

Consolidated financial statements of

**The Corporation of the
Town of Newmarket**

December 31, 2019

The Corporation of the Town of Newmarket

December 31, 2019

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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, 2019, 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, 2019, 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
July 27, 2020

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Financial Position

December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	\$ 52,586,372	\$ 66,063,864
Temporary investments (Note 5)	62,968,260	54,082,164
Taxes receivable (Note 6) (a)	5,324,399	4,181,146
Unbilled user charges	6,827,688	6,030,968
Accounts receivable (Note 6) (b)	7,399,855	7,166,547
Inventory for resale (Note 8)	43,450	56,952
Surplus land (Note 9)	155,285	155,285
Loans receivable (Note 6) (c)	120,097	147,474
Investment in Newmarket Hydro Holdings Inc. (Note 10)	67,910,617	68,452,251
	203,336,023	206,336,651
LIABILITIES		
Accounts payable and accrued liabilities (Note 11)	31,795,118	28,843,766
Interest payable on long-term debt	710,869	921,522
Employee future benefits liability (Note 12)	7,457,790	6,128,206
Long-term disability benefits liability (Note 13)	4,502,355	4,461,290
Deferred revenue (Note 14)	43,008,294	42,319,541
Long-term debt (Note 15)	45,081,715	56,562,744
	132,556,141	139,237,069
NET FINANCIAL ASSETS	70,779,882	67,099,582
NON-FINANCIAL ASSETS		
Inventory (Note 8)	756,772	551,589
Prepaid expenses and other (Note 7)	2,322,308	3,170,927
Tangible capital assets (Note 25)	518,383,541	514,435,905
	521,462,621	518,158,421
ACCUMULATED SURPLUS (Note 21)	\$ 592,242,503	\$ 585,258,003

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, 2019

	2019		2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 2)		
REVENUES			
Taxation and user charges			
Residential and farm taxation	\$ 52,268,182	\$ 52,243,991	\$ 50,561,618
Commercial, industrial and business taxation	10,451,591	10,536,717	9,803,052
Taxation from other governments	722,525	842,041	828,720
User charges	54,416,594	55,803,009	51,942,646
	117,858,892	119,425,758	113,136,036
Government Transfers (Note 22)			
Government of Canada	1,205,174	1,106,248	763,617
Federal Gas Tax (Note 14)	2,672,958	2,602,483	2,183,005
Province of Ontario	1,410,901	2,581,618	2,532,967
	5,289,033	6,290,349	5,479,589
Other			
Contribution from developers	8,411,181	8,489,238	10,714,091
Investment income	3,646,407	3,685,633	4,437,998
Fine, penalties and interest	1,725,754	1,681,254	1,431,044
Rent and other	2,905,566	2,909,993	2,421,197
(Loss) on disposal of tangible capital assets	-	(222,999)	(91,883)
	16,688,908	16,543,119	18,912,447
TOTAL REVENUES	\$ 139,836,833	\$ 142,259,226	\$ 137,528,072

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2019

	2019		2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 2)		
EXPENSES (Note 26)			
General government	\$ 17,329,213	\$ 17,888,430	\$ 16,945,788
Protection to persons and property	20,180,677	19,334,894	17,911,072
Transportation services	14,136,787	16,728,171	14,853,467
Environmental services	40,785,527	40,501,514	38,825,431
Recreation and cultural services	34,372,753	36,081,394	34,091,822
Planning and development	4,304,260	3,655,469	3,496,009
	131,109,217	134,189,872	126,123,589
(Loss)/Income From Newmarket Hydro Holdings Inc. (Note 10)	2,336,000	(541,634)	926,084
Investment Income Adjustment (Note 10)	-	-	(87,412)
(Loss)/Gain on foreign exchange	-	(543,220)	522,214
ANNUAL SURPLUS	11,063,616	6,984,500	12,765,369
ACCUMULATED SURPLUS, BEGINNING OF YEAR	585,258,003	585,258,003	572,492,634
ACCUMULATED SURPLUS, END OF YEAR	\$ 596,321,619	\$ 592,242,503	\$ 585,258,003

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Change in Net Financial Assets
Year ended December 31, 2019

