

FINAL REPORT

PREPARED BY HEMSON FOR THE TOWN OF GEORGINA

TOWN OF GEORGINA WATER FINANCIAL PLAN

August 29, 2024

Drinking Water License Number: 119-101

Financial Plan Number: 119-401



HEMSON

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1. INTRODUCTION

The Town of Georgina provides potable water to approximately 13,900 connections throughout the Town. The fee structure for water servicing in the Town includes a uniform fixed charge, called the Capital Cost Recovery Charge, and a volumetric based charge for each cubic metre of water consumed. The Town of Georgina last completed a comprehensive Water Financial Plan in 2020 to then comply with the drinking water license renewal requirements. The Water and Wastewater Financial Plans took into consideration the Town's financial position based on audited financial statements, prior year actuals, and future year budgets (adjusted for inflation and growth assumptions). Since the completion of the last financial plan, 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 2026 and is required to be updated. These changes prompted a Water and Wastewater 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 2024 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. 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 2 of the report explains each statement in greater detail.

The financial plan is prepared for a 10-year forecast period from 2025-2034 with 2025 being the base year. For the purpose of this report, 2024 will be used as the reference year for continuity within the report and consistency with the Town's Water and Wastewater Rate Study.

2. BACKGROUND

In 2020, 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 license 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 license. The Financial Plan requirement for a licence renewal generally mirrors the requirements to obtain a license 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 2026).

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 reserves. 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 3 includes a discussion on the key inputs and documents used to develop the financial plan consistent with the governing legislation.

Section 4 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 5 includes the Notes and Assumptions to the Financial Plan.

Overview of Results

In developing this Water Financial Plan, the Town recognizes that this is a living document, and it is expected to be reviewed again with any update or completion of a utility rate study.

With this said, in reviewing the reporting requirements of this financial plan at this time, the Town water system continues to be financially sustainable. Furthermore, the Town requires careful monitoring of both operating and capital expenditures to continue to ensure financial sustainability of the systems.

3. KEY INPUTS

This chapter discusses the key inputs and documents used to develop the financial plan consistent with the governing legislation. The assumptions used in preparing the financial projections are based on the Town's data such as the 2024 operating budget and capital plan, the 2024 Development Charges Background Study, year-end reserve continuity schedules and other relevant information provided by staff. Importantly, the assumptions below reflect the key inputs into the projections in the 2024 Water and Wastewater Rate Study which informs this plan. The five financial categories discussed below drive the prescribed statements outlined in Section 2 and are described in more detail in Section 4 of this report.

I. OPERATING EXPENDITURE FORECAST

The expenditure forecast is based upon the information obtained from the Town's 2024 operating budget and the ten-year capital plan. This includes a forecast of operating and capital expenditures to 2034 including a provision for annual contributions to reserves for the purpose of asset repair and replacement. 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:

- Staffing Costs, Wages and Benefits – 3% per annum;
- Miscellaneous, Supplies and Maintenance – 3% per annum;
- Hydro, Sewer, and Gas – 5% per annum;
- Contracted and/or Professional Services – 4% per annum;

The 2024 Water and Wastewater Rate Study summarizes several additional considerations which have been included in the Expenditure Forecast, including:

York Region Water Purchasing and Treatment Costs

The rate increases by the Region are expected to be about 5.6% per year in 2025 to 2027 decreasing to 2.9% per year thereafter. The Town is projected to incur about \$4.8 million in Regional water costs in 2024. This amount is expected to increase to about \$7.1 million by 2034.

Debt – Principal and Interest Payments

In 2024, the Town will make principal and interest payments of about \$1.4 million for water-related debt. The term of the Willow Beach debenture will end by 2026 while the term for the Dalton Road debenture will end by 2029. By 2034 however, the Town will need to undertake additional debt to complete rate-funded capital works (see Appendix A – Table 4). Debt payments have been forecasted to be about \$1.0 million for water by 2034.

New Initiatives

The 2024 Water and Wastewater Rate Study summarizes key initiatives for the Town to continue to meet legislative requirements and customer demands. The cost to undertake these initiatives has been incorporated into the analysis and are planned to be introduced over the next several years. By 2034, they are estimated to cost an additional \$404,700 per year in operating costs for water services.

