ONTARIO CLEAN WATER AGENCY
AGENCE ONTARIENNE DES EAUX

Corporation of the Township of Callander

Drinking Water System Financial Plan #187-301

SUBMITTED BY

Ontario Clean Water Agency
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STATEMENT OF CONFIDENTIALITY

OCWA's Report to
the Township of Callander for the
Callander Drinking Water System Financial Plan

Table of Contents

Statement of Confidentiality

1 Introduction

The Corporation of the Township of Callander (the Township) has retained the Ontario Clean Water Agency (OCWA) to update the Financial Plan for the Township's Drinking Water System (DWS) in order to comply with the Financial Plan regulation (O. Reg. 453/07) made under the Safe Drinking Water Act.

This Financial Plan has been prepared in accordance with O. Reg. 453/07, as well as the provisions of the financial planning guidelines published by the Ministry of the Environment (MOE), now Ministry of the Environment, Conservation, and Parks (MECP), in August 2007 entitled "Toward Financially Sustainable Drinking-Water and Wastewater Systems".

The Financial Plan was prepared for the Township's DWS based on information supplied by the Township and operational staff, including future capital and major maintenance projects, water system financial information, as well as tangible capital asset information that the Township generated in accordance with the Public Sector Accounting Board (PSAB) standard PS 3150 requirements.

The information supplied by the Township and operational staff was used to generate a financial operating plan that forecasted future annual expenditure requirements from 2025 to 2031. A revenue plan relying primarily on user fees was generated to support the expenditure requirements outlined in the operating plan. The information generated in the operating and revenue plans along with the tangible capital asset information was used to develop a Financial Plan for the Township's DWS covering a study period from 2025 to 2031 in accordance with O.Reg. 453/07 requirements (minimum six-year study period).

1.1 Legislative Context to Financial Planning

There have been a number of legislative initiatives affecting water system management and operations following the waterborne illness tragedy in Walkerton in 2000. Following this incident, the Government of Ontario established a public inquiry chaired by the Honourable Dennis O'Connor to look into the tragedy. The Inquiry Report recommended a comprehensive approach to the delivery of safe drinking water in Ontario.

The MECP has responded to the Inquiry recommendations by making legislative changes. One change directly related to the development of this Financial Plan was the passage of the Safe Drinking Water Act, 2002 (SDWA). It requires owners of a municipal drinking water system to apply for and obtain a Municipal Drinking Water Licence. There are five elements that must be in place in order for the owner of a drinking water system to obtain a Licence:

1) A Drinking Water Works Permit to establish or alter a drinking-water system.
2) An accepted Operational Plan. The Drinking Water Quality Management Standard (DWQMS) is the standard upon which operational plans are based. The plan documents an operating authority's quality management system (QMS).
3) An Accredited Operating Authority. A third-party audit of an operating authority's QMS will be the basis for accreditation.
4) A Permit to Take Water.

5) A Financial Plan to be prepared and approved in accordance with the prescribed requirements in the Financial Plans Regulation.

Under Section 30 of the SDWA, the Financial Plan element of the licence program must either be prepared in accordance with the Sustainable Water and Sewage System Act, 2002 (SWSSA) or in accordance with the requirements set by the Minister of the Environment. SWSSA regulations have not been published. Accordingly, the requirements set by the Minister of Environment apply as per the 2007 MECP guidelines.

Regulation 453/07 of the Safe Drinking Water Act was passed in 2007 and contains two key provisions that apply to an existing water system:

1) A person who makes an application under the Act for a municipal drinking water licence shall, before making the application, prepare and approve Financial Plans for the system that satisfy the requirements of O. Reg. 453/07, S. 1(1).
2) As a condition in a municipal drinking water licence that is issued in response to an application made under Section 33 of the Act for a municipal drinking water licence, the Director shall include a requirement that the owner of the drinking water system, by the later of July 1, 2010 and the date that is six months after the date the first licence for the system is issued, prepare and approve Financial Plans for the system that satisfy the requirements prescribed O. Reg. 453/07, S. 1(3).

Several other provisions are also set out in the regulation that must be met by a municipality operating a water system:

- The Financial Plan must be approved by a resolution that is passed by the Council of the municipality.
- The Financial Plan must apply to a period of at least six years.
- The Financial Plan must be available, upon request, to members of the public at no charge and posted on the internet (if the municipality maintains a website).
- The municipality must provide notice as deemed appropriate to advise the public of the availability of the Financial Plan.

Once a system is licenced, the municipality's Financial Plan is required to be updated every five years, in conjunction with every application for license renewal. Full documentation of the Financial Plan regulation, O.Reg. 453/07 can be found in Appendix A.

The PSAB of the Canadian Institute of Chartered accountants approved new municipal financial accounting and reporting standards (PS1201) requiring that tangible capital assets (TCA), statement of financial position, statement of net debt, statement of Operations, and statement of cashflow, including the assets of drinking water systems, be included in municipal financial statements. *Stat 3150* came into effect on January 1, 2009 requiring statements to be reported on a full accrual accounting basis.

The Clean Water Act, 2006 targets the protection of drinking water supplies through the development of collaborative, locally driven, science and watershed-based source protection plans. According to the MECP financial planning guidelines, Financial Plans should include source water protection costs related to the provision of water services. Utilities are encouraged to have, at minimum, estimates of any current source protection costs as a separate cost item by the time that their Financial Plans are

required in order to effectively align with the anticipated approval timelines for source protection plans (2010-2012).

In June 2007, the government of Ontario proposed a lead action plan. The Financial Plans regulation requires municipalities' Financial Plans to include the costs associated with replacing lead service pipes that are part of their drinking water system.

1.2 Callander's Drinking Water Systems

The Callander Drinking Water System (DWS), located in the Township of Callander is owned by the Township and is operated by the Ontario Clean Water Agency. Callander is located just a few kilometers south of North Bay, on the eastern shore of Callander Bay (off of Lake Nipissing). The DWS draws its water from Callander Bay through a 400mm intake pipe, extending about 1km into Lake Nipissing. A lakeside low lift pumping station pumps the raw water to the treatment facility where two Ecodyne package treatment plants are located. Sodium hydroxide may be added for pH adjustment, along with alum (for coagulation) and sodium hypochlorite for pre-chlorination.

The Callander Water Treatment Plant (WTP) consists of an in-line static mixer for the addition of the aluminum sulfate coagulate, two Ecodyne package treatment units each rated at 1500m^3/day, a chlorine contact chamber (62.5m^3), a two cell clearwell (231m^3), chemical feed systems for sodium hypochlorite, aluminum sulfate and sodium hydroxide, online chlorine and turbidity analyzers, and a 112kW diesel powered standby unit. Each Ecodyne unit contains flocculation and clarification zones with gravity flow filters (Activated Carbon/dual sand media filters).

