

Consolidated financial statements of

**The Corporation of the
Town of Newmarket**

December 31, 2018

DRAFT

The Corporation of the Town of Newmarket

December 31, 2018

Table of contents

Independent Auditor’s Report 1-2

Consolidated statement of financial position 3

Consolidated statement of operations and accumulated surplus 4-5

Consolidated statement of change in net financial assets 6

Consolidated statement of cash flows 7-8

Notes to the consolidated financial statements 9-24

Schedule 1 – Tangible capital assets – summary by category 25-26

Schedule 2 – Segment disclosures – service bundle 27-29

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Independent Auditor's Report

To the Members of Council of
The Corporation of the Town of Newmarket

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Newmarket (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2018, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants
June 24, 2019

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Financial Position

December 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	\$ 66,063,864	\$ 66,669,603
Temporary investments (Note 5)	54,082,164	43,000,000
Taxes receivable (Note 6) (a)	4,181,146	3,729,115
Unbilled user charges	6,030,968	5,310,320
Accounts receivable (Note 6) (b)	7,166,547	5,296,222
Inventory for resale (Note 8)	56,952	70,807
Surplus land (Note 9)	155,285	155,285
Loans receivable (Note 6) (c)	147,474	174,851
Investment in Newmarket Hydro Holdings Inc. (Note 10)	68,452,251	68,949,579
	206,336,651	193,355,782
LIABILITIES		
Accounts payable and accrued liabilities (Note 11)	28,843,766	26,013,979
Interest payable on long-term debt	921,522	618,116
Employee future benefits liability (Note 12)	6,128,206	5,531,198
Long-term disability benefits liability (Note 13)	4,461,290	4,302,741
Deferred revenue (Note 14)	42,319,541	40,270,562
Long-term debt (Note 15)	56,562,744	33,733,250
	139,237,069	110,469,846
NET FINANCIAL ASSETS	67,099,582	82,885,936
NON-FINANCIAL ASSETS		
Inventory (Note 8)	551,589	344,586
Prepaid expenses and other (Note 7)	3,170,927	2,551,238
Tangible capital assets (Note 25)	514,435,905	486,710,874
	518,158,421	489,606,698
ACCUMULATED SURPLUS (Note 21)	\$ 585,258,003	\$ 572,492,634

Contingencies and lease agreements (Notes 17 and 18)

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2018

	2018		2017
	<u>Budget</u> (Note 2)	<u>Actual</u>	<u>Actual</u>
REVENUES			
Taxation and user charges			
Residential and farm taxation	\$ 50,869,700	\$ 50,561,618	\$ 46,945,913
Commercial, industrial and business taxation	9,217,137	9,803,052	9,285,985
Taxation from other governments	707,693	828,720	704,813
User charges	51,136,257	51,942,646	46,910,997
	111,930,787	113,136,036	103,847,708
Government Transfers			
Government of Canada	2,960,731	763,617	414,257
Federal Gas Tax (Note 14)	5,752,064	2,183,005	2,025,694
Province of Ontario	1,916,641	2,532,967	2,201,037
	10,629,436	5,479,589	4,640,988
Other			
Contribution from developers	25,410,325	10,714,091	25,860,369
Investment income	2,650,588	4,437,998	2,702,555
Fine, penalties and interest	1,566,931	1,431,044	1,143,933
Rent and other	3,712,210	2,421,197	2,423,709
Loss on disposal of tangible capital assets	-	(91,883)	(266,021)
	33,340,054	18,912,447	31,864,545
TOTAL REVENUES	\$ 155,900,277	\$ 137,528,072	\$ 140,353,241

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2018

	2018		2017
	<u>Budget</u> (Note 2)	<u>Actual</u>	<u>Actual</u>
EXPENSES (Note 26)			
General government	\$ 16,642,815	\$ 16,945,788	\$ 14,025,861
Protection to persons and property	18,433,393	17,911,072	17,920,274
Transportation services	13,408,510	14,853,467	13,579,971
Environmental services	39,547,821	38,825,431	36,222,765
Recreation and cultural services	34,578,774	34,091,822	31,260,912
Planning and development	4,766,830	3,496,009	2,495,425
	127,378,143	126,123,589	115,505,208
Income From Newmarket Hydro Holdings Inc. (Note 10)	2,336,000	926,084	2,154,784
Investment Income Adjustment (Note 10)	-	(87,412)	-
Gain on foreign exchange	-	522,214	-
ANNUAL SURPLUS	28,522,134	12,765,369	27,002,817
ACCUMULATED SURPLUS, BEGINNING OF YEAR		572,492,634	545,489,817
ACCUMULATED SURPLUS, END OF YEAR		\$ 585,258,003	\$ 572,492,634

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Change in Net Financial Assets
Year ended December 31, 2018

	2018		2017
	Budget	Actual	Actual
	(Note 2)		
Annual surplus	\$ 28,522,134	\$ 12,765,369	\$ 27,002,817
Acquisition of tangible capital assets	(40,760,059)	(39,029,587)	(11,349,340)
Contributed tangible capital assets	-	(5,270,605)	(16,026,284)
Amortization of tangible capital assets	16,610,416	16,266,866	15,939,545
Proceeds from sale of tangible capital assets	-	216,412	184,350
Loss on disposal of tangible capital assets	-	91,883	266,021
	(24,149,643)	(27,725,031)	(10,985,708)
Changes due to inventory	(6,892)	(207,003)	51,802
Changes due to prepaid expenses and other	(159,053)	(619,689)	(1,608,837)
	(165,945)	(826,692)	(1,557,035)
CHANGE IN NET FINANCIAL ASSETS	4,206,546	(15,786,354)	14,460,074
NET FINANCIAL ASSETS, BEGINNING OF YEAR	82,885,936	82,885,936	68,425,862
NET FINANCIAL ASSETS, END OF YEAR	87,092,482	67,099,582	82,885,936

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Cash Flows

Year ended December 31, 2018

	2018		2017
	Budget	Actual	Actual
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Cash received from			
Taxation	\$ 60,683,029	\$ 61,796,258	\$ 57,799,398
User charges	50,700,811	51,347,960	46,420,707
Government transfers	9,035,021	6,549,977	2,973,635
Contributions from developers	12,288,927	6,853,953	11,811,851
Investment income	3,986,588	5,049,009	4,111,198
Fine, penalties and interest	1,566,931	1,489,466	1,171,236
Rent and other	2,376,210	2,434,311	2,369,205
Aurora's share of Central York Fire Services	10,490,381	10,190,853	10,058,798
	151,127,898	145,711,787	136,716,027
Cash paid for			
Salaries, wages and employee benefits	56,518,649	60,605,483	55,683,398
Materials, goods, and supplies	5,583,623	5,888,053	7,073,712
Utilities	3,782,367	4,254,143	3,708,203
Contracted and general services	29,636,157	37,642,822	31,893,022
Capital repairs and maintenance	6,503,302	9,303,959	7,931,974
Interest on long-term debt	1,853,448	1,853,449	1,988,024
Rents and financial	275,563	284,972	270,160
	104,153,109	119,832,881	108,548,493
Net change in cash from operating activities	46,974,789	25,878,906	28,167,534
CAPITAL ACTIVITIES			
Proceeds on disposal of tangible capital assets	-	216,412	184,350
Acquisition of tangible capital assets	(40,760,059)	(39,029,590)	(11,349,340)
Net change in cash from capital activities	(40,760,059)	(38,813,178)	(11,164,990)
INVESTMENT ACTIVITIES			
Gain on Foreign Exchange	-	522,214	-
Temporary investments	(12,000,000)	(11,082,164)	2,000,000
Net change in cash from investment activities	(12,000,000)	(10,559,950)	2,000,000

