

The Corporation of the Town of Newmarket
2023 Ten-Year Wastewater Financial Plan

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

2023 Ten-Year Wastewater Financial Plan

Statement of Financial Position

As at December 31

	Forecast									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Financial Assets										
Cash and cash equivalents	\$17,894,150	\$22,670,989	\$25,151,998	\$30,782,353	\$30,881,503	\$45,675,101	\$53,075,884	\$61,634,644	\$75,956,029	\$83,116,546
Accounts receivable	4,659,000	4,994,000	5,354,000	5,740,000	6,153,000	6,597,000	7,072,000	7,582,000	8,129,000	8,715,000
Inventory for resale	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	22,553,150	27,664,989	30,505,998	36,522,353	37,034,503	52,272,101	60,147,884	69,216,644	84,085,029	91,831,546
Liabilities										
Accounts payable & accrued liabilities	2,538,000	2,622,000	2,708,000	2,798,000	2,890,000	-	3,084,000	3,186,000	3,291,000	3,399,000
Interest payable on debt	5,807	5,099	5,099	5,099	5,099	5,099	5,099	5,099	5,099	5,099
Deferred revenue	1,019,000	1,039,000	1,060,000	1,081,000	1,103,000		1,148,000	1,171,000	1,194,000	1,218,000
Long-term debt	264,028	228,521	192,303	155,357	117,672	79,225	40,007	-	-	-
Total Liabilities	3,826,835	3,894,619	3,965,402	4,039,456	4,115,771	84,324	4,277,105	4,362,099	4,490,099	4,622,099
Net Financial Assets	18,726,315	23,770,369	26,540,597	32,482,897	32,918,732	52,187,778	55,870,779	64,854,545	79,594,930	87,209,448
Non-Financial Assets										
Work in progress										
Tangible Capital Assets	86,040,018	89,245,476	95,583,750	101,653,962	111,803,819	123,778,604	137,184,093	147,378,345	154,249,964	166,210,713
Total Non-Financial Assets	86,040,018	89,245,476	95,583,750	101,653,962	111,803,819	123,778,604	137,184,093	147,378,345	154,249,964	166,210,713
Total Net Assets	104,766,333	113,015,846	122,124,346	134,136,859	144,722,551	175,966,382	193,054,872	212,232,890	233,844,894	253,420,161
Accumulated Surplus	\$104,766,333	\$113,015,846	\$122,124,346	\$134,136,859	\$144,722,551	\$175,966,382	\$193,054,872	\$212,232,890	\$233,844,894	\$253,420,161

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

2023 Ten-Year Wastewater Financial Plan

Statement of Operations

For the years ended December 31

	Forecast									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenues										
Rate based revenue	\$26,682,977	\$28,604,824	\$30,665,345	\$32,874,566	\$35,243,240	\$37,782,895	\$40,505,898	\$43,425,511	46,555,956	49,912,488
Contributed / Assumed assets	4,588,940	4,588,940	4,588,940	4,588,940	4,588,940	4,588,940	4,588,940	4,588,940	4,588,940	-
Investment income	277,722	331,511	369,434	416,345	438,399	397,222	388,409	471,432	668,002	851,573
Other revenue	24,970	25,469	25,978	26,498	27,028	27,568	28,120	28,682	29,256	29,841
Total Revenues	31,574,609	33,550,743	35,649,697	37,906,349	40,297,607	42,796,625	45,511,367	48,514,565	51,842,154	50,793,902
Expenditures										
Rate based expenditure	16,919,387	17,477,726	18,054,491	18,650,290	19,265,749		20,558,269	21,236,692	21,937,503	22,661,440
Operating and maintenance	2,435,000	2,484,000	2,534,000	2,585,000	2,637,000	2,690,000	2,744,000	2,799,000	2,855,000	2,912,000
Utility contribution	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Asset management expense	1,438,450	1,038,093	1,532,560	120,992	3,100,482	3,959,087	-	-	-	-
Allocated overhead (Intercompany)	1,222,000	1,246,000	1,271,000	1,296,000	1,322,000	1,348,000	1,375,000	1,403,000	1,431,000	1,460,000
Interest expense	5,807	5,099	5,099	5,099	5,099	5,099	5,099	5,099	5,099	5,099
Amortization	1,496,580	1,550,313	1,644,047	1,736,457	1,881,585	2,050,610	2,240,510	2,392,756	2,501,549	2,680,097
Total Expenditures	25,017,223	25,301,231	26,541,197	25,893,836	29,711,914	11,552,795	28,422,877	29,336,547	30,230,150	31,218,635
Annual Surplus / (Deficit)	6,557,386	8,249,512	9,108,501	12,012,513	10,585,692	31,243,831	17,088,490	19,178,018	21,612,004	19,575,267
Accumulated Surplus, beginning of year	98,208,948	104,766,333	113,015,846	122,124,346	134,136,859	144,722,551	175,966,382	193,054,872	212,232,890	233,844,894
Accumulated Surplus, end of year	\$104,766,333	\$113,015,846	\$122,124,346	\$134,136,859	\$144,722,551	\$175,966,382	\$193,054,872	\$212,232,890	233,844,894	253,420,161

