

**The Corporation of the Town of Newmarket**  
**2021 Six-Year Water Financial Plan (2021 - 2026)**

<b>CONTENT</b>	<b>Page</b>
<b>Statements of Financial Position</b>	<b>1</b>
<b>Statement of Operations</b>	<b>2</b>
<b>Statement of Net Financial Assets</b>	<b>3</b>
<b>Statement of Cash Flow</b>	<b>4</b>
<b>Notes to the Financial Plan</b>	<b>5-7</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET  
WATER SYSTEM  
2021 Six-Year Water Financial Plan (2021 - 2026)**

As at December 31

	Preliminary	Forecast					
	2020	2021	2022	2023	2024	2025	2026
<b>Financial Assets</b>							
Cash and cash equivalents	\$27,625,760	\$26,377,560	\$25,403,894	\$24,844,595	\$26,129,654	\$27,901,722	\$30,046,678
Accounts receivable	3,781,840	3,697,000	3,804,000	3,960,000	4,110,000	4,267,000	4,429,000
Inventory for resale	55,809	55,809	55,809	55,809	55,809	55,809	55,809
<b>Total Financial Assets</b>	<b>31,463,409</b>	<b>30,130,369</b>	<b>29,263,703</b>	<b>28,860,404</b>	<b>30,295,463</b>	<b>32,224,531</b>	<b>34,531,487</b>
<b>Liabilities</b>							
Accounts payable & accrued liabilities	3,218,500	3,165,000	3,261,000	3,366,000	3,427,000	3,531,000	3,589,000
Interest payable on debt	11,298	10,055	7,160	6,488	5,807	5,129	4,389
Deferred revenue	609,283	621,000	633,000	646,000	659,000	672,000	685,000
Long-term debt	399,185	354,670	301,155	238,640	167,125	86,610	0
<b>Total Liabilities</b>	<b>4,238,266</b>	<b>4,150,725</b>	<b>4,202,315</b>	<b>4,257,128</b>	<b>4,258,932</b>	<b>4,294,739</b>	<b>4,278,389</b>
<b>Net Financial Assets</b>	<b>27,225,143</b>	<b>25,979,644</b>	<b>25,061,388</b>	<b>24,603,276</b>	<b>26,036,531</b>	<b>27,929,792</b>	<b>30,253,098</b>
<b>Non-Financial Assets</b>							
Tangible Capital Assets	61,684,174	66,830,868	71,698,260	76,392,356	79,617,812	82,737,770	85,969,176
<b>Total Non-Financial Assets</b>	<b>61,684,174</b>	<b>66,830,868</b>	<b>71,698,260</b>	<b>76,392,356</b>	<b>79,617,812</b>	<b>82,737,770</b>	<b>85,969,176</b>
<b>Total Net Assets</b>	<b>88,909,317</b>	<b>92,810,512</b>	<b>96,759,648</b>	<b>100,995,632</b>	<b>105,654,344</b>	<b>110,667,563</b>	<b>116,222,273</b>
<b>Accumulated Surplus</b>	<b>\$88,909,317</b>	<b>\$92,810,512</b>	<b>\$96,759,648</b>	<b>\$100,995,632</b>	<b>\$105,654,344</b>	<b>\$110,667,563</b>	<b>\$116,222,273</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET  
WATER SYSTEM  
2021 Six-Year Water Financial Plan (2021 - 2026)**