Provision for Regular Bill Adjustments

The 2024 Water and Wastewater Rate Study also includes provision for regular bill adjustments which are calculated after revenues are received. The Town will consider a late payment penalty as part of the 2025 budget process.

Further detail regarding these expense forecasts can be found in Appendix A – Table 1 of the rate study, but the implications of these assumptions carry throughout this Financial Plan and financial statements below.

II. CAPITAL EXPENDITURE FORECAST

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. In total, over the 2025-2034 period, approximately \$27.9 million in non-growth capital is required to support water services. In most instances, reserves 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 reserves were insufficient to cover the cost (thereby ensuring the reserves 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 projects incorporated in the analysis represent the Town undertaking the growth-related projects identified in the most recent Development Charges Background Study: the New Watermain on Old Homestead Road in 2025; the New Trunk Watermain on The Queensway North to Old Homestead Road; and the New Trunk Watermain on Glenwoods Avenue in 2027. These projects are expected to incur approximately \$5.5 million (2024 dollars) in DC eligible costs over the planning period. The timing of these works is assumed to be subject to timing of new development, and therefore DC receipts are assumed to equal the cost of the project. The analysis has incorporated these projects as a smoothed provision over the planning period.

III. RESERVE STATEMENTS

Water Reserves

Both the 2024 water reserve opening balance and the projected transfers to and from the Water Reserve was provided by Town staff and accounts for the cumulative water reserves available for the water system. These figures are outlined in Appendix A – Table 3.

The water reserve 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).

Development Charge Reserve Fund – Water Services

Development Charge Reserve Funds are 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 is important to note that the Town will be undertaking an update to the DC Study in the short-term, which will likely further adjust the quantum and timing of capital projects to correspond with the development outlook. As mentioned above, due to the uncertainty of the timing for growth-related capital projects, our analysis has incorporated these projects as a smoothed provision over the planning period, and the revenues identified in this plan are the revenues that would be transferred from the reserve fund to fund the growth-related capital projects identified in the 10-year capital plan. As a note, the DC Reserve Fund balance is assumed to accrue no interest over the planning period and has been illustrated on a combined balance.

IV. TANGIBLE CAPITAL ASSET ANALYSIS (TCA)

The Financial Information Returns filed by the Town were 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 the amortization expense for 2023 and was assumed to remain consistent throughout the period;
- 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 forecasted tangible capital asset balances for the Town water system is as follows:

Town of Georgina TCA Analysis (\$000s)											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Tangible Capital Assets	\$90,207	\$94,095	\$101,035	\$106,750	\$110,798	\$113,761	\$116,192	\$120,004	\$121,119	\$123,213	\$124,277
Plus: Acquisitions - Repair/Replacement	\$3,888	\$6,367	\$5,143	\$3,475	\$2,391	\$1,858	\$3,240	\$543	\$1,522	\$491	\$2,862
Plus: Acquisitions - Growth Related	\$0	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573
Less: Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Tangible Capital Assets	\$94,095	\$101,035	\$106,750	\$110,798	\$113,761	\$116,192	\$120,004	\$121,119	\$123,213	\$124,277	\$127,711
Opening Accumulated Amortization	\$24,294	\$25,433	\$26,572	\$27,711	\$28,851	\$29,990	\$31,129	\$32,268	\$33,407	\$34,547	\$35,686
Plus: Amortization Expense	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139
Less: Amortization of Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Accumulated Amortization	\$25,433	\$26,572	\$27,711	\$28,851	\$29,990	\$31,129	\$32,268	\$33,407	\$34,547	\$35,686	\$36,825
Net Book Value	\$68,663	\$74,463	\$79,039	\$81,947	\$83,772	\$85,063	\$87,736	\$87,712	\$88,667	\$88,591	\$90,886

V. PROJECTION OF RATES

The rates are projected to increase moving forward (post 2025) to ensure long-term fiscal stability of the services. The table below provides a snapshot of the calculated utility rates required for 2025-2034.

