



 **Watson
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ECONOMISTS LTD.

Water Ontario Regulation 453/07 Financial Plan

Municipality of Thames Centre

Financial Plan #059-301A

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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
MECP	Ministry of the Environment, Conservation and Parks
MMAH	Ministry of Municipal Affairs and Housing
O. Reg.	Ontario Regulation
P.S.A.B.	Public Sector Accounting Board
S.D.W.A.	<i>Safe Drinking Water Act, 2002</i>
W.O.A.	<i>Water Opportunities Act, 2010</i>



Report



Chapter 1

Introduction



1. Introduction

1.1 Study Purpose

The Municipality of Thames Centre (Municipality) 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 Municipality's water system has been based on the Municipality's Budget and Forecast, along with asset management data.

The objective of the report provided herein is to convert the findings of the 2025 to 2029 approved Budget and Forecast, along with the estimated 2030 to 2034 forecast, into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation (O. Reg.) 453/07. The capital and operating expenditures and revenues forecast has been extended to a 10-year forecast period 2025 to 2034 for the purposes of the financial plan. The financial plan has been developed for the period starting in 2025, 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 Municipality'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., 2025 for the Municipality);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit, and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the Public Section Accounting Board (P.S.A.B.)) for each year in which the financial plans apply;
- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the components of a “Statement of Financial Position” as per P.S.A.B.) for each year in which the financial plans apply;
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a “Statement of Cash Flow” as per P.S.A.B.) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plan is to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.3 Financial Plan Requirements – General

Given that the requirement for a financial plan is legislated under the Act, a financial plan is mandatory for water systems. The financial plan shall be for a forecast period of at least six years but longer planning horizons are encouraged. The 2025 to 2034 budget and forecast included in this financial plan exceeds the legislative requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3 (1) 1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water licence renewal (i.e., six months prior to licence expiry).



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

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

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

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

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

In relation to water (which is considered a core asset), municipalities needed to have an asset management plan that addressed the related infrastructure by July 1, 2022 (Phase 1). O. Reg. 588/17 specifies that the Municipality'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 Municipality's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate; and
- the lifecycle activities that need to be undertaken to maintain the current levels of service.

The Municipality completed an Asset Management Plan (A.M.P.) in 2024. The A.M.P. included a review of the Municipality's water infrastructure. The Municipality 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

The Municipality has already completed their financial planning through its 2025 capital budget and forecast. For purposes of the Financial Plan, the capital forecast period was extended from 2029 to 2034 based on details from the asset management plan related to infrastructure requiring replacement over this time period. Further, the 2025 operating budget and 2026 forecast has been extended to 2034, based on inflationary impacts to both the anticipated revenues and expenditures.

As a result of employing this process, the 2025 water budget and nine-year forecast (2026 to 2034) provides the basis for a sound financial plan for the Municipality'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 that ensure revenues are equitable and sufficient to meet system needs; and
- A public process that involved consultation with the main stakeholders including the Municipality'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 2025 budget and forecast are contained in Appendix A.



Chapter 3

Approach



3. Approach

3.1 Overview

The Municipality's 2025 capital budget, along with additional detailed information provided by Municipal Staff, has been used as a starting point to prepare the Financial Plan for the municipal water system. 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 system.

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 Municipality 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 Municipal staff. However, these estimates only represent future assets that the Municipality anticipates purchasing or constructing. At present, the Municipality does not anticipate any assets will be contributed by developers and other parties (at no or partial cost to the Municipality). 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 2025	Adjustments		Full Accrual Budget 2025	Accrual Basis
		DR	CR		
Revenues					Revenues
Base Charge Revenue	-			-	Base Charge Revenue
Rate Based Revenue	2,535,868			2,535,868	Rate Based Revenue
Transfers from Reserves	3,328	3,328			
			600,175	600,175	Earned Development Charges, Gas Tax and Canada Community Building Fund Revenue
Other Revenue	41,611		-	41,611	Other Revenue
Total Revenues	2,580,807			3,177,654	Total Revenues
Expenditures					Expenses
Operating	1,625,183	155,000		1,780,183	Operating Expenses
Capital					
Transfers to Reserves	946,635		946,635		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	8,989		7,802	1,187	Interest on Debt
		526,069		526,069	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
Total Expenditures	2,580,807			2,307,439	Total Expenses
Net Expenditures	-			870,215	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			28,186,416	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	870,215	-	29,056,631	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		1,554,612	1,554,612		



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 Municipality 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 2025	Adjustments		Full Accrual Budget 2025	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	7,420,159			7,420,159	Cash
Accounts Receivable	324,062			324,062	Accounts Receivable
Total Financial Assets	7,744,221			7,744,221	Total Financial Assets
Non-Financial Assets					
Inventory of Supplies	-		-		
Prepaid Expenses	-		-		
Total Non-Financial Assets	-				
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	496,074			496,074	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	16,864			16,864	Debt (Principal only)
Deferred Revenue	3,876,791			3,876,791	Deferred Revenue
Total Liabilities	4,389,729			4,389,729	Total Liabilities
Net Assets/(Debt)	3,354,492			3,354,492	Net Financial Assets/(Debt)
					Non-Financial Assets
		25,857,139	155,000	25,702,139	Tangible Capital Assets
		-		-	Inventory of Supplies
		-		-	Prepaid Expenses
				25,702,139	Total Non-Financial Assets
Municipal Position					
Water Reserves	3,371,356	3,371,356	-		
Development Charge Reserve Fund	3,876,791	3,876,791	-		
Amounts to be Recovered	(3,893,655)	-	3,893,655		
Total Municipal Position	3,354,492		29,056,631	29,056,631	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		33,105,286	33,105,286		



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 Municipality 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 are 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 Municipality’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 Municipality’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 2025 capital budget and forecast and adjusted for 2025 projected amortization.
- d) Contributed Assets – As noted earlier, contributed assets could represent a significant part of the Municipality’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 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 Municipality'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 Municipality'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 Municipality's water 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 Municipality'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 2025, the Municipality's water system will be in a net financial asset position of approximately \$3.35 million. The Municipality's net financial asset position is projected to increase to a net financial position of approximately \$6.79 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 Municipality 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 Municipality's tangible capital assets are expected to increase by approximately \$17.37 million over the forecast period. This indicates that the Municipality plans to invest in tangible capital 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 that the ratio of expenses to revenues is projected to decrease over the forecast period from 73% in 2025 to 47% in 2034. As a result, annual surpluses are anticipated every year of the forecast period (2026 to 2034). This is due to a general increasing trend in the revenues anticipated over the forecast period. It is important to note that an annual surplus is beneficial to ensure funding is available to non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments in the future.