For the years ended December 31

	Preliminary	Forecast					
	2020	2021	2022	2023	2024	2025	2026
<b>Revenues</b>							
Rate based revenue	\$19,955,364	\$19,510,000	\$20,070,132	\$20,893,612	\$21,688,439	\$22,513,945	\$23,371,331
Contributed / Assumed assets	3,421,728	1,521,121	1,521,121	1,521,121	1,521,121	1,521,121	1,521,121
Investment income	522,073	475,316	461,096	466,787	495,951	549,234	612,436
Other revenue	598,133	160,000	163,200	166,464	169,793	173,189	176,653
<b>Total Revenues</b>	<b>24,497,298</b>	<b>21,666,437</b>	<b>22,215,549</b>	<b>23,047,984</b>	<b>23,875,304</b>	<b>24,757,489</b>	<b>25,681,541</b>
<b>Expenditures</b>							
Water purchases	10,273,420	10,550,000	10,870,091	11,218,547	11,424,201	11,768,355	11,964,796
Operating and maintenance	4,589,509	4,788,857	4,873,000	4,970,000	5,069,000	5,170,000	5,273,000
Allocated overhead (Intercompany)	1,211,001	1,279,033	1,301,000	1,327,000	1,354,000	1,381,000	1,409,000
Interest expense	11,298	10,055	7,160	6,488	5,807	5,129	4,389
Amortization	1,093,895	1,137,297	1,215,162	1,289,965	1,363,585	1,419,786	1,475,646
<b>Total Expenditures</b>	<b>17,179,123</b>	<b>17,765,242</b>	<b>18,266,413</b>	<b>18,812,000</b>	<b>19,216,593</b>	<b>19,744,270</b>	<b>20,126,831</b>
<b>Annual Surplus / (Deficit)</b>	<b>7,318,175</b>	<b>3,901,195</b>	<b>3,949,136</b>	<b>4,235,984</b>	<b>4,658,712</b>	<b>5,013,219</b>	<b>5,554,711</b>
<b>Accumulated Surplus, beginning of year</b>	<b>81,591,142</b>	<b>88,909,317</b>	<b>92,810,512</b>	<b>96,759,648</b>	<b>100,995,632</b>	<b>105,654,344</b>	<b>110,667,563</b>
<b>Accumulated Surplus, end of year</b>	<b>\$88,909,317</b>	<b>\$92,810,512</b>	<b>\$96,759,648</b>	<b>\$100,995,632</b>	<b>\$105,654,344</b>	<b>\$110,667,563</b>	<b>\$116,222,273</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET  
WATER SYSTEM  
2021 Six-Year Water Financial Plan (2021 - 2026)**

*For the years ended December 31*

	Preliminary	Forecast					
	2020	2021	2022	2023	2024	2025	2026
Annual surplus / (Deficit)	\$7,318,175	\$3,901,195	\$3,949,136	\$4,235,984	\$4,658,712	\$5,013,219	\$5,554,711
Less: Acquisition of tangible capital assets	1,961,476	-4,762,870	-4,561,433	-4,462,940	-3,067,921	-3,018,623	-3,185,930
Less: Contributed tangible capital assets	-3,421,728	-1,521,121	-1,521,121	-1,521,121	-1,521,121	-1,521,121	-1,521,121
Add: Amortization of tangible capital assets	1,093,895	1,137,297	1,215,162	1,289,965	1,363,585	1,419,786	1,475,646
<b>Changes in Net Financial Assets</b>	<b>6,951,818</b>	<b>- 1,245,499</b>	<b>- 918,255</b>	<b>- 458,112</b>	<b>1,433,255</b>	<b>1,893,261</b>	<b>2,323,305</b>
<b>Net Financial Assets, beginning of year</b>	<b>20,273,325</b>	<b>27,225,143</b>	<b>25,979,644</b>	<b>25,061,388</b>	<b>24,603,277</b>	<b>26,036,532</b>	<b>27,929,792</b>
<b>Net Financial Assets, end of year</b>	<b>\$ 27,225,143</b>	<b>\$ 25,979,644</b>	<b>\$ 25,061,388</b>	<b>\$ 24,603,277</b>	<b>\$ 26,036,532</b>	<b>\$ 27,929,792</b>	<b>\$ 30,253,098</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET  
WATER SYSTEM  
2021 Six-Year Water Financial Plan (2021 - 2026)**