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

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Cash Flows

Year ended December 31, 2018

	2018		2017
	Budget	Actual	Actual
FINANCING ACTIVITIES			
Issuance of long-term debt	26,000,000	26,000,000	-
Loans receivable	-	-	6,491,307
Principal repayment on long-term debt	(3,228,829)	(3,111,517)	(2,976,942)
Net change in cash from financing activities	22,771,171	22,888,483	3,514,365
NET CHANGE IN CASH	16,985,901	(605,739)	22,516,909
CASH, BEGINNING OF YEAR	66,669,603	66,669,603	44,152,694
CASH, END OF YEAR	\$ 83,655,504	\$ 66,063,864	\$ 66,669,603
Supplementary information:			
Interest paid		\$ 1,853,448	\$ 1,988,024
Interest received		\$ 2,028,096	\$ 1,227,380

Notes to the Consolidated Financial Statements
December 31, 2018

The Town of Newmarket is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements ("the financial statements") of the Corporation of the Town of Newmarket (the "Town") are the representation of management prepared in accordance with generally accepted accounting standards for local governments as recommended by the Canadian Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants of Canada (CPA Canada).

Significant accounting policies adopted by the Town are as follows:

(a) (i) Reporting entity

These consolidated financial statements reflect the financial assets, liabilities, operating revenues and expenses of the Town. The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of their financial affairs and resources, to the Town, and which are owned or controlled by the Town. The Newmarket Public Library and the Main Street District Business Improvement Area are accordingly consolidated in these financial statements. All material inter-organizational transactions and balances have been eliminated on consolidation.

(ii) Investment in Newmarket Hydro Holdings Inc.

The Town's investment in Newmarket Hydro Holdings Inc. is accounted for on a modified equity basis, consistent with Canadian Public Sector Accounting Standards for investments in government business enterprises. Under the modified equity basis of accounting, the business enterprise's accounting principles are not adjusted to conform with those of the municipality and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of Newmarket Hydro Holdings Inc. in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from Newmarket Hydro Holdings Inc. will be reflected as reductions in the investment asset account.

(iii) Accounting for Region of York and School Board transactions

The operations of the School Boards and the Region of York are not reflected in the Town's financial statements except to record any resulting receivable or payable balance with the Town at year-end.

(iv) Trust funds

Trust funds and their related operations administered by the Town are not consolidated, but are reported separately in the "Trust Fund Statement of Financial Activities and Fund Balance" and "The Trust Fund Statement of Financial Position".

(b) Basis of accounting

(i) Accrual basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

Notes to the Consolidated Financial Statements
December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of accounting (continued)

(ii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(a) Tangible Capital Assets

Tangible capital assets 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 -</u> <u>Years</u>
Land improvements	20 - 40
Buildings and building components	20 - 40
Vehicles	4 - 20
Machinery and equipment, including pooled assets	3 - 20
Library collection	7
Linear assets	
- Road base	40
- Road paved surface	20
- Sewer	80
- Watermain	80
- Sidewalks	25
- Trails and walkways	25
- Bridges and structures	25 - 75

Tangible capital assets are amortized in the month following the purchase or in-service date. One half of the annual amortization is charged in the year of acquisition for pooled assets. Assets under construction are not amortized until the tangible capital asset is available for productive use, at which time they are capitalized.

The Town has a capitalization threshold of \$40,000 for all categories except vehicles, machinery and equipment and computer hardware and software in which case the threshold is \$20,000. Individual assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value. Examples of pools are computer systems, library collection, and streetlights. The Town's threshold for pooled assets is \$40,000. The Library pools all of their tangible capital assets and their capitalization threshold is \$10,000.

(b) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

(c) Interest capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

(d) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(e) Inventories

Inventories held for consumption are recorded at the lower of cost and net recoverable value. Inventories held for resale are recorded at the lower of cost and net realizable value.

Notes to the Consolidated Financial Statements
December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of accounting (continued)

(iii) Surplus Land

The carrying value of the surplus land is based on purchase and development costs and does not reflect any gain that may arise if the land sells for more than the carrying value.

(iv) Liability for contaminated sites

A contaminated site is a site at which substances occur in concentration that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Municipality is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post-remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

(v) Deferred revenue

Deferred revenues includes user charges, government transfers, development charges and other fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed. The Town receives development charges under the authority of provincial legislation and Town by-laws. 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. See Note 15 for more details.

(vi) Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Vacation entitlements are accrued for as entitlements are earned.

(vii) Long-Term Disability Benefits

The present value of the cost of providing employees with future long-term disability income benefits is expensed as employees earn these entitlements. The cost of the benefits earned by employees is actuarially determined using the projected benefit method for currently disabled employees. Actuarial gains and losses arising in a year are amortized into future years' expenses over the average expected period during which benefits will be paid.

(viii) Pension Plan

The Town is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Town has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Town records as pension expense the amounts paid to OMERS during the year.

Notes to the Consolidated Financial Statements
December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ix) Revenue Recognition

(a) Taxes and user charges

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Charges for wastewater and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Sales of service and other revenue is recognized on an accrual basis.

(b) Investment income

Investment income earned is reported as revenue in the period earned. Investment income earned on unspent development charges and other obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

(c) Government transfers

Government transfers include entitlements, transfers under shared cost agreements, and grants. Revenue is recognized when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(x) Use of estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. The principal estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets, allowance for doubtful receivables, certain accrued liabilities, employee future benefits liability and long-term disability benefits liability. Actual results could differ from these estimates.

(xi) Budget figures

Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. The approved operating budget and capital budgets are reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts.

Notes to the Consolidated Financial Statements
December 31, 2018

2. BUDGET RECONCILIATION

The authority of Council is required before moneys can be spent by the Town. Approvals are given in the form of an annually approved budget. The budget approved by Council differs from the budget presented on the Consolidated Statement of Operations and Accumulated Surplus. The difference is due to several factors. A supplementary Capital budget was approved subsequent to the initial budget approval. The budget has also been adjusted to account for material changes due to PSAB reporting requirements.

