

Town of Amherstburg
Drinking Water System
Financial Plan
2024-2029

SUBMITTED BY

Ontario Clean Water Agency
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1 Introduction

The Corporation of the Town of Amherstburg (the Town) has retained the Ontario Clean Water Agency (OCWA) to update the Financial Plan for the Town's Drinking Water System (DWS) in order to comply with the Financial Plan regulation (O. Reg. 453/07) made under the Safe Drinking Water Act. The first Financial Plan was initiated by OCWA in 2011, updated in 2015 and this is the second update to the Financial Plan as per O. Reg. 453/07 requirement.

The Financial Plan contained herein has been prepared in accordance with O. Reg. 453/07, as well as the provisions of the Financial Planning guidelines published by the Ministry of the Environment, Conservation and Parks (MECP) in August 2007 entitled "Toward Financially Sustainable Drinking-Water Systems".

The Financial Plan was prepared for the Amherstburg DWS based on information supplied by the Town and operational staff, including future capital and major maintenance projects, water system financial information, as well as tangible capital asset information that the Town generated in accordance with the Public Sector Accounting Board (PSAB) standard PS 3150 requirements.

The information was used to develop a Financial Plan for the Amherstburg DWS covering a study period from 2024 to 2029 in accordance with O.Reg. 453/07 requirements (minimum 6-year study period).

1.1 Legislative Context to Financial Planning

There have been a number of legislative initiatives affecting water system management and operations over the past decade. These initiatives were a result of the waterborne illness tragedy in Walkerton in 2000. Following this event, the Government of Ontario established a public inquiry chaired by the Honourable Dennis O'Connor to look into the tragedy. The Inquiry Report recommended a comprehensive approach to the delivery of safe drinking water in Ontario.

The MECP has responded to the Inquiry recommendations by making legislative changes. One change directly related to the development of this Financial Plan was the passage of the Safe Drinking Water Act, of 2002 (SDWA). It requires owners of a municipal drinking water system to apply for and obtain a Municipal Drinking Water License. There are five elements that must be in place in order for the owner of a drinking water system to obtain a license:

- 1) A Drinking Water Works Permit to establish or alter a drinking water system.
- 2) An accepted Operational Plan. The Drinking Water Quality Management Standard (DWQMS) is the standard upon which operational plans are based. The plan documents an operating authority's quality management system (QMS).
- 3) An Accredited Operating Authority. A third-party audit of an operating authority's QMS will be the basis for accreditation.
- 4) A Permit to Take Water.
- 5) A Financial Plan that must be prepared and approved in accordance with the prescribed requirements in the Financial Plans Regulation.

Under section 30 of the SDWA, the Financial Plan element of the license program must either be prepared in accordance with the Sustainable Water and Sewage System Act, 2002 (SWSSA) or in accordance with the requirements set by the MECP. SWSSA regulations have not been published. Accordingly, the requirements set by the Ministry apply as per the 2007 MECP guidelines.

Regulation 453/07 of the Safe Drinking Water Act was passed in 2007 and contains two key provisions that apply to an existing water system:

- 1) A person who makes an application under the Act for a municipal drinking water license shall, before making the application, prepare and approve Financial Plans for the system that satisfy the requirements of Reg. 453/07. O. Reg. 453/07, S. 1(1).
- 2) As a condition in a municipal drinking water license that is issued in response to an application made under section 33 of the Act for a municipal drinking water license, the Director shall include a requirement that the owner of the drinking water system, by the later of July 1, 2010, and the date that is six months after the date the first license for the system is issued, prepare and approve Financial Plans for the system that satisfy the requirements prescribed Reg. 453/07. O. Reg. 453, S. 1(3).

Several other provisions are also set out in the regulation that must be met by a municipality operating a water system:

- The Financial Plan must be approved by a resolution that is passed by the Council of the municipality.
- The Financial Plan must apply to a period of at least six years.
- The Financial Plan must be available, upon request, to members of the public at no charge and posted on the Internet (if the municipality maintains a website).
- The municipality must provide notice as deemed appropriate to advise the public of the availability of the Financial Plan.

Once a system is licensed, the municipality's Financial Plan is required to be updated every five years, in conjunction with every application for license renewal. Full documentation of the Financial Plan regulation, O.Reg. 453/07 can be found in Attachment 1.

In June 2006, the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants approved new municipal financial accounting and reporting standards requiring that tangible capital assets (TCA), including the assets of drinking water systems, be included in municipal financial statements. Stat 3150 came into effect on January 1, 2009.

