

REPORT

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TOWN OF GEORGINA WATER FINANCIAL PLAN

November 2020

Drinking Water Licence Number: 119-101

Financial Plan Number: 119-301



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1. INTRODUCTION

The Town of Georgina provides potable water supplied by York Region to approximately 13,000 connections throughout the Town. The fee structure for water service includes a fixed quarterly charge plus a consumption charge for each cubic metre of water consumed. The Town of Georgina last completed a comprehensive Water and Wastewater Rate Study in 2016. As part of this process, the Town completed a Water Financial Plan as part of its water licence renewal application in accordance with the *Safe Drinking Water Act* (SDWA) and *Ontario Regulation 453/07* (O. Reg. 453/07). The Water Financial Plan took into consideration the Town's in-force water rates and projected expenditures based on the findings of the 2016 Water Rate Study. Based on this study, the Town has increased its water rates at a rate of 9%-10% since 2016, while increasing the wastewater rate at 6% per year. However, the 2020 rates were reverted back to the 2019 rates mid-year in an effort to provide interim relief to residents and businesses to offset the impacts of COVID-19.

Since the completion of the last rate study in 2016, the Town has experienced some changes in service delivery costs, capital costs, financing costs, and water usage. In addition, the Town's Drinking Water Licence for each system is set to expire in 2021 and is required to be updated. These changes prompted an updated utility rate study to ensure the Town continues to recover the full cost of providing water services.

The purpose of this document is to present a water financial plan for the Town of Georgina that is prepared consistent with requirements of the *Safe Drinking Water Act, 2002* (the SDWA) and its associated regulation, *Ontario Regulation 453/07*. The water financial plan prepared is part of the process required for the Town to renew its municipal drinking water license under the SDWA. The financial plan is based on the results of the recently completed 2020 water and wastewater rate study, which requires a thorough analysis of operating and capital needs, as well as consideration of available funding sources. Therefore, the key forecast assumptions outlined throughout this document are consistent with those included in the rate study which was presented to Council in late October and anticipated to be formally approved by Council at the November 25th 2020 session. The Water and Wastewater Rate Study has been prepared under separate cover.

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 10-year forecast period from 2021-2030 with 2020 being the base year. For the purpose of this report, 2020 will be used as the reference year for the report, although the first year of the plan is considered to be 2021 representing the year in which the licence is set to expire.

2. BACKGROUND

In 2016, the Town of Georgina approved the Water Financial Plan prepared as one of the submission requirements necessary in renewing their municipal drinking water licence under the *Safe Drinking Water Act, 2002* (SDWA). The Town is now required to update the Financial Plan to again renew its drinking water license.

Financial Plans are defined in section 30(1) of the SDWA as follows: Financial plans that satisfy the requirements prescribed by the Minister, in any other case, 2002, c. 32, s. 30(1).

At this time, the *Sustainable Water and Sewage Systems Act, 2002* has been repealed, however, the standards identified underpin the specific requirements of s. 30 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;
- Includes a planning horizon of at least six years (commencing when the system first serves the public, for new systems);
- Must be 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
- Must be approved by Council resolution indicating that the drinking water system is financially viable.

The Town is now required to update the Financial Plan to renew its drinking water licence. 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 2021).

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's 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 included 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 its ability to provide for future benefits. A net financial asset position on this statement indicates whether the water system has the financial resources necessary to fund its future operations. The Statement of Financial Position is discussed in more detail later in this report, and is included 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. Itemizing the cash receipts and payments by category allows the reader to understand where the cash is being generated (e.g. water rates), and how the cash is being used (e.g. capital and operating expenses).

Statement of Net Financial Assets/Debt

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 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.

The remainder of this 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 Financial Plan for Water Services.

Section V includes the Notes and Assumptions to the Financial Plan.

3. 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 operating budget and capital plan, the 2016 Development Charges Background Study, 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.

I. EXPENDITURE AND REVENUE FORECAST

The expenditure and revenue forecast is based upon the information obtained from the Town's 2020 operating budgets and the ten-year capital plan. This forecast includes a forecast of operating expenditures and revenues to 2030 with the provision for annual contributions to reserves for the purpose of asset repair and replacement. The Town recovers most of its costs through user fees charged to its customers that include a quarterly fixed fee, with an additional consumption charge for each cubic metre of water consumed. The forecast of expenditures and revenues is included as Appendix A - Table 1.

