

TOWN OF RICHMOND HILL

**WATER AND WASTEWATER
ONTARIO REGULATION 453/07
FINANCIAL PLAN**

Financial Plan #022-301

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 **Planning for growth**

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1. INTRODUCTION

1. INTRODUCTION

1.1 Study Purpose

Watson & Associates Economists Ltd. (Watson) was retained by the Town of Richmond Hill (the Town) 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*. Financial Plan calculations were also performed for wastewater (see Appendix B for details). 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 regards to the Town's water systems has already been completed and documented by Watson within the "Town of Richmond Hill Water and Wastewater Rate Study, May 5, 2010" (2010 Rate Study) as summarised in Appendix A. The objective of the report provided herein is to convert the findings of the 2010 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 (SDWA) 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

Section 30 (1) of the SDWA provides the following definition of financial plans:

"financial plans" means,

- (a) financial plans that satisfy the requirements of subsection (2), but only if,
 - (i) Bill 175 (Sustainable Water and Sewage Systems Act, 2002, introduced on September 23, 2002) receives Royal Assent, and
 - (ii) sections 3 and 9 of Bill 175 (Sustainable Water and Sewage Systems Act, 2002) are in force, or
- (b) financial plans that satisfy the requirements prescribed by the Minister, in any other case. 2002, c. 32, s. 30 (1).

As of time of writing, the Sustainable Water and Sewage Systems Act, 2002 (SWSSA) cited above is not yet in force however, the standards that it directs will underpin the specific requirements of s.30 (1) part b as they are outlined in O.Reg. 453/07 and which will be examined in detail below.

1.2.2 Financial Plan Requirements – New System

O.Reg. 453/07 provides the following parameters with regards to s.30 (1) part b of the SDWA for new water systems:

- Financial plans must be approved by Council resolution (or governing body) indicating that the drinking water system is financially viable;
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six year period (commencing when the system first serves the public);
- 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 Public Sector Accounting Board) 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; and
- Notice of the availability of the financial plans is to be given to the public.
- Financial plan is to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.3 Financial Plan Requirements – Existing System

O.Reg. 453/07 also provides details with regards to s.30 (1) part b of the SDWA 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 when the system first serves the public);
- 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 PSAB) 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 PSAB) for each year in which the financial plans apply
- Financial plans must summarize 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 PSAB) 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; and
- Notice of the availability of the financial plans is to be given to the public.
- Financial plan is to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.4 Financial Plan Requirements - General

Given that the legislation falls under the SDWA, a financial plan is mandatory for water systems and encouraged for wastewater systems. The financial plans shall be for a period of at least six years but longer planning horizons are encouraged. The financial plan is to be completed and approved by the later of July 1, 2010 and the date that is six months after the first license is issued. Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary.

1.2.5 Public Sector Accounting Board (PSAB) 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 (CICA) 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.”

Both the Statement of Financial Position and the Statement of Operations were required for financial reporting purposes in recent reporting years. However, the format has changed to conform to the new requirements of PS1200 and PS3150 (see Figures 1-1 and 1-2). For example, the financial statements are to be reported on a full accrual accounting basis for 2009 and future years. 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 a municipality's financial position. Historically, municipalities have reported their financial results on a modified cash basis of accounting whereby revenues and expenses are recognized when cash is paid or received and only certain accrual-type items such as payables and receivables are recognized at year-end. The difference between the methods is in the timing of when transactions are reported. This timing difference has impacted the presentation of the statements in that various accounts have been added or deleted in order to properly report the transactions.

Moreover, effective for the 2009 fiscal year, municipalities are required to report additional information relating to the accounting treatment of tangible capital assets as indicated by the new requirements under section PS3150. Pre-2009, the costs to acquire, develop and/or construct capital assets were expensed in the year in which they occur. Going forward, tangible capital assets will be capitalized so as to create an inventory of the assets owned and to account for their ability to provide future benefits. The reporting of tangible capital assets requires further changes to the format of existing financial statements. From a financial planning perspective, this change is significant for water and wastewater assets as they represent a significant portion of the Town's infrastructure.

The Statement of Cash Flow and the Statement of Change in Net Financial Assets/Debt (which is a new statement) are required statements going forward. 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 (see Figure 1-3). The Statement of Cash Flow reports on how

activities were financed for a given period which provides a measure of the changes in cash for that period (see Figure 1-4).

It should be noted that the Statement of Reserves and Reserve Funds and the Statement of Capital as used by municipalities pre-2009 have now been eliminated by the new reporting format. The balances and transactions that make up these two statements have been transferred to either the Statement of Operations or the Statement of Financial Position depending on the nature of the account.

FIGURE 1-1 STATEMENT OF FINANCIAL POSITION

OLD FORMAT (PRE-2009)

| |
|--|
| <u>Assets</u> |
| Financial Assets |
| Cash |
| Accounts Receivable |
| Investments |
| Inventory for resale |
| Other Assets |
| Total Financial Assets |
| <u>Non-Financial Assets</u> |
| Inventory of Supplies |
| Prepaid Expenses |
| Total Non-Financial Assets |
| <u>Liabilities</u> |
| Accounts Payable & Accrued Liabilities |
| Debt (Principal only) |
| Other (DC Reserves-Deferred Revenue) |
| Total Liabilities |
| NET ASSETS |
| <u>Municipal Position</u> |
| Fund Balances |
| Current Fund |
| Capital Fund |
| Reserves and Reserve Funds |
| Accounts to be Recovered |
| From Future Revenues |
| From Reserves & Reserve Funds |
| TOTAL MUNICIPAL POSITION |

NEW FORMAT

| |
|--|
| <u>Financial Assets</u> |
| Cash |
| Accounts Receivable |
| Investments |
| Inventory for resale |
| Other Assets |
| Total Financial Assets |
| <u>Liabilities</u> |
| Accounts Payable & Accrued Liabilities |
| Debt (Principal only) |
| Other (DC Reserves-Deferred Revenue) |
| Total Liabilities |
| NET FINANCIAL ASSETS/(DEBT) |
| <u>Non-Financial Assets</u> |
| Tangible Capital Assets |
| Inventory of Supplies |
| Prepaid Expenses |
| Total Non-Financial Assets |
| ACCUMULATED SURPLUS/(DEFICIT) |

FIGURE 1-2 STATEMENT OF OPERATIONS

OLD FORMAT (PRE-2009)

| |
|--|
| <u>Revenues</u> |
| Base Charge Revenue |
| Rate Based Revenue |
| Transfers from Reserves |
| Other Revenue |
| Total Revenues |
| <u>Expenditures</u> |
| Operating Expenses |
| Capital |
| Total Expenditures |
| Net Revenues for the year |
| Increase (decrease) in amounts to be recovered |
| Change in fund balances |
| |

NEW FORMAT

| |
|---|
| <u>Revenue</u> |
| Base Charge Revenue |
| Rate Based Revenue |
| Earned DC Revenue |
| Other Revenue |
| Total Revenue |
| <u>Expenses</u> |
| Operating Expenses |
| Interest on Debt |
| Amortization |
| Other |
| Total Expenses |
| Annual Surplus/(Deficit) |
| Accum. Surplus/(Deficit), beg. of year |
| Accum. Surplus/(Deficit), end of year |
| |

FIGURE 1-3
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/DEBT

NEW STATEMENT

| |
|---|
| Annual Surplus/(Deficit) |
| Less: Acquisition of tangible capital assets |
| Add: Amortization of tangible capital assets |
| (Gain)/Loss on disposal of tangible capital assets |
| Add: Proceeds on sale of tangible capital assets |
| Add: Write-downs of tangible capital assets |
| Sub-total |
| Less: Acquisition of supplies inventory |
| Less: Acquisition of prepaid expenses |
| Add: Consumption of supplies inventory |
| Add: Use of prepaid expenses |
| Sub-total |
| (Increase)/Decrease in net financial assets/net debt |
| Net financial assets/(net debt), beginning of year |
| Net financial assets/(net debt), end of year |
| |

FIGURE 1-4 STATEMENT OF CASH FLOW¹

| DIRECT METHOD | INDIRECT METHOD |
|---|--|
| <p><u>Operating Transactions</u> Cash received from: Water Operations Less: Cash paid for: Operating expenses Finance charges</p> | <p><u>Operating Transactions</u> Annual Surplus/(Deficit) Add: Amortization of Tangible Capital Assets Loss/(Gain) on sale of Tangible Capital Assets Decrease/(Increase) in Accounts Receivable Increase/(Decrease) in Accounts Payable Decrease/(Increase) in Inventories for sale Other items</p> |
| Cash provided by operating transactions | Cash provided by operating transactions |
| <p><u>Capital Transactions</u> Proceeds on sale of tangible capital assets Less: Cash used to acquire tangible capital assets</p> | <p><u>Capital Transactions</u> Proceeds on sale of tangible capital assets Less: Cash used to acquire tangible capital assets</p> |
| Cash applied to capital transactions | Cash applied to capital transactions |
| <p><u>Investing Transactions</u> Proceeds from investments Less: Cash used to acquire investments</p> | <p><u>Investing Transactions</u> Proceeds from investments Less: Cash used to acquire investments</p> |
| Cash provided by (applied to) investing transactions | Cash provided by (applied to) investing transactions |
| <p><u>Financing Transactions</u> Proceeds from debt issue Less: Debt repayment (principal only)</p> | <p><u>Financing Transactions</u> Proceeds from debt issue Less: Debt repayment (principal only)</p> |
| Cash applied to financing transactions | Cash applied to financing transactions |
| Increase in cash and cash equivalents | Increase in cash and cash equivalents |
| Cash and cash equivalents, beginning of year | Cash and cash equivalents, beginning of year |
| Cash and cash equivalents, end of year | Cash and cash equivalents, end of year |

¹ The statement of cash flow can be prepared using either the direct or indirect methods. The indirect method derives cash flow by making adjustments to the net surplus/deficit reported on the statement of operations. The direct method calculates cash flow identifying the direct sources and uses of cash.

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 SDWA requires a declaration of the financial plan's sustainability, it does not give a clear definition of what would be considered sustainable. Instead, the Ministry of the Environment 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 and Wastewater Services are provided below:

- Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) 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 and wastewater 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.

The principles help form the framework for a sustainable financial plan. The substance of the financial plan may be derived from SWSSA which will require, once in force, municipalities to assess the “full cost” of providing water and wastewater services. Full cost as defined in subsections 3(7) and 4(7) includes:

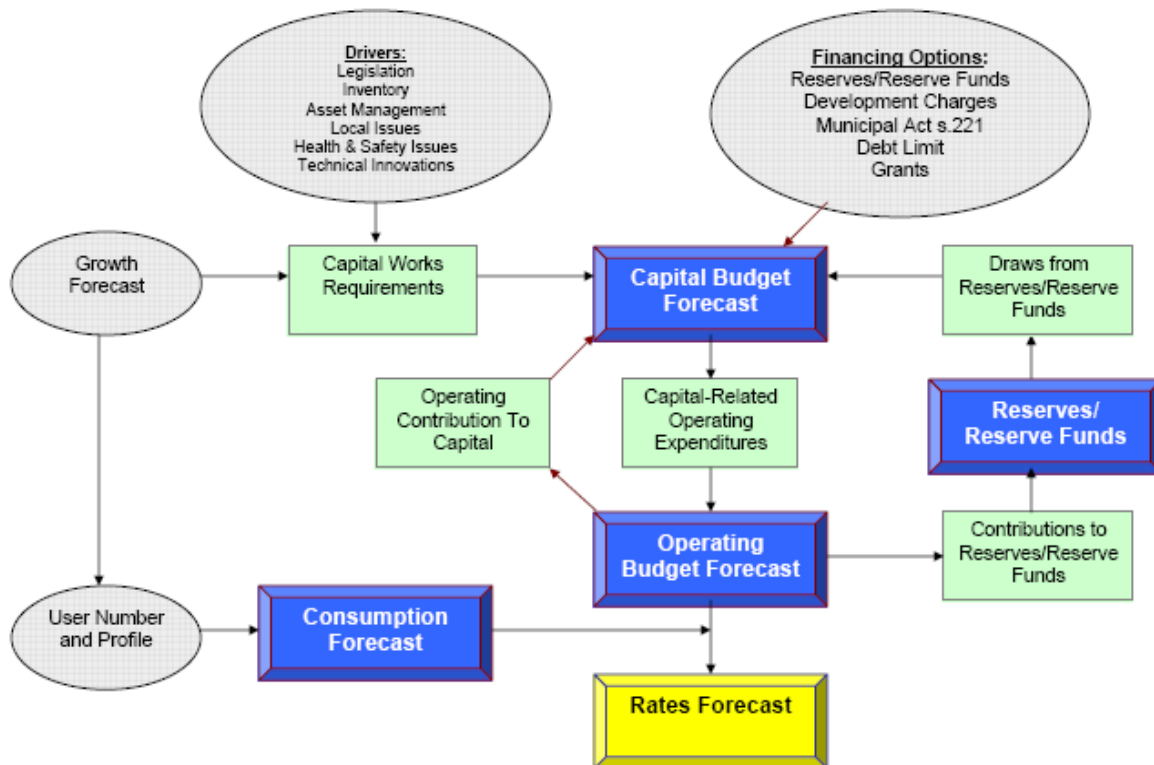
“source protection, operating costs, financing costs, renewal and replacement costs and improvement costs associated with extracting, treating or distributing water to the public and collecting, treating or discharging waste water, and such other costs which may be specified by regulation.”

Furthermore, municipalities will be required to inventory and report their current infrastructure and how it will be maintained and managed going forward. Municipalities will then be required to report on the full cost of services and how these costs will be recovered and paid for. The principles of SWSSA ensure that a long-term plan for sustainable asset management is developed and that all costs for providing water and wastewater services are assessed so that there is sufficient funding for system needs.

2.2 Water and Wastewater Rate Study

As noted above, Watson has already completed extensive financial planning conducted on behalf of the Town; an overview of which is provided in Appendix A – 2010 Water and Wastewater Rate Study. The rate calculation process was designed to address the “full cost” principles within SWSSA and does so in a manner that also reflects the guiding principles toward sustainable financial planning. Figure 2-1 below summarizes the process.

FIGURE 2-1 WATER AND WASTEWATER RATE CALCULATION PROCESS



As a result of employing this process, the 2010 Rate Study provides a sound financial plan for the Town's water and wastewater systems by providing:

- A detailed assessment of current and future capital needs including an analysis of potential funding sources (*Principles 2, 4, 5, 6, 9*);
- An analysis of fixed and variable operating costs in order to determine how they will be impacted by evolving infrastructure needs and system growth (*Principles 2, 3, 6, 7, 9*);
- A review and recommendation on rate structures that ensure revenues are equitable and sufficient to meet system needs (*Principles 2, 3, 6, 7, 9*); and
- A public process that involves ongoing consultation with the main stakeholders including the Town 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 financial plan (*Principles 1, 9*).

The details of the financial plan arising from the 2010 Rate Study are contained in Appendix A. A summary of the water and wastewater rates projected for the Town is as follows:

Water:

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Total Water Billing Recovery | 22,580,260 | 24,098,723 | 24,826,293 | 25,473,862 | 26,660,649 | 27,580,744 | 28,626,769 | 29,795,926 | 30,046,578 | 30,099,884 |
| Total Consumption (m ³) | 18,601,170 | 18,965,885 | 19,339,459 | 19,713,490 | 20,087,976 | 20,462,915 | 20,765,104 | 20,994,541 | 21,224,424 | 21,454,750 |
| Volume Rate | 1.2139 | 1.2706 | 1.2837 | 1.2922 | 1.3272 | 1.3478 | 1.3786 | 1.4192 | 1.4157 | 1.4029 |

Wastewater:

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Total Wastewater Billing Recovery | 18,819,190 | 21,677,048 | 24,438,996 | 27,032,276 | 29,036,120 | 31,183,893 | 33,172,962 | 35,275,585 | 37,888,360 | 40,587,602 |
| Total Consumption (m ³) | 18,601,170 | 18,965,885 | 19,339,459 | 19,713,490 | 20,087,976 | 20,462,915 | 20,765,104 | 20,994,541 | 21,224,424 | 21,454,750 |
| Volume Rate | 1.0117 | 1.1429 | 1.2637 | 1.3713 | 1.4454 | 1.5239 | 1.5975 | 1.6802 | 1.7851 | 1.8918 |

3. APPROACH

3. APPROACH

3.1 Introduction

The 2010 Rate Study has been prepared on a modified cash basis, therefore a conversion was 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. It is noted that the financial plans have been prepared for both water and wastewater however; the focus of the remaining chapters will be on water only. The complete financial plan for wastewater is provided in Appendix B.

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 Financial 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 assets, an inventory has already been compiled and summarized within the 2010 Rate Study as well as part of the Town's efforts to become compliant with PSAB 3150. Given the prospective nature of the 2010 Rate Study, replacement cost is provided for each asset. However, historical cost (which is the original cost to purchase, develop, or construct each asset) is required for financial reporting purposes. Common approaches to determining historical cost include consulting Town records

(i.e. invoices) or, if that information is not readily available, by “deflating” the replacement cost data already in hand. 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 2010 Rate Study. However, these estimates only represent future assets that the Town anticipates purchasing or constructing without consideration for assets that are contributed by developers and other parties (at no or only partial cost to the Town). These contributed assets could form a significant part of the infrastructure going forward in terms of the sustainability of the system as a whole and 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

As per section 1.2.5 above, the new Statement of Operations eliminates and/or adds certain transactions that are to be reported differently by municipalities starting in 2009 (see Figure 3-1). A wide range of adjustments will be considered and will depend on the size and complexity of the system. For example, the revenues and expenses associated with the now obsolete Statement of Capital and Statement of Reserves and Reserve Funds (see Section 1.2.5) will need to be adjusted for and included within the new Statement of Operations. This includes all non tangible capital asset costs previously included in the capital statement (i.e. expenses related to various studies) while at the same time eliminating all expenditures incurred to acquire tangible capital assets which will now form part of the tangible capital asset balance

**FIGURE 3-1
CONVERSION ADJUSTMENTS
STATEMENT OF OPERATIONS
WATER ONLY**

| Modified Cash Basis | Budget 2010 | | Adjustments to Remove Non-Accrual Accounts | | Transition Budget Balances 2010 | | Adjustments to add Accrual Accounts | | Budget 2010 | Accrual Basis | Notes on Adjustments |
|--|-------------|------------|--|-----------|---------------------------------|----|-------------------------------------|-----------|-------------|--|--|
| | Dr | Cr | Dr | Cr | Dr | Cr | Dr | Cr | | | |
| Revenues | | | | | | | | | | | |
| Revenues | | 22,580,260 | | | 22,580,260 | | | | 22,580,260 | Revenues | No change |
| Gas Tax Subsidy | | | 659,540 | | | | | | | | Removes non-accrual reserve account |
| Transfers from Reserves | | 659,540 | | | | | | | | | New Account to reflect earned DC Revenue |
| Other Revenue | | 2,603,850 | | | 2,603,850 | | | 95,400 | 95,400 | Earned DC & Gas Tax Revenue | To Account for interest revenue and tax supported contributions |
| Total Revenues | | 25,843,650 | | | 25,184,110 | | | 470,723 | 25,750,233 | Total Revenues | |
| Expenditures | | | | | | | | | | | |
| Operating | | 19,535,850 | | | 19,535,850 | | | | 19,535,850 | Operating Expenses | Various Expenses previously classified as capital expenditures |
| Capital | | | | | | | | | | | Removes non-accrual reserve account |
| Transfers to Reserves | | 6,295,800 | | | | | | | | | Removes TCA related balances which are now captured in statement of financial position |
| Transfers to Capital | | 12,000 | | | | | | | | | Removes principal portion of debt - now reflected on statement of cash flow. |
| Debt Repayment (Principal & Interest) | | | | | | | | | | | New account created as a result of PSAB 3150 - reflects cost of using TCA |
| Other | | | | | | | | | | | To account for transfers to tax supported services. |
| Total Expenditures | | 25,843,650 | | | 19,535,850 | | | 1,226,240 | 21,809,590 | Total Expenses | |
| Net Expenditures | | | | | | | | 1,047,500 | 3,940,643 | Annual Surplus/(Deficit) | Represents difference between Revenues and Expenditures |
| (Increase) (decrease) in amounts to be recovered | | | | | | | | | 36,434,467 | Accumulated Surplus/(Deficit), beginning of year | |
| Change in fund balances | | | | | | | | 3,940,643 | 40,375,110 | Accumulated Surplus/(Deficit), end of year | To transfer annual surplus to accumulated surplus |
| TOTAL ADJUSTMENTS | | | 659,540 | 6,307,800 | | | 6,214,383 | 566,123 | | | |

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

discussed in section 3.2.1. Transfers to and from reserves are no longer explicitly reported on the Statement of Operations. Instead, these transactions are represented by changes in cash and accumulated surplus. Also, debt repayment costs relating to the principal payment portion only need to be removed, as they no longer qualify as an expense for reporting purposes. Principal payments will now be reported as a decrease in debt liability on the Statement of Financial Position. Finally, new expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets will be reported via the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives.

