

**The Corporation of the  
Town of Newmarket  
Consolidated Financial Statements  
For the year ended December 31, 2013**

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## Independent Auditor's Report

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**To the Mayor and Councilors of The Corporation of the Town of Newmarket**

We have audited the accompanying financial statements of The Corporation of the Town of Newmarket which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Newmarket as at December 31, 2013 and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

June 23, 2014  
Newmarket, Ontario

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Draft - Subject to Change

**THE CORPORATION OF THE TOWN OF NEWMARKET**

**Consolidated Statement of Financial Position**

**December 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 7)	\$ 78,496,589	\$ 70,391,284
Temporary investments (Note 8)	5,000,000	-
Taxes receivable (Note 9)	5,807,313	5,601,407
Unbilled user charges	4,030,017	4,125,472
Accounts receivable (Note 9)	4,425,109	6,514,729
Inventory for resale (Note 10)	103,681	127,940
Surplus land (Note 11)	33,598	1,173,371
Loans receivable (Note 9)	2,962,285	247,158
Investment in Newmarket Hydro Holdings Inc. (Note 12)	62,967,404	61,623,872
	<b>163,825,996</b>	<b>149,805,233</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 13)	23,884,445	20,865,557
Interest payable on debt	1,087,990	1,194,952
Employee future benefits payable (Note 14)	4,407,979	4,021,623
Deferred revenue (Note 15)	28,241,107	24,654,833
Long-term debt (Note 16)	45,537,657	48,204,992
	<b>103,159,178</b>	<b>98,941,957</b>
<b>NET FINANCIAL ASSETS</b>	<b>60,666,818</b>	<b>50,863,276</b>
<b>NON FINANCIAL ASSETS</b>		
Inventory (Note 10)	242,081	289,167
Prepaid expenses	808,840	495,461
Tangible capital assets (Note 26)	438,113,140	431,436,125
	<b>439,164,061</b>	<b>432,220,753</b>
<b>ACCUMULATED SURPLUS (Note 22)</b>	<b>\$ 499,830,879</b>	<b>\$ 483,084,029</b>

**Contingencies and lease agreements (Notes 18 and 19)**

## THE CORPORATION OF THE TOWN OF NEWMARKET

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2013

	<b>2013</b>		<b>2012</b>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>REVENUES</b>			
<b>Taxation and user charges</b>			
Residential and farm taxation	\$ 39,636,710	\$ <b>40,478,367</b>	\$ 37,150,873
Commercial, industrial and business taxation	8,785,730	<b>8,615,543</b>	8,554,802
Taxation from other governments	681,000	<b>654,125</b>	665,353
User charges	37,305,345	<b>37,558,063</b>	35,841,348
	86,408,785	<b>87,306,098</b>	82,212,376
<b>Government Transfers</b>			
Government of Canada	1,656,788	<b>218,457</b>	333,108
Federal Gas Tax Allocation	3,970,720	<b>2,027,314</b>	1,087,610
Province of Ontario	3,096,248	<b>690,166</b>	512,318
	8,723,756	<b>2,935,937</b>	1,933,036
<b>Other</b>			
Contribution from developers	3,941,445	<b>13,046,148</b>	10,345,007
Investment income	3,523,326	<b>4,315,850</b>	3,634,474
Fine, penalties and interest	1,417,000	<b>1,153,277</b>	1,227,173
Rent and other	3,216,309	<b>3,302,271</b>	3,313,934
Land sales	3,275,229	<b>2,123,071</b>	132,999
Loss on disposal of tangible capital assets	-	<b>(597,688)</b>	(211,267)
	15,373,309	<b>23,342,929</b>	18,442,320
<b>TOTAL REVENUES</b>	\$ 110,505,850	\$ <b>113,584,964</b>	\$ 102,587,732

## THE CORPORATION OF THE TOWN OF NEWMARKET

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2013

	2013		2012
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>EXPENSES</b>			
General government	\$ 13,646,601	\$ <b>13,495,807</b>	\$ 13,153,349
Protection to persons and property	14,984,081	<b>15,053,840</b>	14,730,166
Transportation services	10,671,798	<b>10,343,426</b>	10,429,756
Environmental services	29,570,866	<b>29,726,083</b>	26,806,723
Recreation and cultural services	28,407,964	<b>27,208,730</b>	26,369,801
Planning and development	2,136,499	<b>2,353,760</b>	2,021,544
	<b>99,417,809</b>	<b>98,181,646</b>	93,511,339
<b>Net equity in earnings of Newmarket Hydro</b>			
<b>Holdings Inc.</b>	1,000,000	<b>1,343,532</b>	1,369,669
<b>ANNUAL SURPLUS</b>	12,088,041	<b>16,746,850</b>	10,446,062
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	483,084,029	483,084,029	472,637,967
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 495,172,070	<b>\$ 499,830,879</b>	\$ 483,084,029

## THE CORPORATION OF THE TOWN OF NEWMARKET

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2013

	2013		2012
	Budget	Actual	Actual
<b>Annual surplus</b>	\$ 12,088,041	\$ 16,746,850	\$ 10,446,062
Acquisition of tangible capital assets	(19,560,668)	(12,140,391)	(10,108,787)
Contributed tangible capital assets	-	(10,500,800)	(5,079,083)
Amortization of tangible capital assets	15,526,021	15,294,143	15,074,985
Proceeds from sale of tangible capital assets	-	72,348	555,688
Loss on sale of tangible capital assets	-	597,688	211,266
	(4,034,647)	(6,677,012)	654,069
Changes due to inventory	(5,783)	47,083	(27,900)
Changes due to prepaid expenses	(9,909)	(313,379)	(301,167)
	(15,692)	(266,296)	(329,067)
<b>CHANGE IN NET FINANCIAL ASSETS</b>	8,037,702	9,803,542	10,771,064
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	50,863,276	50,863,276	40,092,212
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 58,900,978	\$ 60,666,818	\$ 50,863,276

