



The Corporation of  
The Town of The Blue Mountains

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**Municipal Drinking Water License Financial Plan**

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**Financial Plan # 111-301**

This Municipal Drinking Water License Financial Plan was approved by Town Council on April 20, 2015.

This Financial Plan was prepared by:

**Finance & IT Services and  
Infrastructure and Public Works**

Town of The Blue Mountains  
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A copy of this Financial Plan is available at [www.thebluemountains.ca](http://www.thebluemountains.ca) and is also available for pickup at the above address.

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# 1. Introduction and Summary

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This Financial Plan has been prepared to comply with the requirements of Ontario Regulation 453/07 and addresses The Corporation of the Town of The Blue Mountains' (Town) Drinking Water System and associated distribution system. The financial statements included in this plan adhere to the six year forecast requirement.

This financial plan utilizes the guidelines of the Public Sector Accounting Board standards PSAB 3150 for Tangible Capital Assets (TCA) as required by Ontario Regulation 453/07. PSAB 3150 ensures municipalities and ratepayers are more aware of the investment in physical infrastructure and the cost of using an asset to provide services over its useful life. Furthermore, it also encourages long-term planning for capital renewal and replacement.

The plan laid out in this document, and its associated appendices, will maintain the Town's safe, clean and secure water supply for current and future residents. The Blue Mountains is a firm believer that financial planning is essential to ensure that the drinking water system provides value not just for today's customers but also for future generations. The financial plans represent a balanced approach to the installation of new infrastructure in conjunction with the Town's Official Plan, Zoning By-laws, Development Charge Study and the investment and renewal required to sustain existing infrastructure. System improvements are also contemplated to improve the customer experience. Reliable infrastructure and performance of the water system are key elements to not only economic development but also quality-of-life and safety in the community. The Financial Plan is a summary of various capital and operational programs already approved and implemented by Council or those that are in draft form or will be completed in the near future.

Following approval of the Financial Plan by Council, any requested changes will be made and the plan will be published on the Town's website and submitted to the Ministry of Municipal Affairs and Housing, as required by the legislation. Hard copies will be available to the public upon request.

As system needs change and evolve, so too, will this plan. This plan will be updated at a minimum, every five years.

## 1.1. Service Context

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The supply of fresh, clean water is a very important service to the Town. Residents expect to be able to turn on their tap at any time and be able to trust that the water coming out is safe to drink. The Town owes a duty of care to residents and businesses to ensure that water is available, clean and safe and it is this responsibility that guides Staff in its day to day operations, long term planning and recommendations to Council. Below is a description of the objectives and principles of the waterworks area as well as a description of the organizational makeup of the staff involved in supplying clean water within the Water Division.

### **1.1.1. Water Division Objectives and Financial Principles**

Below are the broad objectives and financial principles for the Water Division that were adopted by The Blue Mountains' Council in April 2011.

- i. Growth pays for growth;
- ii. Pay-as-you-go for operating and routine life cycle expenditures;
- iii. Strive for inter-generational equity to avoid burdening future generations in order to benefit current ratepayers;
- iv. Use debt to smooth out cash requirements for large infrequent life cycle or system improvement projects;
- v. Build reserve funds to provide cash for emergency repairs and/or moderate cash requirements for intermittent medium sized projects;
- vi. Use reserves to balance annual revenue fluctuations resulting from demand fluctuations;
- vii. Address cash requirements for new legislation driven improvements at the time that they are known and use reserve funds or debt as appropriate;
- viii. Commit to life cycle infrastructure renewal needs irrespective of water usage trends since pipe deterioration is generally insensitive to the amount of water consumed; and
- ix. Commit to life cycle infrastructure renewal needs since it is less expensive to renew infrastructure that is approaching the end of its useful life than to attempt to maintain and repair it.

### **1.1.2. Operations**

The Thornbury Water Treatment Plant (WTP) is owned by The Corporation of the Town of The Blue Mountains and is operated by employees of the Town. Operators are responsible for such aspects as the treatment operation and control of all valves, pumping stations, reservoirs and disinfection equipment. In addition to this, Operators also are responsible for both preventative and unplanned maintenance of the aforementioned elements as well as the distribution system including watermains and hydrants.

## **1.2. Historical Perspective**

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### **1.2.1. Overview**

In 1977 the Thornbury Water Treatment plant was constructed on the shoreline of Georgian Bay and pumped water from Georgian Bay through a distribution network to a new elevated water tower located on Victoria Street.

Between 1980 and 1985 the water distribution network was extended to service development and existing properties in the former Township of Collingwood. There was also a reservoir constructed at Happy Valley Road near Blue Mountain Resorts. During the subsequent years, development increased substantially and a number of reservoirs and pump stations were constructed to meet the demands. In 1988, the Thornbury Water Treatment plant was

expanded with two additional filtration units. In 2005, the construction of a pump house and watermain was completed to connect to the Town of Collingwood (Collus) water system to supplement The Blue Mountains' municipal water supply.

