

Attachment A: 2023 Water 10-Year Financial Plan

The Corporation of the Town of Newmarket

2023 Ten-Year Water Financial Plan

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**THE CORPORATION OF THE TOWN OF NEWMARKET
WATER SYSTEM**

**2023 Ten-Year Water 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	\$29,432,864	\$25,647,716	\$26,991,533	\$26,384,127	\$21,428,947	\$19,473,750	\$21,183,287	\$7,093,900	\$12,371,974	\$17,137,693
Accounts receivable	4,145,000	4,298,000	4,457,000	4,622,000	4,793,000	4,970,000	5,154,000	5,345,000	5,543,000	5,748,000
Inventory for resale	63,358	63,358	63,358	63,358	63,358	63,358	63,358	63,358	63,358	63,358
Total Financial Assets	33,641,222	30,009,074	31,511,891	31,069,485	26,285,305	24,507,108	26,400,645	12,502,258	17,978,332	22,949,051
Liabilities										
Accounts payable & accrued liabilities	1,671,000	1,665,000	1,720,000	1,776,000	1,835,000	1,896,000	1,958,000	2,023,000	2,090,000	2,159,000
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	1,125,000	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	2,959,835	2,937,619	2,977,402	3,017,456	3,060,771	3,105,324	3,151,105	3,199,099	3,289,099	3,382,099
Net Financial Assets	30,681,387	27,071,455	28,534,489	28,052,029	23,224,534	21,401,785	23,249,540	9,303,159	14,689,233	19,566,953
Non-Financial Assets										
Tangible Capital Assets	77,333,729	88,112,536	94,475,583	101,123,077	112,741,442	121,234,406	126,674,548	148,138,532	150,320,821	153,509,588
Total Non-Financial Assets	77,333,729	88,112,536	94,475,583	101,123,077	112,741,442	121,234,406	126,674,548	148,138,532	150,320,821	153,509,588
Total Net Assets	108,015,116	115,183,991	123,010,072	129,175,105	135,965,976	142,636,191	149,924,088	157,441,691	165,010,054	173,076,540
Accumulated Surplus	\$108,015,116	\$115,183,991	\$123,010,072	\$129,175,105	\$135,965,976	\$142,636,191	\$149,924,088	\$157,441,691	\$165,010,054	\$173,076,540

**THE CORPORATION OF THE TOWN OF NEWMARKET
WATER SYSTEM**

2023 Ten-Year Water 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	\$21,872,481	\$22,680,745	\$23,519,071	\$24,388,586	\$25,290,456	\$26,225,896	\$27,196,162	\$28,202,560	\$29,246,445	\$30,329,223
Grant	\$2,385,496	\$1,938,997	\$1,793,311	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contributed / Assumed assets	2,668,570	2,668,570	2,668,570	2,668,570	2,668,570	2,668,570	2,668,570	2,668,570	2,668,570	2,668,570
Investment income	548,936	494,668	468,533	488,603	429,030	357,749	352,217	225,650	136,813	234,016
Other revenue	24,970	25,469	25,978	26,498	27,028	27,568	28,120	28,682	29,256	29,841
Total Revenues	27,500,454	27,808,449	28,475,464	27,572,257	28,415,085	29,279,784	30,245,069	31,125,462	32,081,084	33,261,650
Expenditures										
Water purchases	11,098,535	11,464,786	11,843,124	12,233,947	12,637,668	13,054,711	13,485,516	13,930,538	14,390,246	14,865,124
Operating and maintenance	5,336,374	5,443,101	5,551,963	5,663,003	5,776,263	5,891,788	6,009,624	6,129,816	6,252,412	6,377,461
Utility contribution to Stormwater	-	-	-	-	-	-	-	-	-	-
Asset management expenses	1,677,953	1,079,856	426,573	559,788	130,864	390,849	34,478	-	-	-
Allocated overhead (Intercompany)	1,329,587	1,356,179	1,383,303	1,410,969	1,439,188	1,467,972	1,497,331	1,527,278	1,557,823	1,588,980
Interest expense	5,807	5,099	5,099	5,099	5,099	5,099	5,099	5,099	5,099	5,099
Amortization	1,162,164	1,290,554	1,439,321	1,534,419	1,635,133	1,799,151	1,925,124	2,015,129	2,307,141	2,358,501
Total Expenditures	20,610,419	20,639,575	20,649,382	21,407,224	21,624,214	22,609,568	22,957,172	23,607,859	24,512,721	25,195,164
Annual Surplus / (Deficit)	6,890,035	7,168,875	7,826,081	6,165,033	6,790,870	6,670,215	7,287,897	7,517,603	7,568,363	8,066,486
Accumulated Surplus, beginning of year	101,125,081	108,015,116	115,183,991	123,010,072	129,175,105	135,965,976	142,636,191	149,924,088	157,441,691	165,010,054
Accumulated Surplus, end of year	\$108,015,116	\$115,183,991	\$123,010,072	\$129,175,105	\$135,965,976	\$142,636,191	\$149,924,088	\$157,441,691	\$165,010,054	\$173,076,540

