



THE TOWN OF MOOSONEE
Water Distribution System &
Wastewater System

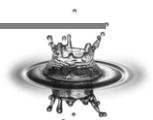
FINANCIAL PLAN 2015
Financial Plan #232-302
Drinking Water License
#232-101

This Financial Plan was approved by Town Council Resolution #15-290 on October 27th, 2015



**THE TOWN OF MOOSONEE
WATER & WASTEWATER SYSTEMS
FINANCIAL PLAN 2015
TABLE OF CONTENTS**

Page 3	BACKGROUND Background Sustainable Financial Planning Expected Achievements Analysis of Current Position
Page 7	OPERATING PLAN Operating Plan Operations Capital Costs Debt Management Total Cash Expenditures
Page 10	FUNDING PLAN Funding Plan Operating Revenues One Time Government Funding New Debt Funding to Meet Cash Requirements
Page 13	FINANCIAL PLAN New Public Sector Accounting Standards Projected Statement of Financial Position Projected Statement of Operations Projected Statement of Cash Flow Projected Statement of Capital Assets Projected Statement of Long Term Debt
Page 19	SUMMARY
Page 19	FEEDBACK AND CONTINUOUS IMPROVEMENT



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

BACKGROUND

BACKGROUND

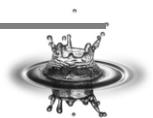
In 2007, the Ministry of Environment released Regulation 453/07 requiring all municipalities to complete a Financial Plan for their drinking water system. The Safe Drinking Water Act (SDWA) was passed in December, 2002 in order to address some of the recommendations made by the Walkerton Inquiry Part 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:

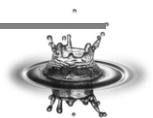
“source protection, operating costs, financing costs, renewal and replacement costs and improvement costs associated with extracting, treating or distributing water to the public and collecting, treating or discharging waste water, and such other costs which may be specified by regulation.”

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, 2005 to 2010, on average the municipality recovered 53% of overall costs to operate the water and wastewater systems. The cumulative deficit to operate these systems over those six years was nearly \$3,000,000. When reviewing the next four years, 2011 to 2014, on average the municipality recovered 52% of overall costs to operate the water and wastewater systems. The downward trend indicates that revenues are not keeping with increasing expenses and inflationary pressures, and the municipality accumulated an additional \$2.5M operating deficit for these systems.

DESCRIPTION	2011	2012	2013	2014
WATER DISTRIBUTION SYSTEM				
Total Revenues				
Water Billings: Residential	\$ 319,353.61	\$ 368,615.90	\$ 202,076.10	\$ 202,129.70
Water Billings: Non-Residential	\$ 115,055.04	\$ 133,565.40	\$ 81,752.37	\$ 96,409.72
Water Fees: Connections	\$ 4,477.88	\$ 65.00	\$ 5,290.00	\$ 825.00
Water Delivery - Revenues	\$ 11,417.10	\$ 54,400.75	\$ 7,931.22	\$ 165.00
TOTAL REVENUES	\$ 450,303.63	\$ 556,647.05	\$ 297,049.69	\$ 299,529.42
Total Expenses				
Water Delivery System	\$ 50,733.32	\$ 40,221.27	\$ 76,793.42	\$ 147,037.13
Water Treatment Plant	\$ 676,682.50	\$ 566,471.90	\$ 647,975.99	\$ 669,513.32
WTP Depreciation		\$ 311,992.76	\$ -	\$ -
TOTAL EXPENSES	\$ 727,415.82	\$ 918,685.93	\$ 724,769.41	\$ 816,550.45
OPERATING SURPLUS / DEFICIT	-\$277,112.19	-\$362,038.88	-\$427,719.72	-\$517,021.03
CUMULATIVE DEFICIT	-\$277,112.19	-\$639,151.07	-\$1,066,870.79	-\$1,583,891.82
SEWAGE TREATMENT SYSTEM				
Total Revenues				
Sewer Revenues	\$ 1,868.00	\$ 4,200.00	\$ 13,106.00	\$ 3,715.49
Sewer Billings: Residential	\$ -	\$ -	\$ 202,076.09	\$ 220,434.58
Sewer Billings: Non-Residential	\$ -	\$ -	\$ 81,752.37	\$ 96,409.72
TOTAL REVENUES	\$ 1,868.00	\$ 4,200.00	\$ 296,934.46	\$ 320,559.79
Total Expenses				
Sanitary Sewers	\$ 66,508.09	\$ 28,694.40	\$ 72,420.02	\$ 126,796.24
Storm Sewers	\$ 7,098.92	\$ 2,470.17	\$ 6,576.36	\$ 5,248.19
Sewage Treatment System	\$ 227,231.50	\$ 175,657.29	\$ 175,955.29	\$ 246,234.63
TOTAL EXPENSES	\$ 300,838.51	\$ 206,821.86	\$ 254,951.67	\$ 378,279.06
OPERATING SURPLUS / DEFICIT	-\$298,970.51	-\$202,621.86	\$41,982.79	-\$57,719.27
CUMULATIVE DEFICIT	-\$298,970.51	-\$501,592.37	-\$459,609.58	-\$517,328.85
OVERALL OPERATIONAL DEFICIT	-\$576,082.70	-\$564,660.74	-\$385,736.93	-\$574,740.30
OVERALL CUMULATIVE DEFICIT	-\$576,082.70	-\$1,140,743.44	-\$1,526,480.37	-\$2,101,220.67
% of Costs recovered for Operation	44%	50%	61%	52%