	2019		2018
	Budget	Actual	Actual
	(Note 2)		
Annual surplus	\$ 11,063,616	\$ 6,984,500	\$ 12,765,369
Acquisition of tangible capital assets	(22,417,091)	(20,493,072)	(39,029,587)
Contributed tangible capital assets	-	(678,434)	(5,270,605)
Amortization of tangible capital assets	16,744,354	16,857,430	16,266,866
Proceeds from sale of tangible capital assets	-	143,441	216,412
Loss on disposal of tangible capital assets	-	222,999	91,883
	(5,672,737)	(3,947,636)	(27,725,031)
Changes due to inventory	(11,032)	(205,183)	(207,003)
Changes due to prepaid expenses and other	640,000	848,619	(619,689)
	628,968	643,436	(826,692)
CHANGE IN NET FINANCIAL ASSETS	6,019,847	3,680,300	(15,786,354)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	67,099,582	67,099,582	82,885,936
NET FINANCIAL ASSETS, END OF YEAR	73,119,429	70,779,882	67,099,582

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Cash Flows

Year ended December 31, 2019

	2019		2018
	<u>Budget</u> (Note 2)	<u>Actual</u>	<u>Actual</u>
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Cash received from			
Taxation	\$ 63,318,954	61,073,205	\$ 61,796,258
User charges	53,934,117	54,557,980	\$ 51,347,960
Government transfers	4,495,678	5,751,621	\$ 6,549,977
Contributions from developers	4,517,810	10,221,897	\$ 6,853,953
Investment income	5,469,540	4,427,550	\$ 5,049,009
Fine, penalties and interest	1,725,754	1,700,052	\$ 1,489,466
Rent and other	1,569,566	2,913,570	\$ 2,434,311
Aurora's share of Central York Fire Services	11,182,125	10,729,902	\$ 10,190,853
	146,213,544	151,375,777	\$ 145,711,787
Cash paid for			
Salaries, wages and employee benefits	61,514,565	63,257,214	\$ 60,605,483
Materials, goods, and supplies	5,649,450	10,170,920	\$ 5,888,053
Utilities	4,339,226	4,869,690	\$ 4,254,143
Contracted and general services	42,764,337	38,010,421	\$ 37,642,822
Capital repairs and maintenance	11,139,376	4,631,409	\$ 9,303,959
Interest on long-term debt	2,304,739	2,304,739	\$ 1,853,449
Rents and financial	290,671	278,683	\$ 284,972
	128,002,364	123,523,076	\$ 119,832,881
Net change in cash from operating activities	18,211,180	27,852,701	\$ 25,878,906
CAPITAL ACTIVITIES			
Proceeds on disposal of tangible capital assets	-	143,441	\$ 216,412
Acquisition of tangible capital assets	(22,417,091)	(20,493,072)	\$ (39,029,590)
Net change in cash from capital activities	(22,417,091)	(20,349,631)	\$ (38,813,178)
INVESTMENT ACTIVITIES			
(Loss)/Gain on Foreign Exchange	-	(543,220)	\$ 522,214
Temporary investments	13,082,164	(8,886,096)	\$ (11,082,164)
Net change in cash from investment activities	13,082,164	(9,429,316)	\$ (10,559,950)

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Cash Flows

Year ended December 31, 2019

	2019		2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	-	-	\$ 26,000,000
Principal repayment on long-term debt	(3,796,046)	(11,551,246)	\$ (3,111,517)
Net change in cash from financing activities	(3,796,046)	(11,551,246)	\$ 22,888,483
NET CHANGE IN CASH	5,080,207	(13,477,492)	\$ (605,739)
CASH, BEGINNING OF YEAR	66,063,864	66,063,864	\$ 66,669,603
CASH, END OF YEAR	\$ 71,144,071	52,586,372	\$ 66,063,864
Supplementary information:			
Interest paid		2,304,739	\$ 1,853,448
Interest received		1,815,802	\$ 2,028,096

Notes to the Consolidated Financial Statements
December 31, 2019

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.

(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, 2019

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, 2019

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 Town 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 14 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, 2019

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, 2019

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 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.

