



 **Watson
& Associates**
ECONOMISTS LTD.

Ontario Regulation 453/07 Water Financial Plan

Township of Alfred and Plantagenet

Financial Plan #169-301A

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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
A.M.P.	Asset Management Plan
<i>I.J.P.A.</i>	<i>Infrastructure for Jobs and Prosperity Act, 2015</i>
M.O.E.C.P.	Ministry of the Environment, Conservation and Parks
O. Reg.	Ontario Regulation
P.S.A.B.	Public Sector Accounting Board
S.D.W.A.	<i>Safe Drinking Water Act, 2002</i>
W.O.A.	<i>Water Opportunities Act, 2010</i>



Report



Chapter 1

Introduction



1. Introduction

1.1 Study Purpose

The Township of Alfred and Plantagenet (Township) retained Watson & Associates Economists Ltd. (Watson) to prepare a water and wastewater financial plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water licence as per the *Safe Drinking Water Act, 2002*. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. This detailed financial planning and forecasting regarding the Township's water system has been based on the Township of Alfred and Plantagenet 2024 Water and Wastewater Rate Study approved by Council on December 2, 2024 (2024 Rate Study). The only revision to 2024 Rate Study was to reflect the deferral of one project: Replacement/Re-lining of the Cast Iron Water Main on County Road Nine (Water to Station Road, 1.1 km), from 2025 to 2026.

The objective of the report provided herein is to convert the findings of the 2024 Rate Study into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation (O. Reg.) 453/07. The 2024 Rate Study forecasts the capital and operating expenditures and revenues over the 10-year period 2025 to 2034. The financial plan, however, has been developed for the period starting in 2026, as the financial plan must begin in the year of licence expiry in accordance with O. Reg. 453/07. This Financial Plan will then form part of the submission for the Township's application to renew its Municipal Drinking Water Licence.

1.2 Background

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

"No person shall,

- a) establish a new municipal drinking water system or replace or carry out an alteration to a municipal drinking water system except under the authority



of and in accordance with an approval under this Part or a drinking water works permit; or

- b) use or operate a municipal drinking water system that was established before or after this section comes into force except under the authority of and in accordance with an approval under this Part or municipal drinking water licence.”

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

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

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

1.2.1 Financial Plan Defined

Subsection 30 of the Act provides the following definition of financial plans:

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

As of time of writing, the *Sustainable Water and Sewage Systems Act, 2002* has been repealed (see Section 2.2 of this report) however, the standards that it directs underpin the specific requirements of s.30 as they are outlined in O. Reg. 453/07, and which will be examined in detail below.



1.2.2 Financial Plan Requirements – Existing System

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

- Financial plans must be approved by Council resolution (or governing body);
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period, commencing in the year of licence expiry (i.e., 2026 for the Township);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the Public Section Accounting Board (P.S.A.B.)) for each year in which the financial plans apply;
- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the components of a “Statement of Financial Position” as per P.S.A.B.) for each year in which the financial plans apply;
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a “Statement of Cash Flow” as per P.S.A.B.) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- The financial plan is to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.3 Financial Plan Requirements – General

Given that the requirement for a financial plan is legislated under the *Safe Drinking Water Act, 2002*, a financial plan is mandatory for water systems. The financial plans



shall be for a forecast period of at least six years but longer planning horizons are encouraged. The 2026 to 2034 forecast included in this financial plan meets that requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3 (1) 1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water licence renewal (i.e., six months prior to licence expiry).

A copy of the financial plan must be submitted to the Ministry of Municipal Affairs and Housing. The financial plan does not need to be submitted to the Ministry of the Environment, Conservation, and Parks (M.O.E.C.P.); however, the M.O.E.C.P. may request it in the course of review of the licence renewal. Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary. The financial plan must contain on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence.

1.2.4 *Public Sector Accounting Board (P.S.A.B.) Requirements*

The components of the financial plans indicated by the regulation are consistent with the requirements for financial statement presentation as set out in section PS1201 of the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook:

“Financial statements should include a Statement of Financial Position, a Statement of Operations, a Statement of Change in Net Debt, and a Statement of Cash Flow.”

The format required is to conform to the requirements of PS1201 and PS3150. The financial statements are to be reported on a full accrual accounting basis. The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when they are actually paid for. Since an exchange of cash is not necessary to report a financial transaction, the accrual method is meant to provide a more accurate picture of financial position.

The accounting treatment of tangible capital assets is prescribed under section PS3150. Tangible capital assets are to be capitalized to ensure an inventory of the assets owned is recorded and to account for their ability to provide future benefits.

The Statement of Cash Flow and the Statement of Change in Net Financial Assets/Debt are required statements. The Statement of Change in Net Financial Assets/Debt reports on whether enough revenue was generated in a period to cover the expenses in



the period and whether sufficient resources have been generated to support current and future activities. The Statement of Cash Flow reports on how activities were financed for a given period providing a measure of the changes in cash for that period.



Chapter 2

Sustainable Financial Planning



2. Sustainable Financial Planning

2.1 Introduction

In general, sustainability refers to the ability to maintain a certain position over time. While the S.D.W.A. requires a declaration of the financial plan's sustainability, it does not give a clear definition of what would be considered sustainable. Instead, the M.O.E.C.P. released a guideline ("Towards Financially Sustainable Drinking-Water and Wastewater Systems") that provides possible approaches to achieving sustainability. The Province's Principles of Financially Sustainable Water Services are provided below:

- Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system to which they relate.
- Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.
- Principle #3: Revenues collected for the provision of water services should ultimately be used to meet the needs of those services.
- Principle #4: Life-cycle planning with mid-course corrections is preferable to planning over the short-term or not planning at all.
- Principle #5: An asset management plan is a key input to the development of a financial plan.
- Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
- Principle #7: Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.
- Principle #8: Financial plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.



Principle #9: Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

Section 4 of the S.D.W.A. provides for alternative requirements when a municipality provides two or more drinking water systems for the purposes of licence renewal, whereby, the financial plan may be treated as one drinking water system, if the systems are solely owned by the same owner (i.e., the municipality). The Township provides water services via three drinking water systems, being the:

- Alfred-Lefavre water system;
- Plantagenet water system; and
- Wendover water system.

As the Township solely owns all three systems, the financial plan contained herein, has been treated as one drinking water system.

2.2 Water Opportunities Act, 2010

Since the passage of the *Safe Drinking Water Act, 2002*, changes and refinements to the legislation have been introduced, including the *Water Opportunities Act, 2010* (W.O.A). The W.O.A. was introduced into legislation on May 18, 2010, and received Royal Assent on November 29, 2010.

The purposes of the W.O.A. are to foster innovative water, wastewater and storm water technologies, services, and practices; create opportunities for economic development and clean-technology jobs; and conserve and sustain water resources. To achieve this, the W.O.A. provides for the creation of performance targets (financial, operational and maintenance related), which will vary by service type and location and the required submission of conservation and sustainability plans for water, wastewater, and stormwater.

The sustainability plan in the W.O.A. expands on interim legislation for financial plans included in O. Reg. 453/07, to include the following:

- an asset management plan for the physical infrastructure;
- financial plan;
- water conservation plan (for water service only);



- a risk assessment;
- a strategy for maintaining and improving the services; and
- additional information considered advisable.

