

DRAFT #5
June 14, 2023

Consolidated Financial Statements of

**THE CORPORATION OF
THE TOWN OF NEWMARKET**

And Independent Auditor's Report thereon

Year ended December 31, 2022

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 Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated 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. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity 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.

Other Matter - Comparative Information

The consolidated financial statements for the year ended and of December 31, 2021, were audited by another auditor who expressed an unmodified opinion on these consolidated financials on June 27, 2022.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Entity'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 Entity'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 Entity 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.
- 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.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash and cash equivalents (note 4)	\$ 144,550,381	\$ 110,635,858
Investments (note 5)	61,207,652	44,032,626
Tax receivable (note 6(a))	9,318,160	8,377,365
User charges receivable	9,963,871	10,101,787
Accounts receivable (note 6(b))	4,826,132	3,556,002
Inventory for resale (note 8)	81,260	63,358
Surplus land (note 9)	155,285	155,285
Loans receivable (note 6(c))	11,718,339	9,198,923
Investment in Newmarket Hydro Holdings Inc. (note 10)	56,902,217	70,136,815
	<u>298,723,297</u>	<u>256,258,019</u>

Liabilities

Accounts payable and accrued liabilities (note 11)	51,396,335	36,616,056
interest payable on long-term debt	528,945	592,932
Employee future benefits liability (note 12)	8,790,679	8,282,332
Long-term disability benefits liability (note 13)	4,784,927	4,637,489
Deferred revenue (note 14)	58,182,754	50,632,982
Long-term debt (note 15)	33,984,039	37,864,872
	<u>157,667,679</u>	<u>138,626,663</u>

Net financial assets	141,055,618	117,631,356
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Non-Financial Assets

Inventory (note 8)	1,279,996	1,099,002
Prepaid expenses and other (note 7)	2,084,899	2,051,246
Tangible capital assets (note 24)	571,409,095	556,722,668
	<u>574,773,990</u>	<u>559,872,916</u>

Accumulated surplus (note 21)	\$ 715,829,608	\$ 677,504,272
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Contingencies and lease agreements (notes 17 and 18)

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 2)	Actual 2022	Actual 2021
Revenue:			
Taxation and user charges:			
Residential and farm taxation	\$ 57,843,534	\$ 57,438,549	\$ 55,767,242
Commercial, industrial and business taxation	10,917,116	11,289,719	10,975,580
Taxation under other governments	722,525	933,419	914,743
User charges	59,073,370	56,249,713	51,152,513
	128,556,545	125,911,400	118,810,078
Government transfers (note 22):			
Government of Canada	90,000	590,364	64,360
Building Canada Fund (note 14)	2,500,000	2,653,877	1,948,956
Province of Ontario	4,715,891	5,234,357	6,094,609
	7,305,891	8,478,598	8,107,925
Other:			
Contributions from developers	15,091,172	18,446,726	33,387,182
Investment income	2,916,290	5,110,724	2,676,394
Fine, penalties and interest	1,750,351	1,990,122	1,810,954
Rent and other	3,448,159	4,249,530	4,628,801
Gain on disposal of tangible capital assets	—	1,940,435	127,946
	23,205,972	31,737,537	42,631,277
	159,068,408	166,127,535	169,549,280
Expenses:			
General government	19,087,017	21,100,426	18,655,910
Protection to persons and property	20,840,555	21,561,104	23,674,018
Transportation services	15,326,926	14,995,754	13,680,911
Environmental services	45,687,486	42,830,458	39,906,515
Recreation and cultural services	36,424,852	34,969,226	29,730,010
Planning and development	3,329,977	3,150,806	2,549,425
	140,696,813	138,607,774	128,196,789
		27,519,761	41,352,491
Income from Newmarket Hydro Holdings Inc. (note 10)	2,336,000	10,251,402	3,474,385
Gain (loss) on foreign exchange	—	554,173	(16,900)
Annual surplus	20,707,595	38,325,336	44,809,976
Accumulated surplus, beginning of year	677,504,272	677,504,272	632,694,296
Accumulated surplus, end of year	\$ 698,211,867	\$ 715,829,608	\$ 677,504,272