The Clean Water Act, of 2006 targets the protection of drinking water supplies through the development of collaborative, locally driven, science and watershed-based source protection plans. According to the MOE Financial Planning guidelines, Financial Plans should include source water protection costs related to the provision of water services. Utilities are encouraged to have, at minimum, estimates of any current source protection costs as a separate cost item by the time that their Financial Plans are required in order to effectively align with the anticipated approval timelines for source protection plans (2010-2012).

In June 2007, the government of Ontario proposed a lead action plan. The Financial Plans regulation requires municipalities' Financial Plans to include the costs associated with replacing lead service pipes that are part of their drinking water system.

1.2 Amherstburg Water System

The Amherstburg Water System, located in the Town of Amherstburg is owned by the Corporation of the Town of Amherstburg and is operated by the Ontario Clean Water Agency. The Town is located on the Detroit River, south of Windsor and North of Lake Erie.

The raw water is supplied to the Water Treatment Plant through an intake crib 155m into the Detroit River and connected through a 900mm pipe to the Low Lift Pumping Station. The low lift pumping station is equipped with a wet well, three vertical turbine pumps, a coarse bar screen, an automatic travelling screen, two 50mm chlorine solution feed lines, and a chlorine diffuser. The treatment plant is a clarification system composed of a solids-contact up-flow clarifier with overflow chamber, chemical feed line, sludge blow-off line, sludge scraper, and recirculation system and a filter system composed of four rapid sand filters with dual media of anthracite and silica sand with a backwash system. Treated water is disinfected in a clearwell and then transferred to a 14,900m³ underground reservoir. Highlift pumping into the distribution system is done through three vertical turbine pumps.

The distribution system is composed of 355km of piping with a diameter ranging from 1"-24". A majority of the system is composed of PVC piping (83%) with the remainder either ductile iron or asbestos concrete.

2 Financial Plan Overview

The financial plan includes the costs of operating, maintaining, rehabilitating and enhancing the Amherstburg DWS, and the corresponding revenue plan to fund the necessary expenditures costs. The Town's Water and Wastewater Rate Study documents a financial operating plan for the Amherstburg DWS (OCWA; 2024). The following sections briefly summarize the financial plan.

2.1 Operating Expenses

Recurring operating expenses for the Amherstburg DWS consist of the town's expenses of salaries and benefits, operating contract for OCWA, utility costs, major maintenance and distribution repairs for the upkeep of the Water System as well as other miscellaneous costs such as office supplies, administration costs, and insurance. The total water operating expenses (excluding capital items, major maintenance, and amortization) for the Amherstburg Water Systems is approximately \$4.5M in 2024 and is expected to increase to approximately \$5 M by 2029.

2.2 Capital and Major Maintenance Costs

Costs for major maintenance and capital works are based on the Town's Asset Management Plan, which is the same information used in the Rate Study. There is approximately \$18M of capital work forecasted for the water system from 2024 to 2029.

2.3 Debt Management

The Amherstburg DWS presently is carrying debt of \$6.4M (Dec 2023). Annual debt servicing costs (interest + principal) are approximately \$550,000 from 2024 to 2029. Annual debt servicing costs are approximately 8% of the Town's own-source water revenues.

2.4 Lead Pipe Replacement Costs

There are no costs associated with lead pipe replacement for the Amherstburg DWS during the study period.

2.5 Source Water Protection Costs

There are no costs associated with source water protection forecasted for the Amherstburg DWS during the study period.

2.6 Funding

Operating Revenues in 2024 are expected to be approximately \$6.6M, growing to \$8.0M by 2029. Approximately 97% of operating revenue is from the direct sale of water. The Town manages a separate Capital Budget, with allocation to the Capital Budget being an annual expenditure from the Operating Budget. The Capital Budget is funded from Rate-Supported reserves, Provincial/Federal government grants and Development Charges. The opening balance of the Rate Reserve is approximately \$1.7M and remains relatively constant over the forecast period.

2.7 Government Grants and Development Charges

The financing plan includes estimates for contributions to the capital program from both the Gas Tax and Development Charges. These estimates are reasonable based on recent history.