Operating and non-rate revenue projections assume the following increases in expenditures and non-rate revenues:

- Salaries and Benefits– 2.0% per annum;
- Contracted Services – 2.0% per annum;
- Fuel, Hydro, Gas – 5.0% per annum;
- Non-User Rate Revenue: as it relates to Local Improvement Charge is anticipated to remain constant over the period and intended to cover the annual debt payments associated with the Willow Beach debt payments. This revenue source is expected to come off line when the debt is retired in 2026. All other non-user rate revenues were adjusted at a rate of 2% in the forecast period to account for inflation.

Service Enhancements and Mandatory Requirements

Based on discussions with Town staff, in order for the Town to continue to adapt to ongoing legislative requirements and customer demands, an allocation for enhanced services and programs which may be required in the future has been incorporated into the analysis. A summary of the key initiatives included in the operating budget are as follows:

- Staffing for seasonal work and succession planning;
- Staffing for additional levels of service;
- Water valve and valve chamber exercising and repair program;
- Maintenance Hole inspection and repair program;

The specified programs are anticipated to be introduced over the next several years and by 2030 anticipated to represent about \$488,000 for water services.

York Region Water Purchasing Costs

In order to provide water servicing to the community, the Town relies on the Region of York for the supply and treatment of water. The Town is required to purchase water from the Region for all treated water to be distributed to end users. The Town then recovers those costs, as well as the costs of distribution, maintenance, and general operations by charging the users connected to the system directly. Not all water purchased from the Region is charged out to the end user. Non-revenue water¹ is water that is purchased from the Region and not charged to any end users and represents a cost to the Town that is not recuperated.

The amount of non-revenue water in Georgina has averaged approximately 25% of water supplied over the past several years. It is anticipated that this average loss is maintained over the immediate 5-year study period, but as targeted water programs and capital renewal requirements take form, non-revenue water is projected to be reduced to about 20% by 2030. This would in turn reduce the amount of water required to be purchased from the Region.

The Region of York approved as part of its most recent update a 2.9% rate increase to its supply rate (which would apply to water purchased by the Town). It is assumed that the Region of York will continue to increase rates at 2.9% per annum, and this assumed cost increase has been incorporated into the rate analysis.

II. 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

¹ Non-revenue water can occur for a variety of reasons, including but not limited to: authorized consumption for Town needs (flushing, testing, and fire,) as well as other losses occurring through main breaks, leaks and valve uses.

and Council. In total, over the 2021-2030 period, approximately \$15.14 million in non-growth capital is required to support water services. In most instances, water and reserve funds are largely used to fund in-year capital expenditure requirements, while debt financing measures are included to offset those years with particularly high expenditures or where existing reserve funds were insufficient to cover the cost (thereby ensuring the reserve maintain a positive position throughout the period). Importantly, the associated principal and interest payments will be paid by way of future utility rates and have been included in the analysis (see debt section below).

Please note the growth-related components identified represent the Town undertaking about 50% of the growth-related work outlined in the Queensway East and West Service Area By-law. The timing of development will be subject to discussions with the developer and therefore DC receipts are anticipated to equal costs

III. RESERVE FUND STATEMENTS

Water Reserves – General

The 2020 Water Reserve Fund opening balance was provided by municipal staff and accounts for the cumulative water reserve funds available for the water system but excludes monies for the willow beach debenture. The projected transfers to and from the Water Reserve Fund are outlined in Appendix A – Table 3.

The Water Reserve Fund is used to fund non-growth related capital projects as well as the repair and replacement of water assets. Additionally, these funds can be used to address revenue shortfalls that can arise from fluctuating annual water consumption (i.e. less water is billed during wet summers).

Water Reserves – Willow Beach Debenture

Funds which are specifically accumulated for residents who were part of the Willow Beach local improvement in 2006 have the option to pay out the remaining balance of their local improvement at any time between the 20-year loan period. If a payment is made in advance, it is contributed to these reserves to ensure the Town has funds to continue to pay the debenture in future years. The monies available in this reserve are assumed to be unavailable for asset repair and replacement or to be used to address revenue shortfalls that can arise.

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 2020 opening balance was based on the 2019 Financial Information Return. The timing and costs of each project is subject to change based on annual capital budget reviews. In addition, it should be noted that the Town is currently undertaking a Development Charges Background Study as part of the 5-year review which may adjust the projection of future growth-related capital projects identified herein.

IV. DEBT REPAYMENT

As of December 31, 2019, the Town had outstanding water-related debt of \$8.55 million relating to the Willow Beach and Dalton Road Servicing projects. The annual financing costs associated with this debt have been incorporated into the analysis and will be funded through the water rates. Existing debt is anticipated to come offline throughout the planning period – Willow Beach in 2027 and Dalton Road in 2030. Despite existing debt coming off line, the Town is anticipated to require additional debt financing of \$5.0 million between 2022 to 2026 to carry-out the non-growth related capital program – the debt will be paid by way of future utility rates. A summary of existing debt is illustrated in Appendix A as table 4.