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 2)	Actual 2022	Actual 2021
Annual surplus	\$ 20,707,595	\$ 38,325,336	\$ 44,809,976
Acquisition of tangible capital assets	(28,046,650)	(24,623,692)	(16,100,690)
Contributed tangible capital assets	—	(8,594,938)	(21,484,956)
Amortization of tangible capital assets	18,711,580	18,408,705	17,964,265
Proceeds on disposal of tangible capital assets	—	2,063,933	140,003
Gain on disposal of tangible capital assets	—	(1,940,435)	(127,946)
	(9,335,070)	(14,686,427)	(19,609,324)
Changes in inventory balance	(21,980)	(180,994)	(6,190)
Changes in prepaid expenses and other	140,000	(33,653)	116,537
	118,020	(214,647)	110,347
Change in net financial assets	11,490,545	23,424,262	25,310,999
Net financial assets, beginning of year	117,631,356	117,631,356	92,320,357
Net financial assets, end of year	\$ 129,121,901	\$ 141,055,618	\$ 117,631,356

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 2)	Actual 2022	Actual 2021
Cash provided by (used in):			
Operating activities:			
Cash received from:			
Taxation	\$ 69,522,559	\$ 68,980,749	\$ 71,464,581
User charges	61,596,809	56,657,868	52,727,836
Government transfers	7,305,891	5,398,268	8,473,698
Contributions from developers	13,048,481	21,465,042	10,612,556
Investment income	4,252,290	3,797,125	2,895,227
Fine, penalties and interest	2,750,351	2,090,548	1,788,490
Rent and other	4,812,159	4,226,030	4,557,426
Aurora's share of Central York Fire Services	12,294,053	12,279,515	11,900,008
	175,582,593	174,895,145	164,419,822
Cash paid for:			
Salaries, wages, and employee benefits	62,548,155	66,961,883	61,785,525
Materials, goods and supplies	8,308,142	5,867,894	8,635,433
Utilities	3,419,034	3,776,220	3,351,994
Contracted and general services	38,338,375	28,875,180	39,547,426
Capital repairs and maintenance	1,195,467	12,616,394	991,740
Interest on long-term debt	1,467,542	1,467,543	1,652,145
Rents and financial	344,692	481,185	337,933
	115,621,407	120,046,299	116,302,196
	59,961,186	54,848,846	48,117,626
Capital activities:			
Proceeds on disposal of tangible capital asset	—	2,063,933	140,003
Acquisition of tangible capital assets	(28,046,650)	(24,623,692)	(16,100,690)
	(28,046,650)	(22,559,759)	(15,960,687)
Financing activities:			
Loans receivable issued during the year	(1,468,224)	(2,533,904)	(1,468,224)
Principal repayment on long-term debt	(3,880,833)	(3,880,833)	(3,696,231)
	(5,349,057)	(6,414,737)	(5,164,455)
Investing activities:			
Gain (loss) on foreign exchange	—	554,173	(16,900)
Repayment of Hydro promissory note	—	22,000,000	—
Temporary investments	(21,967,374)	(16,000,000)	20,801,678
Dividend received	—	1,486,000	1,336,000
	(21,967,374)	8,040,173	22,120,778
Increase in cash and cash equivalents	4,598,105	33,914,523	49,113,262
Cash and cash equivalents, beginning of year	110,635,858	110,635,858	61,522,596
Cash and cash equivalents, end of year	\$ 115,233,963	\$ 144,550,381	\$ 110,635,858
Supplemental information:			
Interest paid		\$ 1,690,133	\$ 1,888,219
Interest received		3,611,217	926,557

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements

Year ended December 31, 2022

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) Basis of presentation:

(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.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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 ("PSAS") 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:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue 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.

(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 revenue over expenses, provides the change in net financial assets for the year.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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:

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

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 CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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.

(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.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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 include 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.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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.

(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 receivables 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.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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 PSAS 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.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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. The budget has also been adjusted to account for material changes due to PSAB reporting requirements.

