The Corporation of the Town of Newmarket

Consolidated Financial Statements

Year ended December 31, 2014

Contents

Independent Auditor's Report	**1**
Consolidated Financial Statements	
Statement of Financial Position	2
Statement of Operations and Accumulated Surplus	3-4
Statement of Changes in Net Financial Assets	5
Statement of Cash Flows	6-7
Notes to the Financial Statements	8-24
Schedule 1- Tangible Capital Assets - Summary by Asset Category	25-26
Schedule 2 - Segment Disclosures - Service Bundle	27-29

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Newmarket which comprise the statement of financial position as at December 31, 2014, and the statement of operations and accumulated surplus, statement of changes in net assets and 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, 2014 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 Professional Accountants, Licensed Public Accountants

June 22, 2015
Newmarket, Ontario

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Financial Position

December 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents (Note 6)	$ **71,146,192**	$ 78,496,589
Temporary investments (Note 7)	**5,000,000**	5,000,000
Taxes receivable (Note 8)	**5,010,235**	5,807,313
Unbilled user charges	**4,269,884**	4,030,017
Accounts receivable (Note 8)	**6,668,697**	4,425,109
Inventory for resale (Note 9)	**99,515**	103,681
Surplus land (Note 10)	**155,285**	33,598
Loans receivable (Note 8)	**2,420,517**	2,962,285
Investment in Newmarket Hydro Holdings Inc. (Note 11)	**64,513,188**	62,967,404
	159,283,513	163,825,996
LIABILITIES		
Accounts payable and accrued liabilities (Note 12)	**22,363,796**	23,884,445
Interest payable on debt	**975,887**	1,087,990
Employee future benefits payable (Note 13)	**4,683,264**	4,407,979
Deferred revenue (Note 14)	**27,349,578**	28,241,107
Long-term debt (Note 15)	**42,618,901**	45,537,657
	97,991,426	103,159,178
NET FINANCIAL ASSETS	**61,292,087**	60,666,818
NON FINANCIAL ASSETS		
Inventory (Note 9)	**301,892**	242,081
Prepaid expenses	**867,888**	808,840
Tangible capital assets (Note 25)	**458,240,103**	438,113,140
	459,409,883	439,164,061
ACCUMULATED SURPLUS (Note 21)	$ **520,701,970**	$ 499,830,879

Contingencies and lease agreements (Notes 17 and 18)

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2014

	2014		2013
	Budget	Actual	Actual
REVENUES			
Taxation and user charges			
Residential and farm taxation	$ 41,863,879	$ 42,241,614	$ 40,478,367
Commercial, industrial and business taxation	8,923,905	8,302,701	8,615,543
Taxation from other governments	681,000	650,276	654,125
User charges	39,670,728	37,589,903	37,653,477
	91,139,512	88,784,494	87,401,512
Government Transfers			
Government of Canada	1,441,715	529,167	218,457
Federal Gas Tax Allocation	4,252,407	2,216,552	2,027,314
Province of Ontario	3,226,425	913,822	690,166
	8,920,547	3,659,541	2,935,937
Other			
Contribution from developers	5,456,396	22,503,219	13,046,148
Investment income	3,694,589	4,028,115	4,315,850
Fine, penalties and interest	1,311,630	1,143,034	1,153,277
Rent and other	2,469,465	3,345,466	3,206,857
Land sales	-	-	2,123,071
Loss on disposal of tangible capital assets	-	(562,647)	(597,688)
	12,932,080	30,457,187	23,247,515
TOTAL REVENUES	$ 112,992,139	$ 122,901,222	$ 113,584,964

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2014

	2014		2013
	Budget	Actual	Actual
EXPENSES			
General government	$ 14,410,101	$ 15,705,895	$ 13,495,807
Protection to persons and property	15,722,129	15,496,242	15,053,840
Transportation services	12,002,981	11,591,629	10,343,426
Environmental services	31,269,108	29,890,566	29,726,083
Recreation and cultural services	28,957,336	28,199,770	27,208,730
Planning and development	2,558,410	2,691,813	2,353,760
	104,920,065	103,575,915	98,181,646
Net equity in earnings of Newmarket Hydro Holdings Inc.	1,000,000	1,545,784	1,343,532
ANNUAL SURPLUS	9,072,074	20,871,091	16,746,850
ACCUMULATED SURPLUS, BEGINNING OF YEAR	499,830,879	499,830,879	483,084,029
ACCUMULATED SURPLUS, END OF YEAR	$ 508,902,953	$ 520,701,970	$ 499,830,879