Where a Board has jurisdiction over a service, the plan (and any plan amendments) must be approved by the municipality in which the municipal service is provided before submission to the Minister. The Minister may also direct preparation of joint or partially joint plans.

Regulations (still forthcoming) will prescribe details regarding any time periods or time limits, contents of the plans, identifying which portions of the plan will require certification, the public consultation process (if required), limitations updates and refinements.

2.3 Infrastructure for Jobs and Prosperity Act (I.J.P.A.), 2015

On June 4, 2015, the Province passed the *Infrastructure for Jobs and Prosperity Act, 2015* (I.J.P.A.) which, over time, will require municipalities to undertake and implement asset management plans for all the infrastructure they own. On December 27, 2017, the Province of Ontario released O. Reg. 588/17 under I.J.P.A. which has three phases that municipalities must meet. The timelines associated with the three phases were later extended by O. Reg. 193/21 which was filed on March 15, 2021.

Every municipality in Ontario was required to prepare a strategic asset management policy by July 1, 2019. Municipalities will be required to review their strategic asset management policies at least every five years and make updates, as necessary. The subsequent phases are as follows:

- Phase 1 – Asset Management Plan (by July 1, 2022):
 - For core assets – Municipalities must have the following:
 - Inventory of assets;
 - Current levels of service, including some prescribed measures; and
 - Lifecycle management strategies and associated costs to maintain current levels of service.
- Phase 2 – Asset Management Plan (by July 1, 2024):
 - Same steps as Phase 1 but for all assets.
- Phase 3 – Asset Management Plan (by July 1, 2025):



- Builds on Phase 1 and 2 by adding:
 - Proposed levels of service; and
 - Financial strategy that supports achieving proposed levels of service.

In relation to water (which is considered a core asset), municipalities were required to have an asset management plan that addresses the related infrastructure, completed by July 1, 2022 (Phase 1). O. Reg. 588/17 specifies that the Township's asset management plan must include the following for each asset category:

- the current levels of service being provided;
 - determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan.
- the current performance of each asset category;
- a summary of the assets in the category;
- the replacement cost of the assets in the category;
- the average age of the assets in the category, determined by assessing the average age of the components of the assets;
- the information available on the condition of the assets in the category;
- a description of the Township's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate; and
- the lifecycle activities that would need to be undertaken to maintain the current levels of service.

The Township completed an Asset Management Plan (A.M.P.) in September 2024. The A.M.P. included a review of the Township's water infrastructure. The Township will need to consider the impacts of funding the lifecycle requirements identified in the A.M.P. during the annual budget and forecast periods.

2.4 Water Forecast

As noted earlier, the Township has already completed the 2024 Rate Study that was designed to address "full cost" principles and reflect the guiding principles toward sustainable financial planning.



As a result of employing this process, the 2024 water budget and ten-year forecast (2025 to 2034) included in the 2024 Rate Study and modified as discussed above provides the basis for a sound financial plan for the Township's water system by assessing:

- A detailed assessment of current and future capital needs including an analysis of potential funding sources;
- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs;
- A review and recommendation on rates and blended rate structure being phased-in, that ensure revenues are equitable and sufficient to meet system needs; and
- A public process that involved consultation with the main stakeholders including the Township's staff, Council, the general public (specifically the users of the system) and others with the aim of gaining input and collaboration on the sustainability of the water systems.

The details of the financial plan arising from the 2024 Rate Study are contained in Appendix A.



Chapter 3

Approach



3. Approach

3.1 Overview

The 2024 Rate Study (along with additional detailed information provided by Township Staff) has been used as a starting point to prepare the Financial Plan for the municipal water systems. The water forecast is prepared on a modified cash basis; therefore, a conversion is required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the Financial Plan for the municipal water systems.

3.2 Conversion Process

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

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

3.2.1 Calculate Tangible Capital Asset Balances

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water and assets, an inventory has already been compiled and summarized by the Township as part of their annual P.S.A.B. 3150 compliance processes. As required, for P.S.A.B. 3150 reporting purposes, the asset inventory listing included historical cost (which is the original cost to purchase, develop, or construct each asset) along with an estimated useful life for each



asset and any anticipated salvage value is recorded. The following calculations are made to determine net book value:

- Accumulated amortization up to the year prior to the first forecast year.
- Amortization expense on existing assets for each year of the forecast period.
- Acquisition of new assets for each year of the forecast period.
- Disposals and related gains or losses for each year of the forecast period.

Future water capital needs have also been determined and summarized by Township staff. However, these estimates only represent future assets that the Township anticipates purchasing or constructing. At present, the Township does not anticipate any assets will be contributed by developers and other parties (at no or partial cost to the Township). If, over the forecast period, additional capital needs arise or contributed assets are anticipated, the financial plan may need to be adjusted to properly account for these transactions. Once the sequence and total asset acquisition has been determined for the forecast period, annual amortization of these assets for each year is calculated in a similar manner as that used for existing assets.

Once the historical cost, accumulated amortization, and amortization expenses are calculated as described above, the total net book value of the tangible capital assets can be determined and recorded on the Statement of Financial Position.

3.2.2 *Convert Statement of Operations*

A wide range of adjustments will be considered, dependent on the size and complexity of the system, in order to convert from the cash to full accrual basis. For example, debt repayment costs relating to the principal payment portion only need to be removed under the accrual basis, as they no longer qualify as an expense for reporting purposes. Principal payments are reported as a decrease in debt liability on the Statement of Financial Position. Transfers to and from reserves are removed as these transactions are represented by changes in cash and accumulated surplus. Finally, expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets are reported on the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives and therefore are added in under the accrual basis.



Table 3-1
Conversion Adjustments
Statement of Operations (Water)

Modified Cash Basis	Budget 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		DR	CR		
Revenues					Revenues
Base Charge Revenue	760,833			760,833	Base Charge Revenue
Rate Based Revenue	703,653			703,653	Rate Based Revenue
Other Revenue	331,799		46,403	378,202	Other Revenue
Total Revenues	1,796,285			1,842,688	Total Revenues
Expenditures					Expenses
Operating	1,102,920	13,000		1,115,920	Operating Expenses
Capital					
Transfers to Reserves	675,474		675,474		
Debt Repayment (Principal & Interest)	17,891		11,998	5,893	Interest on Debt
		524,260		524,260	Amortization
Total Expenditures	1,796,285			1,646,073	Total Expenses
Net Expenditures	-			196,615	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			21,568,232	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	196,615	-	21,764,847	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		733,875	733,875		

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



3.2.3 Convert Statement of Financial Position

Once the Statement of Operations has been converted and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded (see Table 3-2). The opening/actual balances for the remaining accounts such as accounts receivable, inventory, accounts payable, outstanding debt (principal only), are recorded and classified according to the structure of the Statement of Financial Position as outlined in PS1201.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the Township and as such, will be difficult to isolate the information that is relevant to water. An example of this is accounts receivable, which may be administered centrally by the Finance Department. O. Reg. 453/07 allows for the exclusion of these numbers if they are not known at the time of preparing the financial plan. Please refer to the Financial Plan Notes in Chapter 4 for more details.