For the years ended December 31

	Preliminary	Forecast					
	2020	2021	2022	2023	2024	2025	2026
<b>Cash Provided By (Used in):</b>							
<b>Operating Activities</b>							
Annual surplus/deficit	7,318,175	3,901,195	3,949,136	4,235,984	4,658,712	5,013,219	5,554,711
Add: Amortization	1,093,895	1,137,297	1,215,162	1,289,965	1,363,585	1,419,786	1,475,646
Less: Contributed/assumed assets	-3,421,728	-1,521,121	-1,521,121	-1,521,121	-1,521,121	-1,521,121	-1,521,121
(Increase)/decrease in A/R	-911,840	84,840	-107,000	-156,000	-150,000	-157,000	-162,000
(Increase)/decrease in inventory for resale	-12,359	0	0	0	0	0	0
Increase/(decrease) in A/P	80,408	-54,743	93,105	104,328	60,319	103,322	57,260
Increase/(decrease) in deferred revenue	-70,022	11,717	12,000	13,000	13,000	13,000	13,000
<b>Net change in cash from operating activities</b>	<b>4,076,530</b>	<b>3,559,185</b>	<b>3,641,282</b>	<b>3,966,156</b>	<b>4,424,495</b>	<b>4,871,206</b>	<b>5,417,496</b>
<b>Capital Activities</b>							
Proceeds from sale of tangible capital assets							
Cash used to acquire tangible capital assets	1,961,476	-4,762,870	-4,561,433	-4,462,940	-3,067,921	-3,018,623	-3,185,930
<b>Net change in cash from capital activities</b>	<b>1,961,476</b>	<b>-4,762,870</b>	<b>-4,561,433</b>	<b>-4,462,940</b>	<b>-3,067,921</b>	<b>-3,018,623</b>	<b>-3,185,930</b>
<b>Financing Activities</b>							
Proceeds from debt issues							
Principal repayment on long-term debt	-32,135	-44,515	-53,515	-62,515	-71,515	-80,515	-86,610
<b>Net change in cash from financing activities</b>	<b>-32,135</b>	<b>-44,515</b>	<b>-53,515</b>	<b>-62,515</b>	<b>-71,515</b>	<b>-80,515</b>	<b>-86,610</b>
<b>Net Change in Cash</b>	<b>6,005,871</b>	<b>-1,248,200</b>	<b>-973,665</b>	<b>-559,299</b>	<b>1,285,059</b>	<b>1,772,068</b>	<b>2,144,955</b>
<b>Cash, beginning of year</b>	<b>21,619,889</b>	<b>27,625,760</b>	<b>26,377,560</b>	<b>25,403,895</b>	<b>24,844,595</b>	<b>26,129,654</b>	<b>27,901,722</b>
<b>Cash, end of year</b>	<b>\$ 27,625,760</b>	<b>\$ 26,377,560</b>	<b>\$ 25,403,895</b>	<b>\$ 24,844,595</b>	<b>\$ 26,129,654</b>	<b>\$ 27,901,722</b>	<b>\$ 30,046,678</b>

# CORPORATION OF THE TOWN OF NEWMAR

## Notes to the Consolidated Water Financial Plan

### 2021 Six-Year Water Financial Plan (2021 - 2026)

The Town of Newmarket with a population of approximately 88,000 is located in the Regional Municipality of York, Province of Ontario, Canada. The Town owns and operates its Drinking Water Distribution System that consists of 315 kilometers of distribution water mains and distributes drinking water to approximately 29,000 property owners. The Region of York is responsible for water supply, production, treatment, storage, and trunk distribution.

#### 1. SAFE DRINKING WATER ACT

Under the *Safe Drinking Water Act, 2002*, S.O. 2002, c.32, the Town was issued municipal drinking water licence for its drinking water distribution system on March 7, 2018. As per *Safe Drinking Water Act* regulation O. Reg. 453/07, the Town must provide to the Ministry of the Environment, Conservation and Parks a minimum six year water financial plan within six months after the date the licence issued.

The six year financial plan must include: Statement of Financial Positions, Statement of Operations, Statement of Net Financial Assets, and Statement of Cash Flow.

The financial plan must be approved by a resolution that indicates that the drinking water system is financially viable and that is passed by the Council of the Municipality.

#### 2. FINANCIAL PLAN ASSUMPTIONS

The development of the projected six year consolidated financial statements incorporates historic trends and assumptions on consumption volumes, inflationary factors, lifecycle capital replacement forecast, and water rate forecast.

#### 3. FINANCIAL ASSETS

Financial assets consist of cash & cash equivalents, accounts receivables and inventory for resale. Inventory for resale is water meters to be sold to developers. Forecasted accounts receivable and inventory for resale are based on historic trends.

#### 4. LIABILITIES

Liabilities consist of accounts payable and accrued liabilities, interest payable on debt, deferred revenue and long-term debt.

##### (a) Accounts Payable and Accrued

Accounts payable and accrued liabilities represent the costs of goods and services acquired in the period and recognized whether or not payments have been made or invoices received. Forecasted accounts payable and accruals are based on historic trends.