The treated water travels to a clearwell, and is pumped by three 30HP vertical turbine high lift pumps (each rated at 2300m^3/day) from the clearwell to the distribution system and a 2272m^3 standpipe. The distribution system is primarily comprised of 8-inch ductile iron pipe installed in 1973, with PVC installations occurring in 2001-2002 in newer residential developments.

2 Financial Operating Plan

The financial operating plan includes the full costs of operating the Township's DWS on an ongoing basis and includes capital investments, operating costs, maintenance costs, administration costs, debt management costs, and other miscellaneous costs.

A financial operating plan for the Township's DWS was developed using historical financial statements, forecasted capital and major maintenance expenditures, and tangible capital asset information. These aforementioned elements were used to forecast the annual expenditure requirements while taking into account contingency costs, inflation and expected growth.

2.1 Operating Expenses

Recurring operating expenses for the Township's DWS consists of wages, contracted services and benefits for plant operations and Township staff. Operating costs also include financial expenses, program support, materials and supplies, utility costs (i.e. Hydro & Gas), and repairs and maintenance activities.

The total water operating expenses incurred in 2025 (excluding capital items) for the Township's DWS is estimated to be $532,420 (refer to Statement of Financial Operations). The majority of these costs are expected to increase by 2% - 4% annually over the course of the study period based on inflation and the increasing costs associated with energy and treatment chemicals. Based on operating expenses in previous years, expenses during the study period may fluctuate by ±10-30% according to the variance in needs and activities in any given year. Projected expenses are based on budgeted expenses for 2024 and 2023 and have been adjusted for inflation and forecasted to 2031.

2.2 Capital Costs

Yearly maintenance expenditures refer to upkeep costs to maintain assets in service. Capital expenditures are the costs involved in upgrading, acquiring, or replacing an asset used in the drinking water system.

An existing capital and major maintenance plan was updated to identify future capital and major maintenance needs for the period of 2025-2031, as part of the development of this Financial Plan. Capital expenses contribute to the asset value of the plant. Yearly maintenance is not factored into the value of the system's assets and is considered an operational expense. The Capital Plan covers the period 2025 to 2031 and utilizes information from OCWA's projections of capital needs.

Some of the major expenditures that are capitalized during the study period (2025-2031) include the following:

- Replacement of obsolete radio equipment in the water tower ($37,000 in 2025)
- Replace low lift pump control panel ($56,000 in 2025)
- Replace turbidity analyzer ($8,000 in 2026)
- Replace low lift pump ($40,000 in 2031)

2.3 Debt Management

Presently, the DWS presently has no debt obligations. No additional debentures are forecasted to be incurred during the study period.

2.4 Lead Pipe Replacement Cost

There are no costs associated with lead pipe replacement for the Township's DWS.

2.5 Source Water Protection Costs

There is presently no funding for the Callander's Source Water Protection Plan in the financial planning for the drinking water system.

3 Funding Plan

A funding plan was developed to ensure that the annual expenditures forecasted in the financial operating plan can be sustained over the study period. The funding plan relies mainly on the revenues generated from the direct users of the DWS through water rates, in combination with various government grants and general revenue, to cover forecasted capital and operating costs. The plan also considers potential infrastructure and federal/provincial grants that would help fund expenditures for the study period.

3.1 Water Rates

Based on the location of the drinking water system, there is the possibility of the system to make future connections and expand over time. Users of the DWS are charged a metered rate ($5.137493/m^3) with a minimum quarterly charge ($77.78). For the financial plan, it has been assumed that this metered rate will continue.

The anticipated water flat rates charged to consumers can be found in Figure 3.1. The rates increased by 2% during the planning period to account for yearly inflation.

Table 3.1 – Anticipated Water Rate Increases from 2025-2031

Proposed Water Rate Increases							
Year	2025	2026	2027	2028	2029	2030	2031
Residential Water User Fees ($/year)	$1,443.89	$1,472.77	$1,502.23	$1,532.27	$1,562.92	$1,594.17	$1,626.06
Water Rate ($/m^3)	5.137493	5.240243	5.345048	5.451949	5.560988	5.672207	5.785652
% rate increase		2%	2%	2%	2%	2%	2%

3.2 Water System Reserve Fund

Based on the current revenue and expenditure forecasts for the study period, there will be no requirement to raise any additional funds through debentures. The Township maintains an infrastructure reserve, a facility maintenance reserve, and a general water and wastewater reserve fund that are all shared between the water and wastewater systems. Based on the systems' overall replacement costs, the water system was attributed 60% of the overall reserve funds to an amount of $1,169,332 as of Jan 1, 2025.

The water reserves are used to set aside funds to finance future expenditures in the DWS. This account determines the financial health/sustainability of the DWS. The DWS is considered in optimal financial health when the balance at the end of the year is equivalent to the system's accumulated amortization. This would allow a water reserve buildup at the same rate as the infrastructure debt.

This ending balance is obtained after factoring the yearly cash inflows and outflows. This account receives cash inflows through funds transferred from the Township's operating account, additional annual surplus from water rates, and interest accrued (if any). The cash outflows consist of expenditures on capital and major maintenance works, operational expenses, and any debt management expenses.

3.3 Government Funding

In the past, the Township has received funding from various government programs to assist the Township with the costs incurred for major capital works. Currently, there are no anticipated funding opportunities either anticipated or approved for any of the planned capital work.

4 Financial Plan Summary

This section provides a summary of the principal features concerning the current and projected future state of the Township's DWS. The financial information is contained in financial statements covering at least six years (2025-2031) in compliance with O. Reg. 453/07. Detailed financial statements are set out in tabular form in Section 7. Notes regarding the financial statements are presented at the end of the financial statement section of this report.

4.1 Statement of Financial Position

4.1.1 Net Financial Assets/ (Debt)

An important feature of a water system is its net financial assets/ (debt). A positive net financial asset indicates that the system has a reserve fund to deal with future capital and other needs. A negative number indicates that past capital and other investments must be financed from future revenues. The Township's DWS's net financial assets/ (debt) are shown in Figure 4.1 below.

