



 **Watson**  
& Associates  
ECONOMISTS LTD.

# **Ontario Regulation 453/07 Water Financial Plan**

Town of Carleton Place

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Financial Plan 172-101

**June 18, 2025**

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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>
MECP	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

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The Town of Carleton Place (Town) retained Watson & Associates Economists Ltd. (Watson) to prepare a water financial plan as part of the five submission requirements for the purposes of obtaining 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 Town's water system has been based on the Town's 2024 Development Charges Background Study (D.C.), 2025 10-year Operating Plan, 2025 10-Year Capital Budget and Forecast, along with actual tender prices and discussions with Town staff.

The objective of the report provided herein is to convert the findings of the 2024 D.C. for water services, 2025 10-year Operating Plan, 2025 10-Year Capital Budget and Forecast into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation (O. Reg.) 453/07. The financial plan 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 Town's application to renew its Municipal Drinking Water Licence.

## 1.2 Background

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

"No person shall,

- a) establish a new municipal drinking water system or replace or carry out an alteration to a municipal drinking water system except under the authority of and in accordance with an approval under this Part or a drinking water works permit; or



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

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

1. Obtain a drinking water works permit.
2. Acceptance of the operational plan for the system based on the Drinking Water Quality Management Standard.
3. Accreditation of the Operating Authority.
4. Prepare and provide a financial plan.
5. Obtain a 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 Town);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the Public Section Accounting Board (P.S.A.B.)) for each year in which the financial plans apply;
- Financial plans must present the 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 2035 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 (MECP); however, the MECP may request it in the course of review of the licence renewal. Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary. The financial plan must contain on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence.

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

The components of the financial plans indicated by the regulation are consistent with the requirements for financial statement presentation as set out in section 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

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

Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system to which they relate.

Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.

Principle #3: Revenues collected for the provision of water services should ultimately be used to meet the needs of those services.

Principle #4: 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.

## 2.2 Water Opportunities Act, 2010

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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**

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

Every municipality in Ontario 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 Town's asset management plan must include the following for each asset category:

- the current levels of service being provided;



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

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

## **2.4 Water Forecast**

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As a result of employing this process, the 2026 to 2035 forecast informed by the 2024 D.C., 2025 Operating Budget and Forecast, and 2025 Capital Budget and Forecast, provides the basis for a sound financial plan for the Town'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; and
- A public process that involved consultation with the main stakeholders including the Town's staff, Council, the general public (specifically the users of the system) with the aim of gaining input and collaboration on the sustainability of the water systems.

The details of the financial plan are contained in Appendix A.



# Chapter 3

## Approach





## 3. Approach

### 3.1 Overview

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The basis in preparing the water financial plan has been the 2024 D.C., 2025 10-year Operating Plan, 2025 10-Year Capital Budget and Forecast, along with additional detailed information provided by Town Staff. 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

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

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

#### **3.2.1 Calculate Tangible Capital Asset Balances**

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water and assets, an inventory has already been compiled and summarized by the Town 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 Town staff. However, these estimates only represent future assets that the Town anticipates purchasing or constructing. At present, the Town does not anticipate any assets will be contributed by developers and other parties (at no or partial cost to the Town). If, over the forecast period, unanticipated capital needs arise and/or contributed assets are identified, 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		
<b>Revenues</b>					<b>Revenues</b>
Base Charge Revenue	3,227,312			3,227,312	Base Charge Revenue
Rate Based Revenue	381,354			381,354	Rate Based Revenue
Transfers from Reserves	892,896	892,896			
			952,571	952,571	Earned Development Charges
Other Revenue	45,000		-	45,000	Other Revenue
<b>Total Revenues</b>	<b>4,546,562</b>			<b>4,606,238</b>	<b>Total Revenues</b>
<b>Expenditures</b>					<b>Expenses</b>
Operating	1,690,437	62,000		1,752,437	Operating Expenses
Capital					
Transfers to Reserves	1,963,229		1,963,229		
Debt Repayment (Principal & Interest)	892,896		401,374	491,522	Interest on Debt
		976,283		976,283	Amortization
<b>Total Expenditures</b>	<b>4,546,562</b>			<b>3,220,242</b>	<b>Total Expenses</b>
<b>Net Expenditures</b>	<b>-</b>			<b>1,385,996</b>	<b>Annual Surplus/(Deficit)</b>
Increase (decrease) in amounts to be recovered	-			22,682,145	Accumulated Surplus/(Deficit), beginning of year
<b>Change in Fund Balances</b>	<b>-</b>	<b>1,385,996</b>	<b>-</b>	<b>24,068,141</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>3,317,175</b>	<b>3,317,175</b>		