	Revenue	Expenses
Council approved budget for 2022:		
Operating fund - December 13, 2021	\$ 141,273,937	\$ 141,273,937
Less:		
Principal payment on long-term debt	—	(3,880,833)
Transfers to/from other funds	(1,663,218)	(19,076,328)
Capital budget - December 13, 2021	31,478,550	31,478,550
Less transfers to/from other funds	(11,954,550)	—
Reserves and reserve funds - June 27, 2022	20,052,013	13,323,765
Less transfers to/from other funds	(18,782,324)	(13,323,765)
Total council approved budget	160,404,408	149,795,326
Less tangible capital assets capitalized	—	(28,046,650)
Plus:		
Budgeted amortization expense	—	18,711,580
Post-employment benefit expenses	—	236,557
Investment income from Newmarket Hydro Holdings Inc.	1,000,000	—
Budget as presented on the consolidated statement of operations and accumulated surplus	\$ 161,404,408	\$ 140,696,813

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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 of York
Property taxes and taxation from other governments	\$ 50,653,110	\$ 72,274,093

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.

Cash is segregated as follows:

	2022	2021
Restricted - obligatory reserve funds (note 14)	\$ 54,683,349	\$ 48,583,991
Designated - reserve funds (note 21)	91,595,733	61,417,052
	146,279,082	110,001,043
Less temporary investments (note 5)	38,383,448	44,032,626
Less long-term investments (note 5)	22,824,204	—
	85,071,430	65,968,417
Unrestricted and undesignated	59,478,951	44,667,441
	\$ 144,550,381	\$ 110,635,858

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

5. Investments:

- (a) Temporary investments are recorded at the lower of cost and market value which are comprised of cash held in investment accounts and guaranteed investment certificates with maturities up to September 16, 2027, earning interest at annual rates ranging from 0.50% to 4.85% per annum.

	2022	2021
Cash held in investment accounts	\$ 297,247	\$ 1,025,420
Maturity within 1 - 2 years	30,402,111	23,487,777
Maturity within 2 - 3 years	7,353,899	13,572,574
Maturity within 3 - 4 years	283,323	5,509,229
Maturity within 4 - 5 years	46,868	437,626
	<u>\$ 38,383,448</u>	<u>\$ 44,032,626</u>

- (b) Long-term investments are held with ONE Investment, a professionally managed group of investment funds composed of pooled investments that meet the eligibility criteria defined by O.Reg 435/97. The book value of ONE Investment at the beginning of 2022 is \$22M. During the year, a realized capital gain and investment income of \$800K were recognized with the ending market value of \$22.8M.

6. Receivables:

- (a) Tax receivable:

	2022	2021
Current year	\$ 7,705,796	\$ 6,541,008
Arrears previous years	2,828,107	3,052,100
	<u>10,533,903</u>	<u>9,593,108</u>
Less valuation allowance	1,215,743	1,215,743
	<u>\$ 9,318,160</u>	<u>\$ 8,377,365</u>

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Receivables (continued):

(b) Accounts receivable:

	2022	2021
Government entities	\$ 2,292,213	\$ 1,545,232
Trade receivables, user fees and other receivables	2,569,400	2,046,251
	4,861,613	3,591,483
Less valuation allowance	35,481	35,481
	<u>\$ 4,826,132</u>	<u>\$ 3,556,002</u>

(c) Loans receivable:

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

In 2020, development charges and fees were deferred under Phase I of a Site Plan agreement. In 2021, Phase II and III agreements deferred parkland contributions and 50% of other fees. The deferral for development charges is for 20 years after issuance of building permits for rental apartments, and 48 months for condo units. Deferral of other fees includes tree security, engineering, planning and finance fees for a deferral period of 48 months, and a 60-month deferral period for parkland contributions.

	2022	2021
Due from developers	\$ 11,695,751	\$ 9,161,846
Other community loans	22,588	37,077
	<u>\$ 11,718,339</u>	<u>\$ 9,198,923</u>

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Prepaid expenses and other:

Prepaid expenses include prepaid insurance premiums, software licenses and miscellaneous prepaids. Other prepaid expenses represent the Town's payment 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 \$140,556 (2021 - \$140,556).