## THE CORPORATION OF THE TOWN OF NEWMARKET

## Consolidated Statement of Cash Flows

Year ended December 31, 2013

	2013		2012
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>CASH PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
<b>Cash received from</b>			
Taxation	\$ 55,622,233	\$ 51,503,313	\$ 54,176,468
User charges	35,640,681	37,444,701	34,941,844
Government transfers	3,279,000	1,174,400	3,543,639
Contributions from developers	3,941,445	10,806,332	6,692,130
Investment income	3,523,326	1,555,610	3,928,675
Fine, penalties and interest	1,417,000	1,275,094	1,142,741
Rent and other	2,894,678	3,745,318	2,840,694
Aurora's share of Central York Fire Services	8,227,017	8,227,017	7,973,152
	114,545,380	115,731,785	115,239,343
<b>Cash paid for</b>			
Salaries, wages and employee benefits	47,014,791	47,115,139	44,775,991
Materials, goods, and supplies	4,805,488	8,190,915	4,665,522
Utilities	4,135,596	4,325,572	4,015,142
Contracted and general services	24,267,071	23,581,344	23,333,722
Capital repairs and maintenance	6,506,859	5,023,792	5,513,047
Interest on long-term debt	2,475,070	2,475,070	2,584,932
Rents and financial	640,277	793,199	627,723
	89,845,152	91,505,031	85,516,079
<b>Net change in cash from operating activities</b>	24,700,228	24,226,754	29,723,264
<b>CAPITAL ACTIVITIES</b>			
Land sales	3,275,229	3,262,844	268,000
Proceeds on disposal of tangible capital assets	-	72,348	555,688
Acquisition of tangible capital assets	(19,560,668)	(11,834,420)	(10,108,787)
<b>Net change in cash from capital activities</b>	(16,285,439)	(8,499,228)	(9,285,099)



**THE CORPORATION OF THE TOWN OF NEWMARKET**

**Consolidated Statement of Cash Flows**

**Year ended December 31, 2013**

	<b>2013</b>		<b>2012</b>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>FINANCING ACTIVITIES</b>			
Temporary investments	-	<b>(5,000,000)</b>	-
Principal repayment on long-term debt	(2,668,240)	<b>(2,622,221)</b>	(2,512,291)
<b>Net change in cash from financing activities</b>	(2,668,240)	<b>(7,622,221)</b>	(2,512,291)
<b>NET CHANGE IN CASH</b>	5,746,549	<b>8,105,305</b>	17,925,874
<b>CASH, BEGINNING OF YEAR</b>	70,391,284	<b>70,391,284</b>	52,465,410
<b>CASH, END OF YEAR</b>	\$ 76,137,833	<b>\$ 78,496,589</b>	\$ 70,391,284
<b>Supplementary information:</b>			
Interest paid		<b>\$ 2,475,070</b>	\$ 2,584,932
Interest received		<b>\$ 1,306,435</b>	\$ 1,036,452

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

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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 of the Corporation of the Town of Newmarket (the "Town") are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB").

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 generally accepted accounting principles as recommended by PSAB for 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 statement of financial operations 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 municipality are not consolidated, but are reported separately in the "Trust Fund Statement of Continuity" and "The Trust Fund Statement of Financial Position".

(b) *Basis of accounting*

(i) *Accrual accounting*

Sources of financing 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.

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

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### 1. SIGNIFICANT ACCOUNTING POLICIES (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>
Land improvements	20 - 40
Buildings and building components	20 - 40
Vehicles	4 - 20
Machinery and equipment	3 - 20
Library collection	7
Linear assets	
- Road base	40
- Road paved surface	25
- Sewer	50
- Watermain	50
- Sidewalks	25
- Trails and walkways	25
- Bridges and structures	25 - 75

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 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 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.

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

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### 1. SIGNIFICANT ACCOUNTING POLICIES (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) *Accounting for property capping provisions resulting from the Ontario Fair Assessment System*

The net decrease/increase in property taxes as a result of the application of capping provisions does not affect the Consolidated Statement of Operations as the full amount of the property taxes were levied. However, the capping adjustment is reported on the Consolidated Statement of Financial Position as an asset/liability to be received from/paid to the Region. More detailed information is disclosed in Note 5.

(v) *Deferred revenue*

Deferred revenues represent user charges and 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) *Pension Plan*

The Municipality 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 Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

(viii) *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 development charges (obligatory reserve funds) is added to the fund balance and forms part of the deferred revenue balance.

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *(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.

#### *(ix) 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. Actual results could differ from these estimates.

#### *(x) 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. 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 expense amounts.

#### *(xi) Comparative figures*

Certain comparative figures have been reclassified to conform with the current year financial statement presentation.

### 2. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2013, the Municipality adopted the revised Public Sector Accounting Standard Section PS 3410 Government Transfers and Section PS 3510 Tax Revenue. These changes in accounting policies have been made in accordance with the transitional provisions of the standards which are to be applied either retroactively or prospectively. The Municipality has chosen to apply these revised standards prospectively. For PS 3410, there has been no effect on the consolidated financial statements. For PS 3510, supplemental taxes of \$90,000 have been recorded as tax revenue and write-offs of \$430,283 have reduced tax revenue.