V. TANGIBLE CAPITAL ASSET ANALYSIS (TCA)

The Town's internal 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;
- 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);
- Contributed assets were unknown and therefore not included in the forecast; and

A summary of the tangible capital asset balances for the Town water system is as follows:

Town of Georgina TCA Analysis (\$000s)											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Tangible Capital Assets	\$82,450	\$83,411	\$85,169	\$86,176	\$87,600	\$89,815	\$91,032	\$93,497	\$94,690	\$97,083	\$98,203
Plus: Acquisitions - Repair/Replacement	\$962	\$1,569	\$819	\$1,236	\$2,026	\$1,030	\$2,277	\$1,005	\$2,205	\$932	\$2,038
Plus: Acquisitions - Growth Related	\$0	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188
Less: Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Tangible Capital Assets	\$83,411	\$85,169	\$86,176	\$87,600	\$89,815	\$91,032	\$93,497	\$94,690	\$97,083	\$98,203	\$100,429
Opening Accumulated Amortization	\$19,828	\$20,926	\$22,025	\$23,123	\$24,222	\$25,321	\$26,419	\$27,518	\$28,616	\$29,715	\$30,813
Plus: Amortization Expense	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099
Less: Amortization of Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Accumulated Amortization	\$20,926	\$22,025	\$23,123	\$24,222	\$25,321	\$26,419	\$27,518	\$28,616	\$29,715	\$30,813	\$31,912
Net Book Value	\$62,485	\$63,144	\$63,052	\$63,378	\$64,494	\$64,613	\$65,979	\$66,074	\$67,368	\$67,390	\$68,517

Note: These figures are based on unaudited documents

VI. PROJECTION OF RATES

While the change to water rate is proposed to be lower in 2021 in an effort to provide interim relief as a result of the impacts of COVID-19, the rates are projected to increase moving forward (post 2021) to ensure long-term fiscal stability of the services. The table below provides a snapshot of the calculated utility rates required for 2021-2030. The calculated rates are projected to increase at a more significant rate starting in 2022.

Town of Georgina - Calculated Water Rates (10-Year Projection)											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Fixed Charge											
January to March	\$ 9.75	\$ 9.75	\$ 9.89	\$ 11.40	\$ 13.14	\$ 14.81	\$ 16.69	\$ 18.81	\$ 21.20	\$ 23.89	\$ 26.92
April to December	\$ 9.75	\$ 9.89	\$ 11.40	\$ 13.14	\$ 14.81	\$ 16.69	\$ 18.81	\$ 21.20	\$ 23.89	\$ 26.92	\$ 30.34
Increase (%)		1.45%	15.25%	15.25%	12.70%	12.70%	12.70%	12.70%	12.70%	12.70%	12.70%
Variable Charge											
Charge Per Cubic Metre: January - March	\$ 2.60	\$ 2.60	\$ 2.64	\$ 2.74	\$ 2.85	\$ 3.00	\$ 3.15	\$ 3.30	\$ 3.47	\$ 3.64	\$ 3.82
Charge Per Cubic Metre: April - December	\$ 2.60	\$ 2.64	\$ 2.74	\$ 2.85	\$ 3.00	\$ 3.15	\$ 3.30	\$ 3.47	\$ 3.64	\$ 3.82	\$ 4.01
Increase (%)		1.45%	4.00%	4.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Additional detailed surrounding the rate analysis is more fully described in the rate study report prepared under a separate cover.

4. WATER FINANCIAL PLAN

This section summarizes the complete financial plan for the Town of Georgina's water system. 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 2020, the projected revenue is \$8.59 million with expenditures of \$8.00 million. As revenues exceed expenses, an annual surplus is projected of approximately \$585,000. The beginning period accumulated surplus of \$59.62 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 most years projected, with the accumulated surplus growing by approximately \$11.65 million. This supports the Town's need to grow its reserve funds to pay for the repair and replacement of capital assets.

B. STATEMENT OF FINANCIAL POSITION – TABLE 2

The Statement of Financial Position provides information on the assets and liabilities of the Town's water system. Net Financial Assets/(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. The Town's water system has a net financial debt position for most years throughout the 10 years as the Town requires additional debt financing to carry-out the capital program. In 2020, liabilities total \$7.63 million while financial assets are approximately \$5.35 million.

