



Water Ontario Regulation 453/07 Financial Plan

City of Richmond Hill

Financial Plan #022-101

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Watson & Associates Economists Ltd.
905-272-3600
info@watsonecon.ca

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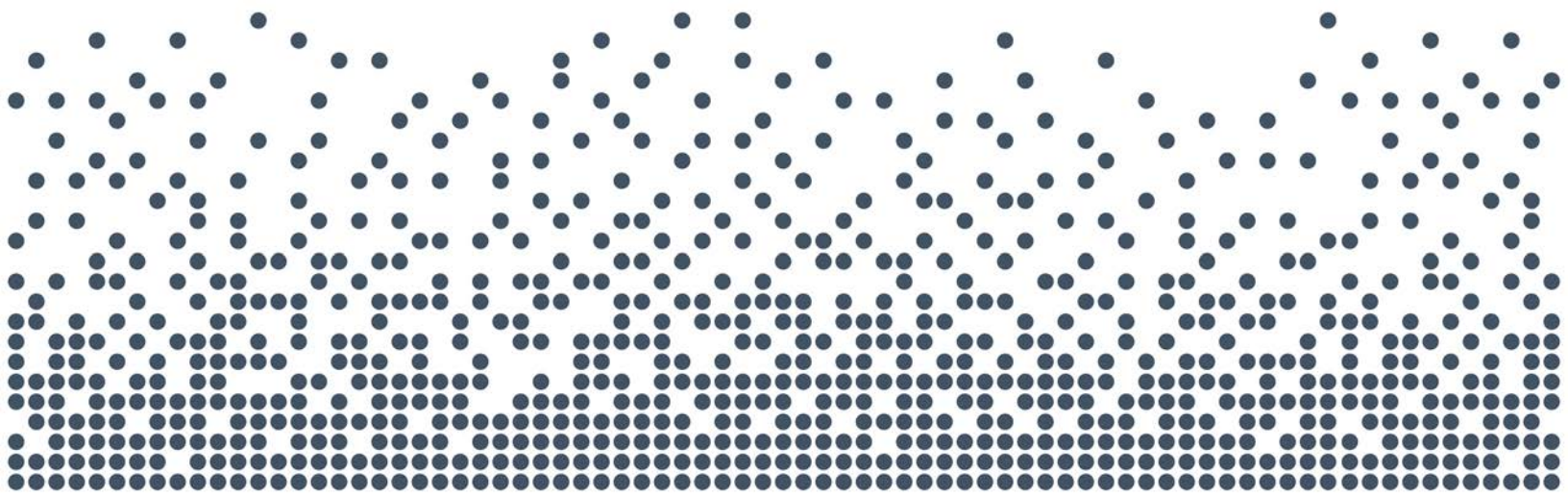
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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
D.C.	Development Charges
F.I.R.	Financial Information Return
MECP	Ministry of the Environment, Conservation and Parks
MMAH	Ministry of Municipal Affairs and Housing
OCIF	Ontario Community Infrastructure Fund
O. Reg.	Ontario Regulation
PSAB	Public Sector Accounting Board
S.D.W.A.	Safe Drinking Water Act
T.C.A.	Tangible Capital Assets
W.O.A.	Water Opportunities Act



Report



Chapter 1

Introduction



1. Introduction

1.1 Study Purpose

Watson & Associates Economists Ltd. (Watson) was retained by the City of Richmond Hill (City) to prepare a water financial plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water license 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 in regard to the City's water system has already been completed and documented by Watson within the "City of Richmond Hill Water and Wastewater Financial Plan, dated May 22, 2024" (2024 Rate Study). The objective of the report provided herein is to convert the findings of the 2024 Rate Study into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation 453/07 (O. Reg. 453/07).

1.2 Background

The Safe Drinking Water Act (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);
- 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 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 requirements for a financial plan is legislated under the Act, a financial plan is mandatory for water systems. The financial plans shall be for a forecast period of at least six years but longer planning horizons are encouraged. The 2024 to 2032 forecast included in this financial plan exceeds that requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3 (1) 1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water license renewal (i.e., six months prior to license 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 PS1200 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 PS1200 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 Sustainable Water and Sewage Systems Act

The *Sustainable Water and Sewage Systems Act* (S.W.S.S.A.) was passed on December 13, 2002. The intent of the Act was to introduce the requirement for municipalities to undertake an assessment of the “full cost” of providing their water and the wastewater services. In total, there were 40 areas within the Act to which the Minister could have made Regulations. It is noted that the regulations, which accompany the Act, were not issued and the Act was repealed on December 31, 2012.