	<u>Revenue</u>	<u>Expenses</u>
Council approved budget for 2018:		
Operating fund - December 4, 2017	\$ 125,072,654	\$ 127,408,654
Plus: Supplementary budget, March 5, 2018	1,560,000	1,560,000
Less: Principal payment on long-term debt	-	(3,597,517)
Less: Transfers to / from other funds	(7,807,513)	(20,249,754)
Capital budget - New - December 4, 2017	25,933,120	25,933,120
Plus: Supplementary budget, March 5, 2018	28,850,000	28,850,000
Plus: Capital Carryovers	51,401,709	51,401,709
Less: Transfers to / from other funds	(45,884,769)	-
Less: Debenture issuance proceeds	(26,000,000)	-
Reserves and reserve funds - June 18, 2018	21,730,830	53,398,282
Less: Transfers to / from other funds	(19,955,754)	(53,398,282)
TOTAL COUNCIL APPROVED BUDGET	<u>154,900,277</u>	<u>211,306,212</u>
Less: Tangible Capital Assets Capitalized	-	(100,788,058)
Plus: Budgeted amortization expense	-	16,610,416
Plus: Post-employment benefit expenses	-	249,574
Plus: Investment income from Newmarket Hydro Holdings Inc.	1,000,000	-
Adjusted Budget per Consolidated Statement of Operations and Accumulated Surplus	<u>\$ 155,900,277</u>	<u>\$ 127,378,143</u>

3. OPERATIONS OF SCHOOL BOARDS AND THE REGION OF YORK

Further to Note 1(a)(iii), taxation and revenues of the school boards and the Region of York are comprised of the following:

	<u>School Boards</u>	<u>Region</u>
Property taxes and taxation from other governments	\$ 48,528,131	\$ 62,944,327

4. CASH AND CASH EQUIVALENTS

Cash is comprised of cash on hand and cash held in financial institutions. Management considers all highly liquid investments with maturity of three months or less to be cash equivalents. The \$20,000,000 non-redeemable guaranteed investment certificate, with an annual interest rate of 2.5%, matures January 8, 2019.

Cash is segregated as follows:

	<u>2018</u>	<u>2017</u>
Restricted - obligatory reserve funds (refer to Note 14)	\$ 41,315,122	\$ 39,271,899
Designated - reserve funds (refer to Note 21)	46,382,449	40,236,625
Less: temporary investments (Note 5)	(54,082,164)	(43,000,000)
Unrestricted and undesignated	\$ 33,615,407	36,508,524
	<u>\$ 32,448,457</u>	<u>30,161,079</u>
	<u>\$ 66,063,864</u>	<u>\$ 66,669,603</u>

Notes to the Consolidated Financial Statements
December 31, 2018

5. TEMPORARY INVESTMENTS

Temporary investments are recorded at the lower of cost and market value.

	<u>2018</u>	<u>2017</u>
Cash held in investment accounts	\$ 850,501	-
Maturity within 1 year	19,231,663	\$ 43,000,000
Maturity within 2 years	6,000,000	-
Maturity within 3 years	16,000,000	-
Maturity within 4 years	6,000,000	-
Maturity within 5 years	6,000,000	-
	<u>\$ 54,082,164</u>	<u>\$ 43,000,000</u>

6. RECEIVABLES

(a) Taxes receivable

	<u>2018</u>	<u>2017</u>
Current year	\$ 3,703,991	\$ 2,749,962
Arrears previous years	1,592,899	1,844,896
	<u>5,296,890</u>	<u>4,594,858</u>
Less allowance	1,115,744	865,743
	<u>\$ 4,181,146</u>	<u>\$ 3,729,115</u>

(b) Accounts receivable

	<u>2018</u>	<u>2017</u>
Government entities	\$ 1,835,372	\$ 2,448,330
Newmarket Hydro Holdings Inc.	1,336,608	1,336,000
Trade receivables, user fees and other receivables	4,165,347	1,583,490
	<u>7,337,327</u>	<u>5,367,820</u>
Less allowance	170,780	71,598
	<u>\$ 7,166,547</u>	<u>\$ 5,296,222</u>

(c) Loans receivable

Interest free loans are awarded through the Community Improvement Plan's Financial Incentive Program to upgrade and restore properties within the Community Improvement Plan area. The loans are guaranteed by liens against the properties. The maximum repayment period is 10 years.

7. PREPAIDS AND OTHER EXPENSES

Prepaid expenses include prepaid insurance premiums, software licenses and support and other items totalling \$1,251,358 (2017 - \$792,364). Other expenses represent the Town's payment of \$1,405,556 (2017 - \$1,106,673) for the shared use of an artificial turf field with York Region Board of Education for 10 years starting April, 2018 less amortization of \$93,781 (2017 - nil).

8. INVENTORY FOR RESALE

Inventory for resale includes water meters sold to developers. Inventory included in non-financial assets includes salt and sand used in winter control of area roads, as well as consumable items and parts used by staff.

9. SURPLUS LAND

The Town owns three parcels of land that are declared surplus. One is for access to a storm water management pond with a carrying value of \$121,687, the other two small parcels of land is road allowance, with a carrying value of \$33,598.

Notes to the Consolidated Financial Statements
December 31, 2018

10. INVESTMENT IN NEWMARKET HYDRO HOLDINGS INC.

Newmarket Hydro Holdings Inc. established by municipal council in October 2000, is wholly owned by the Corporation of the Town of Newmarket and provides regulated and unregulated services.

Effective May 1, 2007 Newmarket Hydro Ltd. merged with Tay Hydro Electric Distribution Company Inc. Newmarket Hydro Holdings Inc. owns 93% of the outstanding common shares of the combined entity and consequently its financial statements have been consolidated with those of its subsidiary.

The financial statements of Newmarket Hydro Holdings Inc. have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIS).

Newmarket Hydro Ltd. has issued an unsecured promissory note in the amount of \$22,000,000 effective October 1, 2001, to the Town of Newmarket. The note bears interest at a simple annual rate equal to the rate of interest that Newmarket Hydro Ltd. is, from time to time, permitted by the Ontario Energy Board (OEB) to recover in its rates (currently 5.48% per annum). Interest is due on the last day of each fiscal year and on terms and at such time as may be further determined by the Director of Finance/Town Treasurer in consultation with senior corporate officers of the Corporation. Determination of, and changes to, maturity and repayment terms require 13 months notice. The promissory note has been subordinated to a letter of credit of \$2,765,940. The letter of credit with a major chartered bank is a prudential requirement to be an Independent Market Operator and includes restrictive clauses with respect to debt repayment.

In 2018, Newmarket Hydro Holdings wrote off an advance to the parent company (Town of Newmarket) in the amount of \$87,412. As a result The Town reduced investment income by the same amount.

