletion of reserves to fund the capital program, however, the net debt position is projected to improve over 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:

- 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 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 $29.78 million over the forecast period. This indicates that the Municipality plans to invest in tangible capital assets in excess of the anticipated use of existing assets over the forecast period.

4.2.2 Statement of Operations (Table 4-2)

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates the ratio of expenses to revenues at 57% in 2026 and initially increases to 59% by 2031, before decreasing to 48% by 2036. As a result, annual surpluses ranging from approximately $2.50 million to approximately $4.27 million are anticipated every year.

Deficits indicate that the Municipality 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 $33.88 million to a 2026 accumulated surplus (at the beginning of the year) of approximately $25.61 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 in the forecast period, except for the years 2031, forecasted tangible capital asset acquisitions exceed the forecasted annual surplus, resulting in decreases in the net financial assets balance. 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 decreasing from 1.17 to 0.93 from 2026 to 2027 and then fluctuating between 0.94 and 1.08 for the remainder of the forecast period, ending the forecast period at 1.05 (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 decrease from a surplus balance of approximately $4.07 million at the beginning of 2026 to a surplus balance of approximately $187,600 by the end of 2036. For further discussion on projected cash balances, please refer to the Notes to the Financial Plan.

Table 4-1
Statement of Financial Position: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2036

	Notes	Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Financial Assets												
Cash	1	3,972,905	2,392,338	1,640,355	1,553,718	461,460	803,794	972,849	912,545	999,584	776,296	187,579
Accounts Receivable	1	706,877	733,314	761,293	790,844	823,862	798,416	838,096	881,399	919,178	879,252	930,540
Total Financial Assets		**4,679,782**	**3,125,652**	**2,401,648**	**2,344,562**	**1,285,322**	**1,602,210**	**1,810,945**	**1,793,944**	**1,918,762**	**1,655,548**	**1,118,119**
Liabilities												
Bank Indebtedness		-	-	-	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	474,822	494,199	514,446	535,611	556,097	577,782	600,606	623,429	647,826	672,947	698,779
Debt (Principal only)	2	6,444,831	5,857,125	5,239,625	4,590,821	3,909,127	3,192,875	2,440,313	1,649,600	1,211,864	1,135,416	1,055,199
Deferred Revenue	3	-	-	-	-	-	15,262	66,964	127,865	244,739	414,454	-
Total Liabilities		**6,919,653**	**6,351,324**	**5,754,071**	**5,126,432**	**4,465,224**	**3,785,919**	**3,107,883**	**2,400,894**	**2,104,429**	**2,222,817**	**1,753,978**
Net Financial Assets/(Debt)		**(2,239,871)**	**(3,225,672)**	**(3,352,423)**	**(2,781,870)**	**(3,179,902)**	**(2,183,709)**	**(1,296,938)**	**(606,950)**	**(185,667)**	**(567,269)**	**(635,859)**
Non-Financial Assets												
Tangible Capital Assets	4	30,350,495	33,952,947	36,796,562	39,066,736	42,373,885	44,097,032	46,168,334	48,683,177	52,068,937	55,785,848	60,126,933
Total Non-Financial Assets		**30,350,495**	**33,952,947**	**36,796,562**	**39,066,736**	**42,373,885**	**44,097,032**	**46,168,334**	**48,683,177**	**52,068,937**	**55,785,848**	**60,126,933**
Accumulated Surplus/(Deficit)	5	**28,110,624**	**30,727,275**	**33,444,139**	**36,284,866**	**39,193,983**	**41,913,323**	**44,871,396**	**48,076,227**	**51,883,270**	**55,218,579**	**59,491,074**

Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
1) Increase/(Decrease) in Net Financial Assets	2,078,130	474,118	(985,801)	(126,751)	570,553	(398,032)	996,193	886,771	689,988	421,283	(381,602)	(68,590)
2) Increase/(Decrease) in Tangible Capital Assets	31,801,979	2,025,541	3,602,452	2,843,615	2,270,174	3,307,149	1,723,147	2,071,302	2,514,843	3,385,760	3,716,911	4,341,085
3) Increase/(Decrease) in Accumulated Surplus	33,880,109	2,499,659	2,616,651	2,716,864	2,840,727	2,909,117	2,719,340	2,958,073	3,204,831	3,807,043	3,335,309	4,272,495

