

WATER FINANCIAL PLAN



GEORGINA

Licence # 013-104

HEMSON Consulting Ltd

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Appendix A Detailed Financial Information

I INTRODUCTION

Through water supplied by the Region of York, the Town of Georgina provides potable water to nearly 14,000 connections throughout the Town. The fee structure for water service in the Town includes a flat fixed quarterly charge plus a consumption charge for each cubic metre of water consumed. The Town recovers its costs through user fees charged to its customers on the basis of a full cost recovery system.

In early 2012, Hemson completed both a Water and Wastewater Financial Plan for the Town consistent with the requirements of the *Safe Drinking Water Act* (the *SDWA*) and its associated regulation *Ontario Regulation 453/07 (O.Reg 453/07)*. The plan was prepared as part of a five submission requirement process for obtaining a municipal drinking water licence under the *SDWA*. The Town's Drinking Water Licence is set to expire in early 2016 and is required to be updated which therefore initiated this study process. As part of this process, Hemson was also retained to calculate/determine utility rates required over the long-term to fund expenditures. The results of this analysis is summarized in the Appendix of this report and is consistent with the draft results presented to Council in early March 2016.

The updated Water Financial Plan will be prepared consistent with requirements of the *Safe Drinking Water Act* (the *SDWA*) and its associated regulation *Ontario Regulation 453/07*. The Water Financial Plan is part of the process required for the Town to renew its municipal drinking water license under the *SDWA*. The preparation of a financial plan requires a thorough analysis of operating and capital needs, as well as consideration of available funding sources.

The financial plan includes specific statements such as: statement of operations, statement of financial position, and statement of cash flow. In addition, a statement of net financial assets/debt has been prepared. Although this statement is not required under *O.Reg 453/07*, it does provide further information about the financial performance of the Town's water system. Section two of the report explains each statement in greater detail.

The financial plan is prepared for a ten-year period from 2016-2025. For the purpose of this report, 2016 will be used as the reference year.

II BACKGROUND

In February 2012, the Town of Georgina approved a Water Financial Plan as one of the submission requirements necessary in obtaining a municipal drinking water licence under the *Safe Drinking Water Act, 2002 (SDWA)*. The Town is now required to update the financial plan to renew their drinking water license. This Water Financial Plan applies to all areas of the Town serviced by water.

Financial Plans are defined in section 30(1) of the *SDWA* as follows:

- (a) Financial plans that satisfy the requirements of subsection (2), but only if,
 - (i) Bill 175 (Sustainable Water and Sewage Systems Act, 2002) receives Royal Assent, and
 - (ii) Sections 3 and 9 of Bill 175 (Sustainable Water and Sewage Systems Act, 2002) are in force, or
- (b) Financial plans that satisfy the requirements prescribed by the Minister, in any other case, 2002, c. 32, s. 30(1).

At this time, Bill 175 (*Sustainable Water and Sewage Systems Act, 2002*) is not in force however, the specific requirements of s.30 (1) part b are outlined in *O.Reg. 453/07*.

The *SDWA* and *O. Reg. 453/07* include the following general requirements for a financial plan:

- mandatory for all municipal water systems and recommended for wastewater systems;
- include a planning horizon of at least six years (commencing when the system first serves the public, for new systems);
- completed and approved by the later of July 1, 2010 and the date that is six months after the first licence is issued;
- may be amended and additional information may be included beyond what is prescribed, as necessary; and
- be approved by Council resolution indicating that the drinking water system is financially viable.

As noted, in February 2012 the Council of the Town of Georgina approved the Water Financial Plan and passed resolution #C2012-0053 deeming the water systems to be financially viable. The Town is now required to update the financial plan to renew

their drinking water license. The financial plan requirement for a licence renewal generally mirrors the requirements to obtain a licence for a new system under the *SDWA*. In accordance with the regulation, this financial plan will apply to the first year to which the drinking water system's existing municipal drinking water licence would expire (in 2016).

In addition to the above noted general requirements, the following specific statements are required in the financial plan:

Statement of Operations

This statement includes details on the projected financial operations itemized by total revenues, total expenses, annual surplus/deficit, and the cumulative surplus/deficit for each year in which the financial plan applies. An annual surplus represents funds available to the Town to fund non operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow the reserve and reserve funds. The Statement of Operations is discussed in more detail later in this report and is shown as Table 1.