Town of Georgina - Calculated Water Rates											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Fixed Monthly Fee: Jan - March	\$4.38	\$4.94	\$5.77	\$6.76	\$7.90	\$9.09	\$10.00	\$11.00	\$12.10	\$12.70	\$13.34
Fixed Monthly Fee: April - Dec	\$4.94	\$5.77	\$6.76	\$7.90	\$9.09	\$10.00	\$11.00	\$12.10	\$12.70	\$13.34	\$14.01
Increase (%)		17.0%	17.0%	17.0%	15.0%	10.0%	10.0%	10.0%	5.0%	5.0%	5.0%
Charge Per Cubic Metre: Jan - March	\$2.85	\$3.10	\$3.49	\$3.92	\$4.41	\$4.63	\$4.87	\$5.04	\$5.21	\$5.40	\$5.58
Charge Per Cubic Metre: April - Dec	\$3.10	\$3.49	\$3.92	\$4.41	\$4.63	\$4.87	\$5.04	\$5.21	\$5.40	\$5.58	\$5.78
Increase (%)		12.5%	12.5%	12.5%	5.0%	5.0%	3.5%	3.5%	3.5%	3.5%	3.5%

Additional detail surrounding the rate analysis is more fully described in the Water and Wastewater Rate Study, which has been 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 5 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 water reserve.

In 2024, the projected revenue is \$9.5 million with expenditures of \$9.2 million. As revenues slightly exceed expenses, an annual surplus of \$305,000 is projected. The beginning period accumulated surplus of \$64.7 million is equal to the opening reserve 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 \$33.8 million. This supports the Town's need to grow its reserves 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 is forecast to have a net financial debt position until 2033, since a need for additional water-related-debt has been identified in the short-term. In 2024, net financial debt totals approximately \$3.7 million.

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

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues											
Water Sales											
Metered	\$8,597	\$9,829	\$11,137	\$12,621	\$13,610	\$14,440	\$15,164	\$15,898	\$16,601	\$17,319	\$18,068
Non Rate Revenue	\$911	\$1,055	\$767	\$480	\$486	\$491	\$498	\$504	\$511	\$518	\$526
Earned DC Revenue	\$0	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573
Interest Earned	\$0	\$35	\$8	\$8	\$44	\$39	\$69	\$90	\$204	\$299	\$438
<i>Total Revenue</i>	<i>\$9,508</i>	<i>\$11,491</i>	<i>\$12,485</i>	<i>\$13,681</i>	<i>\$14,712</i>	<i>\$15,544</i>	<i>\$16,304</i>	<i>\$17,065</i>	<i>\$17,889</i>	<i>\$18,708</i>	<i>\$19,604</i>
Expenditures											
Amortization Expense	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139
In-Year Asset Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on Debt Expense	\$278	\$364	\$336	\$488	\$724	\$700	\$603	\$585	\$567	\$547	\$527
Operating Expense	\$7,785	\$8,952	\$9,539	\$9,806	\$10,152	\$10,459	\$10,787	\$11,153	\$11,608	\$12,002	\$12,409
<i>Total Expenditures</i>	<i>\$9,202</i>	<i>\$10,456</i>	<i>\$11,014</i>	<i>\$11,433</i>	<i>\$12,015</i>	<i>\$12,298</i>	<i>\$12,530</i>	<i>\$12,878</i>	<i>\$13,314</i>	<i>\$13,688</i>	<i>\$14,075</i>
Annual Surplus/(Deficit)	\$305	\$1,035	\$1,471	\$2,249	\$2,697	\$3,246	\$3,774	\$4,187	\$4,575	\$5,020	\$5,529
Annual Surplus/(Deficit)	\$305	\$1,035	\$1,471	\$2,249	\$2,697	\$3,246	\$3,774	\$4,187	\$4,575	\$5,020	\$5,529
Accumulated Surplus, Beginning of Period	\$64,665	\$64,970	\$66,005	\$67,475	\$69,724	\$72,421	\$75,666	\$79,440	\$83,628	\$88,202	\$93,222
Accumulated Surplus, End of Period	\$64,970	\$66,005	\$67,475	\$69,724	\$72,421	\$75,666	\$79,440	\$83,628	\$88,202	\$93,222	\$98,752