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

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.

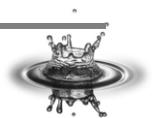
OPERATIONS

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 ten years, with the most significant increases occurring in 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.

- 2015 \$1,272,493
- 2016 \$1,355,206
- 2017 \$1,443,294
- 2018 \$1,537,108
- 2019 \$1,637,020
- 2020 \$1,743,426
- 2021 \$1,856,749

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 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. The number of watermain breaks is increasing every year, with 2014 having a record number of 18 breaks. The system is showing its age and a significant capital investment is required to repair and rehabilitate the Water Treatment System. Additionally, a significant capital investment is required to upgrade the existing wastewater infrastructure. A minimum \$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 2014, approximately \$1.3 million of this loan was owed by the municipality with annual debt servicing costs of ~\$150,000. In 2014, the Town had utilized ~71% of its ARL, and improvement from 2010 when we utilized 90% of our ARL.

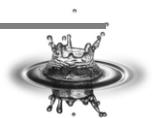
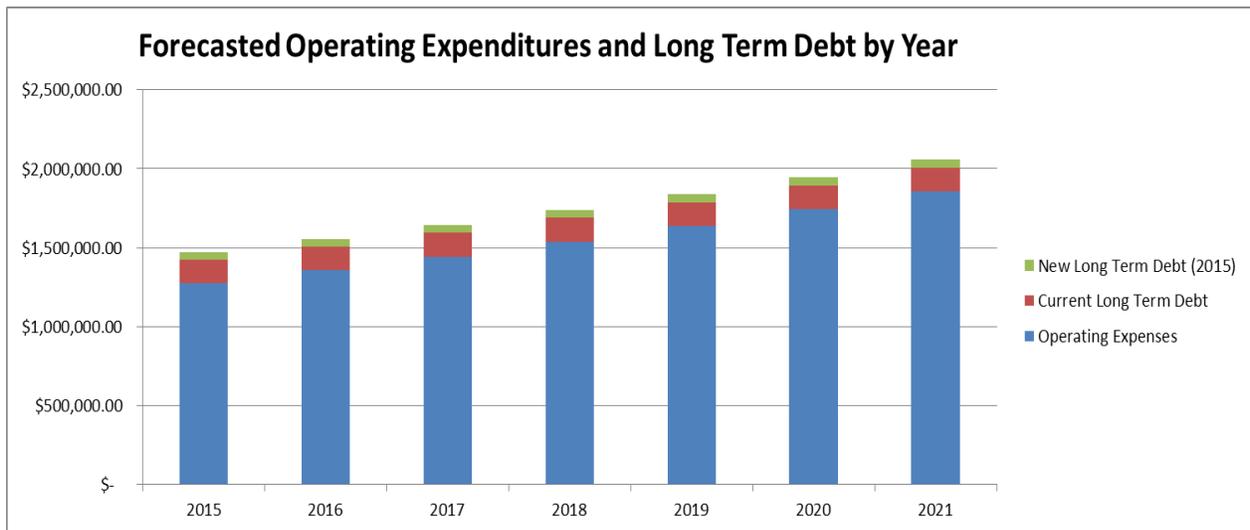
Annual long term debt servicing costs are projected to increase beginning in 2015, as the municipality has applied for an Infrastructure Ontario Loan of ~\$750,000 to fund the municipality's portion of a Small Communities Fund project to rehabilitate water/wastewater infrastructure. The municipality has been successful in recent rounds of funding grants, having received a grant from the Small Communities Fund, and from the Ontario Communities Infrastructure Fund, which will fund approximately \$5,000,000 in water/wastewater line replacements in 2016/2017. Without these financial grants, these repairs could not be financed by the municipality and could not be undertaken.

