

Attachment B: 2023 Wastewater 10-Year Financial Plan

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	\$44,184,342	\$49,331,643	\$51,156,860	\$54,971,797	\$51,950,716	\$45,247,980	\$43,451,168	\$43,977,995	\$48,247,258	\$43,111,252
Accounts receivable	4,506,000	4,673,000	4,846,000	5,025,000	5,211,000	5,404,000	5,603,000	5,811,000	6,026,000	6,249,000
Inventory for resale	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	48,690,342	54,004,643	56,002,860	59,996,797	57,161,716	50,651,980	49,054,168	49,788,995	54,273,258	49,360,252
Liabilities										
Accounts payable & accrued liabilities	2,538,000	2,622,000	2,708,000	2,798,000	2,890,000	2,985,000	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	3,069,324	4,277,105	4,362,099	4,490,099	4,622,099
Net Financial Assets	44,863,508	50,110,024	52,037,458	55,957,341	53,045,945	47,582,657	44,777,062	45,426,897	49,783,159	44,738,154
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	170,742,292
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	170,742,292
Total Net Assets	130,903,526	139,355,500	147,621,208	157,611,303	164,849,765	171,361,261	181,961,155	192,805,242	204,033,123	215,480,445
Accumulated Surplus	\$130,903,526	\$139,355,500	\$147,621,208	\$157,611,303	\$164,849,765	\$171,361,261	\$181,961,155	\$192,805,242	\$204,033,123	\$215,480,445

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	\$25,810,169	\$26,764,086	\$27,753,488	\$28,779,704	\$29,844,114	\$30,948,148	\$32,093,292	\$33,281,088	34,513,134	35,791,091
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
Investment income	787,722	874,711	938,498	988,790	990,294	901,154	812,419	781,923	826,702	813,447
Other revenue	24,970	25,469	25,978	26,498	27,028	27,568	28,120	28,682	29,256	29,841
Total Revenues	31,211,801	32,253,206	33,306,904	34,383,932	35,450,375	36,465,810	37,522,771	38,680,633	39,958,032	41,223,319
Expenditures										
Rate based expenditure	16,919,387	17,477,726	18,054,491	18,650,290	19,265,749	19,901,519	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	-	-	-	-	-	-	-	-	-	-
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	2,737,458
Total Expenditures	23,517,223	23,801,231	25,041,197	24,393,836	28,211,914	29,954,314	26,922,877	27,836,547	28,730,150	29,775,997
Annual Surplus / (Deficit)	7,694,578	8,451,975	8,265,708	9,990,095	7,238,461	6,511,497	10,599,894	10,844,086	11,227,882	11,447,322
Accumulated Surplus, beginning of year	123,208,948	130,903,526	139,355,500	147,621,208	157,611,303	164,849,765	171,361,261	181,961,155	192,805,242	204,033,123
Accumulated Surplus, end of year	\$130,903,526	\$139,355,500	\$147,621,208	\$157,611,303	\$164,849,765	\$171,361,261	\$181,961,155	\$192,805,242	204,033,123	215,480,445

**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)	\$7,694,578	\$8,451,975	\$8,265,708	\$9,990,095	\$7,238,461	\$6,511,497	\$10,599,894	\$10,844,086	\$11,227,882	\$11,447,322
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	-4,784,229	-14,640,846
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	2,737,458
Changes in Net Financial Assets	4,476,736	5,246,516	1,927,434	3,919,883	2,911,396	5,463,288	2,805,595	649,834	4,356,262	5,045,005
Net Financial Assets, beginning of year	40,386,772	44,863,508	50,110,024	52,037,458	55,957,341	53,045,945	47,582,657	44,777,062	45,426,897	49,783,159
Net Financial Assets, end of year	\$ 44,863,508	\$ 50,110,024	\$ 52,037,458	\$ 55,957,341	\$ 53,045,945	\$ 47,582,657	\$ 44,777,062	\$ 45,426,897	\$ 49,783,159	\$ 44,738,154

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	7,694,578	8,451,975	8,265,708	9,990,095	7,238,461	6,511,497	10,599,894	10,844,086	11,227,882	11,447,322
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	2,737,458
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	-160,000	-167,000	-173,000	-179,000	-186,000	-193,000	-199,000	-208,000	-215,000	-223,000
Increase/(decrease) in A/P	-9,681	83,292	86,000	90,000	92,000	95,000	99,000	102,000	105,000	108,000
Increase/(decrease) in deferred revenue	20,000	20,000	21,000	21,000	22,000	-1,103,000	1,148,000	23,000	23,000	24,000
Net change in cash from operating activities	4,452,537	5,349,640	5,254,814	7,069,612	4,459,106	2,772,166	9,299,464	8,564,903	9,053,491	9,504,841
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	-4,784,229	-14,640,846
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	-4,784,229	-14,640,846
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	4,292,255	5,147,301	1,825,216	3,814,937	-3,021,081	-6,702,735	-1,796,813	526,828	4,269,262	-5,136,005
Cash, beginning of year	39,892,087	44,184,342	49,331,643	51,156,860	54,971,797	51,950,716	45,247,980	43,451,167	43,977,995	48,247,257
Cash, end of year	\$ 44,184,342	\$ 49,331,643	\$ 51,156,860	\$ 54,971,797	\$ 51,950,716	\$ 45,247,980	\$ 43,451,167	\$ 43,977,995	\$ 48,247,257	\$ 43,111,252

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	19,163,048
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	\$232,115,583
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	2,737,458
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	\$64,594,756
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	\$170,742,292

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:

As at December 31	Forecast									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Wastewater Rate Stabilization Reserve	\$3,372,925	\$3,747,317	\$4,032,667	\$4,441,964	\$4,814,703	\$4,994,229	\$5,430,366	\$5,839,386	\$5,873,733	\$6,489,389
Asset Replacement Fund	41,754,610	46,591,228	48,197,094	51,670,735	48,348,914	42,667,653	39,386,703	39,587,510	43,909,426	38,248,765
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	170,742,292
Debentures	-264,028	-228,521	-192,303	-155,357	-117,672	-79,225	-40,007	0	0	0
Accumulated Surplus	\$130,903,526	\$139,355,500	\$147,621,208	\$157,611,303	\$164,849,765	\$171,361,261	\$181,961,155	\$192,805,242	\$204,033,123	\$215,480,445