	Revenue	Expenses
Council approved budget for 2019:		
Operating fund - March 4, 2019	\$ 130,272,108	\$ 130,272,108
Less: Principal payment on long-term debt	-	(3,854,085)
Less: Transfers to / from other funds	(1,587,687)	(16,138,930)
Capital budget - March 4, 2019	27,692,765	27,692,765
Plus: Budgets from previous years assigned to 2019	34,795,799	34,795,799
Less: New capital budgets assigned to future years	(12,078,000)	(12,078,000)
Less: Transfers to / from other funds	(16,450,558)	-
Plus: Forecasted budget revisions - December 16, 2019	(24,000,000)	(24,000,000)
Reserves and reserve funds -	18,374,337	17,745,246
Less: Transfers to / from other funds	(15,845,931)	(17,745,246)
TOTAL COUNCIL APPROVED BUDGET	141,172,833	136,689,657
Less: Tangible Capital Assets Capitalized	-	(22,417,091)
Plus: Budgeted amortization expense	-	16,744,354
Plus: Post-employment benefit expenses	-	92,297
Plus: Investment income from Newmarket Hydro Holdings Inc.	1,000,000	-
Adjusted Budget per Consolidated Statement of Operations and Accumulated Surplus	<u>\$ 142,172,833</u>	<u>\$ 131,109,217</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:

	School Boards	Region
Property taxes and taxation from other governments	\$ 50,254,416	\$ 66,139,687

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 original 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%, matured January 8, 2019.

Cash is segregated as follows:

	2019	2018
Restricted - obligatory reserve funds (refer to Note 14)	\$ 41,201,994	\$ 41,315,122
Designated - reserve funds (refer to Note 21)	40,214,257	46,382,449
Less: temporary investments (Note 5)	(62,968,260)	(54,082,164)
	18,447,991	33,615,407
Unrestricted and undesignated	\$ 34,138,381	32,448,457
	<u>\$ 52,586,372</u>	<u>\$ 66,063,864</u>

Notes to the Consolidated Financial Statements
December 31, 2019

5. TEMPORARY INVESTMENTS

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

	2019	2018
Cash held in investment accounts	\$ 216,343	850,501
Maturity within 1-2 years	\$ 40,024,592	25,231,663
Maturity within 2-3 years	\$ 7,139,102	16,000,000
Maturity within 3-4 years	\$ 9,466,981	6,000,000
Maturity within 4-5 years	\$ 6,121,242	6,000,000
	\$ 62,968,260	\$ 54,082,164

6. RECEIVABLES

(a) Taxes receivable

	2019	2018
Current year	\$ 4,067,972	\$ 3,703,991
Arrears previous years	2,172,170	1,592,899
	6,240,142	5,296,889
Less allowance	915,743	1,115,743
	\$ 5,324,399	\$ 4,181,146

(b) Accounts receivable

	2019	2018
Government entities	\$ 3,965,439	\$ 1,835,372
Newmarket Hydro Holdings Inc.	379,087	1,336,608
Trade receivables, user fees and other receivables	3,147,401	4,165,347
	7,491,927	7,337,327
Less allowance	92,072	170,780
	\$ 7,399,855	\$ 7,166,547

(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. PREPAID EXPENSES AND OTHER

Prepaid expenses include prepaid insurance premiums, software licenses and support and other items totalling \$481,164 (2018 - \$1,251,358). Other expenses represent the Town's payment of \$1,311,775 (2018 - \$1,405,556) for the shared use of an artificial turf field with York Region Board of Education for 10 years starting in April 2018 less annual amortization of \$117,130 (2018 - 93,781).

8. INVENTORY FOR RESALE

Inventory for resale includes water meters to be sold to developers. Inventory included in non-financial assets is comprised of 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 cumulative carrying value of \$33,598.

Notes to the Consolidated Financial Statements
December 31, 2019

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. to form Newmarket-Tay Power Distribution Ltd. Newmarket Hydro Holdings Inc. owns 93% of the outstanding common shares of Newmarket-Tay Power Distribution Ltd.

The financial statements of Newmarket Hydro Holdings Inc. (the "Corporation") 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 (IFRS).

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:

	<u>2019</u>	<u>2018</u>
Share capital		
Newmarket Hydro Holdings Inc. - 201 Common Shares	\$ 29,609,342	\$ 29,609,342
Promissory note	22,000,000	22,000,000
Retained earnings, end of the year		
Newmarket Hydro Holdings Inc.	16,301,275	16,842,909
Total investment	\$ 67,910,617	\$ 68,452,251

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>2019</u>	<u>2018</u>
Revenues:		
Investment income	\$ 1,205,600	\$ 1,205,600
Rent, property tax and other	420,379	440,874
Expenses:		
Energy purchases	2,881,949	2,707,348
Services - street light capital & maintenance	7,070	21,066
Dividends received during the year	1,336,000	1,336,000
Dividends accrued as at December 31	-	1,336,000
Accounts payable	345,993	310,709