##### (b) Interest Payable on Debt

Interest payable on debt includes half of the balance of unamortized premium of debenture for New Operations Centre and accrued interest expense of debenture related to water.

##### (c) Deferred Revenue

Deferred revenue represents the balance of the area specific development charges related to water. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

##### (d) Long-term Debt

Long-term debt consists of debenture and FCM loan for New Operations Centre which will mature at 2029 and 2031 respectively, and water portion of debt for Harry Walker Parkway extension which will mature at 2024. No additional debentures are projected in this forecast period.

**CORPORATION OF THE TOWN OF NEWMAR**  
**Notes to the Consolidated Water Financial Plan**

**5. TANGIBLE CAPITAL ASSETS (TCA)**

(a) Tangible Capital Assets

Tangible capital assets are physical assets with useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

TCA are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of an asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

- Buildings and building components
- Vehicles
- Machinery and equipment
- Linear assets
  - Watermain

Annual amortization is charged in the year the asset is available for productive use and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are shown on a net basis in the financial statements. Residual value is assumed to be \$0 for all TCA contained within the forecast period. Gains/losses on disposal assumed to be \$0 as well.

(b) Additions and Disposals

Additions are based on the Asset Management Plan and disposals are based on historic trends. For 2021 to 2023, additions forecast includes approximately \$11.0 million for smart meter implementation costs.

(c) Contributed / Assumed Assets

These are tangible capital assets contributed by developers or other parties. TCA received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Forecasted amount of contributed /assumed assets is based on the historical trend.

(d) Summary of Water System

As at December 31	Preliminary	Forecast					
	2020	2021	2022	2023	2024	2025	2026
Opening TCA Balance(Historical Cost)	\$91,964,112	\$95,436,236	\$101,665,422	\$107,649,652	113,539,255	118,035,332	122,504,108
Additions	3,534,790	6,229,186	5,984,230	5,889,603	4,496,078	4,468,776	4,636,514
Disposals	62,666		-	-	-	-	-
<b>Closing TCA Balance(Historical Cost)</b>	<b>\$95,436,236</b>	<b>\$101,665,422</b>	<b>\$107,649,652</b>	<b>\$113,539,255</b>	<b>\$118,035,332</b>	<b>\$122,504,108</b>	<b>\$127,140,623</b>
Opening Accumulated Amortization	34,172,434	35,203,663	36,340,960	37,556,122	38,846,087	40,209,672	41,629,458
Amortization Expense	1,093,895	1,137,297	1,215,162	1,289,965	1,363,585	1,419,786	1,475,646
Accumulated Amortization on Disposals	62,666	-	-	-	-	-	-
<b>Ending Accumulated Amortization</b>	<b>\$35,203,663</b>	<b>\$36,340,960</b>	<b>\$37,556,122</b>	<b>\$38,846,087</b>	<b>\$40,209,672</b>	<b>\$41,629,458</b>	<b>\$43,105,104</b>
<b>Work - in - Progress</b>	<b>1,451,601</b>	<b>1,506,406</b>	<b>1,604,731</b>	<b>1,699,188</b>	<b>1,792,152</b>	<b>1,863,120</b>	<b>1,933,657</b>
<b>Net Book Value</b>	<b>\$61,684,174</b>	<b>\$66,830,868</b>	<b>\$71,698,260</b>	<b>\$76,392,356</b>	<b>\$79,617,812</b>	<b>\$82,737,770</b>	<b>\$85,969,176</b>

**CORPORATION OF THE TOWN OF NEWMAR**  
**Notes to the Consolidated Water Financial Plan**

**6. NET FINANCIAL ASSETS**

Net financial assets as defined is the difference between financial assets and liabilities and is a key indicator in determining the water system financial ability to replace its infrastructure. As reflected in the Statement of Changes in Net Financial Assets, the Town is in a net financial assets position which indicates the Town has sufficient resources to finance current and future activities.