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

### 3. BUDGET RECONCILIATION

The authority of Council is required before moneys can be spent by the Municipality. Approvals are given in the form of an annually approved budget. The budget approved by Council differs from the budget in the Consolidated Statement of Operations. 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.

	(Unaudited)	
	Revenue	Expenses
Council approved budget:		
Operating fund - December 17, 2012	\$ 100,752,218	\$ 100,752,218
Principal payment on long-term debt	-	(2,668,240)
Transfers to / from other funds	(6,307,654)	(16,648,243)
Capital budget - New - December 17, 2012	15,659,780	15,659,780
Capital budget carried over from previous years	25,540,608	25,540,608
Transfers to / from other funds	(29,567,161)	
Reserves and reserve funds - April 22, 2013	20,615,302	35,039,392
Transfers to / from other funds	(16,187,243)	(35,039,392)
<b>TOTAL COUNCIL APPROVED BUDGET</b>	<b>110,505,850</b>	<b>122,636,123</b>
Less: Tangible Capital Assets Capitalized	-	(39,121,335)
Plus: Budgeted amortization expense	-	15,526,021
Plus: Post-employment benefit expenses	-	377,000
<b>Adjusted Budget per Consolidated Statement of Operations</b>	<b>\$ 110,505,850</b>	<b>\$ 99,417,809</b>

### 4. 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:

	School Boards	Region
Property taxes and taxation from other governments	\$ 42,852,366	\$ 53,379,878

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

### 5. THE CONTINUED PROTECTION FOR PROPERTY TAXPAYERS ACT

Effective 1998, the provincial government implemented the Ontario Fair Assessment System and redefined the services which are funded from the property tax base. As a result of this, certain taxpayers have experienced significant changes in their property taxes. Provincial legislation empowered municipalities with tools to lessen the immediate impact of these assessment related property tax changes. These programs are administered by the Region of York for all constituent area municipalities. Within the Region of York a residential phase-in program was not adopted. For multi-residential, commercial and industrial property owners, the Province of Ontario instituted a mandatory capping program through the provisions of Bill 140, the Continued Protection for Property Taxpayers Act (2001), which limited reform-related tax increases to 5% per year from 2001 to 2004.

Effective from the 2005 taxation year, municipalities can implement the greater of an increase to the annual capped taxes of up to 10%, or an annual increase for capped properties of up to 5% of CVA taxes. Multi-residential, commercial, and industrial property owners experiencing decreases are also capped at appropriate levels to fund the phasing-in of increases. The limit remains in place until capped and clawed-back properties are within \$250 of their current value assessment ("CVA"). Municipal levy increases are applied in addition to the limit.

### 6. PHASE-IN OF ELIGIBLE ASSESSMENT INCREASES

The Government of Ontario made a number of changes to the property assessment system, which took effect for the 2009 property tax year, including the phase-in of eligible assessment increases.

To provide an additional level of property tax stability and predictability, market increases in assessed value between the January 1, 2008 and January 1, 2012 valuation dates are phased in over four years (2013-2016). The phase-in program does not apply to decreases in assessed value. The full benefit of any decrease is applied immediately.

### 7. 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.

Cash is segregated as follows:

	2013	2012
Restricted - obligatory reserve funds (refer to Note 15)	\$ 26,274,988	\$ 22,422,460
Designated - reserve funds (refer to Note 22)	34,144,411	29,254,625
Unrestricted and undesignated	18,077,190	18,714,199
	<b>\$ 78,496,589</b>	<b>\$ 70,391,284</b>

### 8. TEMPORARY INVESTMENTS

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

	2013	2012
Non-redeemable guaranteed investment certificate, interest at 2%, matures November, 2015	\$ 5,000,000	-

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2013**

**9. RECEIVABLES**

*(a) Taxes receivable*

	2013	2012
Current year	4,189,315	\$ 3,865,281
Arrears previous years	1,919,629	2,037,757
	6,108,944	5,903,038
Less allowance	301,631	301,631
	\$ 5,807,313	\$ 5,601,407

*(b) Accounts receivable*

	2013	2012
Government entities	\$ 2,314,115	\$ 2,542,533
Newmarket Hydro Holdings Inc.	1,352,149	1,351,413
Trade receivables, user fees and other receivables	860,449	2,783,329
	4,526,713	6,677,275
Less allowance	101,604	162,546
	\$ 4,425,109	\$ 6,514,729

*(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.

On December 19, 2013 the Town entered in to an agreement with the Newmarket Soccer Club to loan the club \$2.8 million for a term of 3 years, with the Town having an option to extend the loan for two additional periods of one 1 year, at a rate of prime plus 2%.

**10. INVENTORY**

Inventory for resale includes water meters sold to developers and transit passes and tickets. Inventory included in non-financial assets includes salt and sand used in winter control of area roads.

**11. SURPLUS LAND**

The Town owns 2 small parcels of land, the majority of which is road allowance, with a carrying value of \$33,598.



# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

### 12. 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 electric utility 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.

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.

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

	2013	2012
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	87,412
Retained earnings, end of the year		
Newmarket Hydro Holdings Inc.	11,270,650	9,927,118
<b>Total investment</b>	<b>\$ 62,967,404</b>	<b>\$ 61,623,872</b>

The following summarizes the Municipality'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.