Notes to the Consolidated Financial Statements
December 31, 2019

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

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

	2019	2018
Financial position		
Current assets	\$ 38,379,186	\$ 31,990,420
Capital assets, future income taxes and other	130,742,459	123,929,797
Regulatory deferral account debit balances	3,914,379	10,985,630
Total assets	173,036,024	166,905,847
Current liabilities	29,377,939	22,787,915
Long term liabilities	92,989,611	89,335,591
Total liabilities	122,367,550	112,123,506
Non-controlling interest	3,193,391	3,381,444
Shareholder equity		
Share capital	29,609,342	29,609,342
Retained earnings	16,350,083	18,148,244
Accumulated other comprehensive (loss)/income	(48,808)	30,665
	45,910,617	47,788,251
Regulatory deferral account credit balances	1,564,466	3,612,646
Total liabilities and equity	\$ 173,036,024	\$ 166,905,847
Results of operations		
Revenues	\$ 124,102,620	\$ 101,841,069
Operating expenses	(118,681,326)	(104,516,118)
Financing expenses	(2,322,523)	(1,325,354)
Other income	2,634,862	2,225,644
Non-controlling interest	81,071	(56,282)
Income tax	105,304	(4,029,364)
Net movement on regulatory accounts	(6,382,169)	6,786,489
Net (loss)/income	(462,161)	926,084
Comprehensive loss	(79,473)	-
Net (loss)/income and Comprehensive loss	(541,634)	926,084
Retained earnings, beginning of year	18,178,909	18,588,825
Net (loss)/income	(541,634)	926,084
Dividends paid	(1,336,000)	(1,336,000)
Retained earnings, end of the year	\$ 16,301,275	\$ 18,178,909
In Town's books		
Retained earnings, as at December 31	\$ 16,301,275	\$ 18,178,909
Less: Dividends accrued as at December 31	-	(1,336,000)
Adjusted retained earnings, end of year	16,301,275	16,842,909

Notes to the Consolidated Financial Statements
December 31, 2019

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Government entities	\$ 11,962,032	\$ 13,000,471
Payroll liabilities	2,290,076	2,715,401
Trade payables and other accrued liabilities	17,543,010	13,127,894
	<u>\$ 31,795,118</u>	<u>\$ 28,843,766</u>

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>2019</u>	<u>2018</u>
Employee future benefits liability	\$ 7,006,252	\$ 5,682,723
Vacation pay	451,538	445,483
	<u>\$ 7,457,790</u>	<u>\$ 6,128,206</u>

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 \$7,006,252 was determined by the last actuarial valuation carried out as at December 31, 2019, using a discount rate of 2.8%.

Total benefit payments to retirees during the year were \$258,252 (2018 - \$90,052). The plan is substantially unfunded and requires no contributions from employees. The benefit liability at December 31 includes the following components:

	<u>2019</u>	<u>2018</u>
Accrued benefits obligation	\$ 6,790,658	\$ 5,862,082
Unamortized actuarial gains (losses)	215,594	(179,359)
Employee future benefits liability	<u>\$ 7,006,252</u>	<u>\$ 5,682,723</u>
Employee future benefits liability, beginning of the year	\$ 5,682,723	\$ 5,247,859
Annual amortization of actuarial losses	2,938	30,282
Current period service cost	1,387,001	297,859
Interest cost	191,842	196,775
Benefits paid	(258,252)	(90,052)
Employee future benefits liability, end of the year	<u>\$ 7,006,252</u>	<u>\$ 5,682,723</u>

Notes to the Consolidated Financial Statements
December 31, 2019

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 valuation was prepared as at December 31, 2019. 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 14.7 years

Effective October 30, 2019 eligible Central York Services employees who retire on or after January 2018 on an unreduced OMERS pension and with a minimum of 15 years of service will be provided with a non-cumulative HCSA from age 65 to 75. The combined maximum is \$2,500 per year for employee and spouse. This benefit enhancement resulted in an increase in the accrued benefits obligation as at December 31, 2019 of \$1,047,282.

The assumptions used in the December 31, 2019 actuarial valuation were:

(a) Interest (discount) rate

The present value as at December 31, 2019 of the future benefits was determined using a discount rate of 2.80% (2018 - 3.25%).