2.3 Water Opportunities Act, 2010

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

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

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

- an asset management plan for the physical infrastructure;
- financial plan;
- water conservation plan (for water service only);
- a risk assessment;
- a strategy for maintaining and improving the services; and



- additional information considered advisable.

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

Regulations (still forthcoming) will prescribe details in regard to 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.

2.4 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* (I.J.P.A.) which, over time, will require municipalities to undertake and implement asset management plans for all infrastructure they own. On December 27, 2017, the Province of Ontario released Ontario Regulation 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 Ontario Regulation 193/21 which was filed on March 15, 2021.

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

- Phase 1 – Asset Management Plan (by July 1, 2022):
 - For core assets – Municipalities must have the following:
 - Inventory of assets;
 - Current levels of service measured by standard metrics; and
 - Costs to maintain 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
 - Lifecycle management and Financial strategy.



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

The City completed an Asset Management Plan in 2021 which included a review of their water infrastructure. The City will need to consider the impacts of funding the lifecycle requirements identified in the Asset Management Plan during the annual budget and forecast periods.

2.5 Water Forecast

The City has already completed their financial planning through the 2024 Rate Study. The rate study was designed to address “full cost” principles and reflect the guiding principles toward sustainable financial planning.

As a result of employing this process, the 2024 Rate Study provides the basis for a financial plan for the City's water system by including:



- A detailed assessment of current and future capital needs including an analysis of potential funding sources;
- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs and system growth;
- An analysis of required water rates that ensure revenues are equitable and sufficient to meet system needs; and
- A public process that involves consultation with the main stakeholders including City 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 financial plan.



Chapter 3

Approach



3. Approach

3.1 Overview

The 2024 Rate Study has been used as a starting point to prepare the water financial plan. 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 forecasts. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the financial plan.

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. The existing water assets are based on the City's historical inventory information. While the 2024 Rate Study identifies replacement costs for each asset, historical costs (which is the original cost to purchase, develop, or construct each asset) are required for financial reporting



purposes. Once historical cost is established, 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 forecast period.

Future water capital needs have also been determined and summarized within the 2024 Rate Study. However, these estimates only represent future assets that the City anticipates purchasing or constructing without consideration for assets that are contributed by developers and other parties (at no or partial cost to the City). These contributed assets could form a significant part of the infrastructure going forward in terms of the sustainability of the system despite their non-monetary nature; the financial plan may need to be adjusted in order 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 2024	Adjustments		Full Accrual Budget 2024	Accrual Basis
		DR	CR		
Revenues					Revenues
Rate Based Revenue	40,181,848			40,181,848	Rate Based Revenue
Transfers from Reserves	6,381,152	6,381,152			
			25,968	25,968	Earned Development Charges and Gas Tax Revenue
Other Revenue	30,000		7,383,417	7,413,417	Other Revenue
Total Revenues	46,593,000			47,621,233	Total Revenues
Expenditures					Expenses
Operating	38,889,600	39,585		38,929,185	Operating Expenses
Capital					
Transfers to Reserves	7,703,400		7,703,400		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	-		-		Interest on Debt
		2,246,007		2,246,007	Amortization
Total Expenditures	46,593,000			41,175,192	Total Expenses
Net Expenditures	-			6,446,041	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			100,155,710	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	6,446,041	-	106,601,751	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		15,112,785	15,112,785		



