



MUNICIPALITY OF
ARRAN-ELDERSLIE

DRINKING WATER SYSTEM FINANCIAL PLAN

2026 - 2031

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The Municipality of Arran-Elderslie Drinking Water System Financial Plan

EXECUTIVE SUMMARY

Drinking water system owners are required to prepare a financial plan for their drinking water systems, as part of the Municipal Drinking Water Licensing Program as set out in Part V of the Safe Drinking Water Act, 2002. The financial plan must be prepared in accordance with Ontario Regulation 453/07. The regulation provides for a consolidated financial plan whereby two or more drinking water systems are solely owned by the same owner, that being the Municipality of Arran-Elderslie.

This report includes:

- ✓ Arran-Elderslie Drinking Water System
 - The villages of Chesley and Paisley are both serviced by way of one (1) common water system
 - Water to Paisley is supplied by way of a 17 km gravity trunk watermain.
- ✓ Tara Drinking Water System
 - The Village of Tara is an additional standalone system.

In preparing this Financial Plan, the financial impacts of the drinking water system have been considered. Based on the Projected Financial Statements and the assumptions herein, the Water System will be financially viable to provide safe drinking water for the short and long term.

This Financial Plan will be made available to the public at no charge and posted on the municipal website.

ANTICIPATED ACHIEVEMENTS

By way of the process of developing this Financial Plan, the Water System sets out to achieve the following goals:

- ✓ Financial viability of the water system,
- ✓ Limit overall water costs and ensure affordability,
- ✓ Provide safe drinking water in short and long terms, and
- ✓ Ensure that sufficient resources are available to replace and rehabilitate the capital infrastructure as required.

OPERATING PLAN

The operating plan includes: the cost related to day-to-day operations, maintenance and administration of the drinking water system, and capital investments to renew and replace its existing capital infrastructure. Key highlights from the operating plan include:

- ✓ Commencing in the year 2026, all operating expenses and capital investments have been indexed annually to reflect anticipated inflation of 3.9%.
- ✓ Total capital infrastructure investment for the drinking water system for the period of 2026 - 2031 is expected to be over \$6 million.
- ✓ Each system has capacity for new connections, assumed 4 residential connections per year for each of the municipal areas, Chesley, Paisley and Tara.
- ✓ The metered base rate and m3 consumption rate are indexed annually by 3.9% to match expected inflation.

FUNDING PLAN

The funding plan was developed by municipal staff based on an annual budget indexed annually for anticipated inflationary factors. The achievements of the funding plan include:

- ✓ User fee sustainability to operate the Water System without impact on municipal tax dollars,
- ✓ Proposed operating revenues will achieve sufficient cash receipts to cover its annual cash expenditures and future capital expenditures,
- ✓ New capital projects related to new development is not the burden of existing water customers.

FINANCIAL PLAN

Appendix A of this Financial Plan includes projected financial statement(s) for the Water Systems forecasted for 2026 to 2031. These statements include:

- ✓ Statement of Financial Position
- ✓ Statement of Operations
- ✓ Statement of Cash Flow

As required, these statements are in accordance with the Public Sector Accounting Standards. Actual results will vary from the projections herein and municipal staff are best to review the plan projections with actual financial position on an annual basis and make necessary amendments.

1.0 INTRODUCTION

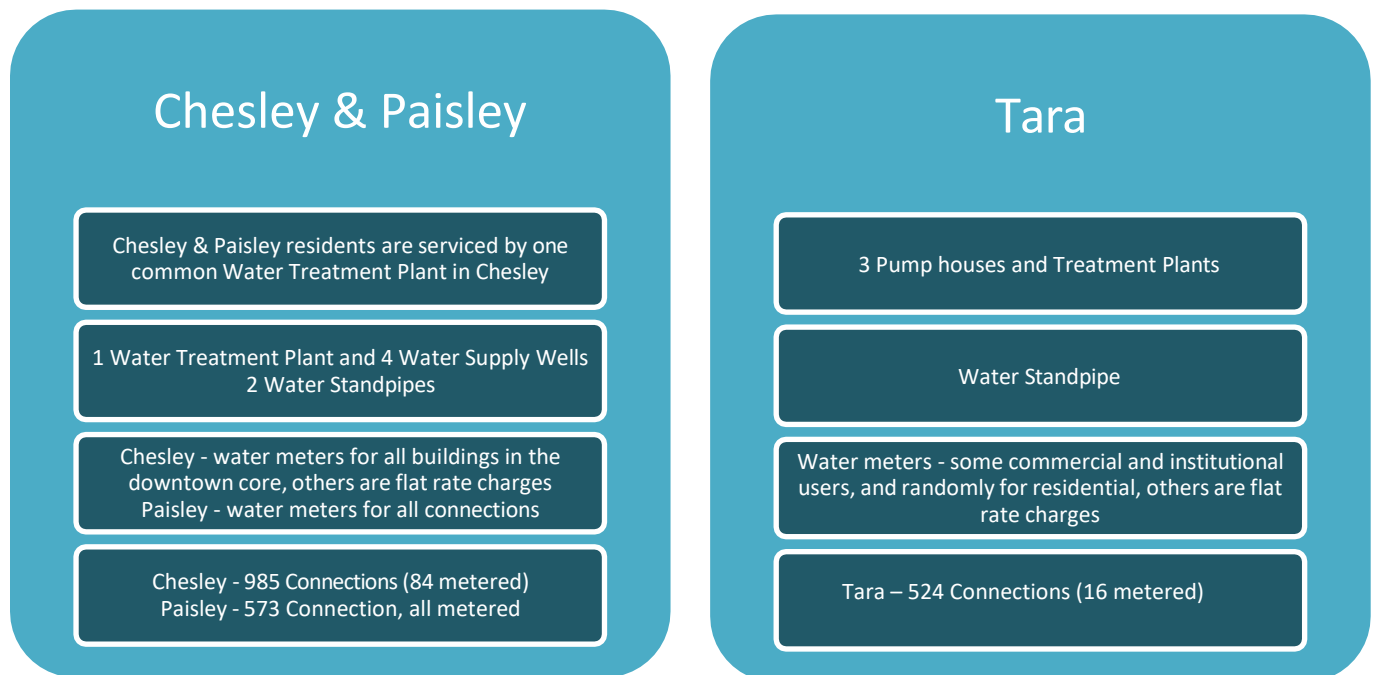
The financial plan for the Municipality Arran-Elderslie Drinking Water System has been prepared in accordance with Ontario Regulation 453/07 of the Safe Drinking Water Act, 2002. The plan development has focused on achieving a balance between managing water rate increases while ensuring that the water system will continue to provide safe drinking water in the long term.