In 2008 and 2009, the Thornbury Water Treatment Plant underwent substantial upgrades to facilitate the installation of Micro Membrane Filtration Units. This expansion also provided piping upgrades that would enable future expansion to accommodate new development.

### **1.2.2. Water By-laws**

The By-law for the Regulation of Water Supply [By-law No. 2008-02](#) is a comprehensive By-law addressing all water related matters such as application for water service, operation of the water system, water services, water meters, water restrictions, prohibitions and enforcement.

The By-law for the Regulation of Cross Connection and Backflow Prevention on plumbing systems [By-law No. 2013-31](#) is required to protect the Town of The Blue Mountains' drinking water supply and distribution system from contamination.

## **2. Water System Needs and Revenue Requirements**

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The Blue Mountains distribution system contains over 120 km of watermains, in excess of 1,200 valves, 807 hydrants, as well as approximately 7,764 water connections. The average age of water distribution system components is approximately 14.4 years old with some components over 55 years old.

### **2.1. Capital**

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The Long Range Financial Plan identified five capital activities to mitigate maintenance problems, health concerns, performance deficiencies and firefighting deficiencies, including:

1. Watermain replacement to address water main breaks and corrosion potential;
2. Watermain replacement to address undersized mains and substandard mains due to changing municipal and MOE requirements;
3. Watermain rehabilitation (ie. clean and line) to address excessive hydraulic roughness;
4. Replacement of mains identified through the Hydraulic Water Modeling study; and
5. Rehabilitation/replacement of water mains to address other performance deficiencies (ie. Excessive velocities and firefighting deficiencies).

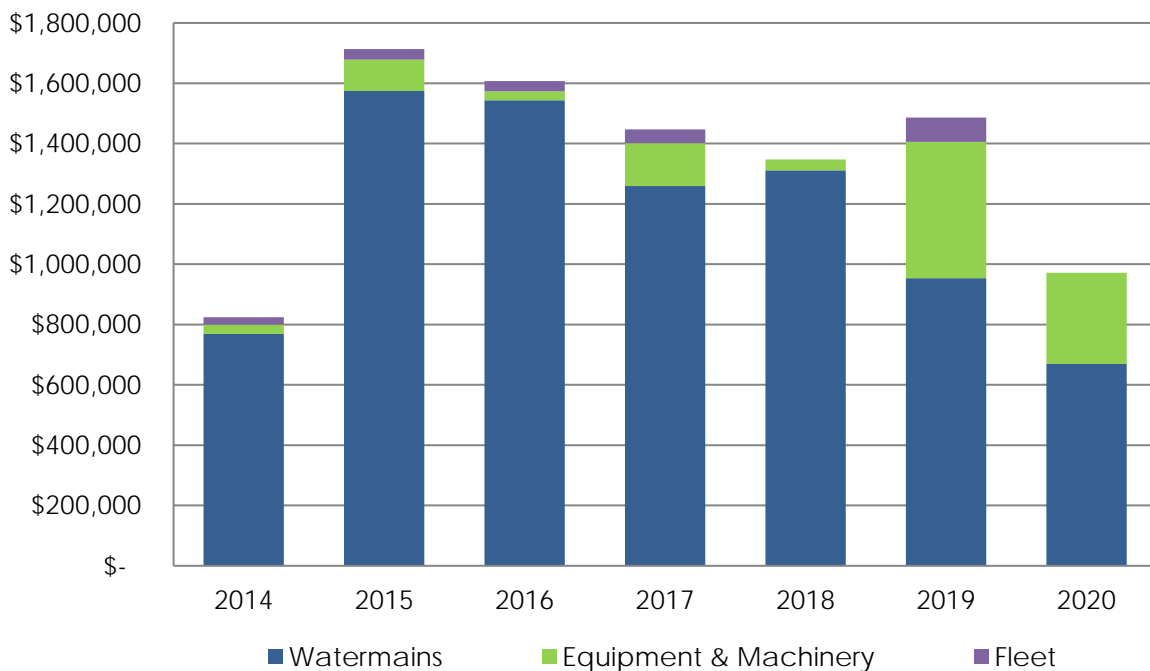
#### **2.1.1. Asset Management**

To enable the delivery of safe drinking water to all, the water system has significant assets, including the Thornbury Water Treatment Plant; five (5) water storage facilities; eight (8) water pumping stations; six (6) water pressure zones; 120 kilometres of watermains; and thousands of connections, fire hydrants, valves, and valve chambers. These assets are referred to as capital.

In April of 2014, Finance staff in consultation with Hemson Consulting completed and presented the Asset Management Plan (AMP) for the Town. Included in this plan are the assets used by the Water Division to treat and supply water to the Town. The AMP outlined that currently 50% of water assets have a useful life of 50 years or more and that 58% are deemed to be in Good condition compared to 9% being in Poor condition.