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

	Notes	Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Water Revenue												
Base Charge Revenue		2,405,328	2,571,125	2,748,245	2,937,456	3,145,319	3,374,905	3,626,349	3,901,823	4,198,896	4,518,660	4,861,974
Rate Based Revenue		1,820,026	1,867,214	1,915,582	1,965,157	2,018,844	2,077,376	2,140,044	2,207,050	2,276,484	2,348,202	2,421,929
Earned Development Charges Revenue	3	79,329	55,162	58,139	61,276	93,238	84,520	84,520	84,520	41,225	-	584,773
Other Revenue	6	1,499,999	1,504,310	1,508,781	1,512,879	1,522,701	1,025,443	1,037,461	1,050,900	1,038,193	359,777	364,282
Total Revenues		**5,804,682**	**5,997,811**	**6,230,747**	**6,476,768**	**6,780,102**	**6,562,244**	**6,888,374**	**7,244,293**	**7,554,798**	**7,226,639**	**8,232,958**
Water Expenses												
Operating Expenses	Sch. 4-1	2,243,867	2,335,436	2,431,115	2,531,136	2,746,946	2,730,421	2,838,283	2,946,136	3,061,431	3,226,143	3,302,218
Interest on Debt	2	342,531	314,176	284,383	253,079	220,188	185,630	149,320	111,169	71,084	58,098	54,330
Amortization	4	718,625	731,548	798,385	851,826	903,851	926,853	942,698	982,157	615,240	607,089	603,915
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Total Expenses		**3,305,023**	**3,381,160**	**3,513,883**	**3,636,041**	**3,870,985**	**3,842,904**	**3,930,301**	**4,039,462**	**3,747,755**	**3,891,330**	**3,960,463**
Annual Surplus/(Deficit)		**2,499,659**	**2,616,651**	**2,716,864**	**2,840,727**	**2,909,117**	**2,719,340**	**2,958,073**	**3,204,831**	**3,807,043**	**3,335,309**	**4,272,495**
Accumulated Surplus/(Deficit), beginning of year	5	25,610,965	28,110,624	30,727,275	33,444,139	36,284,866	39,193,983	41,913,323	44,871,396	48,076,227	51,883,270	55,218,579
Accumulated Surplus/(Deficit), end of year		28,110,624	30,727,275	33,444,139	36,284,866	39,193,983	41,913,323	44,871,396	48,076,227	51,883,270	55,218,579	59,491,074
Note 5:												
Accumulated Surplus/(Deficit) Reconciliation:		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Reserve Balances												
Reserves: Development Charges		-	-	-	-	-	15,262	66,964	127,865	244,739	414,453	-
Reserves: Capital/Other		4,204,960	2,631,453	1,887,202	1,808,951	729,225	1,009,166	1,143,375	1,042,650	1,026,197	568,147	419,340
Total Reserves Balance		**4,204,960**	**2,631,453**	**1,887,202**	**1,808,951**	**729,225**	**1,024,428**	**1,210,339**	**1,170,515**	**1,270,936**	**982,600**	**419,340**
Less: Debt Obligations and Deferred Revenue		(6,444,831)	(5,857,125)	(5,239,625)	(4,590,821)	(3,909,127)	(3,208,137)	(2,507,277)	(1,777,465)	(1,456,603)	(1,549,869)	(1,055,199)
Add: Tangible Capital Assets	4	30,350,495	33,952,947	36,796,562	39,066,736	42,373,885	44,097,032	46,168,334	48,683,177	52,068,937	55,785,848	60,126,933
Total Ending Balance		**28,110,624**	**30,727,275**	**33,444,139**	**36,284,866**	**39,193,983**	**41,913,323**	**44,871,396**	**48,076,227**	**51,883,270**	**55,218,579**	**59,491,074**

Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
1) Expense to Revenue Ratio		57%	56%	56%	56%	57%	59%	57%	56%	50%	54%	48%
2) Increase/(Decrease) in Accumulated Surplus	33,880,109	2,499,659	2,616,651	2,716,864	2,840,727	2,909,117	2,719,340	2,958,073	3,204,831	3,807,043	3,335,309	4,272,495

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

	Notes	Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Operating Expenses												
Insurance		29,549	31,529	33,641	35,895	38,300	40,866	43,604	46,525	49,642	52,968	56,517
Repairs & Mntce		136,475	139,205	141,989	144,829	147,726	150,681	153,695	156,769	159,904	163,102	166,364
Training & Conferences		16,180	16,180	16,180	16,180	16,180	16,180	16,180	16,180	16,180	16,180	16,180
Utilities		83,571	87,750	92,138	96,745	101,582	106,661	111,994	117,594	123,474	129,648	136,130
Wages		738,314	760,463	783,277	806,775	830,978	855,907	881,584	908,032	935,273	963,331	992,231
W-Benefits		211,329	217,669	224,199	230,925	237,853	244,989	252,339	259,909	267,706	275,737	284,009
Z-Program Support		52,724	54,306	55,935	57,613	59,341	61,121	62,955	64,844	66,789	68,793	70,857
Contracted Services		220,180	231,189	242,748	254,885	267,629	281,010	295,061	309,814	325,305	341,570	358,649
Supplies (Water Purchase from LHPWSS)		755,545	797,145	841,008	887,289	928,357	973,006	1,020,871	1,066,469	1,117,158	1,168,814	1,221,281
Non TCA - Expenses from Capital Budget	7	-	-	-	-	119,000	-	-	-	-	46,000	-
TOTAL OPERATING EXPENSES		**2,243,867**	**2,335,436**	**2,431,115**	**2,531,136**	**2,746,946**	**2,730,421**	**2,838,283**	**2,946,136**	**3,061,431**	**3,226,143**	**3,302,218**

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

	Notes	Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Annual Surplus/(Deficit)		2,499,659	2,616,651	2,716,864	2,840,727	2,909,117	2,719,340	2,958,073	3,204,831	3,807,043	3,335,309	4,272,495
Less: Acquisition of Tangible Capital Assets	4	(2,744,166)	(4,334,000)	(3,642,000)	(3,122,000)	(4,211,000)	(2,650,000)	(3,014,000)	(3,497,000)	(4,001,000)	(4,324,000)	(4,945,000)
Add: Amortization of Tangible Capital Assets	4	718,625	731,548	798,385	851,826	903,851	926,853	942,698	982,157	615,240	607,089	603,915
Sub-Total		(2,025,541)	(3,602,452)	(2,843,615)	(2,270,174)	(3,307,149)	(1,723,147)	(2,071,302)	(2,514,843)	(3,385,760)	(3,716,911)	(4,341,085)
Less: Acquisition of Supplies Inventory		-	-	-	-	-	-	-	-	-	-	-
Add: Consumption of Supplies Inventory		-	-	-	-	-	-	-	-	-	-	-
Sub-Total		-	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		**474,118**	**(985,801)**	**(126,751)**	**570,553**	**(398,032)**	**996,193**	**886,771**	**689,988**	**421,283**	**(381,602)**	**(68,590)**
Net Financial Assets/(Net Debt), beginning of year		(2,713,989)	(2,239,871)	(3,225,672)	(3,352,423)	(2,781,870)	(3,179,902)	(2,183,709)	(1,296,938)	(606,950)	(185,667)	(567,269)
Net Financial Assets/(Net Debt), end of year		**(2,239,871)**	**(3,225,672)**	**(3,352,423)**	**(2,781,870)**	**(3,179,902)**	**(2,183,709)**	**(1,296,938)**	**(606,950)**	**(185,667)**	**(567,269)**	**(635,859)**

