

CORPORATION OF THE TOWN OF GANANOQUE

BYLAW NO. 2011-109

BEING A BY-LAW TO ADOPT THE WATER AND SEWER
FINANCIAL PLAN FOR THE TOWN OF GANANOQUE.

WHEREAS by Section 5 of the Municipal Act, 2001, S.O. 2001, c. 25, the powers of a municipal corporation are to be exercised by its Council;

AND WHEREAS Subsection 2 of Section 11 of the Municipal Act, 2001, S.O. 2001, c. 25, the powers of every Council are to be exercised by Bylaw; and

AND WHEREAS Ontario Regulation 453/07 made under the Safe Drinking Water Act requires that financial plans must be approved by the owner of the drinking water system indicating that the drinking water system is financially viable.

AND WHEREAS the Town of Gananoque is the owner of the Town of Gananoque drinking water system.

NOW THEREFORE the Council of the Corporation of the Town of Gananoque hereby enact as follows;

1. That the attached financial plan, attached hereto and forming part of this by-law, as prepared by BMA Management Consulting is hereby adopted.
2. That this by-law come into force and effect on the date of passing.

READ A FIRST AND SECOND TIME, this 18th day of October, 2011.



Mayor, Erika Demchuk

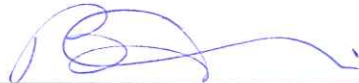


Clerk, Bonnie Dingwall

READ A THIRD TIME, passed, signed, and sealed with the corporate seal this 01st day of November, 2011.

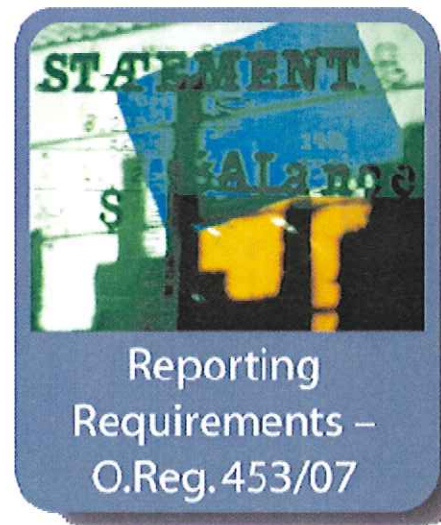


Mayor, Erika Demchuk



Clerk, Bonnie Dingwall

Reporting Requirements—O.Reg. 453/07



Water and Wastewater Reporting Requirements—O.Reg. 453/07

While the O. Reg. 453/07 only applies to Water, the Town has prepared statements for both water and wastewater operations. Paragraph 4 of subsection 3(1) of the regulation requires that financial plans include the following:

1. 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
 - e. changes in tangible capital assets that are additions, donations, write-downs and disposals
2. 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 expenditures itemized by amortization expenses, interest expenses and other expenses
 - c. Annual surplus or deficit
 - d. Accumulated surplus or deficit
3. Details of the drinking water systems proposed or projected gross **cash receipts or gross cash payments (Cash Flows)** itemized by:
 - a. Operating transactions that are cash received from revenues, cash paid for operating expenses and financing charges
 - b. Capital transactions that are proceeds on sale of tangible capital assets and cash used to acquire capital assets
 - c. Investing transactions that are acquisitions and disposal of investments
 - d. Financial transactions that are proceeds from the issuance of debt and debt repayment
 - e. Changes in cash and cash equivalents during the year
 - f. Cash and cash equivalents at the beginning and end of the year