3.2.4 Convert Statement of Cash Flow and Net Financial Assets/Debt

The Statement of Cash Flow summarizes how the Municipality financed its activities or in other words, how the costs of providing services were recovered. The statement is derived using comparative Statement of Financial Position, the current Statement of Operations and other available transaction data.

The Statement of Change in Net Financial Assets/Debt is a statement which reconciles the difference between the surplus or deficit from current operations and the change in net financial assets/debt for the year. This is significant, as net debt provides an indication of future revenue requirements. In order to complete the Statement of Net Financial Assets/Debt, information regarding any gains/losses on disposals of assets, asset write-downs, acquisition/use of supplies inventory, and the acquisition use of prepaid expenses is necessary, (if applicable). Although the Statement of Change in Net Financial Assets/Debt is not required under O. Reg. 453/07, it has been included in this report as a further indicator of financial viability.



Table 3-2
Conversion Adjustments
Statements of Financial Position (Water)

Modified Cash Basis	Budget 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	2,003,660			2,003,660	Cash
Accounts Receivable	793,148			793,148	Accounts Receivable
Total Financial Assets	2,796,808			2,796,808	Total Financial Assets
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	6,248			6,248	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	162,797			162,797	Debt (Principal only)
Total Liabilities	169,045			169,045	Total Liabilities
Net Assets/(Debt)	2,627,763			2,627,763	Net Financial Assets/(Debt)
		19,150,084	13,000	19,137,084	Non-Financial Assets
				19,137,084	Tangible Capital Assets
					Total Non-Financial Assets
Municipal Position					
Water Reserves	2,790,560	2,790,560	-		
Amounts to be Recovered	(162,797)	-	162,797		
Total Municipal Position	2,627,763		21,764,847	21,764,847	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		21,940,644	21,940,644		

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



3.2.5 Verification and Note Preparation

The final step in the conversion process is to ensure that all the statements created by the previous steps are in balance. The Statement of Financial Position summarizes the resources and obligations of the Township at a set point in time. The Statement of Operations summarizes how these resources and obligations changed over the reporting period. To this end, the accumulated surplus/deficit reported on the Statement of Financial Position should equal the accumulated surplus/deficit reported on the Statement of Operations.

The Statement of Change in Net Financial Assets/Debt and the Statement of Financial Position are also linked in terms of reporting on net financial assets/debt. On the Statement of Financial Position, net financial assets/debt is equal to the difference between financial assets and liabilities and should equal net financial assets/debt as calculated on the Statement of Net Financial Assets/Debt.

While not part of the financial plan, the accompanying notes are important to summarize the assumptions and estimates made in preparing the financial plan. Some of the significant assumptions that need to be addressed within the financial plan are as follows:

- a) Opening Cash Balances – Opening cash balances are necessary to complete the Statement of Cash Flows and balance the Statement of Financial Position. Preferably, opening cash balances should be derived from actual information contained within the Township's ledgers. It may not, however, be possible to extract this information from the ledgers for water alone; therefore, a reasonable proxy will be needed. One approach is to assume that opening cash balances equal ending reserve and reserve fund balances from the previous year adjusted for accrual-based transactions reflected by accounts receivable/payable balances. The following equation outlines this approach:

Ending Reserve/Reserve Fund Balance
Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
Equals: Approximate Ending Cash Balance

- b) Amortization Expense – The method and timing of amortization should be based on the Township's amortization policy.



- c) Accumulated Amortization – Will be based on the culmination of accumulated amortization expenses throughout the life of each asset however derived, along with information on construction/acquisition date and useful life obtained from the 2024 Rate Study and adjusted for 2025 projected amortization.
- d) Contributed Assets – As noted earlier, contributed assets could represent a part of the Township's infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation may be required in order to adequately capture these assets. In the case where contributed assets are deemed to be insignificant or unknown, an assumption of “no contributed assets within the forecast period” will be made.
- e) Accumulated Surplus – The magnitude of the surplus in this area may precipitate the need for additional explanation especially in the first year of reporting. This Accumulated Surplus captures the historical infrastructure investment which has not been reported in the past but has accumulated to significant levels. It also includes all water reserve and reserve fund balances.
- f) Other Revenues – Will represent the recognition of revenues such as those from the sale of water to the Nation Municipality, miscellaneous water charges, and other minor miscellaneous revenues.



Chapter 4

Financial Plan



4. Financial Plan

4.1 Introduction

The following tables provide the complete financial plan for the Township's water system. A brief description and analysis of each table is provided below. It is important to note that the financial plan that follows is a forward look at the financial position of the Township's water system. It is not an audited document¹ and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

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

4.2 Water Financial Plan

4.2.1 *Statement of Financial Position (Table 4-1)*

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the Township's water system. The first important indicator is net financial assets/(debt), which is defined as the difference between financial assets and liabilities. This indicator provides an indication of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. Table 4-1 indicates that in 2026, the Township's water system will be in a net financial position of approximately \$2.63 million. The Township's net financial position is projected to increase to approximately \$5.35 million by the end of the forecast period.

Another important indicator in the Statement of Financial Position is the tangible capital asset balance. As noted earlier, providing this information is a requirement for municipalities as part of PS3150 compliance and is significant from a financial planning perspective for the following reasons:

¹ O. Reg. 453/07 does not require an audited financial plan.



- Tangible capital assets such as water mains and treatment plants are imperative to water service delivery.
- These assets represent significant economic resources in terms of their historical and replacement costs. Therefore, ongoing capital asset management is essential to managing significant replacements and repairs.
- The annual maintenance required by these assets has an enduring impact on water operational budgets.

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the Township or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. The use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows that the Township's tangible capital assets are expected to increase by approximately \$356,665 over the forecast period (from a value of approximately \$19.14 million in 2026 to \$19.49 million by 2034). This indicates that the Township plans to invest in tangible capital assets in excess of the anticipated use of existing assets over the forecast period.

4.2.2 Statement of Operations (Table 4-2)

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates the ratio of expenses to revenues is projected to decrease over the forecast period from 89% in 2026 to 81% by 2034. As a result, annual surpluses are anticipated every year of the forecast period. It is important to note that an annual surplus is beneficial to ensure funding is available for non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments in the future.

Another important indicator in this statement is accumulated surplus/deficit. An accumulated surplus indicates that the available net resources are sufficient to provide future water services. An accumulated deficit indicates that resources are insufficient to provide future services and that borrowing or rate increases are required to finance annual deficits. From Table 4-2, the financial plan illustrates an increase in



accumulated surplus of approximately \$3.27 million will be added to an opening accumulated surplus in 2026 of approximately \$21.57 million over the forecast period. The existing accumulated surplus, as indicated in Table 4-2, is predominately made up of reserve balances as well as historical investments in tangible capital assets.

4.2.3 Statement of Change in Net Financial Assets/Debt (Table 4-3)

The Statement of Change in Net Financial Assets/Debt indicates whether revenue generated was sufficient to cover operating and non-financial asset costs (i.e., inventory supplies, prepaid expenses, tangible capital assets, etc.) and in so doing, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period.

Table 4-3 indicates that in the years 2026 to 2034, forecasted annual surplus (before amortization) exceeds the tangible capital asset acquisitions, resulting in increases in the net financial assets balance. This is due to increases in capital assets anticipated to be constructed in the first year of the forecast, totalling \$1.36 million, which then average \$261,000 annually for 2027 to 2029, and then gradually increasing over the balance of the forecast period (averaging \$811,800 annually). This is further evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions initially increasing from 0.53 in 2026 to 1.49 in 2029 and then decreasing over the remainder of the forecast period to 1.34 in 2034 (note: a desirable ratio is 1:1 or better).