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 new 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 Town and as such, will be difficult to isolate the information that is relevant to water. An example of this is accounts receivable which may be administered centrally by the Finance Department. Ontario Regulation 453/07 allows for the exclusion of these numbers if they are not known at the time of preparing the financial plan. Please refer to the Financial Plan Notes in Chapter 4 for more details.

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

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

FIGURE 3-2
CONVERSION ADJUSTMENTS
STATEMENT OF FINANCIAL POSITION
WATER ONLY

| Modified Cash Basis | Budget 2010 | Adjustments to Remove Non-Accrual Accounts | | Transition Budget Balances 2010 | Adjustments to add Accrual Accounts | | Budget 2010 | Accrual Basis | Notes on Adjustments |
|--|------------------|---|----|--|--|----|-------------------|--|--|
| | | Dr | Cr | | Dr | Cr | | | |
| Financial Assets | | | | | | | | Financial Assets | |
| Cash | 2,961,490 | | | 2,961,490 | | | 2,961,490 | Cash | No change |
| Accounts Receivable | 3,776,432 | | | 3,776,432 | | | 3,776,432 | Accounts Receivable | No change |
| | | | | | | | | Investments | No change |
| | | | | | | | | Inventory for resale | |
| | | | | | | | | Other Assets | |
| Total Financial Assets | 6,737,922 | | | 6,737,922 | | | 6,737,922 | Total Financial Assets | |
| Liabilities | | | | | | | | Liabilities | |
| Accounts Payable & Accrued Liabilities | 1,950,258 | | | 1,950,258 | | | 1,950,258 | Accounts Payable & Accrued Liabilities | No Change |
| Gross Long-term Liabilities | - | | | - | | | - | Debt (Principal only) | No Change |
| Other (DC Reserves-Deferred Revenue) | 317,851 | | | 317,851 | | | 317,851 | Other (DC Reserves-Deferred Revenue) | No Change |
| Total Liabilities | 2,268,109 | | | 2,268,109 | | | 2,268,109 | Total Liabilities | |
| Other Assets | | | | | | | | | |
| Prepaid Expenses | - | | | - | | | - | | Account reclassified as Non-Financial asset |
| Net Financial Assets/(Debt) | 4,469,813 | | | 4,469,813 | | | 4,469,813 | Net Financial Assets/(Debt) | |
| Municipal Position | | | | | | | | Non-Financial Assets | |
| Water Reserves | 4,469,813 | | | - | | | 35,905,297 | Tangible Capital Assets | Adds NBV of Tangible Capital Assets - offset entry is to accumulated surplus |
| Gas Tax Reserve Fund | - | | | - | | | - | | Removes non-accrual reserve account - balance to be transferred to accumulated surplus |
| Development Charge Reserve Fund | 317,851 | | | - | | | - | | Removes non-accrual reserve account - balance to be transferred to accumulated surplus |
| Amounts to be Recovered | (317,851) | | | - | | | - | | Removes account - balance to be transferred to accumulated surplus |
| | | | | | | | | | New Account |
| | | | | | | | | | Account reclassified as Non-Financial Asset |
| Total Municipal Position | 4,469,813 | | | | | | 35,905,297 | Total Non-Financial Assets | Represents offset entry for TCA's and existing reserve fund balances |
| | | | | | | | | Accumulated Surplus/(Deficit) | |
| | | | | | | | | | |
| TOTAL ADJUSTMENTS | | | | | | | 35,905,297 | 40,375,110 | |

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

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.

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 Town at a set point in time. The Statement of Operations summarizes how these resources and obligations changed over the reporting period. To this end, the accumulated surplus/deficit reported on the Statement of Financial Position should equal the accumulated surplus/deficit reported on the Statement of Operations.

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

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

- a. Opening cash balances Opening cash balances are necessary to complete the Statement of Cash Flows and balance the Statement of Financial Position. Preferably, opening cash balances should be derived from actual information contained with the Town'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 possibility is to assume 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:

$$\begin{array}{l}
 \text{Ending Reserve/Reserve Fund Balance} \\
 \text{Plus: Ending Accounts Payable Balance} \\
 \text{Less: Ending Accounts Receivable Balance} \\
 \text{Equals: *Approximate Ending Cash Balance*}
 \end{array}$$

- b. Amortization Expense The method and timing of amortization should be based on the Town'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 2010 Rate Study.
- d. Contributed Assets As noted earlier, contributed assets could represent a significant part of the Town's infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation may be required in order to adequately capture these assets. In the case where contributed assets are deemed to be insignificant or unknown, an assumption of "no contributed assets within the forecast period" will be made.
- e. Accumulated Surplus The magnitude of the surplus in this area may precipitate the need for additional explanation especially in the first year of reporting. This Accumulated Surplus captures the historical infrastructure investment which has not been reported in the past but has accumulated to significant levels. It also includes all water reserve and reserve fund balances.
- f. Other Revenues Will represent the recognition of revenues previously deferred (i.e. development charge revenues) and/or accrued revenues (developer contributions), and/or other minor miscellaneous revenues.

4. FINANCIAL PLAN

4. FINANCIAL PLAN

4.1 Introduction

The following tables provide the complete financial plan for the Town's water systems. A brief description and analysis of each table is provided below. It is important to note that the financial plan that follows is a forward look at the financial position of the Town's water systems. 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 Town's water systems. 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 systems' "future revenue requirement". A net financial asset position is where financial assets are greater than liabilities and implies that the systems have the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the systems will be needed to finance past transactions as well as future operations. Table 4-1 indicates that the net financial asset position of the Town's water systems will increase from \$4.5 million to \$7.1 million over the 2010-2012 period due to a combination of increasing cash balances and decreasing deferred revenue liabilities. However, after 2012, the financial plan forecasts a decreasing net financial asset position in each subsequent year until 2018 where there is an increase of \$1.2 million followed by a \$1.2 million decrease in 2019. The fluctuations in the net financial asset position over the forecast period are driven by the use of cash balances to fund tangible capital asset acquisitions (detailed below). Net financial assets are projected to decline to approximately \$2.8 million by the end of 2019.

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

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

- Tangible capital assets such as water mains and treatment plants are imperative to water service delivery.
- 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. 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 over \$22 million over the 10-year forecast period. This indicates that the Town 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 systems 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 increasing from 85% to 99% over the forecast period due to general operating expenses and amortization expenses increasing at a faster pace than total revenue. As a result, annual surplus declines from \$3.9 million to approximately \$0.3 million over the forecast period. It is important to note that an annual surplus is required to ensure funding is available to

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 \$21.1 million to a 2009 accumulated surplus of \$36.4 million over the forecast period. This accumulated surplus, as indicated in Table 4-2, is predominately made up of reserve and reserve fund balances as well as historic 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 forecasted annual surplus exceeds forecasted tangible capital asset additions (net of amortization) for 2010-2012 and 2018 however; forecasted tangible capital asset additions exceed forecasted annual surplus for 2013-2017 and 2019. While the net result is a decrease of \$0.9 million in net financial assets, the Town's net financial asset position remains strong at an average level of approximately \$4.3 million over the forecast period. This indicates that the Town is able to fund tangible capital assets through accumulated surplus (i.e. revenues and reserve funds) over the forecast period but the reduction in net financial assets suggests that alternative funding sources should be considered in order to mitigate/avoid future depletion of the net asset position. This is evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions which increased from 1.17 to 1.32 from 2010 to 2011 and then decreases to 0.98 over the remainder of the forecast period¹.

¹ 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 water systems are expected to generate and use cash resources during the planning 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 developed for the Town shows that the reliance on cash generated from internal sources will deplete the cash position of the water systems from approximately \$2.5 million at the beginning of 2010, to \$0.4 million by the end of 2019.

Table 4-1
Town of Richmond Hill
Statement of Financial Position (Water Only)
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2010 - 2019

| | Notes | Forecast | | | | | | | | | |
|---|-------|------------|------------|------------|-------------|------------|------------|------------|------------|------------|-------------|
| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Financial Assets | | | | | | | | | | | |
| Cash | | 2,961,490 | 4,286,387 | 5,125,021 | 2,721,625 | 2,264,453 | 1,711,488 | 793,081 | 359,109 | 1,576,805 | 410,513 |
| Accounts Receivable | 1 | 3,776,432 | 3,957,224 | 4,082,684 | 4,196,826 | 4,390,146 | 4,544,895 | 4,717,210 | 4,906,697 | 4,962,408 | 4,989,739 |
| Investments | | - | - | - | - | - | - | - | - | - | - |
| Inventory for Resale | | - | - | - | - | - | - | - | - | - | - |
| Other Assets | | - | - | - | - | - | - | - | - | - | - |
| Total Financial Assets | | 6,737,922 | 8,243,611 | 9,207,705 | 6,918,451 | 6,654,599 | 6,256,383 | 5,510,291 | 5,265,806 | 6,539,213 | 5,400,252 |
| Liabilities | | | | | | | | | | | |
| Accounts Payable & Accrued Liabilities | 1 | 1,950,258 | 2,043,623 | 2,108,415 | 2,167,361 | 2,267,197 | 2,347,114 | 2,436,102 | 2,533,958 | 2,562,729 | 2,576,844 |
| Debt (Principal only) | 2 | - | - | - | - | - | - | - | - | - | - |
| Deferred Revenue | 3 | 317,851 | 7,832 | 4,282 | 4,389 | 4,499 | 4,611 | 4,726 | 4,844 | 4,965 | 5,089 |
| Other | | - | - | - | - | - | - | - | - | - | - |
| Total Liabilities | | 2,268,109 | 2,051,455 | 2,112,697 | 2,171,750 | 2,271,696 | 2,351,725 | 2,440,828 | 2,538,802 | 2,567,694 | 2,581,933 |
| Net Financial Assets/(Debt) | | 4,469,813 | 6,192,156 | 7,095,008 | 4,746,701 | 4,382,903 | 3,904,658 | 3,069,463 | 2,727,004 | 3,971,519 | 2,818,319 |
| Non-Financial Assets | | | | | | | | | | | |
| Tangible Capital Assets | 4 | 35,905,297 | 37,995,639 | 40,103,683 | 44,052,442 | 46,189,097 | 48,360,463 | 50,931,378 | 53,219,828 | 53,258,654 | 54,738,473 |
| Inventory of Supplies | | - | - | - | - | - | - | - | - | - | - |
| Prepaid Expenses | | 35,905,297 | 37,995,639 | 40,103,683 | 44,052,442 | 46,189,097 | 48,360,463 | 50,931,378 | 53,219,828 | 53,258,654 | 54,738,473 |
| Total Non-Financial Assets | | 40,375,110 | 44,187,795 | 47,198,691 | 48,799,143 | 50,572,000 | 52,265,121 | 54,000,841 | 55,946,832 | 57,230,173 | 57,556,792 |
| Accumulated Surplus/(Deficit) | 5 | - | - | - | - | - | - | - | - | - | - |
| Financial Indicators | | | | | | | | | | | |
| 1) Increase/(Decrease) in Net Financial Assets | | 738,255 | 1,722,343 | 902,852 | (2,348,307) | (363,798) | (478,245) | (835,195) | (342,459) | 1,244,515 | (1,153,200) |
| 2) Increase/(Decrease) in Tangible Capital Assets | | 3,202,388 | 2,090,342 | 2,108,044 | 3,948,759 | 2,136,655 | 2,171,366 | 2,570,915 | 2,288,450 | 38,826 | 1,479,819 |
| 3) Increase/(Decrease) in Accumulated Surplus | | 3,940,643 | 3,812,685 | 3,010,896 | 1,600,452 | 1,772,857 | 1,693,121 | 1,735,720 | 1,945,991 | 1,283,341 | 326,613 |
| Total Change | | (913,239) | 22,035,564 | 21,122,325 | 21,122,325 | 21,122,325 | 21,122,325 | 21,122,325 | 21,122,325 | 21,122,325 | 21,122,325 |

Table 4-2
Town of Richmond Hill
Statement of Operations (Water Only)
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2010 - 2019

| Notes | Forecast | | | | | | | | | |
|---|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Water Revenue | | | | | | | | | | |
| Rate Based Revenue | 22,580,260 | 24,098,722 | 24,826,292 | 25,473,861 | 26,660,648 | 27,580,743 | 28,626,766 | 29,795,925 | 30,046,577 | 30,099,883 |
| Earned DC Revenue | 95,400 | 829,040 | 588,700 | - | - | - | - | - | - | - |
| Other Revenue | 3,074,573 | 2,843,158 | 2,985,410 | 3,050,194 | 3,164,072 | 3,277,214 | 3,375,227 | 3,478,898 | 3,623,524 | 3,711,983 |
| Total Revenues | 25,750,233 | 27,770,920 | 28,401,403 | 28,524,055 | 29,824,720 | 30,857,957 | 32,001,994 | 33,274,823 | 33,670,100 | 33,811,865 |
| Water Expenses | | | | | | | | | | |
| Sched. 4-1 Operating Expenses | 19,535,850 | 21,591,952 | 22,932,758 | 24,355,130 | 25,363,348 | 26,366,562 | 27,358,919 | 28,317,689 | 29,309,843 | 30,356,615 |
| Interest on Debt | - | - | - | - | - | - | - | - | - | - |
| Amortization | 1,226,240 | 1,287,358 | 1,346,466 | 1,423,841 | 1,509,545 | 1,583,934 | 1,658,585 | 1,722,850 | 1,749,974 | 1,761,881 |
| Other | 1,047,500 | 1,076,925 | 1,111,293 | 1,144,632 | 1,178,970 | 1,214,340 | 1,250,770 | 1,288,293 | 1,326,942 | 1,366,750 |
| Total Expenses | 21,809,590 | 23,956,235 | 25,390,507 | 26,923,603 | 28,051,863 | 29,164,836 | 30,266,274 | 31,328,832 | 32,386,759 | 33,485,246 |
| Annual Surplus/(Deficit) | 3,940,643 | 3,812,685 | 3,010,896 | 1,600,452 | 1,772,857 | 1,693,121 | 1,735,220 | 1,945,991 | 1,283,341 | 326,619 |
| Accumulated Surplus/(Deficit), beginning of year | 36,434,467 | 40,375,110 | 44,187,795 | 47,198,691 | 48,799,143 | 50,572,000 | 52,265,121 | 54,000,841 | 55,946,832 | 57,230,173 |
| Accumulated Surplus/(Deficit), end of year | 40,375,110 | 44,187,795 | 47,198,691 | 48,799,143 | 50,572,000 | 52,265,121 | 54,000,841 | 55,946,832 | 57,230,173 | 57,556,792 |
| Note 5: | | | | | | | | | | |
| Accumulated Surplus/(Deficit) is made up of: | | | | | | | | | | |
| Opening Reserve Balances | | | | | | | | | | |
| Reserves: DC | 404,335 | | | | | | | | | |
| Reserves: Capital and Operating | 3,731,557 | | | | | | | | | |
| Reserves: Gas Tax | | | | | | | | | | |
| Total Reserves Balance | 4,135,892 | | | | | | | | | |
| Less: Debt Obligations and Deferred Revenue | (404,335) | | | | | | | | | |
| Add: Adjustment for TCA (Year of Implementation Only) | 32,702,909 | | | | | | | | | |
| Total Opening Balance | 36,434,467 | 40,375,110 | 44,187,795 | 47,198,691 | 48,799,143 | 50,572,000 | 52,265,121 | 54,000,841 | 55,946,832 | 57,230,173 |
| Add: Contributions to/(from) Reserves (excl. DC reserves) | | | | | | | | | | |
| Reserves: Capital | 738,256 | 1,722,343 | 902,852 | (2,348,307) | (363,798) | (478,245) | (635,195) | (342,459) | 1,244,515 | (1,153,200) |
| Reserves: Operating | | | | | | | | | | |
| Total Change in Reserves | 738,256 | 1,722,343 | 902,852 | (2,348,307) | (363,798) | (478,245) | (635,195) | (342,459) | 1,244,515 | (1,153,200) |
| Add: Changes in TCA During the Year | | | | | | | | | | |
| Capital Assets Purchased (net of disposals) | 4,428,628 | 3,377,700 | 3,454,500 | 5,372,600 | 3,646,200 | 3,755,300 | 4,227,500 | 4,011,300 | 1,788,800 | 3,241,700 |
| Amortization of Capital Assets | (1,226,240) | (1,287,358) | (1,346,466) | (1,423,841) | (1,509,545) | (1,583,934) | (1,658,585) | (1,722,850) | (1,749,974) | (1,761,881) |
| Total Changes in TCA | 3,202,387 | 2,090,342 | 2,108,044 | 3,948,759 | 2,136,655 | 2,177,366 | 2,570,915 | 2,288,450 | 38,826 | 1,479,813 |
| Subtract Changes in Debt Position | | | | | | | | | | |
| New Debt | - | - | - | - | - | - | - | - | - | - |
| Debt Repayment | - | - | - | - | - | - | - | - | - | - |
| Total Change in Debt | - | - | - | - | - | - | - | - | - | - |
| Total Ending Balance | 40,375,110 | 44,187,795 | 47,198,691 | 48,799,143 | 50,572,000 | 52,265,121 | 54,000,841 | 55,946,832 | 57,230,173 | 57,556,792 |
| Financial Indicators | | | | | | | | | | |
| 1) Expense to Revenue Ratio | 85% | 86% | 89% | 94% | 94% | 95% | 95% | 94% | 96% | 99% |
| 2) Increase/(Decrease) in Accumulated Surplus | 3,940,643 | 3,812,685 | 3,010,896 | 1,600,452 | 1,772,857 | 1,693,121 | 1,735,220 | 1,945,991 | 1,283,341 | 326,619 |