Financial Indicators		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
1) Acquisition of Tangible Capital Assets (Cumulative)		2,744,166	7,078,166	10,720,166	13,842,166	18,053,166	20,703,166	23,717,166	27,214,166	31,215,166	35,539,166	40,484,166
2) Annual Surplus/Deficit before Amortization (Cumulative)		3,218,284	6,566,483	10,081,732	13,774,285	17,587,253	21,233,446	25,134,217	29,321,205	33,743,488	37,685,886	42,562,296
3) Ratio of Annual Surplus before Amortization to Acquisition of TCAs (Cumulative)		1.17	0.93	0.94	1.00	0.97	1.03	1.06	1.08	1.08	1.06	1.05

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

	Notes	Forecast										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Operating Transactions												
Annual Surplus/Deficit		2,499,659	2,616,651	2,716,864	2,840,727	2,909,117	2,719,340	2,958,073	3,204,831	3,807,043	3,335,309	4,272,495
Add: Amortization of TCAs	4	718,625	731,548	798,385	851,826	903,851	926,853	942,698	982,157	615,240	607,089	603,915
Less: Earned Deferred Revenue	3	(79,329)	(55,162)	(58,139)	(61,276)	(93,238)	(84,520)	(84,520)	(84,520)	(41,225)	-	(584,773)
Add: Deferred Revenue Proceeds		52,341	55,162	58,139	61,276	93,238	99,782	136,222	145,421	158,100	169,715	170,319
Change in A/R (Increase)/Decrease		2,373	(26,436)	(27,979)	(29,552)	(33,018)	25,446	(39,680)	(43,303)	(37,780)	39,926	(51,289)
Change in A/P Increase/(Decrease)		8,400	19,377	20,247	21,165	20,486	21,685	22,824	22,823	24,397	25,121	25,832
Cash Provided by Operating Transactions		**3,202,069**	**3,341,140**	**3,507,517**	**3,684,166**	**3,800,436**	**3,708,586**	**3,935,617**	**4,227,409**	**4,525,775**	**4,177,160**	**4,436,499**
Capital Transactions												
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(2,744,166)	(4,334,000)	(3,642,000)	(3,122,000)	(4,211,000)	(2,650,000)	(3,014,000)	(3,497,000)	(4,001,000)	(4,324,000)	(4,945,000)
Cash Applied to Capital Transactions		**(2,744,166)**	**(4,334,000)**	**(3,642,000)**	**(3,122,000)**	**(4,211,000)**	**(2,650,000)**	**(3,014,000)**	**(3,497,000)**	**(4,001,000)**	**(4,324,000)**	**(4,945,000)**
Investing Transactions												
Proceeds from Investments		-	-	-	-	-	-	-	-	-	-	-
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financing Transactions												
Proceeds from Debt Issue	2	-	-	-	-	-	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	(559,351)	(587,707)	(617,500)	(648,803)	(681,694)	(716,252)	(752,562)	(790,713)	(437,736)	(76,448)	(80,216)
Cash Applied to Financing Transactions		**(559,351)**	**(587,707)**	**(617,500)**	**(648,803)**	**(681,694)**	**(716,252)**	**(752,562)**	**(790,713)**	**(437,736)**	**(76,448)**	**(80,216)**
Increase in Cash and Cash Equivalents		(101,448)	(1,580,567)	(751,983)	(86,637)	(1,092,258)	342,334	169,055	(60,304)	87,039	(223,288)	(588,717)
Cash and Cash Equivalents, beginning of year	1	4,074,353	3,972,905	2,392,338	1,640,355	1,553,718	461,460	803,794	972,849	912,545	999,584	776,296
Cash and Cash Equivalents, end of year	1	**3,972,905**	**2,392,338**	**1,640,355**	**1,553,718**	**461,460**	**803,794**	**972,849**	**912,545**	**999,584**	**776,296**	**187,579**

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:

a) Receivables: Based on historical levels of municipal-wide receivables (provided by Municipality staff) as a percentage of annual revenue earned (as per the 2021 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 2021 to 2024 F.I.R.s).

2. Debt

Outstanding water related debt anticipated at the beginning of 2026, is forecasted to be approximately $7 million with no additional debt proceeds anticipated throughout the forecast period. Estimated principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2026	559,351
2027	587,707
2028	617,500
2029	648,803
2030	681,694
2031	716,252
2032	752,562
2033	790,713
2034	437,736
2035	76,448
2036	80,216
Total	**$5,948,982**

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 Municipality'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. Site Works;
  iii. Facility Assets;
  iv. Electrical and Instrumentation Assets;
  v. Machinery and Equipment;
  vi. Distribution Assets (watermains, etc.);
  vii. Water Meters; and
  viii. Vehicles and Equipment.
- Amortization is calculated based on the straight-line approach.
- 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 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	2036
Opening Tangible Capital Asset Balance	47,971,023	50,522,478	54,553,908	57,948,772	60,807,396	64,730,543	67,180,215	70,005,204	73,303,127	76,754,191	80,862,855
Acquisitions	2,744,166	4,334,000	3,642,000	3,122,000	4,211,000	2,650,000	3,014,000	3,497,000	4,001,000	4,324,000	4,945,000
Disposals	192,711	302,570	247,136	263,376	287,853	200,328	189,011	199,077	549,936	215,336	228,738
Closing Tangible Capital Asset Balance	**50,522,478**	**54,553,908**	**57,948,772**	**60,807,396**	**64,730,543**	**67,180,215**	**70,005,204**	**73,303,127**	**76,754,191**	**80,862,855**	**85,579,117**
Opening Accumulated Amortization	19,646,069	20,171,983	20,600,961	21,152,210	21,740,660	22,356,658	23,083,183	23,836,870	24,619,950	24,685,254	25,077,007
Amortization Expense	718,625	731,548	798,385	851,826	903,851	926,853	942,698	982,157	615,240	607,089	603,915
Amortization on Disposal	192,711	302,570	247,136	263,376	287,853	200,328	189,011	199,077	549,936	215,336	228,738
Ending Accumulated Amortization	**20,171,983**	**20,600,961**	**21,152,210**	**21,740,660**	**22,356,658**	**23,083,183**	**23,836,870**	**24,619,950**	**24,685,254**	**25,077,007**	**25,452,184**
Net Book Value	**30,350,495**	**33,952,947**	**36,796,562**	**39,066,736**	**42,373,885**	**44,097,032**	**46,168,334**	**48,683,177**	**52,068,937**	**55,785,848**	**60,126,933**