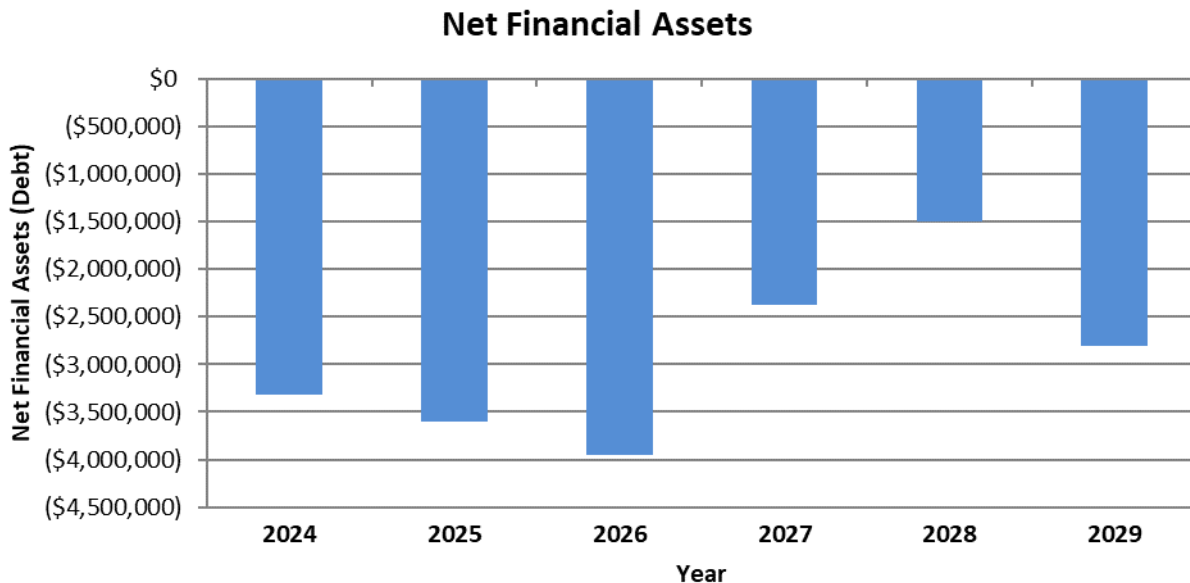
3 Financial Statements

This section provides the financial information covering at least six years (2024-2029) in compliance with O. Reg. 453. Detailed financial statements are set out in tabular form in Section 4. Notes regarding the financial statements are presented at the end of the financial statement section of this report.

3.1 Statement of Financial Position (Table 5.1)

An important feature of a water system is its net financial assets. A positive net financial asset indicates that the system has more debt than reserves, and a negative value indicates that the system's debts exceed its reserves. The Amherstburg DWS's projected net financial assets are shown in Figure 3.1 below. The net financial asset forecast is relatively stable over the forecast period.

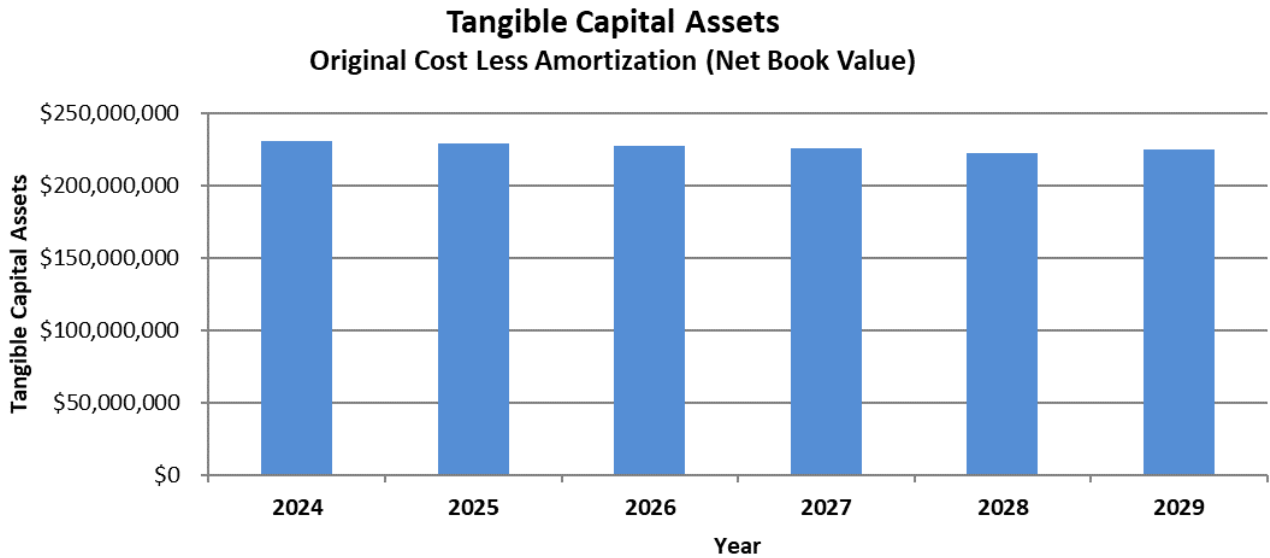
Figure 3.1 – Amherstburg DWS Net Financial Assets



A second feature of the water system is the total value of the system's tangible capital assets (plant equipment, watermains, building structure, etc.). Consideration of the value of tangible capital assets (TCA) is part of PSAB compliance. The current value of the capital assets is termed net book value (NBV). NBV is the difference between the original cost of an asset less the accumulated amortization.