Although the Town is in a good position with the majority of the water assets being either in Fair or Good condition; the 9% Poor condition equates to an estimated \$10 million worth of work which exceeds the current reserve fund level. The chart below outlines the necessary replacement requirements over the six year legislated period.

**Figure 1**



### 2.1.2. System Improvements

While it is important to maintain the system in working condition, it also at times becomes necessary or desirable to improve the system. Some of these improvements are driven by senior government legislation while others are driven by needs at the local level.

Numerous upgrades have been completed to the Supervisory Control and Data Acquisition (SCADA) system. The early SCADA system recorded levels, alarms and some plant control. Currently, the SCADA system records levels, pressures, water quality parameters, trending, equipment starts and stops, generates alarms and allows operators to view and operate at the Water Plant or remotely by laptop.

In 2008 and 2009, the WTP was upgraded to replace the existing conventional filters with microfiltration membrane units to achieve the rated firm capacity of 13,536 m<sup>3</sup>/d. The WTP



now consists of the following components: intake, low lift pumping facilities, strainers, three membrane trains, clear well for storage, high lift pumps, ultraviolet disinfection, gas chlorine disinfection, chlorine gas scrubber, a backwash wastewater system and de-chlorination of wastewater to the Little Beaver River.

A Town Wide Calibrated Hydraulic Water Model was completed and further work related to the distribution system modelling is being undertaken and is expected to be completed by July 2015. This report will provide information allowing the Town to determine appropriate locations of strategic infrastructure such as storage reservoirs and watermain replacement or upgrades to reduce hydraulic constraints. As well, the report will provide important data in determining potential deficiencies in fire flows. This will allow the Water Division to develop strategies for watermain replacements, upgrades and/or looping to ensure adequate flow levels are obtained.

### **2.1.3. Growth**

The purpose of the Development Charge Background Study and By-law is to determine costs and timing of Town-initiated infrastructure works in conjunction with the approval of development applications. The studies identify priority areas for growth over the 1 to 5, 6 to 10, 11 to 15, 16 to 20, and 21 plus year time periods. The costs of water projects related to growth are funded from various sources but divided into two main groups, growth and non-growth. Growth is generally the larger of the two groups and is funded through Development Charges. The non-growth share is further divided into two categories - local improvement charges and user fee funded projects. User fee projects are funded through the Water Division capital budget, meaning these costs are funded by the ratepayer and directly impact this Financial Plan.

## **2.2. Operations and Maintenance**

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Operating expenses typically detail the on-going, day-to-day expenses associated with the production and treatment of water. Items such as wages, benefits, chemicals and utility costs are included in the systems operating expenses. A major component of the operating budget is the water purchased from the Town of Collingwood. The Town started receiving water from the Town of Collingwood's Public Utility Board (CPUB) on January 5, 2005 which contained an incremental increase in water taking up to 8,000 m<sup>3</sup>/day. Currently, the Town is receiving up to 1,000 m<sup>3</sup>/d. The Town is currently renegotiating this agreement with CPUB officials.

As well, due to the continued pressures presented from the future growth of the system through development and service extension related projects, there will be additional expenses related to operations and maintenance.

Maintenance is generally divided into two major categories; preventative maintenance and unplanned maintenance. These two categories are described in more detail below.

### **2.2.1. Preventative Maintenance**

Preventative maintenance represents a proactive approach to maintaining the water distribution system and WTP. Acts of preventative maintenance often address issues before they cause a major problem or breakdown and can result in significant cost savings. Below are some of the key programs that fall under this heading.

- Regular inspection of controlled and metered flushing stations.
- Hydrant maintenance is conducted and is comprised of two components:
  - Annual Maintenance, and
  - Frost Checks during freezing months.
- Valves are exercised to ensure functionality and identify deficiencies.
- The Supervisory Control and Data Acquisition (SCADA) system equipment and station pumps undergo life cycle maintenance based on manufacturers' specifications or as required by the regulations.
- Reservoir inspections are performed by contracted divers, at a minimum frequency of every five (5) years. Reservoir cleaning is scheduled based on these inspections.

### **2.2.2. Unplanned Maintenance**

Unplanned maintenance typically consists of repairing leaks or other deficiencies (e.g. damaged hydrants) that are reported by the public, other utilities, or Town staff. For facilities, required maintenance work may be identified by Operators during regular visits to the facilities. Often unplanned maintenance can be costly and disruptive for the customers, which is why significant effort and focus is put on preventative maintenance.

## **2.3. Source Water Protection**

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The Source Water Protection Assessment Studies have been funded by the Ministry of the Environment on behalf of the Province. The Town's distribution system and the WTP have been identified as Low Risk.

## **2.4. Ontario's Lead Action Plan**

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Ontario Regulation 453/07 also contains requirements for municipalities to include in their Financial Plans the costs associated with replacing lead service pipes that are part of the drinking-water system. The Town conducted lead sampling as per Provincial Legislation. There may be some lead pipes in the older parts of Thornbury; through the Thornbury Road Infrastructure Project (TRIP) data collection process, a better understanding of the priority of those projects will be determined. When compiling the priority list, leads pipes will be part of the criteria.