As headway is made in fully recovering operating costs for the water and wastewater systems over the next 5 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 – a very 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 2015, an additional Long Term Capital Loan was applied for with annual service costs of ~\$50,000/year. The municipality cannot finance the additional \$15,000,000 in required infrastructure repairs, without provincial and/or federal government grants.



THE TOWN OF MOOSONEE – WATER & WASTEWATER SYSTEMS FINANCIAL PLAN 2015 FUNDING PLAN

FUNDING PLAN

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

OPERATING REVENUES

Prior to the implementation of the Financial Plan, operating Revenues were 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. In 2004, Council increased the residential water rates to \$35.00/month, and in 2005, Council increased residential water rates to \$38.50/month. No increases to residential water rates were approved from 2005 and 2010 (non-residential rates were increased in 2009), yet expenses increased by ~40% from 2005 to 2010 (affirming the annual rate of increase as estimated at 6.5%).

In 2011, in accordance with the Financial Plan, Council increased all water/sewer rates by 20% (residential increased to \$46.20/month). Our targeted revenue according to the Financial Plan was \$629,637 and the municipality collected \$610,071.63, a shortfall variance of about 3%.

In 2012, the municipality received a financial capital grant from Showcasing Water Innovations to install water meters throughout the municipality. Upon completion of the project, the Council established a combination flat rate / metered consumption billing model for water/sewer services. In accordance with the Financial Plan, rates were established to meet the targeted revenue of \$723,501 (does not include amortization expense) and the municipality collected \$717,959.55, a shortfall variance of less than 1%.

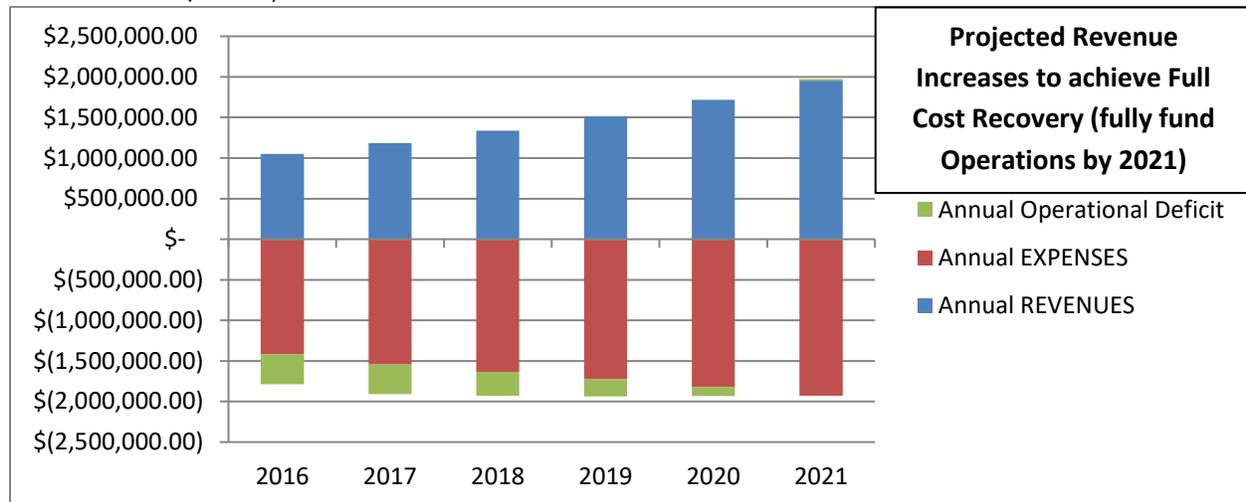
In 2013, in accordance with the Financial Plan, Council increased the flat rate/metered consumption rates for all consumers. Rates were established to meet the targeted revenue of \$836,138 (does not include amortization expense) and the municipality collected \$737,628.15, a shortfall variance of 11%.

