



THE CORPORATION OF THE TOWN OF PARRY SOUND  
RESOLUTION IN COUNCIL

NO. 2026 – 074

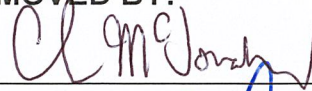
DIVISION LIST

YES NO

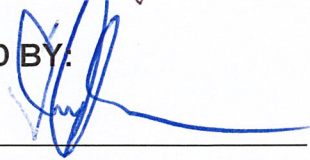
DATE: June 16, 2026

Councillor	<b>G. ASHFORD</b>	_____	_____
Councillor	<b>J. BELESKEY</b>	_____	_____
Councillor	<b>P. BORNEMAN</b>	_____	_____
Councillor	<b>B. KEITH</b>	_____	_____
Councillor	<b>D. McCANN</b>	_____	_____
Councillor	<b>C. McDONALD</b>	_____	_____
Mayor	<b>J. McGARVEY</b>	_____	_____

MOVED BY:

  
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SECONDED BY:

  
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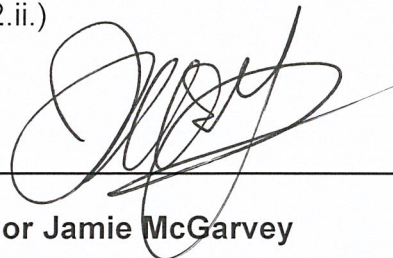
CARRIED:  DEFEATED:  Postponed to: \_\_\_\_\_

That the Town of Parry Sound's Ontario Regulation 453/07 Water Financial Plan prepared by Watson & Associates Economists Ltd. dated June 10, 2026 be approved; and

That notice of availability of the Financial Plan be advertised; and

That the Financial Plan dated June 10, 2026 be submitted to the Ministry of Municipal Affairs and Housing. (O.Reg. 453/07, section 3 (1) 6); and further

That the resolution of Council approving the Financial Plan be submitted to the Ministry of the Environment, Conservation and Parks satisfying the requirements under the Safe Drinking Water Act, 2002 (S.D.W.A. section 32 (5) 2.ii.)

  
\_\_\_\_\_  
Mayor Jamie McGarvey



 **Watson  
& Associates**  
ECONOMISTS LTD.

# Water Ontario Regulation 453/07 Financial Plans

Town of Parry Sound

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Financial Plan #144-301

June 10, 2026

Watson & Associates Economists Ltd.  
905-272-3600  
[info@watsonecon.ca](mailto:info@watsonecon.ca)

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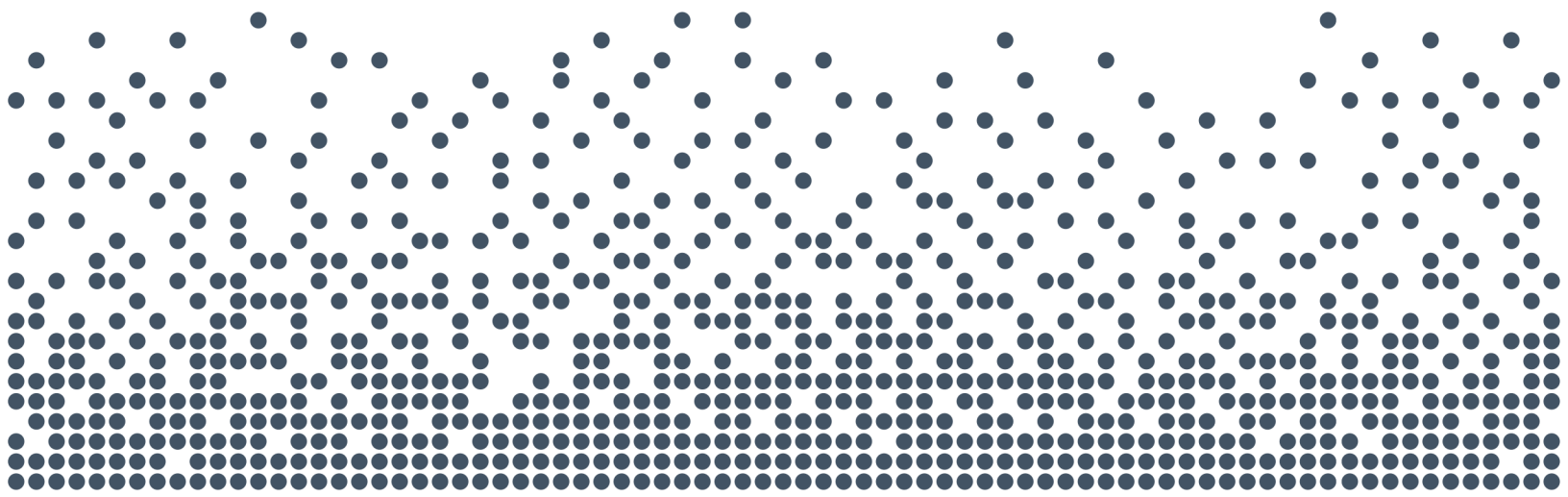
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## List of Acronyms and Abbreviations