Considering historic results and future needs, six (6) year financial projections to the

year 2031 have been prepared. The projections anticipate that the Water System will achieve financial viability, while providing safe drinking water over the short and long term.

Chesley and Paisley are both serviced by way of one (1) common Arran-Elderslie Water Treatment Plant located in Chesley. Water to Paisley is supplied by way of a 17 km gravity trunk watermain.

The Municipality also owns and runs the Tara Drinking Water System. This system serves the residents of Tara.



1.1 Ontario Regulation 453/07 Financial Plans

Drinking water system owners are required to prepare a financial plan for their drinking water system as part of the Municipal Drinking Water Licensing Program as set out in Part V of the Safe Drinking Water Act, 2002 (SDWA). The financial plan must be prepared in accordance with the Ontario Regulation 453/07. The first Financial Plan was required July 1, 2010, and is required to be updated every 5 years with the renewal of the drinking water license.

Regulation 453/07 requires the following:

- The financial plan be approved by resolution of Council that specifies that the drinking water system is financially sustainable,
- Full-cost accounting be utilized to determine the true cost of the drinking water system, and
- Projections be at least for a six (6) year duration but recommends a long-term plan.

In accordance with the renewal of the drinking water license, the Financial Plan represents an update from the Financial Plans that were approved by Council on March 23, 2026, for Arran-Elderslie and Tara Water Systems.

1.2 Financial Plan Guidelines

To assist municipalities in preparing the Financial Plan under O. Reg. 453/07, the Ministry of Environment Conservation and Parks released a document titled "Toward Financially Sustainable Drinking-Water and Wastewater Systems" (August 2007). This document applies to stormwater and wastewater systems as well. However, a Financial Plan for stormwater and wastewater system is only encouraged and not mandatory.

These guidelines set out the following nine principles to help develop this Financial Plan:

- 1) Ongoing public engagement and transparency can build support for, and confidence in Financial Plans and their corresponding system(s).
- 2) An integrated approach to planning among water, wastewater, and stormwater systems is encouraged considering the inherent relationship among these systems.
- 3) Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.
- 4) Life-cycle planning with mid-course corrections is preferable to short-term planning or no planning at all.
- 5) An asset management plan is a key input to the development of a Financial Plan.
- 6) A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while ensuring sufficient resources for future rehabilitation and replacement needs.
- 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.
- 8) Financial Plans are documents that require continuous updates and improvements. Improved planning for the future can be achieved by comparing the accuracy of financial projections with actual results.
- 9) Financial Plans can benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

1.3 Public Sector Account Board (PSAB) Requirements

The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) approved municipal financial accounting and reporting standards in June 2006. Those standards require full accrual accounting for 2009 and future years, as well as accounting of tangible capital assets in the financial statements.

The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when the payment was made. Since the exchange of cash is not necessary to report a financial transaction, the accrual method provides a more accurate picture of the municipality's financial position. Tangible capital assets will be capitalized to create an inventory of the assets owned and to account for their ability to provide future benefits.

1.4 Approach

The Financial Plan guidelines were used to select the approach for preparing the Arran-Elderslie Drinking Water System Financial Plan.

The following steps summarize the general approach:

- Determine current period expenses and forecast future period expenses.
- Determine and forecast capital expenditure needs.
- Identify all sources of current revenues and forecast revenues.
- Prepare the following statements based on the required revenues:
 - Statement of Operations
 - Statement of Cash Flow
 - Statement of Financial Position

1.5 Municipality of Arran-Elderslie Drinking Water Systems

Chesley & Paisley Drinking Water System

The Chesley water system currently has 985 water connections. The water distribution system is comprised of new PVC, and older cast iron and ductile iron mains that are approximately 40 to 50 years old. There is one (1) Water Treatment Plant and three (3) water supply wells.

The Paisley water system currently has 573 water connections. Most of the water distribution system is comprised of new PVC and older cast iron and ductile iron mains that are approximately 40 to 50 years old.

VICTORIA PARK WELL (DECOMMISSIONED)

- 200 mm dia., approximately 38.7 m deep drilled groundwater well, known as Victoria Park Well (Well No. 1/1937), located in Lot 31 Concession (UTM Zone 17, 492644E, 4504098N)
- On May 31, 2006, the Victoria Park Well was taken offline and locked out. This well has been converted into a monitoring well. Monthly static water levels are measured and recorded.