4.2.4 Statement of Cash Flow (Table 4-4)

The Statement of Cash Flow summarizes how the Township's water system is expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash-based and accrual-based reporting.

Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e., tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Township's water system to increase from approximately \$2.64 million the beginning of 2026 to a balance of approximately \$4.35 million by the end of 2034. For further discussion on projected cash balances please refer to the Notes to the Financial Plan.



Table 4-1
Statement of Financial Position: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2034

	Notes	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Financial Assets										
Cash	1	2,003,660	2,480,487	3,007,387	3,554,387	3,735,803	3,885,323	4,065,152	4,126,562	4,350,464
Accounts Receivable	1	793,148	821,901	851,779	882,837	914,833	947,904	982,176	1,017,689	1,054,441
Total Financial Assets		2,796,808	3,302,388	3,859,166	4,437,224	4,650,636	4,833,227	5,047,328	5,144,251	5,404,905
Liabilities										
Accounts Payable & Accrued Liabilities	1	6,248	6,409	6,576	6,748	6,925	7,108	7,297	7,492	7,694
Debt (Principal only)	2	162,797	150,383	137,540	124,253	110,506	96,284	81,570	66,347	50,597
Total Liabilities		169,045	156,792	144,116	131,001	117,431	103,392	88,867	73,839	58,291
Net Financial Assets/(Debt)		2,627,763	3,145,596	3,715,050	4,306,223	4,533,205	4,729,835	4,958,461	5,070,412	5,346,614
Non-Financial Assets										
Tangible Capital Assets	4	19,137,084	18,855,999	18,579,789	18,328,078	18,494,911	18,715,396	18,931,997	19,293,218	19,493,749
Total Non-Financial Assets		19,137,084	18,855,999	18,579,789	18,328,078	18,494,911	18,715,396	18,931,997	19,293,218	19,493,749
Accumulated Surplus/(Deficit)	5	21,764,847	22,001,595	22,294,839	22,634,301	23,028,116	23,445,231	23,890,458	24,363,630	24,840,363

Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Increase/(Decrease) in Net Financial Assets	2,081,726	(637,125)	517,833	569,454	591,173	226,982	196,630	228,626	111,951	276,202
2) Increase/(Decrease) in Tangible Capital Assets	1,190,405	833,740	(281,085)	(276,210)	(251,711)	166,833	220,485	216,601	361,221	200,531
3) Increase/(Decrease) in Accumulated Surplus	3,272,131	196,615	236,748	293,244	339,462	393,815	417,115	445,227	473,172	476,733



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2034

	Notes	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Water Revenue										
Base Charge Revenue		760,833	791,634	823,859	857,596	892,061	927,821	964,925	1,003,419	1,043,355
Rate Based Revenue		703,653	731,270	759,911	789,613	820,412	852,349	885,463	919,797	955,395
Other Revenue	6	378,202	394,812	412,528	430,757	442,138	452,915	464,508	474,007	486,813
Total Revenues		1,842,688	1,917,716	1,996,298	2,077,966	2,154,611	2,233,085	2,314,896	2,397,223	2,485,563
Water Expenses										
Operating Expenses	Sch. 4-1	1,115,920	1,141,405	1,160,795	1,213,188	1,222,484	1,254,786	1,288,093	1,322,604	1,382,219
Interest on Debt	2	5,893	5,478	5,049	4,605	4,145	3,669	3,177	2,668	2,142
Amortization	4	524,260	534,085	537,210	520,711	534,167	557,515	578,399	598,779	624,469
Total Expenses		1,646,073	1,680,968	1,703,054	1,738,504	1,760,796	1,815,970	1,869,669	1,924,051	2,008,830
Annual Surplus/(Deficit)		196,615	236,748	293,244	339,462	393,815	417,115	445,227	473,172	476,733
Accumulated Surplus/(Deficit), beginning of year	5	21,568,232	21,764,847	22,001,595	22,294,839	22,634,301	23,028,116	23,445,231	23,890,458	24,363,630
Accumulated Surplus/(Deficit), end of year		21,764,847	22,001,595	22,294,839	22,634,301	23,028,116	23,445,231	23,890,458	24,363,630	24,840,363
Note 5:										
Accumulated Surplus/(Deficit) Reconciliation:		2026	2027	2028	2029	2030	2031	2032	2033	2034
Reserve Balances										
Reserves: Capital/Other		2,790,560	3,295,979	3,852,590	4,430,476	4,643,711	4,826,119	5,040,031	5,136,759	5,397,211
Total Reserves Balance		2,790,560	3,295,979	3,852,590	4,430,476	4,643,711	4,826,119	5,040,031	5,136,759	5,397,211
Less: Debt Obligations and Deferred Revenue		(162,797)	(150,383)	(137,540)	(124,253)	(110,506)	(96,284)	(81,570)	(66,347)	(50,597)
Add: Tangible Capital Assets	4	19,137,084	18,855,999	18,579,789	18,328,078	18,494,911	18,715,396	18,931,997	19,293,218	19,493,749
Total Ending Balance		21,764,847	22,001,595	22,294,839	22,634,301	23,028,116	23,445,231	23,890,458	24,363,630	24,840,363
Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Expense to Revenue Ratio		89%	88%	85%	84%	82%	81%	81%	80%	81%
2) Increase/(Decrease) in Accumulated Surplus	3,272,131	196,615	236,748	293,244	339,462	393,815	417,115	445,227	473,172	476,733



Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Expenses										
Salaries		40,300	41,300	42,300	43,400	44,500	45,600	46,700	47,900	49,100
E.H.T.		684	701	719	737	755	774	793	813	833
C.P.P.		1,015	1,040	1,066	1,093	1,120	1,148	1,177	1,206	1,236
E.I.		384	394	404	414	424	435	446	457	468
W.S.I.B.		851	872	894	916	939	962	986	1,011	1,036
OMERS		4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000
Group benefits		2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
Contribution Alfred Sludge		5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Water Meter & Connection		55,700	56,800	57,900	59,100	60,300	61,500	62,700	64,000	65,300
Office Supplies		1,248	1,273	1,298	1,324	1,350	1,377	1,405	1,433	1,462
Materials & Repairs		11,400	11,600	11,800	12,000	12,200	12,400	12,600	12,900	13,200
PILs		55,100	56,200	57,300	58,400	59,600	60,800	62,000	63,200	64,500
Utilities		211,100	221,700	232,800	244,400	256,600	269,400	282,900	297,000	311,900
IT Support & Services		2,153	2,196	2,240	2,285	2,331	2,378	2,426	2,475	2,525
OCWA - Regular Contract		641,900	654,700	667,800	681,200	694,800	708,700	722,900	737,400	752,100
Professional fees		2,185	2,229	2,274	2,319	2,365	2,412	2,460	2,509	2,559
OCWA - Distribution - Reg.		67,100	68,400	69,800	71,200	72,600	74,100	75,600	77,100	78,600
Non TCA - Expenses from Capital Budget	7	13,000	10,000	-	22,000	-	-	-	-	24,000
TOTAL OPERATING EXPENSES		1,115,920	1,141,405	1,160,795	1,213,188	1,222,484	1,254,786	1,288,093	1,322,604	1,382,219



Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Surplus/(Deficit)		196,615	236,748	293,244	339,462	393,815	417,115	445,227	473,172	476,733
Less: Acquisition of Tangible Capital Assets	4	(1,358,000)	(253,000)	(261,000)	(269,000)	(701,000)	(778,000)	(795,000)	(960,000)	(825,000)
Add: Amortization of Tangible Capital Assets	4	524,260	534,085	537,210	520,711	534,167	557,515	578,399	598,779	624,469
Sub-Total		(833,740)	281,085	276,210	251,711	(166,833)	(220,485)	(216,601)	(361,221)	(200,531)
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-
Sub-Total		-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(637,125)	517,833	569,454	591,173	226,982	196,630	228,626	111,951	276,202
Net Financial Assets/(Net Debt), beginning of year		3,264,888	2,627,763	3,145,596	3,715,050	4,306,223	4,533,205	4,729,835	4,958,461	5,070,412
Net Financial Assets/(Net Debt), end of year		2,627,763	3,145,596	3,715,050	4,306,223	4,533,205	4,729,835	4,958,461	5,070,412	5,346,614

Financial Indicators	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Acquisition of Tangible Capital Assets (Cumulative)	1,358,000	1,611,000	1,872,000	2,141,000	2,842,000	3,620,000	4,415,000	5,375,000	6,200,000
2) Annual Surplus/Deficit before Amortization (Cumulative)	720,875	1,491,708	2,322,162	3,182,335	4,110,317	5,084,947	6,108,573	7,180,524	8,281,726
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)	0.53	0.93	1.24	1.49	1.45	1.40	1.38	1.34	1.34



Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Transactions										
Annual Surplus/Deficit		196,615	236,748	293,244	339,462	393,815	417,115	445,227	473,172	476,733
Add: Amortization of TCAs	4	524,260	534,085	537,210	520,711	534,167	557,515	578,399	598,779	624,469
Less: Earned Deferred Revenue	3	-	-	-	-	-	-	-	-	-
Change in A/R (Increase)/Decrease		16,476	(28,753)	(29,878)	(31,058)	(31,996)	(33,071)	(34,272)	(35,513)	(36,752)
Change in A/P Increase/(Decrease)		158	161	167	172	177	183	189	195	202
Less: Interest Proceeds		(46,403)	(56,312)	(67,226)	(78,557)	(82,738)	(86,315)	(90,509)	(92,406)	(97,513)
Cash Provided by Operating Transactions		691,106	685,929	733,517	750,730	813,425	855,427	899,034	944,227	967,139
Capital Transactions										
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(1,358,000)	(253,000)	(261,000)	(269,000)	(701,000)	(778,000)	(795,000)	(960,000)	(825,000)
Cash Applied to Capital Transactions		(1,358,000)	(253,000)	(261,000)	(269,000)	(701,000)	(778,000)	(795,000)	(960,000)	(825,000)
Investing Transactions										
Proceeds from Investments		46,403	56,312	67,226	78,557	82,738	86,315	90,509	92,406	97,513
Cash Provided by (applied to) Investing Transactions		46,403	56,312	67,226	78,557	82,738	86,315	90,509	92,406	97,513
Financing Transactions										
Proceeds from Debt Issue	2	-	-	-	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	(11,998)	(12,414)	(12,843)	(13,287)	(13,747)	(14,222)	(14,714)	(15,223)	(15,750)
Cash Applied to Financing Transactions		(11,998)	(12,414)	(12,843)	(13,287)	(13,747)	(14,222)	(14,714)	(15,223)	(15,750)
Increase in Cash and Cash Equivalents		(632,489)	476,827	526,900	547,000	181,416	149,520	179,829	61,410	223,902
Cash and Cash Equivalents, beginning of year	1	2,636,149	2,003,660	2,480,487	3,007,387	3,554,387	3,735,803	3,885,323	4,065,152	4,126,562
Cash and Cash Equivalents, end of year	1	2,003,660	2,480,487	3,007,387	3,554,387	3,735,803	3,885,323	4,065,152	4,126,562	4,350,464



Water

Notes to Financial Plan

The financial plan format as outlined in Chapter 4 closely approximates the full accrual format used by municipalities (2009 onward) on their audited financial statements. However, the financial plan is not an audited document and contains various estimates. In this regard, Section 3 (2) of O. Reg. 453/07 states the following:

“Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared:

1. Sub-subparagraphs 4 i A, B and C of subsection (1)
2. Sub-subparagraphs 4 iii A, C, E and F of subsection (1).”

The information referred to in sub-subparagraphs 4 i A, B and C of subsection (1) includes:

- A. Total financial assets (i.e., cash and receivables);
- B. Total liabilities (i.e., payables, debt, and deferred revenue);
- C. Net debt (i.e., the difference between A and B above).

The information referred to in sub-subparagraphs 4 iii A, C, E and F of subsection (1) includes:

- A. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges.
- B. Investing transactions that are acquisitions and disposal of investments.
- C. Change in cash and cash equivalents during the year.
- D. Cash and cash equivalents at the beginning and end of the year.

In order to show a balanced financial plan in a full accrual format for the Township, some of the items listed above have been estimated given that the Township does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses).



The assumptions used have been documented below:

1. Cash, Receivables and Payables

It is assumed that the opening cash balances required to complete the financial plan are equal to:

Ending Reserve/Reserve Fund Balance
Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
Equals: Approximate Ending Cash Balance

For the Town, receivable and payable balances were estimated for each year of the forecast based on the following factors:

- a) Receivables: Based on historical levels of water receivables (provided by Township staff) as a percentage of annual water revenue earned (as per the 2021 and 2022 Financial Information Returns); and
- b) Payables: Based on historical levels of water payables (provided by Township staff) as a percentage of annual water expenses incurred (as per the 2021 to 2022 Financial Information Returns).

2. Debt

Outstanding water related debt anticipated at the beginning of 2026 is \$174,795. No additional debentures are anticipated to be required over the remainder of the forecast period. Principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2026	\$11,998
2027	\$12,414
2028	\$12,843
2029	\$13,287
2030	\$13,747
2031	\$14,222
2032	\$14,714
2033	\$15,223
2034	\$15,750
Total	\$124,198



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

3. Deferred Revenue

Deferred revenue is typically made up of water development charges, connection charge reserve, Canada Community-Building Fund (previously Federal gas tax) fund balances which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected.

The Township does not currently impose water development charges or use funding from the Canada Community-Building Fund for water services.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - i. Facilities, including Land;
 - ii. Watermains;
 - iii. Hydrants;
 - iv. Water meters; and
 - v. Machinery and equipment.
- Amortization is calculated based on the straight-line approach with 50% amortization in the year of acquisition or construction.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced. To calculate the value of each asset disposal, the replacement value (of each new asset that has been identified as a “replacement”) has been deflated (by weighted average useful life for all assets on hand in the respective asset category) to an estimated historical cost. This figure was used to calculate disposals only. Future assets are disposed of when fully amortized.
- Gains/losses on disposal are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- Residual value is assumed to be \$0 for all assets contained within the forecast period.



- Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant/ unknown during the forecast period and are therefore assumed to be \$0.
- The Township does not have any lead service piping in the municipal water system.



The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Tangible Capital Asset Balance	32,074,071	33,379,587	33,600,080	33,826,213	34,057,040	34,537,406	35,051,738	35,568,920	36,168,062
Acquisitions	1,358,000	253,000	261,000	269,000	701,000	778,000	795,000	960,000	825,000
Disposals	52,484	32,507	34,867	38,173	220,634	263,668	277,818	360,858	294,915
Closing Tangible Capital Asset Balance	33,379,587	33,600,080	33,826,213	34,057,040	34,537,406	35,051,738	35,568,920	36,168,062	36,698,147
Opening Accumulated Amortization	13,770,727	14,242,503	14,744,081	15,246,424	15,728,962	16,042,495	16,336,342	16,636,923	16,874,844
Amortization Expense	524,260	534,085	537,210	520,711	534,167	557,515	578,399	598,779	624,469
Amortization on Disposal	52,484	32,507	34,867	38,173	220,634	263,668	277,818	360,858	294,915
Ending Accumulated Amortization	14,242,503	14,744,081	15,246,424	15,728,962	16,042,495	16,336,342	16,636,923	16,874,844	17,204,398
Net Book Value	19,137,084	18,855,999	18,579,789	18,328,078	18,494,911	18,715,396	18,931,997	19,293,218	19,493,749



5. Accumulated Surplus

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

Water	2026 Opening Accumulated Surplus
Reserve Balances	
Reserves: Capital/Other	3,439,683
Total Reserves Balance	3,439,683
Less: Debt Obligations and Deferred Revenue	(174,795)
Add: Tangible Capital Assets	18,303,344
Total Opening Balance	21,568,232

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

6. Other Revenue

Other revenue consists of miscellaneous revenues including those from the sale of water to the Nation Municipality, miscellaneous water charges, and other minor miscellaneous revenues such as those from sale of water meters, water tower rental, bulk water sales, connection charges, and interest on arrears.

7. Operating Expenses

Capital expenditures for items not meeting the definition of tangible capital assets have been reclassified as operating expenses and have been expensed in the year in which they occur.



Chapter 5

Process for Financial Plan Approval and Submission to the Province



5. Process for Financial Plan Approval and Submission to the Province

As mentioned in section 1.2, preparation and approval of a financial plan for water assets that meets the requirements of the Act is mandatory for municipal water providers. Proof of the plan preparation and approval is a key submission requirement for municipal drinking water licensing and, upon completion, must be submitted to the M.O.E.C.P. The process established for plan approval, public circulation and filing is set out in O. Reg. 453/07 and can be summarized as follows:

1. The financial plan must be approved by resolution of Council of the municipality who owns the drinking water system(s) or the governing body of the owner. (O. Reg. 453/07, section 3 (1) 1).
2. The owner of the drinking water system(s) must provide notice advertising the availability of the financial plan. The plan will be made available to the public upon request and without charge. The plan must also be made available to the public on the municipality's website. (O. Reg. 453/07, section 3 (1) 5).
3. The owner of the drinking water system(s) must provide a copy of the financial plan to the Director of Policy Branch, Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, section 3 (1) 6).
4. The owner of the drinking water system must provide proof satisfactory to the Director that the financial plans for the system satisfy the requirements under the *Safe Drinking Water Act, 2002*. (S.D.W.A. section 32 (5) 2. ii.).



Chapter 6

Recommendations



6. Recommendations

This report presents the water financial plan for the Township of Alfred and Plantagenet in accordance with the mandatory reporting formats for water systems as detailed in O. Reg. 453/07. Council is required to pass certain resolutions with regard to this plan based on the regulations, therefore, it is recommended that:

1. The Township of Alfred and Plantagenet Water Financial Plan prepared by Watson & Associates Economists Ltd. dated July 31, 2025, be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated April 4, 2025, be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, Section 3 (1) 6)
4. The Council Resolution approving the Financial Plan be submitted to the Ministry of the Environment, Conservation, and Parks satisfying the requirements under the *Safe Drinking Water Act, 2002*. (S.D.W.A, Section 32 (5) 2 ii)).



Appendix A

Revised 2024 Rate Study – Water Summary Tables



Table A-1
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Capital Budget Forecast (Uninflated \$)

Description	2024 Budget	Total (2025 to 2034)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<u>Capital Expenditures</u>												
Wendover:												
WTP-Unforeseen process equipment failure	15,000	295,000	25,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Distribution system emergency repairs	10,000	200,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
SCADA computer upgrades at WTP	2,500	40,000	2,500	2,500	2,500	2,500	5,000	5,000	5,000	5,000	5,000	5,000
Building & Ground Maintenance	7,000	75,795	7,140	7,282	7,428	7,577	7,728	7,728	7,728	7,728	7,728	7,728
Electrical & Instrumentation	7,000	75,795	7,140	7,282	7,428	7,577	7,728	7,728	7,728	7,728	7,728	7,728
Chemical Feed Pump	10,000	-	-	-	-	-	-	-	-	-	-	-
Raw water intake inspection	-	5,000	-	-	5,000	-	-	-	-	-	-	-
Water tower inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
Hydrant inspections/flow tests and condition report recommended repairs	-	5,000	-	5,000	-	-	-	-	-	-	-	-
Replacement of lamella in clarifier	10,000	-	-	-	-	-	-	-	-	-	-	-
PLC upgrades/replacement at WTP	180,000	-	-	-	-	-	-	-	-	-	-	-



Table A-1 (continued)
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Capital Budget Forecast (Uninflated \$)

Description	2024 Budget	Total (2025 to 2034)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<u>Capital Expenditures</u>												
Chlorine Bulk Tank Basement	10,000	-	-	-	-	-	-	-	-	-	-	-
Flow Meter Backwash & Treated	12,000	-	-	-	-	-	-	-	-	-	-	-
Low Lift Pump	15,000	30,000	15,000	15,000	-	-	-	-	-	-	-	-
Plantagenet:		-										
Distribution system emergency repairs	15,000	295,000	25,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Distribution valve repairs	50,000	100,000	50,000	50,000	-	-	-	-	-	-	-	-
Hydrant inspections/flow tests and condition report recommended repairs	-	2,500	-	2,500	-	-	-	-	-	-	-	-
Replacement or re-lining of cast iron water main on County road nine (Water to Station road 1.1 km)	-	1,000,000	-	1,000,000	-	-	-	-	-	-	-	-
Alfred Lefaire:		-										
WTP-Unforeseen process equipment failure	40,000	500,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Distribution system emergency repairs	30,000	400,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000



Table A-1 (continued)
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Capital Budget Forecast (Uninflated \$)

