



**THE TOWN OF MOOSONEE**  
Water Distribution System &  
Wastewater System

**FINANCIAL PLAN 2011**  
*Financial Plan #232-301*  
*Drinking Water License*  
*#232-101*

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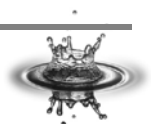
*This Financial Plan was approved by Town Council Resolution #11-377 on December 12<sup>th</sup>, 2011*



**THE TOWN OF MOOSONEE  
WATER & WASTEWATER SYSTEMS  
FINANCIAL PLAN 2011  
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## THE TOWN OF MOOSONEE – WATER & WASTEWATER SYSTEMS FINANCIAL PLAN 2011

### BACKGROUND

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#### **BACKGROUND**

In 2007, the Ministry of Environment released Regulation 453/07 requiring all municipalities to complete a Financial Plan for their drinking water system. 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 the municipal drinking water license”

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.

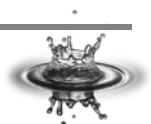
Following a lengthy application process, The Town of Moosonee was successful in obtaining its new Drinking Water License in July 2011. The Town of Moosonee, through a contracted Operating Authority, operates and maintains the water and wastewater distribution and treatment systems. The Town of Moosonee’s top priority is to provide a safe, sustainable supply of drinking water, providing public health protection, fire protection and support for the community. Through the recent development of the Quality Management System, the Town of Moosonee has been able to better manage risks, identify operational efficiencies, enhance staff knowledge and create public awareness of its commitment to provide safe drinking water. Through the development of this long term financial plan, the management team is encouraged that the municipality’s priorities will be accomplished in a prudent manner.



## SUSTAINABLE FINANCIAL PLANNING

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. These guidelines were derived from the Sustainable Water and Sewage Systems Act, 2002 (SWWSA). 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. Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary. 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, management, auditors, 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:

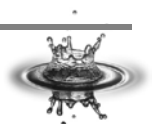
*“source protection, operating costs, financing costs, renewal and replacement costs and improvement costs associated with extracting, treating or distributing water to the public and collecting, treating or discharging waste water, and such other costs which may be specified by regulation.”*

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.

### **EXPECTED ACHIEVEMENTS**

Through the process of developing this Financial Plan, The Town of Moosonee set out to achieve the following:

- Continue to provide safe drinking water to our residents;
- Ensure financial viability of the Water and Wastewater Systems;
- Achieve full cost recovery for Water & Wastewater services;
- Enable the long term planning for capital renewal to be realized; and
- Improve Water & Wastewater services levels.



## ANALYSIS OF CURRENT POSITION

When reviewing the six years prior, on average the municipality recovered 53% of overall costs to operate the water and wastewater systems. The cumulative deficit to operate these systems over these six years is nearly \$3,000,000.

DESCRIPTION	2005	2006	2007	2008	2009	2010
<b>WATER DISTRIBUTION SYSTEM</b>						
<b>Total Revenues</b>						
Water Billings: Residential	\$ 287,046.40	\$ 309,757.80	\$ 310,878.30	\$ 308,518.50	\$ 306,976.50	\$ 310,491.30
Water Billings: Non-Residential	\$ 60,161.72	\$ 77,963.95	\$ 78,204.60	\$ 72,534.60	\$ 92,701.65	\$ 101,194.20
Water Billings: Residential Discount	-\$24,367.09	-\$23,218.09	-\$20,863.25	-\$21,483.62	-\$21,838.46	-\$19,147.89
Water Fees: Connections			\$ 1,500.00		\$ 3,025.00	\$ 1,647.00
Water Delivery - Revenues	\$ 6,176.12	\$ 14,393.00	\$ 31,585.00	\$ 11,774.68	\$ 18,029.43	\$ 8,969.50
Water Fees: Capital User Fees	\$ 79,150.00	\$ 155,412.50	\$ 156,162.50	\$ 157,900.00	\$ 152,400.00	\$ 157,550.00
<b>TOTAL REVENUES</b>	<b>\$ 408,167.15</b>	<b>\$ 534,309.16</b>	<b>\$ 557,467.15</b>	<b>\$ 529,244.16</b>	<b>\$ 551,294.12</b>	<b>\$ 560,704.11</b>
<b>Total Expenses</b>						
Water Delivery System	\$ 92,166.73	\$ 58,740.20	\$ 73,184.88	\$ 49,683.84	\$ 55,194.70	\$ 44,980.13
Water Treatment Plant	\$ 487,641.80	\$ 495,329.30	\$ 549,693.80	\$ 493,556.90	\$ 523,950.40	\$ 582,985.51
Capital Expenditures		\$ 46,271.12	\$ 18,916.20		\$ 5,926.96	
Capital Loan (Capital User Fee)	\$ 74,731.98	\$ 149,464.00	\$ 149,464.00	\$ 149,464.00	\$ 149,464.00	\$ 149,464.00
<b>TOTAL EXPENSES</b>	<b>\$ 654,540.51</b>	<b>\$ 749,804.62</b>	<b>\$ 791,258.88</b>	<b>\$ 692,704.74</b>	<b>\$ 734,536.06</b>	<b>\$ 777,429.64</b>
<b>OPERATING SURPLUS / DEFICIT</b>	<b>-\$246,373.36</b>	<b>-\$215,495.46</b>	<b>-\$233,791.73</b>	<b>-\$163,460.58</b>	<b>-\$183,241.94</b>	<b>-\$216,725.53</b>
<b>CUMULATIVE DEFICIT</b>	<b>-\$246,373.36</b>	<b>-\$461,868.82</b>	<b>-\$695,660.55</b>	<b>-\$859,121.13</b>	<b>-\$1,042,363.07</b>	<b>-\$1,259,088.60</b>
<b>SEWAGE TREATMENT SYSTEM</b>						
<b>Total Revenues</b>						
Sewer Revenues	\$ 3,666.00	\$ 11,505.17	\$ 5,519.50	\$ 4,327.00	\$ 2,570.90	\$ 2,765.00
Special Gov't Grants					\$ 32,500.00	\$ 32,500.00
<b>TOTAL REVENUES</b>	<b>\$ 3,666.00</b>	<b>\$ 11,505.17</b>	<b>\$ 5,519.50</b>	<b>\$ 4,327.00</b>	<b>\$ 35,070.90</b>	<b>\$ 35,265.00</b>
<b>Total Expenses</b>						
Sanitary Sewers	\$ 163,060.10	\$ 90,305.11	\$ 90,114.26	\$ 69,695.09	\$ 74,367.14	\$ 73,196.64
Storm Sewers	\$ 7,011.84	\$ 5,018.55	\$ 6,058.75	\$ 3,622.47	\$ 2,206.95	\$ 3,485.76
Sewage Treatment System	\$ 90,417.59	\$ 100,265.20	\$ 137,032.90	\$ 144,686.20	\$ 225,808.70	\$ 151,184.25
Capital Expenditures					\$ 55,032.29	\$ 251,287.98
<b>TOTAL EXPENSES</b>	<b>\$ 260,489.53</b>	<b>\$ 195,588.86</b>	<b>\$ 233,205.91</b>	<b>\$ 218,003.76</b>	<b>\$ 357,415.08</b>	<b>\$ 479,154.63</b>
<b>OPERATING SURPLUS / DEFICIT</b>	<b>-\$256,823.53</b>	<b>-\$184,083.69</b>	<b>-\$227,686.41</b>	<b>-\$213,676.76</b>	<b>-\$322,344.18</b>	<b>-\$443,889.63</b>
<b>CUMULATIVE DEFICIT</b>	<b>-\$256,823.53</b>	<b>-\$440,907.22</b>	<b>-\$668,593.63</b>	<b>-\$882,270.39</b>	<b>-\$1,204,614.57</b>	<b>-\$1,648,504.20</b>
<b>OVERALL OPERATIONAL DEFICIT</b>	<b>-\$503,196.89</b>	<b>-\$399,579.15</b>	<b>-\$461,478.14</b>	<b>-\$377,137.34</b>	<b>-\$505,586.12</b>	<b>-\$660,615.16</b>
<b>OVERALL CUMULATIVE DEFICIT</b>	<b>-\$503,196.89</b>	<b>-\$902,776.04</b>	<b>-\$1,364,254.18</b>	<b>-\$1,741,391.52</b>	<b>-\$2,246,977.64</b>	<b>-\$2,907,592.80</b>
<b>% of Costs recovered for Operatio</b>	<b>45%</b>	<b>58%</b>	<b>55%</b>	<b>59%</b>	<b>54%</b>	<b>47%</b>