5. **Accumulated Surplus**

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

Water	2026 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	26,988
Reserves: Capital/Other	4,290,193
Total Reserves Balance	**$4,317,181**
Less: Debt Obligations and Deferred Revenue	(7,031,170)
Add: Tangible Capital Assets	28,324,954
Total Opening Balance	**$25,610,965**

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

6. **Other Revenue**

Other revenue includes fines and penalties, investment income, and other miscellaneous revenues. As well, the Municipality receives revenues related to a quarterly debt charge imposed to recover the annual debt costs associated with the Exeter-Hensall Water Supply Pipeline. The charge levied on Exeter and Stephen customers was initially calculated based on the proportionate share of maximum day design flows.

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 Municipality of South Huron 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 and regulations, and it is recommended that:

1. The Municipality of South Huron Water Financial Plan prepared by Watson & Associates Economists Ltd. dated January 20, 2026, be approved.

2. Notice of availability of the Financial Plan be advertised.

3. The Financial Plan, dated January 20, 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
Municipality of South Huron
Water Capital Budget Forecast (uninflated $)

Description	Budget 2025	Total 2026-2036	Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Victoria Street East Reconstruction (Main Street to east end)	667,651	16,771	16,771	-	-	-	-	-	-	-	-	-	-
Main Street South Reconstruction (Ausable River to Victoria Street) - MTO Connecting Link	-	1,050,234	1,050,234	-	-	-	-	-	-	-	-	-	-
Andrew Street Reconstruction (John to Sanders)	-	222,383	5,000	207,031	10,352	-	-	-	-	-	-	-	-
Gidley St E (Main St to Andrew)	-	223,421	-	216,502	6,920	-	-	-	-	-	-	-	-
Hardy St (Senior to east end)	-	210,095	-	202,463	7,632	-	-	-	-	-	-	-	-
Alexander St W (McConnell St to Francis St)	-	266,021	-	257,005	9,016	-	-	-	-	-	-	-	-
McConnell St (Alexander St to south end)	-	314,229	-	305,213	9,016	-	-	-	-	-	-	-	-
Baldwin St (Main St to Andrew)	-	6,594	-	-	6,594	-	-	-	-	-	-	-	-
Hill St (Andrew to east end)	-	208,881	-	4,544	196,765	7,573	-	-	-	-	-	-	-
Thomas St (Marlborough to William St)	-	693,850	-	15,093	653,602	25,155	-	-	-	-	-	-	-
Carling St (Huron St W to south end)	-	570,337	-	-	12,406	537,254	20,677	-	-	-	-	-	-
Mill St (William St to Market St)	-	550,357	-	-	11,972	518,433	19,953	-	-	-	-	-	-
Huron St (51m east of Eastern Ave to Morrison Line)	-	-	-	-	-	-	-	-	-	-	-	-	-
Kingscourt Cres (Pryde Blvd to north end)	-	537,643	-	-	-	11,695	506,456	19,492	-	-	-	-	-
Waterloo St (Acheson to Mary St)	-	330,578	-	-	-	7,191	311,402	11,985	-	-	-	-	-
Willis Way (West end to east end)	-	454,090	-	-	-	9,878	427,750	16,463	-	-	-	-	-
Church St (Main St to William St)	-	230,678	-	-	-	-	5,018	217,297	8,363	-	-	-	-
William St (Nelson Street to north end) & (Victoria St to Nelson St)	-	891,833	-	-	-	-	19,399	420,051	420,051	32,332	-	-	-
Huron St W (Town Limit to Mary Street) & (GEXR to Marlborough St)	-	962,671	-	-	-	-	-	20,940	453,415	453,415	34,901	-	-
William St (Sanders St to Victoria St)	-	1,113,429	-	-	-	-	-	-	24,220	699,229	349,614	40,366	-
Marlborough St (Wellington St to Victoria) & (Victoria to Sanders St W)	-	1,117,061	-	-	-	-	-	-	-	24,299	350,755	701,510	40,498
Simcoe St (Edward St to east end)	-	308,781	-	-	-	-	-	-	-	-	6,717	290,870	11,195
Wellington St W (Martlborough St to William St)	-	690,217	-	-	-	-	-	-	-	-	15,014	650,180	25,023
Gidley St W (Main St to William)	-	213,242	-	-	-	-	-	-	-	-	-	6,211	207,031
Sanders St W (Main St to William St)	-	213,242	-	-	-	-	-	-	-	-	-	6,211	207,031
Alexander St E (Main St N to Orchard St)	-	225,578	-	-	-	-	-	-	-	-	-	6,570	219,008
Andrew St (MacNaughton Dr to Hill St)	-	324,269	-	-	-	-	-	-	-	-	-	9,445	314,824
Meter Replacement Program	250,000	2,750,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Gore Road upgrade to 250mm (Highway #21 to Corbett Line)	1,181,002	-	-	-	-	-	-	-	-	-	-	-	-
Main Street Dashwood (East to West village limits (200mm) - Joint with Huron County Project	653,516	-	-	-	-	-	-	-	-	-	-	-	-
Thames Road West 150-200mm watermain replacement (GEXR to Main Street) - Joint with Huron County	15,000	-	-	-	-	-	-	-	-	-	-	-	-
Exeter Water Tower vertical fill pipe Replacement	-	1,047,600	30,000	1,017,600	-	-	-	-	-	-	-	-	-
SCADA Upgrades	125,000	1,375,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Replacement of 82 Nelson St Parking Lot	-	75,000	75,000	-	-	-	-	-	-	-	-	-	-