### 3. Financial Model and Budget Process

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#### 3.1. Financial Model

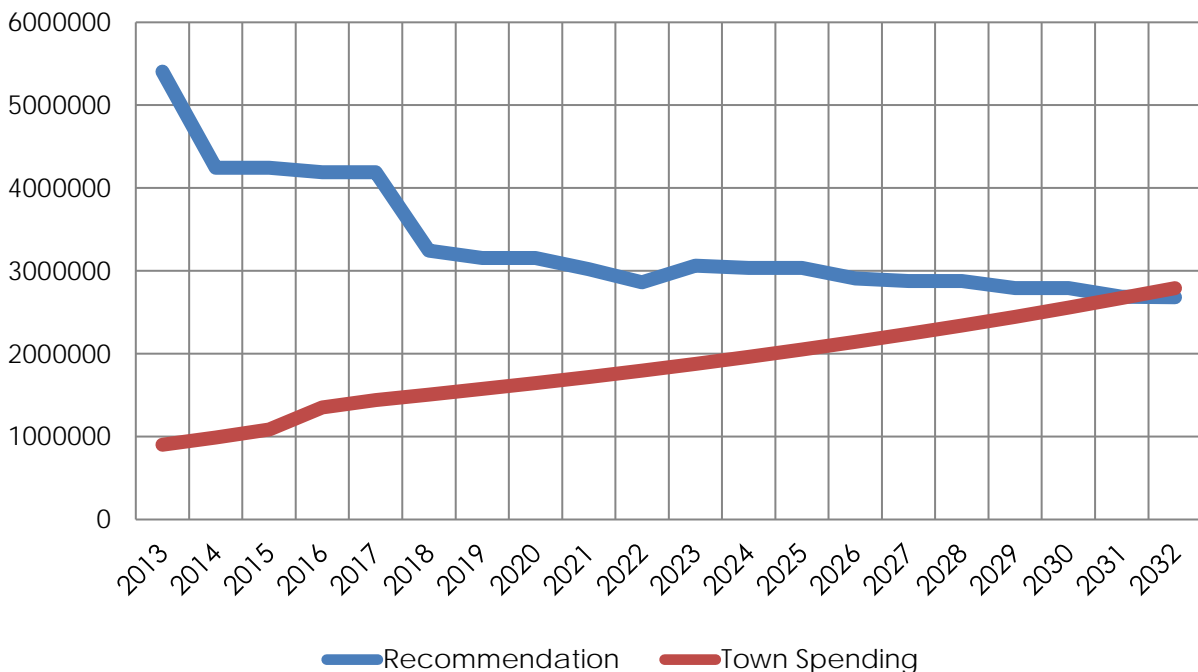
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In April 2014 Council approved the Asset Management Plan as presented by Hemson Consulting. This plan gave a snap shot of where the Town is with regards to its linear infrastructure, including roads, water mains and wastewater mains. This model will continue to be updated and improved and will become the backbone to the capital budget as well as the operating maintenance budget.

#### 3.2 Infrastructure Deficit

An infrastructure deficit is the difference between infrastructure funding needs and reserves or anticipated revenue generation. Like many other municipalities, the Town of The Blue Mountains has a significant infrastructure deficit. Town Staff is aware and has studied this deficit and there are currently long term plans being carried out to close that funding gap over time. The 2014 Asset Management Plan completed by Hemson and presented to Council on March 3, 2014 indicated that annual contributions for the Water Department should total \$4,244,848 for 2014. In 2014 between capital works and transfers to the Asset Replacement Reserve Fund the Town contributed \$990,368, which is roughly \$3.3 million lower than the recommendation. With a 4.5% annual increase to capital expenditures and contributions to the asset replacement reserve fund, this gap will be closed by 2031.

Figure 2



The recommendation data comes from the Town's current Asset Management Plan. 2013 and 2014 Town Spending are actuals, 2015 to 2017 are Proposed Budgets and 2018 onwards include a 4.5% annual increase to close the gap by 2031.

## **3.2. Budget Process**

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The rates charged for the Water Division support costs that can be broken into two broad types of expenditures; Capital and Operating. In the budget process these two expenditures are approved by Council at the same time and venue.

### **3.2.1. Operating Budget Process**

Operating Costs are generally those costs that relate to the operational issues of supply, distribution and purchase of water for the current year including the staff, supplies and other costs required for management and maintenance of meters, pumping stations, pipes, and reservoirs. It is generally accepted that due to the immediate benefit and short term impact of Operating expenditures, they will be funded through the collection of user rates within the year the costs are incurred.