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2014

	2014		2013
	Budget	Actual	Actual
Annual surplus	$ 9,072,074	$ **20,871,091**	$ 16,746,850
Acquisition of tangible capital assets	(15,787,954)	**(18,128,932)**	(12,140,391)
Contributed tangible capital assets	-	**(18,599,230)**	(10,500,800)
Amortization of tangible capital assets	15,760,615	**15,890,594**	15,294,143
Proceeds from sale of tangible capital assets	-	**147,958**	72,348
Loss on sale of tangible capital assets	-	**562,647**	597,688
	(27,339)	**(20,126,963)**	(6,677,012)
Changes due to inventory	(4,842)	**(59,811)**	47,083
Changes due to prepaid expenses	(16,177)	**(59,048)**	(313,379)
	(21,019)	**(118,859)**	(266,296)
CHANGE IN NET FINANCIAL ASSETS	9,023,716	**625,269**	9,803,542
NET FINANCIAL ASSETS, BEGINNING OF YEAR	60,666,818	**60,666,818**	50,863,276
NET FINANCIAL ASSETS, END OF YEAR	$ 69,690,534	$ **61,292,087**	$ 60,666,818

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Cash Flows

Year ended December 31, 2014

	2014		2013
	Budget	Actual	Actual
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Cash received from			
Taxation	$ 52,533,379	$ 49,692,665	$ 51,073,029
User charges	39,348,327	36,723,176	37,540,115
Government transfers	3,806,589	3,696,853	1,174,400
Contributions from developers	5,554,024	4,166,210	10,806,332
Investment income	3,744,589	4,115,940	1,555,610
Fine, penalities and interest	1,311,630	1,146,296	1,275,094
Rent and other	2,469,465	3,334,540	3,649,904
Aurora's share of Central York Fire Services	8,808,584	8,808,584	8,227,017
	117,576,587	111,684,264	115,301,501
Cash paid for			
Salaries, wages and employee benefits	47,821,866	52,652,477	47,115,138
Materials, goods, and supplies	8,354,733	5,813,902	8,047,140
Utilities	4,412,083	4,226,492	4,325,572
Contracted and general services	24,052,971	26,931,314	23,697,954
Capital repairs and maintenance	5,092,766	6,988,012	4,861,597
Interest on long-term debt	2,359,308	2,359,308	2,475,070
Rents and financial	809,063	(778,092)	246,305
	92,902,790	98,193,413	90,768,776
Net change in cash from operating activities	24,673,797	13,490,851	24,532,725
CAPITAL ACTIVITIES			
Land sales	-	-	3,262,844
Proceeds on disposal of tangible capital assets	-	26,271	72,348
Acquisition of tangible capital assets	(15,787,954)	(18,128,932)	(12,140,391)
Net change in cash from capital activities	(15,787,954)	(18,102,661)	(8,805,199)

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Cash Flows

Year ended December 31, 2014

	2014		2013
	Budget	Actual	Actual
FINANCING ACTIVITIES			
Temporary investments	(20,000,000)	-	(5,000,000)
Principal repayment on long-term debt	(2,738,587)	(2,738,587)	(2,622,221)
Net change in cash from financing activities	(22,738,587)	(2,738,587)	(7,622,221)
NET CHANGE IN CASH	(13,852,744)	(7,350,397)	8,105,305
CASH, BEGINNING OF YEAR	78,496,589	78,496,589	70,391,284
CASH, END OF YEAR	$ 64,643,845	$ 71,146,192	$ 78,496,589
Supplementary information:			
Interest paid		$ 2,359,308	$ 2,475,070
Interest received		$ 1,220,633	$ 1,306,435

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

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2014

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.

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:

	Useful Life - Years
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.

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 4.

(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 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) 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.