Description	2024 Budget	Total (2025 to 2034)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures												
Distribution hydrant repairs (emergency)	10,000	145,000	10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
UV system parts	10,000	122,500	10,000	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Building & Ground Maintenance	10,000	108,320	10,200	10,404	10,612	10,864	11,040	11,040	11,040	11,040	11,040	11,040
Electrical & Instrumentation	10,000	108,320	10,200	10,404	10,612	10,864	11,040	11,040	11,040	11,040	11,040	11,040
PLC upgrades at WTP	2,500	30,000	2,500	2,500	2,500	5,000	2,500	2,500	2,500	2,500	5,000	2,500
Hydrant inspections/flow tests and condition report (includes Lefaivre)	-	5,000	-	5,000	-	-	-	-	-	-	-	-
Water intake inspection	-	5,000	-	-	5,000	-	-	-	-	-	-	-
Roof Repair Actiflow Room Lefaivre	5,000	-	-	-	-	-	-	-	-	-	-	-
Water tower inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
New chemical feed pump	5,000	-	-	-	-	-	-	-	-	-	-	-
New combined chlorine analyzer	20,000	-	-	-	-	-	-	-	-	-	-	-
New Ammonia Tank and Mixer for Lefaivre	4,000	-	-	-	-	-	-	-	-	-	-	-
Backwash Flowmeter for Actiflow	-	8,500	8,500	-	-	-	-	-	-	-	-	-
All Filter Flow Meter 12inches	13,000	-	-	-	-	-	-	-	-	-	-	-



Table A-1 (continued)
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Capital Budget Forecast (Uninflated \$)

Description	2024 Budget	Total (2025 to 2034)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures												
2 Flow meter replacement for Actiflow	13,000	-	-	-	-	-	-	-	-	-	-	-
Lifecycle:												
Water Facilities		401,790	-	-	-	-	-	93,630	77,040	77,040	77,040	77,040
Hydrants		167,600	-	-	-	-	-	6,800	40,200	40,200	40,200	40,200
Water Meters		1,344,900	-	-	-	-	-	245,500	318,250	318,250	144,650	318,250
Machinery & Equipment		330,140	-	-	-	-	-	34,000	-	-	296,140	-
Studies:												
Water Rate Study	10,000	20,000	-	-	-	-	10,000	-	-	-	-	10,000
Water Financial Plan	9,800	19,600	-	-	-	-	9,800	-	-	-	-	9,800
Total Capital Expenditures	545,800	5,840,760	293,180	1,315,372	248,580	241,882	262,336	622,466	678,026	678,026	803,066	697,826



Table A-2
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Capital Budget Forecast (Inflated \$)

Description	2024 Budget	Total (2025 to 2034)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<u>Capital Expenditures</u>												
Wendover:												
WTP-Unforeseen process equipment failure	15,000	330,000	26,000	31,000	32,000	32,000	33,000	34,000	34,000	35,000	36,000	37,000
Distribution system emergency repairs	10,000	223,000	20,000	21,000	21,000	22,000	22,000	23,000	23,000	23,000	24,000	24,000
SCADA computer upgrades at WTP	2,500	48,000	3,000	3,000	3,000	3,000	6,000	6,000	6,000	6,000	6,000	6,000
Building & Ground Maintenance	7,000	85,000	7,000	8,000	8,000	8,000	9,000	9,000	9,000	9,000	9,000	9,000
Electrical & Instrumentation	7,000	85,000	7,000	8,000	8,000	8,000	9,000	9,000	9,000	9,000	9,000	9,000
Chemical Feed Pump	10,000	-	-	-	-	-	-	-	-	-	-	-
Raw water intake inspection	-	5,000	-	-	5,000	-	-	-	-	-	-	-
Water tower inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
Hydrant inspections/flow tests and condition report recommended repairs	-	5,000	-	5,000	-	-	-	-	-	-	-	-
Replacement of lamella in clarifier	10,000	-	-	-	-	-	-	-	-	-	-	-
PLC upgrades/replacement at WTP	180,000	-	-	-	-	-	-	-	-	-	-	-
Chlorine Bulk Tank Basement	10,000	-	-	-	-	-	-	-	-	-	-	-



Table A-2 (continued)
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Capital Budget Forecast (Inflated \$)

Description	2024 Budget	Total (2025 to 2034)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures												
Flow Meter Backwash & Treated	12,000	-	-	-	-	-	-	-	-	-	-	-
Low Lift Pump	15,000	31,000	15,000	16,000	-	-	-	-	-	-	-	-
Plantagenet:												
Distribution system emergency repairs	15,000	330,000	26,000	31,000	32,000	32,000	33,000	34,000	34,000	35,000	36,000	37,000
Distribution valve repairs	50,000	103,000	51,000	52,000	-	-	-	-	-	-	-	-
Hydrant inspections/flow tests and condition report recommended repairs	-	3,000	-	3,000	-	-	-	-	-	-	-	-
Replacement or re- lining of cast iron water main on County road nine (Water to Station road 1.1 km)	-	1,040,000	-	1,040,000	-	-	-	-	-	-	-	-
Alfred Lefavre:												
WTP-Unforeseen process equipment failure	40,000	558,000	51,000	52,000	53,000	54,000	55,000	56,000	57,000	59,000	60,000	61,000
Distribution system emergency repairs	30,000	447,000	41,000	42,000	42,000	43,000	44,000	45,000	46,000	47,000	48,000	49,000
Distribution hydrant repairs (emergency)	10,000	163,000	10,000	16,000	16,000	16,000	17,000	17,000	17,000	18,000	18,000	18,000
UV system parts	10,000	137,000	10,000	13,000	13,000	14,000	14,000	14,000	14,000	15,000	15,000	15,000



Table A-2 (continued)
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Capital Budget Forecast (Inflated \$)

Description	2024 Budget	Total (2025 to 2034)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures												
Building & Ground Maintenance	10,000	120,000	10,000	11,000	11,000	12,000	12,000	12,000	13,000	13,000	13,000	13,000
Electrical & Instrumentation	2,500	35,000	3,000	3,000	3,000	5,000	3,000	3,000	3,000	3,000	6,000	3,000
PLC upgrades at WTP	-	5,000	-	5,000	-	-	-	-	-	-	-	-
Hydrant inspections/flow tests and condition report (includes Lefaivre)	-	5,000	-	-	5,000	-	-	-	-	-	-	-
Water intake inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
Roof Repair Actiflow Room Lefaivre	5,000	-	-	-	-	-	-	-	-	-	-	-
Water tower inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
New chemical feed pump	20,000	-	-	-	-	-	-	-	-	-	-	-
New combined chlorine analyzer	4,000	-	-	-	-	-	-	-	-	-	-	-
New Ammonia Tank and Mixer for Lefaivre	-	9,000	9,000	-	-	-	-	-	-	-	-	-
Backwash Flowmeter for Actiflow	13,000	-	-	-	-	-	-	-	-	-	-	-
All Filter Flow Meter 12inches	13,000	-	-	-	-	-	-	-	-	-	-	-
2 Flow meter replacement for Actiflow	2,500	35,000	3,000	3,000	3,000	5,000	3,000	3,000	3,000	3,000	6,000	3,000



Table A-2 (continued)
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Capital Budget Forecast (Inflated \$)