Statement of Financial Operations—Water

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Total Revenues										
Rate Revenues	\$ 1,016,970	\$ 1,077,504	\$ 1,141,985	\$ 1,210,643	\$ 1,283,308	\$ 1,359,968	\$ 1,441,658	\$ 1,528,417	\$ 1,620,283	\$ 1,717,299
Proceeds from Other Sources	\$ 242,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Gas Tax Revenues	\$ 71,987	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenues	\$ 36,575	\$ 36,575	\$ 36,575	\$ 36,575	\$ 36,575	\$ 36,575	\$ 36,575	\$ 36,575	\$ 36,575	\$ 36,575
Total Revenues	\$ 1,368,411	\$ 1,114,079	\$ 1,378,560	\$ 1,247,218	\$ 1,319,883	\$ 1,396,543	\$ 1,478,233	\$ 1,564,992	\$ 1,656,858	\$ 1,753,874
Water Total Expenses										
Operating Expenses										
Labour/Benefits	\$ 333,886	\$ 340,031	\$ 350,231	\$ 360,738	\$ 371,561	\$ 382,707	\$ 394,189	\$ 406,014	\$ 418,195	\$ 430,741
Materials	\$ 139,580	\$ 135,894	\$ 139,971	\$ 144,170	\$ 148,495	\$ 152,950	\$ 157,539	\$ 162,265	\$ 167,133	\$ 172,147
Small Equipment	\$ 29,000	\$ 29,870	\$ 30,766	\$ 31,689	\$ 32,640	\$ 33,619	\$ 34,628	\$ 35,666	\$ 36,736	\$ 37,838
Utilities	\$ 90,350	\$ 94,868	\$ 99,611	\$ 104,591	\$ 109,821	\$ 115,312	\$ 121,078	\$ 127,132	\$ 133,488	\$ 140,163
Contracted	\$ 110,906	\$ 99,233	\$ 102,210	\$ 105,276	\$ 108,435	\$ 111,688	\$ 115,038	\$ 118,490	\$ 122,044	\$ 125,706
Repairs	\$ 28,300	\$ 29,149	\$ 30,023	\$ 30,924	\$ 31,852	\$ 32,807	\$ 33,792	\$ 34,805	\$ 35,850	\$ 36,925
Office and Other	\$ 6,967	\$ 7,176	\$ 7,391	\$ 7,613	\$ 7,841	\$ 8,077	\$ 8,319	\$ 8,569	\$ 8,826	\$ 9,090
Property Taxes	\$ 47,348	\$ 48,769	\$ 50,232	\$ 51,739	\$ 53,291	\$ 54,889	\$ 56,536	\$ 58,232	\$ 59,979	\$ 61,778
Insurance, Audit	\$ 25,424	\$ 26,695	\$ 28,030	\$ 29,431	\$ 30,903	\$ 32,448	\$ 34,071	\$ 35,774	\$ 37,563	\$ 39,441
Total Operating Expenses	\$ 811,761	\$ 811,684	\$ 838,466	\$ 866,173	\$ 894,839	\$ 924,498	\$ 955,188	\$ 986,947	\$ 1,019,814	\$ 1,053,829
Debt Charges										
Debt Charges - Interest Payments	\$ 18,967	\$ 18,668	\$ 71,526	\$ 71,983	\$ 66,823	\$ 61,412	\$ 55,737	\$ 49,786	\$ 43,545	\$ 36,999
Amortization Expense										
Water Assets	\$ 532,921	\$ 548,580	\$ 594,950	\$ 612,383	\$ 616,371	\$ 619,724	\$ 627,049	\$ 647,599	\$ 650,649	\$ 653,342
Total Expenses	\$ 1,363,648	\$ 1,378,933	\$ 1,504,942	\$ 1,550,539	\$ 1,578,032	\$ 1,605,634	\$ 1,637,975	\$ 1,684,332	\$ 1,714,007	\$ 1,744,170
Annual Surplus/(Deficit)	\$ 4,763	\$ (264,854)	\$ (126,381)	\$ (303,322)	\$ (258,149)	\$ (209,091)	\$ (159,741)	\$ (119,340)	\$ (57,149)	\$ 9,703

The annual deficit decreases from approximately \$264,800 in 2012 to a surplus of \$9,700 in 2020. In 2011, there was a small surplus due to proceeds from other sources (grants) and gas tax revenues.