The Town's investment in the corporation at December 31, is as follows:

	<u>2018</u>	<u>2017</u>
Share capital		
Newmarket Hydro Holdings Inc. - 201 Common Shares	\$ 29,609,342	\$ 29,609,342
Promissory note	22,000,000	22,000,000
Due from subsidiary	-	87,412
Retained earnings, end of the year		
Newmarket Hydro Holdings Inc.	16,842,909	17,252,825
Total investment	\$ 68,452,251	\$ 68,949,579

The following summarizes the Town's related party transactions with Newmarket Hydro Holdings Inc. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	<u>2018</u>	<u>2017</u>
Revenues:		
Investment income	\$ 1,205,600	\$ 1,205,600
Rent, property tax and other	440,874	424,988
Expenses:		
Energy purchases	2,707,348	2,035,574
Services - street light capital & maintenance	21,066	85,038
Dividends received	1,336,000	1,336,000
Dividends accrued	1,336,000	1,336,000
Accounts payable	310,709	310,627

Notes to the Consolidated Financial Statements
December 31, 2018

10. INVESTMENT IN NEWMARKET HYDRO HOLDINGS INC. (continued)

The following tables provide condensed supplementary financial information for Newmarket Hydro Holdings Inc.

	2018	2017
Financial position		
Current assets	\$ 31,990,420	\$ 33,216,921
Capital assets, future income taxes and other	123,929,797	101,204,752
Regulatory deferral account debit balances	10,985,630	4,616,388
Total assets	166,905,847	139,038,061
Current liabilities	22,787,915	14,075,648
Long term liabilities	89,335,591	64,568,680
Total liabilities	112,123,506	78,644,328
Non-controlling interest	3,381,444	3,405,162
Shareholder equity		
Share capital	29,609,342	29,609,342
Retained earnings	18,148,244	18,558,160
Accumulated other comprehensive income	30,665	30,665
	47,788,251	48,198,167
Regulatory deferral account credit balances	3,612,646	8,790,404
Total liabilities and equity	\$ 166,905,847	\$ 139,038,061
Results of operations		
Revenues	\$ 101,841,069	\$ 89,333,804
Operating expenses	(104,516,118)	(90,727,965)
Financing expenses	(1,325,354)	(1,158,651)
Other income	2,225,644	1,219,972
Non-controlling interest	(56,282)	(162,809)
Income tax	(4,029,364)	(1,319,876)
Net movement on regulatory accounts	6,786,489	5,070,654
Net income	926,084	2,255,129
Comprehensive income	-	(100,345)
Net income and Comprehensive income	926,084	2,154,784
Retained earnings, beginning of year	18,588,825	17,770,041
Net income	926,084	2,154,784
Dividends paid	(1,336,000)	(1,336,000)
Retained earnings, end of the year	\$ 18,178,909	\$ 18,588,825
In Town's books		
Retained earnings, end of the year - per Hydro	\$ 18,178,909	\$ 18,588,825
Less: Dividends accrued	(1,336,000)	(1,336,000)
Adjusted retained earnings, end of year	16,842,909	17,252,825

Notes to the Consolidated Financial Statements
December 31, 2018

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
Government entities	\$ 13,000,471	\$ 10,167,367
Payroll liabilities	2,715,401	3,169,396
Trade payables and other accrued liabilities	13,127,894	12,677,216
	\$ 28,843,766	\$ 26,013,979

Accounts payable and accrued liabilities to government entities includes water and wastewater charges, development charges, and capital expenditures.

12. EMPLOYEE FUTURE BENEFITS LIABILITY

The Town provides certain employee benefits that will require funding in future periods. Under the post-retirement benefit plan, employees may be entitled to a cash payment after they leave the Town's employment. An actuarial estimate of liabilities for employee future benefits has been completed and forms the basis for the estimated liability reported in these consolidated financial statements.

	<u>2018</u>	<u>2017</u>
Employee future benefits liability	\$ 5,682,723	\$ 5,247,859
Vacation pay	445,483	283,339
	\$ 6,128,206	\$ 5,531,198

Employee Future Benefits are comprised of health and dental benefits that are provided to retirees and employees currently on a long-term disability. The Town recognizes these post-retirement costs as they are earned during the employee's tenure of service. A benefit liability of \$5,682,724 was determined by the last actuarial valuation carried out as at December 31, 2018, using a discount rate of 3.25%.

Total benefit payments to retirees during the year were \$90,052 (2016 - \$138,018). The plan is substantially unfunded and requires no contributions from employees. The benefit liability at December 31 includes the following components:

	<u>2018</u>	<u>2017</u>
Accrued benefits obligation	\$ 5,862,082	\$ 5,895,011
Unamortized actuarial (losses)	(179,359)	(647,152)
Employee future benefits liability	\$ 5,682,723	\$ 5,247,859
Employee future benefits, beginning of the year	\$ 5,247,859	\$ 4,995,455
Annual amortization of actuarial losses	30,282	30,282
Current period service cost	297,859	170,553
Interest cost	196,775	189,587
Benefits paid for the year	(90,052)	(138,018)
Employee future benefits, end of the year	\$ 5,682,723	\$ 5,247,859

Notes to the Consolidated Financial Statements
December 31, 2018

12. EMPLOYEE FUTURE BENEFITS LIABILITY (continued)

Actuarial valuations for accounting purposes are performed every three years using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2018. The unamortized actuarial losses are being amortized over the estimated remaining service life of the active employees. The average remaining service period of the active employees covered by the benefit plan is sixteen years.

The assumptions used in the December 31, 2018 actuarial valuation were:

(a) Interest (discount) rate

The present value of the future benefits as at December 31, 2018 was determined using a discount rate of 3.25% (2017 - 3.25%).

(b) Health costs

Health cost premiums are assumed to increase at a 4.88% (2017 - 6.00%) rate for 2018 and decrease linearly to 4.81% in 2029.

(c) Dental costs

Dental cost premiums are assumed to increase at a 4.0% (2017 - 3.0%) rate until 2024 and increase linearly to 4.75% in 2029.

13. LONG-TERM DISABILITY BENEFITS PAYABLE

The Town provides disabled employees who meet the requirements for Long Term Disability (LTD) monthly disability income, life insurance, health, and dental benefits. An actuarial valuation for currently disabled employees was completed as at December 31, 2018.

	<u>2018</u>	<u>2017</u>
Accrued benefits obligation	\$ 2,680,088	\$ 3,046,086
Unamortized actuarial gains	1,781,202	1,256,655
Long-term disability benefits payable	\$ 4,461,290	\$ 4,302,741
Long-term disability benefits payable, beginning of year	\$ 4,302,741	\$ 4,606,605
Annual amortization of actuarial gains	(218,132)	(218,132)
Current period service cost	595,923	464,226
Interest cost	87,740	82,365
Benefits paid for the period	(306,982)	(632,323)
Long-term disability benefits payable	\$ 4,461,290	\$ 4,302,741

Actuarial valuations for accounting purposes are normally performed every two years using the projected benefit method. The most recent actuarial report was prepared at December 31, 2018. The unamortized actuarial gain will be amortized into future years' expenses over 7 years, the average expected period during which benefits will be paid.