## THE TOWN OF MOOSONEE – WATER & WASTEWATER SYSTEMS FINANCIAL PLAN 2011 OPERATING PLAN

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### OPERATING PLAN

Through application of the operating plan, The Town of Moosonee will provide safe drinking water to the community. The municipality's operating plan includes its day to day operations maintaining and administering the drinking water system and the wastewater system, the capital investments that it will incur to renew and replace its existing capital infrastructure, and debt management, being the resulting debt repayments and interest charges that are incurred to achieve the above.

### OPERATIONS

The Town of Moosonee, in association with its contracted Operating Authority, operates its water and wastewater systems. Some of the System's key operating expenses include contracted personnel costs, utilities, materials and supplies, transportation costs, and administrative costs. Annual operating expenses have increased about 40% over the past six years, with the most significant increases occurring in the two most recent years due to repairs & maintenance. The municipality estimates that operating costs (less capital improvements) will increase annually at a rate of 6.5%, primarily due to utilities costs, transportation costs and materials & supplies costs increases.

- 2011 \$ 934,640
- 2012 \$ 995,392
- 2013 \$1,060,092
- 2014 \$1,128,998
- 2015 \$1,202,383
- 2016 \$1,280,538
- 2017 \$1,363,773

### CAPITAL COSTS

The municipality will be required to make significant capital investments in the wastewater system in the coming years, to comply with Ministry of the Environment mandated compliance improvements. At the same time, aging and deteriorating water infrastructure will also require capital improvements. To enable the delivery of safe drinking water to the community, the municipality holds significant assets related to water and wastewater systems, including: The Water Treatment Plant; 2-Cell Sewage Lagoon, ~10km of water and wastewater distribution pipes, 115 fire hydrants, 10 Lift stations, 124 manholes, and thousands of connections & valves. These assets are referred to as capital. The capital asset management plans were developed to ensure that these existing assets are maintained, renewed or upgraded as required. Over the long term, it is not believed that there will be a need for large expenditures related to maintaining the municipality's water distribution system. However, a significant capital investment is required to upgrade the existing wastewater infrastructure. In 2011, a minimum of \$700,000 will be invested in the most urgent repairs. An additional \$15,000,000 investment is required in the immediate future.

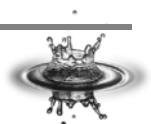


## DEBT MANAGEMENT

Debt management is the ability to repay debt over time, including both principal payments and interest charges. Municipalities can accumulate debt up to their Annual Repayment Limit (ARL), which ensures debt repayment amounts do not exceed 25% of municipal revenues. The largest existing long term debt owed by the municipality was incurred to build the new Water Treatment Plant (capital investment of \$2.4M). At the end of 2010, just over \$2 million of this loan was owed by the municipality with annual debt servicing costs of ~\$150,000. In 2010, the Town had utilized ~90% of its ARL.