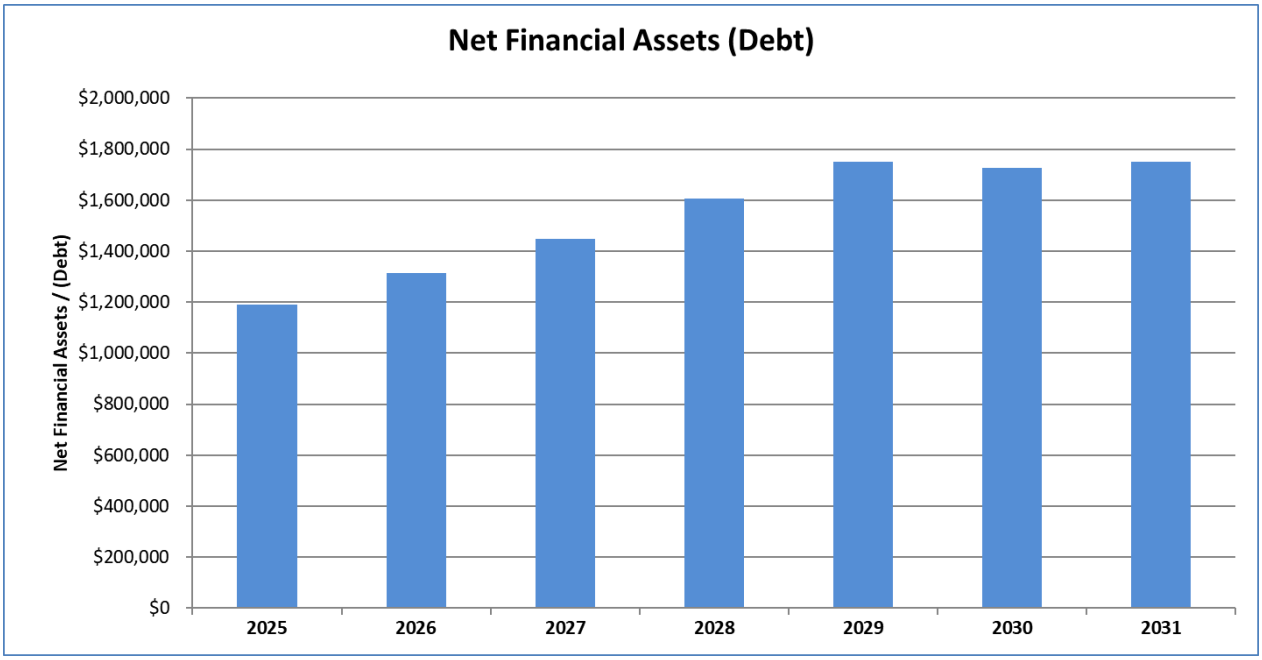

Figure 4-1: Callander's DWS Net Financial Assets/ (Debt)

Figure 4.1 shows that the DWS's net financial assets are presently positive and projected to increase during the study period of 2025-2031. This positive financial position is attributed to a healthy and growing reserve balance that is projected to increase steadily until 2029. The reserve is not projected to exceed $2M during the planning period.

It should be noted that the accounting of capital works is more comprehensive in the short term than in the long term and there may be unidentified capital works that will have to be included in the capital budget at a future date.

4.1.2 Tangible Capital Assets

A second feature of the water system is the total value of the system's tangible capital assets (building, equipment, and water mains). Consideration of the value of tangible capital assets (TCA) is part of PSAB compliance. The current value of the capital assets is termed net book value (NBV). NBV is the difference between the original cost of an asset less the accumulated amortization.

Water systems have significant resources in tangible capital assets and managing these assets is critical to maintaining current and future levels of service. Tangible capital assets, once installed and are being used, their value will decrease in value over time. An increase in the net book value of tangible capital assets is an indication that assets have been renewed faster than they are being consumed. A decrease in net book value indicates that assets are being used, or amortized, faster than they are renewed. The netbook value of the assets is set out in Figure 4.2.

As shown in the figure below, the system's current net book value of $10.8M is steadily decreasing throughout the planning period, with the capital replacement cost of over $23M million. The decreasing trend indicates that the system is amortizing faster than it is being renewed. While some renewal is occurring with a high of $150k during the planning period, the amortization rate is estimated to be between $500k-$600k.

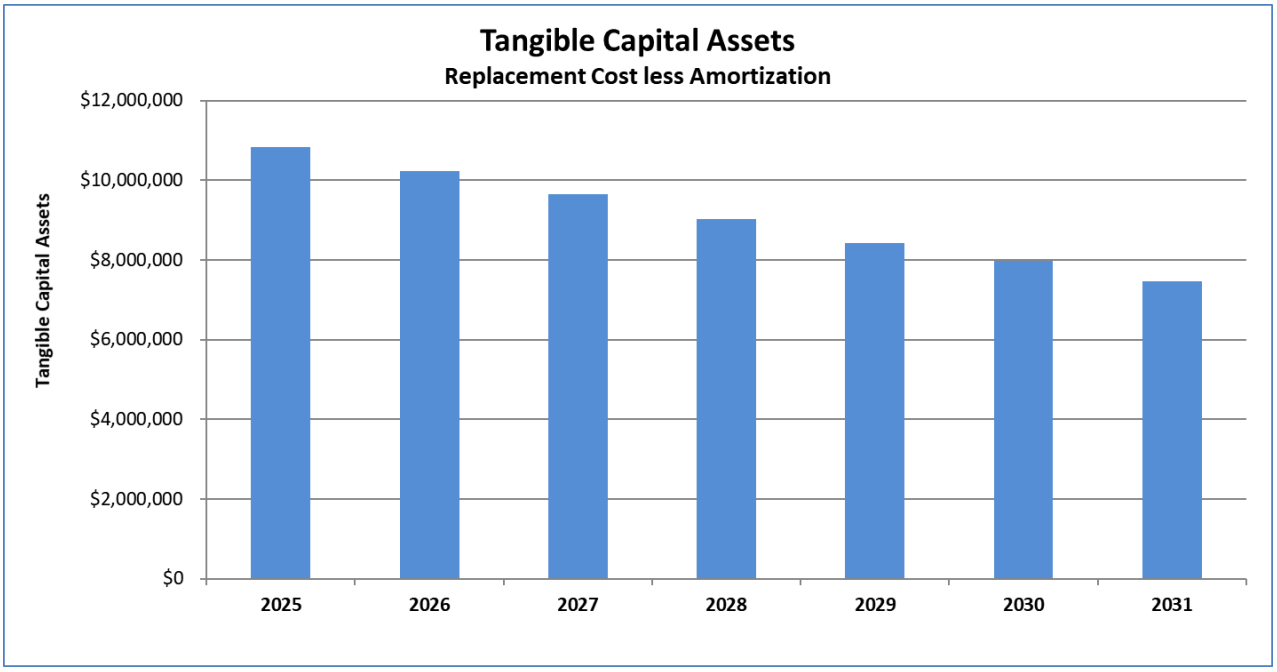

Figure 4-2: Callander's DWS Tangible Capital Assets

4.1.3 Accumulated Surplus

A third feature of the DWS finances is the accumulated surplus, which represents the cash on hand less debt plus the net book value of tangible capital assets. In other words, the accumulated surplus is calculated by adding net financial assets (Figure 4.1) and tangible capital assets (Figure 4.2). The accumulated surplus serves as a metric to quantify the municipality's ability to maintain the current value of the current DWS.

While there are steady contributions to the water reserve fund projected during the planning period with growth projected to be almost $600k, this growth is overwhelmed by a NBV decrease of $2.7M. At no point in the projected planning period is the replacement rate of asset value equivalent to the amortization rate.

The steady decrease in the accumulated surplus shows that the DWS is not presently financially self-sustaining.