Another important indicator 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 \$20.9 million will be added to the opening accumulated surplus of approximately \$28.19 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 2025 to 2034, the forecasted tangible capital asset acquisitions are less than the annual surplus, resulting in increases in the net financial assets balance. This is due to the amount of capital assets anticipated to be constructed over the forecast period. This is further evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions initially increasing from 1.08 in 2025 to 1.15 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 Municipality'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- 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 Municipality's water system to increase from approximately \$7.37 million at the beginning of 2025 to a balance of approximately \$14.43 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
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Financial Assets											
Cash	1	7,420,159	7,860,773	7,763,856	7,170,830	7,460,614	8,709,573	9,108,164	12,013,341	14,431,255	17,050,372
Accounts Receivable	1	324,062	355,835	371,828	387,363	396,084	467,643	558,066	640,199	722,507	817,155
Total Financial Assets		7,744,221	8,216,608	8,135,684	7,558,193	7,856,698	9,177,216	9,666,230	12,653,540	15,153,762	17,867,527
Liabilities											
Bank Indebtedness		-	-	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	496,074	508,320	520,743	533,563	546,811	560,394	574,435	588,751	603,494	618,726
Debt (Principal only)	2	16,864	8,649	-	-	-	2,000,000	3,033,669	4,028,122	6,281,745	9,949,739
Deferred Revenue	3	3,876,791	3,630,420	2,602,750	1,038,405	911,675	467,230	639,430	712,317	655,896	509,986
Total Liabilities		4,389,729	4,147,389	3,123,493	1,571,968	1,458,486	3,027,624	4,247,534	5,329,190	7,541,135	11,078,451
Net Financial Assets/(Debt)		3,354,492	4,069,219	5,012,191	5,986,225	6,398,212	6,149,592	5,418,696	7,324,350	7,612,627	6,789,076
Non-Financial Assets											
Tangible Capital Assets	4	25,702,139	26,275,465	27,294,506	29,013,050	29,848,597	32,184,366	34,778,844	35,302,040	38,031,423	42,301,071
Total Non-Financial Assets		25,702,139	26,275,465	27,294,506	29,013,050	29,848,597	32,184,366	34,778,844	35,302,040	38,031,423	42,301,071
Accumulated Surplus/(Deficit)	5	29,056,631	30,344,684	32,306,697	34,999,275	36,246,809	38,333,958	40,197,540	42,626,390	45,644,050	49,090,147
Financial Indicators											
	Total Change	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Increase/(Decrease) in Net Financial Assets	3,533,081	98,497	714,727	942,972	974,034	411,987	(248,620)	(730,896)	1,905,654	288,277	(823,551)
2) Increase/(Decrease) in Tangible Capital Assets	17,370,650	771,718	573,326	1,019,041	1,718,544	835,547	2,335,769	2,594,478	523,196	2,729,383	4,269,648
3) Increase/(Decrease) in Accumulated Surplus	20,903,731	870,215	1,288,053	1,962,013	2,692,578	1,247,534	2,087,149	1,863,582	2,428,850	3,017,660	3,446,097



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Water Revenue												
Base Charge Revenue		-	-	-	-	-	-	-	-	-	-	-
Rate Based Revenue		2,535,868	2,792,262	2,919,625	3,052,334	3,121,787	3,691,680	4,263,073	4,835,367	5,409,060	5,984,353	
Earned Development Charges	3	600,175	658,950	1,420,098	1,926,100	486,000	795,000	181,731	282,474	410,676	497,304	
Other Revenue	6	41,611	41,589	41,589	32,600	32,600	32,600	32,600	32,600	32,600	32,600	
Total Revenues		3,177,654	3,492,801	4,381,312	5,011,034	3,640,387	4,519,280	4,477,404	5,150,441	5,852,336	6,514,257	
Water Expenses												
Operating Expenses	Sch. 4-1	1,780,183	1,665,300	1,865,000	1,748,000	1,821,400	1,835,900	1,881,900	1,928,800	1,977,100	2,061,000	
Interest on Debt	2	1,187	774	340	-	-	-	82,400	124,987	165,959	258,808	
Amortization	4	526,069	538,674	553,959	570,456	571,453	596,231	649,522	667,804	691,617	748,352	
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-	
Total Expenses		2,307,439	2,204,748	2,419,299	2,318,456	2,392,853	2,432,131	2,613,822	2,721,591	2,834,676	3,068,160	
Annual Surplus/(Deficit)		870,215	1,288,053	1,962,013	2,692,578	1,247,534	2,087,149	1,863,582	2,428,850	3,017,660	3,446,097	
Accumulated Surplus/(Deficit), beginning of year	5	28,186,416	29,056,631	30,344,684	32,306,697	34,999,275	36,246,809	38,333,958	40,197,540	42,626,390	45,644,050	
Accumulated Surplus/(Deficit), end of year		29,056,631	30,344,684	32,306,697	34,999,275	36,246,809	38,333,958	40,197,540	42,626,390	45,644,050	49,090,147	
Note 5:												
Accumulated Surplus/(Deficit) Reconciliation:												
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Reserve Balances												
Reserves: Development Charges		3,876,791	3,630,420	2,602,750	1,038,405	911,675	467,230	639,430	712,317	655,896	509,986	
Reserves: Capital/Other		3,371,356	4,077,868	5,012,191	5,986,225	6,398,212	8,149,592	8,452,365	11,352,472	13,894,372	16,738,815	
Total Reserves Balance		7,248,147	7,708,288	7,614,941	7,024,630	7,309,887	8,616,822	9,091,795	12,064,789	14,550,268	17,248,801	
Less: Debt Obligations and Deferred Revenue		(3,893,655)	(3,639,069)	(2,602,750)	(1,038,405)	(911,675)	(2,467,230)	(3,673,099)	(4,740,439)	(6,937,641)	(10,459,725)	
Add: Tangible Capital Assets	4	25,702,139	26,275,465	27,294,506	29,013,050	29,848,597	32,184,366	34,778,844	35,302,040	38,031,423	42,301,071	
Total Ending Balance		29,056,631	30,344,684	32,306,697	34,999,275	36,246,809	38,333,958	40,197,540	42,626,390	45,644,050	49,090,147	
Financial Indicators												
	Total Change	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
1) Expense to Revenue Ratio		73%	63%	55%	46%	66%	54%	58%	53%	48%	47%	
2) Increase/(Decrease) in Accumulated Surplus	20,903,731	870,215	1,288,053	1,962,013	2,692,578	1,247,534	2,087,149	1,863,582	2,428,850	3,017,660	3,446,097	