Annual long term debt servicing costs are projected to increase beginning in 2011, as the municipality will be applying for an Infrastructure Ontario Loan of ~\$700,000 to undertake a number of MOE non-compliant Wastewater repairs. The Municipality is seeking funding through The Ontario Small Waterworks Assistance Program (OSWAP) OSWAP3 – Intake Two to assist with almost \$15,000,000 in wastewater and water infrastructure improvements. Without a financial grant, these repairs will need to be financed through Infrastructure Ontario (IO), as eligible with the annual ARL, as the municipality does not have any capital reserves. If eligible for an IO 40 year loan, the municipality would need to repay nearly \$1,000,000 annually, representing 25% of annual municipal revenues. Given the town's small tax base (658 households in 2009), this repayment amount would represent more than \$1500 per household/year (in many cases, the equivalent, or more than the property tax amount paid annually). However, if the municipality is awarded a funding grant of \$13,500,000 through OSWAP3, we will only require an additional \$1,500,000 loan from IO, with repayment terms that are similar to our existing loan (\$150,000/year).

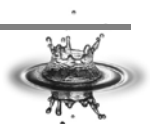
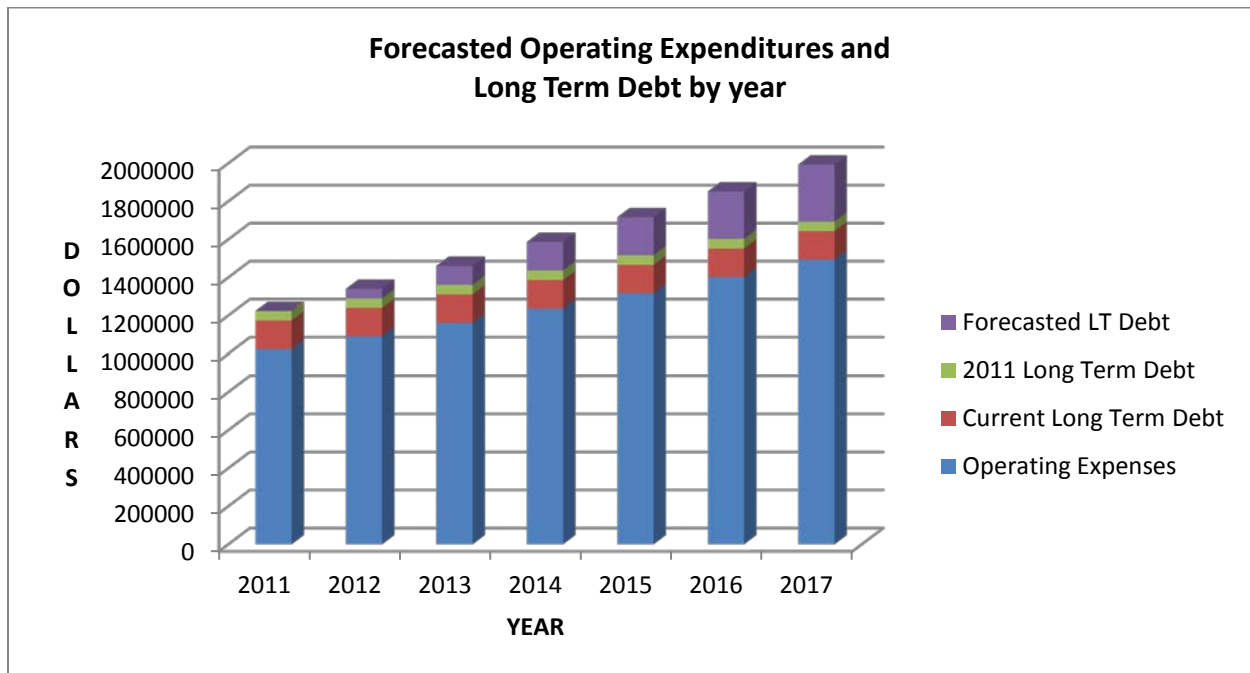
As headway is made in fully recovering operating costs for the water and wastewater systems during the next 6 operating years, the municipality will then be able to plan for financial reserve contributions in order to maintain and upgrade the systems in the future. Our Financial Plan will continuously be upgraded to reflect these adjustments.





## TOTAL CASH EXPENDITURES

The Town of Moosonee spends approximately 25% of our annual Municipal Operating budget on Water and Wastewater operations – clearly a significant portion of our funds. Significant water & wastewater operating expenses include Hydro/Electricity (~15% of Water / Wastewater operating costs), chemicals (~15%), Repairs & Maintenance/Materials & Supplies (~10%), and Contracted Operators (~40%), and Wages/Benefits (~10%). The municipality services current Long Term Debt repayment at a rate of \$150,000/year. In 2011, an additional Long Term Capital Loan will be applied for with annual service costs of ~\$50,000/year. In the event the municipality has to fund the additional \$15 million in required infrastructure repairs, we likely make annual improvements at a rate of \$500,000 to \$700,000 with long term capital loans (if eligible) to finance these infrastructure improvements.