**7. ACCUMULATED SURPLUS**

The Accumulated Surplus is comprised of the following:

<i>As at December 31</i>	<b>Preliminary</b>	<b>Forecast</b>					
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Water Rate Stabilization Reserve	\$2,885,136	\$3,066,629	\$2,059,505	\$999,470	(\$44,997)	(\$1,207,565)	(\$2,379,020)
Asset Replacement Fund	24,739,192	23,267,685	23,303,039	23,842,447	26,248,654	29,223,967	32,632,118
Investment in tangible capital assets	61,684,174	66,830,868	71,698,260	76,392,356	79,617,812	82,737,770	85,969,176
Debentures	-399,185	-354,670	-301,155	-238,640	-167,125	-86,610	0
<b>Accumulated Surplus</b>	<b>\$88,909,317</b>	<b>\$92,810,512</b>	<b>\$96,759,648</b>	<b>\$100,995,632</b>	<b>\$105,654,344</b>	<b>\$110,667,563</b>	<b>\$116,222,273</b>



**The Corporation of the Town of Newmarket**  
**2021 Six-Year Wastewater Financial Plan (2021 - 2026)**

<b>CONTENT</b>	<b>Page</b>
<b>Statements of Financial Position</b>	<b>1</b>
<b>Statement of Operations</b>	<b>2</b>
<b>Statement of Net Financial Assets</b>	<b>3</b>
<b>Statement of Cash Flow</b>	<b>4</b>
<b>Notes to the Financial Plan</b>	<b>5-7</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET  
WASTEWATER SYSTEM  
2021 Six-Year Wastewater Financial Plan (2021 - 2026)**

As at December 31

	Preliminary	Forecast					
	2020	2021	2022	2023	2024	2025	2026
<b>Financial Assets</b>							
Cash and cash equivalents	\$29,831,551	\$33,658,765	\$36,976,015	\$40,885,880	\$45,384,633	\$50,534,706	\$56,388,184
Accounts receivable	3,740,238	3,866,000	4,131,000	4,300,000	4,464,000	4,634,000	4,810,000
Inventory for resale	-	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>33,571,789</b>	<b>37,524,765</b>	<b>41,107,015</b>	<b>45,185,880</b>	<b>49,848,633</b>	<b>55,168,706</b>	<b>61,198,184</b>
<b>Liabilities</b>							
Accounts payable & accrued liabilities	4,906,600	4,500,000	4,930,000	5,035,000	5,076,000	5,179,000	5,218,000
Interest payable on debt	11,298	10,055	7,160	6,488	5,807	5,129	4,389
Deferred revenue	609,283	621,000	633,000	646,000	659,000	672,000	685,000
Long-term debt	399,185	354,670	301,155	238,640	167,125	86,610	0
<b>Total Liabilities</b>	<b>5,926,366</b>	<b>5,485,725</b>	<b>5,871,315</b>	<b>5,926,128</b>	<b>5,907,932</b>	<b>5,942,739</b>	<b>5,907,389</b>
<b>Net Financial Assets</b>	<b>27,645,423</b>	<b>32,039,039</b>	<b>35,235,699</b>	<b>39,259,752</b>	<b>43,940,701</b>	<b>49,225,967</b>	<b>55,290,795</b>
<b>Non-Financial Assets</b>							
Work in progress							
Tangible Capital Assets	74,790,239	75,556,853	77,511,208	79,159,312	80,850,671	82,486,034	84,144,652
<b>Total Non-Financial Assets</b>	<b>74,790,239</b>	<b>75,556,853</b>	<b>77,511,208</b>	<b>79,159,312</b>	<b>80,850,671</b>	<b>82,486,034</b>	<b>84,144,652</b>
<b>Total Net Assets</b>	<b>102,435,662</b>	<b>107,595,892</b>	<b>112,746,908</b>	<b>118,419,064</b>	<b>124,791,372</b>	<b>131,712,002</b>	<b>139,435,447</b>
<b>Accumulated Surplus</b>	<b>\$102,435,662</b>	<b>\$107,595,892</b>	<b>\$112,746,908</b>	<b>\$118,419,064</b>	<b>\$124,791,372</b>	<b>\$131,712,002</b>	<b>\$139,435,447</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET  
WASTEWATER SYSTEM  
2021 Six-Year Wastewater Financial Plan (2021 - 2026)**