(b) Health costs

Health cost premiums were assumed to increase at a 4.00% (2018 - 4.88%) rate to 2024 and increase linearly to 4.75% in 2029.

(c) Dental costs

Dental cost premiums were assumed to increase at a 4.88 (2018 - 4.0%) rate until 2024 and decrease linearly to 4.81% 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, 2019.

	2019	2018
Accrued benefits obligation	\$ 4,091,744	\$ 2,680,088
Unamortized actuarial gains	410,611	1,781,202
Long-term disability benefits payable	\$ 4,502,355	\$ 4,461,290
Long-term disability benefits payable, beginning of year	\$ 4,461,290	\$ 4,302,741
Annual amortization of actuarial gains	(366,668)	(218,132)
Current period service cost	812,956	595,923
Interest cost	92,230	87,740
Benefits paid	(497,453)	(306,982)
Long-term disability benefits payable	\$ 4,502,355	\$ 4,461,290

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, 2019. The unamortized actuarial gain will be amortized into future years' expenses over 5 years, the average expected period during which benefits will be paid.

The assumptions used in the December 31, 2019 actuarial valuation were:

(a) Interest (discount) rate

The present value of the future benefits as at December 31, 2019 was determined using a discount rate of 3.0% (2018 - 3.25%).

(b) Health and dental costs

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

Health trend rates are assumed to increase by 6.5% starting in 2021. Dental cost premiums are assumed to increase by 4.0% per year starting in 2021.

Notes to the Consolidated Financial Statements
December 31, 2019

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 2019	Inflows	Outflows	Ending Balance 2019
Parkland	\$ 1,858,795	\$ 225,365	\$ 250,000	\$ 1,834,160
Development Charges	28,849,385	4,444,646	5,199,336	28,094,695
Building Permit Fees	5,728,041	16,897	1,586,053	4,158,885
Engineering Administration	1,057,223	309,763	861,587	505,399
Gas Tax	3,821,678	5,389,660	2,602,483	6,608,855
Sub-total Obligatory Reserve Funds	41,315,122	10,386,331	10,499,459	41,201,994
Other	1,004,419	6,686,048	5,884,167	1,806,300
Total	\$ 42,319,541	\$ 17,072,379	\$ 16,383,626	\$ 43,008,294

15. LONG-TERM DEBT

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

			2019	2018
Long-term debt incurred by the Town			\$ 45,081,715	\$ 56,562,744
Purpose	Rates	Maturity Date	2019	2018
Mulock Farm	3.490%	2048	25,498,038	26,000,000
Land for recreation facilities	5.724%	2024	4,469,874	5,222,213
Youth Centre	5.724%	2024	1,035,703	1,210,025
Downtown renewal	5.724%	2024	328,518	383,811
Recreation facility	5.246%	2024	4,243,900	4,968,607
Parklands	5.246%	2024	902,182	1,056,243
Traffic flow improvements	5.246%	2024	519,878	608,654
Downtown revitalization	5.246%	2024	141,463	165,620
Recreation facility	4.756%	2026	6,648,199	7,431,695
Consolidated Operations Centre	5.000%	2019	-	8,127,392
Federation of Canadian Municipalities loan for Operations Centre	2.000%	2031	1,293,960	1,388,484
			\$ 45,081,715	\$ 56,562,744

Notes to the Consolidated Financial Statements
December 31, 2019

15. LONG-TERM DEBT (Continued)

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

2020	3,520,612
2021	3,696,231
2022	3,880,833
2023	4,074,965
2024	4,279,095
2025 and thereafter	25,629,979
	\$ 45,081,715

(c) Interest expense on long-term debt amounted to \$2,094,086 (2018 - \$2,156,855).

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 \$54,719 (2018 - \$146,557).

Insurance premiums of \$1,015,031 (2018 - \$1,004,897) 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:

2020	\$ 167,630
2021	148,817
2022	148,086
	\$ 464,533

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 \$53,560,000 of which expenses of approximately \$16,900,000 were outstanding as at December 31, 2019.

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 \$64,100,000, of which expenses of approximately \$19,500,000 were outstanding as at December 31, 2019.

Notes to the Consolidated Financial Statements
December 31, 2019

20. PENSION AGREEMENTS

OMERS provides pension services to over 500,000 active and retired members from approximately 1,000 participating 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, 2019. The results of this valuation disclosed total actuarial liabilities of \$107.7 million in respect of benefits accrued for service with actuarial assets at that date of \$104.3 million indicating an actuarial deficit of \$3.4 million. 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 2019 ranged from 9% to 15.8% 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 \$4,813,590 (2018- \$4,664,435).