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

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



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

Modified Cash Basis	Budget 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		DR	CR		
<b>ASSETS</b>					<b>ASSETS</b>
<b>Financial Assets</b>					<b>Financial Assets</b>
Cash	14,645,212			14,645,212	Cash
Accounts Receivable	187,718			187,718	Accounts Receivable
<b>Total Financial Assets</b>	<b>14,832,930</b>			<b>14,832,930</b>	<b>Total Financial Assets</b>
<b>Non-Financial Assets</b>					
Prepaid Expenses	-		-		
<b>Total Non-Financial Assets</b>	<b>-</b>				
<b>LIABILITIES</b>					<b>Liabilities</b>
Accounts Payable & Accrued Liabilities	484,245			484,245	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	35,372,375			35,372,375	Debt (Principal only)
Deferred Revenue	3,663,945			3,663,945	Deferred Revenue
<b>Total Liabilities</b>	<b>39,520,565</b>			<b>39,520,565</b>	<b>Total Liabilities</b>
<b>Net Assets/(Debt)</b>	<b>(24,687,635)</b>			<b>(24,687,635)</b>	<b>Net Financial Assets/(Debt)</b>
					<b>Non-Financial Assets</b>
		48,817,776	62,000	48,755,776	Tangible Capital Assets
				<b>48,755,776</b>	<b>Total Non-Financial Assets</b>
<b>Municipal Position</b>					
Water Reserves	10,684,740	10,684,740	-		
Development Charge Reserve Fund	3,663,945	3,663,945	-		
Amounts to be Recovered	(39,036,320)	-	39,036,320		
<b>Total Municipal Position</b>	<b>(24,687,635)</b>		24,068,141	<b>24,068,141</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>63,166,461</b>	<b>63,166,461</b>		

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



### **3.2.5 Verification and Note Preparation**

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

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

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

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

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

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



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



# Chapter 4

## Financial Plan





## 4. Financial Plan

### 4.1 Introduction

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The following tables provide the complete financial plan for the Town's water system. A brief description and analysis of each table is provided below. It is important to note that the financial plan that follows is a forward look at the financial position of the Town's water system. It is not an audited document<sup>1</sup> and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

### 4.2 Water Financial Plan

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

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the Town's water system. The first important indicator is net financial assets/(debt), which is defined as the difference between financial assets and liabilities. This indicator provides an indication of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. Table 4-1 indicates that in 2026, the Town's water system will be in a net debt financial position of approximately \$24.69 million. The Town's net debt financial position is projected to decrease to a net debt position of approximately \$8.67 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:

- Tangible capital assets such as water mains and treatment plants are imperative to water service delivery.

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



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

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the Town or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. The use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows that the Town's tangible capital assets are expected to increase by approximately \$11 million over the forecast period (from a value of approximately \$48.76 million in 2026 to \$59.75 million by 2035). This indicates that the Town plans to invest in tangible capital assets in excess of the anticipated use of existing assets over the forecast period.

#### **4.2.2 Statement of Operations (Table 4-2)**

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates the ratio of expenses to revenues is projected to decrease over the forecast period from 70% in 2026 to 61% by 2035. 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 \$28.41 million will be added to an opening accumulated surplus in 2026 of approximately \$22.68 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. It is noted that the surplus will assist in cash flowing the long-term debt required for the water treatment plant expansion until growth-related funding can be recovered from developing landowners through D.C. revenues.

#### **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 2035, forecasted annual surplus is less the tangible capital asset acquisitions, resulting in a decrease in the net financial debt balance. This is due to the capital assets anticipated to be constructed over the forecast period, with the majority of costs associated with the treatment plant expansion, taking place in the first two years. This is further evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions increasing from 0.10 in 2026 to 0.91 in 2035 (note: a desirable ratio is 1:1 or better).

#### **4.2.4 Statement of Cash Flow (Table 4-4)**

The Statement of Cash Flow summarizes how the Town's water system is expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash-based and accrual-based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e., tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period to assist in funding capital infrastructure needs post 10-year forecast years. The financial plan projects the cash position of the Town's water system to increase from approximately \$14.34 million the beginning of 2026 to a balance of approximately \$26.66 million by the end of 2035. 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  
2026-2035

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Financial Assets											
Cash	1	14,645,212	15,643,704	17,493,916	17,957,850	18,245,104	18,960,476	19,924,652	21,087,988	22,473,226	26,664,926
Accounts Receivable	1	187,718	245,611	304,856	313,188	321,936	332,585	342,232	352,362	362,999	365,856
Accounts Receivable - Other	3	-	-	-	2,351	1,621,154	3,214,964	4,783,770	6,325,293	7,825,836	6,867,365
Total Financial Assets		14,832,930	15,889,315	17,798,772	18,273,389	20,188,194	22,508,025	25,050,654	27,765,643	30,662,061	33,898,147
Liabilities											
Bank Indebtedness		-	-	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	484,245	500,982	518,379	536,466	553,183	570,474	588,363	606,870	626,020	645,838
Debt (Principal only)	2	35,372,375	55,446,874	53,881,017	52,264,270	51,194,978	49,455,511	47,659,511	45,805,141	43,890,504	41,913,641
Deferred Revenue	3	3,663,945	3,238,301	1,608,338	-	-	-	-	-	-	-
Total Liabilities		39,520,565	59,186,157	56,007,734	52,800,736	51,748,161	50,025,985	48,247,874	46,412,011	44,516,524	42,559,479
Net Financial Assets/(Debt)		(24,687,635)	(43,296,842)	(38,208,962)	(34,527,347)	(31,559,967)	(27,517,960)	(23,197,220)	(18,646,368)	(13,854,463)	(8,661,332)
Non-Financial Assets											
Tangible Capital Assets	4	48,755,776	70,731,098	69,369,470	67,899,375	67,372,530	65,888,069	64,410,455	62,935,741	61,473,351	59,749,140
Total Non-Financial Assets		48,755,776	70,731,098	69,369,470	67,899,375	67,372,530	65,888,069	64,410,455	62,935,741	61,473,351	59,749,140
Accumulated Surplus/(Deficit)	5	24,068,141	27,434,256	31,160,508	33,372,028	35,812,563	38,370,109	41,213,235	44,289,373	47,618,888	51,087,808
Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Increase/(Decrease) in Net Financial Assets	(4,603,418)	(20,629,721)	(18,609,207)	5,087,880	3,681,615	2,967,380	4,042,007	4,320,740	4,550,852	4,791,905	5,193,131
2) Increase/(Decrease) in Tangible Capital Assets	33,009,081	22,015,717	21,975,322	(1,361,628)	(1,470,095)	(526,845)	(1,484,461)	(1,477,614)	(1,474,714)	(1,462,390)	(1,724,211)
3) Increase/(Decrease) in Accumulated Surolus	28,405,663	1,385,996	3,366,115	3,726,252	2,211,520	2,440,535	2,557,546	2,843,126	3,076,138	3,329,515	3,468,920