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 Figure 3-2). As noted earlier, the applicable balances from the Statement of Capital and the Statement of Reserve and Reserve Funds will need to be transferred to this statement. 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 PS1200.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the City and as such, it may 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 City 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 new 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, additional 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 2024	Adjustments		Full Accrual Budget 2024	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	31,865,969			29,803,487	Cash
Accounts Receivable	6,133,550			6,133,550	Accounts Receivable
Total Financial Assets	37,999,519			35,937,037	Total Financial Assets
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	11,376,662			11,376,662	Accounts Payable & Accrued Liabilities
Deferred Revenue	1,378,320			1,378,320	Deferred Revenue
Total Liabilities	12,754,982			12,754,982	Total Liabilities
Net Assets/(Debt)	25,244,537			23,182,055	Net Financial Assets/(Debt)
		83,459,281	39,585	83,419,696	Non-Financial Assets
		-		-	Tangible Capital Assets
		-		-	Inventory of Supplies
				83,419,696	Prepaid Expenses
					Total Non-Financial Assets
Municipal Position					
Water Reserves	25,244,537	25,244,537	-		
Development Charge Reserve Fund	1,378,320	1,378,320	-		
Amounts to be Recovered	(1,378,320)	-	1,378,320		
Total Municipal Position	25,244,537		108,664,233	106,601,751	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		110,082,138	110,082,138		



3.2.5 Verification and Note Preparation

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

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

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

- a) Opening cash balances – Opening cash balances are necessary to complete the Statement of Cash Flows and balance the Statement of Financial Position. Preferably, opening cash balances should be derived from actual information contained within the City’s ledgers. However, it may not 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 City’s amortization policy. Otherwise, an assumption will need to be made and applied consistently throughout the financial plan.
- c) Accumulated Amortization – Will be based on the culmination of accumulated amortization expenses throughout the life of each asset however derived, along with information on construction/acquisition date and useful life obtained from the 2024 Rate Study.
- d) Contributed Assets – As noted earlier, contributed assets could represent a significant part of the City’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 previously deferred (i.e. development charge revenues) and/or accrued revenues (developer contributions), and/or other minor miscellaneous revenues.



Chapter 4

Financial Plan



4. Financial Plan

4.1 Introduction

The following tables provide the complete financial plan for the City'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 City's water system. It is not an audited document¹ and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

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 City'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 for 2024, the City's water system will be in a net financial asset position of approximately \$23.18 million. The City's net financial asset position is projected to increase steadily over the forecast period, reaching approximately \$47.33 million by 2032.

Another important indicator on 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 City 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. A 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 tangible capital assets are expected to grow by approximately \$156.75 million over the 8-year forecast period. (note the \$165.24 million noted in the table includes the change for 2024). This indicates that the City has plans to invest in tangible capital assets in excess of the anticipated use of existing assets over the forecast period.

4.2.2 Statement of Operations (Table 4-2)

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates the ratio of expenses to revenues first decreasing over the forecast and then slowly increasing towards the end of the 8-year period, resulting in an average ratio of 71% over the forecast period. As a result, an annual surplus position is forecasted for each year, ultimately reaching an annual surplus of \$23.62 million by the end of the forecast period. It is important to note that an annual surplus is beneficial to ensure funding is available for non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments.

Another important indicator on 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 proposes to add approximately \$187.34 million to an opening 2024 accumulated surplus of \$100.16 million over the forecast period. This accumulated surplus, as indicated in Table 4-2, is predominantly made up of reserve and reserve fund balances as well as historical investments in tangible capital assets.

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

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 4-4 indicates that for most of the years in the forecast, the projected annual surplus will exceed forecasted tangible capital asset acquisitions (net of amortization for the year), resulting in an increase to the net asset balance. This allows for a long-term plan of funding capital asset acquisitions through accumulated surplus (i.e., reserves and reserve funds) and debenture issuance.

The overall increase to net debt balance is the result of more significant capital asset acquisitions forecasted allowing for a long-term plan of funding capital asset acquisitions through accumulated surplus (i.e., reserves and reserve funds) and debenture issuance. The ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions is forecasted to increase over the forecast period, increasing from 0.81 in 2024 to 1.11 by 2032 (note: a desirable ratio is 1:1 or better).