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

Operating Expenses	Notes	Forecast										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Water Distribution System:												
65100-ADVERTISING		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
65150-BENEFITS		102,427	104,500	106,600	108,700	110,900	113,100	115,400	117,700	120,100	122,500	
65222-INFORMATION SERVICES - OPERATING		40,774	41,600	42,400	43,200	44,100	45,000	45,900	46,800	47,700	48,700	
65290-CLOTHING ALLOWANCE		2,875	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	
65350-COMPUTER SOFTWARE		1,402	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	
65410-CONVENTIONS, SEMINARS, TRAINING, ED		13,000	13,300	13,600	13,900	14,200	14,500	14,800	15,100	15,400	15,700	
65510-EMPLOYEE RELATIONS / GIFT EXP		500	500	500	500	500	500	500	500	500	500	
65530-EQUIPMENT (NOT CAPITAL)		40,000	40,800	41,600	42,400	43,200	44,100	45,000	45,900	46,800	47,700	
65830-LICENSE FEES & PERMITS		8,500	8,700	8,900	9,100	9,300	9,500	9,700	9,900	10,100	10,300	
65990-MATERIALS / SUPPLIES		3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400	
66030-MEMBERSHIPS		530	500	500	500	500	500	500	500	500	500	
66100-OFFICE SUPPLIES		1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	
66123-ONTARIO ONE CALLS		600	600	600	600	600	600	600	600	600	600	
66135-OVERTIME		3,628	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400	4,500	
66170-PERSONAL PROTECTIVE EQUIPMENT		500	500	500	500	500	500	500	500	500	500	
66240-POSTAGE		13,000	13,300	13,600	13,900	14,200	14,500	14,800	15,100	15,400	15,700	
66290-PUBLIC RELATIONS / GIFT EXP		360	400	400	400	400	400	400	400	400	400	
66435-STUDIES / ASSESSMENTS / SURVEYS		4,500	4,600	4,700	4,800	4,900	5,000	5,100	5,200	5,300	5,400	
66440-SUB-CONTRACT / CONTRACTED SERVICES		2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	
66470-TELECOMMUNICATIONS		12,000	12,600	13,200	13,900	14,600	15,300	16,100	16,900	17,700	18,600	
66580-WAGES - REGULAR		359,279	366,500	373,800	381,300	388,900	396,700	404,600	412,700	421,000	429,400	
67100-FACILITY RENTALS		12,500	12,800	13,100	13,400	13,700	14,000	14,300	14,600	14,900	15,200	
67200-VEHICLE COSTS		27,500	28,100	28,700	29,300	29,900	30,500	31,100	31,700	32,300	32,900	
67891-INTERDEPARTMENTAL		134,163	136,800	139,500	142,300	145,100	148,000	151,000	154,000	157,100	160,200	
Water Meter Read - Sub-Contract:												
66440-SUB-CONTRACT / CONTRACTED SERVICES		15,500	15,800	16,100	16,400	16,700	17,000	17,300	17,600	18,000	18,400	
Hydrant Maintenance:												
65990-MATERIALS / SUPPLIES		4,700	4,800	4,900	5,000	5,100	5,200	5,300	5,400	5,500	5,600	
Water System Operation:												
65990-MATERIALS / SUPPLIES		8,000	8,200	8,400	8,600	8,800	9,000	9,200	9,400	9,600	9,800	
66440-SUB-CONTRACT / CONTRACTED SERVICES		45,000	45,900	46,800	47,700	48,700	49,700	50,700	51,700	52,700	53,800	
Water Meter Installation												
65990-MATERIALS / SUPPLIES		100,000	102,000	104,000	106,100	108,200	110,400	112,600	114,900	117,200	119,500	
Water Tower Operations:												
65200-BUILDING REPAIRS & MAINTENANCE		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
65670-GENERATORS - SERVICING & FUEL		3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900	
65990-MATERIALS / SUPPLIES		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	
66120-ONTARIO HYDRO		13,600	14,300	15,000	15,800	16,600	17,400	18,300	19,200	20,200	21,200	
66470-TELECOMMUNICATIONS		3,000	3,200	3,400	3,600	3,800	4,000	4,200	4,400	4,600	4,800	



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

Operating Expenses	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Dorchester Water Treatment Plant:											
65150-BENEFITS		21,554	22,000	22,400	22,800	23,300	23,800	24,300	24,800	25,300	25,800
65200-BUILDING REPAIRS & MAINTENANCE		19,500	19,900	20,300	20,700	21,100	21,500	21,900	22,300	22,700	23,200
65210-BUILDING SECURITY		500	500	500	500	500	500	500	500	500	500
65260-CHEMICALS		25,000	26,300	27,600	29,000	30,500	32,000	33,600	35,300	37,100	39,000
65430-COURIER / SHIPPING		100	100	100	100	100	100	100	100	100	100
65520-EQUIPMENT LEASE/RENTAL		2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600
65530-EQUIPMENT (NOT CAPITAL)		31,000	31,600	32,200	32,800	33,500	34,200	34,900	35,600	36,300	37,000
65670-GENERATORS - SERVICING & FUEL		5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900
65728-INSPECTION / MAINTENANCE FEES CHARGED		11,000	11,200	11,400	11,600	11,800	12,000	12,200	12,400	12,600	12,900
65730-INSURANCE PREMIUM		34,000	34,700	35,400	36,100	36,800	37,500	38,300	39,100	39,900	40,700
65990-MATERIALS / SUPPLIES		15,000	15,300	15,600	15,900	16,200	16,500	16,800	17,100	17,400	17,700
66080-MUNICIPAL TAXES		10,763	11,000	11,200	11,400	11,600	11,800	12,000	12,200	12,400	12,600
66120-ONTARIO HYDRO		118,500	124,400	130,600	137,100	144,000	151,200	158,800	166,700	175,000	183,800
66135-OVERTIME		5,808	5,900	6,000	6,100	6,200	6,300	6,400	6,500	6,600	6,700
66440-SUB-CONTRACT / CONTRACTED SERVICES		10,500	10,700	10,900	11,100	11,300	11,500	11,700	11,900	12,100	12,300
66470-TELECOMMUNICATIONS		5,500	5,800	6,100	6,400	6,700	7,000	7,400	7,800	8,200	8,600
66580-WAGES - REGULAR		74,845	76,300	77,800	79,400	81,000	82,600	84,300	86,000	87,700	89,500
System Sampling:											
66600-WATER SAMPLING		20,000	20,400	20,800	21,200	21,600	22,000	22,400	22,800	23,300	23,800
65990-MATERIALS / SUPPLIES		18,500	18,900	19,300	19,700	20,100	20,500	20,900	21,300	21,700	22,100
66440-SUB-CONTRACT / CONTRACTED SERVICES		50,000	51,000	52,000	53,000	54,100	55,200	56,300	57,400	58,500	59,700
Thorndale Water Treatment Plant:											
65150-BENEFITS		9,031	9,200	9,400	9,600	9,800	10,000	10,200	10,400	10,600	10,800
65200-BUILDING REPAIRS & MAINTENANCE		4,500	4,600	4,700	4,800	4,900	5,000	5,100	5,200	5,300	5,400
65260-CHEMICALS		11,000	11,600	12,200	12,800	13,400	14,100	14,800	15,500	16,300	17,100
65530-EQUIPMENT (NOT CAPITAL)		18,000	18,400	18,800	19,200	19,600	20,000	20,400	20,800	21,200	21,600
65670-GENERATORS - SERVICING & FUEL		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
65728-INSPECTION / MAINTENANCE FEES CHARGED		1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
65730-INSURANCE PREMIUM		15,000	15,300	15,600	15,900	16,200	16,500	16,800	17,100	17,400	17,700
65990-MATERIALS / SUPPLIES		1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
66080-MUNICIPAL TAXES		2,921	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
66120-ONTARIO HYDRO		23,200	24,400	25,600	26,900	28,200	29,600	31,100	32,700	34,300	36,000
66135-OVERTIME		4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
66440-SUB-CONTRACT / CONTRACTED SERVICES		5,500	5,600	5,700	5,800	5,900	6,000	6,100	6,200	6,300	6,400
66470-TELECOMMUNICATIONS		5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900
66580-WAGES - REGULAR		31,123	32,700	34,300	36,000	37,800	39,700	41,700	43,800	46,000	48,300
System Sampling:											
66600-WATER SAMPLING		6,000	6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,800	6,900
Well Maintenance:											
65990-MATERIALS / SUPPLIES		21,500	21,900	22,300	22,700	23,200	23,700	24,200	24,700	25,200	25,700
Non TCA - Expenses from Capital Budget	7	155,000	-	159,000	-	30,000	-	-	-	-	34,000
TOTAL OPERATING EXPENSES		1,780,183	1,665,300	1,865,000	1,748,000	1,821,400	1,835,900	1,881,900	1,928,800	1,977,100	2,061,000



