



THE CORPORATION OF THE TOWN OF DESERONTO  
WATER & WASTEWATER TREATMENT FACILITIES

FINANCIAL PLAN

Approved by Council: January, 2012

## **Introduction:**

The Town of Deseronto provides water and wastewater services to approximately 700 residential and non-residential customers. Under the Safe Drinking Act, 2002, the Ontario Regulation (O.Reg. 453/07) requires owners of water and wastewater services to submit a Financial Plan to the Ministry of Municipal Affairs and Housing. The financial plan is intended to outline the financial stability of the Town's drinking water system.

## **Regulatory Requirements**

Ontario Regulation 453/07 requires a financial plan outlining six years. The plan should be approved by a resolution that is passed by Council and must contain the following details:

Details of the proposed or projected financial position of the drinking water system itemized by:

- Total financial assets,
- Total liabilities
- Net debt
- Non- financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and pre-paid expenses
- Changes in tangible capital assets that are additions, donations, write downs and disposals

Details of the proposed or projected financial operations of the drinking water system itemized by:

- Total revenues, further itemized by water rates, user charges and other revenues
- Total expenses, further itemized by amortization expenses, interest expenses and other expenses
- Annual surplus or deficit
- Accumulated surplus or deficit

Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by;

- Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges
- Capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets
- Investing transactions that are acquisitions and disposal of investments
- Financing transactions that are proceeds from the issuance of debt and debt repayment
- Changes in cash and cash equivalents during the year
- Cash and cash equivalents at the beginning and end of year

## **Town of Deseronto's Financial Plan (Appendix #1)**

Town of Deseronto's financial plan, as outlined in Appendix #1, provides the necessary schedules and information needed to meet the requirements of Ontario Regulation 453/07 and has been prepared in PSAB format.

During the timeframe from 2012-2016 the Town of Deseronto Water and Wastewater Facilities' financials will be significantly impacted by a 7.2 million dollar upgrade to the facility. The allocation of funding, along with the estimated completion on a per year basis are outlined below. These schedules are heavily incorporated into the attached financial schedules. It should be noted that these schedules are unaudited and the actual results may differ and these differences could be material.

BUILD CANADA FUND - PLANT UPGRADE FUNDING ALLOCATION	
Build Canada Fund - Provincial	1,500,000
Build Canada Fund- Federal	1,500,000
Mohawks of the Bay of Quinte (MBQ) – (neighbouring municipality)	3,600,000
Hastings County	200,000
Municipal Contribution	400,000
<b>Total Project Cost</b>	<b>\$ 7,200,000</b>

BUILD CANADA FUND - PLANT UPGRADE PROJECTED COST TIMELINE						
Activity	2012	2013	2014	2015	2016	Complete Project
Environmental Assessment	115,500					115,500
Design and Project Management		345,000	50,000	40,000	10,000	445,000
Certificate of Approval		5,000				5,000
Tendering		20,000	20,000			40,000
Construction (included 10% Contingency)			2,000,000	3,500,000	650,000	6,150,000
Contract Administration and Inspection			150,000	245,000	45,000	440,000

Annual Total	\$ 115,500	\$ 370,000	\$ 2,220,000	\$ 3,785,000	\$ 705,000	\$ 7,195,500
Percentage Complete	1.61%	5.14%	30.85%	52.60%	9.80%	100%

Please note that prior to completion of the EA process, all cost estimates are preliminary

Time periods shown are January 1 to December 1

**Water and Wastewater System**

**Financial Plan**

Appendix #1

January 31, 2012

Ministry of Municipal Affairs and Housing  
Municipal Finance Policy Branch  
C/O Jim Gordon  
777 Bay St. 13th floor.  
Toronto, ON  
M5G 2E5

Dear Mr. Gordon,

This letter is response the Town of Deseronto's requirement for compliance to Safe Water Drinking Act, 2002. As per O. Reg. 453/07, owners of Drinking Water systems are required to submit a financial plan to Ministry of Municipal Affairs and Housing outlining the financial stability of the system. The attached plan and the outlined requirements were presented to the Deseronto Council at a regular scheduled council meeting and after review and elaboration of the plan; Deseronto Council made the following resolution:

***"Resolution 12-02-12***

***Moved by: D Johnston  
Seconded by: C Zieman***

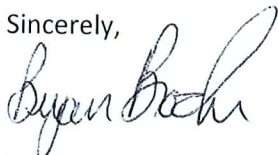
***THAT Council accept and endorse the 6 year Drinking Water and Waste Water Financial Plan as presented;***

***FURTHER THAT a copy of this resolution and the Financial Plan be made available for public viewing on the Town of Deseronto website ([www.deseronto.ca](http://www.deseronto.ca)) and be submitted to the Ministry of Municipal Affairs - Municipal Finance Policies Branch by January 31, 2012.***

***CARRIED"***

If there are any further requirements regarding this resolution, please feel free to contact me at your convenience.