4.2.4 Statement of Cash Flow (Table 4-5)

The Statement of Cash Flow summarizes how the City'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 4-5. This statement focuses on the cash aspect of these transactions and thus is the link between cash- and accrual-based reporting. Table 4-5 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 City's water system to increase from a balance of approximately \$26.43 million at the beginning of 2024 to a balance of approximately \$42.26 million by the end of 2032. 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
2024-2032

	Notes	Forecast								
		2024	2025	2026	2027	2028	2029	2030	2031	2032
Financial Assets										
Cash	1	29,803,487	22,234,448	22,296,393	16,754,182	16,048,887	15,549,498	17,456,156	27,718,546	42,259,630
Accounts Receivable	1	6,133,550	6,833,040	7,632,088	8,518,673	9,505,423	10,604,948	11,031,032	11,473,032	11,938,480
Accounts Receivable - Other	1	-	409,637	864,941	5,900,586	6,342,648	6,803,932	7,276,536	7,769,303	8,273,834
Total Financial Assets		35,937,037	29,477,125	30,793,422	31,173,441	31,896,958	32,958,378	35,763,724	46,960,881	62,471,944
Liabilities										
Bank Indebtedness		-	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	11,376,662	11,566,512	11,974,070	12,480,966	12,972,530	13,485,288	14,011,630	14,562,773	15,144,535
Debt (Principal only)	2	-	-	-	-	-	-	-	-	-
Deferred Revenue	3	1,378,320	-	-	-	-	-	-	-	-
Total Liabilities		12,754,982	11,566,512	11,974,070	12,480,966	12,972,530	13,485,288	14,011,630	14,562,773	15,144,535
Net Financial Assets/(Debt)		23,182,055	17,910,613	18,819,352	18,692,475	18,924,428	19,473,090	21,752,094	32,398,108	47,327,409
Non-Financial Assets										
Tangible Capital Assets	4	83,419,696	99,441,863	123,757,803	153,877,162	179,039,895	200,748,571	219,703,224	231,481,259	240,167,643
Total Non-Financial Assets		83,419,696	99,441,863	123,757,803	153,877,162	179,039,895	200,748,571	219,703,224	231,481,259	240,167,643
Accumulated Surplus/(Deficit)	5	106,601,751	117,352,476	142,577,155	172,569,637	197,964,323	220,221,661	241,455,318	263,879,367	287,495,052
Financial Indicators										
	Total Change	2024	2025	2026	2027	2028	2029	2030	2031	2032
1) Increase/(Decrease) in Net Financial Assets	22,097,186	(2,048,168)	(5,271,442)	908,739	(126,877)	231,953	548,662	2,279,004	10,646,014	14,929,301
2) Increase/(Decrease) in Tangible Capital Assets	165,242,156	8,494,209	16,022,167	24,315,940	30,119,359	25,162,733	21,708,676	18,954,653	11,778,035	8,686,384
3) Increase/(Decrease) in Accumulated Surplus	187,339,342	6,446,041	10,750,725	25,224,679	29,992,482	25,394,686	22,257,338	21,233,657	22,424,049	23,615,685