**THE CORPORATION OF THE TOWN OF NEWMARKET
WATER SYSTEM**

2023 Ten-Year Water 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)	\$6,890,035	\$7,168,875	\$7,826,081	\$6,165,033	\$6,790,870	\$6,670,215	\$7,287,897	\$7,517,603	\$7,568,363	\$8,066,486
Less: Acquisition of tangible capital assets	-7,729,332	-9,400,791	-5,133,798	-5,513,343	-10,584,928	-7,623,545	-4,696,696	-20,810,543	-1,820,859	-2,878,698
Less: Contributed tangible capital assets	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570
Add: Amortization of tangible capital assets	1,162,164	1,290,554	1,439,321	1,534,419	1,635,133	1,799,151	1,925,124	2,015,129	2,307,141	2,358,501
Changes in Net Financial Assets	- 2,345,704	- 3,609,933	1,463,035	- 482,461	- 4,827,494	- 1,822,749	1,847,755	- 13,946,381	5,386,074	4,877,719
Net Financial Assets, beginning of year	33,027,091	30,681,387	27,071,455	28,534,489	28,052,029	23,224,534	21,401,785	23,249,540	9,303,159	14,689,233
Net Financial Assets, end of year	\$ 30,681,387	\$ 27,071,455	\$ 28,534,489	\$ 28,052,029	\$ 23,224,534	\$ 21,401,785	\$ 23,249,540	\$ 9,303,159	\$ 14,689,233	\$ 19,566,953

**THE CORPORATION OF THE TOWN OF NEWMARKET
WATER SYSTEM**

2023 Ten-Year Water 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	6,890,035	7,168,875	7,826,081	6,165,033	6,790,870	6,670,215	7,287,897	7,517,603	7,568,363	8,066,486
Add: Amortization	1,162,164	1,290,554	1,439,321	1,534,419	1,635,133	1,799,151	1,925,124	2,015,129	2,307,141	2,358,501
Less: Contributed/assumed assets	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570	-2,668,570
(Increase)/decrease in A/R	-148,000	-153,000	-159,000	-165,000	-171,000	-177,000	-184,000	-191,000	-198,000	-205,000
(Increase)/decrease in inventory for resale	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in A/P	39,319	-6,708	55,000	56,000	59,000	61,000	62,000	65,000	67,000	69,000
Increase/(decrease) in deferred revenue	20,000	20,000	21,000	21,000	22,000	22,000	23,000	23,000	23,000	24,000
Net change in cash from operating activities	5,294,948	5,651,150	6,513,832	4,942,882	5,667,433	5,706,796	6,445,451	6,761,162	7,098,934	7,644,417
Capital Activities										
Proceeds from sale of tangible capital assets										
Cash used to acquire tangible capital assets	-7,729,332	-9,400,791	-5,133,798	-5,513,343	-10,584,928	-7,623,545	-4,696,696	-20,810,543	-1,820,859	-2,878,698
Net change in cash from capital activities	-7,729,332	-9,400,791	-5,133,798	-5,513,343	-10,584,928	-7,623,545	-4,696,696	-20,810,543	-1,820,859	-2,878,698
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	-2,469,185	-3,785,148	1,343,817	-607,406	-4,955,180	-1,955,196	1,709,537	-14,089,388	5,278,074	4,765,719
Cash, beginning of year	31,902,048	29,432,864	25,647,716	26,991,533	26,384,127	21,428,947	19,473,751	21,183,287	7,093,900	12,371,974
Cash, end of year	\$ 29,432,864	\$ 25,647,716	\$ 26,991,533	\$ 26,384,127	\$ 21,428,947	\$ 19,473,751	\$ 21,183,287	\$ 7,093,900	\$ 12,371,974	\$ 17,137,693