Statement of Financial Position

This statement includes details on the financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets. In recording the tangible capital assets, the Town is able to account for their ability to provide for future benefits. A net financial asset position on this statement indicates whether the water or wastewater system has the financial resources required to fund its future operations. The Statement of Financial Position is discussed in more detail later in this report and is shown as Table 2.

Statement of Cash Flow

This statement provides information on the generation and use of cash resources. The gross cash receipts/payments are itemized by: operating; capital; investing and financial transactions. By itemizing the cash receipts and payments by category allows the reader to understand where the cash is being generated (i.e. Operating water rates), and how the cash is being used (i.e. Capital and operating expenses).

Statement of Net Financial Assets/Debt

While this statement is not required under *O.Reg 453/07*, it does provide further information about the financial performance of the Town's water systems. The Statement of Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support the operating and tangible capital asset costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period.

It should be noted the amounts in each of the prescribed tables are unaudited for planning purposes and the actual results may differ from the figures outlined in this plan. The remainder of the study sets out the information and analysis upon which the statements were prepared.

Section III includes a discussion on the key inputs and documents used to develop the financial plan consistent with the governing legislation.

Section IV includes the Statement of Operations, Statement of Financial Position, Statement of Cash Flows, and Statement of Change in Net Financial Assets/Debt that form the Water Financial Plan.

Section V includes the Notes and Assumptions to the financial plan. Assumptions used in the preparation of the statements are included in this section.

Section VI provides some concluding comments and items to consider moving forward.

III KEY INPUTS

This chapter discusses the key inputs and documents used to develop the financial plan consistent with the governing legislation. The costs, revenues and assumptions used in preparing the financial projections are based on the Town's data such as the 2016 operating budget and the prioritized long-term capital plan prepared as part of the criticality analysis, the year-end reserve continuity schedules and other relevant information provided by staff. The five key financial inputs discussed below drive the prescribed statements outlined in Section II and are described in more detail in Section IV of this report.

1. Expenditure and Revenue Forecast

The expenditure and revenue forecast is based upon the information obtained from the Town's 2016 operating budget. This plan includes a forecast of operating expenditures and revenues to 2025. The Town recovers most of its costs through user fees charged to its customers that include a flat fixed quarterly charge plus a variable rate charged for each cubic metre of water consumed. The forecast of expenditures and revenues is shown in Appendix A as Table 1.

Some main assumptions used to derive the operating and revenue projections are as follows:

- Expenditures will increase annually as follows:
 - Water Purchases costs are forecasted to increase at the rate prescribed by the Region of York for all water purchased by the Town;
 - Salaries, Wages and Benefits - 2% per annum;
 - Hydro and Utilities – 3-5% per annum;
 - Other Operating and Maintenance Costs - 2% per annum.
- Local improvement revenue is expected to remain constant throughout the planning period;
- Other Non-metered water revenues will increase at a rate of 2% per annum.
- Annual metered water billings are projected to increase at an average rate of 8% per annum.

2. Capital Expenditures

The Town's capital budget forecast used in preparing the financial plan is outlined in Appendix A, Table 2. This table identifies the cumulative cost for all in-year capital

projects over the planning period and identifies the annual funding sources as outlined by Town staff and Council. It should be noted that the non-growth related capital program includes all the capital costs which have been identified though the criticality analysis report recently prepared for the Town.

3. Reserve Fund Statements

Water Reserves

The 2015 Water Reserve Fund opening balance was provided by Town staff. The projected transfers to and from the Water Reserve Fund are outlined in Appendix A as Table 3. The reserve fund statements account for all funds in the Town's water reserve, including; contingency funds, funds to replace equipment, monies for the Town's existing debenture and money available to fund asset repair and replacement activities. These funds can also be used to stabilize irregular expenditures requirements.

Development Charge Reserve Fund – Water Services

The Development Charge Reserve Fund is used to fund growth-related capital projects outlined in the Town's Development Charges Background Study. The timing and costs of each project is subject to change based on annual capital budget reviews. It should be noted that the Town is currently undertaking a Development Charges Background Study as part of the 5-year review, and therefore, the draft results of that study have been incorporated into this document.