<b>Acronym</b>	<b>Full Description of Acronym</b>
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 Town of Parry Sound (Town) retained Watson & Associates Economists Ltd. (Watson) to prepare a water financial plan as part of the five submission requirements for the purposes of obtaining or renewing a municipal drinking water licence in accordance with the *Safe Drinking Water Act, 2002* (S.D.W.A.).

The Town's current municipal drinking water licence is supported by the 2021 Water Financial Plan, which was approved by Council and submitted to the Province at that time. The Town is currently undertaking a water rate study, which will include an in-depth analysis of capital and operating needs, a review of current and future demand relative to supply, and consideration of available funding sources. This study will require Council to approve the expenditure forecasts, corresponding funding sources, and rate forecasts to achieve full cost recovery. It is anticipated that this rate study will be presented to Council for consideration, after which the water financial plan may be updated to reflect the approved rate study.

This financial plan has been prepared before the completion of the water rate study to facilitate the renewal of the Town's municipal drinking-water licence and to ensure continued compliance with the licensing requirements of the S.D.W.A.

For the purposes of preparing this financial plan, the detailed financial planning and forecasts for the Town's water system have been prepared based on the "2020 Water and Wastewater Rate Study" dated November 9, 2020 (2020 Rate Study), along with the 2026 approved Budget and information provided by Town staff. The forecast period has been extended to 2031 to meet the minimum six-year forecast requirement prescribed under Ontario Regulation (O. Reg.) 453/07.

The objective of this report is to convert the updated forecasts into the prescribed reporting requirements for a financial plan as defined by O. Reg. 453/07 and to project the water system's financial position over the period to 2031. This financial plan is intended to support the Town's application for renewal of its municipal drinking-water licence and will be subject to Council approval and made available to the public in accordance with O. Reg. 453/07.



## 1.2 Background

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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 Town);
- 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 2031 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

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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

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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

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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 Town'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 Town'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 Town completed an Asset Management Plan (A.M.P.) for its core assets, including water infrastructure, in 2026. The Town 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**

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The Town has already completed its financial planning through its 2020 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 2020 Rate Study provides the basis for the financial plans for the Town's water systems 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 Town'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.



# Chapter 3

## Approach



## 3. Approach

### 3.1 Overview

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The 2020 Rate Study, along with additional detailed information provided by Town Staff, has been used as a starting point to prepare the water financial plan. The water forecasts are prepared on a modified cash basis; therefore, a conversion is required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plans along with the opening balances that will underpin the forecasts. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the financial plans.