An increase in the net book value of tangible capital assets is an indication that assets have been renewed faster than they are being consumed. A decrease in net book value indicates that assets are being used, or amortized, faster than they are renewed. The netbook value of the assets is set out in Figure 3.2.

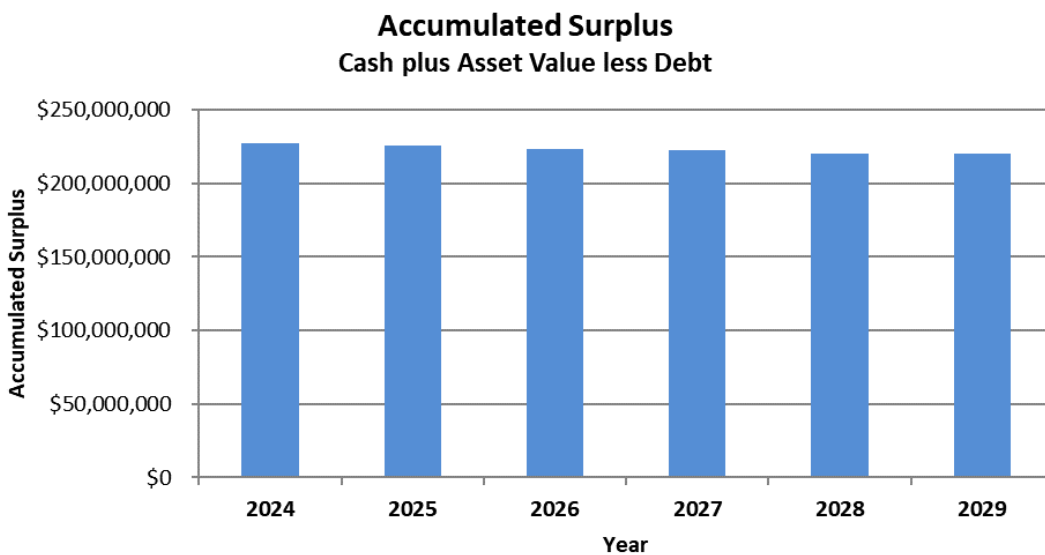
Figure 3.2 – Amherstburg DWS Tangible Capital Assets



As shown in the figure above, the netbook value decreases between 2024 and 2029, taking the NBV from a little over \$230M to approximately \$224M. This is attributed to the reinvestment needs for the linear water infrastructure being less than the amount suggested by the amortization calculation.

Figure 3.3 sets out the accumulated surplus, which represents a combination of the net financial assets and the netbook value of the systems. The water systems are projected to show a consistent accumulated surplus over the planning period.

Figure 3.3 – Amherstburg DWS Accumulated Surplus

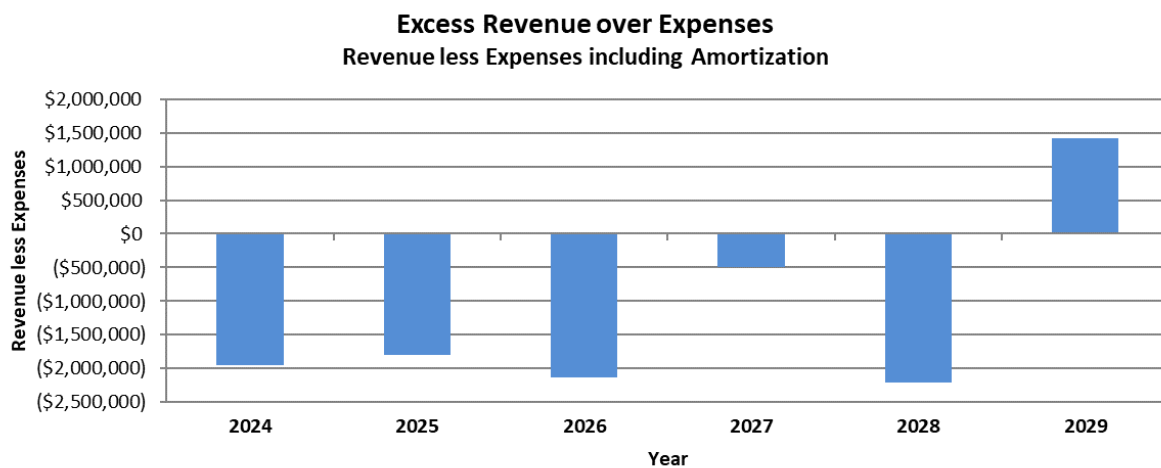


3.2 Statement of Operations (Table 5.2)

This statement summarizes revenues and expenditures. Revenue includes revenues from connected users, transfers from the general reserve, and disconnection fees. Expenditures include ongoing operating costs, debt repayment (if any), and asset amortization. Government funding is not included in the statement of operations.

