



## The Corporation of the Town of Tecumseh

Financial Services

**To:** Mayor and Members of Council

**From:** Tom Kitsos, Director Financial Services & Chief Financial Officer

**Date to Council:** October 24, 2023

**Report Number:** FS-2023-10

**Subject:** 2023 Water Division Financial Plan No. 040-301

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### Recommendations

It is recommended:

**That** the Town of Tecumseh 2023 Water Financial Plan No. 040-301, covering the years 2023-2029, and prepared in accordance with O. Reg. 453/07 under the Safe Drinking Water Act, 2002, **be approved**;

**And that** notice of availability of the 2023 Water Financial Plan No. 040-301 **be advertised** to the public on the Town's website in accordance with O. Reg. 453/07, Section 3 (1) 5;

**And further that** the 2023 Water Financial Plan No. 040-301 **be posted** to the Town's website in accordance with O. Reg. 453/07, Section 3 (1) 5; and

**And furthermore, that** the 2023 Water Financial Plan No. 040-301 **be submitted** to the Ministry of Municipal Affairs and Housing in accordance with O. Reg. 453/07, Section 3 (1) 6.

## **Background**

### Legislation

The Safe Drinking Water Act, 2002, O. Reg. 188/07, requires municipalities to obtain drinking water system licences as part of an overall Drinking Water Quality Management System (DWQMS). Licence renewals necessitate the preparation of a financial plan in accordance with O. Reg. 453/07. The financial plan must be prepared to ensure the financial sustainability of the water system and provide for a full cost recovery.

Financial Plan requirements for licence renewals defined in O. Reg. 453/07 stipulate that financial plans must:

- Be approved by a resolution of Council.
- Apply to a period of at least six years.
- Include the year in which the licence expires as part of the forecast period.
- Incorporate details regarding the financial position of the water system, including changes in tangible capital assets that are additions, donations, write downs and disposals.
- Include details of the projected financial operations of the water system.
- Contain the projected gross cash receipts and gross cash payments of the water system.
- Address the financial implications of the replacement of lead service pipes.

In addition, financial plans must be:

- Made available at no charge to water customers upon request.
- Posted on the Internet if a website is maintained.
- Sent to the Ministry of Municipal Affairs and Housing.

Finally, notice must be provided advising water customers of the availability of the financial plan.

## **Comments**

The Town's licence expires in 2024, and a renewal application is due in 2023. An updated financial plan must be included with the application.

The Town of Tecumseh 2023 Water Financial Plan has been completed in-house to satisfy licence renewal requirements. The financial plan incorporates the operating, capital and reserve fund forecasts derived from the 2023 Approved Budget and the 2023 Water and Wastewater Rate Study (Rate Study).

In order to satisfy the above-noted requirements of O. Reg. 453/07, the Town's Financial Plan contains the following financial statements:

- **Statement of Financial Position** - provides information on the assets, liabilities, and accumulated surplus of the Town's water system.
- **Statement of Operations** - details the revenues, expenses and surplus/deficit for a given period.
- **Statement of Cash Flow** - shows the generation and use of cash resources over the forecast period.

Although not required under O. Reg. 453/07, the **Statement of Net Financial Assets** has been included to provide additional data regarding the financial performance of the Town's water system.

Estimates made for the Statement of Financial Position start with 2022 actuals. The Statement of Operations and Accumulated Surplus incorporates the operating, capital and reserve fund forecasts derived from the 2023 Approved Budget and the Rate Study.

The components of the financial plan per O. Reg. 453/07 requirements are consistent with the requirements for financial statement presentation as set out in section PS3150 of the CPA Canada Public Sector Accounting Handbook, i.e. full accrual. Accounting adjustments were completed to convert the operating, capital and reserve fund forecasts from modified accrual to full accrual much in the same way that is done with the Town's annual budget. These adjustments include amortization, employee future benefits, capital contributions and the elimination of interfund transfers.

Consistent with the 2023 Water and Wastewater Rate Study, the Town of Tecumseh 2023 Water Financial Plan provides for a full cost recovery of the Town's water system.

## Consultations

Public Works & Engineering Services

## Financial Implications

Preparation of the 2023 Water and Wastewater Rate Study involved extensive financial analysis to ensure full cost recovery. The 2023 Water Financial Plan is based on the

data and forecasts found in the Rate Study presented in a manner in compliance with O. Reg. 453/07. There are no direct financial implications associated with this report.

### Link to Strategic Priorities

Applicable	2023-2026 Strategic Priorities
<input checked="" type="checkbox"/>	Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.
<input type="checkbox"/>	Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do.
<input type="checkbox"/>	Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.

### Communications

Not applicable

Website     Social Media     News Release     Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Zora Visekruna, MBA  
Deputy Treasurer & Manager Financial Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm  
Director Financial Services & Chief Financial Officer

Reviewed by:

Brad Dupuis, C. Tech.  
Manager Water Services

Reviewed by:

Phil Bartnik, P.Eng.  
Director Public Works & Engineering Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

<b>Attachment Number</b>	<b>Attachment Name</b>
1	2023 Water Financial Plan No. 040-301