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

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Financial Assets											
Cash	\$1,154	\$275	\$268	\$1,450	\$1,313	\$2,314	\$3,004	\$6,787	\$9,959	\$14,588	\$17,335
Total Assets	\$1,154	\$275	\$268	\$1,450	\$1,313	\$2,314	\$3,004	\$6,787	\$9,959	\$14,588	\$17,335
Liabilities											
Debt	\$4,847	\$8,733	\$11,831	\$13,673	\$12,664	\$11,710	\$11,299	\$10,871	\$10,423	\$9,957	\$9,469
Deferred Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$4,847	\$8,733	\$11,831	\$13,673	\$12,664	\$11,710	\$11,299	\$10,871	\$10,423	\$9,957	\$9,469
Net Financial Assets/(Debt)	(\$3,693)	(\$8,458)	(\$11,563)	(\$12,223)	(\$11,351)	(\$9,396)	(\$8,296)	(\$4,084)	(\$465)	\$4,632	\$7,866
Non-Financial Assets											
Tangible Capital Assets	\$68,663	\$74,463	\$79,039	\$81,947	\$83,772	\$85,063	\$87,736	\$87,712	\$88,667	\$88,591	\$90,886
Accumulated Surplus/(Deficit)	\$64,970	\$66,005	\$67,475	\$69,724	\$72,421	\$75,666	\$79,440	\$83,628	\$88,202	\$93,222	\$98,752

Overall, the net financial asset position is expected to increase to a surplus of \$7.9 million in 2034. The increase can largely be attributed to the retirement of pre-existing debt and the forecasted increase of cash and equivalents towards the end of the forecast period due to an increasing annual surplus. Should capital work be deferred or different from what was identified in the 10-year capital plan, it would be reflected in the reserve balances of this statement.

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 expected to have a net book value of an estimated \$68.7 million by the end of 2024 and are anticipated to grow to \$90.9 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 (\$1.4 million) will be used to support the 2024 capital transactions (\$3.9 million), and the 2024 financing transactions (\$1.1 million). 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 reserves on hand at the start of the period.

In 2024, the Town will see a \$3.5 million decrease in cash equivalents, mainly due to the timing of capital-related-expenditures and debt payments. The Town's net cash position is expected to increase from \$1.2 million at the end of 2024 to \$17.4 million by the end of 2034. As indicated in the Table 2 description, the increase can largely be attributed to the retirement of pre-existing debt and the forecasted increase of annual surplus towards the end of the forecast period.

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, in 2024, the surplus (\$305,000) and amortization (\$1.2 million) do not exceed the forecasted capital expenditures (\$3.9 million), resulting in an increase in net financial debt for 2024. As the capital program becomes more intensive over the next few years, the net financial assets are expected to become positive for most years throughout the period, and net financial assets are expected to eventually grow to \$3.2 million by the end of 2034. It is important to note that the actual change in net financial assets is positive in later years which does indicate the Town is increasing its cash position throughout the period and there is no reliance on debt to fund capital beyond 2027.