	2013	2012
Revenues:		
Investment income	\$ 1,205,600	\$ 1,205,600
Rent, property tax and other	386,770	382,244
Expenses:		
Energy purchases	2,995,243	3,642,968
Services - street light capital & maintenance	279,956	271,906
Dividends received	1,836,000	1,336,000
Dividends accrued	1,336,000	1,336,000
Accounts payable	333,155	318,309

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

### 12. INVESTMENT IN NEWMARKET HYDRO HOLDINGS INC. (continued)

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

	2013	2012
Financial position		
Current assets	\$ 33,099,043	\$ 31,013,400
Capital assets and future income taxes	58,788,116	57,445,877
Total assets	91,887,159	88,459,277
Current liabilities	12,596,148	11,051,863
Long term liabilities	34,084,743	33,638,380
Total liabilities	46,680,891	44,690,243
Non-controlling interest	2,990,276	2,896,574
Shareholder equity		
Share capital	29,609,342	29,609,342
Retained earnings	12,606,650	11,263,118
	42,215,992	40,872,460
	\$ 91,887,159	\$ 88,459,277
Results of operations		
Revenues	\$ 82,333,671	\$ 73,384,668
Operating expenses	(76,241,721)	(68,422,555)
Financing expenses	(1,344,336)	(1,331,890)
Other income	(103,273)	179,701
Non-controlling interest	(93,702)	(81,179)
Income tax	(1,232,473)	(907,076)
Net earnings	3,318,166	2,821,669
Retained earnings, beginning of year	11,263,118	9,893,449
Net income	3,318,166	2,821,669
Dividends paid	(1,974,634)	(1,452,000)
Retained earnings, end of the year	\$ 12,606,650	\$ 11,263,118
In Town's books		
Retained earnings, end of the year - per Hydro	\$ 12,606,650	\$ 11,263,118
Less: Dividends accrued	(1,336,000)	(1,336,000)
Adjusted retained earnings, end of year	11,270,650	9,927,118
Change in adjusted retained earnings	\$ 1,343,532	\$ 1,369,669

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

### 13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include an accrual of \$170,000 for land remediation costs on Town-owned land.

	2013	2012
Government entities	\$ 8,653,938	\$ 7,337,444
Payroll liabilities	5,317,974	4,504,125
Trade payables and other accrued liabilities	9,912,533	9,023,988
	<b>\$ 23,884,445</b>	<b>\$ 20,865,557</b>

### 14. EMPLOYEE FUTURE BENEFITS PAYABLE

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 future liabilities for employee future benefits has been completed and forms the basis for the estimated liability reported in these financial statements.

	2013	2012
Employee future benefits	\$ 4,176,897	\$ 3,854,203
Vacation pay	231,082	167,420
	<b>\$ 4,407,979</b>	<b>\$ 4,021,623</b>

Employee Future Benefits are health and dental benefits that are provided to early retirees, future 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 \$3,854,203 was determined by the last actuarial valuation carried out as at December 31, 2012, using a discount rate of 3.75%.

Total benefit payments to retirees during the year were \$101,023 (2012 - \$91,587). The plan is substantially unfunded and requires no contributions from employees. The retirement benefit liability at December 31 includes the following components:

	2013	2012
Accrued benefits obligation	\$ 4,493,573	\$ 4,174,479
Unamortized actuarial gain/(loss)	(316,676)	(320,276)
Employee future benefits payable	<b>\$ 4,176,897</b>	<b>\$ 3,854,203</b>
Employee future benefits, beginning of the year	\$ 3,854,203	\$ 3,535,812
Annual amortization of actuarial loss	3,600	52,800
Current period service cost	269,534	205,092
Interest cost	150,583	152,086
Benefits paid for the period	(101,023)	(91,587)
Employee future benefits, end of the year	<b>\$ 4,176,897</b>	<b>\$ 3,854,203</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2013**

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**14. EMPLOYEE FUTURE BENEFITS PAYABLE (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, 2012. The unamortized actuarial loss relates to an actuarial loss of \$666,606 at January 1, 2012 (\$583,280 as at December 31, 2012) which is being amortized over the estimated remaining service life of the active employees, less an unamortized actuarial gain of \$457,000 at January 1, 2009 (\$266,572 as at December 31, 2012) which is being amortized over twelve years. The average remaining service period of the active employees covered by the benefit plan is sixteen years.

The assumptions used in the December 31, 2012 actuarial valuation were:

*(a) Interest (discount) rate*

The present value of the future benefits as at December 31, 2013 was determined using a discount rate of 3.75% (2012- 3.75%).

*(b) Health costs*

Health cost premiums were assumed to decrease at a 7.25% (2012 - 7.5%) rate for 2013 and continue to decrease thereafter to 5.0% over the next 10 years.

*(c) Dental costs*

Dental cost premiums were assumed to increase at a 4.0% (2012 - 4.0%) rate.

The Town used the actual benefit increase percentage of 1.76% in its calculations for 2013.