**Table 4-2**  
**Statement of Operations: Water Services**  
**UNAUDITED: For Financial Planning Purposes Only**  
**2026-2035**

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Water Revenue</b>											
Base Charge Revenue		3,227,312	3,359,665	3,515,612	3,676,535	3,842,566	4,013,846	4,190,514	4,373,348	4,561,889	4,817,973
Rate Based Revenue		381,354	431,995	468,206	509,067	554,925	606,148	663,126	725,641	794,737	607,832
Earned Development Charges Revenue	3	952,571	2,133,181	3,354,836	3,354,836	3,383,524	3,390,259	3,390,259	3,390,259	3,390,259	3,390,259
Other Revenue	6	45,001	1,692,374	1,741,801	44,999	45,000	45,000	45,000	44,999	44,999	45,001
Total Revenues		4,606,238	7,617,215	9,080,455	7,585,437	7,826,015	8,055,253	8,288,899	8,534,247	8,791,884	8,861,065
<b>Water Expenses</b>											
Operating Expenses	Sch. 4-1	1,752,437	1,812,864	1,875,596	1,940,734	2,001,091	2,123,454	2,127,900	2,194,506	2,263,357	2,254,537
Interest on Debt	2	491,522	1,136,558	1,788,979	1,738,088	1,685,544	1,650,792	1,594,259	1,535,889	1,475,622	1,413,397
Amortization	4	976,283	1,301,678	1,689,628	1,695,095	1,698,845	1,723,461	1,723,614	1,727,714	1,723,390	1,724,211
Total Expenses		3,220,242	4,251,100	5,354,203	5,373,917	5,385,480	5,497,707	5,445,773	5,458,109	5,462,369	5,392,145
Annual Surplus/(Deficit)		1,385,996	3,366,115	3,726,252	2,211,520	2,440,535	2,557,546	2,843,126	3,076,138	3,329,515	3,468,920
Accumulated Surplus/(Deficit), beginning of year	5	22,682,145	24,068,141	27,434,256	31,160,508	33,372,028	35,812,563	38,370,109	41,213,235	44,289,373	47,618,888
Accumulated Surplus/(Deficit), end of year		24,068,141	27,434,256	31,160,508	33,372,028	35,812,563	38,370,109	41,213,235	44,289,373	47,618,888	51,087,808
Note 5:											
Accumulated Surplus/(Deficit) Reconciliation:		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Reserve Balances</b>											
Reserves: Development Charges		3,663,945	3,238,301	1,608,338	(2,351)	(1,621,154)	(3,214,964)	(4,783,770)	(6,325,293)	(7,825,836)	(6,867,365)
Reserves: Capital/Other		10,684,740	12,150,032	15,672,055	17,736,923	19,635,011	21,937,551	24,462,291	27,158,773	30,036,041	33,252,309
Total Reserves Balance		14,348,685	15,388,333	17,280,393	17,734,572	18,013,857	18,722,587	19,678,521	20,833,480	22,210,205	26,384,944
Less: Debt Obligations and Deferred Revenue		(39,036,320)	(58,685,175)	(55,489,355)	(52,261,919)	(49,573,824)	(46,240,547)	(42,875,741)	(39,479,848)	(36,064,668)	(35,046,276)
Add: Tangible Capital Assets	4	48,755,776	70,731,098	69,369,470	67,899,375	67,372,530	65,888,069	64,410,455	62,935,741	61,473,351	59,749,140
Total Ending Balance		24,068,141	27,434,256	31,160,508	33,372,028	35,812,563	38,370,109	41,213,235	44,289,373	47,618,888	51,087,808
Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Expense to Revenue Ratio		70%	56%	59%	71%	69%	68%	66%	64%	62%	61%
2) Increase/(Decrease) in Accumulated Surplus	28,405,663	1,385,996	3,366,115	3,726,252	2,211,520	2,440,535	2,557,546	2,843,126	3,076,138	3,329,515	3,468,920



Schedule 4-1  
Statement of Operating Expenses: Water Services  
UNAUDITED: For Financial Planning Purposes Only  
2026-2035

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Operating Expenses</b>											
Salaries & Wages		174,985	185,484	196,613	208,410	213,620	218,960	224,434	230,045	235,796	241,691
Employee Benefits		41,922	42,760	43,616	44,488	45,378	46,285	47,211	48,155	49,118	50,101
Materials		104,040	106,121	108,243	110,408	112,616	114,869	117,166	119,509	121,899	124,337
Contracted Services		1,145,759	1,180,131	1,215,535	1,252,001	1,289,561	1,328,248	1,368,096	1,409,139	1,451,413	1,494,955
Rents & Financial Expenses		30,350	30,350	30,350	30,350	30,350	30,350	30,350	30,350	30,350	30,350
Inter-Functional Adjustments		193,382	204,017	215,238	227,077	239,566	252,742	266,643	281,308	296,780	313,103
Non TCA - Expenses from Capital Budget	7	62,000	64,000	66,000	68,000	70,000	132,000	74,000	76,000	78,000	-
<b>TOTAL OPERATING EXPENSES</b>		<b>1,752,437</b>	<b>1,812,864</b>	<b>1,875,596</b>	<b>1,940,734</b>	<b>2,001,091</b>	<b>2,123,454</b>	<b>2,127,900</b>	<b>2,194,506</b>	<b>2,263,357</b>	<b>2,254,537</b>