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

2023 Ten-Year Water 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 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 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 ten year consolidated financial statements incorporates historic trends and assumptions on consumption volumes, inflationary factors, capital asset 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 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 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 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 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:

	<u>Useful Life - Years</u>
Buildings and building components	20 - 40
Vehicles	4 - 10
Machinery and equipment	3 - 10
Linear assets	
- Watermain	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 the historical trend.

(c) Contributed / Assumed

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 Tangible Capital Assets

<i>As at December 31</i>	Forecast									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Opening TCA Balance(Historical Cost)	102,627,590	112,898,828	124,800,175	132,408,051	140,465,209	153,586,655	163,664,462	170,864,855	194,225,832	198,334,637
Additions	10,272,420	11,902,530	7,609,059	8,058,341	13,122,629	10,078,990	7,201,576	23,362,160	4,109,987	5,480,530
Disposals	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183
Closing TCA Balance(Historical Cost)	\$112,898,828	\$124,800,175	\$132,408,051	\$140,465,209	\$153,586,655	\$163,664,462	\$170,864,855	\$194,225,832	\$198,334,637	\$203,813,984
Opening Accumulated Amortization	36,071,054	37,232,035	38,521,406	39,959,544	41,492,780	43,126,730	44,924,698	46,848,639	48,862,585	51,168,543
Amortization Expense	1,162,164	1,290,554	1,439,321	1,534,419	1,635,133	1,799,151	1,925,124	2,015,129	2,307,141	2,368,501
Accumulated Amortization on Disposals	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183
Ending Accumulated Amortization	\$37,232,035	\$38,521,406	\$39,959,544	\$41,492,780	\$43,126,730	\$44,924,698	\$46,848,639	\$48,862,585	\$51,168,543	\$53,525,861
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	\$77,333,729	\$88,112,536	\$94,475,583	\$101,123,077	\$112,741,442	\$121,234,406	\$126,674,548	\$148,138,532	\$150,320,821	\$153,509,588

THE CORPORATION OF THE TOWN OF NEWMARKET
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:

As at December 31	Forecast									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water Rate Stabilization Reserve	\$3,055,108	\$3,289,818	\$3,621,853	\$3,963,403	\$4,254,116	\$4,436,439	\$4,760,243	\$5,041,795	\$5,132,474	\$5,488,137
Asset Replacement Fund	27,890,307	24,010,157	25,104,939	24,243,983	19,088,090	17,044,571	18,529,304	4,261,364	9,556,760	14,078,816
Investment in tangible capital assets	77,333,729	88,112,536	94,475,583	101,123,077	112,741,442	121,234,406	126,674,548	148,138,532	150,320,821	153,509,588
Debentures	-264,028	-228,521	-192,303	-155,357	-117,672	-79,225	-40,007	0	0	0
Accumulated Surplus	\$108,015,116	\$115,183,991	\$123,010,072	\$129,175,105	\$135,965,976	\$142,636,191	\$149,924,088	\$157,441,691	\$165,010,054	\$173,076,540