Schedule 4-1
Town of Richmond Hill
Schedule of Operating Expenses
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2010 - 2019

| Notes | Forecast | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenditures | | | | | | | | | | |
| Operating Costs | | | | | | | | | | |
| Write-offs: Residential | - | - | - | - | - | - | - | - | - | - |
| Water & Sewer Discount - Res. | 163,100 | 166,362 | 169,689 | 173,083 | 176,545 | 180,076 | 183,677 | 187,351 | 191,098 | 194,920 |
| Water & Sewer Discount - Comm. | 62,600 | 63,852 | 65,129 | 66,432 | 67,760 | 69,115 | 70,498 | 71,908 | 73,346 | 74,813 |
| | - | - | - | - | - | - | - | - | - | - |
| Water Meter | | | | | | | | | | |
| Meter Reading Services | 79,650 | 81,243 | 82,868 | 84,525 | 86,216 | 87,940 | 89,699 | 91,493 | 93,323 | 95,189 |
| Consulting Contracts | - | - | - | - | - | - | - | - | - | - |
| New Meter Installs | 97,800 | 99,756 | 101,751 | 103,786 | 105,862 | 107,979 | 110,139 | 112,341 | 114,588 | 116,880 |
| Meter Replacement | 164,800 | 250,000 | 262,500 | 275,625 | 289,406 | 303,877 | 319,070 | 335,024 | 351,775 | 369,364 |
| Meter Repairs | 25,950 | 26,469 | 26,998 | 27,538 | 28,089 | 28,651 | 29,224 | 29,808 | 30,405 | 31,013 |
| Meter Investigation - Res | 3,300 | 3,366 | 3,433 | 3,502 | 3,572 | 3,643 | 3,716 | 3,791 | 3,866 | 3,944 |
| Meter Investigation - Com | 650 | 663 | 676 | 690 | 704 | 718 | 732 | 747 | 762 | 777 |
| Royal Bank ARP Water | 11,000 | 11,220 | 11,444 | 11,673 | 11,907 | 12,145 | 12,388 | 12,636 | 12,886 | 13,146 |
| | - | - | - | - | - | - | - | - | - | - |
| Maintenance Admin | | | | | | | | | | |
| Full Time Salaries | 780,500 | 803,915 | 828,032 | 852,873 | 878,460 | 904,813 | 931,958 | 959,917 | 988,714 | 1,018,375 |
| Overtime | 8,500 | 8,755 | 9,018 | 9,288 | 9,567 | 9,854 | 10,149 | 10,454 | 10,768 | 11,091 |
| Casual Wages | 4,450 | 4,584 | 4,721 | 4,863 | 5,009 | 5,159 | 5,314 | 5,473 | 5,637 | 5,806 |
| Full Time Employee Benefits | 46,350 | 46,711 | 48,112 | 49,555 | 51,042 | 52,573 | 54,150 | 55,775 | 57,448 | 59,171 |
| Casual Employee Benefits | 450 | 464 | 477 | 492 | 506 | 522 | 537 | 553 | 570 | 587 |
| Mileage | 250 | 258 | 265 | 273 | 281 | 290 | 299 | 307 | 317 | 326 |
| Consulting Contracts | 7,000 | 7,210 | 7,426 | 7,649 | 7,879 | 8,115 | 8,358 | 8,609 | 8,867 | 9,133 |
| Consulting / Benchmarking Init | 17,050 | 17,562 | 18,088 | 18,631 | 19,190 | 19,766 | 20,359 | 20,969 | 21,598 | 22,246 |
| Environmental Compliance Cont. | 5,000 | 5,250 | 5,513 | 5,788 | 6,078 | 6,381 | 6,700 | 7,036 | 7,387 | 7,757 |
| Uniforms / Clothing | 400 | 412 | 424 | 437 | 450 | 464 | 478 | 492 | 507 | 522 |
| Vehicle / Equipment Rental | 24,150 | 25,358 | 26,625 | 27,957 | 29,354 | 30,822 | 32,363 | 33,981 | 35,681 | 37,465 |
| Conferences | 1,550 | 1,597 | 1,644 | 1,694 | 1,745 | 1,797 | 1,851 | 1,906 | 1,963 | 2,022 |
| Memberships | 900 | 927 | 955 | 983 | 1,013 | 1,043 | 1,075 | 1,107 | 1,140 | 1,174 |
| Tuition | 250 | 258 | 265 | 273 | 281 | 290 | 299 | 307 | 326 | 337 |
| Training - External | 750 | 773 | 796 | 820 | 844 | 869 | 896 | 922 | 950 | 979 |
| | - | - | - | - | - | - | - | - | - | - |
| Maintenance Operations | | | | | | | | | | |
| Full Time Salaries | 414,000 | 426,420 | 439,213 | 452,389 | 465,961 | 479,939 | 494,338 | 509,168 | 524,443 | 540,176 |
| Overtime | 60,500 | 62,315 | 64,184 | 66,110 | 68,093 | 70,136 | 72,240 | 74,407 | 76,640 | 78,939 |
| Casual Wages | 46,600 | 47,998 | 49,438 | 50,921 | 52,449 | 54,022 | 55,643 | 57,312 | 59,031 | 60,802 |
| Full Time Employee Benefits | 101,750 | 104,803 | 107,947 | 111,185 | 114,521 | 117,956 | 121,495 | 125,140 | 128,894 | 132,761 |
| Casual Employee Benefits | 4,650 | 4,790 | 4,933 | 5,081 | 5,234 | 5,391 | 5,552 | 5,719 | 5,890 | 6,067 |
| Mileage | 200 | 206 | 212 | 219 | 225 | 232 | 239 | 246 | 253 | 261 |
| Contracts | 25,050 | 4,647 | 4,879 | 5,123 | 5,380 | 5,649 | 5,931 | 6,227 | 6,539 | 6,866 |
| Insurance | 187,200 | 196,560 | 206,388 | 216,707 | 227,543 | 238,920 | 250,866 | 263,409 | 276,580 | 290,409 |
| Infill Service Connections | 191,100 | 200,655 | 210,688 | 221,222 | 232,283 | 243,897 | 256,092 | 268,897 | 282,342 | 296,459 |
| Printing | 1,200 | 1,236 | 1,273 | 1,311 | 1,351 | 1,391 | 1,433 | 1,476 | 1,520 | 1,566 |
| Uniforms / Clothing | 6,400 | 6,592 | 6,790 | 6,993 | 7,203 | 7,419 | 7,642 | 7,871 | 8,107 | 8,351 |
| Protective Clothing / Footwear | 3,500 | 3,605 | 3,713 | 3,825 | 3,939 | 4,057 | 4,179 | 4,305 | 4,434 | 4,567 |
| Hydro | 13,800 | 14,766 | 15,800 | 16,906 | 18,089 | 19,355 | 20,710 | 22,160 | 23,711 | 25,371 |
| Tuition | 800 | 824 | 849 | 874 | 900 | 927 | 955 | 984 | 1,013 | 1,044 |
| Training | 2,250 | 2,318 | 2,387 | 2,459 | 2,532 | 2,608 | 2,686 | 2,767 | 2,850 | 2,936 |
| Training - Mandatory | 9,000 | 9,270 | 9,548 | 9,835 | 10,130 | 10,433 | 10,746 | 11,069 | 11,401 | 11,743 |
| M.M.S. - Water | 2,368,100 | 2,486,505 | 2,610,830 | 2,741,372 | 2,878,740 | 3,022,362 | 3,173,480 | 3,332,155 | 3,498,762 | 3,673,700 |
| M.M.S. - Materials / Supplies | 125,000 | 131,250 | 137,813 | 144,703 | 151,938 | 159,535 | 167,512 | 175,888 | 184,682 | 193,916 |
| M.M.S. - Contracts | 1,259,500 | 1,322,475 | 1,388,599 | 1,458,029 | 1,530,930 | 1,607,477 | 1,688,850 | 1,772,243 | 1,860,855 | 1,953,898 |
| Small Tools | 4,750 | 4,893 | 5,039 | 5,190 | 5,346 | 5,507 | 5,672 | 5,842 | 6,017 | 6,198 |
| WMS / SIMMS to Revenue Fund | 70,800 | 72,924 | 75,112 | 77,365 | 79,686 | 82,077 | 84,539 | 87,075 | 89,687 | 92,378 |
| Bad Debt Provision/Expense | - | - | - | - | - | - | - | - | - | - |
| Operating Water | | | | | | | | | | |
| Water Purchases from Region - for each year in the forecast | 13,134,300 | 14,859,941 | 15,910,272 | 17,028,881 | 17,699,416 | 18,390,368 | 19,035,189 | 19,630,423 | 20,242,276 | 20,871,183 |
| Non TCA - Expenses from Capital Budget | - | - | - | - | - | - | - | - | - | - |
| TOTAL OPERATING EXPENSES | 19,535,850 | 21,591,952 | 22,932,768 | 24,355,130 | 25,363,348 | 26,365,562 | 27,359,919 | 28,317,689 | 29,309,843 | 30,356,615 |

Table 4-3
 Town of Richmond Hill
 Statement of Changes in Net Financial Assets/Debt (Water Only)
 UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
 2010 - 2019

| Notes | Forecast | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Annual Surplus/(Deficit) | 3,940,643 | 3,812,685 | 3,010,896 | 1,600,452 | 1,772,857 | 1,893,121 | 1,735,720 | 1,945,991 | 1,283,341 | 326,619 |
| Less: Acquisition of Tangible Capital Assets | (4,428,628) | (3,377,700) | (3,454,500) | (5,372,600) | (3,646,200) | (3,755,300) | (4,227,500) | (4,011,300) | (1,788,800) | (3,241,700) |
| Add: Amortization of Tangible Capital Assets | 1,226,240 | 1,287,358 | 1,346,456 | 1,423,841 | 1,509,545 | 1,583,934 | 1,656,585 | 1,722,850 | 1,749,974 | 1,761,881 |
| (Gain)/Loss on disposal of Tangible Capital Assets | | | | | | | | | | |
| Add: Proceeds on Sale of Tangible Capital Assets | | | | | | | | | | |
| Add: Write-downs of Tangible Capital Assets | | | | | | | | | | |
| | 738,255 | 1,722,343 | 902,852 | (2,348,307) | (363,798) | (478,245) | (835,195) | (342,459) | 1,244,515 | (1,153,200) |
| 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) | 738,255 | 1,722,343 | 902,852 | (2,348,307) | (363,798) | (478,245) | (835,195) | (342,459) | 1,244,515 | (1,153,200) |
| Net Financial Assets/(Net Debt), beginning of year | 3,731,558 | 4,469,813 | 6,192,156 | 7,095,008 | 4,746,701 | 4,382,903 | 3,904,658 | 3,069,463 | 2,727,004 | 3,971,519 |
| Net Financial Assets/(Net Debt), end of Year | 4,469,813 | 6,192,156 | 7,095,008 | 4,746,701 | 4,382,903 | 3,904,658 | 3,069,463 | 2,727,004 | 3,971,519 | 2,818,319 |
| Financial Indicators | | | | | | | | | | |
| 1) Acquisition of Tangible Capital Assets (Cumulative) | 4,428,628 | 7,806,328 | 11,260,828 | 16,633,428 | 20,279,628 | 24,034,928 | 28,262,428 | 32,273,728 | 34,062,528 | 37,304,228 |
| 2) Annual Surplus/Deficit before Amortization (Cumulative) | 5,166,883 | 10,266,926 | 14,624,278 | 17,648,571 | 20,930,973 | 24,208,028 | 27,600,333 | 31,269,174 | 34,302,489 | 36,390,989 |
| 3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative) | 1.17 | 1.32 | 1.30 | 1.06 | 1.03 | 1.01 | 0.98 | 0.97 | 1.01 | 0.98 |

Table 4-4
Town of Richmond Hill
Statement of Cash Flow - Indirect Method (Water Only)
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2010 - 2019

| | Notes | Forecast | | | | | | | | | |
|--|-------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Operating Transactions | | | | | | | | | | | |
| Annual Surplus/Deficit | | 3,940,643 | 3,812,685 | 3,010,896 | 1,600,452 | 1,772,857 | 1,693,121 | 1,735,720 | 1,845,991 | 1,283,341 | 326,619 |
| Add: Amortization of TCA's | 4 | 1,226,240 | 1,287,358 | 1,346,456 | 1,423,841 | 1,509,545 | 1,583,934 | 1,656,585 | 1,722,850 | 1,749,974 | 1,761,881 |
| Less: Earned Deferred Revenue | 3 | (95,400) | (829,040) | (588,700) | - | - | - | - | - | - | - |
| Add: Development Charge and Gas Tax Proceeds | | 8,916 | 519,021 | 585,150 | 107 | 110 | 113 | 115 | 118 | 121 | 124 |
| Change in A/R (Increase/Decrease) | | (363,875) | (180,792) | (125,460) | (114,142) | (193,320) | (154,750) | (172,315) | (189,487) | (55,711) | (27,331) |
| Change in A/P (Increase/Decrease) | | 214,825 | 93,365 | 64,792 | 56,946 | 99,836 | 79,917 | 89,988 | 97,856 | 28,771 | 14,115 |
| Less: Interest Proceeds | | (66,394) | (111,004) | (135,753) | (79,112) | (70,585) | (59,284) | (39,296) | (31,344) | (62,118) | (34,432) |
| Cash Provided by Operating Transactions | | 4,864,955 | 4,591,593 | 4,157,381 | 2,890,092 | 3,118,443 | 3,143,051 | 3,269,797 | 3,545,984 | 2,944,378 | 2,040,976 |
| Capital Transactions | | | | | | | | | | | |
| Proceeds on sale of Tangible Capital Assets | | - | - | - | - | - | - | - | - | - | - |
| Less: Cash Used to Acquire Tangible Capital Assets | 4 | (4,428,628) | (3,377,700) | (3,454,500) | (5,372,600) | (3,646,200) | (3,755,300) | (4,227,500) | (4,011,300) | (1,789,800) | (3,241,700) |
| Cash Applied to Capital Transactions | | (4,428,628) | (3,377,700) | (3,454,500) | (5,372,600) | (3,646,200) | (3,755,300) | (4,227,500) | (4,011,300) | (1,789,800) | (3,241,700) |
| Investing Transactions | | | | | | | | | | | |
| Proceeds from Investments | | 66,394 | 111,004 | 135,753 | 79,112 | 70,585 | 59,284 | 39,296 | 31,344 | 62,118 | 34,432 |
| Less: Cash Used to Acquire Investments | | - | - | - | - | - | - | - | - | - | - |
| Cash Provided by (Applied to) Investing Transactions | | 66,394 | 111,004 | 135,753 | 79,112 | 70,585 | 59,284 | 39,296 | 31,344 | 62,118 | 34,432 |
| Financing Transactions | | | | | | | | | | | |
| Proceeds from Debt Issue | | - | - | - | - | - | - | - | - | - | - |
| Less: Debt Repayment (principal only) | 2 | - | - | - | - | - | - | - | - | - | - |
| Cash Applied to Financing Transactions | 2 | - | - | - | - | - | - | - | - | - | - |
| Increase in Cash and Cash Equivalents | | 502,721 | 1,324,897 | 838,634 | (2,403,396) | (457,172) | (552,965) | (918,407) | (433,972) | 1,217,696 | (1,166,292) |
| Cash and Cash Equivalents, beginning of Year | 1 | 2,458,769 | 2,961,490 | 4,286,387 | 5,125,021 | 2,721,625 | 2,264,453 | 1,711,488 | 793,081 | 359,109 | 1,576,905 |
| Cash and Cash Equivalents, end of Year | 1 | 2,961,490 | 4,286,387 | 5,125,021 | 2,721,625 | 2,264,453 | 1,711,488 | 793,081 | 359,109 | 1,576,905 | 410,513 |

NOTES TO FINANCIAL PLAN

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

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

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

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

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

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

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

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

1. Cash, Receivables and Payables

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

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

For the Town of Richmond Hill, water receivables were approximated at \$3.4 million and water payables were approximated at \$1.7 million for the year ending 2009. These amounts were used to adjust ending reserve balances of \$4.1 million as per the formula above resulting in an estimated opening cash balance of \$2.4 million.

2. Debt

For financial reporting purposes, debt principal payments represent a decrease in debt liability and the interest payments represent a current year operating expense. The Town did not have any outstanding debt relating to water at the end of 2009 and no new debt issues are planned over the 2010-2019 forecast period.

3. Deferred Revenue

Deferred revenue is 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.