Description	2024 Budget	Total (2025 to 2034)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<u>Capital Expenditures</u>												
Lifecycle:	-	-	-	-	-	-	-	-	-	-	-	-
Water Facilities	-	469,000	-	-	-	-	-	105,000	88,000	90,000	92,000	94,000
Hydrants	-	198,000	-	-	-	-	-	8,000	46,000	47,000	48,000	49,000
Water Meters	-	1,576,000	-	-	-	-	-	276,000	366,000	373,000	173,000	388,000
Machinery & Equipment	-	392,000	-	-	-	-	-	38,000	-	-	354,000	-
Studies:	-	-	-	-	-	-	-	-	-	-	-	-
Water Rate Study	10,000	23,000	-	-	-	-	11,000	-	-	-	-	12,000
Water Financial Plan	9,800	23,000	-	-	-	-	11,000	-	-	-	-	12,000
Total Capital Expenditures	545,800	6,548,000	299,000	1,371,000	263,000	261,000	291,000	701,000	778,000	795,000	960,000	849,000



Table A-3
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Water Reserve Fund Continuity (Inflated \$)

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	1,946,697	2,024,954	2,515,853	1,856,734	2,351,958	2,898,169	3,465,448	3,667,863	3,839,234	4,041,890	4,127,135
Transfer from Operating	400,252	740,569	675,474	712,107	750,384	790,329	831,497	874,092	918,403	964,321	1,011,939
Transfer to Capital	361,700	299,000	1,371,000	263,000	261,000	291,000	701,000	778,000	795,000	960,000	849,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	1,985,249	2,446,523	1,820,327	2,305,841	2,841,342	3,397,498	3,595,944	3,763,955	3,962,637	4,046,211	4,290,074
Interest	39,705	49,330	36,407	46,117	56,827	67,950	71,919	75,279	79,253	80,924	85,801

Table A-4
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Joint Water System Reserve Fund Continuity (Inflated \$)

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	478,178	489,980	499,780	509,776	519,971	530,371	540,978	551,798	562,834	574,090	585,572
Transfer from Operating	186,295	-	-	-	-	-	-	-	-	-	-
Transfer to Capital	184,100										
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	480,373	489,980	499,780	509,776	519,971	530,371	540,978	551,798	562,834	574,090	585,572
Interest	9,607	9,800	9,996	10,196	10,399	10,607	10,820	11,036	11,257	11,482	11,711



Table A-5
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Water Stabilization Reserve Continuity (Inflated \$)

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	503,389	524,050	424,050	424,050	424,050	424,050	424,050	424,050	424,050	424,050	424,050
Transfer from Operating	121,505	-	-	-	-	-	-	-	-	-	-
Transfer to Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Operating	100,844	100,000	-	-	-	-	-	-	-	-	-
Closing Balance	524,050	424,050	424,050	424,050	424,050	424,050	424,050	424,050	424,050	424,050	424,050



Table A-6
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Operating Budget Forecast (Inflated \$)

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures											
Operating Costs											
Salaries	38,306	39,300	40,300	41,300	42,300	43,400	44,500	45,600	46,700	47,900	49,100
E.H.T.	651	667	684	701	719	737	755	774	793	813	833
C.P.P.	966	990	1,015	1,040	1,066	1,093	1,120	1,148	1,177	1,206	1,236
E.I.	366	375	384	394	404	414	424	435	446	457	468
W.S.I.B.	810	830	851	872	894	916	939	962	986	1,011	1,036
OMERS	3,999	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000
Group benefits	2,004	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
Contribution Alfred Sludge	5,420	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Water Meter & Connection	53,550	54,600	55,700	56,800	57,900	59,100	60,300	61,500	62,700	64,000	65,300
Office Supplies	1,200	1,224	1,248	1,273	1,298	1,324	1,350	1,377	1,405	1,433	1,462
Materials & Repairs	11,000	11,200	11,400	11,600	11,800	12,000	12,200	12,400	12,600	12,900	13,200
PILs	52,907	54,000	55,100	56,200	57,300	58,400	59,600	60,800	62,000	63,200	64,500
Utilities	191,400	201,000	211,100	221,700	232,800	244,400	256,600	269,400	282,900	297,000	311,900
IT Support & Services	2,070	2,111	2,153	2,196	2,240	2,285	2,331	2,378	2,426	2,475	2,525
OCWA - Regular Contract	616,946	629,300	641,900	654,700	667,800	681,200	694,800	708,700	722,900	737,400	752,100
Professional fees	2,100	2,142	2,185	2,229	2,274	2,319	2,365	2,412	2,460	2,509	2,559
OCWA - Distribution - Reg.	64,542	65,800	67,100	68,400	69,800	71,200	72,600	74,100	75,600	77,100	78,600
Sub Total Operating	1,048,237	1,075,139	1,102,920	1,131,405	1,160,795	1,191,188	1,222,484	1,254,786	1,288,093	1,322,604	1,358,219



Table A-6 (continued)
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Operating Budget Forecast (Inflated \$)

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital-Related											
Existing Debt (Principal) - Non-Growth Related	11,209	11,597	11,998	12,414	12,843	13,287	13,747	14,222	14,714	15,223	15,750
Existing Debt (Interest) - Non-Growth Related	6,682	6,295	5,893	5,478	5,049	4,605	4,145	3,669	3,177	2,668	2,142
Transfer to Reserve Fund	400,252	740,569	675,474	712,107	750,384	790,329	831,497	874,092	918,403	964,321	1,011,939
Sub Total Capital Related	725,944	758,461	693,366	729,999	768,276	808,221	849,389	891,984	936,295	982,213	1,029,831
Total Expenditures	1,774,181	1,833,600	1,796,286	1,861,404	1,929,071	1,999,409	2,071,873	2,146,770	2,224,388	2,304,817	2,388,050
Revenues											
Base Charge	703,185	731,375	760,833	791,634	823,859	857,596	892,061	927,821	964,925	1,003,419	1,043,355
Interest on Arrears	8,700	8,900	9,100	9,300	9,500	9,700	9,900	10,100	10,300	10,500	10,700
Connection Charges	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600
Sale of Meters	11,050	11,300	11,500	11,700	11,900	12,100	12,300	12,500	12,800	13,100	13,400
Final Meter Reading	3,375	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300
Disconnection/Re connection charge	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Proceeds from residents - Presqu'île	12,770	13,000	13,300	13,600	13,900	14,200	14,500	14,800	15,100	15,400	15,700
Sale to Nation Mun.	170,058	173,500	177,000	180,500	184,100	187,800	191,600	195,400	199,300	203,300	207,400



Table A-6 (continued)
Township of Alfred and Plantagenet
Water Service – Consolidated Township-Wide Service
Operating Budget Forecast (Inflated \$)

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rental revenue - Tower	13,848	14,100	14,400	14,700	15,000	15,300	15,600	15,900	16,200	16,500	16,800
Water sale to commercial truck	8,000	8,200	8,400	8,600	8,800	9,000	9,200	9,400	9,600	9,800	10,000
Rental rev. - Tower	11,606	11,800	12,000	12,200	12,400	12,600	12,900	13,200	13,500	13,800	14,100
Water charges	75,695	77,200	78,700	80,300	81,900	83,500	85,200	86,900	88,600	90,400	92,200
Contributions from Reserves / Reserve Funds	100,844	100,000	-	-	-	-	-	-	-	-	-
Total Operating Revenue	1,122,831	1,156,575	1,092,633	1,130,134	1,169,159	1,209,796	1,251,461	1,294,421	1,338,925	1,385,019	1,432,655
Water Billing Recovery - Total	651,350	677,024	703,653	731,270	759,911	789,613	820,412	852,349	885,463	919,797	955,395