# THE TOWN OF MOOSONEE – WATER & WASTEWATER SYSTEMS FINANCIAL PLAN 2011 FUNDING PLAN

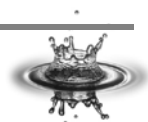
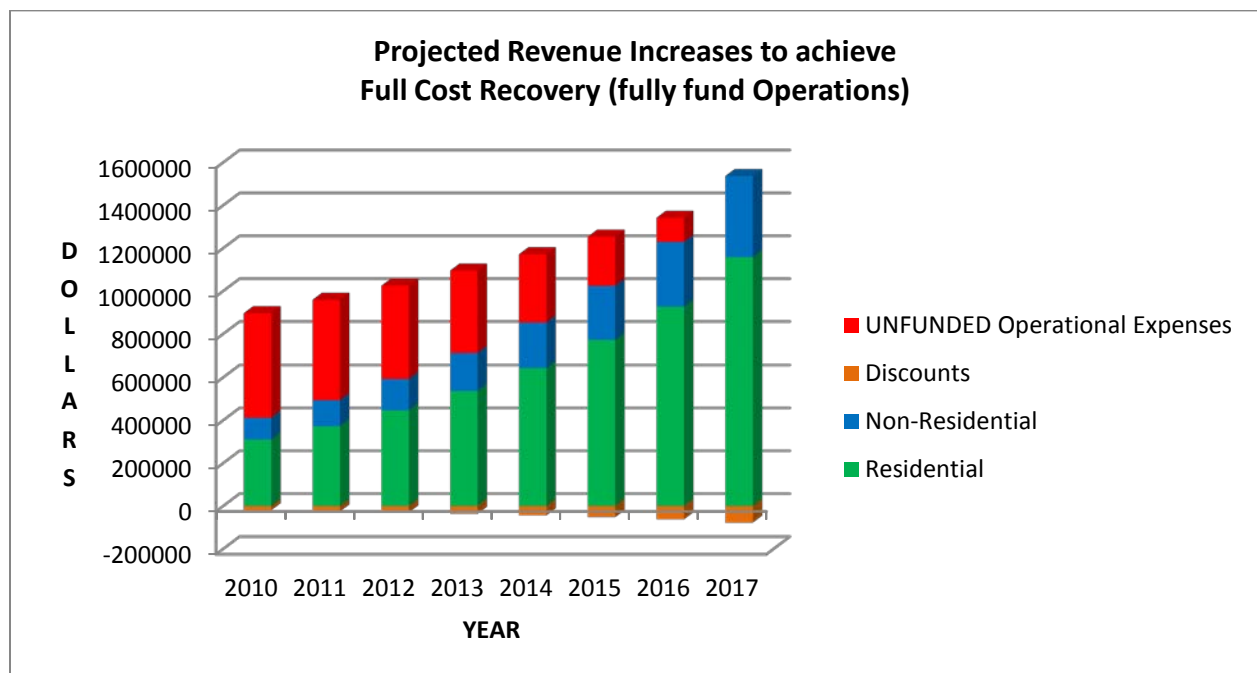
## FUNDING PLAN

As discussed previously, cash (operating & capital) expenditures are projected to be about \$1.3 million per year escalating to almost \$2 million per year to finance long term debt for capital improvements. To fund these critical expenditures, the Town of Moosonee will rely on a blend of operating revenues, new debt financing where eligible, and hopefully, special one-time funding grants from programs like OSWAP.

## OPERATING REVENUES

As part of the OSWAP3-Intake Two Application, the Town of Moosonee proposes to install Water Meters to all households, and commercial/industrial/institutional properties. A water metering program will promote awareness about water consumption, and should improve efficient use and conservation of our treated water.

Current Operating Revenues are derived from a flat rate for all water users (dependent on classifications - residential or non-residential). In 1998, residential water rates were \$25.00/month. By-Law #22-04 increased the residential water rates to \$35.00/month, and By-Law #17-05 increased residential water rates to \$38.50/month. No increases occurred between 2005 and 2010, yet expenses have increased by ~40% from 2005 to 2010. Whether Water Meters are installed, or the Flat Rate Water Rate system remains in place, the municipality is proposing to adjust Water Rates to collect the following revenues, over the next six years, to achieve full-cost recovery by ~2017 (revenues to be increased by ~20% each year, compounded).



### **ONE TIME GOVERNMENT FUNDING**

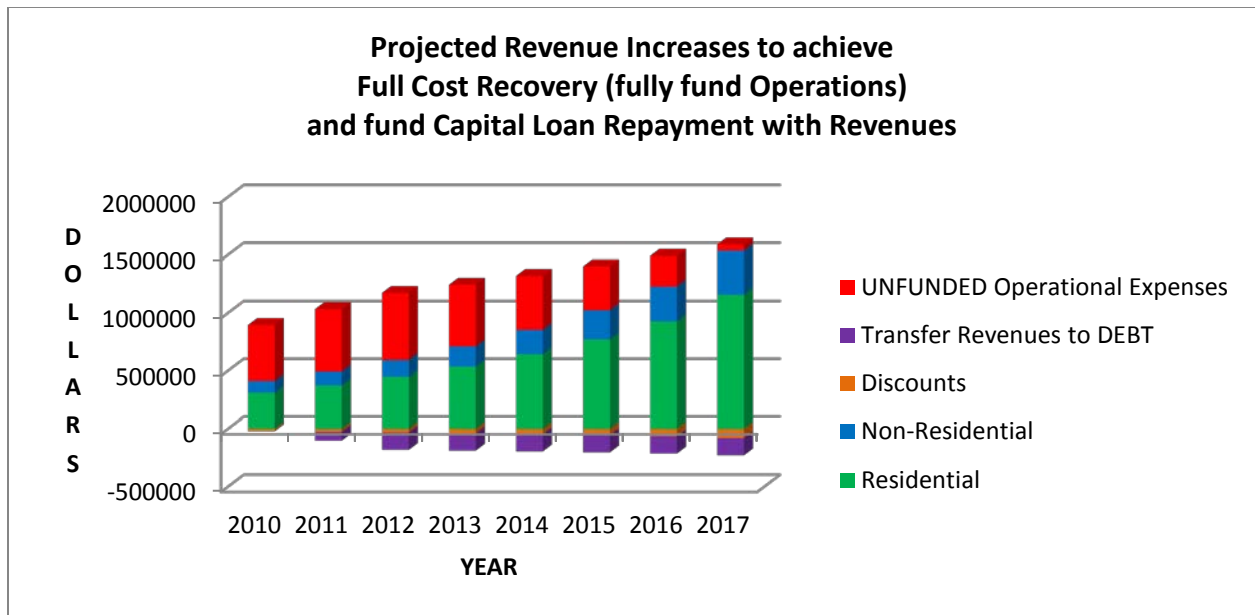
Although receipt of certain one-time government funding is projected, long term government funding has not been assumed in creating this sustainable model. The Town of Moosonee will apply to OSWAP3 – Intake Two for ~\$13.5M (90% of project costs), This project will see Water Meters installed throughout the Town, and water/sewer line replacements will occur in the oldest part of Town as per the attached maps, replacing lines that are well beyond their useful life years, and are prone to leakage and infiltration. If successful in being awarded the funds, the municipality would be required to assume a Capital Loan (if eligible) for the 10% municipal investment in the project. As future funding opportunities arise, the municipality will submit applications.