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

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Transactions											
Annual Surplus/(Deficit)	\$305	\$1,035	\$1,471	\$2,249	\$2,697	\$3,246	\$3,774	\$4,187	\$4,575	\$5,020	\$5,529
Add: Amortization of TCA's	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139
Less: DC Revenues	\$0	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)
Add: DC Proceeds	\$0	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573
Less: Interest Proceeds	\$0	(\$35)	(\$8)	(\$8)	(\$44)	(\$39)	(\$69)	(\$90)	(\$204)	(\$299)	(\$438)
Add: In-Year Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Cash Provided by Operating:</i>	\$1,444	\$2,139	\$2,602	\$3,380	\$3,792	\$4,345	\$4,844	\$5,236	\$5,510	\$5,861	\$6,231
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	(\$3,888)	(\$6,939)	(\$5,715)	(\$4,048)	(\$2,963)	(\$2,430)	(\$3,812)	(\$1,115)	(\$2,094)	(\$1,063)	(\$3,434)
<i>Cash Applied to Capital</i>	(\$3,888)	(\$6,939)	(\$5,715)	(\$4,048)	(\$2,963)	(\$2,430)	(\$3,812)	(\$1,115)	(\$2,094)	(\$1,063)	(\$3,434)
Investing Transactions											
Proceeds from Investments	\$0	\$35	\$8	\$8	\$44	\$39	\$69	\$90	\$204	\$299	\$438
Less: Cash Used to Acquire Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Cash Provided by Investing</i>	\$0	\$35	\$8	\$8	\$44	\$39	\$69	\$90	\$204	\$299	\$438
Financing Transactions											
Proceeds from Debt Issues	\$0	\$5,074	\$4,546	\$2,838	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Debt Repayment (principal only)	(\$1,094)	(\$1,188)	(\$1,448)	(\$996)	(\$1,009)	(\$954)	(\$411)	(\$429)	(\$447)	(\$467)	(\$487)
<i>Cash Applied to Financing</i>	(\$1,094)	\$3,886	\$3,098	\$1,842	(\$1,009)	(\$954)	(\$411)	(\$429)	(\$447)	(\$467)	(\$487)
Increase/(Decrease) in Cash and Cash Equivalents	(\$3,537)	(\$879)	(\$8)	\$1,183	(\$137)	\$1,000	\$690	\$3,783	\$3,172	\$4,629	\$2,747
Cash and Cash Equivalents											
Beginning of Period	\$4,691	\$1,154	\$275	\$268	\$1,450	\$1,313	\$2,314	\$3,004	\$6,787	\$9,959	\$14,588
Increase/(Decrease)	(\$3,537)	(\$879)	(\$8)	\$1,183	(\$137)	\$1,000	\$690	\$3,783	\$3,172	\$4,629	\$2,747
End of Period	\$1,154	\$275	\$268	\$1,450	\$1,313	\$2,314	\$3,004	\$6,787	\$9,959	\$14,588	\$17,335

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

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Surplus/(Deficit)	\$305	\$1,035	\$1,471	\$2,249	\$2,697	\$3,246	\$3,774	\$4,187	\$4,575	\$5,020	\$5,529
Amortization of Tangible Capital Assets	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139	\$1,139
Less: Acquisition of Tangible Capital Assets	(\$3,888)	(\$6,939)	(\$5,715)	(\$4,048)	(\$2,963)	(\$2,430)	(\$3,812)	(\$1,115)	(\$2,094)	(\$1,063)	(\$3,434)
<i>Change in Net Financial Assets/(Debt)</i>	(\$2,443)	(\$4,765)	(\$3,106)	(\$660)	\$872	\$1,955	\$1,101	\$4,211	\$3,620	\$5,096	\$3,234
<i>Net Financial Assets/(Debt)</i>											
Beginning of Period	(\$1,249)	(\$3,693)	(\$8,458)	(\$11,563)	(\$12,223)	(\$11,351)	(\$9,396)	(\$8,296)	(\$4,084)	(\$465)	\$4,632
Increase/(Decrease)	(\$2,443)	(\$4,765)	(\$3,106)	(\$660)	\$872	\$1,955	\$1,101	\$4,211	\$3,620	\$5,096	\$3,234
End of Period	(\$3,693)	(\$8,458)	(\$11,563)	(\$12,223)	(\$11,351)	(\$9,396)	(\$8,296)	(\$4,084)	(\$465)	\$4,632	\$7,866

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 reserves. 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, 2023, the Town had \$5.9 million in outstanding water-related debt, of which, \$1.1 million in principal is expected to be repaid in 2024. It is anticipated that an additional \$5.1 million in debt will be required in 2025, \$4.6 million will be required in 2026, and \$2.8 million will be required in 2027. It should be noted that \$1.3 million of the debt requirement in each of these years is for an expedited Metering Replacement Program, which will be funded 50% from the wastewater operating budget. Principal and interest payments related to this future assumed debt are set to begin in 2028.