Statement of Cash Flow/Cash Receipts—Water

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Revenues	\$ 1,368,411	\$ 1,114,079	\$ 1,378,560	\$ 1,247,218	\$ 1,319,883	\$ 1,396,543	\$ 1,478,233	\$ 1,564,992	\$ 1,656,858	\$ 1,753,874
Cash Paid For										
Operating Costs	\$ 811,761	\$ 811,684	\$ 838,466	\$ 866,173	\$ 894,839	\$ 924,498	\$ 955,188	\$ 986,947	\$ 1,019,814	\$ 1,053,829
Debt Repayment - Debt Interest	\$ 18,967	\$ 18,668	\$ 71,526	\$ 71,983	\$ 66,823	\$ 61,412	\$ 55,737	\$ 49,786	\$ 43,545	\$ 36,999
Cash Provided From Operating Transactions	\$ 537,683	\$ 283,726	\$ 468,569	\$ 309,061	\$ 358,222	\$ 410,633	\$ 467,308	\$ 528,259	\$ 593,500	\$ 663,045
Capital Transactions										
Acquisition of TCA	\$ 608,385	\$ 1,254,783	\$ 697,333	\$ 159,500	\$ 87,000	\$ 293,000	\$ 222,000	\$ 122,000	\$ 37,000	\$ 444,500
Finance Transactions										
Proceeds from Debt Issues	\$ -	\$ 1,063,283	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Repayment - Principal	\$ (10,428)	\$ (10,726)	\$ (95,569)	\$ (108,061)	\$ (113,222)	\$ (118,633)	\$ (124,308)	\$ (130,259)	\$ (136,500)	\$ (143,045)
Increase/(Decrease) in Cash Equivalents	\$ (81,129)	\$ 81,500	\$ (224,333)	\$ 41,500	\$ 158,000	\$ (1,000)	\$ 121,000	\$ 276,000	\$ 420,000	\$ 75,500
Cash and Cash Equivalents at Beginning Balance	\$ 299,915	\$ 218,786	\$ 300,286	\$ 75,953	\$ 117,453	\$ 275,453	\$ 274,453	\$ 395,453	\$ 671,453	\$ 1,091,453
Cash and Cash Equivalents at Ending Balance	\$ 218,786	\$ 300,286	\$ 75,953	\$ 117,453	\$ 275,453	\$ 274,453	\$ 395,453	\$ 671,453	\$ 1,091,453	\$ 1,166,953

The reserve year end balance has increased over the forecast period from approximately \$219,000 to \$1.2 million in an effort to reduce the operating deficit and increase the reserve balance to fund future replacement of existing assets.

Statement of Financial Position—Water

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Financial Assets										
Cash	\$ 218,786	\$ 300,286	\$ 75,953	\$ 117,453	\$ 275,453	\$ 274,453	\$ 395,453	\$ 671,453	\$ 1,091,453	\$ 1,166,953
Liabilities										
Debt - Principal Outstanding	\$ 659,997	\$ 1,712,554	\$ 1,716,985	\$ 1,608,924	\$ 1,495,702	\$ 1,377,070	\$ 1,252,762	\$ 1,122,503	\$ 986,003	\$ 842,958
Net Financial Assets	\$ (441,211)	\$ (1,412,268)	\$ (1,641,033)	\$ (1,491,471)	\$ (1,220,250)	\$ (1,102,617)	\$ (857,309)	\$ (451,050)	\$ 105,449	\$ 323,995
Non-Financial Assets										
Tangible Capital Assets	\$ 9,536,934	\$ 10,243,136	\$ 10,345,520	\$ 9,892,637	\$ 9,363,266	\$ 9,036,542	\$ 8,631,493	\$ 8,105,894	\$ 7,492,245	\$ 7,283,403
Accumulated Surplus/Deficit	\$ 9,095,722	\$ 8,830,868	\$ 8,704,487	\$ 8,401,165	\$ 8,143,016	\$ 7,933,925	\$ 7,774,184	\$ 7,654,843	\$ 7,597,694	\$ 7,607,397
Cash as a % of Net Fixed Assets	2.3%	2.9%	0.7%	1.2%	2.9%	3.0%	4.6%	8.3%	14.6%	16.0%
Debt as a % of Net Fixed Assets	6.9%	16.7%	16.6%	16.3%	16.0%	15.2%	14.5%	13.8%	13.2%	11.6%

The Statement of Financial Position shows that at the end of 2011, the Town’s water system will be in a net debt position of \$0.4 million and is forecast to be in a net surplus position of \$0.3 million in 2020.