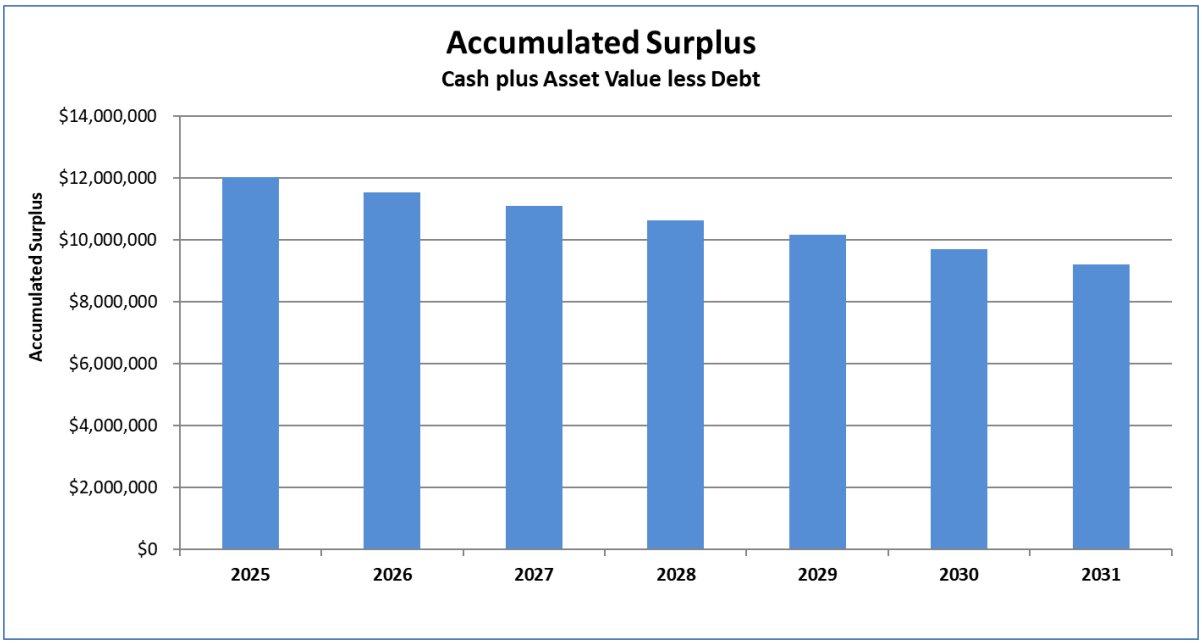

Figure 4-3: Callander's DWS Accumulated Surplus

4.2 Statement of Financial Operation

The statement of financial operations summarizes the Township's DWS revenues and expenditures over the study period. This represents the gain or loss in the accumulated surplus over the study period. The majority of the revenue collected in the DWS comes from residential water user fees with significant contributions from the general reserve fund. Revenue also includes interest earned on the reserve account and any other income sources. Expenditures include operating costs, major maintenance costs, debt payment and annual asset amortization, but excludes the cost of capital projects.

Figure 4.4 projects that the system's excess of revenues over expenses has a negative value that represents a high amortization rate that is not being accounted for despite a buildup of reserves. The first year (2025) shows the last year where system debt is still being paid off with subsequent years still in the negative due to the amortization of the system's assets being far greater than the contributions to the reserve fund. Even with several years with significant planned capital works, no single year has more revenue than expenses.

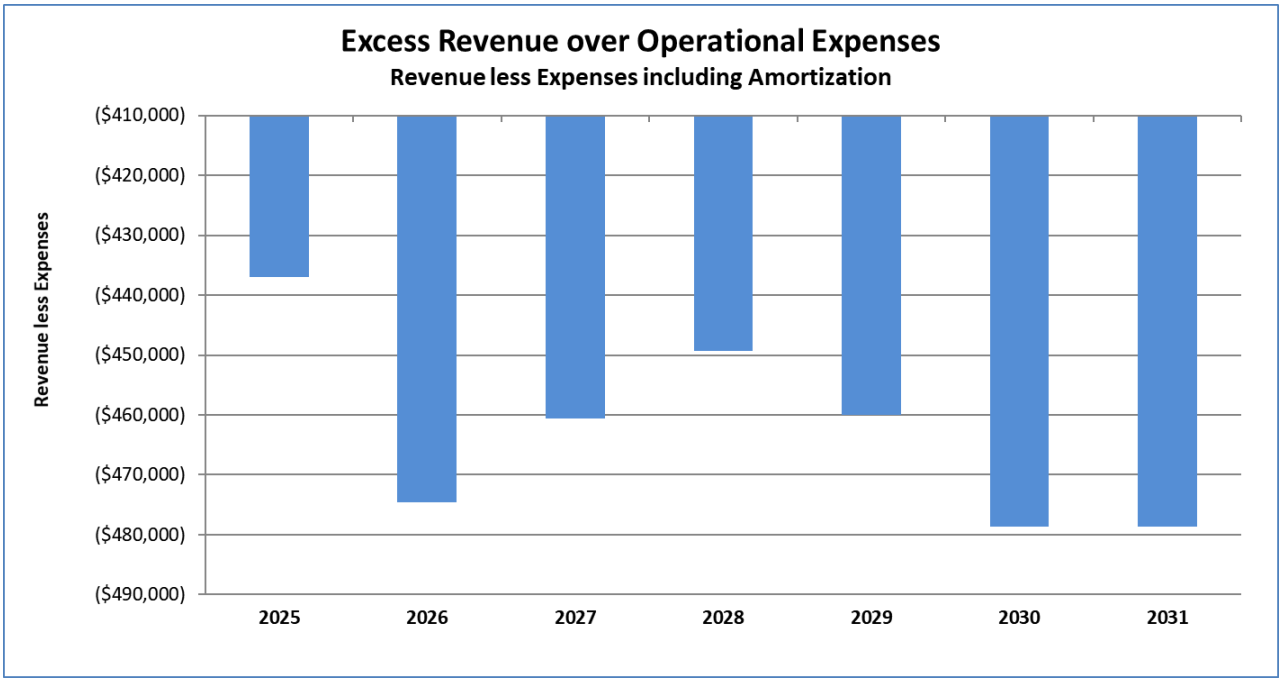

Figure 4-4 Callander's DWS Revenues less Operational Expenses

It is important to note that amortization expense is a financial write-off of the capital assets and it is not a cash expenditure itself. Amortization is included in financial statements to represent the loss in value of the resources required to operate the drinking water system.

5 Continuous Improvement

The SDWA requires the Municipal Drinking Water Licence to be renewed every five years. The Financial Plan regulation requires the preparation and approval of a Financial Plan before making an application for renewal of a Drinking Water Licence. Therefore, each Financial Plan will require updating at a minimum frequency of every five years. The 2010 Water Opportunities Act, also requires a financial plan in order to complete a municipal water sustainability plan. This on-going update will assist in revisiting the assumptions made in the original Financial Plan, to develop the operating and funding plans as well as re-assessing the need for capital renewal and major maintenance expenditures.