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

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Surplus/(Deficit)		870,215	1,288,053	1,962,013	2,692,578	1,247,534	2,087,149	1,863,582	2,428,850	3,017,660	3,446,097
Less: Acquisition of Tangible Capital Assets	4	(1,297,787)	(1,112,000)	(1,573,000)	(2,289,000)	(1,407,000)	(2,932,000)	(3,244,000)	(1,191,000)	(3,421,000)	(5,018,000)
Add: Amortization of Tangible Capital Assets	4	526,069	538,674	553,959	570,456	571,453	596,231	649,522	667,804	691,617	748,352
Sub-Total		(771,718)	(573,326)	(1,019,041)	(1,718,544)	(835,547)	(2,335,769)	(2,594,478)	(523,196)	(2,729,383)	(4,269,648)
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Sub-Total		-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		98,497	714,727	942,972	974,034	411,987	(248,620)	(730,896)	1,905,654	288,277	(823,551)
Net Financial Assets/(Net Debt), beginning of year		3,255,995	3,354,492	4,069,219	5,012,191	5,986,225	6,398,212	6,149,592	5,418,696	7,324,350	7,612,627
Net Financial Assets/(Net Debt), end of year		3,354,492	4,069,219	5,012,191	5,986,225	6,398,212	6,149,592	5,418,696	7,324,350	7,612,627	6,789,076
Financial Indicators											
1) Acquisition of Tangible Capital Assets (Cumulative)		1,297,787	2,409,787	3,982,787	6,271,787	7,678,787	10,610,787	13,854,787	15,045,787	18,466,787	23,484,787
2) Annual Surplus/Deficit before Amortization (Cumulative)		1,396,284	3,223,011	5,738,983	9,002,017	10,821,004	13,504,384	16,017,488	19,114,142	22,823,419	27,017,868
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		1.08	1.34	1.44	1.44	1.41	1.27	1.16	1.27	1.24	1.15



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

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Transactions											
Annual Surplus/Deficit		870,215	1,288,053	1,962,013	2,692,578	1,247,534	2,087,149	1,863,582	2,428,850	3,017,660	3,446,097
Add: Amortization of TCA's	4	526,069	538,674	553,959	570,456	571,453	596,231	649,522	667,804	691,617	748,352
Less: Earned Deferred Revenue	3	(600,175)	(658,950)	(1,420,098)	(1,926,100)	(486,000)	(795,000)	(181,731)	(282,474)	(410,676)	(497,304)
Add: Deferred Revenue Proceeds		417,410	412,579	392,428	361,755	359,270	350,555	353,932	355,361	354,255	351,394
Change in A/R (Increase)/Decrease		(64,997)	(31,773)	(15,993)	(15,535)	(8,721)	(71,559)	(90,424)	(82,133)	(82,307)	(94,648)
Change in A/P Increase/(Decrease)		212,206	12,246	12,423	12,820	13,248	13,583	14,041	14,316	14,743	15,232
Cash Provided by Operating Transactions		1,360,728	1,560,829	1,484,732	1,695,974	1,696,784	2,180,959	2,608,922	3,101,724	3,585,292	3,969,123
Capital Transactions											
Less: Cash Used to acquire Tangible Capital Assets	4	(1,297,787)	(1,112,000)	(1,573,000)	(2,289,000)	(1,407,000)	(2,932,000)	(3,244,000)	(1,191,000)	(3,421,000)	(5,018,000)
Cash Applied to Capital Transactions		(1,297,787)	(1,112,000)	(1,573,000)	(2,289,000)	(1,407,000)	(2,932,000)	(3,244,000)	(1,191,000)	(3,421,000)	(5,018,000)
Investing Transactions											
Proceeds from Investments		-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		-									
Financing Transactions											
Proceeds from Debt Issue	2	-	-	-	-	-	2,000,000	1,100,000	1,100,000	2,400,000	3,900,000
Less: Debt Repayment (Principal only)	2	(7,802)	(8,215)	(8,649)	-	-	-	(66,331)	(105,547)	(146,378)	(232,006)
Cash Applied to Financing Transactions		(7,802)	(8,215)	(8,649)	-	-	2,000,000	1,033,669	994,453	2,253,622	3,667,994
Increase in Cash and Cash Equivalents		55,139	440,614	(96,917)	(593,026)	289,784	1,248,959	398,591	2,905,177	2,417,914	2,619,117
Cash and Cash Equivalents, beginning of year	1	7,365,020	7,420,159	7,860,773	7,763,856	7,170,830	7,460,614	8,709,573	9,108,164	12,013,341	14,431,255
Cash and Cash Equivalents, end of year	1	7,420,159	7,860,773	7,763,856	7,170,830	7,460,614	8,709,573	9,108,164	12,013,341	14,431,255	17,050,372



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 a 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 if 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 Municipality, some of the items listed above have been estimated given that the Municipality 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 Municipality, 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 and wastewater receivables (provided by Municipal staff) as a percentage of annual water and wastewater revenue earned; and
- b) Payables: Based on historical levels of municipal-wide payables as a percentage of annual municipal-wide expenses incurred (as per the 2021, 2022, and 2023 Financial Information Returns).