Table 4-3  
Statement of Changes in Net Financial Assets/Debt: Water Services  
UNAUDITED: For Financial Planning Purposes Only  
2026-2035

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Annual Surplus/(Deficit)		1,385,996	3,366,115	3,726,252	2,211,520	2,440,535	2,557,546	2,843,126	3,076,138	3,329,515	3,468,920
Less: Acquisition of Tangible Capital Assets	4	(22,992,000)	(23,277,000)	(328,000)	(225,000)	(1,172,000)	(239,000)	(246,000)	(253,000)	(261,000)	-
Add: Amortization of Tangible Capital Assets	4	976,283	1,301,678	1,689,628	1,695,095	1,698,845	1,723,461	1,723,614	1,727,714	1,723,390	1,724,211
Sub-Total		(22,015,717)	(21,975,322)	1,361,628	1,470,095	526,845	1,484,461	1,477,614	1,474,714	1,462,390	1,724,211
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Sub-Total		-	-	-	-	-	-	-	-	-	-
<b>Increase/(Decrease) in Net Financial Assets/(Net Debt)</b>		<b>(20,629,721)</b>	<b>(18,609,207)</b>	<b>5,087,880</b>	<b>3,681,615</b>	<b>2,967,380</b>	<b>4,042,007</b>	<b>4,320,740</b>	<b>4,550,852</b>	<b>4,791,905</b>	<b>5,193,131</b>
Net Financial Assets/(Net Debt), beginning of year		(4,057,914)	(24,687,635)	(43,296,842)	(38,208,962)	(34,527,347)	(31,559,967)	(27,517,960)	(23,197,220)	(18,646,368)	(13,854,463)
<b>Net Financial Assets/(Net Debt), end of year</b>		<b>(24,687,635)</b>	<b>(43,296,842)</b>	<b>(38,208,962)</b>	<b>(34,527,347)</b>	<b>(31,559,967)</b>	<b>(27,517,960)</b>	<b>(23,197,220)</b>	<b>(18,646,368)</b>	<b>(13,854,463)</b>	<b>(8,661,332)</b>

  

Financial Indicators	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Acquisition of Tangible Capital Assets (Cumulative)	22,992,000	46,269,000	46,597,000	46,822,000	47,994,000	48,233,000	48,479,000	48,732,000	48,993,000	48,993,000
2) Annual Surplus/Deficit before Amortization (Cumulative)	2,362,279	7,030,072	12,445,952	16,352,567	20,491,947	24,772,954	29,339,694	34,143,546	39,196,451	44,389,582
3) Ratio of Annual Surplus before Amortization to Acquisition of Tangible Capital Assets (Cumulative)	0.10	0.15	0.27	0.35	0.43	0.51	0.61	0.70	0.80	0.91



Table 4-4  
Statement of Cash Flow – Indirect Method: Water Services  
UNAUDITED: For Financial Planning Purposes Only  
2026-2035

	Notes	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Operating Transactions</b>											
Annual Surplus/Deficit		1,385,996	3,366,115	3,726,252	2,211,520	2,440,535	2,557,546	2,843,126	3,076,138	3,329,515	3,468,920
Add: Amortization of TCA's	4	976,283	1,301,678	1,689,628	1,695,095	1,698,845	1,723,461	1,723,614	1,727,714	1,723,390	1,724,211
Less: Earned Deferred Revenue	3	(952,571)	(2,133,181)	(3,354,836)	(3,354,836)	(3,383,524)	(3,390,259)	(3,390,259)	(3,390,259)	(3,390,259)	(3,390,259)
Add: Deferred Revenue Proceeds		1,667,999	1,707,537	1,724,873	1,744,147	1,764,721	1,796,449	1,821,454	1,848,737	1,889,716	4,348,731
Change in A/R (Increase)/Decrease		(44,060)	(57,894)	(59,245)	(8,332)	(8,748)	(10,649)	(9,648)	(10,131)	(10,637)	(2,858)
Change in A/P Increase/(Decrease)		16,105	16,737	17,397	18,087	16,717	17,291	17,889	18,507	19,150	19,818
Less: Interest Proceeds		-	(1,647,375)	(1,696,800)	-	-	-	-	-	-	-
<b>Cash Provided by Operating Transactions</b>		<b>3,049,752</b>	<b>2,553,617</b>	<b>2,047,269</b>	<b>2,305,681</b>	<b>2,528,546</b>	<b>2,693,839</b>	<b>3,006,176</b>	<b>3,270,706</b>	<b>3,560,875</b>	<b>6,168,563</b>
<b>Capital Transactions</b>											
Less: Cash Used to acquire Tangible Capital Assets	4	(22,992,000)	(23,277,000)	(328,000)	(225,000)	(1,172,000)	(239,000)	(246,000)	(253,000)	(261,000)	-
<b>Cash Applied to Capital Transactions</b>		<b>(22,992,000)</b>	<b>(23,277,000)</b>	<b>(328,000)</b>	<b>(225,000)</b>	<b>(1,172,000)</b>	<b>(239,000)</b>	<b>(246,000)</b>	<b>(253,000)</b>	<b>(261,000)</b>	<b>-</b>
<b>Investing Transactions</b>											
Proceeds from Investments		-	1,647,375	1,696,800	-	-	-	-	-	-	-
<b>Cash Provided by (applied to) Investing Transactions</b>		<b>-</b>	<b>1,647,375</b>	<b>1,696,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financing Transactions</b>											
Proceeds from Debt Issue	2	20,650,000	21,050,000	-	-	600,000	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	(401,374)	(975,500)	(1,565,857)	(1,616,747)	(1,669,292)	(1,739,467)	(1,796,000)	(1,854,370)	(1,914,637)	(1,976,863)
<b>Cash Applied to Financing Transactions</b>		<b>20,248,626</b>	<b>20,074,500</b>	<b>(1,565,857)</b>	<b>(1,616,747)</b>	<b>(1,069,292)</b>	<b>(1,739,467)</b>	<b>(1,796,000)</b>	<b>(1,854,370)</b>	<b>(1,914,637)</b>	<b>(1,976,863)</b>
Increase in Cash and Cash Equivalents		306,378	998,492	1,850,212	463,934	287,254	715,372	964,176	1,163,336	1,385,238	4,191,700
Cash and Cash Equivalents, beginning of year	1	14,338,834	14,645,212	15,643,704	17,493,916	17,957,850	18,245,104	18,960,476	19,924,652	21,087,988	22,473,226
<b>Cash and Cash Equivalents, end of year</b>	<b>1</b>	<b>14,645,212</b>	<b>15,643,704</b>	<b>17,493,916</b>	<b>17,957,850</b>	<b>18,245,104</b>	<b>18,960,476</b>	<b>19,924,652</b>	<b>21,087,988</b>	<b>22,473,226</b>	<b>26,664,926</b>