4. Debt Repayment

As at December 31, 2015, the Town had an outstanding debt of \$4.24 million relating to the Willow Beach Servicing project. Council approved the repayment of this debt from the Town's water reserve fund. It is anticipated that the Town will receive debt financing to fund the Dalton Road Watermain works (\$6.0 million) in 2017 – the debt will be paid by way of future utility rates. A summary of existing debt is illustrated in Appendix A as Table 4.

5. Tangible Capital Asset Analysis (TCA)

The Town's PSAB TCA data was used to develop financial information related to the water systems assets. The statements included are not audited documents and contain estimates and assumptions as described below.

The following assumptions were made in regard to tangible capital assets:

- The amortization of assets is based on straight line depreciation; 2016 amortization was calculated using the Town's data.;
- The useful life of each asset, as included in the Town's asset register, was included in the calculation of amortization;
- It is assumed that no write-offs occurred in any of the years;

- It is assumed that there were no gains or losses on the disposal of assets (assets were disposed when they had reached the end of their useful life and therefore the historic cost is equal to accumulated depreciation); and
- Contributed assets were unknown and therefore not included in the forecast.

A summary of the tangible capital asset balances for the Town's water system can be found in Appendix A as Table 5.

IV WATER FINANCIAL PLAN

This section summarizes the complete financial plan for the Town's water systems. The financial plan represents a forecast or projection of the Town's future financial position. The statements included in this study are not audited documents and contain estimates and assumptions as described in Section V of this report.

A. STATEMENT OF OPERATIONS – TABLE 1

The Statement of Operations provides information on the revenues and expenses generated from the water system in each year. An annual surplus will be generated where annual revenues exceed annual expenses for the year. Conversely, where the expenses exceed the revenues, an annual deficit will result. The annual surplus is available to fund non-operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow the reserve funds.

In 2016, the projected revenue is \$5.95 million with expenditures of \$5.81 million. As revenues exceed expenses, an annual surplus is projected of approximately \$142,000. The beginning period accumulated surplus of \$52.94 million is equal to the opening reserve fund balances, plus tangible capital assets, and less any debt obligations and deferred revenue. A reconciliation of this amount can be found in Table 5. The Town's forecasted Statement of Operations indicates an annual surplus for all years projected, with the accumulated surplus growing by approximately \$15.45 million. This supports the Town's need to grow its reserve funds to pay for the repair and replacement of the Town's capital assets.

Table 1
Town of Georgina
Statement of Operations
in \$000's

	Table Ref #	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues											
<i>Water Sales</i>											
Metered	A.1	\$5,058	\$5,602	\$6,114	\$6,748	\$7,433	\$8,009	\$8,516	\$9,003	\$9,524	\$10,074
Other	A.1	\$893	\$897	\$901	\$905	\$910	\$914	\$919	\$924	\$928	\$933
Earned DC Revenue ⁽¹⁾	A.3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earned		\$0	\$95	\$124	\$123	\$134	\$159	\$119	\$89	\$65	\$52
Total Revenue		\$5,951	\$6,594	\$7,139	\$7,776	\$8,477	\$9,082	\$9,554	\$10,015	\$10,517	\$11,059
Expenditures											
Amortization Expense	A.5	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865
Interest on Debt Expense	A.4	\$198	\$184	\$303	\$275	\$246	\$216	\$184	\$152	\$118	\$83
Operating Expense	A.1	\$4,746	\$5,131	\$5,371	\$5,667	\$5,980	\$6,160	\$6,370	\$6,587	\$6,841	\$7,109
Total Expenditures		\$5,809	\$6,179	\$6,539	\$6,807	\$7,091	\$7,241	\$7,419	\$7,604	\$7,824	\$8,057
Annual Surplus/(Deficit)		\$142	\$415	\$600	\$969	\$1,386	\$1,841	\$2,134	\$2,411	\$2,694	\$3,002
Annual Surplus/(Deficit)		\$142	\$415	\$600	\$969	\$1,386	\$1,841	\$2,134	\$2,411	\$2,694	\$3,002
Accumulated Surplus, Beginning of Period	5	\$52,944	\$53,086	\$53,501	\$54,100	\$55,069	\$56,456	\$58,297	\$60,431	\$62,842	\$65,536
Accumulated Surplus, End of Period		\$53,086	\$53,501	\$54,100	\$55,069	\$56,456	\$58,297	\$60,431	\$62,842	\$65,536	\$68,538

Note 1: Indicates the amount of funds needed to support in-year growth related capital transactions.