COMMUNITY PARK WELL (CPW 1) (OUT OF SERVICE)

- 340 mm dia., 20 m deep drilled groundwater well known as the Community Park Well #1, located in Lot 32, Concession 2, (UTM Zone 17, 4906102; 4904691N).
- CPW#1 was removed from the Permit to Take Water in 2025. It is electronically locked out, and static waters levels are measured and recorded monthly at a minimum.

COMMUNITY PARK WELL (CPW2)

- A 324 mm dia., 24.38 m deep drilled groundwater Community Park Well CPW2 (UTM Zone 17, 492828 m E., 4904726 m N.) equipped with a submersible well pump rated at 24.61 L/s at a TDH of 80.12m, pit less adaptor, and all necessary raw water piping routed to the treatment plant.

COMMUNITY PARK WELL (CPW3)

- A 254 mm dia., 38.1 m deep drilled groundwater Community Park Well CPW3 (UTM Zone 17, 493123 m E., 4904783 m N) equipped with a submersible well pump rated at 34.07 L/s at a TDH of 96.43 m, pit less adaptor and all necessary raw water piping routed to the treatment plant.

COMMUNITY PARK WELL (CPW4)

- A 254 mm dia., 39.4 m deep drilled groundwater Community Park Well CPW4 (UTM Zone 17, 493177 m E., 4904745 m N) equipped with a submersible well pump rated at 34.07 L/s at a TDH of 99.7 m, pit less adaptor and all necessary raw water piping routed to the treatment plant.

CHESLEY STANDPIPE

- A 2,725 m³ capacity concrete water storage tank is located at the north end of Chesley on Tower Road. It has an operating capacity of 1,360 m³ between the minimum and maximum operating water elevations, designed for peak hour water demand equalization, fire and emergency storage.

PAISLEY STANDPIPE

- The Paisley Standpipe has a capacity of 2,300 m³. Modifications to the Paisley standpipe performed in 2006 allows the water to enter the standpipe at approximately 2/3 of the standpipe height and discharge into the Paisley distribution system from the bottom of the standpipe.

BOOSTER CHLORINATION AT THE PAISLEY STANDPIPE

- Two (2) (1+1) chlorine feed pumps rated at a minimum of 1.4 L/h and one (1) 200 L sodium hypochlorite solution tank with a secondary containment tank.

TRUNK WATERMAIN

- There is approximately 15.7 km of 300 mm watermain connecting the Chesley water distribution system to the Paisley standpipe complete with all associated valving and metering.

ARRAN-ELDERSLIE WATER TREATMENT PLANT IN CHESLEY

- The Arran-Elderslie Water Treatment Plant was commissioned in May 2006. The Plant treats the raw water supply from three in-service (3) Community Parks Wells. It includes three (3) pressure filtration vessels (2 duty, 1 standby) for iron/manganese removal, an unbaffled two(2) cell, filtered water groundwater storage tank for storage of water for backwashing of the filters, two (2) filter backwash pumps, a sodium hypochlorite feed system and three (3) storage tanks, post chlorination system, one (1) backwash wastewater holding tank and all associated instrumentation and analyzers including a SCADA system.

Tara Drinking Water System

The Tara water system currently has 524 water connections. Most of the water distribution system is comprised of cast iron and ductile iron mains that are approximately 40 to 50 years old. There is numerous small diameter polyethylene watermain throughout the former Village. There are three (3) pumphouses and treatment plants as follows:

PUMPING STATION #2 – 59 MARKET ST.

Pumphouse building with approximate dimensions of 4.89 m x 5.6 m, equipped with:

- One (1) cartridge filter with a treatment capacity of 11.37 l/s, equipped with fourteen (14) - one (1) micron size filter cartridges used to reduce turbidity spikes on the Well No. 2 pump start up, complete with a differential pressure monitoring system.
- One (1) turbidity sampling point located downstream of the cartridge filter provided with the existing on-line turbidity analyzer.
- Two (2) chemical metering pumps: one (1) duty and one (1) standby with automatic switch over, complete with associated piping appurtenances and controls.
- One (1) sodium hypochlorite solution tank and one (1) secondary containment tank.
- Well pump rated at 4.9 L/s at a total dynamic head (TDH) of 161 m, approximately.
- One (1) flow meter and associated mechanical, electrical, and structural work.
- 150 mm diameter x 360 m watermain along River Street, dedicated to providing chlorine contact time necessary for well water discharge from PH No. 2, complete with treated water sample line.

PUMPING STATION #3 – 217 RIVER STREET

Pumphouse building with approximate dimensions of 6.1 m x 7.3 m, equipped with:

- One (1) cartridge filter with a treatment capacity of 11.3 l/s, equipped with fourteen (14) - one (1) micron size filter cartridges, certified for cyst removal in accordance with procedures specified
 - in NSF 53 or equivalent, and used on line with the Well No. 3 pump, complete with a differential pressure monitoring system.
- One (1) turbidity sampling point located on the downstream of the cartridge filter for on-line turbidity monitoring.
- A primary disinfection system using, Ultra Violet (UV) disinfection system consisting of two (2) UV disinfection reactors, one (1) duty, one (1) standby, located after the cartridge filter unit, each unit rated at 11.37 l/s, capable of providing minimum dose of 40 mJ/cm² at the end of the lamp life, together with automatic cleaning system, on-line UV intensity monitor with alarm, complete with a portable UV transmittance monitor;
- A secondary disinfection system using sodium hypochlorite disinfection, consisting of two (2) chemical metering pumps, one (1) duty, one (1) standby with automatic switch over, dosing sodium hypochlorite solution at the downstream of the UV units, complete with associated piping, appurtenances and controls;
- One (1) sodium hypochlorite solution tank and one (1) secondary containment tank.
- A submersible deep well pump rated at 5.3 l/s at a total dynamic head (TDH) of 164 m, approximately.
- One (1) flow meter and associates mechanical, electrical and structural work.
- One (1) 60 kW natural gas generator set capable of providing power to both Pumphouses No. 2 and No. 3 during power failure.