### **NEW DEBT**

While it is planned to gradually increase operating revenues, there is still monies required to cover the expenditures in the short term. In this financial plan, through careful consideration for rising debt levels, the Town's ARL, and costs as well as rate increases charged to customers, it is projected that new debt will be required. The amount of new municipal debt will depend on whether One Time Government Funding is received, and the Town's ARL as assessed annually.

Without OSWAP3 funds, the municipality will need to assume \$15 million in debt over as long as 25 to 30 years, for the immediate repairs (assuming an investment of \$500,000/year). With OSWAP3 funds, the municipality will need to assume \$2.2 million in debt immediately, to complete the projects as proposed (and significantly improve infrastructure and operating efficiencies). In the short term, this Capital Loan will be funded through Operations (likely at a deficit). As annual revenues for Water / Wastewater are increased, the additional revenues will be used to offset the Capital Loan payments. Assuming the Projected Revenues provided above, and an annual Capital Loan repayment of \$150,000 over 30 years, the financial position is projected below:





As little to no capital investments have been made towards improving the municipal water and wastewater infrastructure (merely repairing as required), once the municipality has achieved full cost recovery for operating costs, a commitment will be made to ensure revenues are adjusted annually, and revenues secured in excess of operating costs will be set aside in a capital reserve fund for infrastructure improvements.

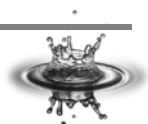
**FUNDING TO MEET CASH REQUIREMENTS**

Recapping, the funds required to pay for the Town's Operating expenditures will be derived from operating revenues, one time funding and new debt incurred, as shown above. We will continue to operate at a deficit through 2017, at which point we expect to be operating at full cost recovery.

The financial impacts of the drinking water system have been considered through the projected financial statements for years ending December 31, 2010 to 2017, included in the next section. These financial statements are required by the Financial Plans Regulation to include a full-cost accounting, meaning that the all of the costs, whether operating, financial or capital, related to operating the drinking water system and wastewater system, must be included.

The projected financial statements include the following:

- These projected financial statements are prepared to conform to new Public Sector Accounting Standards.
- These statements reflect the Town of Moosonee's accounting policies, along with estimates and assumptions related to the operations of Drinking Water System and Wastewater System, and are based on 2010 actual results, as derived from our financial statements.
- Actual results will vary from these projections and the differences may be material. Any future changes to accounting policies or key assumptions will impact these projected financial statements, and should be updated to reflect such changes.



## THE TOWN OF MOOSONEE – WATER & WASTEWATER SYSTEMS FINANCIAL PLAN 2011 FINANCIAL PLAN

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### NEW PUBLIC SECTOR ACCOUNTING STANDARDS

In 2006, the Canadian Institute of Chartered Accountant's Public Sector Accounting Board approved that municipalities will prepare annual financial statements, utilizing full accrual accounting. In simple terms, full-accrual accounting is applied to all financial assets & liabilities and other non-financial assets, including inventory and capital assets. Municipalities will be required to include tangible capital assets in the financial statements.

*"As a general principle, municipalities should plan to raise adequate resources for their water systems from local revenue sources, barring exceptional circumstances."*

*Recommendation 48  
Report of the Walkerton Inquiry*

### PROJECTED STATEMENT OF FINANCIAL POSITION

The projected statement of financial position reflects both the financial and nonfinancial assets of the Town of Moosonee's Water and Wastewater systems.

**Net Financial Assets:** Net financial assets are the financial assets, including cash and accounts receivable, offset by the liabilities (debt) of the Town of Moosonee's Water and Wastewater Systems. Net financial assets are projected to be as follows:

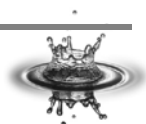
- In 2010, the Town of Moosonee's Water and Wastewater Systems had accumulated a high level of liabilities (operating debt and long term debt) and relatively low level of cash and accounts receivable. By 2017, it is projected that the Town will have increased its cash and accounts receivable to a break-even operations budget, and will have increased our long term debt (liabilities) to invest in infrastructure improvements. It is the Town of Moosonee's intent to begin to plan for capital expenditures / investments from 2018 onwards.

**Non-Financial Assets:** Non-financial assets include inventory and capital assets. The capital assets represent the infrastructure required to provide safe drinking water and wastewater services to the community. Capital assets are broken down as water treatment plant, pumping station, lift stations, sewage lagoon, water & sewer lines, fire hydrants, and manholes. These capital assets are recorded at net book value, which is their original cost, less accumulated amortization. Below, the cost and net book value of the capital assets has been illustrated.

**Accumulated Surplus:** The accumulated surplus is a new term in Municipal financial statements. It is essentially the accumulation of the Town of Moosonee's Water and Wastewater systems excess of revenues over expenses over time, combined with the value of "non-financial assets".