2. Debt

Outstanding water related debt anticipated at the beginning of 2025 is estimated to be \$24,666. Additional debentures are anticipated to be required over the remainder of the forecast period to assist in funding the growth-related capital infrastructure needs. Principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2025	7,802
2026	8,215
2027	8,649
2028	-
2029	-
2030	-
2031	66,331
2032	105,547
2033	146,378
2034	232,006
Total	\$574,928



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

3. Deferred Revenue

Deferred revenue is typically made up of water development charge 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. Land;
 - ii. Hydrant Leads;
 - iii. Hydrants;
 - iv. Water Treatment Facilities;
 - v. Watermains;
 - vi. Reservoirs;
 - vii. Pump Houses and Pumping Stations;
 - viii. Water Towers
 - ix. Machinery and Equipment; and
 - x. Fleet.
- Amortization is calculated based on the straight-line approach with amortization beginning 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 Municipality does not have lead service piping in the municipal water system.



The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Tangible Capital Asset Balance	36,925,917	38,071,441	39,091,772	40,663,816	42,947,592	44,242,472	47,174,472	50,398,630	51,589,630	55,003,382
Acquisitions	1,297,787	1,112,000	1,573,000	2,289,000	1,407,000	2,932,000	3,244,000	1,191,000	3,421,000	5,018,000
Disposals	152,263	91,669	956	5,224	112,120	-	19,842	-	7,248	-
Closing Tangible Capital Asset Balance	38,071,441	39,091,772	40,663,816	42,947,592	44,242,472	47,174,472	50,398,630	51,589,630	55,003,382	60,021,382
Opening Accumulated Amortization	11,995,496	12,369,302	12,816,307	13,369,310	13,934,542	14,393,875	14,990,106	15,619,786	16,287,590	16,971,959
Amortization Expense	526,069	538,674	553,959	570,456	571,453	596,231	649,522	667,804	691,617	748,352
Amortization on Disposal	152,263	91,669	956	5,224	112,120	-	19,842	-	7,248	-
Ending Accumulated Amortization	12,369,302	12,816,307	13,369,310	13,934,542	14,393,875	14,990,106	15,619,786	16,287,590	16,971,959	17,720,311
Net Book Value	25,702,139	26,275,465	27,294,506	29,013,050	29,848,597	32,184,366	34,778,844	35,302,040	38,031,423	42,301,071



5. Accumulated Surplus

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

Water	2025 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	4,059,557
Reserves: Capital/Other	3,280,661
Total Reserves Balance	\$7,340,218
Less: Debt Obligations and Deferred Revenue	(4,084,223)
Add: Tangible Capital Assets	24,930,421
Total Opening Balance	\$28,186,416

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 from connection charges, discount & occupancy charges, hauled recycling revenue, hydrant recoveries from fire services, late payment charges, and other miscellaneous revenues. These fees have been held constant over the forecast period. Outstanding local improvement recoveries from landowners are included through to 2027 when all recoveries are anticipated to be received.

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



Chapter 6

Recommendations



6. Recommendations

This report presents the water financial plan for the Municipality in accordance with the mandatory reporting formats for water systems as detailed in O. Reg. 453/07. It is important to note that while mandatory for water, the financial plan is provided for Council's interest and approval however, for decision making purposes, it may be more informative to rely on the information contained within the Municipality's operating and capital budgets. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations, and it is recommended that:

1. The Municipality of Thames Centre Water Financial Plan prepared by Watson & Associates Economists Ltd. dated May 9, 2025, be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan, dated May 9, 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



Table A-1
Municipality of Thames Centre
Water Service
Capital Budget Forecast (Uninflated \$)

Description	Budget 2025	Total	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	
Capital Expenditures												
Lifecycle:												
Dale Drive		300,000		50,000	250,000							
Thames Cres - Terrance Ave		799,900						799,900				
North St		257,400									257,400	
Fleet Replacements (2 Trucks)		171,000				171,000						
Upper Queen Street Urbanization (Thorndale)	150,000	-										
Thorndale Road Watermain Component		75,000	75,000									
Dorchester WTF Reservoir #1 Baffle Replacement		180,000	180,000									
THORNDALE EST INT & EXT CLEANING & INSPECT	35,000	-										
Dorchester WTF UV system replacement	605,000	150,000	150,000									
Studies:												
Water Rate Study & Financial Plan		52,600				26,300						26,300
Growth Related:												
Dorchester:												
Dorchester Shallow Wells Expanded Supply	271,279	-										
Maximize Dorchester WTF Supply		1,236,900						1,236,900				
Dorchester Watermain - West Trunk at the Development 22		1,170,900			1,170,900							
Dorchester Watermain - West Trunk river crossing at Development 22		412,700							412,700			
Dorchester Watermain - West Trunk at Development 22		475,300			475,300							
Dorchester Watermain - North St. Upgrade		728,000									728,000	
Dorchester Watermain - Spine Trunk Upgrade on Dorchester Rd. (South of Byron Ave.)		1,079,300				1,079,300						
Dorchester Watermain - Northeast Loop		-										
Dorchester Watermain - West Trunk on Christie Dr.		199,200			199,200							
Dorchester HLP Upgrades W-D BPS-01	140,000	100,000	100,000									
Dorchester Watermain - Catherine Street West Section Upgrade (Porters Phase 3 Subdivision)	40,000	500,000	500,000									
Dorchester Watermain - Hamilton Rd. Extension		707,200						707,200				
Thorndale:												
Maximize Thorndale WTF Supply		1,182,500										1,182,500
Thorndale Watermain Upgrade - Industrial Lands Loop		473,000						473,000				
Thorndale Watermain - South Trunk at Railway Crossing		473,000						473,000				
Thorndale Watermain - South Trunk at Rosewood Subdivision		346,700						346,700				
Thorndale HLP Upgrades		1,182,500		1,182,500								
Thorndale Watermain - Subtrunk at Rosewood (North/South)	91,508	-										
Thorndale Watermain - South Trunk at Monteith Lands		325,000	75,000	250,000								
Thorndale Watermain - Thorndale Rd. Upgrade		948,300										948,300
Thorndale Watermain Upgrade - Gerald Pkwy. Upgrade		1,210,300						1,210,300				
Treatment Facility, Pump House, Storage Facility Replacements		3,985,457							555,257	1,715,100	1,715,100	
Studies:												
Master Plan Update / EA		150,000		150,000								
Thorndale/Dorchester Long-Term Water Supply Study	120,000	-										
Cost Benefit Study to Service 401 Corridor Lands		-										
Total Capital Expenditures	1,452,787	18,872,157	1,080,000	1,632,500	2,095,400	1,276,600	2,529,600	2,717,400	967,957	2,700,500	3,872,200	