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. 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 9, 2013	$ 106,077,009	$ 106,077,009
Principal payment on long-term debt	-	(2,798,034)
Transfers to / from other funds	(6,575,362)	(17,961,366)
Capital budget - New - December 9, 2013	23,730,863	23,730,863
Capital budget carried over from previous years	27,683,262	27,683,262
Transfers to / from other funds	(39,222,676)	-
Reserves and reserve funds - May 25, 2014	19,035,409	45,064,379
Transfers to / from other funds	(17,736,366)	(45,064,379)
TOTAL COUNCIL APPROVED BUDGET	112,992,139	136,731,734
Less: Tangible Capital Assets Capitalized	-	(47,842,284)
Plus: Budgeted amortization expense	-	15,760,615
Plus: Post-employment benefit expenses	-	270,000
Adjusted Budget per Consolidated Statement of Operations	$ 112,992,139	$ 104,920,065

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	$ 43,336,405	$ 54,402,580

4. 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.

5. 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.

6. 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. Included in our designated cash is a $20,000,000 redeemable guaranteed investment certificate, with an interest rate of 1.43%, maturing in February, 2015

Cash is segregated as follows:

	2014	2013
Restricted - obligatory reserve funds (refer to Note 14)	$ 26,532,144	$ 26,274,988
Designated - reserve funds (refer to Note 21)	31,764,619	34,144,411
Unrestricted and undesignated	12,849,429	18,077,190
	$ 71,146,192	$ 78,496,589

7. TEMPORARY INVESTMENTS

Temporary investments are recorded at the lower of cost and market value. The $5,000,000 non-redeemable guaranteed investment certificate, with an annual interest rate of 2%, matures November, 2015.

	2014	2013
Non-redeemable guaranteed investment certificate	$ 5,000,000	$ 5,000,000

8. RECEIVABLES

(a) Taxes receivable

	2014	2013
Current year	$ 3,544,815	$ 4,189,315
Arrears previous years	1,877,051	1,919,629
	5,421,866	6,108,944
Less allowance	411,631	301,631
	$ 5,010,235	$ 5,807,313

(b) Accounts receivable

	2014	2013
Government entities	$ 4,166,361	$ 2,314,115
Newmarket Hydro Holdings Inc.	1,336,000	1,352,149
Trade receivables, user fees and other receivables	1,267,940	860,449
	6,770,301	4,526,713
Less allowance	101,604	101,604
	$ 6,668,697	$ 4,425,109

(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%. This loan was fully paid up in January 19, 2015.

9. 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.

10. SURPLUS LAND

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

11. 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:

	2014	2013
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.	12,816,434	11,270,650
Total investment	$ 64,513,188	$ 62,967,404

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.

	2014	2013
Revenues:		
Investment income	$ 1,205,600	$ 1,205,600
Rent, property tax and other	375,601	386,770
Expenses:		
Energy purchases	3,596,417	2,995,243
Services - street light capital & maintenance	325,574	279,956
Dividends received	1,336,000	1,836,000
Dividends accrued	1,336,000	1,336,000
Accounts payable	380,484	333,155

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2014

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

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

	2014	2013
Financial position		
Current assets	$ 35,232,249	$ 33,099,043
Capital assets and future income taxes	58,812,336	58,788,116
Total assets	94,044,585	91,887,159
Current liabilities	14,585,416	12,596,148
Long term liabilities	32,598,192	34,084,743
Total liabilities	47,183,608	46,680,891
Non-controlling interest	3,099,201	2,990,276
Shareholder equity		
Share capital	29,609,342	29,609,342
Retained earnings	14,152,434	12,606,650
	43,761,776	42,215,992
	$ 94,044,585	$ 91,887,159
Results of operations		
Revenues	$ 86,283,720	$ 82,333,671
Operating expenses	(80,705,091)	(76,241,721)
Financing expenses	(1,352,395)	(1,344,336)
Other income	(35,051)	(103,273)
Non-controlling interest	(108,925)	(93,702)
Income tax	(1,099,474)	(1,232,473)
Net earnings	2,982,784	3,318,166
Retained earnings, beginning of year	12,606,650	11,263,118
Net income	2,982,784	3,318,166
Dividends paid	(1,437,000)	(1,974,634)
Retained earnings, end of the year	$ 14,152,434	$ 12,606,650
In Town's books		
Retained earnings, end of the year - per Hydro	$ 14,152,434	$ 12,606,650
Less: Dividends accrued	(1,336,000)	(1,336,000)
Adjusted retained earnings, end of year	12,816,434	11,270,650
Change in adjusted retained earnings	$ 1,545,784	$ 1,343,532

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2014	2013
Government entities	$ 7,306,033	$ 8,653,938
Payroll liabilities	3,640,003	5,317,974
Trade payables and other accrued liabilities	11,417,760	9,912,533
	$ 22,363,796	$ 23,884,445

13. 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.