In 2014, in accordance with the Financial Plan, Council increased the flat rate/metered consumption rates for all consumers. Rates were established to meet the targeted revenue of \$971,302 (does not include amortization expense) and the municipality collected \$774,939.21, a shortfall variance of 20%.

In 2015, Council increased the flat rate/metered consumption rates for all consumers, but set target revenues \$100,000 lower than the Financial Plan's expectations. Rates were established to meet the targeted revenue of \$1,013,018 (versus Plan of \$1,133,500 which does not include amortization expense) and the municipality is on target to collect \$870,000, an estimated shortfall variance of 23%.



The municipality is committed to achieving full cost recovery for operations, but will not do so by 2017, as projected in our 2011 Financial Plan. The 2015 Financial Plan will adjust the projected Full Cost Recovery of Operational Revenues, to be realized in 2021 (five additional years to reach full cost recovery, less amortization expenses).



ONE TIME GOVERNMENT FUNDING

The government has established a number of Capital Financial Grants over the last few years, which the municipality has applied to receive, and will continue to do so. These grants are for capital improvements, and are not reflected in the operational projections of this Financial Plan. Once the municipality has achieved Full Cost Recovery for our Water and Wastewater Operations, we will begin to include Capital Planning in our Financial Plans. It is expected that the municipality will continue to apply increases to user fees after operational full cost recovery is achieved, to fund capital improvements going forward.

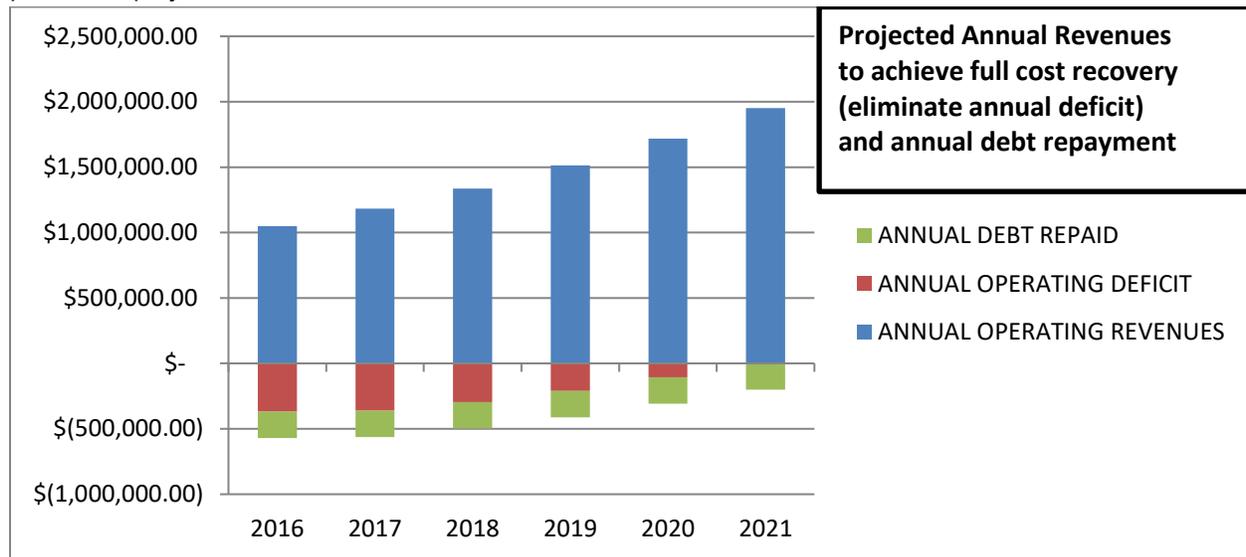
NEW DEBT

While the municipality plans to gradually increase operating revenues, there are 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 for emergency and legislated capital improvements to the water and wastewater systems. The amount of new municipal debt will depend on whether One Time Government Funding is received, and is limited to the Town's ARL as assessed annually.

While our asset and infrastructure financial deficit for critical water and wastewater improvements is in excess of \$15 million, it is impossible for the municipality to assume this much debt. Emergency repairs are conducted, and are typically funded as an operating deficit. The municipality is currently seeking a \$750,000 loan from Infrastructure Ontario to conduct urgent water and wastewater improvements in the oldest area of town. If financed over 10 years, this is likely the limit for debt the municipality can assume. 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 20 years to repay existing debt, and funded by a capital levy (not new debt), the financial position is projected below:



Once the municipality has achieved full cost recovery for operating costs, a commitment will be made to ensure revenues are increased 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 2021, 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, 2016 to 2021, 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 2014 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 2015 FINANCIAL PLAN

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 2014, 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 2021, 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 2021 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".