Table A-2
Municipality of Thames Centre
Water Service
Capital Budget Forecast (Inflated \$)

Description	Budget 2025	Total	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	
Capital Expenditures												
Lifecycle:												
Dale Drive	-	326,000	-	53,000	273,000	-	-	-	-	-	-	-
Thames Cres - Terrace Ave	-	955,000	-	-	-	-	-	955,000	-	-	-	-
North St	-	326,000	-	-	-	-	-	-	-	-	326,000	-
Fleet Replacements (2 Trucks)	-	192,000	-	-	-	192,000	-	-	-	-	-	-
Upper Queen Street Urbanization (Thorndale)	150,000	-	-	-	-	-	-	-	-	-	-	-
Thorndale Road Watermain Component	-	77,000	77,000	-	-	-	-	-	-	-	-	-
Dorchester WTF Reservoir #1 Baffle Replacement	-	185,000	185,000	-	-	-	-	-	-	-	-	-
THORNDALE EST INT & EXT CLEANING & INSPECT	35,000	-	-	-	-	-	-	-	-	-	-	-
Dorchester WTF UV system replacement	605,000	155,000	155,000	-	-	-	-	-	-	-	-	-
Studies:												
Water Rate Study & Financial Plan	-	64,000	-	-	-	30,000	-	-	-	-	-	34,000
Growth Related:												
Dorchester:												
Dorchester Shallow Wells Expanded Supply	271,279	-	-	-	-	-	-	-	-	-	-	-
Maximize Dorchester WTF Supply	-	1,434,000	-	-	-	-	-	1,434,000	-	-	-	-
Dorchester Watermain - West Trunk at the Development 22	-	1,279,000	-	-	1,279,000	-	-	-	-	-	-	-
Dorchester Watermain - West Trunk river crossing at Development 22	-	508,000	-	-	-	-	-	-	508,000	-	-	-
Dorchester Watermain - West Trunk at Development 22	-	519,000	-	-	519,000	-	-	-	-	-	-	-
Dorchester Watermain - North St. Upgrade	-	922,000	-	-	-	-	-	-	-	-	922,000	-
Dorchester Watermain - Spine Trunk Upgrade on Dorchester Rd. (South of Byron Ave.)	-	1,215,000	-	-	-	1,215,000	-	-	-	-	-	-
Dorchester Watermain - West Trunk on Christie Dr.	-	218,000	-	-	218,000	-	-	-	-	-	-	-
Dorchester HLP Upgrades W-D BPS-01	140,000	103,000	103,000	-	-	-	-	-	-	-	-	-
Dorchester Watermain - Catherine Street West Section Upgrade (Porters Phase 3 Subdiv)	40,000	515,000	515,000	-	-	-	-	-	-	-	-	-
Dorchester Watermain - Hamilton Rd. Extension	-	844,000	-	-	-	-	-	844,000	-	-	-	-
Thorndale:												
Maximize Thorndale WTF Supply	-	1,543,000	-	-	-	-	-	-	-	-	-	1,543,000
Thorndale Watermain Upgrade - Industrial Lands Loop	-	548,000	-	-	-	-	548,000	-	-	-	-	-
Thorndale Watermain - South Trunk at Railway Crossing	-	548,000	-	-	-	-	548,000	-	-	-	-	-
Thorndale Watermain - South Trunk at Rosewood Subdivision (East/West)	-	402,000	-	-	-	-	402,000	-	-	-	-	-
Thorndale HLP Upgrades	-	1,255,000	-	1,255,000	-	-	-	-	-	-	-	-
Thorndale Watermain - Subtrunk at Rosewood (North/South)	91,508	-	-	-	-	-	-	-	-	-	-	-
Thorndale Watermain - South Trunk at Monteith Lands	-	342,000	77,000	265,000	-	-	-	-	-	-	-	-
Thorndale Watermain - Thorndale Rd. Upgrade	-	1,237,000	-	-	-	-	-	-	-	-	-	1,237,000
Thorndale Watermain Upgrade - Gerald Pkwy. Upgrade	-	1,445,000	-	-	-	-	-	1,445,000	-	-	-	-
Treatment Facility, Pump House, Storage Facility Replacements (Thorndale)	-	5,094,000	-	-	-	-	-	-	683,000	2,173,000	2,238,000	-
Studies:												
Master Plan Update / EA	-	159,000	-	159,000	-	-	-	-	-	-	-	-
Thorndale/Dorchester Long-Term Water Supply Study	120,000	-	-	-	-	-	-	-	-	-	-	-
Cost Benefit Study to Service 401 Corridor Lands	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	1,452,787	22,410,000	1,112,000	1,732,000	2,289,000	1,437,000	2,932,000	3,244,000	1,191,000	3,421,000	5,052,000	



Table A-2 (continued)
Municipality of Thames Centre
Water Service
Capital Budget Forecast (Inflated \$)

Description	Budget 2025	Total	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	
Capital Financing												
Provincial/Federal Grants		-										
Development Charges Reserve Fund	600,175	5,475,918	658,950	1,420,098	1,926,100	486,000	795,000	33,000	51,940	98,340	6,490	
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	-	10,500,000	-	-	-	-	2,000,000	1,100,000	1,100,000	2,400,000	3,900,000	
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-
Water Reserve	852,612	6,434,082	453,050	311,902	362,900	951,000	137,000	2,111,000	39,060	922,660	1,145,510	
Total Capital Financing	1,452,787	22,410,000	1,112,000	1,732,000	2,289,000	1,437,000	2,932,000	3,244,000	1,191,000	3,421,000	5,052,000	



Table A-3
Municipality of Thames Centre
Water Service
Schedule of Growth-Related Debenture Repayments (Inflated \$)

Debenture Year	Principal (Inflated)	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
2026	-		-	-	-	-	-	-	-	-
2027	-			-	-	-	-	-	-	-
2028	-				-	-	-	-	-	-
2029	-					-	-	-	-	-
2030	2,000,000						148,731	148,731	148,731	148,731
2031	1,100,000							81,802	81,802	81,802
2032	1,100,000								81,802	81,802
2033	2,400,000									178,478
2034	3,900,000									
Total Annual Debt Charges	\$10,500,000	\$0	\$0	\$0	\$0	\$0	\$148,731	\$230,534	\$312,336	\$490,814