THE TOWN OF MOOSONEE								
PROJECTED STATEMENT OF FINANCIAL POSITION								
AS AT DECEMBER 31, 2010 - 2017								
	2010	2011	2012	2013	2014	2015	2016	2017
	<i>Unaudited Actual</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
<b>Financial Assets</b>								
Accounts receivable	120,772	93,864	112,637	135,165	162,197	194,637	233,564	291,956
	120,772	93,864	112,637	135,165	162,197	194,637	233,564	291,956
<b>Liabilities</b>								
Accounts payable	35,526	39,200	41,748	44,462	47,352	50,430	53,708	57,199
Due to municipality	731,226	1,204,292	1,733,392	2,252,062	2,742,833	3,168,047	3,485,119	3,614,906
Deferred capital contributions	-	-	4,398,750	8,426,250	12,108,750	11,216,250	10,323,750	9,431,250
Long term debt	1,795,956	2,380,380	2,733,400	3,069,341	3,381,381	3,178,593	2,970,258	2,756,188
	2,562,708	3,584,672	8,865,542	13,747,653	18,232,964	17,562,890	16,779,127	15,802,344
<b>Net Financial Assets (Debt)</b>	<b>(2,441,936)</b>	<b>(3,490,808)</b>	<b>(8,752,905)</b>	<b>(13,612,489)</b>	<b>(18,070,767)</b>	<b>(17,368,253)</b>	<b>(16,545,563)</b>	<b>(15,510,389)</b>
<b>Non-Financial Assets</b>								
Buildings	7,530,870	7,264,857	6,998,844	6,732,831	6,466,818	6,200,805	5,934,791	5,668,778
Infrastructure	205,981	879,412	5,726,343	10,160,774	14,211,872	13,183,722	12,155,945	11,128,167
Equipment	23,879	21,299	18,719	16,139	13,559	10,979	8,399	5,819
	7,760,730	8,165,568	12,743,906	16,909,744	20,692,248	19,395,506	18,099,135	16,802,765
<b>Accumulated Surplus</b>	<b>5,318,794</b>	<b>4,674,760</b>	<b>3,991,001</b>	<b>3,297,255</b>	<b>2,621,481</b>	<b>2,027,253</b>	<b>1,553,573</b>	<b>1,292,376</b>
<b>NOTES:</b>								
<i>A/R is based on 20% of water user fees for projections</i>								
<i>A/P is based on 10% of contracted services for projections</i>								
<i>Due to municipality is the amount from the cash flow statement</i>								



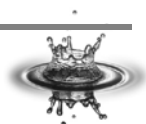
## PROJECTED STATEMENT OF OPERATIONS

**Projected Statement of Operations:** The projected statement of operations includes the revenues less the expenses, arriving at the excess or net revenues over expenses.

**Revenues:** Revenues include both operating revenues and one time government funding received. A chart illustrating the revenues earned over time is shown below.

**Expenses:** Expenses include a list of detailed projected expenses, including operating expenses, interest on long term debt and amortization. Amortization is the write off of the capital assets or the water / wastewater system infrastructure over their useful life. It does not represent a cash expenditure.

THE TOWN OF MOOSONEE								
PROJECTED STATEMENT OF OPERATIONS								
FOR THE YEARS ENDED DECEMBER 31, 2010 - 2017								
	2010	2011	2012	2013	2014	2015	2016	2017
	<i>Unaudited Actual</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
<b>Revenues</b>								
Water Service								
User Fees	403,154	469,322	563,186	675,823	810,987	973,185	1,167,822	1,459,778
Capital User Fees	157,550	157,550	157,550	157,550	157,550	157,550	157,550	157,550
Wastewater Service								
User Fees	2,765	2,765	2,765	2,765	2,765	2,765	2,765	2,765
Government Grant	32,500	-	-	-	-	-	-	-
Amortization of Deferred Capital Contributions	-	-	101,250	472,500	817,500	892,500	892,500	892,500
	595,969	629,637	824,751	1,308,638	1,788,802	2,026,000	2,220,637	2,512,593
<b>Expenses</b>								
Water Service								
Amortization	269,994	277,126	277,126	277,126	360,459	439,706	439,334	439,334
Contracted Services	245,384	261,334	278,321	296,412	315,678	336,197	358,050	381,323
Operating and General Expenditures	357,699	380,949	405,711	432,082	460,168	490,079	521,934	555,859
Rents & Financial Expenses	3,134	3,338	3,555	3,786	4,032	4,294	4,573	4,870
Salaries, Wages and Employee Benefits	43,375	46,194	49,197	52,395	55,800	59,428	63,290	67,404
Wastewater Service								
Amortization	4,305	18,036	144,536	557,036	857,036	857,036	857,036	857,036
Contracted Services	122,692	130,667	139,160	148,206	157,839	168,099	179,025	190,662
Interest on Debt	48,665	58,522	67,862	83,002	91,321	92,602	87,055	81,320
Operating and General Expenditures	318,125	71,181	75,808	80,736	85,984	91,572	97,525	103,864
Salaries, Wages and Employee Benefits	61,524	65,523	69,782	74,318	79,149	84,293	89,772	95,607
	1,474,897	1,312,871	1,511,058	2,005,097	2,467,466	2,623,306	2,697,595	2,777,280
<b>Excess Revenues</b>	<b>(878,928)</b>	<b>(683,234)</b>	<b>(686,307)</b>	<b>(696,459)</b>	<b>(678,664)</b>	<b>(597,306)</b>	<b>(476,958)</b>	<b>(264,687)</b>



## PROJECTED STATEMENT OF CASH FLOW

The projected statement of cash flow is a very useful statement for a capital intensive department such as the Town's Water and Wastewater system. This projected statement of cash flow summarizes the key transactions that either increase or decrease the department's cash balance. It is set out in three sections: operating transactions; capital transactions and financing transactions. Projected operating transactions section is a summary of the projected net revenues over expenses, adjusted for any non-cash items. Projected capital transactions show the capital additions and sale of assets, if any, while the projected financing transactions reveal if any new debt will be incurred and the amount of debt that will be repaid.