Table A-1 (continued)
Municipality of South Huron
Water Capital Budget Forecast (uninflated $)

Description	Budget 2025	Total 2026-2036	Forecast										
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
South Road Watermain Extension - Corbett Line to Grand Bend Line	-	641,088	30,528	610,560	-	-	-	-	-	-	-	-	-
Highway #21 watermain replacement (Waterworks Road to Kingsmere)	-	826,485	30,000	796,485	-	-	-	-	-	-	-	-	-
Grand Bend Line 100mm watermain (POG to Greenway Road)	-	947,000	-	30,000	917,000	-	-	-	-	-	-	-	-
Repairs to MacNaughton Reservoirs	-	250,000	-	-	250,000	-	-	-	-	-	-	-	-
Thames Road West watermain replacement (GEXR to Main Street) - Joint with Huron County	-	750,000	-	-	750,000	-	-	-	-	-	-	-	-
Mollard Line 100mm watermain replacement (Grand Bend Line to South Road)	-	1,023,600	-	-	30,000	993,600	-	-	-	-	-	-	-
Eibler - Victoria Ave to Dead End North	-	152,625	-	-	-	13,875	138,750	-	-	-	-	-	-
Guettinger St - Victoria Ave East to Dead End North	-	152,625	-	-	-	13,875	138,750	-	-	-	-	-	-
Middle St - Eilber St to Dead End East	-	152,625	-	-	-	13,875	138,750	-	-	-	-	-	-
William Dr - County Rd 10 to Dead End	-	386,650	-	-	-	35,150	351,500	-	-	-	-	-	-
Corbett Line 100mm watermain (Huron St to Gore Road)	-	204,080	-	-	-	30,000	174,080	-	-	-	-	-	-
Blackbush Line 100mm watermain replacement (Crediton Rd to Mount Carmel Drive)	-	756,250	-	-	-	30,000	726,250	-	-	-	-	-	-
Goshen Line watermain replacement (Dashwood Road to Crediton Road)	-	1,023,280	-	-	-	-	30,000	993,280	-	-	-	-	-
Babylon Line 100mm watermain replacement (Crediton Rd to Dashwood Rd)	-	1,020,400	-	-	-	-	-	30,000	990,400	-	-	-	-
Bronson Line 200mm watermain replacement (Crediton Rd to Huron St)	-	952,500	-	-	-	-	-	-	30,000	922,500	-	-	-
Recoat the exterior of the Exeter Water Tower	-	1,530,000	-	-	-	-	-	-	-	30,000	1,500,000	-	-
Dashwood Road (Goshen Line to Black Creek)	-	780,000	-	-	-	-	-	-	-	-	30,000	750,000	-
Victoria Drive Watermain (Melbourne Street to former Dashwood Industries)	-	1,679,000	-	-	-	-	-	-	-	-	-	-	1,679,000
Equipment/Rolling Stock													
2016 Aluminum Tandem Axle trailer #136	-	25,000	-	25,000	-	-	-	-	-	-	-	-	-
2017 Dodge RAM 1500 Quad Cab #145	-	70,000	-	70,000	-	-	-	-	-	-	-	-	-
2018 Dodge Ram 1500 Quad Cab #150	-	140,000	70,000	-	70,000	-	-	-	-	-	-	-	-
2015 Kubota Tractor #133	-	100,000	-	-	-	100,000	-	-	-	-	-	-	-
2020 WACH Valve Exercising Machine #165	-	100,000	-	-	-	-	100,000	-	-	-	-	-	-
2022 Hydraulic Dump Trailer #167	-	20,000	-	-	-	-	-	20,000	-	-	-	-	-
2024 Chevy Silverado 1500 #185	-	70,000	-	-	-	-	-	-	-	-	70,000	-	-
2024 Trench Box	-	25,000	-	-	-	-	-	-	-	-	25,000	-	-
Studies:													
Water Rate Study	19,168	38,335	-	-	-	-	19,168	-	-	-	-	19,168	-
Water Financial Plan	9,515	19,030	-	-	-	-	9,515	-	-	-	-	9,515	-
Growth Related:													
Grand Bend Line (B-Line to former Grand Bend Airport property)	36,649	1,061,633	1,061,633	-	-	-	-	-	-	-	-	-	-
Studies:													
Water Master Plan	-	67,500	-	-	-	-	67,500	-	-	-	-	-	-
Total Capital Expenditures	**$2,957,501**	**$32,158,789**	**$2,744,166**	**$4,132,495**	**$3,316,274**	**$2,722,553**	**$3,579,917**	**$2,124,507**	**$2,301,448**	**$2,536,775**	**$2,757,000**	**$2,865,045**	**$3,078,609**