**THE CORPORATION OF THE TOWN OF NEWMARKET
WASTEWATER SYSTEM
2023 Ten-Year Wastewater Financial Plan
Statement of Net Financial Assets**

For the years ended December 31

	Forecast									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual surplus / (Deficit)	\$6,557,386	\$8,249,512	\$9,108,501	\$12,012,513	\$10,585,692	\$31,243,831	\$17,088,490	\$19,178,018	\$21,612,004	\$19,575,267
Less: Acquisition of tangible capital assets	-125,482	-166,831	-3,393,380	-3,217,729	-7,442,502	-9,436,455	-11,057,058	-7,998,068	-4,784,228	-10,051,906
Less: Contributed tangible capital assets	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940
Add: Amortization of tangible capital assets	1,496,580	1,550,313	1,644,047	1,736,457	1,881,585	2,050,610	2,240,510	2,392,756	2,501,549	2,680,097
Changes in Net Financial Assets	3,339,543	5,044,054	2,770,227	5,942,300	435,835	19,269,046	3,683,001	8,983,766	14,740,385	7,614,517
Net Financial Assets, beginning of year	15,386,772	18,726,315	23,770,369	26,540,597	32,482,897	32,918,732	-	3,683,001	12,666,768	27,407,153
Net Financial Assets, end of year	\$ 18,726,315	\$ 23,770,369	\$ 26,540,597	\$ 32,482,897	\$ 32,918,732		\$ 3,683,001	\$ 12,666,768	\$ 27,407,153	\$ 35,021,670

THE CORPORATION OF THE TOWN OF NEWMARKET
WASTEWATER SYSTEM
2023 Ten-Year Wastewater Financial Plan
Statement of Cash Flow

For the years ended December 31

	Forecast									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Cash Provided By (Used in):										
Operating Activities										
Annual surplus/deficit	6,557,386	8,249,512	9,108,501	12,012,513	10,585,692	31,243,831	17,088,490	19,178,018	21,612,004	19,575,267
Add: Amortization	1,496,580	1,550,313	1,644,047	1,736,457	1,881,585	2,050,610	2,240,510	2,392,756	2,501,549	2,680,097
Less: Contributed/assumed assets	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940	-4,588,940
(Increase)/decrease in A/R	-313,000	-335,000	-360,000	-386,000	-413,000	-444,000	-475,000	-510,000	-547,000	-586,000
Increase/(decrease) in A/P	-9,681	83,292	86,000	90,000	92,000	-2,890,000	3,084,000	102,000	105,000	108,000
Increase/(decrease) in deferred revenue	20,000	20,000	21,000	21,000	22,000	-1,103,000		23,000	23,000	24,000
Net change in cash from operating activities	3,162,345	4,979,177	5,910,607	8,885,030	7,579,337	24,268,500	17,349,060	16,596,835	19,105,613	17,212,423
Capital Activities										
Cash used to acquire tangible capital assets	-125,482	-166,831	-3,393,380	-3,217,729	-7,442,502	-9,436,455	-11,057,058	-7,998,068	-4,784,228	-10,051,906
Net change in cash from capital activities	-125,482	-166,831	-3,393,380	-3,217,729	-7,442,502	-9,436,455	-11,057,058	-7,998,068	-4,784,228	-10,051,906
Financing Activities										
Proceeds from debt issues										
Principal repayment on long-term debt	-34,800	-35,507	-36,218	-36,946	-37,685	-38,447	-39,218	-40,007	0	0
Net change in cash from financing activities	-34,800	-35,507	-36,218	-36,946	-37,685	-38,447	-39,218	-40,007	0	0
Net Change in Cash	3,002,063	4,776,839	2,481,009	5,630,355	99,150	14,793,599	6,252,783	8,558,760	14,321,385	7,160,517
Cash, beginning of year	14,892,087	17,894,150	22,670,989	25,151,998	30,782,353	30,881,503	45,675,101	51,927,884	60,486,644	74,808,029
Cash, end of year	\$ 17,894,150	\$ 22,670,989	\$ 25,151,998	\$ 30,782,353	\$ 30,881,503	\$ 45,675,101	\$ 51,927,884	\$ 60,486,644	\$ 74,808,029	\$ 81,968,546