Figure 3.4 shows the system’s excess of revenues over expenses, including amortization. It is noted that the Town’s actual budget is not in a deficit position since it does not include amortization as an expenditure. This number represents the difference between what the amortization forecast suggests ‘should’ be spent on infrastructure, versus the actual amount identified through capital planning processes. This is attributed to conservative amortization periods for TCA additions. The amortization period can be refined in the future to match the deterioration noted via the capital planning process.

Figure 3.4 – Amherstburg DWS Excess Revenue over Expenses



3.3 Continuous Improvement

The SDWA requires the renewal of Municipal Drinking Water Licences every five (5) years. The Financial Plan regulation requires the preparation and approval of a Financial Plan before making an application for the renewal of a Drinking Water License. Thus, each Financial Plan will require updating at a minimum frequency of every five years. This ongoing update will assist in revisiting the assumptions made in the original Financial Plan, to develop the operating and funding plans as well as re-assessing the need for capital renewal and major maintenance expenditures.

3.4 Conclusion

At present, the DWS has a viable financial plan to fund the expected operating and capital expenditures over the forecast period.

In reviewing these statements, it is important to keep in mind that several assumptions have been made concerning inflation, interest rates, capital projects, and growth projections. Actual numbers may

significantly deviate from these over time. In addition, capital and major maintenance cost estimates and schedules may vary from current projections. There is a need to monitor the progress of this plan and make adjustments as needed.

The detailed financial statements are set out in tabular form in the following Section and were the basis for the above summary.

4 Financial Statements

The detailed financial statements are set out in the following tables. Section 5 details the notes that correspond to the “notes” numbers on the right side of the tables.

Table 5.1 – Statement of Financial Position

	2024	2025	2026	2027	2028	2029	Notes
Statement of Financial Position							
Financial Assets							
Cash/Cash Equivalents							
System Reserve (Beginning of Year)	1,708,136	2,440,938	1,867,379	1,221,142	2,483,737	3,019,739	
System Reserve (End of Year)	2,440,938	1,867,379	1,221,142	2,483,737	3,019,739	1,377,117	1
Total Financial Assets	\$2,440,938	\$1,867,379	\$1,221,142	\$2,483,737	\$3,019,739	\$1,377,117	
Liabilities							
Operating Debt							
Loan Principal (Opening)	\$6,129,487	\$5,758,378	\$5,470,118	\$5,168,875	\$4,854,047	\$4,525,004	
Loan Principal (Closing)	\$5,758,378	\$5,470,118	\$5,168,875	\$4,854,047	\$4,525,004	\$4,181,087	2
Other liabilities	\$0	\$0	\$0	\$0	\$0	\$0	
Total Liabilities	\$5,758,378	\$5,470,118	\$5,168,875	\$4,854,047	\$4,525,004	\$4,181,087	
Net Financial Assets (Debt)	(\$3,317,440)	(\$3,602,740)	(\$3,947,733)	(\$2,370,310)	(\$1,505,266)	(\$2,803,971)	
Non Financial Assets							
Tangible Capital Asset Cost (Opening)	\$378,667,042	\$379,856,246	\$382,677,915	\$385,330,281	\$387,857,678	\$389,501,535	
Changes in Tangible Capital Assets - Additions	\$1,189,204	\$2,821,669	\$2,652,367	\$2,527,396	\$1,643,857	\$7,508,524	4, 5
Tangible Capital Asset Cost (Closing)	\$379,856,246	\$382,677,915	\$385,330,281	\$387,857,678	\$389,501,535	\$397,010,059	3
Accumulated Amortization (opening)	\$145,185,215	\$149,431,973	\$153,768,868	\$158,209,408	\$162,804,762	\$167,517,174	
Accumulated Amortization (closing)	\$149,431,973	\$153,768,868	\$158,209,408	\$162,804,762	\$167,517,174	\$172,306,782	
Total Non Financial Assets	\$230,424,273	\$228,909,046	\$227,120,873	\$225,052,916	\$221,984,360	\$224,703,277	
Accumulated Surplus(deficit)	\$227,106,833	\$225,306,307	\$223,173,140	\$222,682,606	\$220,479,094	\$221,899,306	