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

Description	Budget 2025	Total	Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Victoria Street East Reconstruction (Main Street to east end)	667,651	16,771	16,771	-	-	-	-	-	-	-	-	-	-
Main Street South Reconstruction (Ausable River to Victoria Street) - MTO Connecting Link	-	1,050,234	1,050,234	-	-	-	-	-	-	-	-	-	-
Andrew Street Reconstruction (John to Sanders)	-	234,000	5,000	218,000	11,000	-	-	-	-	-	-	-	-
Gidley St E (Main St to Andrew)	-	236,000	-	228,000	8,000	-	-	-	-	-	-	-	-
Hardy St (Senior to east end)	-	221,000	-	213,000	8,000	-	-	-	-	-	-	-	-
Alexander St W (McConnell St to Francis St)	-	281,000	-	271,000	10,000	-	-	-	-	-	-	-	-
McConnell St (Alexander St to south end)	-	332,000	-	322,000	10,000	-	-	-	-	-	-	-	-
Baldwin St (Main St to Andrew)	-	7,000	-	-	7,000	-	-	-	-	-	-	-	-
Hill St (Andrew to east end)	-	233,000	-	5,000	219,000	9,000	-	-	-	-	-	-	-
Thomas St (Marlborough to William St)	-	771,000	-	16,000	726,000	29,000	-	-	-	-	-	-	-
Carling St (Huron St W to south end)	-	669,000	-	-	14,000	629,000	26,000	-	-	-	-	-	-
Mill St (William St to Market St)	-	645,000	-	-	13,000	607,000	25,000	-	-	-	-	-	-
Kingscourt Cres (Pryde Blvd to north end)	-	664,000	-	-	-	14,000	625,000	25,000	-	-	-	-	-
Waterloo St (Acheson to Mary St)	-	408,000	-	-	-	8,000	384,000	16,000	-	-	-	-	-
Willis Way (West end to east end)	-	561,000	-	-	-	12,000	528,000	21,000	-	-	-	-	-
Church St (Main St to William St)	-	300,000	-	-	-	-	6,000	283,000	11,000	-	-	-	-
William St (Nelson Street to north end) & (Victoria St to Nelson St)	-	1,193,000	-	-	-	-	24,000	546,000	576,000	47,000	-	-	-
Huron St W (Town Limit to Mary Street) & (GEXR to Marlborough St)	-	1,356,000	-	-	-	-	-	27,000	621,000	655,000	53,000	-	-
William St (Sanders St to Victoria St)	-	1,640,000	-	-	-	-	-	-	33,000	1,010,000	532,000	65,000	-
Marlborough St (Wellington St to Victoria) & (Victoria to Sanders St W)	-	1,762,000	-	-	-	-	-	-	-	35,000	534,000	1,125,000	68,000
Simcoe St (Edward St to east end)	-	496,000	-	-	-	-	-	-	-	-	10,000	467,000	19,000
Wellington St W (Martlborough St to William St)	-	1,108,000	-	-	-	-	-	-	-	-	23,000	1,043,000	42,000
Gidley St W (Main St to William)	-	360,000	-	-	-	-	-	-	-	-	-	10,000	350,000
Sanders St W (Main St to William St)	-	360,000	-	-	-	-	-	-	-	-	-	10,000	350,000
Alexander St E (Main St N to Orchard St)	-	381,000	-	-	-	-	-	-	-	-	-	11,000	370,000
Andrew St (MacNaughton Dr to Hill St)	-	547,000	-	-	-	-	-	-	-	-	-	15,000	532,000
Meter Replacement Program	250,000	2,750,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Gore Road upgrade to 250mm (Highway #21 to Corbett Line)	1,181,002	-	-	-	-	-	-	-	-	-	-	-	-
Main Street Dashwood (East to West village limits (200mm) - Joint with Huron County Project	653,516	-	-	-	-	-	-	-	-	-	-	-	-
Thames Road West 150-200mm watermain replacement (GEXR to Main Street) - Joint with Huron County	15,000	-	-	-	-	-	-	-	-	-	-	-	-
Exeter Water Tower vertical fill pipe Replacement	-	1,102,000	30,000	1,072,000	-	-	-	-	-	-	-	-	-
SCADA Upgrades	125,000	1,375,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Replacement of 82 Nelson St Parking Lot	-	75,000	75,000	-	-	-	-	-	-	-	-	-	-
South Road Watermain Extension - Corbett Line to Grand Bend Line	-	673,528	30,528	643,000	-	-	-	-	-	-	-	-	-

Table A-2 (continued)
Municipality of South Huron
Water Capital Budget Forecast and Recommended Capital Financing (inflated $)

Description	Budget 2025	Total	Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Highway #21 watermain replacement (Waterworks Road to Kingsmere)	-	869,000	30,000	839,000	-	-	-	-	-	-	-	-	-
Grand Bend Line 100mm watermain (POG to Greenway Road)	-	1,051,000	-	32,000	1,019,000	-	-	-	-	-	-	-	-
Repairs to MacNaughton Reservoirs	-	278,000	-	-	278,000	-	-	-	-	-	-	-	-
Thames Road West watermain replacement (GEXR to Main Street) - Joint with Huron County	-	833,000	-	-	833,000	-	-	-	-	-	-	-	-
Mollard Line 100mm watermain replacement (Grand Bend Line to South Road)	-	1,196,000	-	-	33,000	1,163,000	-	-	-	-	-	-	-
Eibler - Victoria Ave to Dead End North	-	187,000	-	-	-	16,000	171,000	-	-	-	-	-	-
Guettinger St - Victoria Ave East to Dead End North	-	187,000	-	-	-	16,000	171,000	-	-	-	-	-	-
Middle St - Eilber St to Dead End East	-	187,000	-	-	-	16,000	171,000	-	-	-	-	-	-
William Dr - County Rd 10 to Dead End	-	475,000	-	-	-	41,000	434,000	-	-	-	-	-	-
Corbett Line 100mm watermain (Huron St to Gore Road)	-	250,000	-	-	-	35,000	215,000	-	-	-	-	-	-
Blackbush Line 100mm watermain replacement (Crediton Rd to Mount Carmel Drive)	-	931,000	-	-	-	35,000	896,000	-	-	-	-	-	-
Goshen Line watermain replacement (Dashwood Road to Crediton Road)	-	1,329,000	-	-	-	-	37,000	1,292,000	-	-	-	-	-
Babylon Line 100mm watermain replacement (Crediton Rd to Dashwood Rd)	-	1,396,000	-	-	-	-	-	39,000	1,357,000	-	-	-	-
Bronson Line 200mm watermain replacement (Crediton Rd to Huron St)	-	1,373,000	-	-	-	-	-	-	41,000	1,332,000	-	-	-
Recoat the exterior of the Exeter Water Tower	-	2,326,000	-	-	-	-	-	-	-	43,000	2,283,000	-	-
Dashwood Road (Goshen Line to Black Creek)	-	1,249,000	-	-	-	-	-	-	-	-	46,000	1,203,000	-
Victoria Drive Watermain (Melbourne Street to former Dashwood Industries)	-	2,839,000	-	-	-	-	-	-	-	-	-	-	2,839,000
Equipment/Rolling Stock													
2016 Aluminum Tandem Axle trailer #136	-	26,000	-	26,000	-	-	-	-	-	-	-	-	-
2017 Dodge RAM 1500 Quad Cab #145	-	74,000	-	74,000	-	-	-	-	-	-	-	-	-
2018 Dodge Ram 1500 Quad Cab #150	-	148,000	70,000	-	78,000	-	-	-	-	-	-	-	-
2015 Kubota Tractor #133	-	117,000	-	-	-	117,000	-	-	-	-	-	-	-
2020 WACH Valve Exercising Machine #165	-	123,000	-	-	-	-	123,000	-	-	-	-	-	-
2022 Hydraulic Dump Trailer #167	-	26,000	-	-	-	-	-	26,000	-	-	-	-	-
2024 Chevy Silverado 1500 #185	-	107,000	-	-	-	-	-	-	-	-	107,000	-	-
2024 Trench Box	-	38,000	-	-	-	-	-	-	-	-	38,000	-	-
Studies:													
Water Rate Study	19,168	55,000	-	-	-	-	24,000	-	-	-	-	31,000	-
Water Financial Plan	9,515	27,000	-	-	-	-	12,000	-	-	-	-	15,000	-