PUMPING STATION #4 – 158 YONGE STREET NORTH

A 250 mm diameter 25.91 m deep drilled ground water well, located within the pumphouse equipped with:

- A submersible deep well pump rated at 9.8 l/s with an operating head varying between approximately 42.06 m and 71.08 m complete with variable frequency drive and well level transducer.
- One (1) cartridge filter with a treatment capacity of 9.8 L/s, equipped with three (3) micron size filter cartridges {One (1) micron cartridges also acceptable} to be used on the well startup to reduce initial turbidity spikes;
- One (1) magnetic flow meter.
- A sodium hypochlorite disinfection system consisting of two (2) chemical metering pumps, one (1) duty, one (1) standby with automatic switch over and a 200 L sodium hypochlorite solution tank with a secondary containment tank and associated piping, appurtenances and controls;
- 12 m of 600 mm diameter watermain buried (chlorine contact chamber) outside the pumphouse to provide chlorine contact time necessary for well water discharge from pumphouse No. 4.
- One (1) online free chlorine residual analyzer to monitor free chlorine residual after the chlorine contact chamber.

- One (1) raw water turbidity analyzer; and
- Associated SCADA, PLC and controls.

MISCELLANEOUS

- A Supervisory Control and Data Acquisition (SCADA) system for automation of Pumphouses No. 2, No. 3 and No. 4, complete with associated Program Logic Controllers (PLC) and alarm dialers; and
- All associated electrical, mechanical, structural and appurtenances necessary for an operable system.

WATER STORAGE TANK

An elevated water storage tank (standpipe) constructed in 2010 is located at Pumphouse No. 4 site on the northern outskirts of Tara (NAD83, UTM Zone 17, 488250 E, 4925627N). It has an operating capacity of 852 m³ and a total capacity of 3,952 m³.

2.0 OPERATING PLAN

The Water System is required to have an operating plan that will ensure provision of safe drinking water in the short and long term. The Water System's operating plan accounts for expenses for its day-to-day operations for maintenance and administration of the drinking water system; the capital investments that it will incur to renew and replace its existing capital infrastructure; and debt management (if applicable) by way of debt repayments and interest charges that are incurred to achieve the above.

2.1 Operations

The Water System has components dating back to the 1960's. While the municipality has been operating the water system without incident for many years, the system is aging and requiring capital infrastructure replacement on a continual basis.

Some of the Water System's key operating expenses include personnel costs, utilities, materials, and supplies, plus repairs and maintenance. Annual operating expenses are projected to average approximately 400K plus amortization (\$600K). Of these costs, wages and benefits represent approximately 25%. Annual operating expenses (cash only) are projected to be approximately \$350K in 2026, which will increase to approximately \$424K in 2031.

KEY ASSUMPTIONS IN PROJECTIONS

The detailed operating expenses are outlined in the projected statement of operations (**Appendix A**). In these projections, it is assumed that operating expenses will increase annually for inflation in the projection period 2026-2031 by 3.9%.

2.2 Capital Costs

To provide safe drinking water to all customers, the Arran-Elderslie water system holds significant assets, including water treatment plants and associated wells, approximately 51.4 km of watermains, with associated watermain appurtenances, 3 standpipes, and 2,082 service connections. In the financial statements, the water treatment plant & pumphouses and reservoirs, the watermains, hydrants and service connections and the valves, SCADA systems and other equipment are referred to as buildings, linear assets and machinery and equipment, respectively. These assets are referred to as capital.

In determining the future capital costs, the renewal and rehabilitation of the Arran-Elderslie water system has been considered in accordance with the six (6) year capital plan prepared by municipal staff. The prioritization of capital infrastructure replacement was based on safety, cost, and operational efficiencies. While some capital assets may have reached their useful life, these assets can continue to provide value to the Water System but may require additional maintenance until they are replaced.

As Arran-Elderslie Water Systems age, there will be significant capital investment required to upgrade and maintain it. From 2026 to 2031, it is projected that on average, approximately \$1M will be spent each year on capital expenditures, to a total of over \$6.3 million dollars by the end of the plan. These expenditures will ensure the delivery of safe and viable drinking water to residents over the long term and will be performed in a cost-effective manner through priority planning and integration with other upgrades.

FUTURE SIGNIFICANT CAPITAL INVESTMENT

Looking beyond six (6) years from now, this plan, will be updated continuously over time and it is anticipated to allow the Water System to have its own funds available to pay for significant capital investments, such as new watermains, treatment plant and pumphouse upgrades. Future loans may become necessary if funding from provincial/federal government is unavailable.

2.3 Debt Management

The Municipality of Arran-Elderslie Water System carries no debt.

2.4 Total Cash Expenditures

The Municipality of Arran Elderslie Drinking Water System has increasing operating cash expenditures, including operating expenses and capital costs. From 2026 to 2031, average operating cash expenditures have been assumed to increase by 3.9% per year. In 2026, total cash expenses (excluding amortization) are approximately \$350K and increases to approximately \$424K by 2031.