B. STATEMENT OF FINANCIAL POSITION – TABLE 2

The Statement of Financial Position provides information on the assets and liabilities of the Town's water systems. Net Financial Asset/(Debt) is the difference between assets and liabilities. A position of net financial assets occurs when assets are greater than liabilities. Conversely, net financial debt occurs when liabilities exceed their assets. A net financial assets position implies that the system has the financial resources required to fund its future operations. A net financial debt position indicates that future revenues will be required to pay for past transactions. In 2016, the Town is projected to have \$5.28 million in liabilities related to the outstanding debt associated with the Willow Beach servicing project (\$5.23 million) and deferred revenue (\$44,000). The total financial assets in 2016 are \$2.75 million resulting in a net financial debt position of \$2.53 million. The Town will be in a net financial debt position through to 2025, although the debt position does diminish as the existing debt is progressively paid down even with new debt incurred to fund the Dalton Road Watermain in 2017.

The Statement of Financial Position also provides information on the Town's tangible capital assets. The reporting of tangible capital assets is a new requirement under PS3150 of the Public Sector Accounting Board. Previous to 2009, the costs to acquire or construct capital assets were expensed in the year in which they occur. As of 2009 municipalities are required to capitalize their assets and account for their ability to provide future benefits. An increase in the tangible capital asset balance suggests that new assets have been acquired and a decrease in the balance indicates the disposal, write down or use of assets.

Table 2
Town of Georgina
Statement of Financial Position
in \$000's

	Table Ref #	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Financial Assets											
Cash	3	\$2,745	\$3,598	\$3,611	\$3,957	\$4,682	\$3,578	\$2,736	\$2,083	\$1,740	\$1,614
Total Assets		\$2,745	\$3,598	\$3,611	\$3,957	\$4,682	\$3,578	\$2,736	\$2,083	\$1,740	\$1,614
Liabilities											
Debt	A.4	\$5,233	\$10,917	\$10,044	\$9,143	\$8,213	\$7,253	\$6,261	\$5,237	\$4,179	\$3,086
Deferred Revenue	A.3	\$44	\$64	\$88	\$115	\$146	\$181	\$207	\$236	\$266	\$299
Total Liabilities		\$5,277	\$10,981	\$10,132	\$9,258	\$8,359	\$7,434	\$6,468	\$5,472	\$4,445	\$3,385
Net Financial Assets/(Debt)		(\$2,531)	(\$7,383)	(\$6,521)	(\$5,301)	(\$3,677)	(\$3,856)	(\$3,732)	(\$3,389)	(\$2,705)	(\$1,771)
Non-Financial Assets											
Tangible Capital Assets	1,5	\$55,617	\$60,884	\$60,621	\$60,370	\$60,132	\$62,153	\$64,163	\$66,232	\$68,241	\$70,308
Accumulated Surplus/(Deficit)		\$53,086	\$53,501	\$54,100	\$55,069	\$56,456	\$58,297	\$60,431	\$62,842	\$65,536	\$68,538

C. STATEMENT OF CASH FLOW – TABLE 3

The Statement of Cash Flow provides information on the generation and use of cash resources in the following categories: operating; capital; investments; and financing activities. The statement describes how the cash from operations (\$1.02 million) will be used to support the 2016 capital transactions (\$764,000) and financing transactions (\$301,000). The difference between the total cash generated and cash used, results in an increase or decrease in cash and cash equivalents. Therefore, 2016 results indicate a decrease in cash and cash equivalents of \$44,000. The Town will see an increase in cash and cash equivalents in 2017 until 2020 and a decrease for the remaining years where funds are required to pay for significant capital repair and replacement works as prescribed through the criticality analysis recently prepared.

The beginning of period cash and cash equivalents is equal to the water reserves and development charge reserve funds on hand at the start of the period. The Town's cash position decreases from \$2.75 million in 2016 to \$1.62 million in 2025. The decrease in cash position is largely due to the significant capital works being funded through the utility rates over the period. That being said, capital expenditures in the proceeding ten-year time frame (post 2025) are expected to be at a more manageable level and the Town will be able to fund in-year expenses and grow reserves.

The Town's ending cash position of \$1.62 million in 2025 indicates the amount of funds available to fund capital works.

D. STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/DEBT – TABLE 4

The Statement of Change in Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support the operating and tangible capital assets costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. The statement outlines that the surplus (\$142,000) and amortization (\$865,000) exceeds the forecasted capital expenditures of \$764,000 resulting in a net asset for the year. The change in net financial assets is expected to be mostly positive with the exception of 2017 and 2021. The net financial debt position in 2017 and 2021 is a result of the construction of Dalton Road Watermain and the repair and replacement of other capital works in 2021.

Table 3
Town of Georgina
Statement of Cash Flow
In \$000's

	Table Ref #	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Transactions											
Annual Surplus/(Deficit)	1	\$142	\$415	\$600	\$969	\$1,386	\$1,841	\$2,134	\$2,411	\$2,694	\$3,002
Add: Amortization of TCA's	1	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865
Less: DC Revenue ⁽¹⁾	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add: Development Charge Proceeds ⁽²⁾	A.3	\$15	\$21	\$23	\$27	\$31	\$35	\$26	\$28	\$31	\$33
Less: Interest Proceeds		\$0	(\$95)	(\$124)	(\$123)	(\$134)	(\$159)	(\$119)	(\$89)	(\$65)	(\$52)
Cash Provided by Operating :		\$1,022	\$1,206	\$1,364	\$1,738	\$2,147	\$2,583	\$2,907	\$3,216	\$3,524	\$3,848
Capital Transactions											
Proceeds on Sale of Tangible Capital Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Cash Used to Acquire Tangible Capital Assets	A.2	(\$764)	(\$6,131)	(\$602)	(\$614)	(\$626)	(\$2,885)	(\$2,875)	(\$2,933)	(\$2,874)	(\$2,932)
Cash Applied to Capital		(\$764)	(\$6,131)	(\$602)	(\$614)	(\$626)	(\$2,885)	(\$2,875)	(\$2,933)	(\$2,874)	(\$2,932)
Investing Transactions											
Proceeds from Investments		\$0	\$95	\$124	\$123	\$134	\$159	\$119	\$89	\$65	\$52
Less: Cash Used to Acquire Investments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Investing		\$0	\$95	\$124	\$123	\$134	\$159	\$119	\$89	\$65	\$52
Financing Transactions											
Proceeds from Debt Issues	5	\$0	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Debt Repayment (principal only)	5	(\$301)	(\$316)	(\$873)	(\$901)	(\$930)	(\$960)	(\$992)	(\$1,024)	(\$1,058)	(\$1,093)
Cash Applied to Financing		(\$301)	\$5,684	(\$873)	(\$901)	(\$930)	(\$960)	(\$992)	(\$1,024)	(\$1,058)	(\$1,093)
Increase/(Decrease) in Cash and Cash Equivalents		(\$44)	\$853	\$13	\$346	\$725	(\$1,104)	(\$842)	(\$653)	(\$343)	(\$126)
Cash and Cash Equivalents											
Beginning of Period	5	\$2,789	\$2,745	\$3,598	\$3,611	\$3,957	\$4,682	\$3,578	\$2,736	\$2,083	\$1,740
Increase/(Decrease)		(\$44)	\$853	\$13	\$346	\$725	(\$1,104)	(\$842)	(\$653)	(\$343)	(\$126)
End of Period		\$2,745	\$3,598	\$3,611	\$3,957	\$4,682	\$3,578	\$2,736	\$2,083	\$1,740	\$1,614

Note 1: Indicates the amount of funds needed to support in-year growth related (e.g. development charge) capital transactions.

Note 2: Indicates the amount of funds generated annually from development charges (water component only)

Table 4
Town of Georgina
Statement of Change in Net Financial Assets/(Debt)
in \$000's

	Table										
	Ref #	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Surplus/(Deficit)	1	\$142	\$415	\$600	\$969	\$1,386	\$1,841	\$2,134	\$2,411	\$2,694	\$3,002
Amortization of Tangible Capital Assets	5	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865
Less: Acquisition of Tangible Capital Assets	5	(\$764)	(\$6,131)	(\$602)	(\$614)	(\$626)	(\$2,885)	(\$2,875)	(\$2,933)	(\$2,874)	(\$2,932)
Change in Net Financial Assets/(Debt)		\$242	(\$4,852)	\$862	\$1,220	\$1,624	(\$179)	\$124	\$343	\$684	\$935
Net Financial Assets/(Debt)											
Beginning of Period	5	(\$2,773)	(\$2,531)	(\$7,383)	(\$6,521)	(\$5,301)	(\$3,677)	(\$3,856)	(\$3,732)	(\$3,389)	(\$2,705)
Increase/(Decrease)		\$242	(\$4,852)	\$862	\$1,220	\$1,624	(\$179)	\$124	\$343	\$684	\$935
End of Period		(\$2,531)	(\$7,383)	(\$6,521)	(\$5,301)	(\$3,677)	(\$3,856)	(\$3,732)	(\$3,389)	(\$2,705)	(\$1,771)