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

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenues											
<i>Water Sales</i>											
Metered	\$7,709	\$7,172	\$7,490	\$7,888	\$8,358	\$8,875	\$9,430	\$10,027	\$10,674	\$11,373	\$12,128
<i>Non Rate Revenue</i>	\$840	\$844	\$848	\$853	\$857	\$862	\$866	\$239	\$244	\$249	\$254
<i>Earned DC Revenue</i>	\$0	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188
<i>Interest Earned</i>	\$37	\$2	\$10	\$18	\$13	\$24	\$14	\$24	\$13	\$41	\$65
<i>Total Revenue</i>	\$8,585	\$8,206	\$8,536	\$8,946	\$9,416	\$9,949	\$10,499	\$10,478	\$11,118	\$11,850	\$12,634
Expenditures											
Amortization Expense	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099
In-Year Asset Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on Debt Expense	\$295	\$277	\$259	\$248	\$263	\$285	\$290	\$299	\$297	\$213	\$130
Operating Expense	\$6,608	\$6,455	\$6,892	\$7,238	\$7,433	\$7,634	\$7,803	\$7,977	\$8,153	\$8,334	\$8,518
<i>Total Expenditures</i>	\$8,001	\$7,831	\$8,249	\$8,585	\$8,794	\$9,017	\$9,192	\$9,374	\$9,549	\$9,646	\$9,747
Annual Surplus/(Deficit)	\$585	\$375	\$286	\$361	\$622	\$932	\$1,307	\$1,104	\$1,570	\$2,205	\$2,887
Annual Surplus/(Deficit)	\$585	\$375	\$286	\$361	\$622	\$932	\$1,307	\$1,104	\$1,570	\$2,205	\$2,887
Accumulated Surplus, Beginning of Period	\$59,620	\$60,205	\$60,580	\$60,866	\$61,227	\$61,849	\$62,781	\$64,089	\$65,193	\$66,763	\$68,967
Accumulated Surplus, End of Period	\$60,205	\$60,580	\$60,866	\$61,227	\$61,849	\$62,781	\$64,089	\$65,193	\$66,763	\$68,967	\$71,855

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

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Financial Assets											
Cash	\$5,346	\$4,121	\$3,838	\$4,088	\$4,064	\$4,794	\$4,608	\$4,949	\$4,554	\$6,062	\$7,704
Total Assets	\$5,346	\$4,121	\$3,838	\$4,088	\$4,064	\$4,794	\$4,608	\$4,949	\$4,554	\$6,062	\$7,704
Liabilities											
Debt	\$7,626	\$6,684	\$6,024	\$6,239	\$6,708	\$6,625	\$6,498	\$5,830	\$5,159	\$4,485	\$4,367
Deferred Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$7,626	\$6,684	\$6,024	\$6,239	\$6,708	\$6,625	\$6,498	\$5,830	\$5,159	\$4,485	\$4,367
Net Financial Assets/(Debt)	(\$2,280)	(\$2,564)	(\$2,186)	(\$2,151)	(\$2,645)	(\$1,832)	(\$1,890)	(\$881)	(\$606)	\$1,577	\$3,337
Non-Financial Assets											
Tangible Capital Assets	\$62,485	\$63,144	\$63,052	\$63,378	\$64,494	\$64,613	\$65,979	\$66,074	\$67,368	\$67,390	\$68,517
Accumulated Surplus/(Deficit)	\$60,205	\$60,580	\$60,866	\$61,227	\$61,849	\$62,781	\$64,089	\$65,193	\$66,763	\$68,967	\$71,855

Overall, the net financial position debt position is expected to increase to a surplus of \$3.34 million in 2030.

The Statement of Financial Position also provides information on the Town's tangible capital assets. The reporting of tangible capital assets is a requirement under PS3150 of the Public Sector Accounting Board. Prior 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. The Town's tangible capital assets are valued at an estimated \$62.49 million in 2020 and are anticipated to grow to \$68.52 million by the end of the period.

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 (\$1.65 million) will be used to support the 2020 capital transactions (\$962,000). The difference between the total cash generated and cash used results in an increase or decrease in cash and cash equivalents. The beginning of period cash and cash equivalents is equal to the water reserve funds on hand at the start of the period.

In 2020, the Town will see a \$203,000 decrease in cash equivalents, mainly due to the timing of capital related expenditures. The Town's cash position improves from \$5.55 million in 2020 to \$7.70 million in 2030 despite some intervening years throughout the period in which a decrease in cash position is realized in order to carry out the capital program.