3.0 FUNDING PLAN

The funding plan needs to allow for both operating cash expenditures and the cash requirements necessary to provide for capital investment. The annual cash requirements average an excess of \$1.3M annually. To fund these expenditures, the Water System needs to rely on operating revenues.

3.1 Funding Model

The funding model applied to the Municipality of Arran-Elderslie Water System is based on the following:

- Water rate increases for both the Metered base rate and the m3 consumption rate has been indexed annually by 3.9%
- Annual increase in connections – 4 residential single-family units in each of the municipal areas of Chesley, Paisley and Tara
- Reserves are used to fund capital investment
- Annual inflation applied to operation expenditures

3.2 Operating Revenues

Typically, operating revenues are composed as follows:

- Base Charge: A fixed monthly charge to recover the fixed operating expenses to operate and maintain the water system(s).
- Water Consumption Charge: It is charged based on actual water consumption recorded by the water meter. For non-metered customers, a flat rate is charged to the customer in lieu of base charge, water consumption charge and lifecycle reserve charge.

The Arran-Elderslie Water System, residents who don't have water meters, remain on a flat rate of \$65.02/month (2026 rate). To provide water conservation, Arran-Elderslie encourages water customers to install water meters. Such customers, in 2026, will pay a base rate of \$29.12/month and a water consumption charge of \$2.83/m³. Any surplus is directed to water reserves.

3.3 Government Funding

No new government funding has been utilized for development of the financial plan, as a worst-case funding scenario. Staff continue to investigate funding opportunities for water meters.

3.4 New Debt

No new debt is planned.

3.5 Cash Requirements Summary

The funds required to pay for the Water System's total cash expenditure will be derived from operating revenues, and the water reserves that it builds up over time as a result of prudent and responsible planning.

The main funding source is water billings, which is being increased at a projected 3.9% per year for the period of 2026 to 2031. Council will review this projection each year during budget planning and may adjust it if unforeseen expenses occur.

4.0 FINANCIAL PLAN

The financial impacts of the drinking water system have been considered through the projected financial statements for years ending December 31, 2026, to 2031 (**Appendix A**) and summarized below. The financial statements are required by Ontario Regulation 453/07 to include a full-cost accounting, meaning that all of the costs, whether operating, financial or capital, related to operating the drinking water system, must be included.

The projected financial statements include the following:

STATEMENT OF FINANCIAL POSITION

- Financial assets and liabilities
- Other non-financial assets, including inventory and capital assets

STATEMENT OF OPERATIONS

- Revenues
- Operating expenses, and interest on long-term debt
- Amortization

STATEMENT OF CASH FLOWS

- Operating transactions
- Financing (new debt and debt repayments) transactions
- Capital transactions (capital costs)
- All of which will increase or decrease cash held by the Water System

The projected financial statements are prepared to conform to Public Sector Accounting Board (PSAB) Standards. These statements reflect the Municipality of Arran-Elderslie accounting policies, along with estimates and assumptions related to the operations of the Water System, and are based on 2025 actual results, as derived from the Water System's internal financial statements of the Municipality.

Actual results will vary from these projections, and the differences may be significant. Any future changes to accounting policies or key assumptions will impact these projected financial statements and should be updated to reflect such changes.

Projected financial statements include expenditures directly related to the replacement of lead service pipes in accordance with Ontario Regulation 453/07. Costs associated with lead service pipe replacement are reflected within the capital expenditure forecasts.

4.1 Public Sector Accounting Board Standards

In 2006, the Canadian Institute of Chartered Accountants' Public Sector Accounting Board approved that municipalities would prepare annual financial statements, utilizing full accrual accounting. In simple terms, full accrual accounting means that all municipalities will be required to include tangible capital assets and amortization in their financial statements.

4.2 Projected Statement of Operations

The projected statement of operations includes the revenue less the expenses, arriving at the excess or net revenues over expenses. The projected statement is provided in **Appendix A**.

REVENUES

Total revenues include all operating revenues and government funding and other funding sources, if available.

EXPENSES

Expenses include a list of detailed projected expenses, including operating expenses, and amortization. Amortization is the depreciation of the capital assets or the water system infrastructure over their estimated useful life. It does not represent a cash expenditure.

4.3 Projected Statement of Cash Flow

The projected statement of cash flow is very useful in providing an indication of sufficient cash availability for the Water System. The projected statement of cash flow summarizes the key transactions that either increase or decrease the water system's cash balance. It involves operating transactions, capital transactions, and financing transactions.

Projected operating transactions section is a summary of the projected net revenues over expenses, adjusted for any non-cash items. Projected capital transactions show the capital additions and sale of assets (if any) while the projected financing transactions outlines any new debt that will be incurred and the amount of debt that will be repaid. Financing transactions do not apply to the Water System.

In the Operating Plan section of the financial plan, the cash expenditures, such as operating expenses, debt repayment and capital costs, were identified. In the Funding Plan section of the financial plan, the cash receipts, or funds required to cover the cash expenditures were presented. These funds comprise operating revenues only for the Water System.

Over the projection period, it is projected that the Water System will have several capital upgrade projects which will be funded through water reserves. However, water reserve is anticipated to increase from \$8.7 million approximately in 2026 to \$ 10 million approximately in 2031.

4.4 Statement of Financial Position

The statement of financial position reflects both the financial and non-financial assets of the water system. The projected statement is provided in **Appendix A**.

ACCUMULATED SURPLUS

Accumulated surplus is the sum of net financial assets (End of Year Cash Balance) plus total non-financial assets (tangible capital assets minus accumulated amortization). A steady rise in accumulated surplus indicates proper maintenance of water system assets by timely replacements of fully amortized assets.