The Water Operating Budget can be divided into the following categories:

- Salaries, Wages and Benefits
- Personnel Costs
- Engineering and Administration
- Water Supply Costs (Purchase of Water)
- Treatment and Distribution Costs
- Equipment and Vehicle Costs
- Financial and Interest Expenses

In addition to these categories the Income Statement for the Water Division will include amortization of Tangible Capital Assets (TCA) consistent with PSAB Section 3150.

The budgets for Salaries, Wages and Benefits, Personnel Costs, Engineering and Administration, Treatment and Distribution Costs and Equipment and Vehicle Costs are typically driven by inflation and in some cases changes in operations. Currently the Town is negotiating the water supply contract with Collingwood Public Utilities Board. It is expected there will be a new contract in 2015. Interest expenses are driven by the planned borrowings to support the Capital Plan.

The annual budget is developed through consultation with the various stakeholders and a public participation process is undertaken prior to approval by Council.

### **3.2.2. Capital Budget Process**

Capital Costs are those expenditures which increase the value of the system, improve the system, replace existing assets and/or extend the lifespan of those assets.

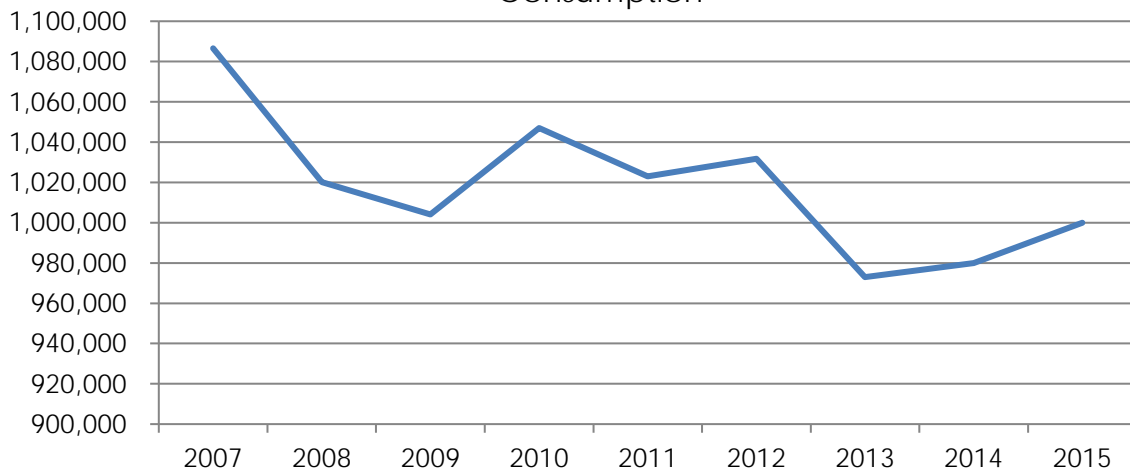
On an annual basis, projects are reviewed and adjusted to reflect changes in the background information, inflationary impacts, changing priorities within the Town and coordination with construction plans of other Service Areas, primarily Roads and Wastewater. The resulting annual Capital Budgets are approved by Council following the public participation process.

### 3.3. Revenues and Rates

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Currently the rates are structured into two components; fixed and a tiered consumption charges. The fixed charge is a flat rate billed to all customers based on the size of the connection. The second component is the tiered consumption charge which is billed based on the actual amounts of water used. The implementation of the tiered consumption billing has allowed people to understand their usage and has promoted conservation through a user-pay approach. Since the onset of tiered consumption based billing, demand has been declining for billable water due to conservation efforts. Over the past five years this has become a very challenging area to forecast for the water budget.

**Figure 3**  
Consumption



Annual rates are based on the funding needs for both the Operating and Capital budgets. The need to build adequate Reserve Funds and to maintain appropriate levels of debt are also built into the rate.

## 4. Capital Financing

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The expenditures required to maintain, improve and grow the water supply and distribution system as well as capital reserve fund contributions represent almost one third of the total revenues collected from water rates.

## 4.1. Financing Options

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During the budget process Finance looks at all funding sources to cover the estimated capital expenditures for the current year. The sources available to the Town include:

- Annual user-fees
- Reserve Funds
- Development Charges
- Local Improvements
- Federal/Provincial Grants
- Federal Gas Tax

## 4.2. Inter-Generational Equity

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A guiding principle for financing decisions is the concept of generational equity for municipal capital works intended to equitably distribute the costs across present and future taxpayers. This means that the generation which will receive the most benefit of the works should bear the majority of the cost of the works. Some of the means to achieve this include:

- Paying for replacement and renewal works through Pay-as-You-Go financing.
- Annually placing money into reserve funds to offset the infrastructure gap.
- Issuing debt for only long term projects with significant future years of benefit.

## 4.3. Reserve Funds

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Currently the Town maintains one reserve and one reserve fund for the Water Division. The reserve is used to smooth out year to year annual requirements; by utilizing this reserve the Town is able to smooth out the charge levied on the users of the system. The reserve fund, through annual contributions from the users of the system has been established for the funding of capital projects. The main purpose for this reserve fund is to fund the replacement and rehabilitation of water assets as well as fund the larger non-growth related projects. The Town also administers Development Charge (DC) water reserve funds in accordance with the DC By-law and Background Study; these reserve funds are used for growth related projects and have no impact on the current users of the system.