Statement of Financial Operations—Wastewater

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Wastewater Total Revenues										
Rate Revenue	\$ 1,271,212	\$ 1,309,395	\$ 1,348,468	\$ 1,389,003	\$ 1,430,380	\$ 1,473,445	\$ 1,518,222	\$ 1,563,736	\$ 1,610,013	\$ 1,658,585
Proceeds from Other Sources	\$ 136,535	\$ 550,240	\$ 603,744	\$ -	\$ -	\$ -	\$ -	\$ 2,675,000	\$ 2,675,000	\$ -
Proceeds from Gas Tax Revenues	\$ 270,378	\$ 390,000	\$ 100,000	\$ 345,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenues	\$ 38,500	\$ 38,500	\$ 38,500	\$ 38,500	\$ 38,500	\$ 38,500	\$ 38,500	\$ 38,500	\$ 38,500	\$ 38,500
Total Revenues	\$ 1,716,625	\$ 2,288,135	\$ 2,090,712	\$ 1,772,503	\$ 1,468,880	\$ 1,511,945	\$ 1,556,722	\$ 4,277,236	\$ 4,323,513	\$ 1,697,085
Wastewater Total Expenses										
Operating Expenses										
Labour/Benefits	\$ 320,503	\$ 326,246	\$ 336,033	\$ 346,114	\$ 356,498	\$ 367,193	\$ 378,209	\$ 389,555	\$ 401,242	\$ 413,279
Materials	\$ 104,955	\$ 105,231	\$ 108,388	\$ 111,639	\$ 114,988	\$ 118,438	\$ 121,991	\$ 125,651	\$ 129,420	\$ 133,303
Utilities	\$ 40,000	\$ 42,000	\$ 44,100	\$ 46,305	\$ 48,620	\$ 51,051	\$ 53,604	\$ 56,284	\$ 59,098	\$ 62,053
Contracted	\$ 89,730	\$ 82,422	\$ 84,895	\$ 87,441	\$ 90,065	\$ 92,767	\$ 95,550	\$ 98,416	\$ 101,369	\$ 104,410
Office and Other	\$ 6,967	\$ 7,176	\$ 7,391	\$ 7,613	\$ 7,841	\$ 8,077	\$ 8,319	\$ 8,569	\$ 8,826	\$ 9,090
Insurance, Taxes, Audit	\$ 25,543	\$ 26,820	\$ 28,161	\$ 29,569	\$ 31,048	\$ 32,600	\$ 34,230	\$ 35,942	\$ 37,739	\$ 39,626
Total Operating Expenses	\$ 587,698	\$ 589,895	\$ 608,968	\$ 628,682	\$ 649,060	\$ 670,125	\$ 691,902	\$ 714,416	\$ 737,693	\$ 761,760
Debt Charges										
Debt Charges - Interest Payments	\$ 5,285	\$ -	\$ -	\$ 17,354	\$ 15,897	\$ 14,366	\$ 12,757	\$ 11,065	\$ 9,287	\$ 57,418
Amortization Expense										
Wastewater Assets	\$ 265,637	\$ 297,347	\$ 396,293	\$ 499,188	\$ 515,688	\$ 540,992	\$ 543,492	\$ 543,492	\$ 677,242	\$ 813,135
Total Expenses	\$ 858,620	\$ 887,242	\$ 1,005,261	\$ 1,145,225	\$ 1,180,646	\$ 1,225,483	\$ 1,248,151	\$ 1,268,973	\$ 1,424,222	\$ 1,632,313
Annual Surplus/(Deficit)	\$ 858,005	\$ 1,400,893	\$ 1,085,451	\$ 627,279	\$ 288,235	\$ 286,462	\$ 308,571	\$ 3,008,263	\$ 2,899,291	\$ 64,772

Rate revenues are projected to increase by approximately \$387,000 from 2011 to 2020 however the amortization expenses increase during this same period by \$548,000 which reduces the operating surplus.