## Water

### Notes to Financial Plan

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

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

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

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

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

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

- A. Operating transactions 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 Town, some of the items listed above have been estimated given that the Town does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses).





The assumptions used have been documented below:

## 1. Cash, Receivables and Payables

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

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

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

- a) Receivables: Based on historical levels of water receivables (provided by Town staff) as a percentage of annual water revenue earned; and
- b) Payables: Based on historical levels of municipal-wide payables (provided by Town staff) as a percentage of annual expenses incurred.

## 2. Debt

The Town anticipates issuing debt for the 2025 costs associated with the water treatment plant in the amount of \$15.12 million. Future debt payments have been estimated for this 2025 need. As well, additional debentures will be required over the remainder of the forecast period to assist in funding the capital infrastructure needs. Principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2026	401,374
2027	975,500
2028	1,565,857
2029	1,616,747
2030	1,669,292
2031	1,739,467
2032	1,796,000
2033	1,854,370
2034	1,914,637
2035	1,976,863
<b>Total</b>	<b>\$15,510,107</b>



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

### **3. Deferred Revenue**

Deferred revenue is made up of water development charges reserve 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. As water infrastructure is often required to be put in prior to development being able to commence, the draws against the development charge reserve fund may result in a negative balance. When this takes place, the negative balances are reflected as a long-term accounts receivable in the financial statements.

### **4. Tangible Capital Assets**

- Opening net book value of tangible capital assets includes water related assets in the following categories:
  - i. Facilities;
  - ii. Watermains; and
  - iii. Machinery and equipment.
- Amortization is calculated based on the straight-line approach and begins amortization on January 1<sup>st</sup> in the year after the asset was purchased.
- 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 Town 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	2035
Opening Tangible Capital Asset Balance	47,491,790	70,457,588	93,708,171	94,016,081	94,226,523	95,382,241	95,603,076	95,829,010	96,059,574	96,292,901
Acquisitions	22,992,000	23,277,000	328,000	225,000	1,172,000	239,000	246,000	253,000	261,000	-
Disposals	26,202	26,417	20,090	14,558	16,282	18,165	20,066	22,436	27,673	-
<b>Closing Tangible Capital Asset Balance</b>	<b>70,457,588</b>	<b>93,708,171</b>	<b>94,016,081</b>	<b>94,226,523</b>	<b>95,382,241</b>	<b>95,603,076</b>	<b>95,829,010</b>	<b>96,059,574</b>	<b>96,292,901</b>	<b>96,292,901</b>
Opening Accumulated Amortization	20,751,731	21,701,812	22,977,073	24,646,611	26,327,148	28,009,711	29,715,007	31,418,555	33,123,833	34,819,550
Amortization Expense	976,283	1,301,678	1,689,628	1,695,095	1,698,845	1,723,461	1,723,614	1,727,714	1,723,390	1,724,211
Amortization on Disposal	26,202	26,417	20,090	14,558	16,282	18,165	20,066	22,436	27,673	-
<b>Ending Accumulated Amortization</b>	<b>21,701,812</b>	<b>22,977,073</b>	<b>24,646,611</b>	<b>26,327,148</b>	<b>28,009,711</b>	<b>29,715,007</b>	<b>31,418,555</b>	<b>33,123,833</b>	<b>34,819,550</b>	<b>36,543,761</b>
<b>Net Book Value</b>	<b>48,755,776</b>	<b>70,731,098</b>	<b>69,369,470</b>	<b>67,899,375</b>	<b>67,372,530</b>	<b>65,888,069</b>	<b>64,410,455</b>	<b>62,935,741</b>	<b>61,473,351</b>	<b>59,749,140</b>



## 5. Accumulated Surplus

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

Water	2026 Opening Accumulated Surplus
<b>Reserve Balances</b>	
Reserves: Development Charges	2,948,516
Reserves: Capital/Other	11,065,836
<b>Total Reserves Balance</b>	<b>14,014,352</b>
Less: Debt Obligations and Deferred Revenue	(18,072,266)
Add: Tangible Capital Assets	26,740,059
<b>Total Opening Balance</b>	<b>22,682,145</b>

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

## 6. Other Revenue

Other revenue consists of revenues collected from penalties.