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2024-2032

	Notes	Forecast								
		2024	2025	2026	2027	2028	2029	2030	2031	2032
Water Revenue										
Rate Based Revenue		40,181,848	44,672,737	49,911,336	55,723,826	62,193,009	69,401,546	72,194,976	75,092,747	78,144,244
Earned Development Charges Revenue	3	25,968	2,138,000	816,000	5,426,000	849,000	866,000	884,000	901,000	919,000
Other Revenue	6	1,032,265	611,558	488,516	423,123	303,953	324,188	461,266	753,111	1,098,127
Contributions from Reserves	6	6,381,152	5,540,840	17,628,646	14,115,689	9,826,853	1,619,583	37,650	39,050	40,500
Total Revenues		47,621,233	52,963,135	68,844,498	75,688,638	73,172,815	72,211,317	73,577,892	76,785,908	80,201,871
Water Expenses										
Operating Expenses	Sch. 4-1	38,929,185	39,815,577	40,966,759	42,700,515	44,381,862	46,135,655	48,159,888	49,819,894	51,809,570
Amortization	4	2,246,007	2,396,833	2,653,060	2,995,641	3,396,267	3,818,324	4,184,347	4,541,965	4,776,616
Total Expenses		41,175,192	42,212,410	43,619,819	45,696,156	47,778,129	49,953,979	52,344,235	54,361,859	56,586,186
Annual Surplus/(Deficit)		6,446,041	10,750,725	25,224,679	29,992,482	25,394,686	22,257,338	21,233,657	22,424,049	23,615,685
Accumulated Surplus/(Deficit), beginning of year	5	100,155,710	106,601,751	117,352,476	142,577,155	172,569,637	197,964,323	220,221,661	241,455,318	263,879,367
Accumulated Surplus/(Deficit), end of year		106,601,751	117,352,476	142,577,155	172,569,637	197,964,323	220,221,661	241,455,318	263,879,367	287,495,052
Note 5:										
Accumulated Surplus/(Deficit) Reconciliation:		2024	2025	2026	2027	2028	2029	2030	2031	2032
Reserve Balances										
Reserves: Development Charges		1,378,320	(409,637)	(864,941)	(5,900,586)	(6,342,648)	(6,803,932)	(7,276,536)	(7,769,303)	(8,273,834)
Reserves: Capital/Other		23,182,055	17,910,613	18,819,352	18,692,475	18,924,428	19,473,090	21,752,094	32,398,108	47,327,409
Total Reserves Balance		24,560,375	17,500,976	17,954,411	12,791,889	12,581,780	12,669,158	14,475,558	24,628,805	39,053,575
Less: Debt Obligations and Deferred Revenue		(1,378,320)	409,637	864,941	5,900,586	6,342,648	6,803,932	7,276,536	7,769,303	8,273,834
Add: Tangible Capital Assets	4	83,419,696	99,441,863	123,757,803	153,877,162	179,039,895	200,748,571	219,703,224	231,481,259	240,167,643
Total Ending Balance		106,601,751	117,352,476	142,577,155	172,569,637	197,964,323	220,221,661	241,455,318	263,879,367	287,495,052
Financial Indicators										
	Total Change	2024	2025	2026	2027	2028	2029	2030	2031	2032
1) Expense to Revenue Ratio		86%	80%	63%	60%	65%	69%	71%	71%	71%
2) Increase/(Decrease) in Accumulated Surplus	187,339,342	6,446,041	10,750,725	25,224,679	29,992,482	25,394,686	22,257,338	21,233,657	22,424,049	23,615,685



Table 4-3
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2024-2032

	Notes	Forecast								
		2024	2025	2026	2027	2028	2029	2030	2031	2032
Operating Expenses										
Water Supply Costs		29,946,100	31,042,000	32,143,800	33,645,100	35,093,600	36,526,800	38,063,050	39,653,300	41,308,150
Water Meter Services		151,700	132,731	139,133	145,729	152,325	159,215	166,155	173,336	180,764
Administration		840,100	769,592	792,815	816,841	841,671	867,223	893,551	920,785	948,845
Operations		4,119,100	3,468,881	3,613,694	3,729,369	3,815,920	3,935,175	4,087,935	4,215,185	4,377,285
Transfer to Operating Fund		3,832,600	4,125,374	4,242,317	4,327,475	4,441,346	4,609,242	4,686,197	4,818,289	4,954,526
Non TCA - Expenses from Capital Budget	7	39,585	277,000	35,000	36,000	37,000	38,000	263,000	39,000	40,000
TOTAL OPERATING EXPENSES		38,929,185	39,815,577	40,966,759	42,700,515	44,381,862	46,135,655	48,159,888	49,819,894	51,809,570



Table 4-4
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2024-2032

	Notes	Forecast								
		2024	2025	2026	2027	2028	2029	2030	2031	2032
Annual Surplus/(Deficit)		6,446,041	10,750,725	25,224,679	29,992,482	25,394,686	22,257,338	21,233,657	22,424,049	23,615,685
Less: Acquisition of Tangible Capital Assets	4	(10,740,216)	(18,419,000)	(26,969,000)	(33,115,000)	(28,559,000)	(25,527,000)	(23,139,000)	(16,320,000)	(13,463,000)
Add: Amortization of Tangible Capital Assets	4	2,246,007	2,396,833	2,653,060	2,995,641	3,396,267	3,818,324	4,184,347	4,541,965	4,776,616
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-
		(8,494,209)	(16,022,167)	(24,315,940)	(30,119,359)	(25,162,733)	(21,708,676)	(18,954,653)	(11,778,035)	(8,686,384)
Less: Acquisition of Supplies Inventory		-	-	-	-	-	-	-	-	-
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-
Add: Consumption of Supplies Inventory		-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(2,048,168)	(5,271,442)	908,739	(126,877)	231,953	548,662	2,279,004	10,646,014	14,929,301
Net Financial Assets/(Net Debt), beginning of year		25,230,223	23,182,055	17,910,613	18,819,352	18,692,475	18,924,428	19,473,090	21,752,094	32,398,108
Net Financial Assets/(Net Debt), end of year		23,182,055	17,910,613	18,819,352	18,692,475	18,924,428	19,473,090	21,752,094	32,398,108	47,327,409
Financial Indicators		2024	2025	2026	2027	2028	2029	2030	2031	2032
1) Acquisition of Tangible Capital Assets (Cumulative)		10,740,216	29,159,216	56,128,216	89,243,216	117,802,216	143,329,216	166,468,216	182,788,216	196,251,216
2) Annual Surplus/Deficit before Amortization (Cumulative)		8,692,048	21,839,606	49,717,345	82,705,468	111,496,421	137,572,083	162,990,087	189,956,101	218,348,402
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		0.81	0.75	0.89	0.93	0.95	0.96	0.98	1.04	1.11