	2014	2013
Employee future benefits	$ 4,474,440	$ 4,176,897
Vacation pay	208,824	231,082
	$ 4,683,264	$ 4,407,979

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 $101,635 (2013 - $101,023). The plan is substantially unfunded and requires no contributions from employees. The retirement benefit liability at December 31 includes the following components:

	2014	2013
Accrued benefits obligation	$ 4,787,549	$ 4,493,573
Unamortized actuarial gain/(loss)	(313,109)	(316,676)
Employee future benefits payable	$ 4,474,440	$ 4,176,897
Employee future benefits, beginning of the year	$ 4,176,897	$ 3,854,203
Annual amortization of actuarial loss	3,567	3,600
Current period service cost	233,398	269,534
Interest cost	162,213	150,583
Benefits paid for the period	(101,635)	(101,023)
Employee future benefits, end of the year	$ 4,474,440	$ 4,176,897

13. 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 ($541,617 as at December 31, 2014) 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 ($228,490 as at December 31, 2014) 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, 2014 was determined using a discount rate of 3.75% (2013- 3.75%).

(b) *Health costs*

Health cost premiums were assumed to decrease at a 7.0% (2013 - 7.25%) rate for 2014 and continue to decrease thereafter to 5.0% over the next 8 years.

(c) *Dental costs*

Dental cost premiums were assumed to increase at a 4.0% (2013 - 4.0%) rate.

The Town used the actual benefit increase percentage of 1.65% in its calculations for 2014.

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 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 2014	2014 Inflows	2014 Outflows	Ending Balance 2014
Parkland	$ 1,455,475	$ 126,755	$ 250,000	$ 1,332,230
Development Charges	21,477,223	2,140,215	1,949,075	21,668,363
Engineering Administration	1,147,284	693,966	699,086	1,142,164
Gas Tax Grant	2,035,750	2,408,250	2,216,552	2,227,448
Investing in Ontario Grant from Province	159,256	2,683	-	161,939
	26,274,988	5,371,869	5,114,713	26,532,144
Other	1,966,119	5,290,630	6,439,315	817,434
Total	$ 28,241,107	$ 10,662,499	$ 11,554,028	$ 27,349,578

15. LONG-TERM DEBT

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

			2014	2013
Long-term debt incurred by the Town			$ 42,618,901	$ 45,537,657
Purpose	Rates	Dates	2014	2013
Water and sewermain project	variable	2014	$ -	$ 126,000
Land for recreation facilities	5.724%	2024	7,840,773	8,408,139
Youth Centre	5.724%	2024	1,816,764	1,948,228
Downtown renewal	5.724%	2024	576,265	617,964
Recreation facility	5.246%	2024	7,519,705	8,079,096
Parklands	5.246%	2024	1,598,564	1,717,481
Traffic flow improvements	5.246%	2024	921,164	989,689
Downtown revitalization	5.246%	2024	250,657	269,303
Recreation facility	4.756%	2026	10,222,063	10,841,461
Consolidated Operations Centre	5.000%	2019	10,124,631	10,706,410
FCM loan for Operations Centre	2.000%	2031	1,748,315	1,833,886
			$ 42,618,901	$ 45,537,657

15. LONG-TERM DEBT (continued)

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

2015	$	2,801,071
2016		2,936,627
2017		3,079,140
2018		3,228,829
2019		10,989,557
2020 and thereafter		19,583,677
	$	42,618,901

(c) Interest expense on long-term debt amounted to $ 2,247,206 (2013 - $2,368,108).

16. 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 $36,920 (2013 - $32,535).

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 $885,338 (2013 - $675,674).

17. 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.

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:

2015	$	184,043
2016		177,243
2017		121,773
	$	483,059

19. CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling approximately $28,199,407. These contracts relate to the construction, repair and replacement of certain facilities and infrastructure. Approximately $11,411,707 relating to these contracts had not been expended as at December 31, 2014.

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 $25,428,572, of which expenses of approximately $7,780,624 were outstanding as at December 31, 2014.