Statement of Cash Flow/Cash Receipts—Wastewater

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Revenues	\$ 1,716,625	\$ 2,288,135	\$ 2,090,712	\$ 1,772,503	\$ 1,468,880	\$ 1,511,945	\$ 1,556,722	\$ 4,277,236	\$ 4,323,513	\$ 1,697,085
Cash Paid For										
Operating Costs	\$ 587,698	\$ 589,895	\$ 608,968	\$ 628,682	\$ 649,060	\$ 670,125	\$ 691,902	\$ 714,416	\$ 737,693	\$ 761,760
Debt Repayment - Debt Interest	\$ 5,285	\$ -	\$ -	\$ 17,354	\$ 15,897	\$ 14,366	\$ 12,757	\$ 11,065	\$ 9,287	\$ 57,418
Cash Provided From Operating Transactions	\$ 1,123,642	\$ 1,698,240	\$ 1,481,744	\$ 1,126,467	\$ 803,923	\$ 827,454	\$ 852,063	\$ 3,551,755	\$ 3,576,533	\$ 877,907
Capital Transactions										
Acquisition of TCA	\$ 606,128	\$ 1,638,833	\$ 1,820,833	\$ 360,000	\$ 665,000	\$ 100,000	\$ -	\$ 5,350,000	\$ 5,365,000	\$ 12,500
Finance Transactions										
Proceeds from Debt Issues	\$ -	\$ -	\$ 360,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -
Debt Repayment - Principal	\$ (158,444)		\$ -	\$ (28,467)	\$ (29,923)	\$ (31,454)	\$ (33,063)	\$ (34,755)	\$ (36,533)	\$ (117,907)
Increase/(Decrease) in Cash Equivalents	\$ 359,070	\$ 59,407	\$ 20,911	\$ 738,000	\$ 109,000	\$ 696,000	\$ 819,000	\$ (1,833,000)	\$ (825,000)	\$ 747,500
Cash and Cash Equivalents at Beginning Balance	\$ (129,225)	\$ 229,845	\$ 289,252	\$ 310,163	\$ 1,048,163	\$ 1,157,163	\$ 1,853,163	\$ 2,672,163	\$ 839,163	\$ 14,163
Cash and Cash Equivalents at Ending Balance	\$ 229,845	\$ 289,252	\$ 310,163	\$ 1,048,163	\$ 1,157,163	\$ 1,853,163	\$ 2,672,163	\$ 839,163	\$ 14,163	\$ 761,663

The reserve year end balance has increased over the forecast period from approximately \$230,000 to \$762,000 to help address the wastewater replacement needs.

Statement of Financial Position—Wastewater

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Financial Assets										
Cash	\$ 229,845	\$ 289,252	\$ 310,163	\$1,048,163	\$1,157,163	\$ 1,853,163	\$ 2,672,163	\$ 839,163	\$ 14,163	\$ 761,663
Liabilities										
Debt - Principal Outstanding	\$ -	\$ -	\$ 360,000	\$ 331,533	\$ 301,610	\$ 270,156	\$ 237,092	\$ 202,338	\$ 1,165,804	\$ 1,047,898
Net Financial Assets	\$ 229,845	\$ 289,252	\$ (49,837)	\$ 716,630	\$ 855,553	\$ 1,583,007	\$ 2,435,071	\$ 636,825	\$ (1,151,641)	\$ (286,235)
Non-Financial Assets										
Tangible Capital Assets	\$ 5,722,118	\$ 7,063,605	\$8,488,145	\$8,348,957	\$8,498,268	\$ 8,057,276	\$ 7,513,784	\$12,320,292	\$17,008,050	\$16,207,415
Accumulated Surplus/Deficit	\$ 5,951,963	\$ 7,352,857	\$8,438,308	\$9,065,586	\$9,353,821	\$ 9,640,283	\$ 9,948,855	\$12,957,118	\$15,856,409	\$15,921,181
Cash as a % of Net Fixed Assets	4.0%	4.1%	3.7%	12.6%	13.6%	23.0%	35.6%	6.8%	0.1%	4.7%
Debt as a % of Net Fixed Assets	0.0%	0.0%	4.2%	4.0%	3.5%	3.4%	3.2%	1.6%	6.9%	6.5%

Debt outstanding increases from \$0 in 2011 to \$1.047 million in 2020 due mainly to the lagoon expansion. The tangible capital assets increase during the 10 year period by \$11.6 million.