The assumptions used in the December 31, 2018 actuarial valuation were:

(a) Interest (discount) rate

The present value of the future benefits as at December 31, 2018 was determined using a discount rate of 3.25% (2017 - 2.75%).

(b) Health and dental costs

Health and dental cost premiums are assumed to increase by 5.0% per annum.

Notes to the Consolidated Financial Statements
December 31, 2018

14. DEFERRED REVENUE

Development Charges are levies against new development, and are a primary source of funding growth-related capital facilities and infrastructure. Development charges are imposed on all lands, buildings or structures that are developed for residential or non-residential uses. These charges are payable by the developer on the issuance a building permit, unless they are for town-wide engineering services, in which case they are payable upon registration of a subdivision agreement. Development charges are not recognized as revenue until the identified capital costs for growth are incurred.

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances how these funds may be refunded. Parkland contributions are restricted to parks or recreation purposes. The Gas Tax grant is restricted to infrastructure and require annual reporting. The following funds have statutory restrictions and as such are classified as deferred contributions:

	Beginning Balance 2018	Inflows	Amount Recognized in Revenue	Ending Balance 2018
Parkland	\$ 373,415	\$ 1,364,960	\$ (120,420)	\$ 1,858,795
Development Charges	27,116,776	5,532,771	3,800,162	28,849,385
Building Permit Fees	7,003,684	59,435	1,335,078	5,728,041
Engineering Administration	1,344,040	558,254	845,071	1,057,223
Gas Tax Grant	3,433,984	2,570,699	2,183,005	3,821,678
Sub-total Obligatory Reserve Funds	39,271,899	10,086,119	8,042,896	41,315,122
Other	998,663	5,495,534	5,489,778	1,004,419
Total	\$ 40,270,562	\$ 15,581,653	\$ 13,532,674	\$ 42,319,541

15. LONG-TERM DEBT

(a) The balance of long-term debt owed to the Regional Municipality of York reported on the Consolidated Statement of Financial Position is made up of the following:

			2018	2017
Long-term debt incurred by the Town			\$ 56,562,744	\$ 33,733,250
<u>Purpose</u>	<u>Rates</u>	<u>Maturity Date</u>	<u>2018</u>	<u>2017</u>
Mulock Farm	3.49%	2048	26,000,000	-
Land for recreation facilities	5.724%	2024	5,222,213	5,933,268
Youth Centre	5.724%	2024	1,210,025	1,374,782
Downtown renewal	5.724%	2024	383,811	436,071
Recreation facility	5.246%	2024	4,968,607	5,656,742
Parklands	5.246%	2024	1,056,243	1,202,529
Traffic flow improvements	5.246%	2024	608,654	692,951
Downtown revitalization	5.246%	2024	165,620	188,558
Recreation facility	4.756%	2026	7,431,695	8,179,213
Consolidated Operations Centre	5.000%	2019	8,127,392	8,587,991
Federation of Canadian Municipalities loan for Operations Centre	2.000%	2031	1,388,484	1,481,145
			\$ 56,562,744	\$ 33,733,250

Notes to the Consolidated Financial Statements
December 31, 2018

15. LONG-TERM DEBT (Continued)

(b) Principal repayments for each of the next five years and thereafter are due as follows:

2019	\$ 11,481,029
2020	3,520,612
2021	3,696,231
2022	3,880,833
2023	4,074,965
2024 and thereafter	29,909,074
	<u>\$ 56,562,744</u>

(c) Interest expense on long-term debt amounted to \$2,156,855 (2017 - \$1,862,932).

16. INSURANCE COVERAGE

The Town is self insured for insurance claims up to \$10,000 for any individual claim and for any number of claims arising out of a single occurrence.

Claim costs incurred during the year amounted to \$146,557 (2017 - \$46,458).

Insurance premiums of \$1,004,897 (2017 - \$943,619) were expensed during the year on the "Consolidated Statement of Operations and Accumulated Surplus".

17. CONTINGENCIES

The Town has been named as a defendant in certain legal actions. The outcome of these actions is not determinable as at the date of reporting and accordingly, no provision has been made in these financial statements for any liability which may arise.

18. LEASE AGREEMENTS

The Town has entered into lease agreements for vehicles, office equipment and safety equipment. The aggregate minimum payments under these leases over the next three years are as follows:

2019	\$ 223,578
2020	155,203
2021	136,390
	<u>\$ 515,171</u>

19. CONTRACTUAL OBLIGATIONS

During the year the Town performed work on several major projects relating to the construction, repair and replacement of certain facilities and infrastructure. The total purchase commitment from such contracts amounted to approximately \$29,903,000, of which expenses of approximately \$6,005,000 were outstanding as at December 31, 2018.

The Town also entered into various multiple-year contracts for the delivery of services with respect to waste collection, snow plowing, infrastructure and facility maintenance. The total purchase commitment from such contracts amounted to approximately \$50,055,000, of which expenses of approximately \$17,602,000 were outstanding as at December 31, 2018.

Notes to the Consolidated Financial Statements
December 31, 2018

20. PENSION AGREEMENTS

OMERS provides pension services to approximately 496,000 active and retired members from approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted as at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of \$100.1 billion in respect of benefits accrued for service with actuarial assets at that date of \$95.9 billion indicating an actuarial deficit of \$4.2 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit.

Contributions in 2017 ranged from 9% to 15.9% depending on the proposed retirement age and level of earnings. Contributions made by the Town to OMERS on account of current service for the year were \$4,664,435 (2017- \$4,253,239).

21. ACCUMULATED SURPLUS

The Accumulated Surplus is comprised of the following:

	2018	2017
Reserves set aside for specific purposes by Council		
Reserves for operating purposes	\$ 9,023,031	\$ 6,087,935
Reserves for capital purposes	892,560	1,142,211
Newmarket Public Library	788,832	728,743
Water & Wastewater Rate Stabilization	3,559,211	4,863,356
Total Reserves	14,263,634	12,822,245
Reserve funds set aside for specific purposes by Council		
Asset replacement funds	31,053,913	27,953,992
Reserve funds for operating purposes	4,623,167	4,155,026
Reserve funds for capital purposes	5,966,378	3,492,415
Self-insured long-term disability	4,738,991	4,635,192
Total Reserve Funds	46,382,449	40,236,625
Total Reserves and Reserve Funds	60,646,083	53,058,870
Invested in tangible capital assets	514,435,905	486,710,874
Less: amount financed by long-term debt	(56,562,744)	(33,733,250)
Equity in Newmarket Hydro Holdings Inc. (Note 10)	68,452,251	68,949,579
Employee future benefits to be recovered	(4,244,080)	(3,981,545)
Operating	528,623	-
Capital Fund Balance	2,001,965	1,488,106
Accumulated Surplus	\$ 585,258,003	\$ 572,492,634