Table 4-5
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2024-2032

	Notes	Forecast								
		2024	2025	2026	2027	2028	2029	2030	2031	2032
Operating Transactions										
Annual Surplus/Deficit		6,446,041	10,750,725	25,224,679	29,992,482	25,394,686	22,257,338	21,233,657	22,424,049	23,615,685
Add: Amortization of TCA's	4	2,246,007	2,396,833	2,653,060	2,995,641	3,396,267	3,818,324	4,184,347	4,541,965	4,776,616
Less: Earned Deferred Revenue	3	(25,968)	(2,138,000)	(816,000)	(5,426,000)	(849,000)	(866,000)	(884,000)	(901,000)	(919,000)
Add: Deferred Revenue Proceeds		200,853	350,043	360,696	390,355	406,938	404,716	411,396	408,233	414,469
Change in A/R (Increase)/Decrease		(6,133,550)	(699,490)	(799,048)	(886,585)	(986,750)	(1,099,525)	(426,084)	(442,000)	(465,448)
Change in A/P Increase/(Decrease)		11,376,662	189,850	407,558	506,896	491,564	512,758	526,342	551,143	581,762
Less: Interest Proceeds		(1,002,265)	(486,558)	(363,516)	(298,123)	(178,953)	(199,188)	(336,266)	(628,111)	(973,127)
Cash Provided by Operating Transactions		13,107,780	10,363,403	26,667,429	27,274,666	27,674,752	24,828,423	24,709,392	25,954,279	27,030,957
Capital Transactions										
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(10,740,216)	(18,419,000)	(26,969,000)	(33,115,000)	(28,559,000)	(25,527,000)	(23,139,000)	(16,320,000)	(13,463,000)
Cash Applied to Capital Transactions		(10,740,216)	(18,419,000)	(26,969,000)	(33,115,000)	(28,559,000)	(25,527,000)	(23,139,000)	(16,320,000)	(13,463,000)
Investing Transactions										
Proceeds from Investments		1,002,265	486,558	363,516	298,123	178,953	199,188	336,266	628,111	973,127
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		1,002,265	486,558	363,516	298,123	178,953	199,188	336,266	628,111	973,127
Financing Transactions										
Proceeds from Debt Issue	2	-	-	-	-	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	-	-	-	-	-	-	-	-	-
Cash Applied to Financing Transactions		-	-	-	-	-	-	-	-	-
Increase in Cash and Cash Equivalents		3,369,829	(7,569,039)	61,945	(5,542,211)	(705,295)	(499,389)	1,906,658	10,262,390	14,541,084
Cash and Cash Equivalents, beginning of year	1	26,433,658	29,803,487	22,234,448	22,296,393	16,754,182	16,048,887	15,549,498	17,456,156	27,718,546
Cash and Cash Equivalents, end of year	1	29,803,487	22,234,448	22,296,393	16,754,182	16,048,887	15,549,498	17,456,156	27,718,546	42,259,630



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 City, some of the items listed above have been estimated given that the City 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*

Receivable and payable balances were estimated for each year of the forecast based on the following factors:

- a) Receivables: Based on 2021 and 2022 F.I.R.s and financial statements;
and
- b) Payables: Based on 2021 and 2022 F.I.R.s and financial statements.