In the Operating Plan section of this financial plan, the cash expenditures, such as operating expenses, debt repayments and capital costs, were identified. In the Funding Plan section of this financial plan, the cash receipts, or funds required to cover the cash expenditures were discussed. These funds include operating revenues, one time funding and new debt. This next chart below is a summary of those cash expenditures and receipts, which is essentially a summary of the Projected Statement of Cash Flow. As shown on the Projected Statement of Cash Flow, the Town will not accumulate cash on an annual basis until it achieves full cost recovery for operations and repays the current and future long term debt.

THE TOWN OF MOOSONEE								
PROJECTED STATEMENT OF CASH FLOW								
FOR THE YEARS ENDED DECEMBER 31, 2010 - 2017								
	2010	2011	2012	2013	2014	2015	2016	2017
	<i>Unaudited Actual</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
<b>Operating Transactions</b>								
Projected Excess Revenues	(878,928)	(683,234)	(686,307)	(696,459)	(678,664)	(597,306)	(476,958)	(264,687)
Deduct Non-Cash Items								
Amortization of capital assets	274,299	295,162	421,662	834,162	1,217,495	1,296,742	1,296,371	1,296,371
Amortization of deferred capital contributions	-	-	(101,250)	(472,500)	(817,500)	(892,500)	(892,500)	(892,500)
Add Working Capital Items								
Accounts Receivable	-	26,908	(18,773)	(22,527)	(27,033)	(32,440)	(38,927)	(58,391)
Accounts Payable	-	3,674	2,548	2,714	2,890	3,078	3,278	3,491
	(604,629)	(357,490)	(382,120)	(354,611)	(302,811)	(222,426)	(108,737)	84,283
<b>Financing Transactions</b>								
Receipt of capital grant	-	-	4,500,000	4,500,000	4,500,000	-	-	-
Repayment of Long-Term Debt	(100,799)	(115,576)	(146,980)	(164,060)	(187,960)	(202,788)	(208,335)	(214,071)
Proceeds from Long-Term Debt	-	700,000	500,000	500,000	500,000	-	-	-
	(100,799)	584,424	4,853,020	4,835,940	4,812,040	(202,788)	(208,335)	(214,071)
<b>Capital Transactions</b>								
Capital Asset Purchases	(25,798)	(700,000)	(5,000,000)	(5,000,000)	(5,000,000)	-	-	-
	(25,798)	(700,000)	(5,000,000)	(5,000,000)	(5,000,000)	-	-	-
<b>Projected Increase (Decrease) in</b>								
<b>Cash and Cash Equivalents</b>	(731,226)	(473,066)	(529,100)	(518,671)	(490,771)	(425,214)	(317,072)	(129,788)
Cash Beginning of Year	-	(731,226)	(1,204,292)	(1,733,392)	(2,252,062)	(2,742,833)	(3,168,047)	(3,485,119)
<b>Cash End of Year</b>	(731,226)	(1,204,292)	(1,733,392)	(2,252,062)	(2,742,833)	(3,168,047)	(3,485,119)	(3,614,906)