6 Conclusion

The Callander's DWS is financially self-sustainable over the course of the financial plan's planning period, but does not build up the reserves sufficient to handle its own infrastructure investment deficit. The Township's 2025 AMP estimated an infrastructure debt of over $5M, which reflects the cumulative backlog of underinvestment. Present reinvestment levels result in an annual infrastructure deficit of several hundred thousand dollars. It is recommended that water rates are increased to account for the difference.

In reviewing these statements, it is important to keep in mind that a number of assumptions were made concerning inflation, interest rates and growth projections. Actual numbers may significantly deviate from these over time. In addition, capital and major maintenance cost estimates and schedules may vary

from current projections. Therefore, there is a need to monitor the progress of this plan and make adjustments as needed.

This Financial Plan has been prepared in accordance to O.Reg. 453/07 under the Safe Drinking Water Act, 2002.

7 Financial Statements

The detailed financial statements are set out in the following tables. Section 8 details the notes that correspond to the “notes” numbers on the right side of the tables.

Table 7.1 – Statement of Financial Position

Statement of Financial Position	2025	2026	2027	2028	2029	2030	2031	Notes
Financial Assets								
Cash/Cash Equivalents								
System Reserve Fund/(Debt) - Opening	$ 1,169,331.97	$ 1,191,349.16	$ 1,312,858.14	$ 1,449,875.33	$ 1,606,161.74	$ 1,751,994.85	$ 1,724,958.70	
System Reserve Fund/(Debt) - Closing	$ 1,191,349.16	$ 1,312,858.14	$ 1,449,875.33	$ 1,606,161.74	$ 1,751,994.85	$ 1,724,958.70	$ 1,751,257.12	1
Total Cash/Cash Equivalents	**$ 1,191,349.16**	**$ 1,312,858.14**	**$ 1,449,875.33**	**$ 1,606,161.74**	**$ 1,751,994.85**	**$ 1,724,958.70**	**$ 1,751,257.12**	
Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Accounts Receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Total Financial Assets	**$ 1,191,349.16**	**$ 1,312,858.14**	**$ 1,449,875.33**	**$ 1,606,161.74**	**$ 1,751,994.85**	**$ 1,724,958.70**	**$ 1,751,257.12**	
Liabilities								
Accounts Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Debt Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Working Deficit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Other Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Total Liabilities	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	
Net Financial Assets / (Debt)	**$ 1,191,349.16**	**$ 1,312,858.14**	**$ 1,449,875.33**	**$ 1,606,161.74**	**$ 1,751,994.85**	**$ 1,724,958.70**	**$ 1,751,257.12**	
Non Financial Assets								
Tangible Capital Asset Cost (Opening)	$ 23,431,000	$ 23,579,000	$ 23,597,360	$ 23,615,047	$ 23,625,659	$ 23,636,483	$ 23,780,014	2
Tangible Capital Asset Cost (Closing)	$ 23,579,000	$ 23,597,360	$ 23,615,047	$ 23,625,659	$ 23,636,483	$ 23,780,014	$ 23,847,583	
Changes in Tangible Capital Assets - Additions	$ 148,000.00	$ 18,360.00	$ 17,686.80	$ 10,612.08	$ 10,824.32	$ 143,530.50	$ 67,569.75	3
Changes in Tangible Capital Assets - Amortization	$ 607,000.00	$ 614,400.00	$ 615,318.00	$ 616,202.34	$ 616,732.94	$ 595,174.16	$ 572,450.69	4
Accumulated Amortization (Opening)	$ 12,135,550.00	$ 12,742,550.00	$ 13,356,950.00	$ 13,972,268.00	$ 14,588,470.34	$ 15,205,203.28	$ 15,800,377.44	
Accumulated Amortization (Closing)	$ 12,742,550.00	$ 13,356,950.00	$ 13,972,268.00	$ 14,588,470.34	$ 15,205,203.28	$ 15,800,377.44	$ 16,372,828.13	
Total Non Financial Assets	**$ 10,836,450.00**	**$ 10,240,410.00**	**$ 9,642,778.80**	**$ 9,037,188.54**	**$ 8,431,279.92**	**$ 7,979,636.26**	**$ 7,474,755.32**	
Accumulated Surplus / (Deficit)	**$ 12,027,799.16**	**$ 11,553,268.14**	**$ 11,092,654.13**	**$ 10,643,350.28**	**$ 10,183,274.77**	**$ 9,704,594.97**	**$ 9,226,012.44**	

Note: Unaudited for Planning Purposes Only – Actual results will differ from the above and these differences could be material.

Table 7.2 – Statement of Financial Operations

Statement of Financial Operations	2025	2026	2027	2028	2029	2030	2031	Notes
Total Revenues								
Revenue from Users								
Water user fees - Residential & Business (Metered & Non-metered)	$ 689,896.38	$ 684,906.74	$ 698,604.87	$ 712,576.97	$ 726,828.51	$ 741,365.08	$ 756,192.38	7
Penalties and Recoveries	$ 7,389.43	$ 7,800.25	$ 7,956.26	$ 8,115.38	$ 8,277.69	$ 8,443.24	$ 8,612.11	
Other	$ 5,151.00	$ 9,974.09	$ 10,173.57	$ 10,377.04	$ 10,584.58	$ 10,796.27	$ 11,012.20	
Total Revenue from Users	**$ 702,436.81**	**$ 702,681.08**	**$ 716,734.70**	**$ 731,069.39**	**$ 745,690.78**	**$ 760,604.59**	**$ 775,816.69**	
Interest + Funding								
Interest Earned on Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Government Grants + Other Funding	$ -	$ -	$ -	$ -	$ -	$ -	$ -	8
Total Revenues	**$ 702,436.81**	**$ 702,681.08**	**$ 716,734.70**	**$ 731,069.39**	**$ 745,690.78**	**$ 760,604.59**	**$ 775,816.69**	
Expenses								
Total Operating	$ 509,419.62	$ 537,312.09	$ 549,545.91	$ 564,170.91	$ 583,621.18	$ 599,947.00	$ 617,757.27	5
Total Major Maintenance	$ 23,000.00	$ 25,500.00	$ 12,484.80	$ -	$ 5,412.16	$ 44,163.23	$ 64,191.26	6
Expenses before Interest and Amortization	**$ 532,419.62**	**$ 562,812.09**	**$ 562,030.71**	**$ 564,170.91**	**$ 589,033.34**	**$ 644,110.24**	**$ 681,948.52**	
Interest Paid (Loans)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Interest Paid (Water Reserve Deficit)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Amortization	$ 607,000.00	$ 614,400.00	$ 615,318.00	$ 616,202.34	$ 616,732.94	$ 595,174.16	$ 572,450.69	4
Total Expenses	**$ 1,139,419.62**	**$ 1,177,212.09**	**$ 1,177,348.71**	**$ 1,180,373.25**	**$ 1,205,766.29**	**$ 1,239,284.40**	**$ 1,254,399.21**	
Excess of Revenues over Expenses	$ (436,982.81)	$ (474,531.01)	$ (460,614.01)	$ (449,303.86)	$ (460,075.51)	$ (478,679.80)	$ (478,582.52)	
Excess of Revenues over Expenses	**$ (436,982.81)**	**$ (474,531.01)**	**$ (460,614.01)**	**$ (449,303.86)**	**$ (460,075.51)**	**$ (478,679.80)**	**$ (478,582.52)**	
Accumulated Surplus / (Deficit), Beginning of year	**$ 12,464,782.00**	**$ 12,027,799.20**	**$ 11,553,268.18**	**$ 11,092,654.16**	**$ 10,643,350.30**	**$ 10,183,274.79**	**$ 9,704,594.99**	
Accumulated Surplus / (Deficit), End of Year	**$ 12,027,799.20**	**$ 11,553,268.18**	**$ 11,092,654.16**	**$ 10,643,350.30**	**$ 10,183,274.79**	**$ 9,704,594.99**	**$ 9,226,012.45**	