## 7. Operating Expenses

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



# Chapter 5

## Process for Financial Plan Approval and Submission to the Province



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

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

1. The financial plan must be approved by resolution of Council of the municipality who owns the drinking water system(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 Town of Carleton Place 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 Town of Carleton Place Water Financial Plan prepared by Watson & Associates Economists Ltd. dated June 18, 2025, be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated June 18, 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

## 2025 Budget and Forecast – Water Summary Tables



Table A-1  
Town of Carleton Place  
Water Service  
Capital Budget Forecast (Uninflated \$)

Description	Budget 2025	Total	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Capital Expenditures</b>												
<b>Lifecycle:</b>												
Judson Lane 50 mm Watermain	15,000	-	-	-	-	-	-	-	-	-	-	-
Water Leak Listening Device (three units)	8,000	-	-	-	-	-	-	-	-	-	-	-
Blair Easement Watermain relining	-	100,000	-	-	100,000	-	-	-	-	-	-	-
Plant Major Maintenance	195,000	1,800,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	-
Napoleon St	-	260,000	260,000	-	-	-	-	-	-	-	-	-
Allan St	-	227,500	-	227,500	-	-	-	-	-	-	-	-
<b>Studies:</b>												
Water & Sewer Servicing Study		50,000						50,000				-
Lake Ave Monitoring	60,000	540,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	-
<b>Growth Related:</b>												
Water Treatment Plant Expansion Design	1,350,000	-	-	-	-	-	-	-	-	-	-	-
Water Treatment Plant Expansion	15,000,000	44,000,000	22,000,000	22,000,000								-
Watermain Extension South of Hwy #7	653,000	-										-
B-1a: Upgrade to Existing Distribution System (Bates Dr)	238,615	-	-	-	-	-	-	-	-	-	-	-
B-1b: New to Distribution System (Bates Dr)	223,385	-	-	-	-	-	-	-	-	-	-	-
B-4: New Distribution System (Bridge St)	-	90,800	90,800	-	-	-	-	-	-	-	-	-
B-5: Upgrade to Existing Distribution System (Mullett St)	-	209,000	209,000	-	-	-	-	-	-	-	-	-
B-9: Upgrade to Existing Distribution System (Nelson St & Findlay)	202,750	405,500	202,750	202,750	-	-	-	-	-	-	-	-
B-10: New to Distribution System (Cavanagh Rd)	-	574,000	-	574,000	-	-	-	-	-	-	-	-
B-11: Upgrade to Existing Distribution System (Lake Ave E)	-	758,000	-	-	-	-	758,000					-
New Bulk Water Station	-	-	-	-	-	-	-					-
Additional Pick-up Truck	-	53,000	-	-	-	-	53,000					-
<b>Total Capital Expenditures</b>	<b>17,945,750</b>	<b>49,067,800</b>	<b>23,022,550</b>	<b>23,264,250</b>	<b>360,000</b>	<b>260,000</b>	<b>1,071,000</b>	<b>310,000</b>	<b>260,000</b>	<b>260,000</b>	<b>260,000</b>	<b>-</b>



Table A-2  
Town of Carleton Place  
Water Service  
Capital Budget Forecast (Inflated \$)