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. Since any DC eligible costs were assumed to be offset by DC revenue in the same period, no deferred revenue has been assumed for the purposes of this Financial Plan.

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

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Accumulated Surplus consists of:											
Opening Reserve Fund Balance											
<i>DC Reserve Fund</i>	\$0										
<i>Water Reserve</i>	\$4,691										
Total Reserve Fund Balance	\$4,691										
<i>Less: Debt Obligations and Deferred Revenue</i>	(\$5,940)										
<i>Add: Tangible Capital Assets</i>	\$65,914										
Total Opening Balance	\$64,665	\$64,970	\$66,005	\$67,475	\$69,724	\$72,421	\$75,666	\$79,440	\$83,628	\$88,202	\$93,222
<i>Add: Contributions to/(from) Reserve Funds (excl DC)</i>											
<i>Water Reserve Fund</i>	(\$3,537)	(\$879)	(\$8)	\$1,183	(\$137)	\$1,000	\$690	\$3,783	\$3,172	\$4,629	\$2,747
Total Change in Reserve Funds	(\$3,537)	(\$879)	(\$8)	\$1,183	(\$137)	\$1,000	\$690	\$3,783	\$3,172	\$4,629	\$2,747
<i>Add: Changes in TCA during the year</i>											
<i>Capital Assets Acquired/(Disposed)</i>	\$3,888	\$6,939	\$5,715	\$4,048	\$2,963	\$2,430	\$3,812	\$1,115	\$2,094	\$1,063	\$3,434
<i>Amortization of Capital Assets</i>	(\$1,139)	(\$1,139)	(\$1,139)	(\$1,139)	(\$1,139)	(\$1,139)	(\$1,139)	(\$1,139)	(\$1,139)	(\$1,139)	(\$1,139)
Total Changes in Tangible Capital Assets	\$2,749	\$5,800	\$4,576	\$2,909	\$1,824	\$1,291	\$2,673	(\$24)	\$955	(\$76)	\$2,295
Subtract Changes in Debt Position											
<i>New Debt</i>	\$0	(\$5,074)	(\$4,546)	(\$2,838)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Debt Repayment</i>	\$1,094	\$1,188	\$1,448	\$996	\$1,009	\$954	\$411	\$429	\$447	\$467	\$487
Total Change in Debt	\$1,094	(\$3,886)	(\$3,098)	(\$1,842)	\$1,009	\$954	\$411	\$429	\$447	\$467	\$487
Total Ending Balance	\$64,970	\$66,005	\$67,475	\$69,724	\$72,421	\$75,666	\$79,440	\$83,628	\$88,202	\$93,222	\$98,752

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 reserves 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