4. Tangible Capital Assets

- Opening 2010 net book value of tangible capital assets includes water related assets in the following categories:
 - i. Infrastructure
 - ii. Vehicles
 - iii. Equipment
- Amortization is calculated based on using the straight-line approach with 50% amortization expensed in the year of acquisition or construction.
- Given the planned asset replacement forecast in the 2010 Rate Study, useful life on acquisitions is assumed to be equal to the average useful life for all assets on hand in the respective 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. 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 average useful life for all assets on hand in the respective category) to an estimated historical cost. This figure was used to calculate disposals only.
- 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 balance of tangible capital assets is summarized as follows:

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Opening TCA Balance (Historical Cost) | 48,531,925 | 52,745,188 | 55,876,616 | 58,938,954 | 63,791,536 | 66,791,328 | 70,097,590 | 73,845,418 | 77,207,791 | 78,668,437 |
| Acquisitions | 4,428,628 | 3,377,700 | 3,454,500 | 5,372,600 | 3,646,200 | 3,755,300 | 4,227,500 | 4,011,300 | 1,788,800 | 3,241,700 |
| Disposals | 215,365 | 246,271 | 392,163 | 520,018 | 646,408 | 449,037 | 479,672 | 648,927 | 328,155 | 440,149 |
| Closing TCA Balance (Historical Cost) | 52,745,188 | 55,876,616 | 58,938,954 | 63,791,536 | 66,791,328 | 70,097,590 | 73,845,418 | 77,207,791 | 78,668,437 | 81,469,987 |
| Opening Accumulated Amortization | 15,829,015 | 16,839,891 | 17,880,978 | 18,835,271 | 19,739,094 | 20,602,230 | 21,737,127 | 22,914,040 | 23,987,963 | 25,409,783 |
| Amortization Expense | 1,226,240 | 1,287,358 | 1,346,456 | 1,423,841 | 1,509,545 | 1,583,934 | 1,656,585 | 1,722,850 | 1,749,975 | 1,761,881 |
| Amortization on Disposal | 215,365 | 246,271 | 392,163 | 520,018 | 646,408 | 449,037 | 479,672 | 648,927 | 328,155 | 440,149 |
| Ending Accumulated Amortization | 16,839,891 | 17,880,978 | 18,835,271 | 19,739,094 | 20,602,230 | 21,737,127 | 22,914,040 | 23,987,963 | 25,409,783 | 26,731,514 |
| Net Book Value | 35,905,297 | 37,995,639 | 40,103,683 | 44,052,442 | 46,189,097 | 48,360,463 | 50,931,378 | 53,219,828 | 53,258,654 | 54,738,473 |

5. Accumulated Surplus

Accumulated Surplus for the initial year of the forecast period is reconciled as follows:

| Water | 2010 |
|---|-------------------|
| Opening Reserve Balances | |
| Reserves: DC | 404,335 |
| Reserves: Capital and Operating | 3,731,557 |
| Reserves: Gas Tax | |
| Total Reserves Balance | 4,135,892 |
| Less: Debt Obligations and Deferred Revenue | (404,335) |
| Add: Adjustment for TCA (Year of Implementation Only) | 32,702,909 |
| Total Opening Balance | 36,434,467 |
| Add: Contributions to/(from) Reserves (excl. DC reserves) | |
| Reserves: Capital | 738,253 |
| Reserves: Operating | |
| Total Change in Reserves | 738,253 |
| Add: Changes in TCA During the Year | |
| Capital Assets Purchased (net of disposals) | 4,428,628 |
| Amortization of Capital Assets | (1,226,240) |
| Total Changes in TCA | 3,202,387 |
| Subtract Changes in Debt Position | |
| New Debt | - |
| Debt Repayment | - |
| Total Change in Debt | - |
| Total Ending Balance | 40,375,107 |

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

6. Other revenue

Other revenue includes interest, service charges, and other non-operating general revenues. Also included in this figure for 2010 is approximately \$0.4 million transferred from non-water reserves in support of the capital replacement program for water meters.

7. Other Expenses

Other expenses represent transfers to non-water reserves to cover various corporate cost allocations regarding general costs as well as costs associated with the utilization of staff resources from the following departments: Finance, IT, Engineering/Public Works.

These transfers are summarized as follows:

| Transfers To Reserve | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Transfer to Revenue - Corporate (904-302126140) | 345,150 | 355,505 | 366,170 | 377,155 | 388,469 | 400,123 | 412,127 | 424,491 | 437,226 | 450,342 |
| Transfer to Revenue - Water * Sewer Combined (904-343106140) | 397,350 | 409,271 | 421,549 | 434,195 | 447,221 | 460,638 | 474,457 | 488,690 | 503,351 | 518,452 |
| Transfer to Rev. Fund - EPW (904-651106140) | 264,400 | 272,332 | 280,502 | 288,917 | 297,585 | 306,512 | 315,707 | 325,179 | 334,934 | 344,982 |
| Transfer to Rev. Fund - ITRS (904-651106141) | 40,600 | 41,818 | 43,073 | 44,365 | 45,696 | 47,067 | 48,479 | 49,933 | 51,431 | 52,974 |
| TOTAL | 1,047,500 | 1,078,925 | 1,111,293 | 1,144,632 | 1,178,970 | 1,214,340 | 1,250,770 | 1,288,293 | 1,326,942 | 1,366,750 |

5. PROCESS FOR FINANCIAL PLAN APPROVAL AND SUBMISSION TO THE PROVINCE

5. PROCESS FOR APPROVAL AND SUBMISSION TO THE PROVINCE

As provided in section 1.2, the requirement to prepare the financial plan is provided in Section 32 (5) 2 ii of the SDWA. The financial plan is one of the submission requirements for municipal drinking water licensing and upon completion, evidence that it has been completed in accordance with the requirements of the SDWA must be submitted to the Ministry of the Environment. As part of O.Reg. 453/07, the process established for approval of the plan, public circulation, and filing is provided as follows:

1. The financial plan must be approved by resolution 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 Council resolution approving the financial plan shall be submitted to the Ministry of the Environment as part of the application for a municipal drinking water license (Safe Drinking Water Act, Section 32 (5) 2 ii)

For reference purposes, the submission information for the Ministry of the Environment (MOE) and Ministry of Municipal Affairs and Housing (MMAH) are as follows:

- Town of Richmond Hill Water and Wastewater Financial Plan, June 3, 2010 (MMAH)
- Council Resolution (MOE, MMAH)

6. RECOMMENDATIONS

6. RECOMMENDATIONS

This report presents the water and wastewater financial plan for the Town 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 2010 Rate Study. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The Town of Richmond Hill Water and Wastewater Financial Plan prepared by Watson & Associates Economists Ltd. dated June 3, 2010 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. A copy of the Council resolution for the Town of Richmond Hill Water and Wastewater Financial Plan dated June 3, 2010 is to be submitted to the Ministry of the Environment as part of the Town's municipal drinking water license application.
4. A copy of the Town of Richmond Hill Water and Wastewater Financial Plan dated June 3, 2010 is to be submitted to the Director of Policy Branch, Ministry of Municipal Affairs and Housing as part of the Town's municipal drinking water license application.

APPENDIX A
2010 WATER AND WASTEWATER RATE STUDY –
SUMMARY TABLES

Table A-1
Town of Richmond Hill
Water Service
Capital Budget Forecast
Inflated \$

| Description | Forecast | | | | | | | | | |
|---|----------|---------|---------|------|------|------|------|------|------|------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Capital Expenditures | | | | | | | | | | |
| Growth Related | | | | | | | | | | |
| Watermain replacement - Bond Crescent (Newbridge Avenue to Yonge Street) | 119,250 | 943,300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Snively Street (Bayview Avenue to 630m west) | 0 | 74,400 | 588,700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-Growth Related | | | | | | | | | | |
| Watermain Replacement - Laverock Ave, Penstock Cres, Lucas St. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Sussex Becker Alverna Felix Bonita | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Trayborne Drive & Kenvale Court | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Axminster Drive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Clairidge Dr | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Leisure Lane | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Bentler Road | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Bent Crescent | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Maraim Road | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Maramak Road | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Fernleigh Circle North & South | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Yonge St. North of 16th | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Fesserton Road | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Yonge St. W Benson-Leven | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ctr ST E Pugsley E - CNR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Knolside Drive (Richmond to Kerrybrook) | 137,295 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Schomberg Road (Maple Grove to King) | 415,275 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - George Street (Parker to Schomberg) | 360,188 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Laverock Avenue (Lucas to Trayborne) | 258,488 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Penstock Crescent (Laverock to end) | 33,900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Oldie Bayview Avenue (Canoe Club to North Lake Road) | 296,625 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - ORCC Lands (Vanek Park to Canoe Club) | 408,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Sunset Beach Road (Bayview Park Lane to Vanek Park) | 72,885 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Richmond Street (Trench to Leisure) | 271,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Relining - Bayview Avenue (Maramak south to Major Mackenzie Dr. E.) | 174,585 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Relining - Bayview Avenue (Rockport to Taylor Mills Drive South) | 644,100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Becker Road (185m E to 115m west of Alverna) | 254,250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Table A-1
Town of Richmond Hill
Water Service
Capital Budget Forecast
 Inflated \$

| Description | Forecast | | | | | | | | | |
|--|----------|---------|-----------|-----------|---------|---------|------|------|------|------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Watermain Replacement - Becker Road (Neal to 185m E of Alverna & 115m W of Alverna to end) | 296,625 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Alverna Road (Becker to Taylor Mills S.) | 72,885 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Felix Road (Crosby to Becker) | 143,228 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Bonita (Becker to end) | 59,325 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Sussex Avenue (Paliser to Palmer) | 139,838 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Palmer Avenue (Bayview to CNR) | 121,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Bond Crescent (King Road to Newbridge Avenue) | 30,375 | 240,300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Zelda Crescent (Bluegrass to end) | 27,000 | 213,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Elka Drive (Bluegrass to Zelda) | 33,750 | 267,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Libby Boulevard (Rumble to Mill) | 33,750 | 267,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Bridgport Street (Mill to Richmond) | 23,513 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Palmer Ave. (Bayview to CNR) | 0 | 961,100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Puccini Drive (Verdi Road to Poplar Drive) | 0 | 57,300 | 453,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Iredale Road (Trayborn to Laverock) | 0 | 14,200 | 112,100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Gretel Drive (Trayborn to Laverock) | 0 | 14,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Drynoch Avenue (Snively Street to south-end) | 0 | 23,600 | 186,900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Bridgeport Street (Mill to Richmond) | 0 | 186,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Gretel Dr. (Trayborn to Laverock) | 0 | 0 | 112,100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Poplar Drive (Puccini Drive to Parker Avenue) | 0 | 0 | 68,200 | 539,600 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Ohio Road (Elgin Mills to end) | 0 | 0 | 23,600 | 186,400 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain replacement - Gallacher Avenue (Blyth to Parker) | 0 | 0 | 35,200 | 0 | 292,600 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Pugsley Avenue (Centre Street E. to Crosby) | 0 | 0 | 78,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Bayview Avenue (Briggs to 16th) | 0 | 0 | 1,431,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Pugsley Avenue (Centre Street E. to Crosby Ave) | 0 | 0 | 0 | 588,700 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Relining - Highway 7 (Doncrest to Valleymede) | 0 | 0 | 0 | 745,600 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Relining - Yonge Street (Highway 7 to Weidrick Rd. E.) | 0 | 0 | 0 | 2,658,700 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - Cynthia Crescent (Coon's to Coon's) | 0 | 0 | 0 | 117,200 | 0 | 973,500 | 0 | 0 | 0 | 0 |

Table A-1
Town of Richmond Hill
Water Service
Capital Budget Forecast
Inflated \$

| Description | Forecast | | | | | | | | | |
|---|----------|------|------|---------|-----------|-----------|---------|-----------|---------|------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Watermain Replacement - Lakeland Crescent (North Lake to North Lake) | 0 | 0 | 0 | 113,300 | 0 | 941,000 | 0 | 0 | 0 | 0 |
| Watermain Replacement - TBD (was Axminster Drive) (Taylor Mills S. to Bluegrass) | 0 | 0 | 0 | 55,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - TBD (was Axminster Drive) (Taylor Mills S. to Bluegrass) | 0 | 0 | 0 | 0 | 434,700 | 0 | 0 | 0 | 0 | 0 |
| Watermain Relining - Carrville Road (Bathurst Street to Yonge Street) | 0 | 0 | 0 | 0 | 1,730,600 | 0 | 0 | 0 | 0 | 0 |
| Watermain Relining - Bayview Avenue (Palmer to Major Mackenzie Dr. E.) | 0 | 0 | 0 | 0 | 342,000 | 0 | 0 | 0 | 0 | 0 |
| Watermain Replacement - TBD (was Claridge Drive) (Westwood to Pearson) | 0 | 0 | 0 | 0 | 77,300 | 0 | 641,700 | 0 | 0 | 0 |
| Watermain Replacement - Orion Crescent (Claridge to Claridge) | 0 | 0 | 0 | 0 | 91,300 | 0 | 758,700 | 0 | 0 | 0 |
| Watermain Replacement - Colby Lane (Orion to Clarrage) | 0 | 0 | 0 | 0 | 27,300 | 0 | 227,100 | 0 | 0 | 0 |
| Watermain Replacement - Trimmingham Court (Claridge to end) | 0 | 0 | 0 | 0 | 10,500 | 0 | 87,500 | 0 | 0 | 0 |
| Watermain Replacement - Silkstone Gate (Denham to Orion) | 0 | 0 | 0 | 0 | 12,700 | 0 | 105,600 | 0 | 0 | 0 |
| Watermain Relining - Elgin Mills Road West (Bathurst to Shaftsbury) | 0 | 0 | 0 | 0 | 0 | 1,073,000 | 0 | 0 | 0 | 0 |
| Watermain replacement - Portage Avenue (Bathurst Street to 120m east) | 0 | 0 | 0 | 0 | 0 | 17,200 | 0 | 143,100 | 0 | 0 |
| Watermain replacement - Madison Avenue (Bathurst Street to 120m east) | 0 | 0 | 0 | 0 | 0 | 17,200 | 0 | 143,100 | 0 | 0 |
| Watermain replacement - Sunset Beach Rd (Dunn to 65 m w/o Bayview Park Lane) | 0 | 0 | 0 | 0 | 0 | 136,400 | 0 | 0 | 0 | 0 |
| Watermain replacement - Dunn Avenue (Douglas to Sunset Beach) | 0 | 0 | 0 | 0 | 0 | 30,300 | 0 | 251,600 | 0 | 0 |
| Watermain replacement - Park Crescent (Sunset Beach to Sunset Beach) | 0 | 0 | 0 | 0 | 0 | 68,200 | 0 | 566,400 | 0 | 0 |
| Watermain replacement - Elmwood Avenue (CNR to Bayview) | 0 | 0 | 0 | 0 | 0 | 123,500 | 976,700 | 0 | 0 | 0 |
| Watermain Relining - Centre Street East (Bayview to 220m west of Newkirk) | 0 | 0 | 0 | 0 | 0 | 0 | 863,200 | 0 | 0 | 0 |
| Watermain replacement - Palmer Avenue (Lennox to CNR) | 0 | 0 | 0 | 0 | 0 | 0 | 37,700 | 298,100 | 0 | 0 |
| Watermain replacement - Cedar Avenue (South limit to 167m north of Palmer) | 0 | 0 | 0 | 0 | 0 | 0 | 56,500 | 447,200 | 0 | 0 |
| Watermain replacement - Doncrest Rd (57 m south of Palace to south limit) | 0 | 0 | 0 | 0 | 0 | 0 | 27,100 | 0 | 225,400 | 0 |
| Watermain replacement - Doncrest Rd (Hwy #7 to 105m north) | 0 | 0 | 0 | 0 | 0 | 0 | 15,800 | 0 | 131,500 | 0 |
| Watermain replacement - Tyneview Lane (Starlight to limit) | 0 | 0 | 0 | 0 | 0 | 0 | 19,600 | 0 | 162,800 | 0 |
| Watermain replacement - TBD (was Leisure Lane) (Mill St to Kerrybrook) | 0 | 0 | 0 | 0 | 0 | 0 | 63,300 | 0 | 525,900 | 0 |
| Watermain replacement - Easy St. (60m west of Starlight to Starlight) | 0 | 0 | 0 | 0 | 0 | 0 | 9,000 | 0 | 75,100 | 0 |
| Watermain replacement - Sunset Beach Road (Dunn to 65 m w/o Bayview Park Lane) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,132,900 | 0 | 0 |

Table A-1
Town of Richmond Hill
Water Service
Capital Budget Forecast
Inflated \$

| Description | Forecast | | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Watermain Relining - Yonge Street (Elgin Mills Rd. E. to 340m south of Bernard) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 214,700 | 0 | 0 |
| Watermain Replacement - Arnold Cres. (Elizabeth St to Major Mac.) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 108,400 | 0 | 900,600 |
| Watermain Replacement - Highland Lane (Arnold to 300m south) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 43,500 | 0 | 0 |
| Watermain Replacement - Maple Grove Ave (Yonge to Parker) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 133,000 | 0 | 1,104,400 |
| Watermain Replacement - Wendy Way (Maple Grove to south end) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,800 | 0 | 139,400 |
| Watermain Replacement - Country Crt. (Blackforest to end) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,300 | 0 |
| Watermain Replacement - Rose Garden (Black Forest to Black Forest) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 114,700 | 0 |
| Watermain Replacement - Elm Grove Ave (Parker to Yonge) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 142,900 | 0 |
| Watermain Replacement - Highland Lane (Arnold to 300m south) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 361,600 |
| Watermain Replacement - Penny Place (King to north end) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,300 |
| Watermain Replacement - Hughes Street (King to north end) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,500 |
| Watermain Replacement - Shaver Street (King to north end) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,500 |
| Lifecycle | | | | | | | | | | |
| Watermains | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Control Valves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Specialty Valves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hydrants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water Meters (net of operating program) | 0 | 91,800 | 278,000 | 291,900 | 306,500 | 321,900 | 338,000 | 354,900 | 372,600 | 391,200 |
| Fleet and Equipment | 800 | 23,900 | 86,100 | 76,200 | 320,700 | 53,100 | 0 | 157,600 | 19,600 | 287,200 |
| Total Capital Expenditures | 4,428,628 | 3,377,700 | 3,454,500 | 5,372,600 | 3,646,200 | 3,755,300 | 4,227,500 | 4,011,300 | 1,788,800 | 3,241,700 |
| Capital Financing | | | | | | | | | | |
| Provincial/Federal Grants | 95,400 | 829,040 | 588,700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Development Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-Growth Related Debiture Requirements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Growth Related Debiture Requirements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Operating | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Contributions | 12,000 | 20,000 | 20,400 | 20,808 | 21,224 | 21,649 | 22,082 | 22,523 | 22,974 | 23,433 |
| Transfer from Reserve Funds (Water Meter R & R) | 0 | 91,800 | 278,000 | 291,900 | 306,500 | 321,900 | 338,000 | 354,900 | 372,600 | 391,200 |
| Transfer from Reserve Funds (Watermain R & R) | 4,321,230 | 2,436,860 | 2,567,400 | 5,059,892 | 3,318,476 | 3,411,751 | 3,867,418 | 3,633,877 | 1,393,226 | 2,827,067 |
| Total Capital Financing | 4,428,630 | 3,377,700 | 3,454,500 | 5,372,600 | 3,646,200 | 3,755,300 | 4,227,500 | 4,011,300 | 1,788,800 | 3,241,700 |

Table A-2
Town of Richmond Hill
Water Service
Water Lifecycle Reserve Fund Continuity (Watermain R & R)
 Inflated \$

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Opening Balance | 589,860 | 963,725 | 2,528,536 | 3,496,415 | 1,267,436 | 1,054,684 | 761,506 | 147,690 | 65,409 | 1,611,487 |
| Transfer from Operating | 4,762,000 | 3,940,000 | 3,450,000 | 2,800,000 | 3,080,000 | 3,100,000 | 3,250,000 | 3,550,000 | 2,900,000 | 2,000,000 |
| Transfer from Capital WIP | | | | | | | | | | |
| Transfer to Capital | 4,321,230 | 2,436,860 | 2,567,400 | 5,059,892 | 3,318,476 | 3,411,751 | 3,867,418 | 3,633,877 | 1,393,226 | 2,827,067 |
| Transfer to Operating | 90,411 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Balance | 940,219 | 2,466,865 | 3,411,136 | 1,236,523 | 1,028,960 | 742,933 | 144,088 | 63,813 | 1,572,183 | 784,420 |
| Interest | 23,505 | 61,672 | 85,278 | 30,913 | 25,724 | 18,573 | 3,602 | 1,595 | 39,305 | 19,611 |