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

Table 5.2 – Statement of Financial Operations

Statement of Financial Operations		2024	2025	2026	2027	2028	2029	
Total Revenues								
Revenue from Users								
	Water Sales	\$6,387,139	\$6,636,457	\$6,893,152	\$7,157,459	\$7,429,581	\$7,709,726	6
	Fees	\$153,813	\$158,427	\$161,595	\$164,827	\$168,124	\$171,486	
	Misc. Revenue	\$0	\$0	\$0	\$0	\$0	\$0	
	Water Tower Licence	\$19,378	\$19,960	\$20,359	\$20,766	\$21,181	\$21,605	
	Total Revenue from Users	\$6,560,329	\$6,814,844	\$7,075,106	\$7,343,052	\$7,618,887	\$7,902,817	
	Contribution from General Reserve	\$0	\$0	\$0	\$0	\$0	\$0	7
	Interest							
	System Reserve	\$10,400	\$10,712	\$10,926	\$11,145	\$11,368	\$11,595	
	Grants							
	Government Funding Programs/DCs	\$454,648	\$590,000	\$180,000	\$1,790,000	\$0	\$3,500,000	10
	Total Revenues	\$7,025,377	\$7,415,556	\$7,266,032	\$9,144,197	\$7,630,254	\$11,414,412	
Expenses								
	Expenses	\$3,536,815	\$3,642,920	\$3,715,778	\$3,790,094	\$3,865,896	\$3,943,214	11
	OCWA Contract	\$899,290	\$926,269	\$944,794	\$963,690	\$982,964	\$1,002,623	
	OCWA Maintenance	\$52,000	\$53,560	\$54,631	\$55,724	\$56,838	\$57,975	12
	Expenses before interest and amortization	\$4,488,106	\$4,622,749	\$4,715,204	\$4,809,508	\$4,905,698	\$5,003,812	
	Debt Interest	\$244,157	\$256,438	\$243,455	\$229,870	\$215,655	\$200,781	
	Amortization	\$4,246,758	\$4,336,895	\$4,440,540	\$4,595,354	\$4,712,412	\$4,789,608	8
	Total Expenses	\$8,979,021	\$9,216,082	\$9,399,199	\$9,634,731	\$9,833,766	\$9,994,201	
	Excess of Revenues over Expenses	(\$1,953,643)	(\$1,800,526)	(\$2,133,166)	(\$490,534)	(\$2,203,511)	\$1,420,211	
	Excess of Revenues over Expenses	(\$1,953,643)	(\$1,800,526)	(\$2,133,166)	(\$490,534)	(\$2,203,511)	\$1,420,211	
	Annual Surplus (Deficit) Beginning of year	\$229,060,476	\$227,106,833	\$225,306,306	\$223,173,140	\$222,682,606	\$220,479,094	
	Accumulated Surplus (Deficit) End of Year	\$227,106,833	\$225,306,306	\$223,173,140	\$222,682,606	\$220,479,094	\$221,899,306	

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

Table 5.3 – Statement of Change in Cash Flow

Statement of Cash Flow	2024	2025	2026	2027	2028	2029	
Operating Transactions							
Cash received from Revenues	\$7,014,977	\$7,404,844	\$7,255,106	\$9,133,052	\$7,618,887	\$11,402,817	
Cash paid for Operating Expenses	\$4,488,106	\$4,622,749	\$4,715,204	\$4,809,508	\$4,905,698	\$5,003,812	
Cash paid for Financing Charges (Interest)	\$244,157	\$256,438	\$243,455	\$229,870	\$215,655	\$200,781	
Excess of Operating Revenues Over Operating Expenses	\$2,282,715	\$2,525,657	\$2,296,447	\$4,093,675	\$2,497,533	\$6,198,224	
Working Capital Items							
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	
Inventory	\$0	\$0	\$0	\$0	\$0	\$0	
Capital Work in Progress	\$0	\$0	\$0	\$0	\$0	\$0	
Cash provided by Operating Transactions	\$2,282,715	\$2,525,657	\$2,296,447	\$4,093,675	\$2,497,533	\$6,198,224	
Capital							
Acquisition of TCAs	\$1,189,204	\$2,821,669	\$2,652,367	\$2,527,396	\$1,643,857	\$7,508,524	4
Proceeds on Disposal of TCA	\$0	\$0	\$0	\$0	\$0	\$0	
Cash used in Capital Transactions	\$1,189,204	\$2,821,669	\$2,652,367	\$2,527,396	\$1,643,857	\$7,508,524	
Investing							
Cash (used in)/Provided by Investing Activities	\$10,400	\$10,712	\$10,926	\$11,145	\$11,368	\$11,595	9
Increase (decrease) Cash Provided by Investing Activities	\$10,400	\$10,712	\$10,926	\$11,145	\$11,368	\$11,595	
Financing							
Repayment of Long Term Debt (principal)	\$371,109	\$288,260	\$301,243	\$314,828	\$329,043	\$343,917	2
Cash Provided by (used) in Financing Activities	\$371,109	\$288,260	\$301,243	\$314,828	\$329,043	\$343,917	
Increase (decrease) in Cash Equivalents	\$1,103,912	(\$285,300)	(\$344,993)	\$1,577,423	\$865,044	(\$1,298,705)	
Net Financial Assets (debt) at the beginning of the Year	(\$4,421,351)	(\$3,317,439)	(\$3,602,740)	(\$3,947,733)	(\$2,370,310)	(\$1,505,265)	
Net Financial Assets (debt) at the End of the Year	(\$3,317,439)	(\$3,602,740)	(\$3,947,733)	(\$2,370,310)	(\$1,505,265)	(\$2,803,971)	