22. GOVERNMENT TRANSFERS

Government transfers include monetary transfers based on cost-sharing agreements between the three levels of government. Some funds are transferred when the Town provides evidence that the qualifying expenditures have been incurred. The Town also receives government transfers once certain criteria have been met or with the stipulation that the funds are used for specific programs or expenses (grants with stipulations). Any transfers received where the transfer stipulations have not been met by year-end are recorded as deferred revenue (see note 14). Grants are also received to support specific program areas such as the Library, Museum, or the Seniors Centre. The following kinds of transfers were included in revenue:

	2018	2017
Grants with stipulations	\$ 2,183,005	\$ 2,025,694
Other grants	3,296,584	2,615,294
	\$ 5,479,589	\$ 4,640,988

Notes to the Consolidated Financial Statements
December 31, 2018

23. CENTRAL YORK FIRE SERVICES

Effective January 1, 2002, the Town of Newmarket entered into a Joint Venture Agreement with the Town of Aurora with respect to the provision of Fire and Emergency services. Under the Agreement, the Town of Newmarket assumed responsibility for the combined Central York Fire Services. The cost of these services is shared between the two municipalities based on a cost sharing formula.

	<u>2018</u>	<u>2017</u>
Net expenses before allocation	\$ 25,069,755	\$ 24,713,675
Less: Aurora's allocation (2018 - 40.65%; 2017 - 40.60%)	<u>(10,190,856)</u>	<u>(10,058,799)</u>
Newmarket's net allocation	<u>\$ 14,878,900</u>	<u>\$ 14,654,876</u>

24. TRUST FUND

The Trust fund administered by the Town amounting to \$269,128 (2017 - \$263,464) is presented in a separate financial statement of trust financial activities and fund balance. As such balances are held in trust by the Town for the benefit of others, they are not included in the Town's consolidated statement of financial position or financial activities. During 2018, the Trust Fund did not transfer any amounts (2017- \$70,895) to the Town.

25. TANGIBLE CAPITAL ASSETS

Schedule 1 provides information on the tangible capital assets of the Town by major asset category, as well as for accumulated amortization.

Tangible capital assets are segmented by asset class according to the Financial Information Return. General Capital Assets exclude the Infrastructure Asset class and include Parks, Recreation Facilities, and Fire. Infrastructure assets are composed of linear assets and their associated specific components, generally constructed or arranged in a continuous and connected network. They include Roads, including bridges, and Environmental Infrastructure (water delivery systems, waste water treatment, storm drainage systems).

a) Tangible capital assets recognized at nominal value.

Certain assets have been assigned a nominal value because of the difficulty of determining a valuation. The most significant such asset is the land under the Town's roads which has been assigned a nominal value of one dollar per kilometer of road length. The 2018 road network had 243 kilometers (2017 - 239 km).

b) Capitalization of interest

No interest was capitalized in 2018 (2017 - \$nil).

c) Construction in Progress

The financial statements and accompanying schedules include \$6,233,623 (2017 - \$5,436,217) of tangible assets that have not been amortized.

d) Contributed Tangible Capital Assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. These assets are mainly in the subdivisions assumed during the year.

	<u>2018</u>	<u>2017</u>
Linear Assets	\$ 5,085,314	\$ 15,678,450
Storm Water Management Pond	80,600	186,801
Streetlights	104,691	161,033
	<u>\$ 5,270,605</u>	<u>\$ 16,026,284</u>

Notes to the Consolidated Financial Statements
December 31, 2018

26. SEGMENTED INFORMATION

Certain allocation methodologies are employed by the Town in the preparation of segmented financial information. Government grants, user charges, transfers from other funds, and other revenues are allocated to the specific program or service they relate to. Expense allocations are both internal and external. There is an external allocation to the Town of Aurora for its share of the costs of running Central York Fire Services (see Note 24). Activity based costing is used to allocate internal support costs to departments. These costs include the net expenses for departments, such as human resources, information systems, finance and others, commonly referred to as overhead. Measures of activity, or drivers, are used to apportion the support costs.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Schedule 2 Service Bundles

The Town's services and programs are grouped and reported based on a customer driven service bundle in Schedule 2. Revenues are reported by source, while expenses are reported by object. The Town determines an individual tax rate for each service to attain full cost recovery. Tax revenues are allocated according to the tax billing. Net revenues before financing include capital expenses, reserves, reserve funds and transfers. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Fire & Emergency Services

Central York Fire Services provides fire services to the residents of Newmarket and Aurora. They are responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. The cost of these services is shared between the two municipalities based on a cost sharing formula described in Note 23.

Water, Wastewater & Solid Waste

The Town provides drinking water to its citizens and collects wastewater. The solid waste and recycling program includes curbside collection of recyclables, organics, yard waste and garbage.

By-law & Licensing Services

The Town issues a variety of licenses including marriage, taxicab and animal licenses. It ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of zoning by-laws and the processing of building permit applications.

Roads, Bridges & Sidewalks

The Public Works and Environmental Services department is responsible for the cleanliness, safety and maintenance of the Town's paved roads, bridges and sidewalks.

Planning & Development Services

The Town creates plans for Newmarket's future. It manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods and the downtown through Town planning, community development, parks and riverbank planning.

Community Programs & Events

The Town provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs. It also hosts community special events throughout the year.

Facilities, Parks & Trails

The Town maintains numerous recreation facilities, as well as indoor community space for booking and community use. It also maintains parks and playgrounds, open spaces, and a vast trail system.

Notes to the Consolidated Financial Statements
December 31, 2018

26. SEGMENTED INFORMATION (Continued)

Corporate Support & Governance

The Town Council, the Office of the CAO, Legal and other support staff and services are included here.

Public Library Services

The provision of library services contributes towards the information needs of the Town's citizens. The library also provides programs to local residents.

Main Street District BIA

The Main Street District BIA promotes the Main Street area as a business, shopping and entertainment area. This department has been separately disclosed from other Planning & Development Services, due to its requirement to have audited financial statements.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year financial statement presentation. The reclassifications relate to regroupings within various categories of tangible capital assets.

28. SUBSEQUENT EVENTS

Effective March 15, 2019 cash in the Museum bank account was transferred to the Town's reserve fund bank account and the Museum bank account was closed. A reserve fund was created and includes the cash and guaranteed investment certificate.

On April 24, 2019 the Town repaid the outstanding balance of the debenture in the amount of \$7,796,000 for the Operations Centre less sinking fund interest of \$59,414 to the Regional Municipality of York.