Table A-3
Town of Richmond Hill
Water Service
Water Development Charges Reserve Fund Continuity
 Inflated \$

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------|---------|---------|---------|-------|-------|-------|-------|-------|-------|-------|
| Opening Balance | 404,335 | 317,851 | 7,832 | 4,282 | 4,389 | 4,499 | 4,611 | 4,726 | 4,844 | 4,965 |
| Development Charge Proceeds | 0 | 515,000 | 585,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Capital | 95,400 | 829,040 | 588,700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Operating | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Balance | 308,935 | 3,811 | 4,132 | 4,282 | 4,389 | 4,499 | 4,611 | 4,726 | 4,844 | 4,965 |
| Interest | 8,916 | 4,021 | 150 | 107 | 110 | 112 | 115 | 118 | 121 | 124 |
| Required from Development Charges | 95,400 | 829,040 | 588,700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Table A-4
Town of Richmond Hill
Water Service
Water/Sewage Rate Stabilization Reserve Continuity
 Inflated \$

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Opening Balance | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 |
| Transfer from Operating | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Operating | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Balance | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 |

Table A-5
Town of Richmond Hill
Water Service
Water Lifecycle Reserve Fund Continuity (Watermeter R & R)
 Inflated \$

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| Opening Balance | 1,554,810 | 1,919,199 | 2,076,731 | 2,011,706 | 1,892,379 | 1,741,334 | 1,556,268 | 1,334,891 | 1,074,715 | 773,154 |
| Transfer from Operating | 486,300 | 450,000 | 425,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Transfer to Capital | 0 | 91,800 | 278,000 | 291,900 | 306,500 | 321,900 | 338,000 | 354,900 | 372,600 | 391,200 |
| Transfer to Operating | 164,800 | 250,000 | 262,500 | 275,625 | 289,406 | 303,877 | 319,070 | 335,024 | 351,775 | 369,364 |
| Closing Balance | 1,876,310 | 2,027,399 | 1,961,231 | 1,844,181 | 1,696,473 | 1,515,557 | 1,299,198 | 1,044,967 | 750,340 | 412,590 |
| Interest | 42,889 | 49,332 | 50,475 | 48,199 | 44,861 | 40,711 | 35,693 | 29,748 | 22,813 | 14,822 |

Table A-6
Town of Richmond Hill
Water Services
Operating Budget Forecast
 Inflated \$

| Description | Forecast | | | | | | | | | |
|--------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenditures | | | | | | | | | | |
| Operating Costs | | | | | | | | | | |
| Write-offs: Residential | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water & Sewer Discount - Res. | 163,100 | 166,362 | 169,689 | 173,083 | 176,545 | 180,076 | 183,677 | 187,351 | 191,098 | 194,920 |
| Water & Sewer Discount - Comm. | 62,600 | 63,852 | 65,129 | 66,432 | 67,760 | 69,115 | 70,498 | 71,908 | 73,346 | 74,813 |
| Water Meter | | | | | | | | | | |
| Meter Reading Services | 79,650 | 81,243 | 82,868 | 84,525 | 86,216 | 87,940 | 89,699 | 91,493 | 93,323 | 95,189 |
| Consulting Contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Meter Installs | 97,800 | 99,756 | 101,751 | 103,786 | 105,862 | 107,979 | 110,139 | 112,341 | 114,588 | 116,880 |
| Meter Replacement | 164,800 | 250,000 | 262,500 | 275,625 | 289,406 | 303,877 | 319,070 | 335,024 | 351,775 | 369,364 |
| Meter Repairs | 25,950 | 26,469 | 26,998 | 27,538 | 28,089 | 28,651 | 29,224 | 29,808 | 30,405 | 31,013 |
| Meter Investigation - Res | 3,300 | 3,366 | 3,433 | 3,502 | 3,572 | 3,643 | 3,716 | 3,791 | 3,866 | 3,944 |
| Meter Investigation - Com | 650 | 663 | 676 | 690 | 704 | 718 | 732 | 747 | 762 | 777 |
| Royal Bank ARP Water | 11,000 | 11,220 | 11,444 | 11,673 | 11,907 | 12,145 | 12,388 | 12,636 | 12,888 | 13,146 |
| Maintenance Admin | | | | | | | | | | |
| Full Time Salaries | 780,500 | 803,915 | 828,032 | 852,873 | 878,460 | 904,813 | 931,958 | 959,917 | 988,714 | 1,018,375 |
| Overtime | 8,500 | 8,755 | 9,018 | 9,288 | 9,567 | 9,854 | 10,149 | 10,454 | 10,768 | 11,091 |
| Casual Wages | 4,450 | 4,584 | 4,721 | 4,863 | 5,009 | 5,159 | 5,314 | 5,473 | 5,637 | 5,806 |
| Full Time Employee Benefits | 45,350 | 46,711 | 48,112 | 49,555 | 51,042 | 52,573 | 54,150 | 55,775 | 57,448 | 59,171 |
| Casual Employee Benefits | 450 | 464 | 477 | 492 | 506 | 522 | 537 | 553 | 570 | 587 |
| Mileage | 250 | 258 | 265 | 273 | 281 | 290 | 299 | 307 | 317 | 326 |
| Consulting Contracts | 7,000 | 7,210 | 7,426 | 7,649 | 7,879 | 8,115 | 8,358 | 8,609 | 8,867 | 9,133 |
| Consulting / Benchmarking Init | 17,050 | 17,562 | 18,088 | 18,631 | 19,190 | 19,766 | 20,359 | 20,969 | 21,598 | 22,246 |
| Environmental Compliance Cont. | 5,000 | 5,250 | 5,513 | 5,788 | 6,078 | 6,381 | 6,700 | 7,036 | 7,387 | 7,757 |
| Uniforms / Clothing | 400 | 412 | 424 | 437 | 450 | 464 | 478 | 492 | 507 | 522 |
| Vehicle / Equipment Rental | 24,150 | 25,358 | 26,625 | 27,957 | 29,354 | 30,822 | 32,363 | 33,981 | 35,681 | 37,465 |
| Conferences | 1,550 | 1,597 | 1,644 | 1,694 | 1,745 | 1,797 | 1,851 | 1,906 | 1,963 | 2,022 |
| Memberships | 900 | 927 | 955 | 983 | 1,013 | 1,043 | 1,075 | 1,107 | 1,140 | 1,174 |
| Tuition | 250 | 258 | 265 | 273 | 281 | 290 | 299 | 307 | 317 | 326 |
| Training - External | 750 | 773 | 796 | 820 | 844 | 869 | 896 | 922 | 950 | 979 |
| Maintenance Operations | | | | | | | | | | |
| Full Time Salaries | 414,000 | 426,420 | 439,213 | 452,389 | 465,961 | 479,939 | 494,338 | 509,168 | 524,443 | 540,176 |
| Overtime | 60,500 | 62,315 | 64,184 | 66,110 | 68,093 | 70,136 | 72,240 | 74,407 | 76,640 | 78,939 |
| Casual Wages | 46,600 | 47,998 | 49,438 | 50,921 | 52,449 | 54,022 | 55,643 | 57,312 | 59,031 | 60,802 |
| Full Time Employee Benefits | 101,750 | 104,803 | 107,947 | 111,185 | 114,521 | 117,956 | 121,495 | 125,140 | 128,894 | 132,761 |
| Casual Employee Benefits | 4,650 | 4,790 | 4,933 | 5,081 | 5,234 | 5,391 | 5,552 | 5,719 | 5,890 | 6,067 |
| Mileage | 200 | 206 | 212 | 219 | 225 | 232 | 239 | 246 | 253 | 261 |
| Contracts | 25,050 | 4,647 | 4,879 | 5,123 | 5,380 | 5,649 | 5,931 | 6,227 | 6,539 | 6,866 |
| Insurance | 187,200 | 196,560 | 206,388 | 216,707 | 227,543 | 238,920 | 250,866 | 263,409 | 276,580 | 290,409 |
| Infill Service Connections | 191,100 | 200,655 | 210,688 | 221,222 | 232,283 | 243,897 | 256,092 | 268,897 | 282,342 | 296,459 |
| Printing | 1,200 | 1,236 | 1,273 | 1,311 | 1,351 | 1,391 | 1,433 | 1,476 | 1,520 | 1,566 |
| Uniforms / Clothing | 6,400 | 6,592 | 6,790 | 6,993 | 7,203 | 7,419 | 7,642 | 7,871 | 8,107 | 8,351 |
| Protective Clothing / Footwear | 3,500 | 3,605 | 3,713 | 3,825 | 3,939 | 4,057 | 4,179 | 4,305 | 4,434 | 4,567 |
| Hydro | 13,800 | 14,766 | 15,800 | 16,906 | 18,089 | 19,355 | 20,710 | 22,160 | 23,711 | 25,371 |

Table A-6
Town of Richmond Hill
Water Services
Operating Budget Forecast
 Inflated \$

| Description | Forecast | | | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Tuition | 800 | 824 | 849 | 874 | 900 | 927 | 955 | 984 | 1,013 | 1,044 |
| Training | 2,250 | 2,318 | 2,387 | 2,459 | 2,532 | 2,608 | 2,687 | 2,767 | 2,850 | 2,936 |
| Training - Mandatory | 9,000 | 9,270 | 9,548 | 9,835 | 10,130 | 10,433 | 10,746 | 11,069 | 11,401 | 11,743 |
| M.M.S. - Water | 2,368,100 | 2,486,505 | 2,610,830 | 2,741,372 | 2,878,440 | 3,022,362 | 3,173,480 | 3,332,155 | 3,498,762 | 3,673,700 |
| M.M.S. - Materials / Supplies | 125,000 | 131,250 | 137,813 | 144,703 | 151,938 | 159,535 | 167,512 | 175,888 | 184,682 | 193,916 |
| M.M.S. - Contracts | 1,259,500 | 1,322,475 | 1,388,599 | 1,458,029 | 1,530,930 | 1,607,477 | 1,687,850 | 1,772,243 | 1,860,855 | 1,953,898 |
| Small Tools | 4,750 | 4,893 | 5,039 | 5,190 | 5,346 | 5,507 | 5,672 | 5,842 | 6,017 | 6,198 |
| WIMS / SIMMS to Revenue Fund | 70,800 | 72,924 | 75,112 | 77,365 | 79,686 | 82,077 | 84,539 | 87,075 | 89,687 | 92,378 |
| Bad Debt Provision/Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Water | | | | | | | | | | |
| Water Purchases - Region | 13,134,300 | 14,859,941 | 15,910,272 | 17,028,881 | 17,699,416 | 18,390,368 | 19,035,189 | 19,630,423 | 20,242,276 | 20,871,183 |
| Sub Total Operating | 19,535,850 | 21,591,952 | 22,932,758 | 24,355,130 | 25,363,348 | 26,366,562 | 27,358,919 | 28,317,689 | 29,309,843 | 30,356,615 |
| Capital-Related | | | | | | | | | | |
| Existing Debt - Non-Growth Related | | | | | | | | | | |
| Existing Debt - Growth Related | | | | | | | | | | |
| New Non-Growth Related Debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Growth Related Debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital From Current (Equipment Replacement) | 12,000 | 20,000 | 20,400 | 20,808 | 21,224 | 21,649 | 22,082 | 22,523 | 22,974 | 23,433 |
| Transfer to Rate Stabilization Reserve | | | | | | | | | | |
| Transfer to Revenue - Corporate (904-302126140) | 345,150 | 355,505 | 366,170 | 377,155 | 388,469 | 400,123 | 412,127 | 424,491 | 437,226 | 450,342 |
| Transfer to Revenue - Water * Sewer Combined (904-343106140) | 397,350 | 409,271 | 421,549 | 434,195 | 447,221 | 460,638 | 474,457 | 488,690 | 503,351 | 518,452 |
| Transfer to Rev. Fund - EPW (904-651106140) | 264,400 | 272,332 | 280,502 | 288,917 | 297,585 | 306,512 | 315,707 | 325,179 | 334,934 | 344,982 |
| Transfer to Rev. Fund - ITRS (904-651106141) | 40,600 | 41,818 | 43,073 | 44,365 | 45,696 | 47,067 | 48,479 | 49,933 | 51,431 | 52,974 |
| Transfer To Reserve Fund - Water Meter R & R | 486,300 | 450,000 | 425,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Transfer to Reserve Fund - Watermain R & R | 4,762,000 | 3,940,000 | 3,450,000 | 2,800,000 | 3,080,000 | 3,100,000 | 3,250,000 | 3,550,000 | 2,900,000 | 2,000,000 |
| Sub Total Capital Related | 6,307,800 | 5,488,925 | 5,006,693 | 4,365,440 | 4,680,195 | 4,735,988 | 4,922,851 | 5,260,816 | 4,649,915 | 3,790,183 |
| Total Expenditures | 25,843,650 | 27,080,877 | 27,939,451 | 28,720,570 | 30,043,542 | 31,102,550 | 32,281,770 | 33,578,505 | 33,959,758 | 34,146,798 |
| Revenues | | | | | | | | | | |
| Investment Income - Corporate | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| Transfer from Capital Fund | | | | | | | | | | |
| Water - Local Improvement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water - Residential | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water - Commercial | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water - Temporary | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| New Account Fee | 63,500 | 79,415 | 133,665 | 187,915 | 242,165 | 296,415 | 342,125 | 379,295 | 416,465 | 453,635 |
| Water Collection Charge | 24,300 | 24,543 | 24,788 | 25,036 | 25,287 | 25,540 | 25,795 | 26,053 | 26,313 | 26,577 |
| Administrative Charge | 450 | 455 | 459 | 464 | 468 | 473 | 478 | 482 | 487 | 492 |
| Plumbing Not Ready | 2,850 | 2,879 | 2,907 | 2,936 | 2,966 | 2,995 | 3,025 | 3,056 | 3,086 | 3,117 |
| Install of Radio Frequency Tra | 3,500 | 3,535 | 3,570 | 3,606 | 3,642 | 3,679 | 3,715 | 3,752 | 3,790 | 3,828 |
| High Consumption Checks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water Service On/Off Charges | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Water Service Contract - Res. | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 |
| Water Service Contract - Ind. | 0 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Recovery - M.M.S. Burden | 107,400 | 110,622 | 113,941 | 117,359 | 120,880 | 124,506 | 128,241 | 132,088 | 136,051 | 140,133 |

Table A-6
Town of Richmond Hill
Water Services
Operating Budget Forecast
 Inflated \$

| Description | Forecast | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Recovery - M.M.S. Wages | 480,950 | 495,379 | 510,240 | 525,547 | 541,313 | 557,553 | 574,279 | 591,508 | 609,253 | 627,531 |
| Recovery - M.M.S. Benefits | 96,400 | 99,292 | 102,271 | 105,339 | 108,499 | 111,754 | 115,107 | 118,560 | 122,117 | 125,780 |
| Recovery - M.M.S. Contracts | 1,259,500 | 1,297,285 | 1,336,204 | 1,376,290 | 1,417,578 | 1,460,106 | 1,503,909 | 1,549,026 | 1,595,497 | 1,643,362 |
| Recovery - M.M.S. Mats & Sups. | 125,000 | 128,750 | 132,613 | 136,591 | 140,689 | 144,909 | 149,257 | 153,734 | 158,346 | 163,097 |
| Contributions from Development Charges Reserve Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions from Reserve | 176,040 | | | | | | | | | |
| Contributions from Reserve Fund (Water Meter R & R) | 483,500 | 250,000 | 262,500 | 275,625 | 289,406 | 303,877 | 319,070 | 335,024 | 351,775 | 369,364 |
| Total Operating Revenue | 3,263,390 | 2,982,154 | 3,113,157 | 3,246,708 | 3,382,893 | 3,521,806 | 3,655,001 | 3,782,579 | 3,913,181 | 4,046,914 |
| Water Billing Recovery - Operating | 22,580,260 | 24,098,723 | 24,826,293 | 25,473,862 | 26,660,649 | 27,580,744 | 28,626,769 | 29,795,926 | 30,046,578 | 30,099,884 |
| Lifecycle Reserve Contribution (\$) | | | | | | | | | | |
| Water Billing Recovery - Total | 22,580,260 | 24,098,723 | 24,826,293 | 25,473,862 | 26,660,649 | 27,580,744 | 28,626,769 | 29,795,926 | 30,046,578 | 30,099,884 |

Table A-7
Town of Richmond Hill
Water Services
Water Rate Forecast
 Inflated \$

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Water Billing Recovery | 22,580,260 | 24,098,723 | 24,826,293 | 25,473,862 | 26,660,649 | 27,580,744 | 28,626,769 | 29,795,926 | 30,046,578 | 30,099,884 |
| Total Consumption (m ³) | 18,601,170 | 18,965,885 | 19,339,459 | 19,713,490 | 20,087,976 | 20,462,915 | 20,765,104 | 20,994,541 | 21,224,424 | 21,454,750 |
| Volume Rate | 1.2139 | 1.2706 | 1.2837 | 1.2922 | 1.3272 | 1.3478 | 1.3786 | 1.4192 | 1.4157 | 1.4029 |

Table A-8
Town of Richmond Hill
Wastewater Service
Capital Budget Forecast
 Inflated \$

| Description | Forecast | | | | | | | | | |
|---|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Capital Expenditures | | | | | | | | | | |
| <u>Growth Related</u> | | | | | | | | | | |
| Sanitary Sewer upgrade - George Street (Schomberg to 40 m west) | 33,900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-Growth Related | | | | | | | | | | |
| Sanitary Replacement - Fernleigh Circle North & South | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lifecycle | | | | | | | | | | |
| Pumping Stations and Facility Equipment | 0 | 178,200 | 187,100 | 196,400 | 206,200 | 216,500 | 227,400 | 238,700 | 250,700 | 263,200 |
| Sanitary Sewers | 0 | 84,300 | 0 | 0 | 0 | 178,900 | 0 | 0 | 0 | 12,500 |
| Maintenance Holes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water Meters (net of operating program) | 0 | 91,800 | 278,000 | 291,900 | 306,500 | 321,900 | 338,000 | 354,900 | 372,600 | 391,200 |
| Fleet and Equipment | 800 | 23,900 | 86,100 | 76,200 | 320,700 | 53,100 | 0 | 157,600 | 19,600 | 287,200 |
| Total Capital Expenditures | 34,700 | 378,200 | 551,200 | 564,500 | 833,400 | 770,400 | 565,400 | 751,200 | 642,900 | 954,100 |
| Capital Financing | | | | | | | | | | |
| Provincial/Federal Grants | | | | | | | | | | |
| Development Charges | 33,900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-Growth Related Debenture Requirements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Growth Related Debenture Requirements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Contributions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from Wastewater Lifecycle Reserve Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from Water Meter R & R Reserve Fund | 0 | 91,800 | 278,000 | 291,900 | 306,500 | 321,900 | 338,000 | 354,900 | 372,600 | 391,200 |
| Transfer from Wastewater R & R Reserve Fund | 800 | 286,400 | 273,200 | 272,600 | 526,900 | 448,500 | 227,400 | 396,300 | 270,300 | 562,900 |
| Total Capital Financing | 34,700 | 378,200 | 551,200 | 564,500 | 833,400 | 770,400 | 565,400 | 751,200 | 642,900 | 954,100 |