### 3.2 Conversion Process

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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 Town 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 Town staff. However, these estimates only represent future assets that the Town anticipates purchasing or constructing. At present, the Town does not anticipate any assets will be contributed by developers and other parties (at no or partial cost to the Town). 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	Adjustments		Full Accrual Budget	Accrual Basis
	2026	DR	CR	2026	
<b>Revenues</b>					<b>Revenues</b>
Base Charge Revenue	2,227,922			2,227,922	Base Charge Revenue
Rate Based Revenue	623,387			623,387	Rate Based Revenue
Other Revenue	92,859		376,534	469,393	Other Revenue
<b>Total Revenues</b>	<b>2,944,168</b>			<b>3,320,702</b>	<b>Total Revenues</b>
<b>Expenditures</b>					<b>Expenses</b>
Operating	1,964,961	110,000		2,074,961	Operating Expenses
Capital					
Transfers to Reserves	798,965		798,965		
Debt Repayment (Principal & Interest)	180,242		168,356	11,886	Interest on Debt
		968,255		968,255	Amortization
<b>Total Expenditures</b>	<b>2,944,168</b>			<b>3,055,102</b>	<b>Total Expenses</b>
<b>Net Expenditures</b>	<b>-</b>			<b>265,600</b>	<b>Annual Surplus/(Deficit)</b>
Increase (decrease) in amounts to be recovered	-			36,076,845	Accumulated Surplus/(Deficit), beginning of year
<b>Change in Fund Balances</b>	<b>-</b>	<b>265,600</b>	<b>-</b>	<b>36,342,445</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>1,343,855</b>	<b>1,343,855</b>		

**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; as such, it will be difficult to isolate the information 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		
<b>ASSETS</b>					<b>ASSETS</b>
<b>Financial Assets</b>					<b>Financial Assets</b>
Cash	10,191,041			10,191,041	Cash
Accounts Receivable	233,143			233,143	Accounts Receivable
<b>Total Financial Assets</b>	<b>10,424,184</b>			<b>10,424,184</b>	<b>Total Financial Assets</b>
<b>LIABILITIES</b>					<b>Liabilities</b>
Accounts Payable & Accrued Liabilities	145,913			145,913	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	214,180			214,180	Debt (Principal only)
<b>Total Liabilities</b>	<b>360,093</b>			<b>360,093</b>	<b>Total Liabilities</b>
<b>Net Assets/(Debt)</b>	<b>10,064,091</b>			<b>10,064,091</b>	<b>Net Financial Assets/(Debt)</b>
		27,494,835	110,000	27,384,835	<b>Non-Financial Assets</b> Tangible Capital Assets
				<b>27,384,835</b>	<b>Total Non-Financial Assets</b>
<b>Municipal Position</b>					
Water Reserves	10,278,271	10,278,271	-		
Amounts to be Recovered	(214,180)	-	214,180		
<b>Total Municipal Position</b>	<b>10,064,091</b>		37,448,926	<b>37,448,926</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>37,773,106</b>	<b>37,773,106</b>		

**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 Town 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 Town’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 Town’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 Town’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

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The following tables provide the complete financial plan for the Town'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 Town's water system. It is not an audited document<sup>1</sup> and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

### 4.2 Water Financial Plan

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#### 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 Town'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 Town's water system will be in a net financial asset position of approximately \$10.1 million. The financial plan forecasts that the Town's water system will be in a net financial asset position for the remainder of the forecast period, due to the accumulation of reserves and the repayment of existing debt.

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.

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<sup>1</sup> 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 Town 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 Town's tangible capital assets are expected to increase by approximately \$1.3 million over the forecast period. This indicates that the Town 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 92% in 2026 before decreasing to 91% by 2031. As a result, annual surpluses ranging from approximately \$210,400 to approximately \$343,800 are anticipated throughout the forecast period.

Deficits indicate that the Town is not currently contributing to water reserves at amounts equaling or exceeding amortization expense 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 adding approximately \$1.7 million to a 2026 accumulated surplus (at the beginning of the year) of approximately \$36.1 million over the forecast period. This accumulated surplus, as indicated in Table 4-2, is predominantly composed 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 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, for every year except 2029, the forecasted annual surplus (before amortization) exceeds the forecasted tangible capital asset acquisitions, resulting in an increase in the net financial assets balance. This increase in the net financial assets 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 1.32 in 2026 to 1.54 in 2028 before decreasing to 1.06 in 2031 (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 Town'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 Town's water system to remain relatively stable over the forecast period, increasing from approximately \$10.0 million at the beginning of 2026 to a balance of approximately \$10.1 million by the end of 2031. 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  
2026-2031