21. ACCUMULATED SURPLUS

The Accumulated Surplus is comprised of the following:

	2019	2018
Reserves set aside for specific purposes by Council		
Reserves for operating purposes	\$ 8,247,696	\$ 9,023,031
Reserves for capital purposes	3,559,717	892,560
Newmarket Public Library	606,104	788,832
Water & Wastewater Rate Stabilization	1,754,643	3,559,211
Total Reserves	14,168,160	14,263,634
Reserve funds set aside for specific purposes by Council		
Asset replacement funds	22,319,524	31,053,913
Reserve funds for operating purposes	5,910,476	4,623,167
Reserve funds for capital purposes	7,150,036	6,124,927
Self-insured long-term disability	4,834,221	4,580,442
Total Reserve Funds	40,214,257	46,382,449
Total Reserves and Reserve Funds	54,382,417	60,646,083
Invested in tangible capital assets	518,383,541	514,435,905
Less: amount financed by long-term debt	(45,081,715)	(56,562,744)
Equity in Newmarket Hydro Holdings Inc. (Note 10)	67,910,617	68,452,251
Employee future benefits to be recovered	(5,206,897)	(4,244,080)
Operating	-	528,623
Capital Fund Balance	1,854,540	2,001,965
Accumulated Surplus	\$ 592,242,503	\$ 585,258,003

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:

	2019	2018
Grants with stipulations	\$ 2,602,483	\$ 2,183,005
Other grants	3,687,866	3,296,584
	\$ 6,290,349	\$ 5,479,589

Notes to the Consolidated Financial Statements
December 31, 2019

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.

	2019	2018
Net expenses before allocation	\$ 26,754,923	\$ 25,069,755
Less: Aurora's allocation (2019 - 40.1%; 2018 - 40.65%)	(10,729,932)	(10,190,856)
Newmarket's net allocation	\$ 16,024,991	\$ 14,878,900

24. MUSEUM

On March 15, 2019, \$270,426 of cash in the Museum bank account was transferred to the Town reserve fund bank account and the Museum bank account was closed. A reserve fund with a balance of \$270,426 was created.

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. No roads were assumed in 2019, therefore the road network remained the same with 243 kilometers.

b) Capitalization of interest

No interest was capitalized in 2019 (2018 - \$nil).

c) Construction in Progress

The financial statements and accompanying schedules include \$15,420,528 (2018 - \$6,233,623) 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. No road networks assumed in 2019.

	2019	2018
Linear Assets	\$ -	\$ 5,085,314
Storm Water Management Pond	155,733	80,600
Streetlights	522,701	104,691
	\$ 678,434	\$ 5,270,605

Notes to the Consolidated Financial Statements
December 31, 2019

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 23). 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, 2019

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 EVENT

Subsequent to year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel corona virus ("COVID -19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID -19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Town of Newmarket in future periods.

29. RELATED PARTIES

A consulting company has provided services to the Town of Newmarket during 2019 in the amount of \$1,532,306 (\$1,067,995 in 2018). 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.

