The Corporation of the Town of Latchford

Drinking Water Quality Management System

Financial Plan

2026 - 2032

Town of Latchford
10 Main Street, Hwy. 11
P.O. Box 10
Latchford, Ontario
P0J 1N0

Contents

1.0 Introduction

This financial plan has been created in accordance with Ontario Regulation 453/07 and is a required component for the licensing of the Town of Latchford's drinking water treatment and distribution system.

This financial plan is a living document and shall be reviewed for currency on an annual basis. The annual review shall give consideration to changes in operations (process and materials), cost(s) of borrowing (if applicable), consumer usage and direct cost recovery from the consumer.

This financial plan shall be updated every five (5) years and submitted to the Ontario Ministry of Municipal Affairs and Housing as part of the drinking water system license renewal.

The Corporation of the Town of Latchford is the owner and operating authority for the town's drinking water treatment and distribution system. The town took over as the Operating Authority in the fall of 2018 from OCWA. The system serves approximately 145 homes (350 residents) and a few small commercial businesses. There are approximately 8Kms of distribution watermain with 32 hydrants.

1.1 Financial Sustainability

This financial plan supports the objective of having the Town of Latchford`s water and wastewater systems become financially sustainable. By becoming financially sustainable, the Town of Latchford will be better able to address long-term infrastructure renewal and rehabilitation without having to incur additional long-term debt.

This Financial Plan is an important step in establishing:

- Financial viability of the water and wastewater systems;
- Full cost recovery (long-term);
- Improved service levels; and
- Consumer confidence.

2.0 Financial Plan Requirements

2.1 General Requirements

- The Financial Plan shall be for a period of at least 6 years;
- The Financial Plan shall include a statement that the financial impacts of the drinking water system have been considered;

- The Financial Plan shall be approved by a Resolution of Council and that states that the drinking water system is financially viable;
- The Financial Plan shall be made available to the public upon request, and without charge through the Town of Latchford website (www.latchford.ca);
- At a minimum, the Financial Plan shall include proposed or projected:
    - Total revenue;
    - Total expenses;
    - Annual surplus/deficit; and,
    - Cumulative surplus/deficit over the life of the Plan
- Notice of availability of the Financial Plan.

2.2 Existing System Requirements

- The Financial Plan shall state the financial position for each year in which the Plan applies by:
    - Total financial assets;
    - Total liabilities;
    - Net debt;
    - Non-financial assets that are:
        - Tangible capital assets;
        - Tangible capital assets under construction;
        - Supplies/inventories; and,
        - Prepaid expenses.

3.0 Municipal Drinking Water License

3.1 License

The drinking water system is owned and operated by the Corporation of the Town of Latchford under License # 277-101 Issue 4. The current license was issued on 03/March/2021 and expires on 02/Mar/2026.

3.2 Drinking Waterworks Permit

The Drinking Water Works Permit is number 277-201 and was issued on 03/Mar/2021.

3.3 Permit to Take Water

A Permit to Take Water (number 1047-BHEGZD) from Bay Lake was issued on 14/Nov/2019.

4.0 Operating Plan

4.1 Water Consumption

Latchford's current Permit to Take Water (PTTW) from Bay Lake is for a draw of 545.76 M^3/day.

TREATED WATER FLOWS (10^3M^3)				
Year	**Monthly Average**	**Monthly Minimum**	**Monthly Maximum**	**Yearly Total**
2021	3.583	2.966	4.014	42.993
2022	4.195	3.289	5.741	50.337
2023	3.879	3.094	4.963	46.542
2024	3.564	3.137	4.036	42.769
2025*	3.897	3.458	4.710	27.276

*Data available from January to July 2025 only

4.2 Water & Wastewater Rates

Consumers connected to the Town of Latchford drinking water distribution system are assessed at a flat rate as there are no water meters installed anywhere in the system. Outflow from the drinking water plant is measured by a flow meter located just beyond the high lift header.

WATER RATES					Projected
2026	**2027**	**2028**	**2029**	**2030**	**2031**
847.56	889.94	934.43	981.16	1030.21	1081.73

WASTEWATER RATES					Projected
2026	**2027**	**2028**	**2029**	**2030**	**2031**
803.28	843.44	885.61	929.89	976.39	1025.21

4.3 Operating Expenses

Generally speaking, operating expenses are recurring expenses that are related to service provision. This financial plan covers a number of years and therefore expenses must be projected based upon an estimate of current costs plus an estimated increase in those costs over the life of the plan. These costs will be revisited annually over the life of the plan to ensure that they reflect actual costs as best as possible.