	Notes	Forecast					
		2026	2027	2028	2029	2030	2031
<b>Financial Assets</b>							
Cash	1	10,191,041	10,558,798	11,080,000	10,077,048	10,079,418	10,115,531
Accounts Receivable	1	233,143	239,201	245,419	250,494	256,568	262,790
<b>Total Financial Assets</b>		<b>10,424,184</b>	<b>10,797,999</b>	<b>11,325,419</b>	<b>10,327,542</b>	<b>10,335,986</b>	<b>10,378,321</b>
<b>Liabilities</b>							
Accounts Payable & Accrued Liabilities	1	145,913	148,834	151,812	154,856	157,953	161,109
Debt (Principal only)	2	214,180	145,824	104,160	62,496	20,832	-
<b>Total Liabilities</b>		<b>360,093</b>	<b>294,658</b>	<b>255,972</b>	<b>217,352</b>	<b>178,785</b>	<b>161,109</b>
<b>Net Financial Assets/(Debt)</b>		<b>10,064,091</b>	<b>10,503,341</b>	<b>11,069,447</b>	<b>10,110,190</b>	<b>10,157,201</b>	<b>10,217,212</b>
<b>Non-Financial Assets</b>							
Tangible Capital Assets	4	27,384,835	27,156,002	26,831,152	28,134,203	28,392,820	28,644,044
<b>Total Non-Financial Assets</b>		<b>27,384,835</b>	<b>27,156,002</b>	<b>26,831,152</b>	<b>28,134,203</b>	<b>28,392,820</b>	<b>28,644,044</b>
<b>Accumulated Surplus/(Deficit)</b>	5	<b>37,448,926</b>	<b>37,659,343</b>	<b>37,900,599</b>	<b>38,244,393</b>	<b>38,550,021</b>	<b>38,861,256</b>

Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031
1) Increase/(Decrease) in Net Financial Assets	450,976	297,855	439,250	566,106	(959,257)	47,011	60,011
2) Increase/(Decrease) in Tangible Capital Assets	1,226,954	(32,255)	(228,833)	(324,850)	1,303,051	258,617	251,224
3) Increase/(Decrease) in Accumulated Surplus	1,677,930	265,600	210,417	241,256	343,794	305,628	311,235



Table 4-2  
Statement of Operations: Water Services  
UNAUDITED: For Financial Planning Purposes Only  
2026-2031

	Notes	Forecast					
		2026	2027	2028	2029	2030	2031
<b>Water Revenue</b>							
Base Charge Revenue		2,227,922	2,286,454	2,346,524	2,408,170	2,471,400	2,536,300
Rate Based Revenue		623,387	639,517	656,064	656,512	667,986	679,661
Other Revenue	6	469,393	303,507	315,691	298,065	300,170	302,937
<b>Total Revenues</b>		<b>3,320,702</b>	<b>3,229,478</b>	<b>3,318,279</b>	<b>3,362,747</b>	<b>3,439,556</b>	<b>3,518,898</b>
<b>Water Expenses</b>							
Operating Expenses	Sch. 4-1	2,074,961	2,004,300	2,044,400	2,085,400	2,156,286	2,199,363
Interest on Debt	2	11,886	5,928	3,773	2,604	1,445	287
Amortization	4	968,255	1,008,833	1,028,850	930,949	976,197	1,008,013
<b>Total Expenses</b>		<b>3,055,102</b>	<b>3,019,061</b>	<b>3,077,023</b>	<b>3,018,953</b>	<b>3,133,928</b>	<b>3,207,663</b>
<b>Annual Surplus/(Deficit)</b>		<b>265,600</b>	<b>210,417</b>	<b>241,256</b>	<b>343,794</b>	<b>305,628</b>	<b>311,235</b>
Accumulated Surplus/(Deficit), beginning of year	5	36,076,845	36,342,445	36,552,862	36,794,118	37,137,912	37,443,540
Accumulated Surplus/(Deficit), end of year		36,342,445	36,552,862	36,794,118	37,137,912	37,443,540	37,754,775
<b>Note 5:</b>							
<b>Accumulated Surplus/(Deficit) Reconciliation:</b>		<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
<b>Reserve Balances</b>							
Reserves: Capital/Other		10,278,271	10,649,165	11,173,607	10,172,686	10,178,033	10,217,212
<b>Total Reserves Balance</b>		<b>10,278,271</b>	<b>10,649,165</b>	<b>11,173,607</b>	<b>10,172,686</b>	<b>10,178,033</b>	<b>10,217,212</b>
Less: Debt Obligations and Deferred Revenue		(214,180)	(145,824)	(104,160)	(62,496)	(20,832)	-
Add: Tangible Capital Assets	4	26,278,354	26,049,521	25,724,671	27,027,722	27,286,339	27,537,563
<b>Total Ending Balance</b>		<b>36,342,445</b>	<b>36,552,862</b>	<b>36,794,118</b>	<b>37,137,912</b>	<b>37,443,540</b>	<b>37,754,775</b>
<b>Financial Indicators</b>							
	<b>Total Change</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
1) Expense to Revenue Ratio		92%	93%	93%	90%	91%	91%
2) Increase/(Decrease) in Accumulated Surplus	1,677,930	265,600	210,417	241,256	343,794	305,628	311,235