Table A-4
Municipality of Thames Centre
Water Service
Water Reserve Continuity (Inflated \$)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	3,280,661	3,371,356	4,077,868	5,012,191	5,986,226	6,398,213	8,149,593	8,452,366	11,352,473	13,894,373
Transfer from Operating	946,635	1,159,562	1,246,225	1,336,934	1,362,987	1,888,380	2,413,773	2,939,167	3,464,560	3,989,953
Transfer to Capital	852,612	453,050	311,902	362,900	951,000	137,000	2,111,000	39,060	922,660	1,145,510
Transfer to Operating	3,328	-	-	-	-	-	-	-	-	-
Closing Balance	\$3,371,356	\$4,077,868	\$5,012,191	\$5,986,226	\$6,398,213	\$8,149,593	\$8,452,366	\$11,352,473	\$13,894,373	\$16,738,816



Table A-5
Municipality of Thames Centre
Water Service
Water Development Charges Reserve Fund Continuity (Inflated \$)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	4,059,557	3,876,791	3,630,419	2,602,749	1,038,404	911,674	467,229	639,430	712,317	655,895
Development Charge Proceeds	341,394	341,394	341,394	341,394	341,394	341,394	341,394	341,394	341,394	341,394
Transfer to Capital	600,175	658,950	1,420,098	1,926,100	486,000	795,000	33,000	51,940	98,340	6,490
Transfer to Operating	-	-	-	-	-	-	148,731	230,534	312,336	490,814
Closing Balance	\$3,800,775	\$3,559,235	\$2,551,715	\$1,018,043	\$893,798	\$458,068	\$626,892	\$698,350	\$643,034	\$499,985
Interest	76,016	71,185	51,034	20,361	17,876	9,161	12,538	13,967	12,861	10,000
Required from Development Charges	\$600,175	\$658,950	\$1,420,098	\$1,926,100	\$486,000	\$2,795,000	\$1,133,000	\$1,151,940	\$2,498,340	\$3,906,490



Table A-6
Municipality of Thames Centre
Water Service
Operating Budget Forecast (Inflated \$)

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures										
Water Distribution System:										
65100-ADVERTISING	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
65150-BENEFITS	102,427	104,500	106,600	108,700	110,900	113,100	115,400	117,700	120,100	122,500
65222-INFORMATION SERVICES - OPERATING	40,774	41,600	42,400	43,200	44,100	45,000	45,900	46,800	47,700	48,700
65290-CLOTHING ALLOWANCE	2,875	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700
65350-COMPUTER SOFTWARE	1,402	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
65410-CONVENTIONS, SEMINARS, TRAINING, ED	13,000	13,300	13,600	13,900	14,200	14,500	14,800	15,100	15,400	15,700
65510-EMPLOYEE RELATIONS / GIFT EXP	500	500	500	500	500	500	500	500	500	500
65530-EQUIPMENT (NOT CAPITAL)	40,000	40,800	41,600	42,400	43,200	44,100	45,000	45,900	46,800	47,700
65830-LICENSE FEES & PERMITS	8,500	8,700	8,900	9,100	9,300	9,500	9,700	9,900	10,100	10,300
65990-MATERIALS / SUPPLIES	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400
66030-MEMBERSHIPS	530	500	500	500	500	500	500	500	500	500
66100-OFFICE SUPPLIES	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
66123-ONTARIO ONE CALLS	600	600	600	600	600	600	600	600	600	600
66135-OVERTIME	3,628	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400	4,500
66170-PERSONAL PROTECTIVE EQUIPMENT	500	500	500	500	500	500	500	500	500	500
66240-POSTAGE	13,000	13,300	13,600	13,900	14,200	14,500	14,800	15,100	15,400	15,700
66290-PUBLIC RELATIONS / GIFT EXP	360	400	400	400	400	400	400	400	400	400
66435-STUDIES / ASSESSMENTS / SURVEYS	4,500	4,600	4,700	4,800	4,900	5,000	5,100	5,200	5,300	5,400
66440-SUB-CONTRACT / CONTRACTED SERVICES	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400
66470-TELECOMMUNICATIONS	12,000	12,600	13,200	13,900	14,600	15,300	16,100	16,900	17,700	18,600
66580-WAGES - REGULAR	359,279	366,500	373,800	381,300	388,900	396,700	404,600	412,700	421,000	429,400
67100-FACILITY RENTALS	12,500	12,800	13,100	13,400	13,700	14,000	14,300	14,600	14,900	15,200
67200-VEHICLE COSTS	27,500	28,100	28,700	29,300	29,900	30,500	31,100	31,700	32,300	32,900
67891-INTERDEPARTMENTAL	134,163	136,800	139,500	142,300	145,100	148,000	151,000	154,000	157,100	160,200
Water Meter Read - Sub-Contract:										
66440-SUB-CONTRACT / CONTRACTED SERVICES	15,500	15,800	16,100	16,400	16,700	17,000	17,300	17,600	18,000	18,400
Hydrant Maintenance:										
65990-MATERIALS / SUPPLIES	4,700	4,800	4,900	5,000	5,100	5,200	5,300	5,400	5,500	5,600
Water System Operation:										
65990-MATERIALS / SUPPLIES	8,000	8,200	8,400	8,600	8,800	9,000	9,200	9,400	9,600	9,800
66440-SUB-CONTRACT / CONTRACTED SERVICES	45,000	45,900	46,800	47,700	48,700	49,700	50,700	51,700	52,700	53,800
Water Meter Installation										
65990-MATERIALS / SUPPLIES	100,000	102,000	104,000	106,100	108,200	110,400	112,600	114,900	117,200	119,500



Table A-6 (continued)
Municipality of Thames Centre
Water Service
Operating Budget Forecast (Inflated \$)