CORPORATION OF THE TOWN OF MOOSONEE

PROJECTED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

Reference	2014 Actual	2015 Projected	2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected
FINANCIAL ASSETS								
Accounts receivable	(note 1) \$ 59,906	83,913	95,976	109,774	125,555	143,604	164,249	187,861
	59,906	83,913	95,976	109,774	125,555	143,604	164,249	187,861
FINANCIAL LIABILITIES								
Accounts payable	(note 2) 46,212	49,216	52,415	55,822	59,450	63,315	67,430	71,813
Due to municipality	2,742,833	3,185,449	3,633,389	4,027,774	4,354,001	4,594,910	4,730,396	4,739,659
Long-term debt	1,318,662	1,870,334	1,668,057	1,461,711	1,251,178	1,036,332	817,041	595,870
	4,107,707	5,104,999	5,353,861	5,545,307	5,664,630	5,694,556	5,614,867	5,407,342
NET FINANCIAL ASSETS (DEBT)								
	(4,047,801)	(5,021,086)	(5,257,885)	(5,435,533)	(5,539,075)	(5,550,952)	(5,450,618)	(5,219,481)
NON-FINANCIAL ASSETS								
Water infrastructure	9,119,951	9,109,259	9,948,567	10,762,875	10,327,183	9,891,491	9,455,799	9,020,107
Wastewater infrastructure	291,449	653,074	1,864,699	3,051,324	2,987,949	2,924,574	2,861,199	2,797,824
	9,411,400	9,762,333	11,813,266	13,814,199	13,315,132	12,816,065	12,316,998	11,817,931
ACCUMULATED SURPLUS								
	\$ 5,363,599	4,741,247	6,555,381	8,378,666	7,776,057	7,265,113	6,866,380	6,598,450

Notes:

- (1) Accounts receivable is based on 20% of water user fees.
- (2) Accounts payable is based on 10% of contracted services.



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.

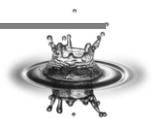
Revenues: Revenues include both operating revenues and one time government funding received. A chart illustrating the revenues earned over time is shown below.

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.

CORPORATION OF THE TOWN OF MOOSONEE

PROJECTED STATEMENT OF OPERATIONS FOR THE YEARS ENDING DECEMBER 31

	2014 Actual	2015 Projected	2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected
REVENUES								
Water Service								
User fees	\$ 299,529	419,564	479,880	548,868	627,773	718,021	821,244	939,306
Capital user fee	157,550	157,550	157,550	157,550	157,550	157,550	157,550	157,550
Wastewater Service								
User fees	320,560	450,436	515,191	589,254	673,965	770,854	881,672	1,008,421
Government grants	-	-	2,500,000	2,500,000	-	-	-	-
	777,639	1,027,550	3,652,621	3,795,672	1,459,288	1,646,426	1,860,466	2,105,277
EXPENSES								
Water Service								
Water delivery system	147,037	156,594	166,773	177,613	189,158	201,453	214,547	228,493
Water treatment plant	669,513	713,031	759,378	808,738	861,306	917,291	976,915	1,040,414
Amortization	378,192	385,692	410,692	435,692	435,692	435,692	435,692	435,692
Wastewater Service								
Wastewater collection system	126,796	135,038	143,815	153,163	163,119	173,722	185,014	197,040
Storm sewer collection system	5,248	5,589	5,952	6,339	6,751	7,190	7,657	8,155
Wastewater collection system	246,234	262,239	279,285	297,439	316,773	337,363	359,292	382,646
Interest on long-term debt	14,907	42,115	38,166	34,097	29,910	25,597	21,152	19,272
Amortization	5,875	13,375	38,375	63,375	63,375	63,375	63,375	63,375
	1,593,802	1,713,673	1,842,436	1,976,456	2,066,084	2,161,683	2,263,644	2,375,087
Excess (deficiency) of revenues over expenditur	\$ (816,163)	(686,123)	1,810,185	1,819,216	(606,796)	(515,257)	(403,178)	(269,810)
Costs by type of expenditure:								
Wages, benefits and employee salaries	\$ 153,223	163,182	173,789	185,086	197,116	209,929	223,574	238,106
Materials	579,484	617,150	657,265	699,987	745,487	793,943	845,550	900,510
Contracted services	462,121	492,159	524,149	558,219	594,503	633,146	674,300	718,130
Interest on long-term debt	14,907	42,115	38,166	34,097	29,910	25,597	21,152	19,272
Amortization	384,067	399,067	449,067	499,067	499,067	499,067	499,067	499,067
	\$1,593,802	1,713,674	1,842,437	1,976,456	2,066,083	2,161,682	2,263,643	2,375,086
Operating revenues	\$ 620,089	870,000	995,071	1,138,122	1,301,738	1,488,876	1,702,916	1,947,727
Operating expenses and new debt servicing co	1,194,828	1,363,470	1,446,182	1,534,271	1,628,086	1,727,998	1,834,404	1,947,727
Operating surplus (deficit)	\$ (574,739)	(493,470)	(451,111)	(396,149)	(326,348)	(239,122)	(131,488)	-