Schedule 4-1  
Statement of Operating Expenses: Water Services  
UNAUDITED: For Financial Planning Purposes Only  
2026-2031

	Notes	Forecast					
		2026	2027	2028	2029	2030	2031
<b>Operating Expenses</b>							
GLCat-E-01 - Salaries and benefits		779,493	795,100	811,000	827,200	843,700	860,600
GLCat-E-02 - Materials - Operating Expenses		427,005	435,500	444,200	453,100	462,200	471,400
GLCat-E-03 - Energy Costs		181,900	185,500	189,200	193,000	196,900	200,800
GLCat-E-04 - Rents and Financial Expenses		32,409	33,100	33,800	34,500	35,200	35,900
GLCat-E-05 - Purchased/Contract Services		402,418	410,500	418,700	427,100	435,600	444,300
GLCat-E-08 - Internal Recoveries		141,736	144,600	147,500	150,500	153,500	156,600
Non TCA - Expenses from Capital Budget	7	110,000	-	-	-	29,186	29,763
<b>TOTAL OPERATING EXPENSES</b>		<b>2,074,961</b>	<b>2,004,300</b>	<b>2,044,400</b>	<b>2,085,400</b>	<b>2,156,286</b>	<b>2,199,363</b>

Table 4-3  
Statement of Changes in Net Financial Assets/Debt: Water Services  
UNAUDITED: For Financial Planning Purposes Only  
2026-2031

	Notes	Forecast					
		2026	2027	2028	2029	2030	2031
Annual Surplus/(Deficit)		265,600	210,417	241,256	343,794	305,628	311,235
Less: Acquisition of Tangible Capital Assets	4	(936,000)	(780,000)	(704,000)	(2,234,000)	(1,234,814)	(1,259,237)
Add: Amortization of Tangible Capital Assets	4	968,255	1,008,833	1,028,850	930,949	976,197	1,008,013
		32,255	228,833	324,850	(1,303,051)	(258,617)	(251,224)
<b>Increase/(Decrease) in Net Financial Assets/(Net Debt)</b>		<b>297,855</b>	<b>439,250</b>	<b>566,106</b>	<b>(959,257)</b>	<b>47,011</b>	<b>60,011</b>
Net Financial Assets/(Net Debt), beginning of year		9,766,236	10,064,091	10,503,341	11,069,447	10,110,190	10,157,201
<b>Net Financial Assets/(Net Debt), end of year</b>		<b>10,064,091</b>	<b>10,503,341</b>	<b>11,069,447</b>	<b>10,110,190</b>	<b>10,157,201</b>	<b>10,217,212</b>
<b>Financial Indicators</b>		<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
1) Acquisition of Tangible Capital Assets (Cumulative)		936,000	1,716,000	2,420,000	4,654,000	5,888,814	7,148,051
2) Annual Surplus/Deficit before Amortization (Cumulative)		1,233,855	2,453,105	3,723,211	4,997,954	6,279,779	7,599,027
3) Ratio of Annual Surplus before Amortization to Acquisition of TCAs (Cumulative)		1.32	1.43	1.54	1.07	1.07	1.06



Table 4-4  
Statement of Cash Flow – Indirect Method: Water Services  
UNAUDITED: For Financial Planning Purposes Only  
2026-2031