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

### 15. 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 of 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 Investing in Ontario and the Gas Tax grants are restricted to infrastructure and require annual reporting. The following funds have statutory restrictions and as such are classified as deferred contributions:

	Beginning Balance 2013	2013 Inflows	2013 Outflows	Ending Balance 2013
Parklands	\$ 1,529,935	\$ 178,319	\$ 252,779	\$ 1,455,475
Development Charges	17,361,907	5,984,682	1,869,366	21,477,223
Engineering Administration	1,623,722	32,225	508,663	1,147,284
Gas Tax Grant	1,750,299	2,312,765	2,027,314	2,035,750
Investing in Ontario Grant from Province	156,597	2,659	-	159,256
	22,422,460	8,510,650	4,658,122	26,274,988
Other	2,232,373	5,907,486	6,173,740	1,966,119
Total	\$ 24,654,833	\$ 14,418,136	\$ 10,831,862	\$ 28,241,107

### 16. LONG-TERM DEBT

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

			2013	2012
Long-term debt incurred by the Town			\$ 45,537,657	\$ 48,204,992
Purpose	Rates	Dates	2013	2012
Water and sewermain project	variable	2014	\$ 126,000	\$ 245,000
Land for recreation facilities	5.724%	2024	8,408,139	8,944,372
Youth Centre	5.724%	2024	1,948,228	2,072,477
Downtown renewal	5.724%	2024	617,964	657,375
Recreation facility	5.246%	2024	8,079,096	8,610,257
Parklands	5.246%	2024	1,717,481	1,830,398
Traffic flow improvements	5.246%	2024	989,689	1,054,757
Downtown revitalization	5.246%	2024	269,303	287,009
Recreation facility	4.756%	2026	10,841,461	11,432,418
Consolidated Operations Centre	5.000%	2019	10,706,410	11,153,132
FCM loan for Operations Centre	2.000%	2031	1,833,886	1,917,797
			\$ 45,537,657	\$ 48,204,992

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2013**

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**16. LONG-TERM DEBT (continued)**

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

2014	\$	2,798,033
2015		2,801,071
2016		2,936,627
2017		3,079,140
2018		3,228,829
2019 and thereafter		30,693,957
	<b>\$</b>	<b>45,537,657</b>

(c) Interest expense on long-term debt amounted to \$ 2,368,108 (2012 - \$2,482,772).

**17. INSURANCE COVERAGE**

The Municipality 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 during the year amounted to \$32,535 (2012 - \$65,641).

In 2012, the Town changed its insurer to BFL Canada. Contributions have been made to the fund for claims in excess of \$10,000 and under \$50,000,000. These contributions have been reported as expenses on the "Consolidated Statement of Operations". The contributions for the year were \$675,674 (2012 - \$570,382).

**18. CONTINGENCIES**

*Contingencies*

The Town has been named as a defendant in certain legal actions in which damages have been sought. 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.

A claim has been initiated against the Town by a party whose lands were expropriated. The recommended statutory compensation has been paid in connection with two of the three affected lots. Approximately \$5,000 remains to be paid in connection with the third affected parcel. However, the affected landowner still has a potential claim for additional damages over and above the statutory compensation. It is too early in the litigation to determine the likelihood of success or estimate the extent of any future payments of the potential claim.

The Town has been named as a defendant in a procurement matter in which damages have been sought. The claim is for lost profits in connection with the termination of a janitorial services contract. The claim has not been substantiated and it is too early in the litigation to determine the likelihood of success or estimate the extent of any future payments of the potential claim. Accordingly, no provision has been made in these financial statements for any liability which may arise.

The Town has been put on notice by a party to a contract of a claim for damages. The claim is for delay damages in connection with construction performed at a Town facility. Litigation has not been commenced at this time. It is too early in the claim process to determine the likelihood of success or estimate the extent of any future payments of the potential claim.

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

### 19. 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:

2014	\$	175,214
2015		119,281
2016		119,281
	<b>\$</b>	<b>413,776</b>

### 20. CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling approximately \$34,521,576. These contracts relate to the construction, repair and replacement of certain facilities and infrastructure. Approximately \$19,551,026 relating to these contracts had not been expended as at December 31, 2013.

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 \$24,039,554, of which expenses of approximately \$8,271,721 were outstanding as at December 31, 2013.

### 21. PENSION AGREEMENTS

OMERS provides pension services to approximately 440,000 active and retired members and 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 at December 31, 2013. The results of this valuation disclosed total actuarial liabilities of \$73.0 billion in respect of benefits accrued for service with actuarial assets at that date of \$64.4 billion indicating an actuarial deficit of \$8.6 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 2013 ranged from 8.3% to 13.9% depending on the proposed retirement age and level of earnings. The 2013 operating expense for OMERS was \$3,630,746 (2012- \$3,142,504).

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

### 22. ACCUMULATED SURPLUS

The Accumulated Surplus is comprised of the following:

	2013	2012
<b>Reserves set aside for specific purposes by Council</b>		
Cash flow reserves	\$ 1,101,458	\$ 1,101,458
Reserves for operating purposes	5,819,864	4,679,123
Reserves for capital purposes	505,567	488,865
Newmarket Public Library	590,995	560,379
Building Code Act Fees	5,488,245	3,836,967
Water & Sewer Rate Stabilization	-	129,038
<b>Total Reserves</b>	<b>13,506,129</b>	<b>10,795,830</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
Asset replacement funds	14,539,143	13,757,352
Reserve funds for operating purposes	4,465,363	5,075,508
Reserve funds for capital purposes	8,827,635	4,190,095
Self-insured long-term disability	6,312,270	6,231,670
<b>Total Reserve Funds</b>	<b>34,144,411</b>	<b>29,254,625</b>
<b>Total Reserves and Reserve Funds</b>	<b>47,650,540</b>	<b>40,050,455</b>
Invested in tangible capital assets	438,113,140	431,436,125
Less: amount financed by long-term debt	(45,537,657)	(48,204,992)
Land declared surplus	33,598	1,173,371
Operating surplus	61,696	431,455
Funds available for future capital expenses	900,457	803,307
Funds to be provided from future revenues	(1,245,825)	(1,331,435)
Equity in Newmarket Hydro Holdings Inc. (Note 12)	62,967,404	61,623,872
Employee future benefits to be recovered	(3,112,474)	(2,898,129)
<b>Accumulated Surplus</b>	<b>\$ 499,830,879</b>	<b>\$ 483,084,029</b>



# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

### 23. 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 15). 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:

	2013	2012
Cost-sharing agreements	\$ 430,146	\$ 327,004
Grants with stipulations	2,027,314	1,087,610
Other grants	478,477	518,422
	<u>\$ 2,935,937</u>	<u>\$ 1,933,036</u>

### 24. 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.

	2013	2012
Net expenses before allocation	\$ 20,439,794	\$ 19,575,825
Less: Aurora's allocation (2013 - 40.3%; 2012 - 40.7%)	(8,227,017)	(7,973,152)
Newmarket's net allocation	<u>\$ 12,212,777</u>	<u>\$ 11,602,673</u>

### 25. TRUST FUND

The Trust fund administered by the Town amounting to \$312,128 (2012 - \$308,253) is presented in a separate financial statement of trust balances and operations. 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.

### 26. 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 of the assets controlled.

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 2013 road network had 218 kilometers (2012 - 213 km).

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

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### 26. TANGIBLE CAPITAL ASSETS (continued)

#### b) Capitalization of interest

No interest was capitalized in 2013 (2012 - nil).

#### c) Construction in Process

The financial statements and accompanying schedules include \$9,953,699 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. The value of contributed assets received during the year was \$10,500,800 (2012 - \$5,079,083). Contributed assets included land (\$510,497), street lighting (\$438,042), sanitary sewer pumping station (\$1,148,676) and linear assets (\$8,403,585) of subdivisions assumed by the Town in 2013. The 2012 contributed assets consisted of street lighting, storm water management facility and linear assets by developers.

### 27. SEGMENTED INFORMATION

Certain allocation methodologies are employed 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 24.

#### *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.

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2013

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### 27. SEGMENTED INFORMATION (continued)

#### *Bylaw & 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.

#### *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.

### 28. SUBSEQUENT EVENT

On May 1, 2014 the Town received a supplemental assessment from our previous insurance carrier - Ontario Municipal Insurance Exchange (OMEX). This assessment was the result of growing damage awards and larger resulting settlements for the period 2002 to 2012. The supplemental assessment, in the amount of \$812,615 plus 8% PST, for a total of \$877,624 is due January 2015.

The Corporation of the Town of Newmarket  
Tangible Capital Assets - Summary By Asset Category  
December 31, 2013

Schedule 1

	Cost					Accumulated Amortization				2013	
	2013 Opening Balance	Additions and Betterments	Disposals/ Transfers	Write Downs	2013 Closing Balance	2013 Opening Balance	2013 Amortization Expense	Accumulated Amortization on Disposals	2013 Ending Balance	Net Book Value	
<b>General Capital Assets</b>											
Land	\$ 74,714,503			\$ -	\$ 74,714,503	\$ -	\$ -	\$ -	\$ -	\$	74,714,503
Land improvements	9,320,073	22,387		-	9,342,460	1,102,282	269,356		1,371,638		7,970,822
Building	83,072,275			-	83,072,275	26,494,661	2,235,898		28,730,559		54,341,716
Machinery and Equipment	9,407,840	1,119,755	342,843	29,040	10,155,712	5,546,848	989,981	409,992	6,126,837		4,028,875
Vehicles	4,493,920	833,254	140,689	-	5,186,485	1,768,271	357,912	140,689	1,985,494		3,200,991
Other - Library Collections	1,755,802	211,523	185,111	-	1,782,214	969,125	88,048	115,083	942,090		840,124
	\$ 182,764,413	\$ 2,186,919	\$ 668,643	\$ 29,040	\$ 184,253,649	\$ 35,881,187	\$ 3,941,195	\$ 665,764	\$ 39,156,618	\$	145,097,031
<b>Infrastructure Assets</b>											
Land	\$ 15,505,708	\$ 510,497		\$ -	\$ 16,016,205	\$ -	\$ -	\$ -	\$ -	\$	16,016,205
Land improvements	23,551,780			-	23,551,780	15,887,123	598,732		16,485,855		7,065,925
Buildings	22,154,160	1,896,369		-	24,050,529	1,652,580	729,124		2,381,704		21,668,825
Machinery & Equipment	1,522,954	26,236	123,710	-	1,425,480	665,033	134,390	123,710	675,713		749,767
Vehicles	2,137,343			-	2,137,343	795,144	310,888		1,106,032		1,031,311
Linear Assets	401,585,333	15,561,488	2,808,299	-	414,338,522	170,398,517	9,579,814	2,170,186	177,808,145		236,530,377
	\$ 466,457,278	\$ 17,994,590	\$ 2,932,009	\$ -	\$ 481,519,859	\$ 189,398,397	\$ 11,352,948	\$ 2,293,896	\$ 198,457,449	\$	283,062,410
<b>Assets under construction</b>	\$ 7,494,016	\$ 7,532,454	\$ 5,072,771		\$ 9,953,699	\$ -	\$ -	\$ -	\$ -	\$	9,953,699
<b>Total Tangible Capital Assets</b>	\$ 656,715,707	\$ 27,713,963	\$ 8,673,423	\$ 29,040	\$ 675,727,207	\$ 225,279,584	\$ 15,294,143	\$ 2,959,660	\$ 237,614,067	\$	438,113,140