Consideration has also been given to the following:

- Increase in the number of connections
- Maintenance and repair costs
- Increase in treatment plant outflow (consumer demand)
- Input costs (chemicals, electricity, genset fuel…)

Operating expenses are relatively predictable. However, chemical usage can be influenced by raw water chemistry. Other operating expenses may increase as machinery and equipment ages and therefore requires a more frequent interval of planned maintenance.

4.3 Capital Expenses

The current condition of the water treatment plant does not warrant any major investment in machinery or equipment at this time.

The condition of the linear assets (water distribution mains and appurtenances) is reviewed on an annual basis, usually in the early to late fall. It is from this review that the Town of Latchford identifies and plans for any repairs or upgrading, including the capital requirements.

Population growth is expected to be flat. Consequently the need for new service mains and connections is not likely.

5.0 Financial Plan

The Appendices address the Financial Plan requirements as follows:

Appendix 1 - Statement of Financial Position

Appendix 2 – Statement of Projected Operations

Appendix 3 – Projected Cash Flow

6.0 Summary

The Town of Latchford has completed this financial plan with the intention of laying a foundation for the financial sustainability of the drinking water treatment and distribution system. It is expected that changes in the regional, provincial and national economic outlook may impact this plan. The costs of borrowing, equipment and machinery, utilities, maintenance and repair are also subject to change over the lifetime of this plan. Due to these potential variables, the Financial Plan will be reviewed for adequacy and applicability on an annual basis and updated as necessary. The Financial Plan shall be reissued with relevant data and information every five years.

Appendices

Appendix 1 – Statement of Financial Position

Table 5.1 – Statement of Financial Position

Statement of Financial Position	2026	2027	2028	2029	2030	2031	2032	Notes
Financial Assets								
Cash/Cash Equivalents								
System Reserve	$47,700	$47,700	$47,700	$47,700	$47,700	$47,700	$47,700	1
Other	$0	$0	$0	$0	$0	$0	$0	
Total Cash/Cash Equivalents	**$47,700**	**$47,700**	**$47,700**	**$47,700**	**$47,700**	**$47,700**	**$47,700**	
Investments	$0	$0	$0	$0	$0	$0	$0	
Accounts Receivable	$0	$0	$0	$0	$0	$0	$0	
Total Financial Assets	**$47,700**	**$47,700**	**$47,700**	**$47,700**	**$47,700**	**$47,700**	**$47,700**	
Liabilities								
Accounts Payable	$0	$0	$0	$0	$0	$0	$0	
Debt Principal	$214,230	$201,010	$187,087	$172,426	$156,986	$140,727	$123,605	2
Working Deficit	$0	$0	$0	$0	$0	$0	$0	
Other liabilities	$0	$0	$0	$0	$0	$0	$0	
Total Liabilities	**$214,230**	**$201,010**	**$187,087**	**$172,426**	**$156,986**	**$140,727**	**$123,605**	
Net Financial Assets (Debt)	**-$166,530**	**-$153,310**	**-$139,387**	**-$124,726**	**-$109,286**	**-$93,027**	**-$75,905**	
Non Financial Assets								
Tangible Capital Asset Cost (Closing)	$3,831,418	$3,831,418	$3,831,418	$3,831,418	$3,831,418	$3,831,418	$3,831,418	3
Changes in Tangible Capital Assets - Additions	$0	$0	$0	$0	$0	$0	$0	4,5
Changes in Tangible Capital Assets - Betterments	$0	$0	$0	$0	$0	$0	$0	5
Changes in Tangible Capital Assets - Disposals	$0	$0	$0	$0	$0	$0	$0	
Accumulated Amortization (closing)	$2,571,394	$2,711,690	$2,851,986	$2,992,282	$3,132,578	$3,272,874	$3,413,170	
Total Non Financial Assets	**$1,260,024**	**$1,119,728**	**$979,432**	**$839,136**	**$698,840**	**$558,544**	**$418,248**	
Accumulated Surplus(deficit)	**$1,093,494**	**$966,418**	**$840,045**	**$714,410**	**$589,554**	**$465,517**	**$342,343**	