	Notes	Forecast					
		2026	2027	2028	2029	2030	2031
<b>Operating Transactions</b>							
Annual Surplus/Deficit		265,600	210,417	241,256	343,794	305,628	311,235
Add: Amortization of TCAs	4	968,255	1,008,833	1,028,850	930,949	976,197	1,008,013
Change in A/R (Increase)/Decrease		(11,571)	(6,058)	(6,218)	(5,075)	(6,074)	(6,222)
Change in A/P Increase/(Decrease)		38,422	2,921	2,978	3,044	3,097	3,156
Less: Interest Proceeds		(201,535)	(208,807)	(219,090)	(199,464)	(199,569)	(200,337)
<b>Cash Provided by Operating Transactions</b>		<b>1,059,171</b>	<b>1,007,306</b>	<b>1,047,776</b>	<b>1,073,248</b>	<b>1,079,279</b>	<b>1,115,845</b>
<b>Capital Transactions</b>							
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(936,000)	(780,000)	(704,000)	(2,234,000)	(1,234,814)	(1,259,237)
<b>Cash Applied to Capital Transactions</b>		<b>(936,000)</b>	<b>(780,000)</b>	<b>(704,000)</b>	<b>(2,234,000)</b>	<b>(1,234,814)</b>	<b>(1,259,237)</b>
<b>Investing Transactions</b>							
Proceeds from Investments		201,535	208,807	219,090	199,464	199,569	200,337
Less: Cash Used to Acquire Investments		-	-	-	-	-	-
<b>Cash Provided by (applied to) Investing Transactions</b>		<b>201,535</b>	<b>208,807</b>	<b>219,090</b>	<b>199,464</b>	<b>199,569</b>	<b>200,337</b>
<b>Financing Transactions</b>							
Proceeds from Debt Issue	2	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	(168,356)	(68,356)	(41,664)	(41,664)	(41,664)	(20,832)
<b>Cash Applied to Financing Transactions</b>		<b>(168,356)</b>	<b>(68,356)</b>	<b>(41,664)</b>	<b>(41,664)</b>	<b>(41,664)</b>	<b>(20,832)</b>
Increase in Cash and Cash Equivalents		156,350	367,757	521,202	(1,002,952)	2,370	36,113
Cash and Cash Equivalents, beginning of year	1	10,034,691	10,191,041	10,558,798	11,080,000	10,077,048	10,079,418
<b>Cash and Cash Equivalents, end of year</b>	<b>1</b>	<b>10,191,041</b>	<b>10,558,798</b>	<b>11,080,000</b>	<b>10,077,048</b>	<b>10,079,418</b>	<b>10,115,531</b>



# 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 i 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 Town, some of the items listed above have been estimated given that the Town 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 Town, 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 as a percentage of annual municipal-wide revenue earned (as provided by the Town's Financial Information Returns (F.I.R.) for 2022 through 2024); and
- b) Payables: Based on historical levels of municipal-wide payables as a percentage of annual municipal-wide revenue earned (as provided by the Town's Financial Information Returns for 2022 through 2024).

## 2. Debt

Outstanding water-related debt at the beginning of 2026 is estimated to be approximately \$382,500, 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	168,356
2027	68,356
2028	41,664
2029	41,664
2030	41,664
2031	20,832
2032	-
2033	-
2034	-
2035	-
<b>Total</b>	<b>\$382,535</b>

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 Town does not collect water D.C.s to fund growth-related water capital expenditures. The Town does not use C.C.B.F. funding for water capital expenditures.

### 4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water-related assets in the following categories:
  - i. Land,
  - ii. Facilities,
  - iii. Equipment,
  - iv. Hydrants,
  - v. Valves,



- vi. Water meters; and
  - vii. Watermains.
- Amortization is calculated based on the straight-line approach and is applied beginning in the year following acquisition or construction.
  - Write-offs are assumed to equal \$0 for each year in the forecast period.
  - Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced. To calculate the value of each asset disposal, the replacement value (of each new asset that has been identified as a “replacement”) has been deflated (by weighted average useful life for all assets on hand in the respective asset category) to an estimated historical cost. This figure was used to calculate disposals only. Future assets are disposed of when fully amortized.
  - Gains/losses on disposal for all assets are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
  - Residual value is assumed to be \$0 for all assets contained within the forecast period.
  - Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant or unknown during the forecast period and are therefore assumed to be \$0.
  - The Town is not aware of any lead service piping in the municipal water system.