5.0 SUMMARY

This Financial Plan has been prepared in accordance with the Provincial Regulation O. Reg 453/07. The process in developing this plan has focused on the achievement of a balance between managing water rate increases while ensuring that the water system will continue to provide safe drinking water in the long term.

FEEDBACK AND CONTINUOUS IMPROVEMENT

The Financial Plan must be updated every five (5) years, but it is recommended to be updated more frequently to reflect changes in operations, economic climate, financing costs, consumption, and pricing.

The Ontario Regulation for Asset Management Programs/Plans will enable a detailed assessment of the condition and investment needs of the water system's capital assets.

APPENDIX A

PROJECTED FINANCIAL STATEMENTS

Municipality of Arran-Elderslie
Water Services - Chesley, Paisley, & Tara
Statement of Financial Position

	<u>Audited</u> <u>2024</u>	<u>Unaudited</u> <u>2025</u>	<u>Budget</u> <u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Forecast</u>		
						<u>2029</u>	<u>2030</u>	<u>2031</u>
Financial Assets								
Cash, Receivables and Investments	\$8,415,569	\$8,752,517	\$8,667,860	\$8,979,897	\$9,173,157	\$9,438,956	\$9,612,795	\$9,912,003
Total Financial Assets	\$8,415,569	\$8,752,517	\$8,667,860	\$8,979,897	\$9,173,157	\$9,438,956	\$9,612,795	\$9,912,003
Financial Liabilities								
Accounts Payable and Deferred Revenue								
Long Term Liabilities (Net Debt)								
Total Financial Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Revenue (net Chg)								
Net Financial Assets (Net Debt)	\$8,415,569	\$8,752,517	\$8,667,860	\$8,979,897	\$9,173,157	\$9,438,956	\$9,612,795	\$9,912,003
Non Financial Assets								
Pre-paid Expenses								
Tangible Capital Assets	\$24,267,308	\$25,277,613	\$26,191,613	\$27,334,506	\$28,350,624	\$29,341,368	\$30,473,078	\$31,530,335
Accumulated Amortization	(\$10,845,415)	(\$11,429,142)	(\$12,000,599)	(\$12,600,629)	(\$13,230,660)	(\$13,892,193)	(\$14,586,803)	(\$15,316,143)
Total Non Financial Assets	\$13,421,893	\$13,848,472	\$14,191,015	\$14,733,878	\$15,119,964	\$15,449,175	\$15,886,276	\$16,214,193
Accumulated Surplus	\$21,837,462	\$22,600,989	\$22,858,875	\$23,713,775	\$24,293,121	\$24,888,132	\$25,499,071	\$26,126,195

**Municipality of Arran-Elderslie
Water Services - Chesley, Paisley, & Tara
Statement of Cash Flow**

	<u>Audited</u> <u>2024</u>	<u>Unaudited</u> <u>2025</u>	<u>Budget</u> <u>2026</u>	<u>2027</u>	<u>2028</u>	Forecast <u>2029</u>	<u>2030</u>	<u>2031</u>
Operating Activities								
Projected Revenue over Expenditures	\$878,193	\$1,347,253	\$1,216,000	\$1,263,424	\$1,312,698	\$1,363,893	\$1,417,085	\$1,472,351
Plus: Non-Cash Amortization								
Net Change in Cash by Operating Activities (Annual Surplus/Deficit, excluding Amortization Expense)								
Cash Provided by Operations	\$878,193	\$1,347,253	\$1,216,000	\$1,263,424	\$1,312,698	\$1,363,893	\$1,417,085	\$1,472,351
Investment Activities								
Proceeds from Investments (Reserve Fund Interest)		\$258,817	\$223,864	\$232,595	\$241,666	\$251,091	\$260,883	\$271,058
Capital Activities								
Proceeds from Debt Issued/Developer Front-end								
Less: Debt Repayment (principal only)								
Cash Transactions Through Financing								
Cash Applied to Fund Common Costs	\$0	(\$258,817)	(\$319,573)	(\$332,036)	(\$344,986)	(\$358,440)	(\$372,419)	(\$386,944)
Cash Applied to Fund Capital Projects	(\$924,103)	(\$1,010,305)	(\$914,000)	(\$1,142,893)	(\$1,016,118)	(\$990,744)	(\$1,131,710)	(\$1,057,257)
Net Change in Cash and Cash Equivalents	(\$45,910)	\$336,948	\$206,291	\$21,089	\$193,260	\$265,799	\$173,839	\$299,208
Cash and Cash Equivalents, Beginning of Year	\$8,461,479	\$8,415,569	\$8,752,517	\$8,958,808	\$8,979,897	\$9,173,157	\$9,438,956	\$9,612,795
Cash and Cash Equivalents, End of Year	\$8,415,569	\$8,752,517	\$8,958,808	\$8,979,897	\$9,173,157	\$9,438,956	\$9,612,795	\$9,912,003

Municipality of Arran-Elderslie
Water Services - Chesley, Paisley, & Tara
Statement of Operations