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.

CORPORATION OF THE TOWN OF MOOSONEE

PROJECTED STATEMENT OF CASH FLOWS FOR THE YEARS ENDING DECEMBER 31

	2015 Projected	2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected
CASH FLOWS GENERATED FROM (USED BY) OPERATIONS							
Projected excess (deficiency) of revenue over expenditures	\$ (686,123)	1,810,185	1,819,216	(606,796)	(515,257)	(403,178)	(269,810)
Add (less):							
Amortization (water)	385,692	410,692	435,692	435,692	435,692	435,692	435,692
Amortization (wastewater)	13,375	38,375	63,375	63,375	63,375	63,375	63,375
Decrease (increase) in accounts receivable	(24,007)	(12,063)	(13,797)	(15,781)	(18,050)	(20,645)	(23,612)
Increase (decrease) in accounts payable	3,004	3,199	3,407	3,628	3,864	4,115	4,383
	(308,059)	2,250,388	2,307,893	(119,881)	(30,376)	79,360	210,028
CASH FLOWS GENERATED FROM (USED BY) FINANCING							
Repayment of long-term debt	(134,557)	(198,328)	(202,277)	(206,346)	(210,533)	(214,846)	(219,291)
Proceeds from issuance of long-term debt	750,000	-	-	-	-	-	-
	615,443	(198,328)	(202,277)	(206,346)	(210,533)	(214,846)	(219,291)
CASH FLOWS GENERATED FROM (USED BY) INVESTING							
Capital expenditures	(750,000)	(2,500,000)	(2,500,000)	-	-	-	-
	(750,000)	(2,500,000)	(2,500,000)	-	-	-	-
Increase (decrease) in cash	(442,616)	(447,940)	(394,384)	(326,227)	(240,909)	(135,486)	(9,263)
Due to (from) municipality, beginning of year	(2,742,833)	(3,185,449)	(3,633,389)	(4,027,774)	(4,354,001)	(4,594,910)	(4,730,396)
Due to (from) municipality, end of year	\$ (3,185,449)	(3,633,389)	(4,027,774)	(4,354,001)	(4,594,910)	(4,730,396)	(4,739,659)