Description	Budget 2025	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	
Water Tower Operations:											
65200-BUILDING REPAIRS & MAINTENANCE	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
65670-GENERATORS - SERVICING & FUEL	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900	3,900
65990-MATERIALS / SUPPLIES	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
66120-ONTARIO HYDRO	13,600	14,300	15,000	15,800	16,600	17,400	18,300	19,200	20,200	21,200	21,200
66470-TELECOMMUNICATIONS	3,000	3,200	3,400	3,600	3,800	4,000	4,200	4,400	4,600	4,800	4,800
Dorchester Water Treatment Plant:											
65150-BENEFITS	21,554	22,000	22,400	22,800	23,300	23,800	24,300	24,800	25,300	25,800	25,800
65200-BUILDING REPAIRS & MAINTENANCE	19,500	19,900	20,300	20,700	21,100	21,500	21,900	22,300	22,700	23,200	23,200
65210-BUILDING SECURITY	500	500	500	500	500	500	500	500	500	500	500
65260-CHEMICALS	25,000	26,300	27,600	29,000	30,500	32,000	33,600	35,300	37,100	39,000	39,000
65430-COURIER / SHIPPING	100	100	100	100	100	100	100	100	100	100	100
65520-EQUIPMENT LEASE/RENTAL	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,600
65530-EQUIPMENT (NOT CAPITAL)	31,000	31,600	32,200	32,800	33,500	34,200	34,900	35,600	36,300	37,000	37,000
65670-GENERATORS - SERVICING & FUEL	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900	5,900
65728-INSPECTION / MAINTENANCE FEES CHARGED	11,000	11,200	11,400	11,600	11,800	12,000	12,200	12,400	12,600	12,900	12,900
65730-INSURANCE PREMIUM	34,000	34,700	35,400	36,100	36,800	37,500	38,300	39,100	39,900	40,700	40,700
65990-MATERIALS / SUPPLIES	15,000	15,300	15,600	15,900	16,200	16,500	16,800	17,100	17,400	17,700	17,700
66080-MUNICIPAL TAXES	10,763	11,000	11,200	11,400	11,600	11,800	12,000	12,200	12,400	12,600	12,600
66120-ONTARIO HYDRO	118,500	124,400	130,600	137,100	144,000	151,200	158,800	166,700	175,000	183,800	183,800
66135-OVERTIME	5,808	5,900	6,000	6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,700
66440-SUB-CONTRACT / CONTRACTED SERVICES	10,500	10,700	10,900	11,100	11,300	11,500	11,700	11,900	12,100	12,300	12,300
66470-TELECOMMUNICATIONS	5,500	5,800	6,100	6,400	6,700	7,000	7,400	7,800	8,200	8,600	8,600
66580-WAGES - REGULAR	74,845	76,300	77,800	79,400	81,000	82,600	84,300	86,000	87,700	89,500	89,500
System Sampling:											
66600-WATER SAMPLING	20,000	20,400	20,800	21,200	21,600	22,000	22,400	22,800	23,300	23,800	23,800
Well Maintenance:											
65990-MATERIALS / SUPPLIES	18,500	18,900	19,300	19,700	20,100	20,500	20,900	21,300	21,700	22,100	22,100
66440-SUB-CONTRACT / CONTRACTED SERVICES	50,000	51,000	52,000	53,000	54,100	55,200	56,300	57,400	58,500	59,700	59,700



Table A-6 (continued)
Municipality of Thames Centre
Water Service
Operating Budget Forecast (Inflated \$)

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Thorndale Water Treatment Plant:										
65150-BENEFITS	9,031	9,200	9,400	9,600	9,800	10,000	10,200	10,400	10,600	10,800
65200-BUILDING REPAIRS & MAINTENANCE	4,500	4,600	4,700	4,800	4,900	5,000	5,100	5,200	5,300	5,400
65260-CHEMICALS	11,000	11,600	12,200	12,800	13,400	14,100	14,800	15,500	16,300	17,100
65530-EQUIPMENT (NOT CAPITAL)	18,000	18,400	18,800	19,200	19,600	20,000	20,400	20,800	21,200	21,600
65670-GENERATORS - SERVICING & FUEL	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
65728-INSPECTION / MAINTENANCE FEES CHARGED	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
65730-INSURANCE PREMIUM	15,000	15,300	15,600	15,900	16,200	16,500	16,800	17,100	17,400	17,700
65990-MATERIALS / SUPPLIES	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
66080-MUNICIPAL TAXES	2,921	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
66120-ONTARIO HYDRO	23,200	24,400	25,600	26,900	28,200	29,600	31,100	32,700	34,300	36,000
66135-OVERTIME	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
66440-SUB-CONTRACT / CONTRACTED SERVICES	5,500	5,600	5,700	5,800	5,900	6,000	6,100	6,200	6,300	6,400
66470-TELECOMMUNICATIONS	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900
66580-WAGES - REGULAR	31,123	32,700	34,300	36,000	37,800	39,700	41,700	43,800	46,000	48,300
System Sampling:										
66600-WATER SAMPLING	6,000	6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,800	6,900
Well Maintenance:										
65990-MATERIALS / SUPPLIES	21,500	21,900	22,300	22,700	23,200	23,700	24,200	24,700	25,200	25,700
Sub Total Operating	1,625,183	1,665,300	1,706,000	1,748,000	1,791,400	1,835,900	1,881,900	1,928,800	1,977,100	2,027,000
Capital-Related										
New Growth Related Debt (Principal)	-	-	-	-	-	-	66,331	105,547	146,378	232,006
New Growth Related Debt (Interest)	-	-	-	-	-	-	82,400	124,987	165,959	258,808
Existing Debt (Principal) - Non-Growth Related	7,802	8,215	8,649	-	-	-	-	-	-	-
Existing Debt (Interest) - Non-Growth Related	1,187	774	340	-	-	-	-	-	-	-
Transfer to Capital Reserve	946,635	1,159,562	1,246,225	1,336,934	1,362,987	1,888,380	2,413,773	2,939,167	3,464,560	3,989,953
Sub Total Capital Related	955,624	1,168,551	1,255,214	1,336,934	1,362,987	1,888,380	2,562,505	3,169,700	3,776,896	4,480,767
Total Expenditures	\$2,580,807	\$2,833,851	\$2,961,214	\$3,084,934	\$3,154,387	\$3,724,280	\$4,444,405	\$5,098,500	\$5,753,996	\$6,507,767



Table A-6 (continued)
Municipality of Thames Centre
Water Service
Operating Budget Forecast (Inflated \$)

Description	Budget 2025	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues										
51555-LIFECYCLE CHARGE	428,341	455,095	477,462	500,825	525,393	525,393	525,393	525,393	525,393	525,393
Other Revenue										
51130-CONNECTION CHARGE (PLANT, MISC, NEW)	12,051	12,100	12,100	12,100	12,100	12,100	12,100	12,100	12,100	12,100
51230-DISCOUNTS & OCCUPANCY CHARGE	3,748	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700
51460-HAULED RECYCLING REVENUE	933	900	900	900	900	900	900	900	900	900
51465-HYDRANT RECOVERIES FROM FIRE SERVICES	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
51525-LATE PAYMENT CHARGES	10,390	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400
51590-MISCELLANEOUS REVENUE	500	500	500	500	500	500	500	500	500	500
51080-DEBENTURE LEVY	8,989	8,989	8,989	-	-	-	-	-	-	-
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	148,731	230,534	312,336	490,814
52100-TRANSFER FROM RESERVES	3,328	-	-	-	-	-	-	-	-	-
Total Operating Revenue	\$473,280	\$496,685	\$519,051	\$533,425	\$557,993	\$557,993	\$706,725	\$788,527	\$870,329	\$1,048,807
Water Billing Recovery - Total	\$2,107,527	\$2,337,166	\$2,442,163	\$2,551,509	\$2,596,394	\$3,166,287	\$3,737,680	\$4,309,973	\$4,883,667	\$5,458,960