Table A-2 (continued)
Municipality of South Huron
Water Capital Budget Forecast and Recommended Capital Financing (inflated $)

Description	Budget 2025	Total	Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Growth Related:													
Grand Bend Line (B-Line to former Grand Bend Airport property)	36,649	1,061,633	1,061,633	-	-	-	-	-	-	-	-	-	-
Studies:													
Water Master Plan	-	83,000	-	-	-	-	83,000	-	-	-	-	-	-
Total Capital Expenditures	**$2,957,501**	**$40,649,166**	**$2,744,166**	**$4,334,000**	**$3,642,000**	**$3,122,000**	**$4,330,000**	**$2,650,000**	**$3,014,000**	**$3,497,000**	**$4,001,000**	**$4,370,000**	**$4,945,000**
Capital Financing													
Provincial/Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Charges Reserve Fund	21,989	699,230	636,980	-	-	-	62,250	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Reserve	-	2,000,000	-	-	1,000,000	1,000,000	-	-	-	-	-	-	-
Water Capital Replacement Reserve	2,935,511	37,949,936	2,107,187	4,334,000	2,642,000	2,122,000	4,267,750	2,650,000	3,014,000	3,497,000	4,001,000	4,370,000	4,945,000
Total Capital Financing	**$2,957,501**	**$40,649,166**	**$2,744,166**	**$4,334,000**	**$3,642,000**	**$3,122,000**	**$4,330,000**	**$2,650,000**	**$3,014,000**	**$3,497,000**	**$4,001,000**	**$4,370,000**	**$4,945,000**

Table A-3
Municipality of South Huron
Water Capital Replacement Reserve Continuity (inflated $)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Opening Balance	2,438,964	2,226,784	2,141,551	568,044	823,794	1,745,542	665,816	945,757	1,079,966	979,240	962,787	504,737
Transfer from Operating	2,723,331	2,021,954	2,760,493	2,897,749	3,043,749	3,188,024	2,929,941	3,148,209	3,396,275	3,984,547	3,911,950	4,796,193
Transfer to Capital	2,935,511	2,107,187	4,334,000	2,642,000	2,122,000	4,267,750	2,650,000	3,014,000	3,497,000	4,001,000	4,370,000	4,945,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	**$2,226,784**	**$2,141,551**	**$568,044**	**$823,794**	**$1,745,542**	**$665,816**	**$945,757**	**$1,079,966**	**$979,240**	**$962,787**	**$504,737**	**$355,930**

Table A-4
Municipality of South Huron
Municipality-Wide Water Development Charges Reserve Fund Continuity (inflated $)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Opening Balance	87,467	26,988	-	-	-	-	-	15,262	66,964	127,865	244,739	414,453
Development Charge Proceeds	45,502	52,341	55,162	58,139	61,276	93,238	99,483	134,909	142,914	153,301	161,588	170,320
Interim Financing from Operating	-	642,171	29,358	26,382	23,245	53,532	-	-	-	-	-	(584,773)
Transfer to Capital	21,989	636,980	-	-	-	62,250	-	-	-	-	-	-
Transfer to Operating	84,520	84,520	84,520	84,520	84,520	84,520	84,520	84,520	84,520	41,225	-	-
Closing Balance	**$26,459**	**$0**	**$0**	**$0**	**$0**	**$0**	**$14,963**	**$65,651**	**$125,358**	**$239,940**	**$406,326**	**$0**
Interest	529	-	-	-	-	-	299	1,313	2,507	4,799	8,127	-

Table A-5
Municipality of South Huron
Water Reserve Continuity (inflated $)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Opening Balance	2,613,068	2,063,409	2,063,409	2,063,409	1,063,409	63,409	63,409	63,409	63,409	63,409	63,409	63,409
Transfer from Operating	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital	-	-	-	1,000,000	1,000,000	-	-	-	-	-	-	-
Transfer to Operating	549,659	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	**$2,063,409**	**$2,063,409**	**$2,063,409**	**$1,063,409**	**$63,409**	**$63,409**	**$63,409**	**$63,409**	**$63,409**	**$63,409**	**$63,409**	**$63,409**

Table A-6
Municipality of South Huron
Operating Budget Forecast – Water (inflated $)