Description	Budget 2025	Total	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Capital Expenditures</b>												
<b>Lifecycle:</b>												
Judson Lane 50 mm Watermain	15,000	-	-	-	-	-	-	-	-	-	-	-
Water Leak Listening Device (three units)	8,000	-	-	-	-	-	-	-	-	-	-	-
Blair Easement Watermain relining	-	109,000	-	-	109,000	-	-	-	-	-	-	-
Plant Major Maintenance	195,000	2,093,000	206,000	212,000	219,000	225,000	232,000	239,000	246,000	253,000	261,000	-
Napoleon St	-	268,000	268,000	-	-	-	-	-	-	-	-	-
Allan St	-	241,000	-	241,000	-	-	-	-	-	-	-	-
<b>Studies:</b>												
Water & Sewer Servicing Study	-	60,000	-	-	-	-	-	60,000	-	-	-	-
Lake Ave Monitoring	60,000	630,000	62,000	64,000	66,000	68,000	70,000	72,000	74,000	76,000	78,000	-
<b>Growth Related:</b>												
Water Treatment Plant Expansion Design	1,350,000	-	-	-	-	-	-	-	-	-	-	-
Water Treatment Plant Expansion	15,000,000	44,000,000	22,000,000	22,000,000	-	-	-	-	-	-	-	-
Watermain Extension South of Hwy #7	653,000	-	-	-	-	-	-	-	-	-	-	-
B-1a: Upgrade to Existing Distribution System (Bates Dr)	238,615	-	-	-	-	-	-	-	-	-	-	-
B-1b: New to Distribution System (Bates Dr)	223,385	-	-	-	-	-	-	-	-	-	-	-
B-4: New Distribution System (Bridge St)	-	94,000	94,000	-	-	-	-	-	-	-	-	-
B-5: Upgrade to Existing Distribution System (Mullett St)	-	215,000	215,000	-	-	-	-	-	-	-	-	-
B-9: Upgrade to Existing Distribution System (Nelson St & Findlay)	202,750	424,000	209,000	215,000	-	-	-	-	-	-	-	-
B-10: New to Distribution System (Cavanagh Rd)	-	609,000	-	609,000	-	-	-	-	-	-	-	-
B-11: Upgrade to Existing Distribution System (Lake Ave E)	-	879,000	-	-	-	-	879,000	-	-	-	-	-
New Bulk Water Station	-	-	-	-	-	-	-	-	-	-	-	-
Additional Pick-up Truck	-	61,000	-	-	-	-	61,000	-	-	-	-	-
<b>Total Capital Expenditures</b>	<b>\$17,945,750</b>	<b>\$49,683,000</b>	<b>\$23,054,000</b>	<b>\$23,341,000</b>	<b>\$394,000</b>	<b>\$293,000</b>	<b>\$1,242,000</b>	<b>\$371,000</b>	<b>\$320,000</b>	<b>\$329,000</b>	<b>\$339,000</b>	<b>\$0</b>
<b>Capital Financing</b>												
Provincial/Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-
Development Charges Reserve Fund	1,137,219	109,486	59,675	21,123	-	-	28,688	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements - Treatment Plant Expansion	15,123,750	42,299,999	20,650,000	21,050,000	-	-	600,000	-	-	-	-	-
Growth Related Debenture Requirements - Other	-	-	-	-	-	-	-	-	-	-	-	-
Water Treatment Expansion Reserve	1,226,250	3,344,175	1,647,375	1,696,800	-	-	-	-	-	-	-	-
Water Reserve	458,531	3,929,340	696,950	573,078	394,000	293,000	613,313	371,000	320,000	329,000	339,000	-
<b>Total Capital Financing</b>	<b>\$17,945,750</b>	<b>\$49,683,000</b>	<b>\$23,054,000</b>	<b>\$23,341,000</b>	<b>\$394,000</b>	<b>\$293,000</b>	<b>\$1,242,000</b>	<b>\$371,000</b>	<b>\$320,000</b>	<b>\$329,000</b>	<b>\$339,000</b>	<b>\$0</b>



Table A-3  
Town of Carleton Place  
Water Service  
Schedule of Growth-Related Debenture Repayments – Treatment Plant Expansions (Inflated \$)

Debenture Year	2025	Principal (Inflated)	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
2025		15,123,750	892,896	892,896	892,896	892,896	892,896	892,896	892,896	892,896	892,896	892,896
2026		20,650,000		1,219,162	1,219,162	1,219,162	1,219,162	1,219,162	1,219,162	1,219,162	1,219,162	1,219,162
2027		21,050,000			1,242,778	1,242,778	1,242,778	1,242,778	1,242,778	1,242,778	1,242,778	1,242,778
2028		-				-	-	-	-	-	-	-
2029		-					-	-	-	-	-	-
2030		600,000						35,424	35,424	35,424	35,424	35,424
2031		-							-	-	-	-
2032		-								-	-	-
2033		-									-	-
2034		-										-
2035		-										
<b>Total Annual Debt Charges</b>	<b>\$0</b>	<b>\$57,423,748</b>	<b>\$892,896</b>	<b>\$2,112,058</b>	<b>\$3,354,836</b>	<b>\$3,354,836</b>	<b>\$3,354,836</b>	<b>\$3,390,259</b>	<b>\$3,390,259</b>	<b>\$3,390,259</b>	<b>\$3,390,259</b>	<b>\$3,390,259</b>

Table A-4  
Town of Carleton Place  
Water Service  
Water Reserve Continuity (Inflated \$)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	7,131,229	8,517,881	9,784,159	10,502,658	12,327,881	14,392,749	16,290,837	18,593,377	21,118,117	23,814,600	26,691,868
Transfer from Operating	1,845,183	1,963,229	1,291,576	2,219,223	2,357,868	2,511,401	2,673,540	2,844,740	3,025,482	3,216,268	3,216,268
Transfer to Capital	458,531	696,950	573,078	394,000	293,000	613,313	371,000	320,000	329,000	339,000	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>8,517,881</b>	<b>9,784,159</b>	<b>10,502,658</b>	<b>12,327,881</b>	<b>14,392,749</b>	<b>16,290,837</b>	<b>18,593,377</b>	<b>21,118,117</b>	<b>23,814,600</b>	<b>26,691,868</b>	<b>29,908,136</b>
Interest											
<b>Cash Flow Assistance for Growth Related Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,305</b>	<b>1,589,367</b>	<b>3,151,926</b>	<b>4,689,971</b>	<b>6,201,268</b>	<b>7,672,388</b>	<b>6,732,711</b>



Table A-5  
Town of Carleton Place  
Water Service  
Treatment Plant Expansion Reserve Continuity (Inflated \$)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	3,774,205	2,547,955	900,580	0	0	0	0	0	0	0	0
Transfer from Operating	-	-	796,220	-	-	-	-	-	-	-	-
Transfer to Capital	1,226,250	1,647,375	1,696,800	-	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>2,547,955</b>	<b>900,580</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest											
Required from Treatment Plant Expansion Reserve	1,226,250	1,650,000	1,650,000	-	-	-	-	-	-	-	-