## 4.4. Growth Pays for Growth

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The prime guiding principle of the Development Charges By-law is that growth should pay for growth. As such, the 2014 DC By-law update allocated water distribution works required to build out of the community in the various nine service areas, excluding all non-growth benefit amounts. The non-growth portions of these projects have to be funded through another funding source such as annual revenues or reserve fund contributions.

## 4.5. Debt Management

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The overall goal of the Town to properly manage debt should be to eliminate the use of debt financing to fund the “average” capital budget. Debt financing should ultimately be used exclusively to fund large, extraordinary works, or to mitigate the impact of a larger than average total capital budget.

The Water Division has two outstanding debts. The Thornbury Reservoir project loan had an outstanding balance of \$1.360 million as of December 31, 2014. The reservoir project is fully financed over time through development charges and is slated to be paid in 2031. The Thornbury Water Treatment Plant Upgrade had an outstanding balance of \$433,000 as of December 31, 2014. This debt is the full responsibility of the annual rates and will be fully paid by 2016.

## 5. Financial Statements

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In June 2006, the Public Sector Accounting Board (PSAB) approved PSAB 3150, requiring municipalities to report Tangible Capital Assets in their Statement of Financial Position effective January 1, 2009. Starting with the 2009 audited financial statements all municipalities moved to a full accrual financial statement format. This change required the inclusion of tangible capital assets, related accumulated amortization, removal of capital and reserve and reserve fund statements, introduction of accumulated surplus including all reserve and reserve funds balances. The attached forecasted financial statements have been prepared under these requirements as well following Ontario Regulation 453/07.

## 5.1. Statement of Operations

(\$ THOUSANDS)	2014 Unaudited <sup>1</sup>	2015 Proposed <sup>2</sup>	2016 Proposed	2017 Proposed	2018	2019	2020
<b>Revenue</b>							
Projected Rate Increase					3.00%	3.00%	3.00%
User Rate Billings	\$ 3,571.94	\$ 3,696.24	\$ 3,713.87	\$ 3,710.80	\$ 3,822.12	\$ 3,936.79	\$ 4,054.89
Miscellaneous User Charges	\$ 70.75	\$ 57.00	\$ 57.00	\$ 57.80	\$ 59.53	\$ 61.32	\$ 63.16
Interest & Investment Income	\$ 20.40	\$ 21.50	\$ 22.00	\$ 22.50	\$ 23.18	\$ 23.87	\$ 24.59
Fees & Charges	\$ 18.47	\$ 16.10	\$ 16.43	\$ 16.76	\$ 17.26	\$ 17.78	\$ 18.31
Government Transfers							
Provincial	\$ 0.50	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Federal	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Other municipalities	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Local Improvement Charges	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Development Charges	\$ 15.04	\$ 148.48	\$ 144.57	\$ 140.64	\$ 140.64	\$ 140.64	\$ 140.64
<b>Total Revenue</b>	\$ 3,697.10	\$ 3,939.33	\$ 3,953.87	\$ 3,948.50	\$ 4,062.73	\$ 4,180.39	\$4,301.59
<b>Expenses</b>							
Salaries, Wages, Benefits	\$ 822.33	\$ 859.65	\$ 876.39	\$ 901.86	\$ 928.92	\$ 956.78	\$ 985.49
Personnel Costs	\$ 16.95	\$ 22.98	\$ 23.58	\$ 24.22	\$ 24.94	\$ 25.69	\$ 26.46
Engineering & Administration	\$ 166.38	\$ 105.68	\$ 98.10	\$ 96.58	\$ 99.47	\$ 102.46	\$ 105.53
Water Supply Costs	\$ 258.87	\$ 288.45	\$ 289.55	\$ 290.60	\$ 299.32	\$ 308.30	\$ 317.55
Treatment & Distribution Costs	\$ 218.68	\$ 191.36	\$ 193.53	\$ 197.44	\$ 203.36	\$ 209.46	\$ 215.75
Equipment & Vehicle Costs	\$ 178.45	\$ 194.66	\$ 200.20	\$ 203.89	\$ 210.01	\$ 216.31	\$ 222.80
Insurance & Property Taxes	\$ 103.76	\$ 78.74	\$ 81.35	\$ 84.13	\$ 86.65	\$ 89.25	\$ 91.93
Financial & Interest Expenses	\$ 152.53	\$ 148.52	\$ 144.61	\$ 140.66	\$ 144.88	\$ 149.23	\$ 153.71
Amortization (estimated)	\$ 893.10	\$ 933.80	\$ 1,018.30	\$ 1,057.20	\$ 893.14	\$ 933.79	\$ 1,018.26
<b>Total Expenses</b>	\$ 1,917.95	\$ 1,890.01	\$ 1,907.30	\$ 1,939.37	\$ 1,997.55	\$ 2,057.48	\$ 2,119.20
Annual Surplus (Deficit)	\$ 1,779.15	\$ 2,049.32	\$ 2,046.57	\$ 2,009.13	\$ 2,065.18	\$ 2,122.92	\$ 2,182.39
Accumulated Surplus - beginning of year	\$ 40,478.00	\$ 42,257.15	\$ 44,306.47	\$ 46,353.04	\$ 48,362.17	\$ 50,427.35	\$ 52,550.27
Accumulated Surplus - end of year	\$ 42,257.15	\$ 44,306.47	\$ 46,353.04	\$ 48,362.17	\$ 50,427.35	\$ 52,550.27	\$ 54,732.66