Description	Budget	Forecast										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Expenditures												
Operating Costs												
Insurance	27,694	29,549	31,529	33,641	35,895	38,300	40,866	43,604	46,525	49,642	52,968	56,517
Repairs & Mntce	133,799	136,475	139,205	141,989	144,829	147,726	150,681	153,695	156,769	159,904	163,102	166,364
Training & Conferences	16,180	16,180	16,180	16,180	16,180	16,180	16,180	16,180	16,180	16,180	16,180	16,180
Utilities	79,591	83,571	87,750	92,138	96,745	101,582	106,661	111,994	117,594	123,474	129,648	136,130
Wages	716,810	738,314	760,463	783,277	806,775	830,978	855,907	881,584	908,032	935,273	963,331	992,231
W-Benefits	205,174	211,329	217,669	224,199	230,925	237,853	244,989	252,339	259,909	267,706	275,737	284,009
Z-Program Support	51,188	52,724	54,306	55,935	57,613	59,341	61,121	62,955	64,844	66,789	68,793	70,857
Contracted Services	209,695	220,180	231,189	242,748	254,885	267,629	281,010	295,061	309,814	325,305	341,570	358,649
Supplies (Water Purchase from LHPWSS)	764,039	755,545	797,145	841,008	887,289	928,357	973,006	1,020,871	1,066,469	1,117,158	1,168,814	1,221,281
Sub Total Operating	**2,204,170**	**2,243,867**	**2,335,436**	**2,431,115**	**2,531,136**	**2,627,946**	**2,730,421**	**2,838,283**	**2,946,136**	**3,061,431**	**3,180,143**	**3,302,218**
Capital-Related												
Existing Growth Related Debt (Principal) - Exeter-Hensall Pipeline	53,434	56,150	59,004	62,004	65,155	68,467	71,947	75,604	79,447	40,191	-	-
Existing Growth Related Debt (Interest) - Exeter-Hensall Pipeline	31,086	28,370	25,516	22,517	19,365	16,053	12,573	8,916	5,073	1,035	-	-
Existing Non-Growth Related Debt (Principal) - Exeter-Hensall Pipeline	431,680	453,622	476,680	500,909	526,370	553,126	581,241	610,786	641,832	324,689	-	-
Existing Non-Growth Related Debt (Interest) - Exeter-Hensall Pipeline	251,136	229,194	206,136	181,907	156,445	129,690	101,575	72,030	40,984	8,360	-	-
Existing Non-Growth Related Debt (Principal) - Huron Park Water	47,250	49,579	52,023	54,587	57,278	60,101	63,064	66,172	69,434	72,857	76,448	80,216
Existing Non-Growth Related Debt (Interest) - Huron Park Water	87,297	84,967	82,524	79,959	77,268	74,445	71,483	68,374	65,112	61,690	58,098	54,330
Interim Transfers to D.C. Reserve Fund	-	642,171	29,358	26,382	23,245	53,532	-	-	-	-	-	(584,773)
Transfer to Capital Reserve (Repayment of Loan to Wastewater Reserve)	-	482,638	482,638	482,638	482,638	482,638	-	-	-	-	-	-
Transfer to Capital Reserve	2,723,331	1,539,316	2,277,855	2,415,111	2,561,111	2,705,386	2,929,941	3,148,209	3,396,275	3,984,547	3,911,950	4,796,193
Sub Total Capital Related	**3,625,213**	**3,566,008**	**3,691,734**	**3,826,013**	**3,968,876**	**4,143,438**	**3,831,823**	**4,050,091**	**4,298,157**	**4,493,367**	**4,046,496**	**4,345,966**
Total Expenditures	**$5,829,383**	**$5,809,874**	**$6,027,170**	**$6,257,129**	**$6,500,012**	**$6,771,385**	**$6,562,244**	**$6,888,374**	**$7,244,292**	**$7,554,797**	**$7,226,639**	**$7,648,184**
Revenues												
Base Charge	2,252,480	2,405,328	2,571,125	2,748,245	2,937,456	3,145,319	3,374,905	3,626,349	3,901,823	4,198,896	4,518,660	4,861,974
Exeter Hensall Pipeline Charge - Exeter	798,248	654,498	658,636	662,945	666,856	672,469	654,573	662,109	670,955	654,665	-	-
Exeter Hensall Pipeline Charge - Stephen	34,553	28,318	28,490	28,652	28,837	29,048	28,243	28,565	28,912	28,166	-	-
Fines/Penalties	30,000	30,000	30,000	30,000	30,000	30,600	31,212	31,836	32,473	33,122	33,784	34,460
Investment Income	120,000	120,000	120,000	120,000	120,000	122,400	124,848	127,345	129,892	132,490	135,140	137,843
Other Revenue	50,000	50,000	50,000	50,000	50,000	51,000	52,020	53,060	54,121	55,203	56,307	57,433
Taxation Levy	134,546	134,546	134,546	134,546	134,546	134,546	134,546	134,546	134,546	134,546	134,546	134,546
Repayment of Wastewater Reserve Loan	-	482,638	482,638	482,638	482,638	482,638	-	-	-	-	-	-
Contributions from Development Charges Reserve Fund	84,520	84,520	84,520	84,520	84,520	84,520	84,520	84,520	84,520	41,225	-	-
Contributions from Reserves / Reserve Funds	549,659	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	**$4,054,007**	**$3,989,848**	**$4,159,956**	**$4,341,547**	**$4,534,855**	**$4,752,541**	**$4,484,868**	**$4,748,330**	**$5,037,243**	**$5,278,314**	**$4,878,437**	**$5,226,256**
Water Billing Recovery - Total	**$1,775,377**	**$1,820,026**	**$1,867,214**	**$1,915,582**	**$1,965,157**	**$2,018,844**	**$2,077,376**	**$2,140,044**	**$2,207,050**	**$2,276,484**	**$2,348,202**	**$2,421,929**