29. RELATED PARTIES

A consulting company has provided services to the Town of Newmarket during 2018 in the amount of \$1,067,995 (\$912,149 in 2017). A member of the company's management is the spouse of a director for the Town. The transactions have been on market terms and appropriate internal controls are in place.

A car dealership sold light vehicles to the Town of Newmarket during 2018 in the amount of \$201,042 (\$nil in 2017). A member of the company's management is a member of Town Council. The transactions have been on market terms and appropriate internal controls are in place.

Note 10, Investment in Newmarket Hydro Holdings Inc. discloses related party transactions with the Town's business enterprises. In addition, there were other related party transactions amounting to less than \$100,000 in total, each of which are not of a significant amount and are done on market terms.

The Corporation of the Town of Newmarket
 Tangible Capital Assets - Summary By Asset Category
 December 31, 2018

Schedule 1

	Cost				Accumulated Amortization				2018	
	2018 Opening Balance	Additions and Betterments	Disposals/ Transfers	Write Downs	2018 Closing Balance	2018 Opening Balance	2018 Amortization Expense	Accumulated Amortization on Disposals	2018 Ending Balance	Net Book Value
General Capital Assets										
Land	\$ 74,738,474	\$ 24,860,414	\$ -	\$ -	\$ 99,598,888	\$ -	\$ -	\$ -	\$ -	\$ 99,598,888
Land improvements	12,336,473	2,198,955	-	-	14,535,428	2,534,567	425,344	-	2,959,911	11,575,517
Buildings and building components	97,256,841	750,037	288,749	-	97,718,129	38,151,602	2,574,585	155,203	40,570,984	57,147,145
Machinery and Equipment	16,093,397	1,849,706	578,031	-	17,365,072	8,667,579	1,431,554	550,214	9,548,919	7,816,153
Vehicles	6,565,043	96,281	-	-	6,661,324	3,053,661	420,149	-	3,473,810	3,187,514
Library Collection	1,693,070	160,851	66,978	-	1,786,943	979,143	206,859	221,478	964,524	822,419
	\$ 208,683,298	\$ 29,916,244	\$ 933,758	\$ -	\$ 237,665,784	\$ 53,386,552	\$ 5,058,491	\$ 926,895	\$ 57,518,148	\$ 180,147,636
Infrastructure Assets										
Land	\$ 18,492,537	\$ -	\$ -	\$ -	\$ 18,492,537	\$ -	\$ -	\$ -	\$ -	\$ 18,492,537
Land improvements	24,544,411	336,791	-	-	24,881,202	18,384,962	591,347	-	18,976,309	5,904,893
Buildings and building components	24,846,461	-	-	-	24,846,461	5,442,342	793,913	-	6,236,255	18,610,206
Machinery and Equipment	2,056,699	310,554	151,401	-	2,215,852	1,211,162	126,051	-	1,337,213	878,639
Vehicles	2,294,230	769,916	386,860	-	2,677,286	1,593,888	299,264	386,860	1,506,292	1,170,994
Linear Assets	492,095,371	12,169,281	840,885	-	503,423,767	211,719,444	9,397,800	690,854	220,426,390	282,997,377
	\$ 564,329,709	\$ 13,586,542	\$ 1,379,146	\$ -	\$ 576,537,105	\$ 238,351,798	\$ 11,208,375	\$ 1,077,714	\$ 248,482,459	\$ 328,054,646
Construction in Progress										
	\$ 5,436,217	\$ 5,030,449	\$ 4,233,043		\$ 6,233,623	\$ -	\$ -	\$ -	\$ -	\$ 6,233,623
Total Tangible Capital Assets	\$ 778,449,224	\$ 48,533,235	\$ 6,545,947	\$ -	\$ 820,436,512	\$ 291,738,350	\$ 16,266,866	\$ 2,004,609	\$ 306,000,607	\$ 514,435,905

The Corporation of the Town of Newmarket
Tangible Capital Assets - Summary By Asset Category
December 31, 2017

Schedule 1

	Cost				Accumulated Amortization				2017	
	2017 Opening Balance	Additions and Betterments	Disposals/ Transfers	Write Downs	2017 Closing Balance	2017 Opening Balance	2017 Amortization Expense	Accumulated Amortization on Disposals	2017 Ending Balance	Net Book Value
General Capital Assets										
Land	\$ 74,717,975	\$ 20,499	\$ -	\$ -	\$ 74,738,474	\$ -	\$ -	\$ -	\$ -	\$ 74,738,474
Land improvements	11,638,749	697,724	-	-	12,336,473	2,164,716	369,851	-	2,534,567	9,801,906
Buildings and building components	94,214,777	3,042,064	-	-	97,256,841	35,587,084	2,564,518	-	38,151,602	59,105,239
Machinery and Equipment	14,647,296	1,755,094	308,993	-	16,093,397	7,649,995	1,326,577	308,993	8,667,579	7,425,818
Vehicles	5,974,407	822,415	231,779	-	6,565,043	2,823,266	462,174	231,779	3,053,661	3,511,382
Library Collection	1,737,903	193,809	238,642	-	1,693,070	1,005,581	212,204	238,642	979,143	713,927
	\$ 202,931,107	\$ 6,531,605	\$ 779,414	\$ -	\$ 208,683,298	\$ 49,230,642	\$ 4,935,324	\$ 779,414	\$ 53,386,552	\$ 155,296,746
Infrastructure Assets										
Land	\$ 18,492,534	\$ 3	\$ -	\$ -	\$ 18,492,537	\$ -	\$ -	\$ -	\$ -	\$ 18,492,537
Land improvements	24,357,610	186,801	-	-	24,544,411	17,813,093	571,869	-	18,384,962	6,159,449
Buildings and building components	24,846,461	-	-	-	24,846,461	4,648,429	793,913	-	5,442,342	19,404,119
Machinery and Equipment	1,942,621	114,078	-	-	2,056,699	1,096,614	114,548	-	1,211,162	845,537
Vehicles	2,638,920	-	344,690	-	2,294,230	1,661,321	277,257	344,690	1,593,888	700,342
Linear Assets	471,827,564	22,511,516	2,243,709	-	492,095,371	204,266,147	9,246,634	1,793,337	211,719,444	280,375,927
	\$ 544,105,710	\$ 22,812,398	\$ 2,588,399	\$ -	\$ 564,329,709	\$ 229,485,604	\$ 11,004,221	\$ 2,138,027	\$ 238,351,798	\$ 325,977,911
Construction in Progress	\$ 7,404,596	\$ 4,520,932	\$ 6,489,311	\$ -	\$ 5,436,217	\$ -	\$ -	\$ -	\$ -	\$ 5,436,217
Total Tangible Capital Assets	\$ 754,441,413	\$ 33,864,935	\$ 9,857,124	\$ -	\$ 778,449,224	\$ 278,716,246	\$ 15,939,545	\$ 2,917,441	\$ 291,738,350	\$ 486,710,874