	<u>Audited</u> <u>2024</u>	<u>Unaudited</u> <u>2025</u>	<u>Budget</u> <u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Forecast</u> <u>2029</u>	<u>2030</u>	<u>2031</u>
Operating Revenue								
Commercial Fees	\$154,903	\$160,922	\$162,947	\$169,302	\$175,905	\$182,765	\$189,893	\$197,299
Residential Fees	\$1,420,622	\$1,456,914	\$1,487,225	\$1,545,227	\$1,605,491	\$1,668,105	\$1,733,161	\$1,800,754
Other Revenue	\$98,761	\$27,538	\$11,327	\$11,769	\$12,228	\$12,705	\$13,200	\$13,715
Total Operating Revenue	\$1,674,286	\$1,645,374	\$1,661,499	\$1,726,297	\$1,793,623	\$1,863,574	\$1,936,254	\$2,011,768
Expenditures								
Wages and benefits	\$183,136	\$180,984	\$92,495	\$96,102	\$99,850	\$103,744	\$107,790	\$111,994
Billable expenses								
Contracts	\$84,413	\$91,601	\$61,925	\$64,340	\$66,849	\$69,456	\$72,165	\$74,980
Heat & Hydro	\$45,265	\$35,463	\$58,943	\$61,242	\$63,630	\$66,112	\$68,690	\$71,369
Insurance	\$38,966	\$40,752	\$41,580	\$43,202	\$44,886	\$46,637	\$48,456	\$50,346
Miscellaneous expenses	\$96,227	\$86,470	\$92,787	\$96,406	\$100,166	\$104,072	\$108,131	\$112,348
Telephone	\$1,975	\$1,984	\$2,060	\$2,140	\$2,224	\$2,311	\$2,401	\$2,494
Total Expenditures	\$449,982	\$437,254	\$349,790	\$363,432	\$377,606	\$392,332	\$407,633	\$423,531
Proceeds from Investments (Reserve Fund Interest)		\$258,817	\$223,864	\$232,595	\$241,666	\$251,091	\$260,883	\$271,058
Cash Applied to Fund Common Costs	(\$346,111)	(\$119,684)	(\$319,573)	(\$332,036)	(\$344,986)	(\$358,440)	(\$372,419)	(\$386,944)
Net Operating Surplus before Amortization Expense	\$878,193	\$1,347,253	\$1,216,000	\$1,263,424	\$1,312,698	\$1,363,893	\$1,417,085	\$1,472,351
Amortization	\$413,450	\$583,726	\$571,457	\$600,030	\$630,031	\$661,533	\$694,610	\$729,340
Annual Surplus (Deficit)	\$464,743	\$763,527	\$644,543	\$663,394	\$682,666	\$702,360	\$722,475	\$743,011
Accumulated Surplus, Beginning of Year	\$21,372,719	\$21,837,462	\$22,600,989	\$23,245,532	\$23,908,926	\$24,591,592	\$25,293,952	\$26,016,427
Accumulated Surplus, End of Year	\$21,837,462	\$22,600,989	\$23,245,532	\$23,908,926	\$24,591,592	\$25,293,952	\$26,016,427	\$26,759,437
Transfer to reserves								
Transfer to capital								
Total Operating Surplus	\$21,837,462	\$22,600,989	\$23,245,532	\$23,908,926	\$24,591,592	\$25,293,952	\$26,016,427	\$26,759,437

**Municipality of Arran-Elderslie
Water Services - Chesley, Paisley, & Tara
Continuity Schedules**

		<u>Audited</u>	<u>Unaudited</u>	<u>Budget</u>	<u>Forecast</u>				
		<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
Capital Continuity									
Total Capital Costs		\$924,103	\$1,010,305	\$914,000	\$1,142,893	\$1,016,118	\$990,744	\$1,131,710	\$1,057,257
Transfer from Reserves		\$924,103	\$1,010,305	\$914,000	\$1,142,893	\$1,016,118	\$990,744	\$1,131,710	\$1,057,257
Unfunded Capital		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Continuity									
	Opening Balance	\$8,461,479	\$8,415,569	\$8,752,517	\$8,958,808	\$8,979,897	\$9,173,157	\$9,438,956	\$9,612,795
Transfer from Operating Surplus		\$878,193	\$1,347,253	\$1,216,000	\$1,263,424	\$1,312,698	\$1,363,893	\$1,417,085	\$1,472,351
Interest and Investment income		\$0	\$258,817	\$223,864	\$232,595	\$241,666	\$251,091	\$260,883	\$271,058
Transfer for Capital		(\$924,103)	(\$1,010,305)	(\$914,000)	(\$1,142,893)	(\$1,016,118)	(\$990,744)	(\$1,131,710)	(\$1,057,257)
Transfer to Arran-Elderslie for share of common costs		\$0	(\$258,817)	(\$319,573)	(\$332,036)	(\$344,986)	(\$358,440)	(\$372,419)	(\$386,944)
Developer Contribution									
	Ending Balance	\$8,415,569	\$8,752,517	\$8,958,808	\$8,979,897	\$9,173,157	\$9,438,956	\$9,612,795	\$9,912,003
	Dollars in Current Value	\$8,415,569	\$8,752,517	\$8,958,808	\$8,642,827	\$8,828,833	\$9,084,655	\$9,251,968	\$9,539,945