Note: Unaudited for Planning Purposes Only – Actual results will differ from the above and these differences could be material.

Table 7.3 – Statement of Cash Flow

Statement of Cash Flow	2025	2026	2027	2028	2029	2030	2031	Notes
Operating Transactions								
Cash received from Revenues	$ 702,436.81	$ 723,348.17	$ 759,515.57	$ 797,491.35	$ 837,365.92	$ 879,234.22	$ 923,195.93	=
Cash paid for Operating Expenses	$ (587,419.62)	$ (562,812.09)	$ (562,030.71)	$ (567,354.53)	$ (589,033.34)	$ (649,630.64)	$ (741,635.13)	
Cash paid for Financing Charges (Debt Interest)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Excess of Operating Revenues Over Operating Expenses	$ 115,017.19	$ 160,536.08	$ 197,484.87	$ 230,136.82	$ 248,332.58	$ 229,603.58	$ 181,560.80	
Working Capital Items								
Accounts Receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Inventory	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Capital Work in Progress	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Cash provided by Operating Transactions	**$ 115,017.19**	**$ 160,536.08**	**$ 197,484.87**	**$ 230,136.82**	**$ 248,332.58**	**$ 229,603.58**	**$ 181,560.80**	
Capital								
Acquisition of TCAs	$ 93,000.00	$ 18,360.00	$ 17,686.80	$ 10,612.08	$ 10,824.32	$ 143,530.50	$ 368,297.34	3
Proceeds on Disposal of TCA	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Cash used in Capital Transactions	**$ 93,000.00**	**$ 18,360.00**	**$ 17,686.80**	**$ 10,612.08**	**$ 10,824.32**	**$ 143,530.50**	**$ 368,297.34**	
Investing								
Cash Provided By / (Used In) Investing Activities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Increase / (Decrease) in Cash Provided by Investing Activities	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	
Financing								
Repayment of Long Term Debt (Principal)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Cash Provided By / (Used In) Financing Activities	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	
Increase / (Decrease) in Cash Equivalents	**$ 22,017.19**	**$ 142,176.08**	**$ 179,798.07**	**$ 219,524.74**	**$ 237,508.26**	**$ 86,073.07**	**$ (186,736.55)**	
Cash and Cash Equivalents at the Beginning of the Year	**$ 1,169,331.97**	**$ 1,191,349.16**	**$ 1,333,525.23**	**$ 1,513,323.30**	**$ 1,732,848.04**	**$ 1,970,356.30**	**$ 2,056,429.37**	
Cash and Cash Equivalents at the End of the Year	**$ 1,191,349.16**	**$ 1,333,525.23**	**$ 1,513,323.30**	**$ 1,732,848.04**	**$ 1,970,356.30**	**$ 2,056,429.37**	**$ 1,869,692.82**	

Note: Unaudited for Planning Purposes Only – Actual results will differ from the above and these differences could be material.

8 Notes on the Callander DWS Financial Plan

The Callander Drinking Water System Financial Plan represents a forecast of the financial performance of the drinking water system over a study period starting in the year 2025 to the year 2031. The following notes are intended to document and/or clarify some of the assumptions made in generating the financial information contained in the tables. The reader is cautioned that the Financial Plan contains un-audited financial information and is subject to change.

1) The Township sets aside reserve funds for waterworks capital projects that might take place in the future. The portion of the water reserve was calculated to be $1,169,331 at the end of 2024. This account could accrue interest with a stable positive balance. No additional debt was forecasted to be added during the study period.
2) Tangible Capital Assets Cost (Opening) is the initial value of all tangible capital assets at the beginning of the year.
3) Tangible Capital Assets (TCA) Additions include various capital projects that were carried out during the study period, which increase the value of the system's tangible assets.
4) TCAs are assumed to have no residual value when they have reached the end of their projected useful life. The projected future costs of capital items include a contingency that is 15% of the average capital expenditure over the next ten years. Amortization was determined using the straight-line method. Assets are assumed to be put into service at the beginning of the year. Amortization is therefore added as soon as the asset is put into service.
5) Total Operating Expense – expenditures (Wages & Benefits, Materials, Utilities and Contracted Services) related to the DWS.
6) Total Maintenance Expenses – maintenance expenditures related to the drinking water system (e.g. annual part replacement, inspections, etc.).
7) User Fees Revenue – Amount projected to be collected from metered residents from water consumption (includes metered billing and minimum fees).
8) No government grants are anticipated during the planning period for capital works.

APPENDIX A
Ontario Regulation 453/07

Safe Drinking Water Act, 2002
ONTARIO REGULATION 453/07
FINANCIAL PLANS

Consolidation Period: From April 1, 2008 to the e-Laws currency date.

Last amendment: O. Reg. 69/08.

This is the English version of a bilingual regulation.

Requirement to prepare financial plans

1. (1) A person who makes an application under clause 32 (1) (b) of the Act for a municipal drinking water licence shall, before making the application, prepare and approve financial plans for the system that satisfy the requirements prescribed under section 2. O. Reg. 453/07, s. 1 (1).

(2) A person who makes an application under subsection 32 (4) of the Act for the renewal of a municipal drinking water licence shall, before making the application, prepare and approve financial plans for the system that satisfy the requirements prescribed under section 3. O. Reg. 453/07, s. 1 (2).

(3) As a condition in a municipal drinking water licence that is issued in response to an application made under section 33 of the Act for a municipal drinking water licence, the Director shall include a requirement that the owner of the drinking water system, by the later of July 1, 2010 and the date that is six months after the date the first licence for the system is issued, prepare and approve financial plans for the system that satisfy the requirements prescribed under section 3. O. Reg. 453/07, s. 1 (3).