For the years ended December 31

	Preliminary	Forecast					
	2020	2021	2022	2023	2024	2025	2026
<b>Revenues</b>							
Rate based revenue	\$21,421,750	\$22,140,000	\$23,659,777	\$24,630,559	\$25,567,566	\$26,540,740	\$27,551,499
Contributed / Assumed assets	5,149,266	2,121,569	2,121,569	2,121,569	2,121,569	2,121,569	2,121,569
Investment income	122,447	292,277	315,185	333,090	355,262	399,372	447,340
Other revenue	1,763,617	24,000	24,480	24,970	25,469	25,978	26,498
<b>Total Revenues</b>	<b>28,457,080</b>	<b>24,577,846</b>	<b>26,121,012</b>	<b>27,110,188</b>	<b>28,069,866</b>	<b>29,087,659</b>	<b>30,146,906</b>
<b>Expenditures</b>							
Rate based expenditure	15,661,524	15,000,000	16,434,066	16,782,522	16,919,484	17,263,639	17,393,064
Operating and maintenance	1,234,573	2,136,063	2,189,000	2,244,000	2,300,000	2,358,000	2,417,000
Allocated overhead (Intercompany)	1,056,999	1,173,367	1,203,000	1,233,000	1,264,000	1,296,000	1,328,000
Interest expense	11,298	10,055	7,160	6,488	5,807	5,129	4,389
Amortization	1,071,612	1,098,131	1,136,771	1,172,022	1,208,267	1,244,263	1,281,008
<b>Total Expenditures</b>	<b>19,036,006</b>	<b>19,417,616</b>	<b>20,969,996</b>	<b>21,438,031</b>	<b>21,697,558</b>	<b>22,167,030</b>	<b>22,423,460</b>
<b>Annual Surplus / (Deficit)</b>	<b>9,421,074</b>	<b>5,160,230</b>	<b>5,151,016</b>	<b>5,672,157</b>	<b>6,372,308</b>	<b>6,920,629</b>	<b>7,723,445</b>
<b>Accumulated Surplus, beginning of year</b>	<b>93,014,588</b>	<b>102,435,662</b>	<b>107,595,892</b>	<b>112,746,908</b>	<b>118,419,064</b>	<b>124,791,372</b>	<b>131,712,002</b>
<b>Accumulated Surplus, end of year</b>	<b>\$102,435,662</b>	<b>\$107,595,892</b>	<b>\$112,746,908</b>	<b>\$118,419,064</b>	<b>\$124,791,372</b>	<b>\$131,712,002</b>	<b>\$139,435,447</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET  
WASTEWATER SYSTEM  
2021 Six-Year Wastewater Financial Plan (2021 - 2026)**

*For the years ended December 31*

	Preliminary	Forecast					
	2020	2021	2022	2023	2024	2025	2026
Annual surplus / (Deficit)	\$9,421,074	\$5,160,230	\$5,151,016	\$5,672,157	\$6,372,308	\$6,920,629	\$7,723,445
Less: Acquisition of tangible capital assets	-256,824	256,824	-969,557	-698,557	-778,057	-758,057	-818,057
Less: Contributed tangible capital assets	-5,149,266	-2,121,569	-2,121,569	-2,121,569	-2,121,569	-2,121,569	-2,121,569
Add: Amortization of tangible capital assets	1,071,612	1,098,131	1,136,771	1,172,022	1,208,267	1,244,263	1,281,008
<b>Changes in Net Financial Assets</b>	<b>5,086,596</b>	<b>4,393,616</b>	<b>3,196,660</b>	<b>4,024,053</b>	<b>4,680,949</b>	<b>5,285,266</b>	<b>6,064,827</b>
<b>Net Financial Assets, beginning of year</b>	<b>22,558,827</b>	<b>27,645,423</b>	<b>32,039,039</b>	<b>35,235,699</b>	<b>39,259,752</b>	<b>43,940,701</b>	<b>49,225,967</b>
<b>Net Financial Assets, end of year</b>	<b>\$ 27,645,423</b>	<b>\$ 32,039,039</b>	<b>\$ 35,235,699</b>	<b>\$ 39,259,752</b>	<b>\$ 43,940,701</b>	<b>\$ 49,225,967</b>	<b>\$55,290,795</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET  
WASTEWATER SYSTEM**