20. PENSION AGREEMENTS

OMERS provides pension services to approximately 450,000 active and retired members from approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2014. The results of this valuation disclosed total actuarial liabilities of $76.9 billion in respect of benefits accrued for service with actuarial assets at that date of $69.8 billion indicating an actuarial deficit of $7.1 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 2014 ranged from 9% to 15.9% depending on the proposed retirement age and level of earnings. The 2014 operating expense for OMERS was $4,037,385 (2013- $3,630,746).

21. ACCUMULATED SURPLUS

The Accumulated Surplus is comprised of the following:

	2014	2013
Reserves set aside for specific purposes by Council		
Cash flow reserves	$ -	$ 1,101,458
Reserves for operating purposes	4,719,091	5,819,864
Reserves for capital purposes	1,173,308	505,567
Newmarket Public Library	543,697	590,995
Building Code Act Fees	5,316,860	5,488,245
Water & Sewer Rate Stabilization	1,089,450	-
Total Reserves	12,842,406	13,506,129
Reserve funds set aside for specific purposes by Council		
Asset replacement funds	15,905,427	14,539,143
Reserve funds for operating purposes	3,941,608	4,465,363
Reserve funds for capital purposes	4,787,710	8,827,635
Self-insured long-term disability	7,129,874	6,312,270
Total Reserve Funds	31,764,619	34,144,411
Total Reserves and Reserve Funds	44,607,025	47,650,540
Invested in tangible capital assets	458,240,103	438,113,140
Less: amount financed by long-term debt	(42,618,901)	(45,537,657)
Surplus land	155,285	33,598
Operating surplus	-	61,696
Funds available for future capital expenses	156,878	900,457
Funds to be provided from future revenues	(1,085,870)	(1,245,825)
Equity in Newmarket Hydro Holdings Inc. (Note 12)	64,513,188	62,967,404
Employee future benefits to be recovered	(3,265,738)	(3,112,474)
Accumulated Surplus	$ 520,701,970	$ 499,830,879

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 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:

	2014	2013
Cost-sharing agreements	$ 1,018,749	$ 430,146
Grants with stipulations	2,216,552	2,027,314
Other grants	424,240	478,477
	$ 3,659,541	$ 2,935,937

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.

	2014	2013
Net expenses before allocation	$ 22,049,022	$ 20,439,794
Less: Aurora's allocation (2014 - 40.0%; 2013 - 40.3%)	(8,808,584)	(8,227,017)
Newmarket's net allocation	$ 13,240,438	$ 12,212,777

24. TRUST FUND

The Trust fund administered by the Town amounting to $317,031 (2013 - $312,128) 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.

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 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 2014 road network had 227 kilometers (2013 - 218 km).

25. TANGIBLE CAPITAL ASSETS (continued)

b) Capitalization of interest

No interest was capitalized in 2014 (2013 - nil).

c) Construction in Process

The financial statements and accompanying schedules include $14,872,447 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 $18,599,230 (2013 - $10,500,800). Contributed assets included streetlights ($282,935) and linear assets ($18,316,295) of subdivisions assumed by the Town in 2014. The 2013 contributed assets consisted of land, street lighting, sanitary sewer pumping station and linear assets by developers.

26. 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 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.

26. 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.

The Corporation of the Town of Newmarket
Tangible Capital Assets - Summary By Asset Category
December 31, 2014