(4) The Director shall include, as a condition in a municipal drinking water licence, the requirement set out in subsection (3) in any amendments to a license made after the application, if the condition is not satisfied at the time when the amendment is made. O. Reg. 453/07, s. 1 (4).

Financial plan requirements; new systems

2. For the purposes of clause (b) of the definition of "financial plans" in subsection 30 (1) of the Act, the following requirements are prescribed for financial plans that are required by subsection 1 (1) to satisfy the requirements of this section:

1. The financial plans must be approved by a resolution that indicates that the drinking water system is financially viable and that is passed by,
    i. the council of the municipality, if the owner of the drinking water system is a municipality, or
    ii. the governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.
2. The financial plans,
    i. must include a statement that the financial impacts of the drinking water system have been considered, and
    ii. must apply for a period of at least six years.
3. The first year to which the financial plan must apply is the year in which the drinking water system is expected to first serve the public.

4. For each year in which the financial plans apply, the financial plans must include details of the proposed or projected financial operations of the drinking water system itemized by,
    i. total revenues, further itemized by water rates, user charges and other revenues,
    ii. total expenses, further itemized by amortization expenses, interest expenses and other expenses,
    iii. annual surplus or deficit, and
    iv. accumulated surplus or deficit.
5. The owner of the drinking water system must,
    i. make the financial plans available, on request, to members of the public who are served by the drinking water system without charge,
    ii. make the financial plans available to members of the public without charge through publication on the Internet, if the owner maintains a website on the Internet, and
    iii. provide notice advising the public of the availability of the financial plans under subparagraphs i and ii, if applicable, in a manner that, in the opinion of the owner, will bring the notice to the attention of members of the public who are served by the drinking water system.
6. The owner of the drinking water system must give a copy of the financial plans to the Ministry of Municipal Affairs and Housing. O. Reg. 453/07, s. 2.

Financial plan requirements; licence renewal

3. (1) For the purposes of clause (b) of the definition of "financial plans" in subsection 30 (1) of the Act, the following requirements are prescribed for financial plans that are required by subsection 1 (2) or a condition that is included in a municipal drinking water licence under subsection 1 (3) to satisfy the requirements of this section:

1. The financial plans must be approved by a resolution that is passed by,
    i. the council of the municipality, if the owner of the drinking water system is a municipality, or
    ii. the governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.
2. The financial plans must apply to a period of at least six years.
3. The first year to which the financial plans must apply must be the year determined in accordance with the following rules:
    i. If the financial plans are required by subsection 1 (2), the first year to which the financial plans must apply must be the year in which the drinking water system's existing municipal drinking water licence would otherwise expire.
    ii. If the financial plans are required by a condition that was included in a municipal drinking water licence under subsection 1 (3), the first year to which the financial plans must apply must be the later of 2010 and the year in which the first licence for the system was issued.

4. Subject to subsection (2), for each year to which the financial plans apply, the financial plans must include the following:
    i. Details of the proposed or projected financial position of the drinking water system itemized by,
        A. total financial assets,
        B. total liabilities,
        C. net debt,
        D. non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses, and
        E. changes in tangible capital assets that are additions, donations, write downs and disposals.
    ii. Details of the proposed or projected financial operations of the drinking water system itemized by,
        A. total revenues, further itemized by water rates, user charges and other revenues,
        B. total expenses, further itemized by amortization expenses, interest expenses and other expenses,
        C. annual surplus or deficit, and
        D. accumulated surplus or deficit.
    iii. Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by,
        A. operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges,
        B. capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,
        C. investing transactions that are acquisitions and disposal of investments,
        D. financing transactions that are proceeds from the issuance of debt and debt repayment,
        E. changes in cash and cash equivalents during the year, and
        F. cash and cash equivalents at the beginning and end of the year.
    iv. Details of the extent to which the information described in subparagraphs i, ii and iii relates directly to the replacement of lead service pipes as defined in section 15.1- 3 of Schedule 15.1 to Ontario Regulation 170/03 (Drinking Water Systems), made under the Act.
5. The owner of the drinking water system must,
    i. make the financial plans available, on request, to members of the public who are served by the drinking water system without charge,

ii. make the financial plans available to members of the public without charge through publication on the Internet, if the owner maintains a website on the Internet, and

iii. provide notice advising the public of the availability of the financial plans under subparagraphs i and ii, if applicable, in a manner that, in the opinion of the owner, will bring the notice to the attention of members of the public who are served by the drinking water system.

6. The owner of the drinking water system must give a copy of the financial plans to the Ministry of Municipal Affairs and Housing. O. Reg. 453/07, s. 3 (1).

(2) 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). O. Reg. 453/07, s. 3 (2).

Alternative requirements for two or more drinking water systems

4. If section 3 applies to the financial plans of two or more drinking water systems that are solely owned by the same owner, the requirements prescribed by the section may, as an alternative, be satisfied by financial plans that comply with the section but treat those systems as if they were one drinking water system. O. Reg. 453/07, s. 4.

Amendment of financial plans

5. Sections 2 and 3 do not prevent financial plans from being amended. O. Reg. 453/07, s. 5.

Additional information

6. The requirements of this Regulation do not prevent a person from providing additional information in financial plans prepared for the purpose of meeting the requirements of the Act. O. Reg. 453/07, s. 6.

APPENDIX B

Callander

2025 Major Maintenance Recommendations

ONTARIO CLEAN WATER AGENCY
AGENCE ONTARIENNE DES EAUX

Municipality of Callander

6-Year Recommended Capital/Major Maintenance from 2025 to 2030
The Ontario Clean Water Agency has identified the following capital projects/major maintenance for your review and approval.