Table A-9
Town of Richmond Hill
Wastewater Service
Wastewater Reserve Fund Continuity (Sanitary R & R)
 Inflated \$

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|
| Opening Balance | 8,575,057 | 8,945,156 | 8,929,430 | 9,119,050 | 9,350,089 | 9,444,629 | 9,635,564 | 10,070,519 | 10,361,490 | 10,703,021 |
| Transfer from Operating | 164,800 | 50,000 | 240,000 | 275,625 | 389,406 | 403,877 | 419,070 | 435,024 | 351,775 | 369,364 |
| Transfer from Capital WIP | | | | | | | | | | |
| Transfer to Capital | 800 | 286,400 | 273,200 | 272,600 | 526,900 | 448,500 | 227,400 | 396,300 | 270,300 | 562,900 |
| Transfer to Operating | 10,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Balance | 8,728,857 | 8,708,756 | 8,896,230 | 9,122,075 | 9,212,596 | 9,400,006 | 9,827,234 | 10,109,243 | 10,442,965 | 10,509,485 |
| Interest | 216,299 | 220,674 | 222,821 | 228,014 | 232,034 | 235,558 | 243,285 | 252,247 | 260,056 | 265,156 |

Table A-10
Town of Richmond Hill
Wastewater Service
Wastewater Development Charge Reserve Fund Continuity
 Inflated \$

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Opening Balance | 213,211 | 184,217 | 188,823 | 193,543 | 198,382 | 203,342 | 208,425 | 213,636 | 218,977 | 224,451 |
| Development Charge Proceeds | | | | | | | | | | |
| Transfer to Capital | 33,900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Operating | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Balance | 179,311 | 184,217 | 188,823 | 193,543 | 198,382 | 203,342 | 208,425 | 213,636 | 218,977 | 224,451 |
| Interest | 4,907 | 4,605 | 4,721 | 4,839 | 4,960 | 5,084 | 5,211 | 5,341 | 5,474 | 5,611 |
| Required from Development Charges | 33,900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Table A-11
Town of Richmond Hill
Water Service
Water/Sewage Rate Stabilization Reserve Continuity
 Inflated \$

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Opening Balance | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 |
| Transfer from Operating | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Operating | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Balance | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 | 1,586,887 |

Table A-12
Town of Richmond Hill
Water Service
Wastewater Lifecycle Reserve Fund Continuity (Watermeter R & R)
 Inflated \$

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|---------|
| Opening Balance | 1,554,810 | 1,545,586 | 1,440,653 | 1,385,038 | 1,275,358 | 1,159,512 | 1,010,526 | 927,380 | 808,892 | 662,559 |
| Transfer from Operating | 117,300 | 200,000 | 450,000 | 425,000 | 450,000 | 450,000 | 550,000 | 550,000 | 550,000 | 550,000 |
| Transfer to Capital | 0 | 91,800 | 278,000 | 291,900 | 306,500 | 321,900 | 338,000 | 354,900 | 372,600 | 391,200 |
| Transfer to Operating | 164,800 | 250,000 | 262,500 | 275,625 | 289,406 | 303,877 | 319,070 | 335,024 | 351,775 | 369,364 |
| Closing Balance | 1,507,310 | 1,403,786 | 1,350,153 | 1,242,513 | 1,129,452 | 983,735 | 903,455 | 787,456 | 634,516 | 441,995 |
| Interest | 38,276 | 36,867 | 34,885 | 32,844 | 30,060 | 26,791 | 23,925 | 21,435 | 18,043 | 13,682 |

Table A-13
Town of Richmond Hill
Wastewater Service
Wastewater Lifecycle Reserve Fund Continuity
 Inflated \$

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------|------|------|------|------|---------|---------|---------|-----------|-----------|-----------|
| Opening Balance | 0 | 0 | 0 | 0 | 0 | 101,250 | 508,781 | 926,501 | 1,557,163 | 2,912,342 |
| Transfer from Operating | 0 | 0 | 0 | 0 | 100,000 | 400,000 | 400,000 | 600,000 | 1,300,000 | 1,850,000 |
| Transfer to Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Operating | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Balance | 0 | 0 | 0 | 0 | 100,000 | 501,250 | 908,781 | 1,526,501 | 2,857,163 | 4,762,342 |
| Interest | 0 | 0 | 0 | 0 | 1,250 | 7,531 | 17,720 | 30,663 | 55,179 | 95,934 |

Table A-14
Town of Richmond Hill
Wastewater Service
Operating Budget Forecast
 Inflated \$

| Description | Forecast | | | | | | | | | |
|--------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenditures | | | | | | | | | | |
| Operating Costs | | | | | | | | | | |
| Water & Sewer Discount - Res. | 163,100 | 166,362 | 169,689 | 173,083 | 176,545 | 180,076 | 183,677 | 187,351 | 191,098 | 194,920 |
| Water & Sewer Discount - Comm. | 62,600 | 63,852 | 65,129 | 66,432 | 67,760 | 69,115 | 70,498 | 71,908 | 73,346 | 74,813 |
| Water Meter | | | | | | | | | | |
| Water Reading Services | 79,650 | 81,243 | 82,868 | 84,525 | 86,216 | 87,940 | 89,699 | 91,493 | 93,323 | 95,189 |
| Consulting Contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Meter Installs | 97,800 | 99,756 | 101,751 | 103,786 | 105,862 | 107,979 | 110,139 | 112,341 | 114,588 | 116,880 |
| Meter Replacement | 164,800 | 250,000 | 262,500 | 275,625 | 289,406 | 303,877 | 319,070 | 335,024 | 351,775 | 369,364 |
| Meter Repairs | 25,950 | 26,469 | 26,998 | 27,538 | 28,089 | 28,651 | 29,224 | 29,808 | 30,405 | 31,013 |
| Meter Investigation - Res | 3,300 | 3,366 | 3,433 | 3,502 | 3,572 | 3,643 | 3,716 | 3,791 | 3,866 | 3,944 |
| Meter Investigation - Com | 650 | 663 | 676 | 690 | 704 | 718 | 732 | 747 | 762 | 777 |
| Royal Bank ARP Water | 11,000 | 11,220 | 11,444 | 11,673 | 11,907 | 12,145 | 12,388 | 12,636 | 12,888 | 13,146 |
| Maintenance Admin | | | | | | | | | | |
| Full Time Salaries | 204,950 | 211,099 | 217,431 | 223,954 | 230,673 | 237,593 | 244,721 | 252,063 | 259,625 | 267,413 |
| Overtime | 8,500 | 8,755 | 9,018 | 9,288 | 9,567 | 9,854 | 10,149 | 10,454 | 10,768 | 11,091 |
| Casual Wages | 4,450 | 4,584 | 4,721 | 4,863 | 5,009 | 5,159 | 5,314 | 5,473 | 5,637 | 5,806 |
| Full Time Employee Benefits | 45,350 | 46,711 | 48,112 | 49,555 | 51,042 | 52,573 | 54,150 | 55,775 | 57,448 | 59,171 |
| Casual Employee Benefits | 450 | 464 | 477 | 492 | 506 | 522 | 537 | 553 | 570 | 587 |
| Mileage | 250 | 258 | 265 | 273 | 281 | 290 | 299 | 307 | 317 | 326 |
| Consulting Contracts | 7,000 | 7,210 | 7,426 | 7,649 | 7,879 | 8,115 | 8,358 | 8,609 | 8,867 | 9,133 |
| Consulting / Benchmarking Init | 17,050 | 17,562 | 18,088 | 18,631 | 19,190 | 19,766 | 20,359 | 20,969 | 21,598 | 22,246 |
| Environmental Compliance Cont. | 5,000 | 5,250 | 5,513 | 5,788 | 6,078 | 6,381 | 6,700 | 7,036 | 7,387 | 7,757 |
| Uniforms / Clothing | 400 | 412 | 424 | 437 | 450 | 464 | 478 | 492 | 507 | 522 |
| Vehicle / Equipment Rental | 24,150 | 25,358 | 26,625 | 27,957 | 29,354 | 30,822 | 32,363 | 33,981 | 35,681 | 37,465 |
| Conferences | 1,550 | 1,597 | 1,644 | 1,694 | 1,745 | 1,797 | 1,851 | 1,906 | 1,963 | 2,022 |
| Memberships | 900 | 927 | 955 | 983 | 1,013 | 1,043 | 1,075 | 1,107 | 1,140 | 1,174 |
| Tuition | 250 | 258 | 265 | 273 | 281 | 290 | 299 | 307 | 317 | 326 |
| Training - External | 750 | 773 | 796 | 820 | 844 | 869 | 896 | 922 | 950 | 979 |

Table A-14
Town of Richmond Hill
Wastewater Service
Operating Budget Forecast
 Inflated \$

| Description | Forecast | | | | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | |
| Maintenance Operations | | | | | | | | | | | |
| Full Time Salaries | 414,000 | 426,420 | 439,213 | 452,389 | 465,961 | 479,939 | 494,338 | 509,168 | 524,443 | 540,176 | |
| Overtime | 60,500 | 62,315 | 64,184 | 66,110 | 68,093 | 70,136 | 72,240 | 74,407 | 76,640 | 78,939 | |
| Casual Wages | 46,600 | 47,998 | 49,438 | 50,921 | 52,449 | 54,022 | 55,643 | 57,312 | 59,031 | 60,802 | |
| Full Time Employee Benefits | 101,750 | 104,803 | 107,947 | 111,185 | 114,521 | 117,956 | 121,495 | 125,140 | 128,894 | 132,761 | |
| Casual Employee Benefits | 4,650 | 4,790 | 4,933 | 5,081 | 5,234 | 5,391 | 5,552 | 5,719 | 5,890 | 6,067 | |
| Mileage | 200 | 206 | 212 | 219 | 225 | 232 | 239 | 246 | 253 | 261 | |
| Water & Sewer Discount - Res. | 25,050 | 4,215 | 4,426 | 4,647 | 24,879 | 4,647 | 4,879 | 5,123 | 5,380 | 25,649 | |
| Insurance | 187,200 | 196,560 | 206,388 | 216,707 | 227,543 | 238,920 | 250,866 | 263,409 | 276,580 | 290,409 | |
| Infill Service Connections | 191,100 | 200,655 | 210,688 | 221,222 | 232,283 | 243,897 | 256,092 | 268,897 | 282,342 | 296,459 | |
| Printing | 1,200 | 1,236 | 1,273 | 1,311 | 1,351 | 1,391 | 1,433 | 1,476 | 1,520 | 1,566 | |
| Uniforms / Clothing | 6,400 | 6,592 | 6,790 | 6,993 | 7,203 | 7,419 | 7,642 | 7,871 | 8,107 | 8,351 | |
| Protective Clothing / Footwear | 3,500 | 3,605 | 3,713 | 3,825 | 3,939 | 4,057 | 4,179 | 4,305 | 4,434 | 4,567 | |
| Hydro | 13,800 | 14,490 | 15,215 | 15,975 | 16,774 | 17,613 | 18,493 | 19,418 | 20,389 | 21,408 | |
| Tuition | 800 | 824 | 849 | 874 | 900 | 927 | 955 | 984 | 1,013 | 1,044 | |
| Training | 2,250 | 2,318 | 2,387 | 2,459 | 2,532 | 2,608 | 2,687 | 2,767 | 2,850 | 2,936 | |
| Training - Mandatory | 9,000 | 9,270 | 9,548 | 9,835 | 10,130 | 10,433 | 10,746 | 11,069 | 11,401 | 11,743 | |
| M.M.S. - Sewer | 2,033,500 | 2,135,175 | 2,241,934 | 2,354,030 | 2,471,732 | 2,595,319 | 2,725,084 | 2,861,339 | 3,004,406 | 3,154,626 | |
| M.I.M.S. - Materials / Supplies | 125,000 | 131,250 | 137,813 | 144,703 | 151,938 | 159,535 | 167,512 | 175,888 | 184,682 | 193,916 | |
| M.M.S. - Contracts | 1,259,500 | 1,322,475 | 1,388,599 | 1,458,029 | 1,530,930 | 1,607,477 | 1,687,850 | 1,772,243 | 1,860,855 | 1,953,898 | |
| Small Tools | 4,750 | 4,893 | 5,039 | 5,190 | 5,346 | 5,507 | 5,672 | 5,842 | 6,017 | 6,198 | |
| WIMS / SIMMS to Revenue Fund | 70,800 | 72,924 | 75,112 | 77,365 | 79,686 | 82,077 | 84,539 | 87,075 | 89,687 | 92,378 | |
| Bad Debt Provision/Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Operating Sewer | | | | | | | | | | | |
| Sewage Treatment - Region | 14,882,400 | 17,600,895 | 19,742,341 | 22,136,581 | 23,684,952 | 25,333,379 | 26,992,867 | 28,655,672 | 30,417,913 | 32,285,407 | |
| Sub Total Operating | 20,373,800 | 23,388,051 | 25,784,291 | 28,445,163 | 30,292,573 | 32,212,564 | 34,177,696 | 36,160,422 | 38,257,553 | 40,495,623 | |
| Capital-Related | | | | | | | | | | | |
| Existing Debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| New Non-Growth Related Debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| New Growth Related Debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Capital From Current | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Transfer to Revenue - Corporate (904-302126140) | 345,150 | 355,505 | 366,170 | 377,155 | 388,469 | 400,123 | 412,127 | 424,491 | 437,226 | 450,342 | |
| Transfer to Revenue - Water * Sewer Combined (904-343106140) | 397,350 | 409,271 | 421,549 | 434,195 | 447,221 | 460,638 | 474,457 | 488,690 | 503,351 | 518,452 | |
| Transfer to Rev. Fund - EPW (904-651106140) | 264,400 | 272,332 | 280,502 | 288,917 | 297,585 | 306,512 | 315,707 | 325,179 | 334,934 | 344,982 | |
| Transfer to Rev. Fund - ITRS (904-651106141) | 40,600 | 41,818 | 43,073 | 44,365 | 45,696 | 47,067 | 48,479 | 49,933 | 51,431 | 52,974 | |
| Transfer to Rate Stabilization Reserve | | | | | | | | | | | |
| Transfer To Reserve Fund - Water Meter R & R | 117,300 | 200,000 | 450,000 | 425,000 | 450,000 | 450,000 | 550,000 | 550,000 | 550,000 | 550,000 | |
| Transfer to Reserve Fund - Sanitary R & R | 164,800 | 50,000 | 240,000 | 275,625 | 389,406 | 403,877 | 419,070 | 435,024 | 351,775 | 369,364 | |
| Sub Total Capital Related | 1,329,600 | 1,328,925 | 1,801,293 | 1,845,257 | 2,018,377 | 2,068,216 | 2,219,840 | 2,273,317 | 2,228,717 | 2,286,114 | |
| Total Expenditures | 21,703,400 | 24,716,976 | 27,585,584 | 30,290,420 | 32,310,950 | 34,280,780 | 36,397,536 | 38,433,739 | 40,486,270 | 42,781,736 | |

Table A-14
Town of Richmond Hill
Wastewater Service
Operating Budget Forecast
 Inflated \$

| Description | Forecast | | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | |
| Revenues | | | | | | | | | | | |
| Base Charge | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | |
| Investment Income - Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Local Improvement | 63,500 | 63,500 | 63,500 | 63,500 | 63,500 | 63,500 | 63,500 | 63,500 | 63,500 | 63,500 | |
| New Account Fee | 24,300 | 24,543 | 24,788 | 25,036 | 25,287 | 25,540 | 25,795 | 26,053 | 26,313 | 26,577 | |
| Water Collection Charge | 450 | 455 | 459 | 464 | 468 | 473 | 478 | 482 | 487 | 492 | |
| Administrative Charge | 2,850 | 2,879 | 2,907 | 2,936 | 2,966 | 2,995 | 3,025 | 3,056 | 3,086 | 3,117 | |
| Plumbing Not Ready | 3,500 | 3,535 | 3,570 | 3,606 | 3,642 | 3,679 | 3,715 | 3,752 | 3,790 | 3,828 | |
| Install of Radio Frequency Tra | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| High Consumption Checks | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | |
| Sewer Blocked Lateral Fees | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | |
| Spills Recovery | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | |
| Sewer Service Contract - Res. | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | |
| Storm Sewer Serv.Contract -Res | 125,000 | 131,250 | 137,813 | 144,703 | 151,938 | 159,535 | 167,512 | 175,888 | 184,682 | 193,916 | |
| Recovery - M.M.S. Mats & Sups. | 1,259,500 | 1,322,475 | 1,388,599 | 1,458,029 | 1,530,930 | 1,607,477 | 1,687,850 | 1,772,243 | 1,860,855 | 1,953,898 | |
| Recovery - M.M.S. Contracts | 107,400 | 110,622 | 113,941 | 117,359 | 120,880 | 124,506 | 128,241 | 132,088 | 136,051 | 140,133 | |
| Recovery - M.M.S. Burden | 480,950 | 495,379 | 510,240 | 525,547 | 541,313 | 557,563 | 574,279 | 591,508 | 609,253 | 627,531 | |
| Recovery - M.M.S. Benefits | 96,400 | 99,292 | 102,271 | 105,339 | 108,499 | 111,754 | 115,107 | 118,560 | 122,117 | 125,780 | |
| Contributions from Development Charges Reserve Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Contributions from Reserves | 19,560 | | | | | | | | | | |
| Contributions from Reserve Funds | 164,800 | 250,000 | 262,500 | 275,625 | 289,406 | 303,877 | 319,070 | 335,024 | 351,775 | 369,364 | |
| Total Operating Revenue | 2,884,210 | 3,039,929 | 3,146,588 | 3,258,144 | 3,374,830 | 3,496,888 | 3,624,573 | 3,758,154 | 3,897,910 | 4,044,135 | |
| Wastewater Billing Recovery - Operating | 18,819,190 | 21,677,048 | 24,438,996 | 27,032,276 | 28,936,120 | 30,783,893 | 32,772,962 | 34,675,585 | 36,588,360 | 38,737,602 | |
| Lifecycle Reserve Contribution (\$) (Sanitary Sewer R & R Reserve Fund) | 0 | 0 | 0 | 0 | 100,000 | 400,000 | 400,000 | 600,000 | 1,300,000 | 1,850,000 | |
| Wastewater Billing Recovery - Total | 18,819,190 | 21,677,048 | 24,438,996 | 27,032,276 | 29,036,120 | 31,183,893 | 33,172,962 | 35,275,585 | 37,888,360 | 40,587,602 | |

Table A-15
 Town of Richmond Hill
 Wastewater Service
 Wastewater Rate Forecast
 Inflated \$