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 asset 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 (\$585,000) and amortization (\$1.10 million) exceeds the forecasted capital expenditures of \$962,000, resulting in an increase in net financial assets for the year. The net financial assets remain negative for most years throughout the period, eventually shifting to positive by 2030, increasing to \$3.34 million. It is important to note that the actual change in net

financial assets is positive for most years which does indicate the Town is increasing its cash position throughout the period while reducing the reliance on debt to fund capital.

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

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating Transactions											
Annual Surplus/(Deficit)	\$585	\$375	\$286	\$361	\$622	\$932	\$1,307	\$1,104	\$1,570	\$2,205	\$2,887
Add: Amortization of TCA's	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099
Less: DC Revenues	\$0	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)
Add: DC Proceeds	\$0	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188
Less: Interest Proceeds	(\$37)	(\$2)	(\$10)	(\$18)	(\$13)	(\$24)	(\$14)	(\$24)	(\$13)	(\$41)	(\$65)
Add: In-Year Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Operating:	\$1,647	\$1,472	\$1,375	\$1,442	\$1,708	\$2,007	\$2,391	\$2,178	\$2,656	\$3,262	\$3,921
Capital Transactions											
Proceeds on Sale of Tangible Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Cash Used to Acquire Tangible Capital Assets	(\$962)	(\$1,757)	(\$1,007)	(\$1,424)	(\$2,214)	(\$1,218)	(\$2,465)	(\$1,193)	(\$2,393)	(\$1,120)	(\$2,226)
Cash Applied to Capital	(\$962)	(\$1,757)	(\$1,007)	(\$1,424)	(\$2,214)	(\$1,218)	(\$2,465)	(\$1,193)	(\$2,393)	(\$1,120)	(\$2,226)
Investing Transactions											
Proceeds from Investments	\$37	\$2	\$10	\$18	\$13	\$24	\$14	\$24	\$13	\$41	\$65
Less: Cash Used to Acquire Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Investing	\$37	\$2	\$10	\$18	\$13	\$24	\$14	\$24	\$13	\$41	\$65
Financing Transactions											
Proceeds from Debt Issues	\$0	\$0	\$300	\$1,200	\$1,500	\$1,000	\$1,000	\$0	\$0	\$0	\$0
Less: Debt Repayment (principal only)	(\$924)	(\$942)	(\$960)	(\$986)	(\$1,030)	(\$1,083)	(\$1,127)	(\$668)	(\$671)	(\$675)	(\$118)
Cash Applied to Financing	(\$924)	(\$942)	(\$660)	\$214	\$470	(\$83)	(\$127)	(\$668)	(\$671)	(\$675)	(\$118)
Increase/(Decrease) in Cash and Cash Equivalents	(\$203)	(\$1,226)	(\$283)	\$250	(\$24)	\$730	(\$186)	\$341	(\$395)	\$1,508	\$1,642
Cash and Cash Equivalents											
Beginning of Period	\$5,549	\$5,346	\$4,121	\$3,838	\$4,088	\$4,064	\$4,794	\$4,608	\$4,949	\$4,554	\$6,062
Increase/(Decrease)	(\$203)	(\$1,226)	(\$283)	\$250	(\$24)	\$730	(\$186)	\$341	(\$395)	\$1,508	\$1,642
End of Period	\$5,346	\$4,121	\$3,838	\$4,088	\$4,064	\$4,794	\$4,608	\$4,949	\$4,554	\$6,062	\$7,704

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

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Surplus/(Deficit)	\$585	\$375	\$286	\$361	\$622	\$932	\$1,307	\$1,104	\$1,570	\$2,205	\$2,887
Amortization of Tangible Capital Assets	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099	\$1,099
Less: Acquisition of Tangible Capital Assets	(\$962)	(\$1,757)	(\$1,007)	(\$1,424)	(\$2,214)	(\$1,218)	(\$2,465)	(\$1,193)	(\$2,393)	(\$1,120)	(\$2,226)
<i>Change in Net Financial Assets/(Debt)</i>	\$722	(\$284)	\$377	\$35	(\$494)	\$813	(\$59)	\$1,010	\$275	\$2,183	\$1,760
<i>Net Financial Assets/(Debt)</i>											
Beginning of Period	(\$3,001)	(\$2,280)	(\$2,564)	(\$2,186)	(\$2,151)	(\$2,645)	(\$1,832)	(\$1,890)	(\$881)	(\$606)	\$1,577
Increase/(Decrease)	\$722	(\$284)	\$377	\$35	(\$494)	\$813	(\$59)	\$1,010	\$275	\$2,183	\$1,760
End of Period	(\$2,280)	(\$2,564)	(\$2,186)	(\$2,151)	(\$2,645)	(\$1,832)	(\$1,890)	(\$881)	(\$606)	\$1,577	\$3,337

5. 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.