The Corporation of the Town of Newmarket
 Segment Disclosures - Service Bundle
 Year ended December 31, 2018

	Fire & Emergency Services		Water, Wastewater & Solid Waste		Bylaw & Licensing Services		Roads, Bridges & Sidewalks	
	2018	2017	2018	2017	2018	2017	2018	2017
EXPENSES								
Salaries and wages	\$ 21,331,556	\$ 21,176,636	\$ 2,884,088	\$ 2,925,052	\$ 1,255,348	\$ 1,115,435	\$ 2,326,188	\$ 2,058,993
Materials, goods and supplies	906,911	859,027	775,403	573,027	76,927	44,301	1,116,804	992,771
Utilities	152,995	156,675	24,500	27,457	-	-	1,009,234	976,299
Contracted and general services	814,985	936,290	29,472,163	24,631,570	438,437	456,167	749,375	873,333
Rents and financial	30,000	30,000	73,116	65,917	11,884	238	2,087	1,537
Interest on long-term debt	-	-	560,926	566,740	-	-	-	-
Capital repairs and maintenance	336,116	669,998	1,993,877	3,061,017	-	-	1,418,028	2,174,161
Amortization expenses	432,908	442,095	3,009,329	2,973,073	20,990	20,549	7,407,171	7,248,520
Allocations	(7,981,592)	(7,849,539)	3,183,971	2,872,819	718,964	958,324	1,397,299	1,922,776
Total expenses	16,023,879	16,421,182	41,977,373	37,696,672	2,522,550	2,595,014	15,426,186	16,248,391
REVENUES								
Taxation	16,898,382	15,516,148	3,386,064	2,994,289	1,656,338	1,688,066	10,742,920	10,489,878
User charges	317,084	340,479	40,094,636	35,960,776	375,274	474,952	120,904	112,312
External non-tax revenues	170,337	171,841	6,379,595	10,015,280	565,206	392,645	5,078,663	13,073,906
Gain / (loss) on sale of tangible capital assets	-	9,295	(85,409)	(199,069)	-	-	92,726	(157,403)
Total revenues	17,385,803	16,037,763	49,774,886	48,771,276	2,596,818	2,555,663	16,035,213	23,518,693
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	-	-
Annual Surplus (Deficit)	\$ 1,361,924	\$ (383,419)	\$ 7,797,513	\$ 11,074,604	\$ 74,268	\$ (39,351)	\$ 609,027	\$ 7,270,302

Note: Allocations are based on estimates of the support services provided to other departments.

The Corporation of the Town of Newmarket
 Segment Disclosures - Service Bundle
 Year ended December 31, 2018

	Planning & Development Services		Community Programs & Events		Facilities, Parks & Trails		Corporate Support & Governance	
	2018	2017	2018	2017	2018	2017	2018	2017
EXPENSES								
Salaries and wages	\$ 4,598,247	\$ 4,302,797	\$ 6,715,338	\$ 5,791,871	\$ 8,012,138	\$ 7,456,681	\$ 11,497,479	\$ 9,474,073
Materials, good and supplies	289,242	183,868	173,137	260,530	1,825,999	1,368,710	445,324	422,412
Utilities	-	24	2,531	2,062	2,098,951	2,254,447	662,893	560,874
Contracted and general services	484,859	345,679	1,431,638	1,443,913	1,337,412	1,229,657	3,917,327	3,057,915
Rents and financial	2,860	(24,117)	43,689	33,106	48,047	53,071	52,909	121,888
Interest on long-term debt	-	-	-	-	-	-	1,595,929	1,296,193
Capital repairs and maintenance	327,359	93,916	-	-	3,078,869	2,104,813	548,923	474,164
Amortization expenses	-	-	62,434	56,942	4,254,065	4,158,979	766,316	713,215
Allocations	2,476,613	2,305,152	1,718,833	1,526,524	3,535,191	3,445,833	(15,769,313)	(15,770,067)
Total expenditures	8,179,180	7,207,319	10,147,600	9,114,948	24,190,672	22,072,191	3,717,787	350,667
REVENUES								
Taxation	3,987,602	3,356,676	5,047,374	4,372,308	15,636,888	14,927,524	-	-
User charges	3,155,485	2,807,296	4,820,550	4,230,951	2,447,465	2,392,392	535,010	513,043
External non-tax revenues	1,303,880	1,316,182	798,238	871,449	2,673,212	4,027,122	7,235,869	6,596,385
(Loss) / gain on sale of tangible capital assets	-	-	-	-	(99,200)	81,154	-	-
Total revenues	8,446,967	7,480,154	10,666,162	9,474,708	20,658,365	21,428,192	7,770,879	7,109,428
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	838,672	2,154,784
Annual Surplus (Deficit)	\$ 267,787	\$ 272,835	\$ 518,562	\$ 359,760	\$ (3,532,307)	\$ (643,999)	\$ 4,891,764	\$ 8,913,545

Note: Allocations are based on estimates of the support services provided to other departments.

The Corporation of the Town of Newmarket
 Segment Disclosures - Service Bundle
 Year ended December 31, 2018

	Public Library Services		Main Street District BIA		Consolidated	
	2018	2017	2018	2017	2018	2017
EXPENSES						
Salaries and wages	\$ 2,407,333	\$ 2,288,217	\$ -	\$ -	\$ 61,027,715	\$ 56,589,755
Materials, good and supplies	327,626	326,706	32,422	17,558	5,969,795	5,048,911
Utilities	96,630	112,146	-	-	4,047,734	4,089,984
Contracted and general services	110,055	127,727	4,866	19,223	38,761,117	33,121,475
Rents and financial	2,023	-	-	-	266,615	281,640
Interest on long-term debt	-	-	-	-	2,156,855	1,862,933
Capital repairs and maintenance	114,570	51,695	-	-	7,817,742	8,629,764
Amortization expenses	313,656	326,172	-	-	16,266,869	15,939,545
Allocations	529,181	529,380	-	-	(10,190,853)	(10,058,798)
Total expenditures	3,901,074	3,762,043	37,288	36,781	126,123,589	115,505,208
REVENUES						
Taxation	3,807,822	3,561,823	30,000	30,000	61,193,390	56,936,711
User charges	76,238	78,797	-	-	51,942,646	46,910,997
External non-tax revenues	273,940	300,824	4,979	5,920	24,483,919	36,771,554
(Loss) / gain on sale of tangible capital assets	-	-	-	-	(91,883)	(266,022)
Total revenues	4,158,000	3,941,444	34,979	35,920	137,528,072	140,353,241
Investment Income From Newmarket Hydro Holdings Inc.	-	-	-	-	838,672	2,154,784
Gain on foreign exchange					522,214	
Annual Surplus (Deficit)	\$ 256,926	\$ 179,401	\$ (2,309)	\$ (861)	\$ 12,765,369	\$ 27,002,817

Note: Allocations are based on estimates of the support services provided to other departments.