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Wastewater Billing Recovery | 18,819,190 | 21,677,048 | 24,438,996 | 27,032,276 | 29,036,120 | 31,183,893 | 33,172,962 | 35,275,585 | 37,888,360 | 40,587,602 |
| Total Consumption (m ³) | 18,601,170 | 18,965,885 | 19,339,459 | 19,713,490 | 20,087,976 | 20,462,915 | 20,765,104 | 20,994,541 | 21,224,424 | 21,454,750 |
| Volume Rate | 1.0117 | 1.1429 | 1.2637 | 1.3713 | 1.4454 | 1.5239 | 1.5975 | 1.6802 | 1.7851 | 1.8918 |

**APPENDIX B
WASTEWATER FINANCIAL PLAN**

FIGURE B-1
CONVERSION ADJUSTMENTS
STATEMENT OF OPERATIONS
WASTEWATER ONLY

| Modified Cash Basis | Budget 2010 | | Transition Budget Balances 2010 | | Adjustments to add Accrual Accounts | | Budget 2010 | | Accrual Basis | | Notes on Adjustments |
|--|----------------|-------------------|---------------------------------|----|-------------------------------------|----|-------------------|--|---|--|--|
| | Dr | Cr | Dr | Cr | Dr | Cr | | | | | |
| Revenues | | | | | | | | | | | |
| Revenues | | 18,819,190 | 18,819,190 | | | | 18,819,190 | | Revenues | | No change |
| Gas Tax Subsidy | | | | | | | | | | | |
| Transfers from Reserves | 184,360 | | | | 184,360 | | | | | | Removes non-accrual reserve account |
| Other Revenue | | 2,699,850 | 2,699,850 | | | | 33,900 | | Earned DC & Gas Tax Revenue | | New Account to reflect earned DC Revenue |
| Total Revenues | | 21,703,400 | 21,519,040 | | 263,935 | | 21,816,875 | | Total Revenues | | To Account for interest revenue and tax supported contributions |
| Expenditures | | | | | | | | | | | |
| Operating | | 20,373,800 | 20,373,800 | | | | 20,373,800 | | Operating Expenses | | Various Expenses previously classified as capital expenditures |
| Capital | | | | | | | | | | | |
| Transfers to Reserves | 1,329,600 | | | | 1,329,600 | | | | | | Removes non-accrual reserve account |
| Transfers to Capital | | | | | | | | | | | Removes TCA related balances which are now captured in statement of financial position |
| Debt Repayment (Principal & Interest) | | | | | | | | | | | Removes principal portion of debt - now reflected on statement of cash flow. |
| Other | | | | | | | 1,160,381 | | Amortization | | New account created as a result of PSAB 3150 - reflects cost of using TCA |
| Total Expenditures | | 21,703,400 | 20,373,800 | | 1,047,500 | | 22,581,681 | | Total Expenditures | | To account for transfers to tax supported services |
| Net Expenditures | | | | | | | (764,806) | | Annual Surplus/(Deficit) | | Represents difference between Revenues and Expenditures |
| Increase (decrease) in amounts to be recovered | | | | | | | 51,173,651 | | Accumulated Surplus/(Deficit), beginning of year | | |
| Change in fund balances | | | | | | | 50,408,845 | | Accumulated Surplus/(Deficit), end of year | | To transfer annual surplus to accumulated surplus |
| TOTAL ADJUSTMENTS | 184,360 | 1,329,600 | | | 1,443,075 | | 297,835 | | | | |

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

Figure B-1 illustrates the conversions required to the revise the Statement of Operations as per section 1.2.5 above. Some of these conversions are noted as follows:

- Including the revenues and expenses associated with the now obsolete Statement of Capital and Statement of Reserves and Reserve Funds;
- Including all non tangible capital asset costs previously included in the capital statement (i.e. expenses related to various studies);
- Eliminating all expenditures incurred to acquire tangible capital assets which will now form part of the tangible capital asset balance;
- Removing transfers to and from reserves (these transactions are now represented by changes in cash and accumulated surplus);
- Removing debt repayment costs relating to the principal payment portion only (now reported as a decrease in debt liability on the Statement of Financial Position); and
- Including new expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets (in order to capture the allocation of the cost of these assets to operating activities over their useful lives).

FIGURE B-2
CONVERSION ADJUSTMENTS
STATEMENT OF FINANCIAL POSITION
WASTEWATER ONLY

| Modified Cash Basis | Budget 2010 | Adjustments to Remove Non-Accrual Accounts | | Transition Budget Balances 2010 | Adjustments to add Accrual Accounts | | Accrual Basis | Notes on Adjustments |
|--|-------------------|--|----------------|---------------------------------|-------------------------------------|-------------------|--|--|
| | | Dr | Cr | | Dr | Cr | | |
| Financial Assets | | | | | | | Financial Assets | |
| Cash | 10,253,954 | | | 10,253,954 | | | Cash | No Change |
| Accounts Receivable | 4,173,234 | | | 4,173,234 | | | Accounts Receivable | No Change |
| | | | | | | | Investments | No Change |
| | | | | | | | Inventory for resale | New Account |
| | | | | | | | Other Assets | New Account |
| Total Financial Assets | 14,427,188 | | | 14,427,188 | | | Total Financial Assets | |
| Liabilities | | | | | | | Liabilities | |
| Accounts Payable & Accrued Liabilities | 2,165,342 | | | 2,165,342 | | | Accounts Payable & Accrued Liabilities | No Change |
| Gross Long-term Liabilities | - | | | - | | | Debt (Principal only) | No Change |
| Other (DC Reserves-Deferred Revenue) | 184,217 | | | 184,217 | | | Other (DC Reserves-Deferred Revenue) | No Change |
| Total Liabilities | 2,349,559 | | | 2,349,559 | | | Total Liabilities | |
| Other Assets | | | | | | | | |
| Prepaid Expenses | - | | | - | | | | Account reclassified as Non-Financial asset |
| Net Financial Assets/(Debt) | 12,077,629 | | | 12,077,629 | | | Net Financial Assets/(Debt) | |
| Municipal Position | | | | | | | Non-Financial Assets | |
| Wastewater Reserves | 12,077,629 | | | - | 38,331,216 | | Tangible Capital Assets | Adds NBV of Tangible Capital Assets - offset entry is to accumulated surplus |
| Gas Tax Reserve Fund | - | | | - | | | | Removes non-accrual reserve account - balance to be transferred to accumulated surplus |
| Development Charge Reserve Fund | 184,217 | | | - | | | | Removes non-accrual reserve account - balance to be transferred to accumulated surplus |
| Amounts to be Recovered | (184,217) | | | - | | | Inventory of Supplies | Removes account - balance to be transferred to accumulated surplus |
| | | | | | | | Prepaid Expenses | New Account |
| | | | | | | | Total Non-Financial Assets | Account reclassified as Non-Financial Asset |
| Total Municipal Position | 12,077,629 | | | - | | 50,408,845 | Accumulated Surplus/(Deficit) | Represents offset entry for TCA's and existing reserve fund balances |
| TOTAL ADJUSTMENTS | | 12,261,846 | 184,217 | | 38,331,216 | 50,408,845 | | |

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

Figure B-2 illustrates the conversions required to the revise the Statement of Financial Position as per section 1.2.5 above. Some of these conversions are noted as follows:

- Transfer the applicable balances from the Statement of Capital and the Statement of Reserve and Reserve Funds;
- Record and classify the opening/actual balances for the remaining accounts such as accounts receivable, inventory, accounts payable, outstanding debt (principal only) according to the new structure of the Statement of Financial Position;
- Eliminate the Municipal Position with offset to "Accumulated Surplus; and
- Record the Net Book Value of Tangible Capital Assets and with offset to accumulated surplus

Table B-1
Town of Richmond Hill
Statement of Financial Position (Wastewater)
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2010 - 2019

| | Notes | Forecast | | | | | | | | | |
|---|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Financial Assets | | | | | | | | | | | |
| Cash | 1 | 10,253,954 | 9,726,512 | 9,552,720 | 9,424,292 | 9,285,765 | 9,495,431 | 10,059,512 | 10,635,526 | 11,861,338 | 13,363,771 |
| Accounts Receivable | 1 | 4,173,234 | 4,752,699 | 5,304,289 | 5,824,388 | 6,232,134 | 6,668,588 | 7,075,607 | 7,505,595 | 8,034,865 | 8,682,005 |
| Investments | | - | - | - | - | - | - | - | - | - | - |
| Inventory for Resale | | - | - | - | - | - | - | - | - | - | - |
| Other Assets | | - | - | - | - | - | - | - | - | - | - |
| Total Financial Assets | | 14,427,188 | 14,479,211 | 14,857,009 | 15,248,680 | 15,517,899 | 16,164,019 | 17,134,819 | 18,141,121 | 19,896,203 | 21,945,776 |
| Liabilities | | | | | | | | | | | |
| Accounts Payable & Accrued Liabilities | 1 | 2,165,342 | 2,333,419 | 2,572,491 | 2,837,965 | 3,022,281 | 3,213,838 | 3,409,898 | 3,607,714 | 3,816,945 | 4,040,236 |
| Debt (Principal only) | 2 | - | - | - | - | - | - | - | - | - | - |
| Deferred Revenue | 3 | 184,217 | 188,823 | 193,543 | 198,382 | 203,342 | 208,425 | 213,636 | 218,977 | 224,451 | 230,062 |
| Other | | - | - | - | - | - | - | - | - | - | - |
| Total Liabilities | | 2,349,559 | 2,522,242 | 2,766,034 | 3,036,347 | 3,225,623 | 3,422,263 | 3,623,534 | 3,826,691 | 4,041,396 | 4,270,298 |
| Net Financial Assets/(Debt) | | 12,077,629 | 11,956,969 | 12,090,975 | 12,212,333 | 12,292,276 | 12,741,756 | 13,511,285 | 14,314,430 | 15,854,807 | 17,675,478 |
| Non-Financial Assets | | | | | | | | | | | |
| Tangible Capital Assets | 4 | 38,331,216 | 37,544,754 | 36,915,801 | 36,292,175 | 35,920,048 | 35,453,105 | 34,757,424 | 34,229,502 | 33,593,617 | 33,277,832 |
| Inventory of Supplies | | - | - | - | - | - | - | - | - | - | - |
| Prepaid Expenses | | - | - | - | - | - | - | - | - | - | - |
| Total Non-Financial Assets | | 38,331,216 | 37,544,754 | 36,915,801 | 36,292,175 | 35,920,048 | 35,453,105 | 34,757,424 | 34,229,502 | 33,593,617 | 33,277,832 |
| Accumulated Surpluses/(Deficit) | 5 | 59,408,845 | 49,501,723 | 49,006,776 | 48,504,503 | 48,212,324 | 48,194,861 | 48,268,709 | 48,543,932 | 49,448,424 | 50,953,310 |
| Financial Indicators | | | | | | | | | | | |
| 1) Increase/(Decrease) in Net Financial Assets | | 360,875 | (120,660) | 134,006 | 121,358 | 79,943 | 449,480 | 769,529 | 803,145 | 1,540,377 | 1,820,671 |
| 2) Increase/(Decrease) in Tangible Capital Assets | | (1,125,681) | (786,462) | (628,953) | (623,626) | (372,127) | (466,943) | (695,681) | (527,922) | (635,895) | (315,785) |
| 3) Increase/(Decrease) in Accumulated Surplus | | (764,806) | (907,122) | (494,947) | (502,269) | (292,184) | (117,463) | 73,848 | 275,223 | 904,492 | 1,504,886 |

Table B-2
Town of Richmond Hill
Statement of Operations (Wastewater)
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2010 - 2019

| Notes | Forecast | | | | | | | | | |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Wastewater Revenue | | | | | | | | | | |
| Base Charge Revenue | 18,819,190 | 21,677,048 | 24,438,996 | 27,052,276 | 29,036,120 | 31,183,883 | 33,172,862 | 35,275,585 | 37,885,360 | 40,587,602 |
| Rate Based Revenue | 33,900 | - | - | - | - | - | - | - | - | - |
| Earned DC Revenue | 2,963,785 | 3,047,470 | 3,141,793 | 3,243,377 | 3,348,767 | 3,462,891 | 3,590,432 | 3,727,475 | 3,879,412 | 4,049,543 |
| Other Revenue | 21,816,875 | 24,724,517 | 27,580,790 | 30,275,653 | 32,384,887 | 34,646,784 | 36,763,395 | 39,003,060 | 41,767,772 | 44,637,144 |
| Wastewater Expenses | | | | | | | | | | |
| Operating Expenses | 20,373,800 | 23,388,051 | 25,784,291 | 28,445,163 | 30,292,573 | 32,212,564 | 34,177,696 | 36,160,422 | 38,257,553 | 40,486,623 |
| Interest on Debt | - | - | - | - | - | - | - | - | - | - |
| Amortization | 1,160,381 | 1,164,663 | 1,180,153 | 1,188,126 | 1,205,528 | 1,237,343 | 1,261,081 | 1,279,122 | 1,276,785 | 1,269,885 |
| Other | 1,047,500 | 1,078,925 | 1,111,293 | 1,144,632 | 1,178,970 | 1,214,340 | 1,250,170 | 1,288,293 | 1,326,942 | 1,366,750 |
| Total Reserves Balance | 11,929,964 | 11,929,964 | 11,929,964 | 11,929,964 | 11,929,964 | 11,929,964 | 11,929,964 | 11,929,964 | 11,929,964 | 11,929,964 |
| Less: Debt Obligations and Deferred Revenue | (213,211) | (213,211) | (213,211) | (213,211) | (213,211) | (213,211) | (213,211) | (213,211) | (213,211) | (213,211) |
| Add: Adjustment for TCA (Year of Implementation Only) | 39,456,897 | - | - | - | - | - | - | - | - | - |
| Total Opening Balance | 51,173,651 | 50,408,845 | 49,501,723 | 49,006,776 | 48,504,508 | 48,212,324 | 48,194,861 | 48,268,709 | 48,543,932 | 49,448,424 |
| Add: Contributions to/from Reserves (excl. DC reserves) | - | - | - | - | - | - | - | - | - | - |
| Reserves: Capital/Lifecycle | 360,874 | (120,659) | 134,006 | 121,358 | 79,944 | 449,480 | 769,529 | 803,145 | 1,540,377 | 1,820,671 |
| Reserves: Operating | 360,874 | (120,659) | 134,006 | 121,358 | 79,944 | 449,480 | 769,529 | 803,145 | 1,540,377 | 1,820,671 |
| Total Change in Reserves | 34,700 | 378,200 | 551,200 | 564,500 | 633,400 | 770,400 | 965,400 | 751,200 | 642,900 | 954,100 |
| Add: Changes in TCA During the Year | (1,160,381) | (1,160,381) | (1,180,153) | (1,188,126) | (1,205,528) | (1,237,343) | (1,261,081) | (1,279,122) | (1,276,785) | (1,269,885) |
| Capital Assets Purchased (net of disposals) | - | - | - | - | - | - | - | - | - | - |
| Amortization of Capital Assets | (1,125,681) | (786,463) | (628,955) | (623,626) | (372,126) | (466,943) | (695,681) | (527,922) | (635,865) | (315,765) |
| Total Changes in TCA | (1,125,681) | (786,463) | (628,955) | (623,626) | (372,126) | (466,943) | (695,681) | (527,922) | (635,865) | (315,765) |
| Subtract Changes in Debt Position | - | - | - | - | - | - | - | - | - | - |
| New Debt | - | - | - | - | - | - | - | - | - | - |
| Debt Repayment | - | - | - | - | - | - | - | - | - | - |
| Total Change in Debt | 50,408,845 | 49,501,723 | 49,006,776 | 48,504,508 | 48,212,324 | 48,194,861 | 48,268,709 | 48,543,932 | 49,448,424 | 50,953,310 |
| Total Ending Balance | 50,408,845 | 49,501,723 | 49,006,776 | 48,504,508 | 48,212,324 | 48,194,861 | 48,268,709 | 48,543,932 | 49,448,424 | 50,953,310 |

| Financial Indicators | Forecast | | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|----------|--------|---------|---------|-----------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 1) Expense to Revenue Ratio | 104% | 104% | 102% | 102% | 101% | 100% | 100% | 99% | 98% | 97% |
| 2) Increase/Decrease in Accumulated Surplus | (764,806) | (907,122) | (494,947) | (502,263) | (292,184) | (17,463) | 73,848 | 275,223 | 904,492 | 1,504,886 |