I. 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.

II. RECEIVABLES AND PAYABLES

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

III. DEBT

As of December 31, 2019, the Town had outstanding water-related debt of \$8.55 million relating to the Willow Beach and Dalton Road Servicing projects. The annual financing costs associated with this debt have been incorporated into the analysis and will be funded through the water rates. Existing debt is anticipated to come offline throughout the planning period – Willow Beach in 2027 and Dalton Road in 2030. Despite existing debt coming off line, the Town is anticipated to require additional debt financing of \$5.0 million from 2022 to 2026 to carry-out the non-growth related capital program – the debt will be paid by way of future utility rates.

IV. 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.

V. ACCUMULATED SURPLUS

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

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

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Accumulated Surplus consists of:											
Opening Reserve Fund Balance											
<i>DC Reserve Fund</i>	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Water Reserve Fund</i>	\$5,549	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Reserve Fund Balance	\$5,549	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Less: Debt Obligations and Deferred Revenue</i>	(\$8,551)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Add: Tangible Capital Assets</i>	\$62,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Opening Balance	\$59,620	\$60,205	\$60,580	\$60,866	\$61,227	\$61,849	\$62,781	\$64,089	\$65,193	\$66,763	\$68,967
<i>Add: Contributions to/(from) Reserve Funds (excl DC)</i>											
<i>Water Reserve Fund</i>	(\$203)	(\$1,226)	(\$283)	\$250	(\$24)	\$730	(\$186)	\$341	(\$395)	\$1,508	\$1,642
Total Change in Reserve Funds	(\$203)	(\$1,226)	(\$283)	\$250	(\$24)	\$730	(\$186)	\$341	(\$395)	\$1,508	\$1,642
<i>Add: Changes in TCA during the year</i>											
<i>Capital Assets Acquired/(Disposed)</i>	\$962	\$1,757	\$1,007	\$1,424	\$2,214	\$1,218	\$2,465	\$1,193	\$2,393	\$1,120	\$2,226
<i>Amortization of Capital Assets</i>	(\$1,099)	(\$1,099)	(\$1,099)	(\$1,099)	(\$1,099)	(\$1,099)	(\$1,099)	(\$1,099)	(\$1,099)	(\$1,099)	(\$1,099)
Total Changes in Tangible Capital Assets	(\$137)	\$659	(\$91)	\$326	\$1,116	\$119	\$1,366	\$95	\$1,295	\$22	\$1,128
Subtract Changes in Debt Position											
<i>New Debt</i>	\$0	\$0	(\$300)	(\$1,200)	(\$1,500)	(\$1,000)	(\$1,000)	\$0	\$0	\$0	\$0
<i>Debt Repayment</i>	\$924	\$942	\$960	\$986	\$1,030	\$1,083	\$1,127	\$668	\$671	\$675	\$118
Total Change in Debt	\$924	\$942	\$660	(\$214)	(\$470)	\$83	\$127	\$668	\$671	\$675	\$118
Total Ending Balance	\$60,205	\$60,580	\$60,866	\$61,227	\$61,849	\$62,781	\$64,089	\$65,193	\$66,763	\$68,967	\$71,855

VI. 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 is anticipated to develop a database identifying the lead service lines and providing for regular replacement within the annual budget. It is important to note that the inventory of lead services is fairly minor and the replacement of these assets would not have any material change to the Town's current and projected financial situation. The reserve funds accumulated throughout this period, plus the annual provision for capital works provided for under this plan, would be sufficient to offset the cost of any of the works identified. The Town of Georgina lead testing continues to comply with Ministry standards and the delivery of water services continues to be provided at the highest quality ensuring safety is top priority.