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

5 Notes on the Amherstburg DW Financial Plan

The Amherstburg Water System Financial Plan represents a forecast of the financial performance of the Water System over a study period starting in the year 2021 through to the year 2027. The following notes are intended to document and/or clarify some of the assumptions made in generating the financial information contained in the tables. The reader is cautioned that the Financial Plan contains unaudited financial information and is subject to change.

1. The reserve fund balance of \$1.7M is the value projected for the end of the year 2023.
2. The existing debt includes the 2023 debenture for the reservoir work.
3. Tangible Capital Assets Cost (Closing) includes changes (additions, disposals, write-downs) in tangible capital assets during the year.
4. TCA Additions – refer to tangible capital asset additions, which are represented by capital projects that add or replace assets in the system.
5. Tangible Capital Assets (TCA) are assumed to have no residual value when they have reached the end of their projected useful life. The projected future costs of capital items include a 15% contingency. Amortization was determined using the straight-line method. The calculation of Amortization begins the year after an asset is put into service.
6. Sale of Water (Residential) – revenue received from residential units.
7. Contribution from General Revenue would be direct transfers from the Town to supplement its water system. No general revenue transfers are projected.
8. Amortization – The yearly loss of value of existing assets in the system due to age.
9. Investing – Interest revenue from reserve cash. An interest rate of 0.5% is assumed.
10. Government Grants – Revenue from provincial and federal grant programs and sources (ICIP, gas tax)
11. Total Water System Expenses (salaries, benefits, insurance, fees, other municipal expenses, etc) related to water system maintenance.
12. Major Maintenance – maintenance expenses and projects that do not contribute to the value of the system's assets (engineering studies, part replacement, repairs, etc.).

Attachment 1

Ontario Regulation 453/07

**Safe Drinking Water Act, 2002
ONTARIO REGULATION 453/07**

FINANCIAL PLANS

Consolidation Period: From April 1, 2008 to the [e-Laws currency date](#).

Last amendment: O. Reg. 69/08.

This is the English version of a bilingual regulation.

Requirement to prepare Financial Plans

1. (1) A person who makes an application under clause 32 (1) (b) of the Act for a municipal drinking water licence shall, before making the application, prepare and approve Financial Plans for the system that satisfy the requirements prescribed under section 2. O. Reg. 453/07, s. 1 (1).

(2) A person who makes an application under subsection 32 (4) of the Act for the renewal of a municipal drinking water licence shall, before making the application, prepare and approve Financial Plans for the system that satisfy the requirements prescribed under section 3. O. Reg. 453/07, s. 1 (2).

(3) As a condition in a municipal drinking water licence that is issued in response to an application made under section 33 of the Act for a municipal drinking water licence, the Director shall include a requirement that the owner of the drinking water system, by the later of July 1, 2010 and the date that is six months after the date the first licence for the system is issued, prepare and approve Financial Plans for the system that satisfy the requirements prescribed under section 3. O. Reg. 453/07, s. 1 (3).

(4) The Director shall include, as a condition in a municipal drinking water licence, the requirement set out in subsection (3) in any amendments to a license made after the application, if the condition is not satisfied at the time when the amendment is made. O. Reg. 453/07, s. 1 (4).

Financial Plan requirements; new systems

2. For the purposes of clause (b) of the definition of “Financial Plans” in subsection 30 (1) of the Act, the following requirements are prescribed for Financial Plans that are required by subsection 1 (1) to satisfy the requirements of this section:

1. The Financial Plans must be approved by a resolution that indicates that the drinking water system is financially viable and that is passed by,
 - i. the council of the municipality, if the owner of the drinking water system is a municipality, or
 - ii. the governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.
2. The Financial Plans,
 - i. must include a statement that the financial impacts of the drinking water system have been considered, and
 - ii. must apply for a period of at least six years.
3. The first year to which the Financial Plan must apply is the year in which the drinking water system is expected to first serve the public.
4. For each year in which the Financial Plans apply, the Financial Plans must include details of the proposed or projected financial operations of the drinking water system itemized by,
 - i. total revenues, further itemized by water rates, user charges and other revenues,
 - ii. total expenses, further itemized by amortization expenses, interest expenses and other expenses,
 - iii. annual surplus or deficit, and
 - iv. accumulated surplus or deficit.
5. The owner of the drinking water system must,
 - i. make the Financial Plans available, on request, to members of the public who are served by the drinking water system without charge,
 - ii. make the Financial Plans available to members of the public without charge through publication on the Internet, if the owner maintains a website on the Internet, and

- iii. provide notice advising the public of the availability of the Financial Plans under subparagraphs i and ii, if applicable, in a manner that, in the opinion of the owner, will bring the notice to the attention of members of the public who are served by the drinking water system.
6. The owner of the drinking water system must give a copy of the Financial Plans to the Ministry of Municipal Affairs and Housing. O. Reg. 453/07, s. 2.

Financial Plan requirements; licence renewal

3. (1) For the purposes of clause (b) of the definition of “Financial Plans” in subsection 30 (1) of the Act, the following requirements are prescribed for Financial Plans that are required by subsection 1 (2) or a condition that is included in a municipal drinking water licence under subsection 1 (3) to satisfy the requirements of this section:

1. The Financial Plans must be approved by a resolution that is passed by,
 - i. the council of the municipality, if the owner of the drinking water system is a municipality, or
 - ii. the governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.
2. The Financial Plans must apply to a period of at least six years.
3. The first year to which the Financial Plans must apply must be the year determined in accordance with the following rules:
 - i. If the Financial Plans are required by subsection 1 (2), the first year to which the Financial Plans must apply must be the year in which the drinking water system’s existing municipal drinking water licence would otherwise expire.
 - ii. If the Financial Plans are required by a condition that was included in a municipal drinking water licence under subsection 1 (3), the first year to which the Financial Plans must apply must be the later of 2010 and the year in which the first licence for the system was issued.
4. Subject to subsection (2), for each year to which the Financial Plans apply, the Financial Plans must include the following:
 - i. Details of the proposed or projected financial position of the drinking water system itemized by,
 - A. total financial assets,
 - B. total liabilities,
 - C. net debt,
 - D. non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses, and
 - E. changes in tangible capital assets that are additions, donations, write downs and disposals.
 - ii. Details of the proposed or projected financial operations of the drinking water system itemized by,
 - A. total revenues, further itemized by water rates, user charges and other revenues,
 - B. total expenses, further itemized by amortization expenses, interest expenses and other expenses,
 - C. annual surplus or deficit, and
 - D. accumulated surplus or deficit.
 - iii. Details of the drinking water system’s proposed or projected gross cash receipts and gross cash payments itemized by,
 - A. operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges,
 - B. capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,
 - C. investing transactions that are acquisitions and disposal of investments,
 - D. financing transactions that are proceeds from the issuance of debt and debt repayment,
 - E. changes in cash and cash equivalents during the year, and

- F. cash and cash equivalents at the beginning and end of the year.
- iv. Details of the extent to which the information described in subparagraphs i, ii and iii relates directly to the replacement of lead service pipes as defined in section 15.1-3 of Schedule 15.1 to Ontario Regulation 170/03 (Drinking Water Systems), made under the Act.
5. The owner of the drinking water system must,
- i. make the Financial Plans available, on request, to members of the public who are served by the drinking water system without charge,
 - ii. make the Financial Plans available to members of the public without charge through publication on the Internet, if the owner maintains a website on the Internet, and
 - iii. provide notice advising the public of the availability of the Financial Plans under subparagraphs i and ii, if applicable, in a manner that, in the opinion of the owner, will bring the notice to the attention of members of the public who are served by the drinking water system.
6. The owner of the drinking water system must give a copy of the Financial Plans to the Ministry of Municipal Affairs and Housing. O. Reg. 453/07, s. 3 (1).
- (2)** 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). O. Reg. 453/07, s. 3 (2).

Alternative requirements for two or more drinking water systems

4. If section 3 applies to the Financial Plans of two or more drinking water systems that are solely owned by the same owner, the requirements prescribed by the section may, as an alternative, be satisfied by Financial Plans that comply with the section but treat those systems as if they were one drinking water system. O. Reg. 453/07, s. 4.

Amendment of Financial Plans

5. Sections 2 and 3 do not prevent Financial Plans from being amended. O. Reg. 453/07, s. 5.

Additional information

6. The requirements of this Regulation do not prevent a person from providing additional information in Financial Plans prepared for the purpose of meeting the requirements of the Act. O. Reg. 453/07, s. 6.