The accompanying notes are an integral part of these consolidated financial statements.

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

2023 Ten-Year Wastewater Financial Plan

The Town of Newmarket with a population of approximately 90,000 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. TEN YEAR WASTEWATER FINANCIAL PLAN

The 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 ten year consolidated financial statements incorporates historic trends and assumptions on consumption volumes, inflationary factors, capital asset 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 historical 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 historical trend.

(b) Interest Payable on Debt

Interest payable on debt includes half of the loan balance for the 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 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 a loan for New Operations Centre which will mature at 2031, and water 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:

	<u>Useful Life - Years</u>
Buildings and building components	20 - 40
Vehicles	4 - 10
Machinery and equipment	3 - 10
Linear assets	
- Wastewater	80

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

<i>As at December 31</i>	Forecast									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Opening TCA Balance(Historical Cost)	\$128,546,684	\$132,845,317	\$137,143,950	\$144,642,655	\$152,035,445	\$163,645,712	\$177,167,673	\$192,359,675	\$204,539,423	\$213,242,842
Additions	4,588,940	4,588,940	7,789,012	7,683,098	11,900,573	13,812,269	15,482,309	12,470,055	8,993,726	14,574,108
Disposals	290,307	290,307	290,307	290,307	290,307	290,307	290,307	290,307	290,307	290,307
Closing TCA Balance(Historical Cost)	\$132,845,317	\$137,143,950	\$144,642,655	\$152,035,445	\$163,645,712	\$177,167,673	\$192,359,675	\$204,539,423	\$213,242,842	\$227,526,643
Opening Accumulated Amortization	47,265,962	48,472,235	49,732,241	51,085,981	52,532,131	54,123,409	55,883,711	57,833,914	59,936,363	62,147,605
Amortization Expense	1,496,580	1,550,313	1,644,047	1,736,457	1,881,585	2,050,610	2,240,510	2,392,756	2,501,549	2,680,097
Accumulated Amortization on Disposals	290,307	290,307	290,307	290,307	290,307	290,307	290,307	290,307	290,307	290,307
Ending Accumulated Amortization	\$48,472,235	\$49,732,241	\$51,085,981	\$52,532,131	\$54,123,409	\$55,883,711	\$57,833,914	\$59,936,363	\$62,147,605	\$64,537,395
Work - in - Progress	1,666,936	1,833,767	2,027,076	2,150,647	2,281,516	2,494,642	2,658,332	2,775,285	3,154,727	3,221,465
Net Book Value	\$86,040,018	\$89,245,476	\$95,583,750	\$101,653,962	\$111,803,819	\$123,778,604	\$137,184,093	\$147,378,345	\$154,249,964	\$166,210,713

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>	Forecast									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Wastewater Rate Stabilization Reserve	\$3,745,733	\$5,760,862	\$7,658,069	\$9,662,228	\$11,734,094	\$33,449,886	\$35,498,629	\$37,652,072	\$39,329,241	\$41,466,293
Asset Replacement Fund	15,244,610	18,238,028	19,074,830	22,976,026	21,302,310	18,817,117	20,412,157	27,202,473	40,265,690	45,743,154
Investment in tangible capital assets	86,040,018	89,245,476	95,583,750	101,653,962	111,803,819	123,778,604	137,184,093	147,378,345	154,249,964	166,210,713
Debentures	-264,028	-228,521	-192,303	-155,357	-117,672	-79,225	-40,007	0	0	0
Accumulated Surplus	\$104,766,333	\$113,015,846	\$122,124,346	\$134,136,859	\$144,722,551	\$175,966,382	\$193,054,872	\$212,232,890	\$233,844,894	\$253,420,161