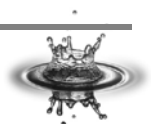




		PROJECTED CAPITAL ASSETS							
		2010	2011	2012	2013	2014	2015	2016	2017
<b>Assets Currently in Use</b>									
Historical Cost									
	Water - Buildings	10,640,523	10,640,523	10,640,523	10,640,523	10,640,523	10,640,523	10,640,523	10,640,523
	Water - Distribution/Transmission Mains	674,904	674,904	674,904	674,904	674,904	674,904	674,904	674,904
	Water - Equipment	138,946	138,946	138,946	138,946	138,946	138,946	138,946	138,946
		11,454,373	11,454,373	11,454,373	11,454,373	11,454,373	11,454,373	11,454,373	11,454,373
	Wastewater - Buildings	389,294	389,294	389,294	389,294	389,294	389,294	389,294	389,294
	Wastewater - Collection Mains	443,016	443,016	443,016	443,016	443,016	443,016	443,016	443,016
	Wastewater - Equipment	18,840	18,840	18,840	18,840	18,840	18,840	18,840	18,840
		851,150	851,150	851,150	851,150	851,150	851,150	851,150	851,150
	<b>Total</b>	<b>12,305,523</b>	<b>12,305,523</b>	<b>12,305,523</b>	<b>12,305,523</b>	<b>12,305,523</b>	<b>12,305,523</b>	<b>12,305,523</b>	<b>12,305,523</b>
Accumulated Amortization									
	Water - Buildings	2,843,640	3,109,653	3,375,666	3,641,679	3,907,692	4,173,705	4,439,718	4,705,732
	Water - Distribution/Transmission Mains	590,630	599,975	608,508	617,041	625,573	634,106	638,552	642,627
	Water - Equipment	111,897	115,067	117,647	120,227	122,807	125,387	127,967	130,547
		3,546,167	3,824,695	4,101,821	4,378,947	4,656,073	4,933,198	5,206,238	5,478,906
	Wastewater - Buildings	388,482	389,294	389,294	389,294	389,294	389,294	389,294	389,294
	Wastewater - Collection Mains	308,472	311,964	316,000	320,037	324,073	328,109	332,145	336,182
	Wastewater - Equipment	18,840	18,840	18,840	18,840	18,840	18,840	18,840	18,840
		715,794	720,098	724,134	728,171	732,207	736,243	740,279	744,316
	<b>Total</b>	<b>4,261,961</b>	<b>4,544,793</b>	<b>4,825,955</b>	<b>5,107,117</b>	<b>5,388,279</b>	<b>5,669,441</b>	<b>5,946,517</b>	<b>6,223,221</b>
Amortization Expense									
	Water - Buildings	266,013	266,013	266,013	266,013	266,013	266,013	266,013	266,013
	Water - Distribution/Transmission Mains	9,345	8,533	8,533	8,533	8,533	4,446	4,075	4,075
	Water - Equipment	3,170	2,580	2,580	2,580	2,580	2,580	2,580	2,580
		278,528	277,126	277,126	277,126	277,126	273,039	272,668	272,668
	Wastewater - Buildings	812	-	-	-	-	-	-	-
	Wastewater - Collection Mains	3,492	4,036	4,036	4,036	4,036	4,036	4,036	4,036
	Wastewater - Equipment	-	-	-	-	-	-	-	-
		4,304	4,036	4,036	4,036	4,036	4,036	4,036	4,036
	<b>Total</b>	<b>282,832</b>	<b>281,162</b>	<b>281,162</b>	<b>281,162</b>	<b>281,162</b>	<b>277,076</b>	<b>276,704</b>	<b>276,704</b>
Net Book Value - Year Ended									
	Water - Buildings	7,530,870	7,264,857	6,998,844	6,732,831	6,466,818	6,200,805	5,934,791	5,668,778
	Water - Distribution/Transmission Mains	74,929	66,396	57,863	49,331	40,798	36,352	32,277	28,202
	Water - Equipment	23,879	21,299	18,719	16,139	13,559	10,979	8,399	5,819
		7,629,678	7,352,552	7,075,426	6,798,300	6,521,175	6,248,135	5,975,467	5,702,800
	Wastewater - Buildings	-	-	-	-	-	-	-	-
	Wastewater - Collection Mains	131,052	127,016	122,980	118,943	114,907	110,871	106,835	102,798
	Wastewater - Equipment	-	-	-	-	-	-	-	-
		131,052	127,016	122,980	118,943	114,907	110,871	106,835	102,798
	<b>Total</b>	<b>7,760,730</b>	<b>7,479,568</b>	<b>7,198,406</b>	<b>6,917,244</b>	<b>6,636,082</b>	<b>6,359,006</b>	<b>6,082,302</b>	<b>5,805,598</b>
<b>Forecast Schedule</b>									
Historical Cost									
	Water - Distribution/Transmission Mains	-	-	-	-	5,000,000	5,000,000	5,000,000	5,000,000
	Wastewater - Collection Mains	-	700,000	5,700,000	10,700,000	10,700,000	10,700,000	10,700,000	10,700,000
		-	700,000	5,700,000	10,700,000	15,700,000	15,700,000	15,700,000	15,700,000
Accumulated Amortization									
	Water - Distribution/Transmission Mains	-	-	-	-	-	83,333	250,000	416,667
	Wastewater - Collection Mains	-	-	14,000	154,500	707,500	1,560,500	2,413,500	3,266,500
		-	-	14,000	154,500	707,500	1,643,833	2,663,500	3,683,167
Amortization Expense									
	Water - Distribution/Transmission Mains	-	-	-	-	83,333	166,667	166,667	166,667



PROJECTED LONG TERM DEBT									
		2010	2011	2012	2013	2014	2015	2016	2017
<u>Existing Debt</u>									
	Interest Payments	48,665	46,027	37,120	40,543	37,691	34,767	31,767	28,685
	Principal Payments	100,799	103,437	112,344	108,921	111,773	114,697	117,697	120,779
		149,464	149,464	149,464	149,464	149,464	149,464	149,464	149,464
<u>New Debt</u>									
	Interest Payments	-	12,495	30,742	42,459	53,630	57,835	55,288	52,635
	Principal Payments	-	12,139	34,636	55,139	76,187	88,091	90,638	93,292
		-	24,634	65,378	97,597	129,817	145,926	145,926	145,926
<u>Totals</u>									
	Total Interest Payments	48,665	58,522	67,862	83,002	91,321	92,602	87,055	81,320
	Total Principal Payments	100,799	115,576	146,980	164,060	187,960	202,788	208,335	214,071
	Total Blended Payments	149,464	174,098	214,842	247,061	279,280	295,390	295,390	295,390
<i>Assumption - all financing is at 3.57% with semi-annual payments and 20 year term (per IO website amortization schedule)</i>									



## **THE TOWN OF MOOSONEE – WATER & WASTEWATER SYSTEMS FINANCIAL PLAN 2011 SUMMARY**

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This Financial Plan has been prepared in accordance with the MOE Financial Plans Regulation (O. Reg. 453/07). The process in developing this plan has focused on the achievement of a balance between maintaining the water and wastewater system in a safe and effective manner, while ensuring the municipality achieves full cost recovery for operations. A flexible and gradual approach has been utilized to achieve financial viability. This Financial Plan must be approved by a Town Council resolution, indicating that as a result of this plan, the Town of Moosonee's Water and Wastewater Operations are financially viable.

## **THE TOWN OF MOOSONEE – WATER & WASTEWATER SYSTEMS FINANCIAL PLAN 2011 FEEDBACK AND CONTINUOUS IMPROVEMENT**

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The financial plan must be updated every five years but it is recommended to be updated more frequently to reflect changes in operations, economic climate, financing costs, consumption and pricing and:

- Achieves financial viability
- Provides safe drinking water in short term and long term
- Develops a long term plan for capital renewal
- Achieves full cost recovery over the long term
- Maintains current service levels