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures											
Operating Costs											
Annual Gross Operating Expenditures	\$2,996.0	\$3,541.6	\$3,675.6	\$3,814.9	\$3,959.7	\$4,110.4	\$4,267.2	\$4,430.3	\$4,600.0	\$4,776.5	\$4,960.2
Regional Charges	\$4,788.7	\$5,255.3	\$5,506.0	\$5,768.2	\$5,922.2	\$6,073.6	\$6,265.4	\$6,463.2	\$6,667.3	\$6,877.8	\$7,094.9
Debt - Willow Beach and Dalton Road	\$1,372.1	\$1,372.1	\$1,372.1	\$872.6	\$872.6	\$793.1	\$153.0	\$153.0	\$153.0	\$153.0	\$153.0
Future Assumed Debt	\$0.0	\$180.2	\$411.9	\$611.0	\$860.9	\$860.9	\$860.9	\$860.9	\$860.9	\$860.9	\$860.9
New Initiatives	\$0.0	\$112.4	\$336.8	\$204.6	\$279.5	\$286.9	\$294.4	\$301.9	\$386.0	\$395.3	\$404.7
One Time Costs	\$0.0	\$20.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Provision for Regular Bill Adjustments	\$0.0	\$22.8	\$20.4	\$18.0	(\$9.4)	(\$11.9)	(\$39.6)	(\$42.2)	(\$45.0)	(\$47.9)	(\$50.8)
	\$9,156.7	\$10,504.7	\$11,322.8	\$11,289.3	\$11,885.5	\$12,113.0	\$11,801.3	\$12,167.0	\$12,622.1	\$13,015.6	\$13,422.9
Capital Related Costs											
Non-Growth Capital	\$3,887.9	\$6,366.7	\$5,142.9	\$3,475.2	\$2,390.9	\$1,857.7	\$3,239.8	\$542.6	\$1,521.6	\$490.5	\$2,861.8
Growth-Related Capital	\$0.0	\$572.6	\$572.6	\$572.6	\$572.6	\$572.6	\$572.6	\$572.6	\$572.6	\$572.6	\$572.6
Future Debt Financing	\$0.0	(\$5,074.4)	(\$4,546.1)	(\$2,838.4)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	\$3,887.9	\$1,864.9	\$1,169.4	\$1,209.4	\$2,963.4	\$2,430.3	\$3,812.4	\$1,115.2	\$2,094.2	\$1,063.1	\$3,434.3
Reserve Fund Contribution											
Contributions to/(from) Water Reserve Fund	\$350.9	\$378.8	\$580.9	\$1,811.4	\$2,210.3	\$2,818.8	\$3,860.7	\$4,235.3	\$4,490.3	\$4,821.2	\$5,171.1
Contributions from DC Water Reserve Fund	\$0.0	(\$572.6)	(\$572.6)	(\$572.6)	(\$572.6)	(\$572.6)	(\$572.6)	(\$572.6)	(\$572.6)	(\$572.6)	(\$572.6)
	\$350.9	(\$193.8)	\$8.3	\$1,238.8	\$1,637.8	\$2,246.2	\$3,288.1	\$3,662.8	\$3,917.7	\$4,248.6	\$4,598.5
Total Expenditures											
	\$13,395.5	\$12,175.8	\$12,500.6	\$13,737.6	\$16,486.7	\$16,789.6	\$18,901.8	\$16,945.0	\$18,634.0	\$18,327.4	\$21,455.7
Revenues											
Water Billing Revenue	\$8,596.5	\$9,828.7	\$11,136.5	\$12,620.7	\$13,610.3	\$14,440.4	\$15,164.3	\$15,898.2	\$16,601.3	\$17,318.7	\$18,068.4
Transfer From Reserves for Capital	\$3,887.9	\$1,292.3	\$596.9	\$636.8	\$2,390.9	\$1,857.7	\$3,239.8	\$542.6	\$1,521.6	\$490.5	\$2,861.8
Non-User Rate Revenues	\$911.1	\$1,054.7	\$767.2	\$480.0	\$485.6	\$491.5	\$497.7	\$504.2	\$511.0	\$518.2	\$525.6
	\$13,395.5	\$12,175.8	\$12,500.6	\$13,737.6	\$16,486.7	\$16,789.6	\$18,901.8	\$16,945.0	\$18,634.0	\$18,327.4	\$21,455.7

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

Capital Budget Forecast											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Program											
Non-Growth Related	\$3,888	\$6,367	\$5,143	\$3,475	\$2,391	\$1,858	\$3,240	\$543	\$1,522	\$491	\$2,862
Growth Related ⁽¹⁾	\$0	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573
Total	\$3,888	\$6,939	\$5,715	\$4,048	\$2,963	\$2,430	\$3,812	\$1,115	\$2,094	\$1,063	\$3,434
Funding Sources											
Transfer From Reserve for Capital	\$3,888	\$1,292	\$597	\$637	\$2,391	\$1,858	\$3,240	\$543	\$1,522	\$491	\$2,862
Operating Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from DC Reserves	\$0	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573
Debenture Requirements	\$0	\$5,074	\$4,546	\$2,838	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Funding	\$3,888	\$6,939	\$5,715	\$4,048	\$2,963	\$2,430	\$3,812	\$1,115	\$2,094	\$1,063	\$3,434
<i>Note 1: Please note the growth-related projects incorporated in the analysis represent the Town undertaking the growth-related projects identified in the most recent Development Charges Background Study. This analysis has incorporated these projects as a smoothed provision over the planning period.</i>											