The Corporation of the Town of Newmarket  
Tangible Capital Assets - Summary By Asset Category  
December 31, 2012

## Schedule 1

	Cost					Accumulated Amortization				2012	
	2012 Opening Balance	Additions and Betterments	Disposals/ Transfers	Write Downs	2012 Closing Balance	2012 Opening Balance	2012 Amortization Expense	Accumulated Amortization on Disposals	2012 Ending Balance	Net Book Value	
<b>General Capital Assets</b>											
Land	\$ 74,232,342	\$ 485,000	\$ 2,839	\$ -	\$ 74,714,503	\$ -	\$ -	\$ -	\$ -	\$	74,714,503
Land improvements	9,320,073	-	-		9,320,073	832,926	269,356	-	1,102,282		8,217,791
Building	79,898,675	3,173,600	-		83,072,275	24,321,500	2,173,161	-	26,494,661		56,577,614
Machinery and Equipment	8,923,950	1,265,440	781,550		9,407,840	5,368,704	915,189	737,045	5,546,848		3,860,992
Vehicles	3,825,933	1,467,296	799,309		4,493,920	1,834,485	309,740	375,954	1,768,271		2,725,649
Other - Library Collections	1,737,812	215,840	197,850		1,755,802	944,785	222,190	197,850	969,125		786,677
	\$ 177,938,785	\$ 6,607,176	\$ 1,781,548	\$ -	\$ 182,764,413	\$ 33,302,400	\$ 3,889,636	\$ 1,310,849	\$ 35,881,187	\$	146,883,226
<b>Infrastructure Assets</b>											
Land	\$ 15,505,706	\$ 2	\$ -		\$ 15,505,708	\$ -	\$ -	\$ -	\$ -	\$	15,505,708
Land improvements	23,535,400	432,574	416,194		23,551,780	15,605,132	698,185	416,194	15,887,123		7,664,657
Buildings	22,058,640	95,520	-		22,154,160	991,217	661,363	-	1,652,580		20,501,580
Machinery & Equipment	1,544,702	103,211	124,959		1,522,954	665,500	124,492	124,959	665,033		857,921
Vehicles	2,246,368	521,003	630,028		2,137,343	1,135,184	289,988	630,028	795,144		1,342,199
Linear Assets	393,742,366	9,362,150	1,519,183		401,585,333	162,210,121	9,411,321	1,222,925	170,398,517		231,186,816
	\$ 458,633,182	\$ 10,514,460	\$ 2,690,364	\$ -	\$ 466,457,278	\$ 180,607,154	\$ 11,185,349	\$ 2,394,106	\$ 189,398,397	\$	277,058,881
<b>Assets under construction</b>	\$ 9,427,780	\$ 3,660,122	\$ 5,593,886		\$ 7,494,016	\$ -	\$ -	\$ -	\$ -	\$	7,494,016
<b>Total Tangible Capital Assets</b>	\$ 645,999,747	\$ 20,781,758	\$ 10,065,798	\$ -	\$ 656,715,707	\$ 213,909,554	\$ 15,074,985	\$ 3,704,955	\$ 225,279,584	\$	431,436,125

The Corporation of the Town of Newmarket  
Segment Disclosures - Service Bundle  
Year Ended December 31, 2013

Schedule 2

	Fire & Emergency Services		Water, Wastewater & Solid Waste		Bylaw & Licensing Services		Roads, Bridges & Sidewalks	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>EXPENSES</b>								
Salaries and wages	\$ 17,774,141	\$ 17,128,498	\$ 1,659,622	\$ 1,690,725	\$ 880,518	\$ 806,287	\$ 2,363,085	\$ 2,198,578
Materials, goods and supplies	599,381	668,497	698,526	561,755	54,691	59,728	925,756	822,722
Utilities	147,125	112,812	25,503	23,877	-	-	1,475,777	1,405,566
Contracted and general services	627,028	634,291	18,375,591	16,219,249	222,356	207,529	563,063	673,889
Rents and financial	116,610	27,633	39,384	(49,869)	-	-	-	-
Interest on long-term debt	-	-	598,091	609,032	-	-	-	-
Capital repairs and maintenance	733,987	1,186,490	977,582	798,049	-	-	2,276,742	1,550,613
Amortization expenses	296,547	264,459	4,754,782	4,638,533	-	5,999	5,872,431	5,423,791
Allocations	(6,295,059)	(6,154,114)	3,718,692	3,565,096	811,358	776,676	629,381	524,670
<b>Total expenses</b>	<b>13,999,760</b>	<b>13,868,566</b>	<b>30,847,773</b>	<b>28,056,447</b>	<b>1,968,923</b>	<b>1,856,219</b>	<b>14,106,234</b>	<b>12,599,829</b>
<b>REVENUES</b>								
Taxation	12,815,498	11,858,049	2,814,910	2,775,055	1,231,450	915,496	9,857,655	9,047,147
User charges	249,949	262,753	26,710,271	25,138,451	426,995	482,121	58,093	110,975
External non-tax revenues	43,252	733,457	7,518,274	3,675,608	265,724	359,608	6,608,569	3,714,173
Gain / (loss) on sale of tangible capital assets	6,289	(165,503)	(352,427)	81,970	-	(10,461)	(245,156)	(44,348)
<b>Total revenues</b>	<b>13,114,988</b>	<b>12,688,755</b>	<b>36,691,028</b>	<b>31,671,085</b>	<b>1,924,169</b>	<b>1,746,765</b>	<b>16,279,161</b>	<b>12,827,947</b>
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	-	-
<b>Annual Surplus (Deficit)</b>	<b>\$ (884,772)</b>	<b>\$ (1,179,811)</b>	<b>\$ 5,843,255</b>	<b>\$ 3,614,638</b>	<b>\$ (44,754)</b>	<b>\$ (109,454)</b>	<b>\$ 2,172,927</b>	<b>\$ 228,118</b>