APPENDIX A

SUPPORTING TABLES

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

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Expenditures											
Operating Costs											
Annual Gross Operating Expenditures	\$2,463.5	\$2,514.4	\$2,566.5	\$2,619.6	\$2,674.0	\$2,729.5	\$2,786.2	\$2,844.1	\$2,903.3	\$2,963.9	\$3,025.7
Regional Charges	\$4,144.0	\$3,940.8	\$4,065.2	\$4,193.6	\$4,326.0	\$4,462.6	\$4,566.7	\$4,673.0	\$4,781.4	\$4,892.0	\$5,004.9
Debt - Willow Beach and Dalton Road	\$1,219.1	\$1,219.1	\$1,219.1	\$1,219.1	\$1,219.1	\$1,219.1	\$1,219.1	\$719.6	\$719.6	\$640.1	\$0.0
Future Assumed Debt	\$0.0	\$0.0	\$0.0	\$14.9	\$74.3	\$148.6	\$198.1	\$247.7	\$247.7	\$247.7	\$247.7
New Initiatives	\$0.0	\$0.0	\$260.1	\$424.5	\$433.0	\$441.6	\$450.5	\$459.5	\$468.7	\$478.0	\$487.6
	\$7,826.6	\$7,674.3	\$8,110.9	\$8,471.7	\$8,726.3	\$9,001.3	\$9,220.6	\$8,943.9	\$9,120.7	\$9,221.7	\$8,765.9
Capital Related Costs											
Non-Growth Capital	\$961.5	\$1,569.3	\$819.3	\$1,236.3	\$2,026.3	\$1,029.6	\$2,276.5	\$1,005.1	\$2,205.1	\$932.2	\$2,038.2
Growth-Related Capital	\$0.0	\$188.0	\$188.0	\$188.0	\$188.0	\$188.0	\$188.0	\$188.0	\$188.0	\$188.0	\$188.0
Future Debt Financing	\$0.0	\$0.0	(\$300.0)	(\$1,200.0)	(\$1,500.0)	(\$1,000.0)	(\$1,000.0)	\$0.0	\$0.0	\$0.0	\$0.0
	\$961.5	\$1,757.3	\$707.3	\$224.3	\$714.3	\$217.6	\$1,464.6	\$1,193.1	\$2,393.1	\$1,120.2	\$2,226.2
Reserve Fund Contribution											
Contributions to/(from) Water Reserve Fund	\$589.8	\$209.3	\$94.6	\$136.2	\$356.8	\$603.1	\$943.4	\$1,322.1	\$1,797.2	\$2,399.5	\$3,615.2
Transfer For Willow Beach Debenture	\$132.4	\$132.4	\$132.4	\$132.4	\$132.4	\$132.4	\$132.4	\$0.0	\$0.0	\$0.0	\$0.0
Contributions from DC Water Reserve Fund	\$0.0	(\$188.0)	(\$188.0)	(\$188.0)	(\$188.0)	(\$188.0)	(\$188.0)	(\$188.0)	(\$188.0)	(\$188.0)	(\$188.0)
	\$722.2	\$153.7	\$39.1	\$80.6	\$301.2	\$547.5	\$887.9	\$1,134.1	\$1,609.2	\$2,211.5	\$3,427.2
Total Expenditures	\$9,510.3	\$9,585.3	\$8,857.3	\$8,776.6	\$9,741.8	\$9,766.4	\$11,573.0	\$11,271.1	\$13,122.9	\$12,553.4	\$14,419.2
Revenues											
Water Billing Revenue	\$7,708.9	\$7,172.0	\$7,489.7	\$7,887.6	\$8,358.5	\$8,875.3	\$9,430.3	\$10,027.0	\$10,674.2	\$11,372.6	\$12,127.5
Transfer From Reserves for Capital	\$961.5	\$1,569.3	\$519.3	\$36.3	\$526.3	\$29.6	\$1,276.5	\$1,005.1	\$2,205.1	\$932.2	\$2,038.2
Non-User Rate Revenues	\$839.9	\$844.1	\$848.3	\$852.7	\$857.1	\$861.6	\$866.2	\$238.9	\$243.7	\$248.6	\$253.6
	\$9,510.3	\$9,585.3	\$8,857.3	\$8,776.6	\$9,741.8	\$9,766.4	\$11,573.0	\$11,271.1	\$13,122.9	\$12,553.4	\$14,419.2
	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

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

Capital Budget Forecast											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Capital Program											
Non-Growth Related	\$962	\$1,569	\$819	\$1,236	\$2,026	\$1,030	\$2,277	\$1,005	\$2,205	\$932	\$2,038
Growth Related ⁽¹⁾	\$0	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188
Total	\$962	\$1,757	\$1,007	\$1,424	\$2,214	\$1,218	\$2,465	\$1,193	\$2,393	\$1,120	\$2,226
Funding Sources											
Transfer From Reserve for Capital	\$962	\$1,569	\$519	\$36	\$526	\$30	\$1,277	\$1,005	\$2,205	\$932	\$2,038
Operating Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from DC Reserves	\$0	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188
Debenture Requirements	\$0	\$0	\$300	\$1,200	\$1,500	\$1,000	\$1,000	\$0	\$0	\$0	\$0
Total Funding	\$962	\$1,757	\$1,007	\$1,424	\$2,214	\$1,218	\$2,465	\$1,193	\$2,393	\$1,120	\$2,226
<p><i>Note 1: The growth-related components identified represent the Town undertaking about 50% of the growth-related work outlined in the Queensway East and West Service Area By-law. The timing of development will be subject to discussions with the developer and therefore DC receipts are anticipated to equal costs</i></p>											