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, 2019

Schedule 1

	Cost					Accumulated Amortization				2019	
	2019 Opening Balance	Additions and Betterments	Disposals/ Transfers	Write Downs	2019 Closing Balance	2019 Opening Balance	2019 Amortization Expense	Accumulated Amortization on Disposals	2019 Ending Balance	Net Book Value	
General Capital Assets											
Land	\$ 99,598,888	\$ 6	\$ -	\$ -	\$ 99,598,894	\$ -	\$ -	\$ -	\$ -	\$	99,598,894
Land improvements	14,535,428	250,442	-	-	14,785,870	2,959,911	470,512	-	3,430,423		11,355,447
Buildings and building components	97,718,129	1,968,298	-	-	99,686,427	40,570,984	2,740,512	-	43,311,496		56,374,931
Machinery and Equipment	17,493,894	1,110,388	410,143	-	18,194,139	9,548,922	1,539,899	404,683	10,684,138		7,510,001
Vehicles	6,661,324	1,357,078	539,586	-	7,478,816	3,473,810	512,156	539,583	3,446,383		4,032,433
Library Collection	1,658,121	196,476	233,714	-	1,620,883	964,521	202,103	233,714	932,910		687,973
	\$ 237,665,784	\$ 4,882,688	\$ 1,183,443	\$ -	\$ 241,365,029	\$ 57,518,148	\$ 5,465,182	\$ 1,177,980	\$ 61,805,350	\$	179,559,679
Infrastructure Assets											
Land	\$ 18,492,537	\$ -	\$ -	\$ -	\$ 18,492,537	\$ -	\$ -	\$ -	\$ -	\$	18,492,537
Land improvements	24,881,202	155,733	-	-	25,036,935	18,976,309	617,939	-	19,594,248		5,442,687
Buildings and building components	24,846,461	414,900	-	-	25,261,361	6,236,255	795,641	-	7,031,896		18,229,465
Machinery and Equipment	2,215,852	333,883	-	-	2,549,735	1,337,213	136,777	-	1,473,990		1,075,745
Vehicles	2,677,286	328,733	298,405	-	2,707,614	1,506,292	321,440	298,405	1,529,327		1,178,287
Linear Assets	503,423,767	5,571,993	1,352,464	-	507,643,296	220,426,390	9,520,451	1,288,158	228,658,683		278,984,613
	\$ 576,537,105	\$ 6,805,242	\$ 1,650,869	\$ -	\$ 581,691,478	\$ 248,482,459	\$ 11,392,248	\$ 1,586,563	\$ 258,288,144	\$	323,403,334
Construction in Progress	\$ 6,233,623	\$ 13,551,850	\$ 4,364,945	\$ -	\$ 15,420,528	\$ -	\$ -	\$ -	\$ -	\$	15,420,528
Total Tangible Capital Assets	\$ 820,436,512	\$ 25,239,780	\$ 7,199,257	\$ -	\$ 838,477,035	\$ 306,000,607	\$ 16,857,430	\$ 2,764,543	\$ 320,093,494	\$	518,383,541

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	1,824,028	423,531	-	17,493,894	8,667,579	1,431,557	550,214	9,548,922	\$ 7,944,972
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	186,529	221,478	-	1,658,121	979,143	206,856	221,478	964,521	\$ 693,600
	\$ 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
Segment Disclosures - Service Bundle
Year ended December 31, 2019

Schedule 2

	Fire & Emergency Services		Water, Wastewater & Solid Waste		Bylaw & Licensing Services		Roads, Bridges & Sidewalks	
	2019	2018	2019	2018	2019	2018	2019	2018
EXPENSES								
Salaries and wages	\$ 21,887,315	\$ 21,331,556	\$ 2,984,615	\$ 2,884,088	\$ 1,483,143	\$ 1,255,348	\$ 2,666,574	\$ 2,326,188
Materials, goods and supplies	1,061,909	906,911	2,693,217	775,403	84,394	76,927	1,284,288	1,116,804
Utilities	170,685	152,995	25,385	24,500	-	-	1,055,088	1,009,234
Contracted and general services	753,604	814,985	31,044,455	29,472,163	519,589	438,437	925,555	749,375
Rents and financial	30,600	30,000	78,561	73,116	8,567	11,884	2,325	2,087
Interest on long-term debt	-	-	198,780	560,926	-	-	-	-
Capital repairs and maintenance	901,581	336,116	1,365,745	1,993,877	-	-	2,082,039	1,418,028
Amortization expenses	507,714	432,908	3,085,920	3,009,329	25,843	20,990	7,516,169	7,407,171
Allocations	(8,356,926)	(7,981,592)	1,586,858	3,183,971	720,080	718,964	3,258,806	1,397,299
Total expenses	16,956,482	16,023,879	43,063,536	41,977,373	2,841,616	2,522,550	18,790,844	15,426,186
REVENUES								
Taxation	17,304,734	16,898,382	3,542,595	3,386,064	1,820,284	1,656,338	10,056,751	10,742,920
User charges	331,878	317,084	42,001,281	40,094,636	514,910	375,274	131,011	120,904
External non-tax revenues	34,111	170,337	5,506,081	6,379,595	601,930	565,206	6,244,478	5,078,663
(Loss)/Gain on sale of tangible capital assets	17,601	-	(88,220)	(85,409)	-	-	(175,667)	92,726
Total revenues	17,688,324	17,385,803	50,961,737	49,774,886	2,937,124	2,596,818	16,256,573	16,035,213
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	-	-
Annual Surplus (Deficit)	\$ 731,842	\$ 1,361,924	\$ 7,898,201	\$ 7,797,513	\$ 95,508	\$ 74,268	\$ (2,534,271)	\$ 609,027