Appendix A - Table 3
Town of Georgina
Reserve Continuity ⁽¹⁾
in \$000's

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water Reserve											
Opening Balance	\$4,691	\$1,154	\$275	\$268	\$1,450	\$1,313	\$2,314	\$3,004	\$6,787	\$9,959	\$14,588
Transfer to Reserve Funds	\$351	\$379	\$581	\$1,811	\$2,210	\$2,819	\$3,861	\$4,235	\$4,490	\$4,821	\$5,171
Transfer from Reserves (To Capital)	(\$3,888)	(\$1,292)	(\$597)	(\$637)	(\$2,391)	(\$1,858)	(\$3,240)	(\$543)	(\$1,522)	(\$491)	(\$2,862)
Interest Earned	\$0	\$35	\$8	\$8	\$44	\$39	\$69	\$90	\$204	\$299	\$438
Ending Balance	\$1,154	\$275	\$268	\$1,450	\$1,313	\$2,314	\$3,004	\$6,787	\$9,959	\$14,588	\$17,335
Debenture Requirements	\$0	\$5,074	\$4,546	\$2,838	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Development Charges Water Reserve Fund											
Opening Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue	\$0	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573	\$573
Transfer to Capital	\$0	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)	(\$573)
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Note 1: Reserve fund balances are unaudited at the time of study											
Note 2: Development Charge revenue has been set equal to the smoothed costs of infrastructure in the DC Background Study											

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

	2024		2025		2026		2027		2028		2029	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
New Debt 1 (\$3,741,037)	\$0	\$0	\$0	\$0	\$232	\$0	\$56	\$175	\$59	\$173	\$62	\$170
New Debt 2 (\$3,212,723)	\$0	\$0	\$0	\$0	\$0	\$0	\$199	\$0	\$48	\$151	\$51	\$148
New Debt 3 (\$1,505,068)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$93	\$0	\$23	\$71
New Debt 4: Cockburn WM (\$2,300,000)	\$0	\$0	\$71	\$110	\$74	\$106	\$78	\$103	\$81	\$99	\$85	\$95
New Debt 5: Metering (\$4,000,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$61	\$95	\$64	\$92
Wexford PS Upgrade	\$94	\$59	\$97	\$56	\$100	\$53	\$102	\$51	\$105	\$48	\$108	\$45
Willow Beach (Water Share)	\$439	\$61	\$460	\$39	\$482	\$17	\$0	\$0	\$0	\$0	\$0	\$0
Dalton Road Project	\$561	\$159	\$561	\$159	\$561	\$159	\$561	\$159	\$561	\$159	\$561	\$80
Total	\$1,094	\$278	\$1,188	\$364	\$1,448	\$336	\$996	\$488	\$1,009	\$724	\$954	\$700
											Total	
	2030		2031		2032		2033		2034		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
New Debt 1 (\$3,741,037)	\$65	\$167	\$68	\$163	\$72	\$160	\$75	\$156	\$79	\$153	\$769	\$1,316
New Debt 2 (\$3,212,723)	\$53	\$146	\$56	\$143	\$59	\$140	\$62	\$137	\$65	\$134	\$593	\$1,000
New Debt 3 (\$1,505,068)	\$24	\$69	\$25	\$68	\$26	\$67	\$28	\$66	\$29	\$64	\$247	\$405
New Debt 4: Cockburn WM (\$2,300,000)	\$90	\$91	\$94	\$86	\$98	\$82	\$103	\$77	\$108	\$72	\$882	\$919
New Debt 5: Metering (\$4,000,000)	\$68	\$89	\$71	\$86	\$74	\$82	\$78	\$79	\$82	\$75	\$498	\$599
Wexford PS Upgrade	\$111	\$42	\$115	\$38	\$118	\$35	\$121	\$32	\$125	\$28	\$1,195	\$487
Willow Beach (Water Share)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,381	\$117
Dalton Road Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,364	\$875
Total	\$411	\$603	\$429	\$585	\$447	\$567	\$467	\$547	\$487	\$527	\$8,930	\$5,719