Schedule 1

	Cost					Accumulated Amortization				2014
	2014 Opening Balance	Additions and Betterments	Disposals/ Transfers	Write Downs	2014 Closing Balance	2014 Opening Balance	2014 Amortization Expense	Accumulated Amortization on Disposals	2014 Ending Balance	Net Book Value
General Capital Assets										
Land	$ 74,714,503	$ 22,633	$ 19,161		$ 74,717,975	$ -			$ -	$ 74,717,975
Land improvements	9,342,460	515,338			9,857,798	1,371,638	280,221	-	1,651,859	8,205,939
Building	83,072,275	876,044			83,948,319	28,730,559	2,232,952		30,963,511	52,984,808
Machinery and Equipment	10,155,712	1,807,186	393,416		11,569,482	6,126,837	941,202	393,416	6,674,623	4,894,859
Vehicles	5,186,485	504,468	94,685		5,596,268	1,985,494	383,936	94,685	2,274,745	3,321,523
Other - Library Collections	1,782,214	208,028	223,336		1,766,906	942,090	221,885	223,336	940,639	826,267
	$ 184,253,649	$ 3,933,697	$ 730,598	$ -	$ 187,456,748	$ 39,156,618	$ 4,060,196	$ 711,437	$ 42,505,377	$ 144,951,371
Infrastructure Assets										
Land	$ 16,016,205	$ 9	$ 121,687		$ 15,894,527	$ -			$ -	$ 15,894,527
Land improvements	23,551,780				23,551,780	16,485,855	563,894		17,049,749	6,502,031
Buildings	24,050,529				24,050,529	2,381,704	760,726		3,142,430	20,908,099
Machinery & Equipment	1,425,480				1,425,480	675,713	134,389		810,102	615,378
Vehicles	2,137,343	183,773			2,321,116	1,106,032	312,044		1,418,076	903,040
Linear Assets	414,338,522	27,691,934	1,602,542		440,427,914	177,808,145	10,059,345	1,032,787	186,834,704	253,593,210
	$ 481,519,859	$ 27,875,716	$ 1,724,229	$ -	$ 507,671,346	$ 198,457,449	$ 11,830,398	$ 1,032,787	$ 209,255,061	$ 298,416,285
Assets under construction	$ 9,953,699	$ 10,208,286	$ 5,289,538		$ 14,872,447	$ -	$ -	$ -	$ -	$ 14,872,447
Total Tangible Capital Assets	$ 675,727,207	$ 42,017,699	$ 7,744,365	$ -	$ 710,000,541	$ 237,614,067	$ 15,890,594	$ 1,744,224	$ 251,760,438	$ 458,240,103

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
General Capital Assets										
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
Infrastructure Assets										
Land	$ 15,505,708	$ 510,497		$ -	$ 16,016,205	$ -	$ -	$ -	$ -	$ 16,016,205
Land improvements	23,551,780			-	23,551,780	15,687,123	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
Assets under construction	$ 7,494,016	$ 7,532,454	$ 5,072,771		$ 9,953,699	$ -	$ -	$ -	$ -	$ 9,953,699
Total Tangible Capital Assets	$ 656,715,707	$ 27,713,963	$ 8,673,423	$ 29,040	$ 676,727,207	$ 226,279,584	$ 15,294,143	$ 2,959,660	$ 237,614,067	$ 438,113,140

The Corporation of the Town of Newmarket
Segment Disclosures - Service Bundle
Year Ended December 31, 2014

Schedule 2

	Fire & Emergency Services		Water, Wastewater & Solid Waste		Bylaw & Licensing Services		Roads, Bridges & Sidewalks	
	2014	2013	2014	2013	2014	2013	2014	2013
EXPENSES								
Salaries and wages	$ 18,743,473	$ 17,774,141	$ 2,109,033	$ 1,659,622	$ 960,924	$ 880,518	$ 1,999,590	$ 2,363,085
Materials, goods and supplies	694,145	599,381	620,759	698,526	61,969	54,691	973,081	925,756
Utilities	140,141	147,125	28,668	25,503	-	-	1,452,129	1,475,777
Contracted and general services	861,861	743,638	19,295,194	18,375,591	266,739	222,356	730,470	563,063
Rents and financial	-	-	47,511	39,384	-	-	-	-
Interest on long-term debt	-	-	586,464	598,091	-	-	-	-
Capital repairs and maintenance	418,560	733,987	644,413	977,582	-	-	1,948,294	2,276,742
Amortization expenses	317,038	296,547	4,988,783	4,754,782	-	-	5,388,875	5,872,431
Allocations	(6,849,123)	(6,295,059)	2,816,253	3,718,692	873,964	811,358	1,458,932	629,381
Total expenses	14,326,095	13,999,760	31,137,078	30,847,773	2,163,596	1,968,923	13,951,370	14,106,234
REVENUES								
Taxation	12,888,362	12,815,498	2,778,312	2,814,910	1,439,251	1,231,450	10,385,028	9,857,655
User charges	262,801	249,949	28,931,785	26,710,271	384,242	426,995	167,411	58,093
External non-tax revenues	55,225	43,252	12,226,770	7,518,274	280,933	265,724	10,522,444	6,608,569
Gain / (loss) on sale of tangible capital assets	3,018	6,289	(218,933)	(352,427)	-	-	(350,823)	(245,156)
Total revenues	13,209,407	13,114,987	43,717,934	36,691,028	2,104,426	1,924,169	20,724,060	16,279,161
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	-	-
Annual Surplus (Deficit)	$ (1,116,689)	$ (884,772)	$ 12,580,856	$ 5,843,255	$ (59,170)	$ (44,754)	$ 6,772,690	$ 2,172,927