**Municipality of Arran-Elderslie
Water Services - Chesley, Paisley, & Tara
Schedule of Tangible Capital Assets**

	<u>Audited</u> <u>2024</u>	<u>Unaudited</u> <u>2025</u>	<u>Budget</u> <u>2026</u>	<u>2027</u>	<u>2028</u>	Forecast <u>2029</u>	<u>2030</u>	<u>2031</u>
Tangible Capital Assets								
Cost, beginning of the year	\$23,332,221	\$24,267,308	\$25,277,613	\$26,191,613	\$27,334,506	\$28,350,624	\$29,341,368	\$30,473,078
Additions	\$956,304	\$1,010,305	\$914,000	\$1,142,893	\$1,016,118	\$990,744	\$1,131,710	\$1,057,257
Disposals	(\$21,217)							
Cost, end of year	\$24,267,308	\$25,277,613	\$26,191,613	\$27,334,506	\$28,350,624	\$29,341,368	\$30,473,078	\$31,530,335
Accumulated Amortization, beginning of the year	\$10,465,454	\$10,845,415	\$11,429,141	\$12,000,598	\$12,600,628	\$13,230,660	\$13,892,193	\$14,586,802
Amortization	\$413,450	\$583,726	\$571,457	\$600,030	\$630,031	\$661,533	\$694,610	\$729,340
Disposals	(\$33,489)							
Accumulated Amortization, end of the year	\$10,845,415	\$11,429,141	\$12,000,598	\$12,600,628	\$13,230,660	\$13,892,193	\$14,586,802	\$15,316,143
Net carrying amount, end of the year	\$13,421,893	\$13,848,472	\$14,191,015	\$14,733,878	\$15,119,964	\$15,449,175	\$15,886,276	\$16,214,193

APPENDIX B

CAPITAL PROJECTIONS

Municipality of Arran Elderslie Water Services - Capital 2026 to 2031											
Location	Project	Size	Current Year Cost	Estimated Useful Life	Year	2026	2027	2028	2029	2030	2031
Water Main Replacements											
Chesley	5th Ave SW from 2nd St. to 4th St. SW	260m	221,000		2027		229,619				
Chesley	5th Ave SW form 4th St. to 7th St. SW	260m	221,000		2028			238,574			
Chesley	Martha & Fairview from Bruce Rd 10 to Bradley	420m	420,000		2029				471,081		
Chesley	Tower Road from 1st Ave N to Fairview	290m	260,000		2030					302,995	
Chesley	4th St SW from 5th Ave to Thomans St.	330m	300,000		2031						363,244
						229,619		238,574	471,081	302,995	363,244
Paisley	Victoria St. From Rowe to Inkerman	200m	180,000		2026	180,000					
Paisley	Victoria St. From Inkerman to Alma	235m	211,500		2027		219,749				
Paisley	Inkerman from Victoria to Duke	330m	300,000		2028			323,856			
Paisley	Victoria From Alma to Balaklava	230m	210,000		2030					244,727	
Paisley	Queen St. From Bridge to Inkerman**	280m	238,000		2031						288,174
						180,000	219,749	323,856		244,727	288,174
Tara	Elgin Ave and Matilda St.	450m	405,000		2027		420,795				
Tara	White's Ave. From Younge to Dead-End (p/c)	260m	235,000		2028			253,687			
Tara	Union St. From Yonge to Miller	300m	270,000		2029				302,838		
Tara	Main St. From Market to Ann	215m	195,000		2030					227,246	
Tara	Brook St. from Yonge to Maria**	110m	100,000		2031						121,081
							420,795	253,687	302,838	227,246	121,081
** County Roads - thus requires consultation						180,000	870,163	816,118	773,919	774,968	772,500
Fleet											
W7 2013	GMC 4x4 Ext. Cab		70,000		2027		72,730				
W8 20118	GMC 4x4 Crew Cab		70,000		2030					81,576	
						72,730				81,576	
Other Considerations											
A&E Well #2			15,000		2026	15,000					
CPW#1 Chesley/CPW#4			220,000		2026	220,000					
Flushing & Valve Turning Tools			9,500		2026	9,500					
Paisley Standpipe Clean & Repair			25,000		2026	25,000					
Tara Well #2 Rotorx Valve			15,000		2026	15,000					
Tara Well #3 Chlorine Analyzer & Transfer Switch			22,000		2026	22,000					
Arnaud-Balaklava, Bruce Rd 3, Firehall			90,000		2026	90,000					
Elgin & Matilda St. - Engineering			15,000		2026	15,000					
Tara Well #3 Re-hab Work			15,000		2029				16,824		
A&E Well #3			15,000		2030					17,480	
Camera Paisley Water Tower			6,500		2030					7,575	
Camera Chesley Water Tower			6,500		2030					7,575	
Camera Tara Water Tower			6,500		2030					7,575	
Tara Well #2 Re-hab Work			15,000		2030					17,480	
A&E Well #3			15,000		2030					17,480	
Tara Well#4 Rehab Work			15,000		2031						18,162
A&E Well#2			15,000		2031						18,162
Replace Cathodic Protection in Paisley Tower			20,000		2031						24,216
Replace Cathodic Protection in Tara Tower			20,000		2031						24,216
						411,500			16,824	75,166	84,757
Install Water Meters											
Chesley			550,000	25	Continue to monitor for grants						
Paisley			250,000	25							
Tara			290,000	25		-	-	-	-	-	-
Total						591,500	942,893	816,118	790,744	931,710	857,257

APPENDIX C

COUNCIL RESOLUTION

Agenda Number: 8.2.5.
Resolution No. 108-06-2026
Date: Monday, March 23, 2026

Moved by: Councillor Hampton
Seconded by: Councillor Penner

Be it Resolved that Council hereby receives Report PWWS-2026-06 -2026-2031 Water Financial Plan;

And approves the 2026–2031 Drinking Water Financial Plan for the Municipality of ArranElderslie, prepared in accordance with Ontario Regulation 453/07 under the *Safe Drinking Water Act, 2002*;

And further direct staffs to make the approved Financial Plan available to the public as required by regulation.

Carried