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

Appendix 2 – Projected Statement of Operations

Table 5.2 – Statement of Financial Operations

Statement of Financial Operations	2026	2027	2028	2029	2030	2031	2032	Notes
Total Revenues								
Revenue from Users								
Water user fees - Residential	$133,413	$142,275	$149,388	$156,858	$164,700	$172,936	$181,582	6
Water user fees - Commercial	$9,413	$9,884	$10,378	$10,897	$11,442	$12,014	$12,615	6
WTP user charges - Contract Fees	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	6
Sewer user fees - Total	$125,328	$125,268	$131,531	$138,108	$145,013	$152,264	$159,877	6
Penalties and interest on water	$0	$0	$0	$0	$0	$0	$0	
Upgrades to WTP Charge - Residential	$30,100	$31,605	$33,186	$34,845	$36,587	$38,417	$40,337	7
Upgrades to WTP Charge - Commercial	$138	$145	$152	$160	$168	$176	$185	7
Contribution from General Revenue								
Total Revenue from Users	**$310,392**	**$321,177**	**$336,635**	**$352,868**	**$369,910**	**$387,807**	**$406,597**	
Interest								
System Reserve	$0	$0	$0	$0	$0	$0	$0	
Grants								
Provincial Grants	$0	$0	$0	$0	$0	$0	$0	
Federal Grants	$0	$0	$0	$0	$0	$0	$0	
Total Grants	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Total Revenues	**$310,392**	**$321,177**	**$336,635**	**$352,868**	**$369,910**	**$387,807**	**$406,597**	
Expenses								
Total Operating	$360,674	$371,495	$382,639	$394,119	$405,942	$418,120	$430,664	9
Total Major Maintenance	$38,105	$39,248	$40,426	$41,639	$42,888	$44,174	$45,500	10
Expenses before interest and amortization	**$398,780**	**$410,743**	**$423,065**	**$435,757**	**$448,830**	**$462,295**	**$476,164**	
Debt interest	$11,721	$11,055	$10,353	$9,614	$8,835	$8,016	$7,153	
Amortization	$140,296	$140,296	$140,296	$140,296	$140,296	$140,296	$140,296	5
Total Expenses	**550,797**	**562,094**	**573,714**	**585,667**	**597,961**	**610,607**	**623,612**	
Excess of Revenues over Expenses	**-$240,404**	**-$240,917**	**-$237,079**	**-$232,799**	**-$228,051**	**-$222,799**	**-$217,016**	
Annual Surplus (Deficit) Beginning of year	**$1,340,880**	**$1,093,494**	**$966,418**	**$840,045**	**$714,410**	**$589,554**	**$465,517**	
Annual Cash Transferred from Town's General Revenues	**$112,662**	**$113,841**	**$110,705**	**$107,164**	**$103,195**	**$98,763**	**$93,842**	
Accumulated Surplus (Deficit) End of Year	**$1,093,494**	**$966,418**	**$840,045**	**$714,410**	**$589,554**	**$465,517**	**$342,343**	

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

Appendix 3 – Projected Cash Flow

Table 5.3 – Statement of Change in Cash Flow

Statement of Cash Flow	2026	2027	2028	2029	2030	2031	2032	Notes
Operating Transactions								
Cash received from Revenues	$ 310,392	$ 321,177	$ 336,635	$ 352,868	$ 369,910	$ 387,807	$ 406,597	
Cash paid for Operating Expenses	398,780	410,743	423,065	435,757	448,830	462,295	476,164	
Cash paid for Financing Charges (Debt Interest)	11,721	11,055	10,353	9,614	8,835	8,016	7,153	2
Excess of Operating Revenues Over Operating Expenses	- 100,108	- 100,621	- 96,783	- 92,503	- 87,755	- 82,503	- 76,720	
Working Capital Items								
Accounts Receivable	$0	$0	$0	$0	$0	$0	$0	
Inventory	$0	$0	$0	$0	$0	$0	$0	
Capital Work in Progress	$0	$0	$0	$0	$0	$0	$0	
Cash Provided by (used) in Operating Transactions	**-$100,108**	**-$100,621**	**-$96,783**	**-$92,503**	**-$87,755**	**-$82,503**	**-$76,720**	
Capital								
Acquisition of TCAs	$0	$0	$0	$0	$0	$0	$0	4
Proceeds on Disposal of TCA	$0	$0	$0	$0	$0	$0	$0	
Cash Used in Capital Transactions	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Investing								
Cash (used in)/Provided by Investing Activities	$0	$0	$0	$0	$0	$0	$0	1
Increase (decrease) Cash Provided by Investing Activities	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Financing								
Repayment of Long Term Debt (principal)	-$12,554	-$13,220	-$13,922	-$14,661	-$15,440	-$16,259	-$17,122	2
Cash Provided by (used) in Financing Activities	**-$12,554**	**-$13,220**	**-$13,922**	**-$14,661**	**-$15,440**	**-$16,259**	**-$17,122**	
Annual Cash Recovered from Town's General Revenues	**$112,662**	**$113,841**	**$110,705**	**$107,164**	**$103,195**	**$98,763**	**$93,842**	
Increase (decrease) in Cash Equivalents	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Cash and Cash Equivalents at the beginning of the Year	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Cash and Cash Equivalents at the End of the Year	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	

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