**2021 Six-Year Wastewater Financial Plan (2021 - 2026)**

For the years ended December 31

	Preliminary	Forecast					
	2020	2021	2022	2023	2024	2025	2026
<b>Cash Provided By (Used in):</b>							
<b>Operating Activities</b>							
Annual surplus/deficit	9,421,074	5,160,230	5,151,016	5,672,157	6,372,308	6,920,629	7,723,445
Add: Amortization	1,071,612	1,098,131	1,136,771	1,172,022	1,208,267	1,244,263	1,281,008
Less: Contributed/assumed assets	-5,149,266	-2,121,569	-2,121,569	-2,121,569	-2,121,569	-2,121,569	-2,121,569
(Increase)/decrease in A/R	-635,238	-125,762	-265,000	-169,000	-164,000	-170,000	-176,000
Increase/(decrease) in A/P	1,768,508	-407,843	427,105	104,328	40,319	102,322	38,260
Increase/(decrease) in deferred revenue	-70,022	11,717	12,000	13,000	13,000	13,000	13,000
<b>Net change in cash from operating activities</b>	<b>6,406,669</b>	<b>3,614,904</b>	<b>4,340,322</b>	<b>4,670,937</b>	<b>5,348,325</b>	<b>5,988,646</b>	<b>6,758,146</b>
<b>Capital Activities</b>							
Cash used to acquire tangible capital assets	-256,824	256,824	-969,557	-698,557	-778,057	-758,057	-818,057
<b>Net change in cash from capital activities</b>	<b>-256,824</b>	<b>256,824</b>	<b>-969,557</b>	<b>-698,557</b>	<b>-778,057</b>	<b>-758,057</b>	<b>-818,057</b>
<b>Financing Activities</b>							
Proceeds from debt issues							
Principal repayment on long-term debt	-32,135	-44,515	-53,515	-62,515	-71,515	-80,515	-86,610
<b>Net change in cash from financing activities</b>	<b>-32,135</b>	<b>-44,515</b>	<b>-53,515</b>	<b>-62,515</b>	<b>-71,515</b>	<b>-80,515</b>	<b>-86,610</b>
<b>Net Change in Cash</b>	<b>6,117,710</b>	<b>3,827,213</b>	<b>3,317,250</b>	<b>3,909,865</b>	<b>4,498,753</b>	<b>5,150,074</b>	<b>5,853,479</b>
<b>Cash, beginning of year</b>	<b>23,713,841</b>	<b>29,831,551</b>	<b>33,658,765</b>	<b>36,976,015</b>	<b>40,885,880</b>	<b>45,384,633</b>	<b>50,534,706</b>
<b>Cash, end of year</b>	<b>\$ 29,831,551</b>	<b>\$ 33,658,765</b>	<b>\$ 36,976,015</b>	<b>\$ 40,885,880</b>	<b>\$ 45,384,633</b>	<b>\$ 50,534,706</b>	<b>\$ 56,388,185</b>

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Wastewater Financial Plan

### 2021 Six-Year Wastewater Financial Plan (2021 - 2026)

The Town of Newmarket with a population of approximately 88,000 is located in the Regional Municipality of York, Province of Ontario, Canada. The Town owns and operates its Wastewater Collection System servicing approximately 29,000 property owners. The Region of York is responsible for treatment of wastewater.

#### 1. SIX YEAR WASTEWATER FINANCIAL PLAN

The six year financial plan includes: Statement of Financial Positions, Statement of Operations, Statement of Net Financial Assets, and Statement of Cash Flow.

The financial plan must be approved by a resolution that indicates that the wastewater system is financially viable and that is passed by the Council of the Municipality.

#### 2. FINANCIAL PLAN ASSUMPTIONS

The development of the projected six year consolidated financial statements incorporates historic trends and assumptions on consumption volumes, inflationary factors, lifecycle capital replacement forecast, and wastewater rate forecast.

#### 3. FINANCIAL ASSETS

Financial assets consist of cash & cash equivalents and accounts receivables. Forecasted accounts receivable is based on historic trends.

#### 4. LIABILITIES

Liabilities consist of accounts payable and accrued liabilities, interest payable on debt, deferred revenue and long-term debt.

(a) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent the costs of goods and services acquired in the period and recognized whether or not payments have been made or invoices received. Forecasted accounts payable and accruals are based on historic trends.

(b) Interest Payable on Debt

Interest payable on debt includes half of the balance of unamortized premium of debenture for New Operations Centre and accrued interest expense of debenture related to wastewater.