Sincerely,



Bryan Brooks  
Clerk

**Town of Deseronto  
Water and Wastewater System  
Statement of Financial Position**

	2010	2011	2012	2013	2014	2015	2016
<b>Financial Assets</b>							
Cash	27,668	58,683	903,141	1,662,070	760,368	314,021	1,763,394
A/R	178,419	180,203	182,005	183,825	185,663	187,520	189,395
A/R Deposit	31,108	31,108	31,108	31,108	31,108	31,108	31,108
A/R Taxes	2,138	2,159	2,181	2,202	2,224	2,247	2,269
A/R other		27,035	77,000	246,667	1,480,000	1,219,799	-
	239,332	272,153	1,118,434	1,879,205	979,363	534,895	1,986,166
<b>Liabilities</b>							
Debt	421,692	274,726	118,333	80,456	41,032	-	262,405
Interest	29,885	23,202	7,000				12,000
A/P	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Deferred revenue			721,500	1,358,167	1,378,167	(27,035)	(22,535)
	478,077	324,428	151,833	106,956	67,532	26,500	300,905
<b>Net financial Assets (debt)</b>	<b>(238,744)</b>	<b>(52,275)</b>	<b>966,600</b>	<b>1,772,249</b>	<b>911,831</b>	<b>508,395</b>	<b>1,685,260</b>
<b>Non-Financial Assets</b>							
<b>Tangible Capital Assets (net)</b>	<b>2,655,249</b>	<b>2,681,802</b>	<b>2,607,172</b>	<b>2,781,339</b>	<b>4,799,631</b>	<b>8,376,872</b>	<b>8,867,880</b>

**Assumptions:**

BCF funding is receivable the year of purchase and would be received the next year.

MBQ funding is received in annual payments of \$720,000

County funding is received in annual payments of \$40,000

**Town of Deseronto  
Water and Wastewater System  
Statement of Operations**

	2010	2011	2012	2013	2014	2015	2016
<b>Revenue</b>							
Sewer Charges	385,286	404,550	416,687	429,188	442,063	455,325	468,985
Water Charges	555,511	583,286	600,785	618,809	637,373	656,494	676,189
Other Revenue	703	724	39,246	124,101	740,791	2,642,604	705,839
Sewer Frontage Connection	27,022	27,005	27,000	-	-	-	-
Government Grant	26,088	27,035	77,000	246,667	1,480,000	1,117,123	-
Water and Sewer Account Adjustments	18,255	18,803	19,367	19,948	20,546	21,163	21,798
	1,012,865	1,061,403	1,180,084	1,438,712	3,320,773	4,892,709	1,872,810
<b>Expenditures</b>							
Plant Maintenance Contract	250,143	257,647	135,000	137,700	140,454	143,263	146,128
Salaries	-	-	473,464	487,667	502,297	517,366	532,887
Operations	446,285	459,673	38,674	39,835	41,030	42,261	43,528
Insurance	36,454	37,548	24,786	25,530	26,296	27,085	27,897
Payment in Lieu	23,363	24,064	35,000	35,000	35,000	35,000	35,000
Town Hall Administration Fee	35,000	35,000	15,962	16,441	16,935	17,443	17,966
Amortization - Sewer	15,046	15,498	174,167	179,392	184,774	190,317	196,026
Amortization - Water	164,169	169,094	10,387	4,402	2,856	1,247	29,885
LTD Interest	29,885	20,514	(67)	(71)	(74)	(78)	(82)
Bank Charges	(64)	(65)					
	1,000,282	1,018,973	907,373	925,896	949,567	973,903	1,029,236
<b>Annual Surplus</b>	<b>12,584</b>	<b>42,430</b>	<b>272,711</b>	<b>512,816</b>	<b>2,371,206</b>	<b>3,918,805</b>	<b>843,574</b>

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**Town of Deseronto  
Water and Wastewater System  
Statement of Cash Flow**

	2010	2011	2012	2013	2014	2015	2016
<b>Operating Transactions</b>							
Cash Received from:							
Revenues	891,740	1,059,597	1,849,795	1,903,870	2,105,580	3,745,830	3,095,211
Cash Paid For:							
Operating Cost	820,073	841,064	733,446	737,063	747,859	766,144	803,244
Cash Provided From Operating Transactions	71,667	218,533	1,116,350	1,166,807	1,357,721	2,979,686	2,291,967
<b>Capital Transactions</b>							
Acquisition of tangible capital assets	(129,343)	(40,552)	(115,500)	(370,000)	(2,220,000)	(3,785,000)	(705,000)
Cash Applied to capital transactions	(129,343)	(40,552)	(115,500)	(370,000)	(2,220,000)	(3,785,000)	(705,000)
<b>Finance Transactions</b>							
Proceeds from issue of debt						400,000	
Debt repayment	(137,595)	(146,966)	(156,393)	(37,878)	(39,423)	(41,032)	(137,595)
Cash applied to financing transactions	(137,595)	(146,966)	(156,393)	(37,878)	(39,423)	358,968	(137,595)
Increase (decrease) in cash and cash equivalents	(195,271)	31,015	844,457	758,929	(901,702)	(446,347)	1,449,373
Cash and cash equivalents, beginning of period	222,939	27,668	58,683	903,141	1,662,070	760,368	314,021
Cash and cash equivalents, end of period	27,668	58,683	903,141	1,662,070	760,368	314,021	1,763,394

**Assumptions:**

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