Schedule B-1
Town of Richmond Hill
Schedule of Operating Expenses (Wastewater)
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2010 - 2019

| Notes | Forecast | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenditures | | | | | | | | | | |
| Operating Costs | | | | | | | | | | |
| Water & Sewer Discount - Res. | 163,100 | 166,362 | 169,689 | 173,083 | 176,545 | 180,076 | 183,677 | 187,351 | 191,098 | 194,920 |
| Water & Sewer Discount - Comm. | 62,600 | 63,852 | 65,129 | 66,432 | 67,760 | 69,115 | 70,498 | 71,908 | 73,346 | 74,813 |
| Water Meter | | | | | | | | | | |
| Meter Reading Services | 79,650 | 81,243 | 82,868 | 84,525 | 86,216 | 87,940 | 89,699 | 91,493 | 93,323 | 95,189 |
| Consulting Contracts | - | - | - | - | - | - | - | - | - | - |
| New Meter Installs | 97,800 | 99,756 | 101,751 | 103,786 | 105,862 | 107,979 | 110,130 | 112,341 | 114,588 | 116,880 |
| Meter Replacement | 164,800 | 200,000 | 262,500 | 275,625 | 289,406 | 303,877 | 319,070 | 335,024 | 351,775 | 369,364 |
| Meter Repairs | 25,900 | 26,469 | 26,998 | 27,538 | 28,089 | 28,651 | 29,224 | 29,808 | 30,405 | 31,013 |
| Meter Investigation - Res | 3,300 | 3,366 | 3,433 | 3,502 | 3,572 | 3,643 | 3,716 | 3,791 | 3,866 | 3,944 |
| Meter Investigation - Com | 650 | 663 | 676 | 690 | 704 | 718 | 732 | 747 | 762 | 777 |
| Royal Bank ARP Water | 11,000 | 11,220 | 11,444 | 11,673 | 11,907 | 12,145 | 12,388 | 12,636 | 12,888 | 13,146 |
| Maintenance Admin | | | | | | | | | | |
| Full Time Salaries | 204,950 | 211,099 | 217,431 | 223,954 | 230,673 | 237,593 | 244,721 | 252,063 | 259,625 | 267,413 |
| Overtime | 8,500 | 8,755 | 9,018 | 9,288 | 9,567 | 9,854 | 10,149 | 10,454 | 10,768 | 11,091 |
| Casual Wages | 4,450 | 4,584 | 4,721 | 4,863 | 5,009 | 5,159 | 5,314 | 5,473 | 5,637 | 5,806 |
| Full Time Employee Benefits | 45,350 | 46,711 | 48,112 | 49,555 | 51,042 | 52,573 | 54,150 | 55,775 | 57,448 | 59,171 |
| Casual Employee Benefits | 450 | 464 | 477 | 492 | 506 | 520 | 537 | 553 | 570 | 587 |
| Mileage | 250 | 258 | 266 | 273 | 281 | 289 | 299 | 307 | 317 | 326 |
| Consulting Contracts | 7,000 | 7,210 | 7,426 | 7,649 | 7,879 | 8,115 | 8,356 | 8,601 | 8,851 | 9,103 |
| Consulting / Benchmarking Init | 17,050 | 17,962 | 18,088 | 18,631 | 19,190 | 19,786 | 20,359 | 20,969 | 21,598 | 22,246 |
| Environmental Compliance Cont. | 5,000 | 5,250 | 5,513 | 5,788 | 6,078 | 6,381 | 6,700 | 7,036 | 7,387 | 7,757 |
| Uniforms / Clothing | 400 | 412 | 424 | 437 | 450 | 464 | 478 | 492 | 507 | 522 |
| Vehicle / Equipment Rental | 24,150 | 25,358 | 26,625 | 27,957 | 29,354 | 30,822 | 32,363 | 33,981 | 35,681 | 37,465 |
| Conferences | 1,550 | 1,597 | 1,644 | 1,694 | 1,745 | 1,797 | 1,851 | 1,906 | 1,963 | 2,022 |
| Memberships | 900 | 927 | 955 | 983 | 1,013 | 1,043 | 1,075 | 1,107 | 1,140 | 1,174 |
| Tuition | 250 | 258 | 266 | 273 | 281 | 289 | 299 | 307 | 317 | 326 |
| Training - External | 750 | 773 | 796 | 820 | 844 | 869 | 896 | 922 | 950 | 979 |
| Maintenance Operations | | | | | | | | | | |
| Full Time Salaries | 414,000 | 426,420 | 439,213 | 452,389 | 465,961 | 479,939 | 494,338 | 509,168 | 524,443 | 540,176 |
| Overtime | 60,500 | 62,315 | 64,184 | 66,110 | 68,093 | 70,136 | 72,240 | 74,407 | 76,640 | 78,939 |
| Casual Wages | 46,600 | 47,998 | 49,438 | 50,921 | 52,449 | 54,022 | 55,643 | 57,312 | 59,031 | 60,802 |
| Full Time Employee Benefits | 101,750 | 104,803 | 107,947 | 111,185 | 114,521 | 117,956 | 121,495 | 125,140 | 128,894 | 132,761 |
| Casual Employee Benefits | 4,650 | 4,790 | 4,933 | 5,081 | 5,234 | 5,391 | 5,552 | 5,719 | 5,890 | 6,067 |
| Mileage | 200 | 206 | 212 | 219 | 225 | 232 | 239 | 246 | 253 | 261 |
| Water & Sewer Discount - Res. | 25,050 | 4,215 | 4,426 | 4,647 | 4,879 | 4,647 | 4,879 | 5,123 | 5,380 | 25,649 |
| Insurance | 187,200 | 196,560 | 206,388 | 216,707 | 227,543 | 238,920 | 250,866 | 263,409 | 276,580 | 290,409 |
| Infill Service Connectors | 191,100 | 200,655 | 210,688 | 221,222 | 232,283 | 243,897 | 256,092 | 268,897 | 282,342 | 296,659 |
| Printing | 1,200 | 1,236 | 1,311 | 1,311 | 1,351 | 1,391 | 1,433 | 1,476 | 1,520 | 1,566 |
| Uniforms / Clothing | 6,400 | 6,592 | 6,790 | 6,993 | 7,203 | 7,419 | 7,642 | 7,871 | 8,107 | 8,351 |
| Protective Clothing / Footwear | 3,500 | 3,605 | 3,713 | 3,825 | 3,939 | 4,057 | 4,176 | 4,300 | 4,434 | 4,567 |
| Hydro | 13,800 | 14,400 | 15,216 | 15,972 | 16,774 | 17,633 | 18,693 | 19,418 | 20,389 | 21,409 |
| Tuition | 800 | 824 | 849 | 874 | 900 | 927 | 955 | 984 | 1,013 | 1,044 |
| Training | 2,250 | 2,316 | 2,387 | 2,459 | 2,532 | 2,608 | 2,687 | 2,767 | 2,850 | 2,936 |
| Training - Mandatory | 9,000 | 9,270 | 9,548 | 9,835 | 10,130 | 10,433 | 10,746 | 11,069 | 11,401 | 11,743 |
| M.M.S. - Sewer | 2,033,500 | 2,136,175 | 2,241,934 | 2,354,030 | 2,471,732 | 2,595,319 | 2,725,084 | 2,861,339 | 3,004,406 | 3,154,626 |
| M.M.S. - Materials / Supplies | 125,000 | 131,250 | 137,813 | 144,703 | 151,938 | 159,536 | 167,512 | 175,888 | 184,682 | 193,916 |
| M.M.S. - Contracts | 1,259,500 | 1,322,475 | 1,388,599 | 1,458,029 | 1,530,930 | 1,607,477 | 1,687,850 | 1,772,243 | 1,860,855 | 1,953,898 |
| Small Tools | 4,750 | 4,893 | 5,039 | 5,190 | 5,346 | 5,507 | 5,672 | 5,842 | 6,017 | 6,198 |
| WIMIS / SIMMS to Revenue Fund | 70,800 | 72,924 | 75,112 | 77,365 | 79,686 | 82,077 | 84,539 | 87,075 | 89,687 | 92,378 |
| Bad Debt Provision/Expense | - | - | - | - | - | - | - | - | - | - |
| Operating Sewer | | | | | | | | | | |
| Sewage Treatment provided by Region - for each year in the forecast | 14,882,400 | 17,600,895 | 19,742,341 | 22,136,581 | 23,684,952 | 25,333,379 | 26,992,867 | 28,655,672 | 30,417,913 | 32,285,407 |
| TOTAL OPERATING EXPENSES | 20,373,800 | 23,388,051 | 25,784,291 | 28,445,163 | 30,292,573 | 32,212,564 | 34,177,696 | 36,180,422 | 38,257,553 | 40,495,623 |

Table B-3
 Town of Richmond Hill
 Statement of Changes in Net Financial Assets/Debt (Wastewater Only)
 UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
 2010 - 2019

| Notes | Forecast | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Accumulated Surplus/(Deficit), end of year | (784,806) | (907,122) | (494,947) | (502,268) | (282,184) | (17,463) | 73,948 | 275,223 | 904,482 | 1,504,868 |
| Less: Acquisition of Tangible Capital Assets | (34,700) | (378,201) | (651,200) | (564,500) | (833,401) | (770,400) | (965,400) | (751,200) | (642,900) | (954,100) |
| Add: Amortization of Tangible Capital Assets | 1,160,381 | 1,164,663 | 1,180,153 | 1,188,126 | 1,205,528 | 1,237,343 | 1,281,081 | 1,279,122 | 1,278,785 | 1,269,885 |
| (Gain)/Loss on disposal of Tangible Capital Assets | | | | | | | | | | |
| Add: Proceeds on Sale of Tangible Capital Assets | | | | | | | | | | |
| Add: Write-downs of Tangible Capital Assets | | | | | | | | | | |
| Less: Acquisition of Supplies Inventory | 360,875 | (120,660) | 134,006 | 121,358 | 79,943 | 449,480 | 769,529 | 803,145 | 1,540,377 | 1,820,671 |
| Less: Acquisition of Prepaid Expenses | | | | | | | | | | |
| Add: Consumption of Supplies Inventory | | | | | | | | | | |
| Add: Use of Prepaid Expenses | | | | | | | | | | |
| (Increase)/Decrease in Net Financial Assets/(Net Debt) | 360,875 | (120,660) | 134,006 | 121,358 | 79,943 | 449,480 | 769,529 | 803,145 | 1,540,377 | 1,820,671 |
| Net Financial Assets/(Net Debt), beginning of year | 11,716,754 | 12,077,629 | 11,956,969 | 12,090,975 | 12,212,333 | 12,292,276 | 12,741,756 | 13,511,285 | 14,314,430 | 15,854,807 |
| Net Financial Assets/(Net Debt), end of year | 12,077,629 | 11,956,969 | 12,090,975 | 12,212,333 | 12,292,276 | 12,741,756 | 13,511,285 | 14,314,430 | 15,854,807 | 17,675,478 |
| Financial Indicators | | | | | | | | | | |
| 1) Acquisition of Tangible Capital Assets (Cumulative) | 34,700 | 412,901 | 964,101 | 1,528,601 | 2,362,002 | 3,132,402 | 3,697,802 | 4,449,002 | 5,091,902 | 6,046,002 |
| 2) Annual Surplus/Deficit before Amortization (Cumulative) | 395,575 | 653,116 | 1,388,322 | 2,024,180 | 2,937,524 | 4,157,404 | 5,482,833 | 7,046,678 | 9,229,955 | 12,004,726 |
| 3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative) | 11.40 | 1.58 | 1.39 | 1.32 | 1.24 | 1.33 | 1.49 | 1.58 | 1.81 | 1.99 |

Table B-4
Town of Richmond Hill
Statement of Cash Flow - Indirect Method (Wastewater Only)
UNAUDITED: FOR FINANCIAL PLANNING PURPOSES ONLY
2010 - 2019

| | Notes | Forecast | | | | | | | | | |
|--|-------|------------|------------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|
| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Operating Transactions | | | | | | | | | | | |
| Annual Surplus/Deficit | | (764,806) | (907,122) | (494,947) | (502,268) | (292,184) | (17,463) | 73,848 | 275,223 | 904,492 | 1,504,866 |
| Add: Amortization of TCA's | 4 | 1,160,381 | 1,164,663 | 1,190,153 | 1,188,126 | 1,205,528 | 1,237,343 | 1,261,081 | 1,279,122 | 1,278,785 | 1,269,885 |
| Less: DC Revenue | 3 | (33,900) | - | - | - | - | - | - | - | - | - |
| Add: Development Charge Proceeds | | 4,907 | 4,605 | 4,721 | 4,839 | 4,960 | 5,084 | 5,211 | 5,341 | 5,474 | 5,611 |
| Change in AR (Increase/Decrease) | | (325,032) | (579,465) | (551,591) | (520,099) | (407,747) | (436,455) | (407,019) | (429,988) | (529,269) | (647,141) |
| Change in AP (Increase/Decrease) | | 199,241 | 188,077 | 239,072 | 265,474 | 184,316 | 191,557 | 196,061 | 197,816 | 209,230 | 223,292 |
| Less: Interest Proceeds | | (254,575) | (257,541) | (257,706) | (260,858) | (263,344) | (269,880) | (284,929) | (304,345) | (333,277) | (374,772) |
| Cash Provided by Operating Transactions | | (13,785) | (406,783) | 119,702 | 175,214 | 431,529 | 710,186 | 844,252 | 1,023,169 | 1,535,435 | 2,081,761 |
| Capital Transactions | | | | | | | | | | | |
| Proceeds on sale of Tangible Capital Assets | | - | - | - | - | - | - | - | - | - | - |
| Less: Cash Used to Acquire Tangible Capital Assets | 4 | (34,700) | (378,200) | (551,200) | (564,500) | (833,400) | (770,400) | (565,400) | (751,200) | (642,900) | (954,100) |
| Cash Applied to Capital Transactions | | (34,700) | (378,200) | (551,200) | (564,500) | (833,400) | (770,400) | (565,400) | (751,200) | (642,900) | (954,100) |
| Investing Transactions | | | | | | | | | | | |
| Proceeds from Investments | | 254,575 | 257,541 | 257,706 | 260,858 | 263,344 | 269,880 | 284,929 | 304,345 | 333,277 | 374,772 |
| Less: Cash Used to Acquire Investments | | - | - | - | - | - | - | - | - | - | - |
| Cash Provided by (Applied to) Investing Transactions | | 254,575 | 257,541 | 257,706 | 260,858 | 263,344 | 269,880 | 284,929 | 304,345 | 333,277 | 374,772 |
| Financing Transactions | | | | | | | | | | | |
| Proceeds from Debt Issue | 2 | - | - | - | - | - | - | - | - | - | - |
| Less: Debt Repayment (principle only) | 2 | - | - | - | - | - | - | - | - | - | - |
| Cash Applied to Financing Transactions | | - | - | - | - | - | - | - | - | - | - |
| Increase in Cash and Cash Equivalents | | 206,091 | (527,442) | (173,792) | (128,428) | (138,527) | 209,686 | 563,781 | 576,314 | 1,225,612 | 1,502,433 |
| Cash and Cash Equivalents, beginning of year | 1 | 10,047,864 | 10,253,955 | 9,726,512 | 9,552,720 | 9,424,292 | 9,285,765 | 9,495,431 | 10,059,212 | 10,635,526 | 11,867,338 |
| Cash and Cash Equivalents, end of year | 1 | 10,253,955 | 9,726,512 | 9,552,720 | 9,424,292 | 9,285,765 | 9,495,431 | 10,059,212 | 10,635,526 | 11,867,338 | 13,363,771 |

WASTEWATER 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:

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

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

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

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

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

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

1. Cash, Receivables and Payables

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

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

For the Town of Richmond Hill, wastewater receivables were approximated at \$3.8 million and wastewater payables were approximated at \$1.9 million for the year ending 2009. These amounts were used to adjust ending reserve balances of \$11.9 million as per the formula above resulting in an estimated opening cash balance of \$10 million.

3. Debt

For financial reporting purposes, debt principal payments represent a decrease in debt liability and the interest payments represent a current year operating expense. The Town did not have any outstanding debt relating to wastewater at the end of 2009 and no new debt issues are planned over the 2010-2019 forecast period.

3. Deferred Revenue

Deferred revenue is made up of wastewater 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.

4. Tangible Capital Assets

- Opening 2010 net book value of tangible capital assets includes wastewater related assets in the following categories:
 - i. Infrastructure
 - ii. Vehicles
 - iii. Equipment
- Amortization is calculated based on using the straight-line approach with 50% amortization expensed in the year of acquisition or construction.
- Given the planned asset replacement forecast in the 2010 Rate Study, useful life on acquisitions is assumed to be equal to the average useful life for all assets on hand in the respective 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. 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 average useful life for all assets on hand in the respective category) to an estimated historical cost. This figure was used to calculate disposals only.
- 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 balance of tangible capital assets is summarized as follows:

| Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Opening TCA Balance (Historical Cost) | 56,453,050 | 56,486,097 | 56,731,017 | 56,998,549 | 57,270,509 | 57,581,481 | 58,045,100 | 58,308,301 | 58,546,806 | 58,830,370 |
| Acquisitions | 34,700 | 378,200 | 551,200 | 564,500 | 833,400 | 770,400 | 565,400 | 751,200 | 642,900 | 954,100 |
| Disposals | 1,653 | 133,280 | 283,668 | 292,540 | 522,428 | 306,781 | 302,199 | 512,694 | 359,337 | 387,070 |
| Closing TCA Balance (Historical Cost) | 56,486,097 | 56,731,017 | 56,998,549 | 57,270,509 | 57,581,481 | 58,045,100 | 58,308,301 | 58,546,806 | 58,830,370 | 59,397,400 |
| Opening Accumulated Amortization | 16,996,153 | 18,154,880 | 19,186,263 | 20,082,748 | 20,978,334 | 21,661,433 | 22,591,995 | 23,550,877 | 24,317,305 | 25,236,753 |
| Amortization Expense | 1,160,381 | 1,164,663 | 1,180,153 | 1,188,126 | 1,205,528 | 1,237,343 | 1,261,081 | 1,279,122 | 1,278,785 | 1,269,885 |
| Amortization on Disposal | 1,653 | 133,280 | 283,668 | 292,540 | 522,428 | 306,781 | 302,199 | 512,694 | 359,337 | 387,070 |
| Ending Accumulated Amortization | 18,154,880 | 19,186,263 | 20,082,748 | 20,978,334 | 21,661,433 | 22,591,995 | 23,550,877 | 24,317,305 | 25,236,753 | 26,119,568 |
| Net Book Value | 38,331,216 | 37,544,754 | 36,915,801 | 36,292,175 | 35,920,048 | 35,453,105 | 34,757,424 | 34,229,502 | 33,593,617 | 33,277,832 |

5. Accumulated Surplus

Accumulated Surplus for the initial year of the forecast period is reconciled as follows:

| Wastewater | 2010 |
|---|--------------------|
| Opening Reserve Balances | |
| Reserves: DC | 213,211 |
| Reserves: Capital/Lifecycle | 11,716,754 |
| Reserves: Operating | |
| Total Reserves Balance | 11,929,964 |
| Less: Debt Obligations and Deferred Revenue | (213,211) |
| Add: Adjustment for TCA (Year of Implementation Only) | 39,456,897 |
| Total Opening Balance | 51,173,651 |
| Add: Contributions to/(from) Reserves (excl. DC reserves) | |
| Reserves: Capital/Lifecycle | 360,874 |
| Reserves: Operating | |
| Total Change in Reserves | 360,874 |
| Add: Changes in TCA During the Year | |
| Capital Assets Purchased (net of disposals) | 34,700 |
| Amortization of Capital Assets | (1,160,381) |
| Total Changes in TCA | (1,125,681) |
| Subtract Changes in Debt Position | |
| New Debt | - |
| Debt Repayment | - |
| Total Change in Debt | - |
| Total Ending Balance | 50,408,845 |

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

6. Other revenue

Other revenue includes interest, service charges, and other non-operating general revenues. Also included in this figure for 2010 is approximately \$0.01 million transferred from non-wastewater reserves in support of the capital replacement program for water meters.

7. Other Expenses

Other expenses represent transfers to non-water reserves to cover various corporate cost allocations regarding general costs as well as costs associated with the utilization of staff resources from the following departments: Finance, IT, Engineering/Public Works.

These transfers are summarized as follows:

| Transfers To Reserve | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Transfer to Revenue - Corporate (904-302126140) | 345,150 | 355,505 | 366,170 | 377,155 | 388,469 | 400,123 | 412,127 | 424,491 | 437,226 | 450,342 |
| Transfer to Revenue - Water * Sewer Combined (904-343106140) | 397,350 | 409,271 | 421,549 | 434,195 | 447,221 | 460,638 | 474,457 | 488,690 | 503,351 | 518,452 |
| Transfer to Rev. Fund - EPW (904-651106140) | 264,400 | 272,332 | 280,502 | 288,917 | 297,585 | 306,512 | 315,707 | 325,179 | 334,934 | 344,982 |
| Transfer to Rev. Fund - ITRS (904-651106141) | 40,600 | 41,818 | 43,073 | 44,365 | 45,696 | 47,067 | 48,479 | 49,933 | 51,431 | 52,974 |
| TOTAL | 1,047,500 | 1,078,925 | 1,111,293 | 1,144,632 | 1,178,970 | 1,214,340 | 1,250,770 | 1,288,293 | 1,326,942 | 1,366,750 |