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

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Water Reserve Fund											
Opening Balance	\$3,181	\$2,845	\$1,487	\$1,072	\$1,190	\$1,033	\$1,631	\$1,312	\$1,653	\$1,258	\$2,766
Transfer to Reserve Funds	\$590	\$209	\$95	\$136	\$357	\$603	\$943	\$1,322	\$1,797	\$2,399	\$3,615
Transfer from Reserves (To Capital)	(\$962)	(\$1,569)	(\$519)	(\$36)	(\$526)	(\$30)	(\$1,277)	(\$1,005)	(\$2,205)	(\$932)	(\$2,038)
<i>Interest Earned</i>	<i>\$48</i>	<i>\$43</i>	<i>\$22</i>	<i>\$16</i>	<i>\$18</i>	<i>\$15</i>	<i>\$24</i>	<i>\$20</i>	<i>\$25</i>	<i>\$19</i>	<i>\$41</i>
<i>Interest on In-Year Transactions</i>	<i>(\$11)</i>	<i>(\$41)</i>	<i>(\$13)</i>	<i>\$1</i>	<i>(\$5)</i>	<i>\$9</i>	<i>(\$10)</i>	<i>\$5</i>	<i>(\$12)</i>	<i>\$22</i>	<i>\$24</i>
Ending Balance	\$2,845	\$1,487	\$1,072	\$1,190	\$1,033	\$1,631	\$1,312	\$1,653	\$1,258	\$2,766	\$4,408
Debenture Requirements	\$0	\$0	\$300	\$1,200	\$1,500	\$1,000	\$1,000	\$0	\$0	\$0	\$0
Water - Willow Beach Debenture											
Opening Balance	\$2,369	\$2,501	\$2,633	\$2,766	\$2,898	\$3,031	\$3,163	\$3,296	\$3,296	\$3,296	\$3,296
Transfer to Reserve Funds	\$132	\$132	\$132	\$132	\$132	\$132	\$132	\$0	\$0	\$0	\$0
Interest Earned	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on In-Year Transactions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$2,501	\$2,633	\$2,766	\$2,898	\$3,031	\$3,163	\$3,296	\$3,296	\$3,296	\$3,296	\$3,296
Debenture Requirements											
Development Charges Water Reserve Fund											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue	\$0	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188
Transfer to Capital	\$0	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)
Transfer to Operating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debenture Requirements	\$0										

Note: Reserve fund balances are unaudited at the time of study

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

	2020		2021		2022		2023		2024		2025	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
New Debt 1 (\$300,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$6	\$9	\$6	\$9	\$6	\$8
New Debt 2 (\$1,200,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24	\$35	\$25	\$34
New Debt 3 (\$1,500,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31	\$44
New Debt 4 (\$1,000,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Debt 5 (\$1,000,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Willow Beach (water share)	\$364	\$136	\$381	\$118	\$400	\$100	\$419	\$81	\$439	\$61	\$460	\$39
Dalton Road Project	\$561	\$159	\$561	\$159	\$561	\$159	\$561	\$159	\$561	\$159	\$561	\$159
Total	\$924	\$295	\$942	\$277	\$960	\$259	\$986	\$248	\$1,030	\$263	\$1,083	\$285
	2026		2027		2028		2029		2030		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
New Debt 1 (\$300,000)	\$7	\$8	\$7	\$8	\$7	\$8	\$8	\$8	\$8	\$7	\$55	\$64
New Debt 2 (\$1,200,000)	\$26	\$33	\$27	\$33	\$28	\$33	\$28	\$31	\$29	\$30	\$188	\$229
New Debt 3 (\$1,500,000)	\$32	\$43	\$32	\$42	\$33	\$41	\$34	\$40	\$35	\$39	\$198	\$248
New Debt 4 (\$1,000,000)	\$20	\$29	\$21	\$29	\$22	\$28	\$22	\$27	\$23	\$27	\$108	\$139
New Debt 5 (\$1,000,000)	\$0	\$0	\$20	\$29	\$20	\$29	\$21	\$28	\$22	\$27	\$84	\$113
Willow Beach (water share)	\$482	\$17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,945	\$552
Dalton Road Project	\$561	\$159	\$561	\$159	\$561	\$159	\$561	\$80	\$0	\$0	\$5,606	\$1,511
Total	\$1,127	\$290	\$668	\$299	\$671	\$297	\$675	\$213	\$118	\$130	\$9,184	\$2,856