2. Debt

The City does not have any outstanding debt related to water. In addition, there is no anticipated debt financing over the forecast period.

It is noted that 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 or connection 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. In years when the water development charge reserve fund balance is negative, it is shown as an asset (accounts receivable – other) for financial reporting purposes, representing future amounts to be collected from developers. Deferred revenue can also represent grant funding that has not been earned as revenue in any given year. For the purposes of this



financial plan it is assumed any grant funding received will be earned in the year it is received.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - i. Watermains;
 - ii. Valves
 - iii. Hydrants; and
 - iv. Meters.
- Amortization is calculated based on the straight-line approach with half-year amortization applied in the year of acquisition or construction and in the last year of the asset's useful life.
- Given the planned asset replacement forecast in the 2024 Rate Study, useful life on acquisitions is assumed to be equal to typical values assigned by the City for each asset category.
- 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, unless the asset is documented as a new asset. The value of each asset disposal is calculated by estimating the original purchase/construction date and deflating current replacement cost values to those estimated dates in order to calculate original historical cost.
- 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 City is unaware of any specific lead service piping in the municipal water system, however if lead service pipes are found in the system the following process is undertaken by the City:



- Upon finding lead service pipe, the City will replace it with copper up to the property line. Resident will be advised and is responsible of replacing the private side of the water service.
- The City replaces any substandard drinking water pipe through the Capital Replacement Program.
- In addition, if the Resident is committed to replacing the private portion of a confirmed lead water service they can also contact the City to arrange the replacement on the public side on a priority basis.

The Tangible Capital Asset forecast is summarized in Table 4-6.



Table 4-6
Tangible Capital Asset Summary: Water Services
UNAUDITED: For Financial Planning Purposes Only
2024-2032

Asset Historical Cost	2024	2025	2026	2027	2028	2029	2030	2031	2032
Opening Tangible Capital Asset Balance	107,724,258	117,672,493	135,165,111	161,042,224	192,714,035	219,204,418	243,203,182	263,819,916	279,220,119
Acquisitions	10,740,216	18,419,000	26,969,000	33,115,000	28,559,000	25,527,000	23,139,000	16,320,000	13,463,000
Disposals	791,981	926,382	1,091,887	1,443,189	2,068,617	1,528,236	2,522,266	919,797	852,954
Closing Tangible Capital Asset Balance	117,672,493	135,165,111	161,042,224	192,714,035	219,204,418	243,203,182	263,819,916	279,220,119	291,830,165
Opening Accumulated Amortization	32,798,771	34,252,797	35,723,248	37,284,421	38,836,873	40,164,523	42,454,611	44,116,692	47,738,860
Amortization Expense	2,246,007	2,396,833	2,653,060	2,995,641	3,396,267	3,818,324	4,184,347	4,541,965	4,776,616
Amortization on Disposal	791,981	926,382	1,091,887	1,443,189	2,068,617	1,528,236	2,522,266	919,797	852,954
Ending Accumulated Amortization	34,252,797	35,723,248	37,284,421	38,836,873	40,164,523	42,454,611	44,116,692	47,738,860	51,662,522
Net Book Value	83,419,696	99,441,863	123,757,803	153,877,162	179,039,895	200,748,571	219,703,224	231,481,259	240,167,643



5. Accumulated Surplus

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

Water	2024 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	1,203,435
Reserves: Gas Tax	-
Reserves: Capital/Other	25,230,223
Total Reserves Balance	26,433,658
Less: Debt Obligations and Deferred Revenue	(1,203,435)
Less: Unfinanced Capital	-
Add: Long-term Accounts Receivable	-
Add: Tangible Capital Assets	74,925,487
Total Opening Balance	100,155,710

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

6. Other Revenue

Other revenue consists of investment income, contributions from the water meter reserve, and contributions from the rate stabilization reserve.

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*. (S.D.W.A. section 32 (5) 2. ii.).



Chapter 6

Recommendations



6. Recommendations

This report presents the water financial plan for the City of Richmond Hill 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, 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 2024 Rate Study or the City'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 City of Richmond Hill Water Financial Plan prepared by Watson & Associates Economists Ltd. dated May 22, 2024 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated May 22, 2024 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. (S.D.W.A. Section 32 (5) 2 ii).