Ref. No.	Scope of Work	Cost Estimate 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Compliance	DWQMS RA Outcome*	Health & Safety	Repair / Maintenance	Lifecycle Replacement	Improvement	Spare Parts Inventory	Approved by Client	Historic Notes and Rationale for Project
	CALLANDER WATER TREATMENT																		●	
1	Intake							$5,000							x					Divers inspect and clean last done 2020.
2	Intake Wet Well	$56,000						$5,000	$5,000							x	x			Replace low lift pump control panel in 2025. Replace both flapper valves est $5K when required. One low lift pump rebuilt 2018, one new 2019.
3	Plant SCADA								$25,000				x			x				SCADA Computer upgraded 2020.
4	Plant and Filter PLCs							$10,000								x	x			Plant PLC upgraded from Bristol to Allen Bradley for better integration with filter PLCs in 2024. Filter PLC upgraded in 2017.
5	Ecodyne Package Treatment Units									$75,000	$75,000			x			x			For consideration: Replace settling tubes each plant. Tubes are becoming brittle.
6	Filter Media	$25,000	$25,000				$25,000	$25,000								x				Changed filter #2 in 2020, and filter #1 in 2021. Change 5 year cycle.
7	Mixer Motors															x				Replaced 2021.
8	Clearwell			$5,000									x		x					Clearwell last cleaned in 2017. Next in 2027.
9	Pipes	$22,000						$22,000								x	x			Deferred from 2024: Swab distribution pipes at manganese hotspots. Aggressive cleaning with swabs helps to improve water quality in older pipes.
10	Pumps	$8,000					$8,000	$40,000			$40,000				x					2025: Pull Low Lift Pump 1 out for rebuild and install spare. Consider rebuilding old HLP 1 & 2 motors. HLP3 rebuilt in 2021. HLP2 is showing signs of moisture in the windings, HLP1 is clear but just as old.
11	Chemical Dosing Pumps			$7,000						$7,000			x			x				Under continuous review.
12	Valves	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000					x				Desludge valve and solenoid valve rebuild kits as required. Service singer valves as required. Replace various aging actuators and valves $10,000/yr.
13	Hydrants	$5,000				$5,000				$5,000		x			x	x				2024: Various hydrant repairs
14	Elevated Storage Tank	$37,000		$7,000			$7,000			$7,000		x		x	x					2025: Upgrade obsolete radio communications equipment in service for 20 years. Electronic components deteriorate, so the radios are loosing power and performance. Radios are at the end of useful life. 2027: Clean/Inspect tank every 5 years.
15	Elevated Storage Tank, Altitude Valve															x				Replaced with 10" Singer 106-A-Type 3 Full Port in 2019.
16	Chemical Drum Transfer Pump															x				Electric motor for Vissers drum transfer pump SP280-PV motor, 115/1/50, variable speed (for a SPCPVC39 pump bottom section) 2021
17	Chlorine Analyzers								$10,000			x				x	x			Contact chamber analyzer replaced in 2021.
18	Turbidity Analyzers		$8,000									x				x	x			New turbidity analyzers to replace obsolete models installed in 2019. 2024 Replace obsolete bench top turbidity analyzer with Hach 'TU5200, Lab Turb with RFID, EPA'
19	pH Analyzers										$2,000	x				x	x			Lab pH benchtop analyzer replaced in 2024.

Municipality of Callander

6-Year Recommended Capital/Major Maintenance from 2025 to 2030
The Ontario Clean Water Agency has identified the following capital projects/major maintenance for your review and approval.

Ref. No.	Scope of Work	Cost Estimate 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Compliance	DWQMS RA Outcome*	Health & Safety	Repair / Maintenance	Lifecycle Replacement	Improvement	Spare Parts Inventory	Approved by Client	Historic Notes and Rationale for Project
20	Flow Meter, Raw Water											x						x		4" ABB Kent Mag-Master 2018.
21	Flow Meter, Treated Water											x						x		6" ABB Kent Taylor Mag. 2018.
22	Lighting								$10,000								x			Replaced majority of obsolete T12 and T8 lighting with LED for hydro and maintenance savings in 2018. Few fixtures should be upgraded above alum tank.
23	Municipal Drinking Water License (MDWL) Renewal	$5,000										x								
24	Storage																x			Industrial grade shelving for storage in sea container and equipment room 2020.
25	Potassium Permangante (KMNO4): oxidizing agent to reduce manganese (Mn)	$3,000															x			8 Pails of Potassium premanganate carry over to 2025. Will need to order a few more pails to cover the 2025 season.
26	Generator						$120,000						x			x				112 kW water cooled diesel generator with a 1150 L fuel storage tank. Consider replacing WTP generator in future.
	Total Estimate - Recommended Capital	$171,000	$43,000	$29,000	$10,000	$15,000	$170,000	$117,000	$60,000	$104,000	$127,000									
	Callander Sewage Lift Stations																			
1	Lift station 1 - North Station (Park and Main St. North)								$55,000											
2	Lift Station 2 - Lansdowne Station (located at the corner of Lansdowne Street and First Street)		$55,000													x				2025- replace obsolete pump panel
3	Lift Station 3 - Bay St. (located at Main Street and Bay Street)															x				Panel replaced 2022/23
4	Lift Station 4 - Main Street South (located at the southern end of the Municipality)															x				Scheduled late fall 2023: Replace obsolete pump panel. Replace obsolete pumps and associated equipment.
5	Osprey 1 - Osprey Drive															x				Generator replaced in 2024
6	Osprey 2 - Marine Drive																			
7	Osprey 3 - Osprey Crescent																			
8	Cranberry Road Sewage Lift Station																			
9	Communications											x				x	x			Upgraded to cellular communications for a more robust and modern alarm system in 2022.
	Total Estimate - Recommended Capital	$0	$55,000	$0	$0	$0	$0	$0	$55,000	$0	$0									
	Callander Lagoons																			
1	Inlet Flow Diversion Chamber																			
2	Cell #1 (East Cell)									$250,000					x					Constructed in 1990. De-sludge east cell (cell #1) in 2013. Vegetation stripped back from berms 2020.
3	Cell #1 Discharge Chamber							$10,000									x			Chamber and valves require periodic maintenance.

Municipality of Callander

6-Year Recommended Capital/Major Maintenance from 2025 to 2030
The Ontario Clean Water Agency has identified the following capital projects/major maintenance for your review and approval.

Ref. No.	Scope of Work	Cost Estimate 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Compliance	DWQMS RA Outcome*	Health & Safety	Repair / Maintenance	Lifecycle Replacement	Improvement	Spare Parts Inventory	Approved by Client	Historic Notes and Rationale for Project
4	Cell #2 (West Cell)										$250,000				x					Constructed in 1975. De-sludge west cell (cell #2) in 2014. Consider removing vegetation from berms.
5	Cell #2 Discharge Chamber							$10,000									x			Chamber and valves require periodic maintenance.
6	Berms and Ramps								$5,000						x					Load of 2" stone on both lagoon ramps
7	Fencing and Gates															x	x			For consideration: Replace entrance gates. Move further uphill away from road to allow turning radius for transport trucks and prevent damage.
8	Pest Control														x					Nuisance muskrats, ground hogs and beavers can cause significant damage leading to uncontrolled bypasses. Pest control periodically required. Significant burrow damage under the lagoon garage.
	Total Estimate - Recommended Capital	$0	$0	$0	$0	$0	$0	$20,000	$5,000	$250,000	$250,000									
	Total Capital Estimate	**$171,000**	**$98,000**	**$29,000**	**$10,000**	**$15,000**	**$170,000**	**$137,000**	**$120,000**	**$354,000**	**$377,000**									

2025 Recommended Capital Presented by: Paul Dyrda
2025 Recommended Capital Approved by: Name

** **NOTE** : a requirement of DWQMS v. 2.0 is to consider the outcomes of the risk assessment (RA) documented under Element 8 as part of the system's infrastructure review*

Legend:

H	*High priority recommended to be completed in upcoming year*
M	*Medium priority recommended to be completed in 1 to 3 years*
L	*Low priority recommended to be completed in years 4 to 5*