The Corporation of the Town of Newmarket  
Segment Disclosures - Service Bundle  
Year Ended December 31, 2013

Schedule 2

	Planning & Development Services		Community Programs and Events		Facilities, Parks & Trails		Corporate Support & Governance	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>EXPENSES</b>								
Salaries and wages	3,430,425	\$ 2,841,980	\$ 4,208,536	\$ 4,370,381	\$ 7,182,395	\$ 6,748,740	\$ 8,717,147	\$ 8,205,375
Materials, good and supplies	301,986	263,562	158,952	136,544	1,383,683	1,213,946	387,955	380,123
Utilities	-	-	4,622	4,222	2,015,301	1,916,911	580,620	530,093
Contracted and general services	302,396	273,444	812,259	655,310	626,942	548,396	2,682,250	2,296,457
Rents and financial	-	-	34,539	34,400	112,707	250,138	67,403	59,979
Interest on long-term debt	-	-	-	-	-	-	1,770,017	1,873,741
Capital repairs and maintenance	111,974	245,275	37,398	11,915	1,978,127	3,309,475	375,460	259,333
Amortization expenses	-	-	-	-	3,315,228	3,672,964	646,598	711,379
Allocations	1,969,891	1,979,424	1,378,591	2,105,982	3,201,051	2,574,839	(14,119,206)	(13,818,346)
<b>Total expenditures</b>	<b>6,116,673</b>	<b>5,603,685</b>	<b>6,634,897</b>	<b>7,318,754</b>	<b>19,815,434</b>	<b>20,235,409</b>	<b>1,108,244</b>	<b>498,134</b>
<b>REVENUES</b>								
Taxation	3,244,425	3,041,356	3,794,424	4,356,808	12,831,262	11,311,264	-	-
User charges	4,431,558	3,962,485	2,615,451	2,742,954	2,737,369	2,608,289	256,711	466,703
External non-tax revenues	692,294	697,314	228,275	666,625	1,309,548	3,315,156	9,954,464	7,093,169
Gain / (loss) on sale of tangible capital assets	-	-	-	-	22,647	(72,925)	(29,041)	-
<b>Total revenues</b>	<b>8,368,277</b>	<b>7,701,155</b>	<b>6,638,150</b>	<b>7,766,387</b>	<b>16,900,826</b>	<b>17,161,784</b>	<b>10,182,133</b>	<b>7,559,872</b>
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	1,343,532	1,369,669
<b>Annual Surplus (Deficit)</b>	<b>\$ 2,251,604</b>	<b>\$ 2,097,470</b>	<b>\$ 3,253</b>	<b>\$ 447,633</b>	<b>\$ (2,914,608)</b>	<b>\$ (3,073,625)</b>	<b>\$ 10,417,421</b>	<b>\$ 8,431,407</b>

The Corporation of the Town of Newmarket  
Segment Disclosures - Service Bundle  
Year Ended December 31, 2013

Schedule 2

	Public Library Services		Main Street District BIA		Consolidated	
	2013	2012	2013	2012	2013	2012
<b>EXPENSES</b>						
Salaries and wages	\$ 2,158,417	\$ 2,079,675	\$ -	\$ -	\$ 48,374,286	\$ 46,070,239
Materials, good and supplies	238,273	242,914	9,374	7,743	4,758,578	4,357,534
Utilities	79,936	83,789	-	-	4,328,884	4,077,270
Contracted and general services	110,440	140,435	21,889	22,952	24,344,212	21,671,953
Rents and financial	-	-	-	-	370,643	322,281
Interest on long-term debt	-	-	-	-	2,368,108	2,482,773
Capital repairs and maintenance	78,541	66,306	-	-	6,569,810	7,427,456
Amortization expenses	408,555	357,859	-	-	15,294,143	15,074,984
Allocations	478,283	472,622	-	-	(8,227,018)	(7,973,151)
<b>Total expenditures</b>	<b>3,552,445</b>	<b>3,443,600</b>	<b>31,263</b>	<b>30,695</b>	<b>98,181,646</b>	<b>93,511,339</b>
<b>REVENUES</b>						
Taxation	3,128,408	3,035,838	30,003	30,015	49,748,035	46,371,028
User charges	70,282	63,856	1,385	2,760	37,558,063	35,841,348
External non-tax revenues	256,153	331,511	-	-	26,876,554	20,586,623
Gain / (loss) on sale of tangible capital assets	-	-	-	-	(597,688)	(211,267)
<b>Total revenues</b>	<b>3,454,843</b>	<b>3,431,205</b>	<b>31,388</b>	<b>32,775</b>	<b>113,584,964</b>	<b>102,587,732</b>
Net surplus of Gov't. Business Enterprise	-	-	-	-	1,343,532	1,369,669
<b>Annual Surplus (Deficit)</b>	<b>\$ (97,602)</b>	<b>\$ (12,395)</b>	<b>\$ 125</b>	<b>\$ 2,080</b>	<b>\$ 16,746,850</b>	<b>\$ 10,446,062</b>