V NOTES AND ASSUMPTIONS TO FINANCIAL PLAN

Section 3(2) of *O Reg. 453/07* states that the information is required only if the information is known to the owner at the time the financial plan is prepared. The assumptions used in preparing the financial plan are noted below.

1. Cash

The beginning of period Cash and Cash equivalents contained in the Statement of Cash Flows is the total of the opening balance of reserve funds. The opening balances were unaudited at the time the financial plan was prepared and may change.

2. Receivables and Payables

It is assumed that the water receivables and payables are not significant and therefore have not been identified

3. Debt

As at December 31, 2015, the Town had an outstanding debt of \$4.24 million relating to the Willow Beach Servicing project. Council approved the repayment of this debt from the Town's water reserve fund. It is anticipated that the Town will receive debt financing to fund the Dalton Road Watermain works (\$6.0 million) in 2017 – the debt will be paid by way of future utility rates.

4. Deferred Revenue

Deferred revenue represents the development charge reserve fund balance. For financial reporting purposes, development charges are deemed a liability until they are used to acquire or construct the infrastructure for which they were collected.

5. Accumulated Surplus

The accumulated surplus for all years in the forecast period is contained in Table 5.

6. Lead Pipes

Ontario Regulation 453/07 contains a requirement for municipalities to include in the financial plan the cost associated with replacing lead pipes that are part of the drinking water system. The Town currently does not have to replace any lead pipes and does not expect to replace any in the future. Therefore, no provision for lead pipe replacement is required for this plan.

Table 5
Town of Georgina
Reconciliation of Accumulated Surplus
in \$000's

	Table										
	Ref #	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Accumulated Surplus consists of:											
Opening Reserve Balance											
<i>Development Charges</i>	A.3	\$29									
<i>Water Reserves</i>	A.3	\$2,761									
Total Reserve Balance		\$2,789									
<i>Less: Debt Obligations and Deferred Revenue</i>	A.3, A.4	(\$5,563)									
<i>Add: Tangible Capital Assets</i>	A.5	\$55,718									
Total Opening Balance		\$52,944	\$53,086	\$53,501	\$54,100	\$55,069	\$56,456	\$58,297	\$60,431	\$62,842	\$65,536
<i>Add: Contributions to/(from) Reserves (excl DC)</i>											
<i>Water Reserve</i>	A.3	(\$59)	\$832	(\$11)	\$319	\$694	(\$1,140)	(\$868)	(\$681)	(\$374)	(\$158)
Total Change in Reserve		(\$59)	\$832	(\$11)	\$319	\$694	(\$1,140)	(\$868)	(\$681)	(\$374)	(\$158)
<i>Add: Changes in TCA during the year</i>											
<i>Capital Assets Acquired/(Disposed)</i>	A.2	\$764	\$6,131	\$602	\$614	\$626	\$2,885	\$2,875	\$2,933	\$2,874	\$2,932
<i>Amortization of Capital Assets</i>	A.5	(\$865)	(\$865)	(\$865)	(\$865)	(\$865)	(\$865)	(\$865)	(\$865)	(\$865)	(\$865)
Total Changes in Tangible Capital Assets		(\$101)	\$5,267	(\$263)	(\$251)	(\$238)	\$2,021	\$2,011	\$2,068	\$2,010	\$2,067
Subtract Changes in Debt Position											
<i>New Debt (Dalton Road)</i>	A.2	\$0	(\$6,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Debt Repayment (principal only)</i>	A.4	\$301	\$316	\$873	\$901	\$930	\$960	\$992	\$1,024	\$1,058	\$1,093
Total Change in Debt		\$301	(\$5,684)	\$873	\$901	\$930	\$960	\$992	\$1,024	\$1,058	\$1,093
Total Ending Balance		\$53,086	\$53,501	\$54,100	\$55,069	\$56,456	\$58,297	\$60,431	\$62,842	\$65,536	\$68,538

VI CONCLUDING COMMENTS

The financial plan contained in this documents outlines that the Town's drinking water systems are financially viable. It is fiscally prudent the Town continue to monitor their water operations to compare the accuracy of the financial projections with the actual results, as this will lead to improved planning in the future.