<sup>1</sup> 2014 amounts are draft and unaudited.

<sup>2</sup> 2015, 2016, and 2017 are as presented in the 2015 proposed Budget.



## 5.2. Statement of Financial Position

(\$ THOUSANDS)	2014 Unaudited <sup>3</sup>	2015 Proposed <sup>4</sup>	2016 Proposed	2017 Proposed	2018	2019	2020
<b>Financial Assets</b>							
Cash, Receivables, and	\$ 6,729.08	\$ 9,120.80	\$ 11,850.94	\$ 14,478.09	\$ 16,619.03	\$ 19,107.22	\$ 21,853.18
<b>Total Financial Assets</b>	\$ 6,729.08	\$ 9,120.80	\$ 11,850.94	\$ 14,478.09	\$ 16,619.03	\$ 19,107.22	\$ 21,853.18
<b>Financial Liabilities</b>							
Accounts Payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Long Term Liabilities <sup>5</sup>	\$ 1,988.13	\$ 1,559.03	\$ 1,365.90	\$ 1,270.63	\$ 1,174.74	\$ 1,078.22	\$ 981.04
<b>Total Financial Liabilities</b>	\$ 1,988.13	\$ 1,559.03	\$ 1,365.90	\$ 1,270.63	\$ 1,174.74	\$ 1,078.22	\$ 981.04
<b>Net Financial Assets (Net Debt)</b>	\$ 4,740.95	\$ 7,561.77	\$ 10,485.04	\$ 13,207.47	\$ 15,444.29	\$ 18,028.99	\$ 20,872.14
<b>Non-Financial Assets</b>							
Tangible Capital Assets (estimated)	\$ 53,507.20	\$ 53,669.40	\$ 53,811.00	\$ 54,154.90	\$ 54,876.40	\$ 55,348.40	\$ 55,705.90
Accumulated Amortization	-\$ 15,990.90	-\$ 16,924.70	-\$ 17,943.00	-\$ 19,000.20	-\$ 19,893.34	-\$ 20,827.13	-\$ 21,845.39
<b>Total Non-Financial Assets</b>	\$ 37,516.30	\$ 36,744.70	\$ 35,868.00	\$ 35,154.70	\$ 34,983.06	\$ 34,521.27	\$ 33,860.51
<b>Accumulated Surplus - end of year</b>	\$42,257.25	\$44,306.47	\$46,353.04	\$48,362.17	\$ 50,427.35	\$ 52,550.26	\$ 54,732.65

<sup>3</sup> 2014 amounts are draft and unaudited.

<sup>4</sup> 2015, 2016, and 2017 are as presented in the 2015 proposed Budget.

<sup>5</sup> See Schedule of Long Term Liabilities.