(c) Deferred Revenue

Deferred revenue represents the balance of the area specific development charges related to wastewater. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

(d) Long-term Debt

Long-term debt consists of debenture and FCM loan for New Operations Centre which will mature at 2029 and 2031 respectively, and wastewater portion of debt for Harry Walker Parkway extension which will mature at 2024. No additional debentures are projected in this forecast period.

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Wastewater Financial Plan

### 5. TANGIBLE CAPITAL ASSETS (TCA)

#### (a) Tangible Capital Assets

Tangible capital assets are physical assets with useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

TCA are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of an asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

- Buildings and building components
- Vehicles
- Machinery and equipment
- Linear assets
  - Wastewater

Annual amortization is charged in the year the asset is available for productive use and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are shown on a net basis in the financial statements. Residual value is assumed to be \$0 for all TCA contained within the forecast period. Gains/losses on disposal assumed to be \$0 as well.

#### (b) Additions and Disposals

Additions are based on the Asset Management Plan and disposals are based on historic trends.

#### (c) Contributed / Assumed Assets

These are tangible capital assets contributed by developers or other parties. TCA received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Forecasted amount of contributed /assumed assets is based on the historical trend.

#### (d) Summary of Wastewater System Tangible

As at December 31	Preliminary	Forecast					
	2020	2021	2022	2023	2024	2025	2026
Opening TCA Balance(Historical Cost)	\$115,412,187	\$120,473,686	\$122,595,256	\$125,686,382	\$128,506,508	\$131,406,134	\$134,285,760
Additions	5,149,266	2,121,569	3,091,126	2,820,126	2,899,626	2,879,626	2,939,626
Disposals	87,767	-	-	-	-	-	-
<b>Closing TCA Balance(Historical Cost)</b>	<b>\$120,473,686</b>	<b>\$122,595,256</b>	<b>\$125,686,382</b>	<b>\$128,506,508</b>	<b>\$131,406,134</b>	<b>\$134,285,760</b>	<b>\$137,225,387</b>
Opening Accumulated Amortization	44,956,427	45,940,272	47,038,403	48,175,174	49,347,196	50,555,464	51,799,726
Amortization Expense	1,071,612	1,098,131	1,136,771	1,172,022	1,208,267	1,244,263	1,281,008
Accumulated Amortization on Disposals	87,767	-	-	-	-	-	-
<b>Ending Accumulated Amortization</b>	<b>\$45,940,272</b>	<b>\$47,038,403</b>	<b>\$48,175,174</b>	<b>\$49,347,196</b>	<b>\$50,555,464</b>	<b>\$51,799,726</b>	<b>\$53,080,735</b>
<b>Work - in - Progress</b>	<b>256,824</b>						
<b>Net Book Value</b>	<b>\$74,790,238</b>	<b>\$75,556,852</b>	<b>\$77,511,208</b>	<b>\$79,159,312</b>	<b>\$80,850,671</b>	<b>\$82,486,034</b>	<b>\$84,144,652</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Wastewater Financial Plan**

**6. NET FINANCIAL ASSETS**

Net financial assets as defined is the difference between financial assets and liabilities and is a key indicator in determining the wastewater system financial ability to replace its infrastructure. As reflected in the Statement of Changes in Net Financial Assets, the Town is in a net financial assets position which indicates the Town has sufficient resources to finance current and future activities.

**7. ACCUMULATED SURPLUS**

The Accumulated Surplus is comprised of the following:

<i>As at December 31</i>	<b>Preliminary</b>	<b>Forecast</b>					
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Wastewater Rate Stabilization Reserve	\$1,153,329	\$2,402,106	\$4,041,114	\$5,907,864	\$6,290,680	\$6,855,998	\$7,831,955
Asset Replacement Fund	26,891,280	29,991,604	31,495,741	33,590,529	37,817,146	42,456,580	47,458,840
Investment in tangible capital assets	74,790,238	75,556,852	77,511,208	79,159,312	80,850,671	82,486,034	84,144,652
Debentures	-399,185	-354,670	-301,155	-238,640	-167,125	-86,610	0
<b>Accumulated Surplus</b>	<b>\$102,435,662</b>	<b>\$107,595,892</b>	<b>\$112,746,908</b>	<b>\$118,419,064</b>	<b>\$124,791,372</b>	<b>\$131,712,002</b>	<b>\$139,435,447</b>