The Corporation of the Town of Newmarket
Segment Disclosures - Service Bundle
Year Ended December 31, 2014

Schedule 2

	Planning & Development Services		Community Programs and Events		Facilities, Parks & Trails		Corporate Support & Governance	
	2014	2013	2014	2013	2014	2013	2014	2013
EXPENSES								
Salaries and wages	3,647,666	$ 3,430,425	$ 4,638,805	$ 4,208,536	$ 7,243,901	$ 7,182,395	$ 9,699,122	$ 8,717,147
Materials, good and supplies	266,484	301,986	138,396	158,952	1,650,123	1,383,683	582,654	387,955
Utilities	-	-	3,759	4,622	2,125,170	2,015,301	534,240	580,620
Contracted and general services	283,056	302,396	828,488	812,259	403,453	626,942	4,216,482	2,682,250
Rents and financial	-	-	30,569	34,539	41,504	112,707	61,955	67,403
Interest on long-term debt	-	-	-	-	-	-	1,660,742	1,770,017
Capital repairs and maintenance	85,289	111,974	77,360	37,398	2,395,731	1,978,127	425,843	375,460
Amortization expenses	-	-	-	-	4,214,227	3,315,228	676,548	646,598
Allocations	2,242,853	1,969,891	2,018,051	1,378,591	2,410,334	3,201,051	(14,272,021)	(14,119,206)
Total expenses	6,525,358	6,116,673	7,735,428	6,634,897	20,484,443	19,815,434	3,585,565	1,108,244
REVENUES								
Taxation	3,597,061	3,244,425	4,364,077	3,794,424	12,534,252	12,831,262	-	-
User charges	1,911,273	4,431,558	2,869,930	2,615,451	2,675,441	2,737,369	319,451	256,711
External non-tax revenues	811,237	692,294	394,068	228,275	2,545,600	1,309,548	7,561,500	9,954,464
Gain / (loss) on sale of tangible capital assets	-	-	-	-	4,092	22,647	-	(29,041)
Total revenues	6,319,572	8,368,277	7,628,074	6,638,150	17,759,385	16,900,826	7,880,950	10,182,133
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	1,545,784	1,343,532
Annual Surplus (Deficit)	$ (205,787)	$ 2,251,604	$ (107,354)	$ 3,253	$ (2,725,057)	$ (2,914,608)	$ 5,841,169	$ 10,417,421

The Corporation of the Town of Newmarket
Segment Disclosures - Service Bundle
Year Ended December 31, 2014

Schedule 2

	Public Library Services		Main Street District BIA		Consolidated	
	2014	2013	2014	2013	2014	2013
EXPENSES						
Salaries and wages	$ 2,296,359	$ 2,158,417	$ -	$ -	$ 51,338,873	$ 48,374,286
Materials, good and supplies	251,007	238,273	9,759	9,374	5,248,377	4,758,578
Utilities	92,466	79,936	-	-	4,376,573	4,328,884
Contracted and general services	102,294	110,440	18,689	21,889	27,006,736	24,460,822
Rents and financial	-	-	-	-	181,539	254,033
Interest on long-term debt	-	-	-	-	2,247,206	2,368,108
Capital repairs and maintenance	99,112	78,541	-	-	6,094,601	6,569,810
Amortization expenses	305,123	408,555	-	-	15,890,594	15,294,143
Allocations	492,173	478,283	-	-	(8,808,584)	(8,227,018)
Total expenses	3,638,534	3,552,445	28,448	31,263	103,575,915	98,181,646
REVENUES						
Taxation	3,178,248	3,128,408	30,000	30,003	51,194,591	49,748,035
User charges	67,570	70,282	-	1,385	37,589,903	37,558,063
External non-tax revenues	276,898	256,153	4,700	-	34,679,374	26,876,554
Gain / (loss) on sale of tangible capital assets	-	-	-		(562,647)	(597,688)
Total revenues	3,522,715	3,454,843	34,700	31,388	122,901,222	113,584,964
Net surplus of Gov't. Business Enterprise	-	-	-	-	1,545,784	1,343,532
Annual Surplus (Deficit)	$ (115,819)	$ (97,602)	$ 6,252	$ 125	$ 20,871,091	$ 16,746,850