### 5.3. Statement of Cash Flow

(\$ THOUSANDS)	2014 Unaudited <sup>6</sup>	2015 Proposed <sup>7</sup>	2016 Proposed	2017 Proposed	2018	2019	2020
<b>Operating Transactions</b>							
Projected Annual Surplus (Deficit)	\$ 1,779.15	\$ 2,049.32	\$ 2,046.57	\$ 2,009.13	\$ 2,065.18	\$ 2,122.92	\$ 2,182.39
Items not involving cash:							
Amortization	\$ 893.10	\$ 933.80	\$ 1,018.30	\$ 1,057.20	\$ 893.14	\$ 933.79	\$ 1,018.26
<b>Cash used for Operating Transactions</b>	\$ 2,672.25	\$ 2,983.12	\$ 3,064.87	\$ 3,066.33	\$ 2,958.32	\$ 3,056.70	\$ 3,200.65
<b>Financing Transactions</b>							
Proceeds from Long Term Debt	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Repayments	-\$ 428.60	-\$ 429.10	-\$ 193.12	-\$ 95.28	-\$ 95.89	-\$ 96.52	-\$ 97.18
<b>Cash used for Financing Transactions</b>	-\$ 428.60	-\$ 429.10	-\$ 193.12	-\$ 95.28	-\$ 95.89	-\$ 96.52	-\$ 97.18
<b>Capital Transactions</b>							
System Improvements	-\$ 31.76	-\$ 20.00	-\$ 25.00	-\$ 48.00	-\$ 25.00	-\$ 40.00	-\$ 5.00
Watermain Replacement/Rehab	-\$ 0.61	-\$ 17.50	\$ 0.00	-\$ 33.50	-\$ 603.50	-\$ 43.00	-\$ 327.50
Fleet and Equipment	\$ 0.00	-\$ 69.80	-\$ 59.80	-\$ 60.00	-\$ 30.00	-\$ 264.00	\$ 0.00
Facilities	-\$ 42.41	-\$ 55.00	-\$ 56.80	-\$ 202.40	-\$ 63.00	-\$ 125.00	-\$ 25.00
<b>Cash used for Capital Transactions</b>	-\$ 74.78	-\$ 162.30	-\$ 141.60	-\$ 343.90	-\$ 721.50	-\$ 472.00	-\$ 357.50
Net Change in Cash/Cash Equivalents	\$ 2,168.88	\$ 2,391.72	\$ 2,730.15	\$ 2,627.15	\$ 2,140.94	\$ 2,488.18	\$ 2,745.97
Beginning Balance	\$ 4,560.20	\$ 6,729.08	\$ 9,120.80	\$ 11,850.94	\$ 14,478.09	\$ 16,619.03	\$ 19,107.22
Ending Balance	\$ 6,729.08	\$ 9,120.80	\$ 11,850.94	\$ 14,478.09	\$ 16,619.03	\$ 19,107.22	\$ 21,853.18

<sup>6</sup> 2014 amounts are draft and unaudited.

<sup>7</sup> 2015, 2016, and 2017 are as presented in the 2015 proposed Budget.

## 5.4. Schedule of Projected Liabilities

(\$ THOUSANDS)	2014 Unaudited <sup>8</sup>	2015 Proposed <sup>9</sup>	2016 Proposed	2017 Proposed	2018	2019	2020
<b>Existing Debenture<sup>10</sup></b>							
Opening Balance	\$ 1,440.00	\$ 1,360.00	\$ 1,280.00	\$ 1,200.00	\$ 1,120.00	\$ 1,040.00	\$ 960.00
Repayments	-\$ 80.00	-\$ 80.00	-\$ 80.00	-\$ 80.00	-\$ 80.00	-\$ 80.00	-\$ 80.00
New Debenture	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Ending Balance</b>	<b>\$ 1,360.00</b>	<b>\$ 1,280.00</b>	<b>\$ 1,200.00</b>	<b>\$ 1,120.00</b>	<b>\$ 1,040.00</b>	<b>\$ 960.00</b>	<b>\$ 880.00</b>
<b>Long Term Debt Financed by Town</b>							
Opening Balance	\$ 976.73	\$ 628.13	\$ 279.03	\$ 165.90	\$ 150.63	\$ 134.74	\$ 118.22
Repayments	-\$ 348.60	-\$ 349.10	-\$ 113.12	-\$ 15.28	-\$ 15.89	-\$ 16.52	-\$ 17.18
New Long Term Debt	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Ending Balance</b>	<b>\$ 628.13</b>	<b>\$ 279.03</b>	<b>\$ 165.90</b>	<b>\$ 150.63</b>	<b>\$ 134.74</b>	<b>\$ 118.22</b>	<b>\$ 101.04</b>
<b>Total</b>							
Opening Balance	\$ 2,416.73	\$ 1,988.13	\$ 1,559.03	\$ 1,365.90	\$ 1,270.63	\$ 1,174.74	\$ 1,078.22
Repayments	-\$ 428.60	-\$ 429.10	-\$ 193.12	-\$ 95.28	-\$ 95.89	-\$ 96.52	-\$ 97.18
New Long Term Debt	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Ending Balance</b>	<b>\$ 1,988.13</b>	<b>\$ 1,559.03</b>	<b>\$ 1,365.90</b>	<b>\$ 1,270.63</b>	<b>\$ 1,174.74</b>	<b>\$ 1,078.22</b>	<b>\$ 981.04</b>

<sup>8</sup> 2014 amounts are draft and unaudited.

<sup>9</sup> 2015, 2016, and 2017 are as presented in the 2015 proposed Budget.

<sup>10</sup> The existing debenture is for the Thornbury Reservoir, payments end in 2031.

### 5.5. Costs Associated with Lead Replacement

(\$ THOUSANDS)	2015 Proposed <sup>11</sup>	2016 Proposed	2017 Proposed	2018	2019	2020
<b>Capital Budget for Lead Replacement</b>						
Ferguson Ave., Alice St., Moore Cres. Reconstruction					\$ 12.50	\$ 227.50
Elma Street Reconstruction	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 27.30	\$ 347.60
Total Lead Replacement Capital Budget	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 39.80	\$ 575.10

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<sup>11</sup> 2015, 2016, and 2017 are as presented in the 2015 proposed Budget.