Lastly, consistent with historical practice, the Town should revisit the water and wastewater utility rates at a minimum of every five years to continue to ensure that the utility rates are fully funding water and wastewater operations while sufficient funds are generated for the future repair and replacement of infrastructure.

APPENDIX A

DETAILED FINANCIAL INFORMATION

Appendix A - Table 1
Town of Georgina
Operating Budget Forecast
in \$000's

	Budget	FORECAST								
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenditures										
Operating Costs										
Salaries/Wages/ Benefits/Pensions	\$769	\$785	\$800	\$816	\$833	\$849	\$866	\$884	\$901	\$919
Materials/Service/Rents/Maintenance	\$330	\$337	\$344	\$351	\$358	\$365	\$372	\$379	\$387	\$395
Chemicals/Hydro/Utilities	\$95	\$98	\$103	\$107	\$112	\$116	\$121	\$127	\$132	\$138
Sub-Contracting	\$631	\$644	\$657	\$670	\$683	\$697	\$711	\$725	\$740	\$755
Regional Water Charges	\$2,921	\$3,266	\$3,468	\$3,723	\$3,995	\$4,133	\$4,299	\$4,472	\$4,680	\$4,903
	\$4,746	\$5,131	\$5,371	\$5,667	\$5,980	\$6,160	\$6,370	\$6,587	\$6,841	\$7,109
Capital Related Costs										
Capital from Current	\$764	\$6,131	\$602	\$614	\$626	\$2,885	\$2,875	\$2,933	\$2,874	\$2,932
Non-Growth Related Debt	\$499	\$499	\$1,176	\$1,176	\$1,176	\$1,176	\$1,176	\$1,176	\$1,176	\$1,176
	\$1,264	\$6,631	\$1,778	\$1,790	\$1,803	\$4,062	\$4,052	\$4,109	\$4,051	\$4,108
Reserve Contribution										
Contributions to/(from) Water Reserve (Asset Replacement)	\$705	\$869	\$468	\$810	\$1,186	\$1,587	\$1,889	\$2,163	\$2,436	\$2,722
	\$705	\$869	\$468	\$810	\$1,186	\$1,587	\$1,889	\$2,163	\$2,436	\$2,722
Total Expenditures	\$6,715	\$12,631	\$7,617	\$8,267	\$8,969	\$11,809	\$12,310	\$12,860	\$13,327	\$13,939
Revenues										
Water Billing Revenue	\$5,058	\$5,602	\$6,114	\$6,748	\$7,433	\$8,009	\$8,516	\$9,003	\$9,524	\$10,074
Non-User Rate Revenues	\$893	\$897	\$901	\$905	\$910	\$914	\$919	\$924	\$928	\$933
Contributions from reserve	\$764	\$131	\$602	\$614	\$626	\$2,885	\$2,875	\$2,933	\$2,874	\$2,932
Debenture Requirements	\$0	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$6,715	\$12,631	\$7,617	\$8,267	\$8,969	\$11,809	\$12,310	\$12,860	\$13,327	\$13,939

Appendix A - Table 2
Town of Georgina
Capital Budget Forecast
in \$000's

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital Program										
Growth Related	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Growth Related - Reserve Funded	\$764	\$6,131	\$602	\$614	\$626	\$2,885	\$2,875	\$2,933	\$2,874	\$2,932
Total	\$764	\$6,131	\$602	\$614	\$626	\$2,885	\$2,875	\$2,933	\$2,874	\$2,932
Revised Total	\$764	\$6,131	\$602	\$614	\$626	\$2,885	\$2,875	\$2,933	\$2,874	\$2,932
Funding Sources										
Transfer from Water Reserve	\$764	\$131	\$602	\$614	\$626	\$2,885	\$2,875	\$2,933	\$2,874	\$2,932
Transfer From Development Charges Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Growth Related Debenture Requirements	\$0	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Growth Related Debenture Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Funding	\$764	\$6,131	\$602	\$614	\$626	\$2,885	\$2,875	\$2,933	\$2,874	\$2,932