The balance of tangible capital assets is summarized as follows:

<b>Asset Historical Cost</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
Opening Tangible Capital Asset Balance	53,319,045	53,958,804	54,574,588	55,157,552	57,103,203	58,073,671
Acquisitions	936,000	780,000	704,000	2,234,000	1,234,814	1,259,237
Disposals	296,241	164,216	121,036	288,349	264,346	300,605
<b>Closing Tangible Capital Asset Balance</b>	<b>53,958,804</b>	<b>54,574,588</b>	<b>55,157,552</b>	<b>57,103,203</b>	<b>58,073,671</b>	<b>59,032,303</b>
Opening Accumulated Amortization	25,901,955	26,573,969	27,418,586	28,326,400	28,969,000	29,680,851
Amortization Expense	968,255	1,008,833	1,028,850	930,949	976,197	1,008,013
Amortization on Disposal	296,241	164,216	121,036	288,349	264,346	300,605
<b>Ending Accumulated Amortization</b>	<b>26,573,969</b>	<b>27,418,586</b>	<b>28,326,400</b>	<b>28,969,000</b>	<b>29,680,851</b>	<b>30,388,259</b>
<b>Net Book Value</b>	<b>27,384,835</b>	<b>27,156,002</b>	<b>26,831,152</b>	<b>28,134,203</b>	<b>28,392,820</b>	<b>28,644,044</b>



## 5. Accumulated Surplus

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

Water	2026 Opening Accumulated Surplus
<b>Reserve Balances</b>	
Reserves: Capital/Other	10,148,771
<b>Total Reserves Balance</b>	<b>10,148,771</b>
Less: Debt Obligations and Deferred Revenue	(382,535)
Add: Tangible Capital Assets	27,417,090
<b>Total Opening Balance</b>	<b>37,183,326</b>

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 service fees including compliance inspections, water turn on/off charges, and rents and other financial revenues.

## 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 MMAH. 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 Town of Parry Sound 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 Town's 2020 Rate Study. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The Town of Parry Sound Water Financial Plan prepared by Watson & Associates Economists Ltd. dated June 10, 2026 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated June 10, 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, 2002* (section 32 (5) 2 ii).



# Appendix A

## Summary Tables



Table A-1  
Town of Parry Sound  
Water Capital Budget Forecast (Inflated \$)

Description	Budget 2026	Total	Forecast					
			2027	2028	2029	2030	2031	
<b>Capital Expenditures</b>								
Water Meters	60,000	-	-	-	-	-	-	-
Membrane Tank Repairs	50,000	-	-	-	-	-	-	-
70003 - Cla-Val Replacement	25,000	-	-	-	-	-	-	-
Plans to start pulling one high lift every year to service and check pump.	60,000	-	-	-	-	-	-	-
Dechlorination ORP System	15,000	-	-	-	-	-	-	-
water tank level transmitter replacements	15,000	-	-	-	-	-	-	-
SUEZ I/O upgrades	105,000	-	-	-	-	-	-	-
VFD blowers review	10,000	-	-	-	-	-	-	-
Polymer Injection System	30,000	-	-	-	-	-	-	-
Preliminary Design of WTP High lift pumps and Church Street Booster Station	50,000	-	-	-	-	-	-	-
Coagulant Bulk Delivery System	30,000	-	-	-	-	-	-	-
Water Plant Gate Security	50,000	-	-	-	-	-	-	-
VFD for 1 pump	46,000	-	-	-	-	-	-	-
Water Plant Roof Replacement	500,000	-	-	-	-	-	-	-
Hydrants - GIS		88,000	5,000	66,000	17,000	-	-	-
Water Valves - GIS		181,000	165,000	16,000	-	-	-	-
Booster Station		2,217,000	-	-	2,217,000	-	-	-
Water Treatment Plant		1,232,000	610,000	622,000	-	-	-	-
<b>Total Capital Expenditures</b>	<b>1,046,000</b>	<b>3,718,000</b>	<b>780,000</b>	<b>704,000</b>	<b>2,234,000</b>	<b>1,264,000</b>	<b>1,289,000</b>	
<b>Capital Financing</b>								
Provincial/Federal Grants	175,000	-						
Water Reserve	871,000	6,271,000	780,000	704,000	2,234,000	1,264,000	1,289,000	
<b>Total Capital Financing</b>	<b>1,046,000</b>	<b>6,271,000</b>	<b>780,000</b>	<b>704,000</b>	<b>2,234,000</b>	<b>1,264,000</b>	<b>1,289,000</b>	