Table A-6  
Town of Carleton Place  
Water Service  
Water Development Charges Reserve Fund Continuity (Inflated \$)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	2,939,860	2,948,516	3,663,945	3,238,301	1,608,338	(2,351)	(1,621,154)	(3,214,964)	(4,783,770)	(6,325,293)	(7,825,836)
Development Charge Proceeds	1,088,061	1,596,158	1,644,041	1,693,337	1,744,193	1,796,508	1,859,488	1,915,253	1,972,762	2,043,164	4,483,385
Transfer to Capital	1,137,219	59,675	21,123	-	-	28,688	-	-	-	-	-
Transfer to Operating	-	892,896	2,112,058	3,354,836	3,354,836	3,354,836	3,390,259	3,390,259	3,390,259	3,390,259	3,390,259
<b>Closing Balance</b>	<b>2,890,702</b>	<b>3,592,103</b>	<b>3,174,805</b>	<b>1,576,802</b>	<b>(2,305)</b>	<b>(1,589,367)</b>	<b>(3,151,926)</b>	<b>(4,689,971)</b>	<b>(6,201,268)</b>	<b>(7,672,388)</b>	<b>(6,732,711)</b>
Interest	57,814	71,842	63,496	31,536	(46)	(31,787)	(63,039)	(93,799)	(124,025)	(153,448)	(134,654)
Required from Development Charges - Other	1,137,219	359,675	721,123	-	-	628,688	-	-	-	-	-
Required from Development Charges - Treatment Plant Expansion	15,123,750	20,350,000	20,350,000	-	-	-	-	-	-	-	-



Table A-7  
Town of Carleton Place  
Water Service  
Operating Budget Forecast (Inflated \$)

Description	Budget 2025	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Expenditures</b>											
<u>Operating Costs</u>											
Salaries & Wages	165,080	174,985	185,484	196,613	208,410	213,620	218,960	224,434	230,045	235,796	241,691
Employee Benefits	41,100	41,922	42,760	43,616	44,488	45,378	46,285	47,211	48,155	49,118	50,101
Materials	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166	119,509	121,899	124,337
Contracted Services	1,112,387	1,145,759	1,180,131	1,215,535	1,252,001	1,289,561	1,328,248	1,368,096	1,409,139	1,451,413	1,494,955
Rents & Financial Expenses	30,350	30,350	30,350	30,350	30,350	30,350	30,350	30,350	30,350	30,350	30,350
Inter-Functional Adjustments	183,300	193,382	204,017	215,238	227,077	239,566	252,742	266,643	281,308	296,780	313,103
<b>Sub Total Operating</b>	<b>1,634,217</b>	<b>1,690,437</b>	<b>1,748,864</b>	<b>1,809,596</b>	<b>1,872,734</b>	<b>1,931,091</b>	<b>1,991,454</b>	<b>2,053,900</b>	<b>2,118,506</b>	<b>2,185,357</b>	<b>2,254,537</b>
<u>Capital-Related</u>											
New Growth Related Debt (Principal)	-	401,374	962,456	1,552,388	1,602,841	1,654,933	1,724,642	1,780,693	1,838,566	1,898,319	1,960,014
New Growth Related Debt (Interest)	-	491,522	1,149,602	1,802,447	1,751,995	1,699,902	1,665,617	1,609,566	1,551,694	1,491,940	1,430,245
Transfer to Treatment Plant Expansion Reserve	-	-	796,220	-	-	-	-	-	-	-	-
Transfer to Water Reserve	1,845,183	1,963,229	1,291,576	2,219,223	2,357,868	2,511,401	2,673,540	2,844,740	3,025,482	3,216,268	3,216,268
<b>Sub Total Capital Related</b>	<b>1,845,183</b>	<b>2,856,125</b>	<b>4,199,854</b>	<b>5,574,059</b>	<b>5,712,704</b>	<b>5,866,237</b>	<b>6,063,799</b>	<b>6,235,000</b>	<b>6,415,742</b>	<b>6,606,528</b>	<b>6,606,528</b>
<b>Total Expenditures</b>	<b>3,479,400</b>	<b>4,546,562</b>	<b>5,948,718</b>	<b>7,383,654</b>	<b>7,585,438</b>	<b>7,797,328</b>	<b>8,055,253</b>	<b>8,288,900</b>	<b>8,534,248</b>	<b>8,791,885</b>	<b>8,861,065</b>
<b>Revenues</b>											
Base Charge Revenue	47,356	48,245	49,151	50,075	51,017	51,977	52,956	53,954	54,971	56,008	57,066
Flat Rate Revenue	3,069,510	3,178,575	3,310,012	3,465,026	3,624,996	3,790,058	3,960,348	4,136,007	4,317,813	4,505,306	4,760,322
Summer Service Revenue	483	492	502	512	522	532	542	553	564	575	586
Penalties	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Contributions from Development Charges Reserve Fund	-	892,896	2,112,058	3,354,836	3,354,836	3,354,836	3,390,259	3,390,259	3,390,259	3,390,259	3,390,259
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Revenue</b>	<b>3,162,350</b>	<b>4,165,208</b>	<b>5,516,723</b>	<b>6,915,448</b>	<b>7,076,370</b>	<b>7,242,402</b>	<b>7,449,105</b>	<b>7,625,773</b>	<b>7,808,607</b>	<b>7,997,148</b>	<b>8,253,233</b>
<b>Water Billing Recovery - Operating</b>	<b>317,050</b>	<b>381,354</b>	<b>431,995</b>	<b>468,206</b>	<b>509,067</b>	<b>554,925</b>	<b>606,148</b>	<b>663,126</b>	<b>725,641</b>	<b>794,737</b>	<b>607,832</b>