Appendix A - Table 3
Town of Georgia
Reserve and Reserve Fund Continuity
in \$000's

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Reserves										
Opening Balance	\$2,761	\$2,701	\$3,534	\$3,523	\$3,842	\$4,536	\$3,397	\$2,529	\$1,847	\$1,473
Transfer from Operating	\$705	\$869	\$468	\$810	\$1,186	\$1,587	\$1,889	\$2,163	\$2,436	\$2,722
Transfer to Capital	(\$764)	(\$131)	(\$602)	(\$614)	(\$626)	(\$2,885)	(\$2,875)	(\$2,933)	(\$2,874)	(\$2,932)
Transfer to Operating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$0	\$95	\$124	\$123	\$134	\$159	\$119	\$89	\$65	\$52
Ending Balance	\$2,701	\$3,534	\$3,523	\$3,842	\$4,536	\$3,397	\$2,529	\$1,847	\$1,473	\$1,315
Debenture Requirements	\$0	\$6,000	\$0							

	2016	2017	2018	2019	2020	2021	2022	2018	2019	2020
Development Charge Reserve ⁽¹⁾										
Opening Balance	\$29	\$44	\$64	\$88	\$115	\$146	\$181	\$207	\$236	\$266
Revenue	\$15	\$19	\$21	\$24	\$27	\$30	\$20	\$21	\$22	\$23
Transfer to Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Operating ⁽¹⁾	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$0	\$2	\$2	\$3	\$4	\$5	\$6	\$7	\$8	\$9
Ending Balance	\$44	\$64	\$88	\$115	\$146	\$181	\$207	\$236	\$266	\$299
Debenture Requirements	\$0									

Note 1: Reserves only represent the water component of existing reserve fund balance

Interest on Positive Balance	3.5%
Interest on Negative Balance	5.5%

Appendix A - Table 4
Town of Georgina
Debenture Schedule
in \$000's

	2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		Total	
	Principal	Interest																				
Willow Beach Servicing Project	\$301	\$198	\$316	\$184	\$331	\$168	\$347	\$152	\$364	\$136	\$381	\$118	\$400	\$100	\$419	\$81	\$439	\$61	\$460	\$39	\$3,758	\$1,237
Dalton Road Watermain (\$6,000,000, 2.25%)	\$0	\$0	\$0	\$0	\$542	\$135	\$554	\$123	\$566	\$110	\$579	\$98	\$592	\$85	\$605	\$71	\$619	\$58	\$633	\$44	\$4,691	\$723
	\$301	\$198	\$316	\$184	\$873	\$303	\$901	\$275	\$930	\$246	\$960	\$216	\$992	\$184	\$1,024	\$152	\$1,058	\$118	\$1,093	\$83	\$8,449	\$1,960

Appendix A - Table 5
Town of Georgina
Summary of Tangible Capital Asset Balances - Water Systems
in \$000's

(In \$000)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Tangible Capital Assets	\$72,203	\$72,967	\$79,098	\$79,700	\$80,314	\$80,941	\$83,826	\$86,702	\$89,635	\$92,509
Plus: Acquisitions - Repair/Replacement	\$764	\$6,131	\$602	\$614	\$626	\$2,885	\$2,875	\$2,933	\$2,874	\$2,932
Plus: Acquisitions - Growth Related	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Tangible Capital Assets	\$72,967	\$79,098	\$79,700	\$80,314	\$80,941	\$83,826	\$86,702	\$89,635	\$92,509	\$95,441
Opening Accumulated Amortization	\$16,485	\$17,350	\$18,214	\$19,079	\$19,944	\$20,809	\$21,674	\$22,538	\$23,403	\$24,268
Plus: Amortization Expense	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865
Less: Amortization of Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Accumulated Amortization	\$17,350	\$18,214	\$19,079	\$19,944	\$20,809	\$21,674	\$22,538	\$23,403	\$24,268	\$25,133
Net Book Value	\$55,617	\$60,884	\$60,621	\$60,370	\$60,132	\$62,153	\$64,163	\$66,232	\$68,241	\$70,308

Note: Amounts are unaudited for planning purposes only. Actual results will differ from the above