Table A-2  
Town of Parry Sound  
Water Reserve Fund Continuity (inflated \$)

Description	2026	2027	2028	2029	2030	2031
Opening Balance	10,148,771	10,278,271	10,649,166	11,173,607	10,172,687	10,178,033
Transfer from Operating	798,965	942,088	1,009,351	1,033,615	1,069,777	1,127,842
Transfer to Capital	871,000	780,000	704,000	2,234,000	1,264,000	1,289,000
Transfer to Operating		-	-	-	-	-
<b>Closing Balance</b>	<b>10,076,736</b>	<b>10,440,358</b>	<b>10,954,517</b>	<b>9,973,222</b>	<b>9,978,464</b>	<b>10,016,875</b>
Interest	201,535	208,807	219,090	199,464	199,569	200,337



Table A-3  
Town of Parry Sound  
Water Operating Budget Forecast (Inflated \$)

Description	Budget 2026	Forecast				
		2027	2028	2029	2030	2031
<b>Expenditures</b>						
<u>Operating Costs</u>						
GLCat-E-01 - Salaries and benefits	779,493	795,100	811,000	827,200	843,700	860,600
GLCat-E-02 - Materials - Operating Expenses	427,005	435,500	444,200	453,100	462,200	471,400
GLCat-E-03 - Energy Costs	181,900	185,500	189,200	193,000	196,900	200,800
GLCat-E-04 - Rents and Financial Expenses	32,409	33,100	33,800	34,500	35,200	35,900
GLCat-E-05 - Purchased/Contract Services	402,418	410,500	418,700	427,100	435,600	444,300
GLCat-E-08 - Internal Recoveries	141,736	144,600	147,500	150,500	153,500	156,600
<b>Sub Total Operating</b>	<b>1,964,961</b>	<b>2,004,300</b>	<b>2,044,400</b>	<b>2,085,400</b>	<b>2,127,100</b>	<b>2,169,600</b>
<u>Capital-Related</u>						
Existing Debt (Principal) - Non-Growth Related	168,356	68,356	41,664	41,664	41,664	20,832
Existing Debt (Interest) - Non-Growth Related	11,886	5,928	3,773	2,604	1,445	287
Transfer to Capital Reserve	798,965	942,088	1,009,351	1,033,615	1,069,777	1,127,842
<b>Sub Total Capital Related</b>	<b>979,207</b>	<b>1,016,372</b>	<b>1,054,788</b>	<b>1,077,883</b>	<b>1,112,886</b>	<b>1,148,961</b>
<b>Total Expenditures</b>	<b>2,944,168</b>	<b>3,020,672</b>	<b>3,099,188</b>	<b>3,163,283</b>	<b>3,239,986</b>	<b>3,318,561</b>
<b>Revenues</b>						
Base Charge	2,227,921	2,286,454	2,346,524	2,408,170	2,471,400	2,536,300
01741 - Turn-on/off	4,000	4,100	4,200	4,300	4,400	4,500
01742 - Occ Chng Chrg	5,600	5,700	5,800	5,900	6,000	6,100
01745 - Compliance/Inspection	75,000	76,500	78,000	79,600	81,200	82,800
GLCat-R-07 - Rents & Financial Revenues	8,259	8,400	8,600	8,800	9,000	9,200
<b>Total Operating Revenue</b>	<b>2,320,780</b>	<b>2,381,154</b>	<b>2,443,124</b>	<b>2,506,770</b>	<b>2,572,000</b>	<b>2,638,900</b>
<b>Water Billing Recovery - Operating</b>	<b>623,387</b>	<b>639,517</b>	<b>656,064</b>	<b>656,512</b>	<b>667,986</b>	<b>679,661</b>