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, 2019

Schedule 2

	Planning & Development Services		Community Programs & Events		Facilities, Parks & Trails		Corporate Support & Governance	
	2019	2018	2019	2018	2019	2018	2019	2018
EXPENSES								
Salaries and wages	\$ 4,594,089	\$ 4,598,247	\$ 6,735,505	\$ 6,715,338	\$ 8,370,343	\$ 8,012,138	\$ 12,596,321	\$ 11,497,479
Materials, good and supplies	243,610	289,242	160,883	173,137	3,363,876	1,825,999	466,418	445,324
Utilities	-	-	3,053	2,531	2,332,566	2,098,951	630,436	662,893
Contracted and general services	303,704	484,859	1,545,602	1,431,638	1,711,903	1,337,412	3,560,916	3,917,327
Rents and financial	-	2,860	53,259	43,689	51,559	48,047	53,006	52,909
Interest on long-term debt	-	-	-	-	-	-	1,895,306	1,595,929
Capital repairs and maintenance	553,049	327,359	-	-	2,011,189	3,078,869	271,602	548,923
Amortization expenses	-	-	72,497	62,434	4,353,606	4,254,065	875,045	766,316
Allocations	2,650,422	2,476,613	2,178,767	1,718,833	2,985,245	3,535,191	(16,333,254)	(15,769,313)
Total expenditures	8,344,874	8,179,180	10,749,566	10,147,600	25,180,287	24,190,672	4,015,796	3,717,787
REVENUES								
Taxation	4,126,615	3,987,602	4,599,434	5,047,374	18,287,800	15,636,888	-	-
User charges	3,236,410	3,155,485	5,376,311	4,820,550	2,478,134	2,447,465	1,663,975	535,010
External non-tax revenues	1,873,953	1,303,880	934,197	798,238	1,101,715	2,673,214	6,441,438	7,235,869
(Loss)/Gain on sale of tangible capital assets	-	-	-	-	23,287	(99,202)	-	-
Total revenues	9,236,978	8,446,967	10,909,942	10,666,162	21,890,936	20,658,365	8,105,413	7,770,879
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	(541,634)	838,672
Annual Surplus (Deficit)	\$ 892,104	\$ 267,787	\$ 160,376	\$ 518,562	\$ (3,289,351)	\$ (3,532,307)	\$ 3,547,983	\$ 4,891,764

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, 2019

Schedule 2

	Public Library Services		Main Street District BIA		Consolidated	
	2019	2018	2019	2018	2019	2018
EXPENSES						
Salaries and wages	\$ 2,587,639	\$ 2,407,333	\$ -	\$ -	\$ 63,905,544	\$ 61,027,715
Materials, good and supplies	302,607	327,626	18,975	32,422	9,680,177	5,969,795
Utilities	95,916	96,630	-	-	4,313,129	4,047,734
Contracted and general services	102,914	110,055	1,712	4,866	40,469,954	38,761,117
Rents and financial	2,057	2,023	-	-	279,934	266,615
Interest on long-term debt	-	-	-	-	2,094,086	2,156,855
Capital repairs and maintenance	134,315	114,570	-	-	7,319,520	7,817,742
Amortization expenses	420,636	313,656	-	-	16,857,430	16,266,869
Allocations	580,100	529,181	-	-	(10,729,902)	(10,190,853)
Total expenditures	4,226,184	3,901,074	20,687	37,288	134,189,872	126,123,589
REVENUES						
Taxation	3,854,536	3,807,822	30,000	30,000	63,622,749	61,193,390
User charges	69,099	76,238	-	-	55,803,009	51,942,646
External non-tax revenues	310,386	273,940	8,178	4,979	23,056,467	24,483,921
(Loss)/Gain on sale of tangible capital assets	-	-	-	-	(222,999)	(91,885)
Total revenues	4,234,021	4,158,000	38,178	34,979	142,259,226	137,528,072
(Loss)/Income From Newmarket Hydro Holdings Inc.	-	-	-	-	(541,634)	838,672
(Loss)/Gain on foreign exchange					(543,220)	522,214
Annual Surplus (Deficit)	\$ 7,837	\$ 256,926	\$ 17,491	\$ (2,309)	\$ 6,984,500	\$ 12,765,369

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