CORPORATION OF THE TOWN OF MOOSONEE

PROJECTED STATEMENT OF TANGIBLE CAPITAL ASSETS FOR THE YEARS ENDING DECEMBER 31

	2015 Projected	2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected
WATER TANGIBLE CAPITAL ASSETS							
Historical cost:							
Balance, beginning of year	\$ 14,397,020	14,772,020	16,022,020	17,272,020	17,272,020	17,272,020	17,272,020
Additions	375,000	1,250,000	1,250,000	-	-	-	-
Dispositions	-	-	-	-	-	-	-
Balance, end of year	14,772,020	16,022,020	17,272,020	17,272,020	17,272,020	17,272,020	17,272,020
Accumulated amortization:							
Balance, beginning of year	(5,277,069)	(5,662,761)	(6,073,453)	(6,509,145)	(6,944,837)	(7,380,529)	(7,816,221)
Amortization expense	(385,692)	(410,692)	(435,692)	(435,692)	(435,692)	(435,692)	(435,692)
Dispositions	-	-	-	-	-	-	-
Balance, end of year	(5,662,761)	(6,073,453)	(6,509,145)	(6,944,837)	(7,380,529)	(7,816,221)	(8,251,913)
Net book value							
Balance, beginning of year	9,119,951	9,109,259	9,948,567	10,762,875	10,327,183	9,891,491	9,455,799
Additions	375,000	1,250,000	1,250,000	-	-	-	-
Amortization	(385,692)	(410,692)	(435,692)	(435,692)	(435,692)	(435,692)	(435,692)
Dispositions	-	-	-	-	-	-	-
Balance, end of year	\$ 9,109,259	9,948,567	10,762,875	10,327,183	9,891,491	9,455,799	9,020,107
WASTEWATER TANGIBLE CAPITAL ASSETS							
Historical cost:							
Balance, beginning of year	\$ 506,988	881,988	2,131,988	3,381,988	3,381,988	3,381,988	3,381,988
Additions	375,000	1,250,000	1,250,000	-	-	-	-
Dispositions	-	-	-	-	-	-	-
Balance, end of year	881,988	2,131,988	3,381,988	3,381,988	3,381,988	3,381,988	3,381,988
Accumulated amortization:							
Balance, beginning of year	(215,539)	(228,914)	(267,289)	(330,664)	(394,039)	(457,414)	(520,789)
Additions	(13,375)	(38,375)	(63,375)	(63,375)	(63,375)	(63,375)	(63,375)
Dispositions	-	-	-	-	-	-	-
Balance, end of year	(228,914)	(267,289)	(330,664)	(394,039)	(457,414)	(520,789)	(584,164)
Net book value							
Balance, beginning of year	291,449	653,074	1,864,699	3,051,324	2,987,949	2,924,574	2,861,199
Additions	375,000	1,250,000	1,250,000	-	-	-	-
Amortization	(13,375)	(38,375)	(63,375)	(63,375)	(63,375)	(63,375)	(63,375)
Dispositions	-	-	-	-	-	-	-
Balance, end of year	\$ 653,074	1,864,699	3,051,324	2,987,949	2,924,574	2,861,199	2,797,824



CORPORATION OF THE TOWN OF MOOSONEE

**PROJECTED STATEMENT OF LONG-TERM DEBT
FOR THE YEARS ENDING DECEMBER 31**

	2014 Actual	2015 Projected	2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected
Balance outstanding, beginning of year	\$ 1,463,219	1,318,662	1,870,334	1,668,057	1,461,711	1,251,178	1,036,332	817,041
Long-term debt issued	-	750,000	-	-	-	-	-	-
Principal repayment on long-term debt	(134,557)	(198,328)	(202,277)	(206,346)	(210,533)	(214,846)	(219,291)	(221,171)
Balance outstanding, end of year	\$ 1,318,662	1,870,334	1,668,057	1,461,711	1,251,178	1,036,332	817,041	595,870

Debt servicing payments:

(1) Existing loan (OSIFA)

Interest	\$ 14,907	13,489	12,058	10,611	9,150	7,673	6,180	4,671
Principal	134,557	135,975	137,406	138,853	140,314	141,791	143,284	144,793
Total	\$ 149,464	149,464	149,464	149,464	149,464	149,464	149,464	149,464

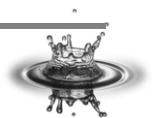
Closing balance	\$ 1,318,662	1,182,687	1,045,281	906,428	766,114	624,323	481,039	336,246
-----------------	--------------	-----------	-----------	---------	---------	---------	---------	---------

(2) New loan

Interest	\$ -	28,626	26,108	23,486	20,760	17,924	14,972	14,601
Principal	-	62,353	64,871	67,493	70,219	73,055	76,007	76,378
Total	\$ -	90,979	90,979	90,979	90,979	90,979	90,979	90,979

Closing balance	\$ -	687,647	622,776	555,283	485,064	412,009	336,002	259,624
-----------------	------	---------	---------	---------	---------	---------	---------	---------

Total								
Interest	\$ 14,907	42,115	38,166	34,097	29,910	25,597	21,152	19,272
Principal	134,557	198,328	202,277	206,346	210,533	214,846	219,291	221,171
Total	\$ 149,464	240,443	240,443	240,443	240,443	240,443	240,443	240,443



THE TOWN OF MOOSONEE – WATER & WASTEWATER SYSTEMS FINANCIAL PLAN 2015 SUMMARY

“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*

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 2015 FEEDBACK AND CONTINUOUS IMPROVEMENT

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