	2022	2021
Prepaid insurance premiums and software licenses	\$ 700,154	\$ 497,784
Other prepaid artificial turf field shared use agreement	749,552	890,108
Miscellaneous prepaids	635,193	663,354
	<u>\$ 2,084,899</u>	<u>\$ 2,051,246</u>

8. Inventories:

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 Town 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.

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.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Investment in Newmarket Hydro Holdings Inc. (continued):

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 as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

Effective October 1, 2001, Newmarket Hydro Ltd. issued an unsecured promissory note in the amount of \$22,000,000 to the Town of Newmarket. On February 3, 2022, the \$22,000,000 promissory note was repaid to the Town of Newmarket in full.

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

	2022	2021
Share capital:		
Newmarket Hydro Holdings Inc. -		
201 common shares	\$ 29,609,342	\$ 29,609,342
Promissory note	—	22,000,000
Retained earnings, end of year:		
Newmarket Hydro Holdings Inc.	27,292,875	18,527,473
Total investment	\$ 56,902,217	\$ 70,136,815

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Investment in Newmarket Hydro Holdings Inc. (continue):

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.

	2022	2021
Revenue:		
Investment income	\$ 204,506	\$ 1,205,600
Rent, property tax and other	531,772	487,844
Water and sewer	439,320	—
Expenses:		
Energy purchases	2,548,938	2,220,733
Services - street light capital and maintenance	—	2,364
Water and sewer	508,200	—
Dividends received during the year	1,486,000	1,336,000
Accounts payable	748,199	201,213

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Investment in Newmarket Hydro Holdings Inc. (continue):

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

	2022	2021
Financial position		
Current assets	\$ 29,046,549	\$ 35,983,757
Capital assets, future income taxes and other	153,812,075	142,395,013
Regulatory deferral account debit balances	9,101,996	4,943,071
Total assets	\$ 191,960,620	\$ 183,321,841
Current liabilities	\$ 26,412,836	\$ 48,693,216
Long-term liabilities	104,655,233	81,232,759
Total liabilities	131,068,069	129,925,975
Non-controlling interest	3,990,334	3,330,308
Shareholder equity:		
Share capital	29,609,342	29,609,342
Retained earnings	26,975,838	18,590,992
Accumulated other comprehensive loss	317,037	(63,519)
	56,902,217	48,136,815
Regulatory deferred account credit balances	—	1,928,743
Total liabilities and equity	\$ 191,960,620	\$ 183,321,841
Results of operations		
Revenue	\$ 126,754,001	\$ 126,762,660
Operating expenses	(118,430,989)	(123,703,654)
Financing expenses	(1,587,562)	(2,228,558)
Other income	1,600,153	1,526,680
Non-controlling interest	(743,381)	(245,310)
Income taxes	(2,545,931)	(430,439)
Net movement on regulatory accounts	4,824,555	1,699,006
Net income	9,870,846	3,407,385
Comprehensive income	380,556	67,000
Net income and comprehensive income	\$ 10,251,402	\$ 3,474,385
Retained earnings, beginning of year	\$ 18,527,473	\$ 16,389,088
Net income	10,251,402	3,474,385
Dividends paid	(1,486,000)	(1,336,000)
Retained earnings, end of year	\$ 27,292,875	\$ 18,527,473

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

11. Accounts payable and accrued liabilities:

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

	2022	2021
Government entities	\$ 20,624,346	\$ 12,941,039
Payroll liabilities	4,446,615	3,995,470
Trade payables and other accrued liabilities	26,325,374	19,679,547
	<u>\$ 51,396,335</u>	<u>\$ 36,616,056</u>

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

	2022	2021
Employee future benefits liability	\$ 8,131,101	\$ 7,669,845
Vacation pay	659,578	612,487
	<u>\$ 8,790,679</u>	<u>\$ 8,282,332</u>

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 \$8,131,101 was determined by the actuarial valuation carried out as at December 31, 2022, using a discount rate of 4.6%.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Employee future benefits liability (continued):

Total benefit payments to retirees during the year were \$284,244 (2021 - \$286,979). The plan is substantially unfunded and requires no contributions from employees. The benefit liability as at December 31 includes the following components:

	2022	2021
Accrued benefits obligation	\$ 6,361,701	\$ 7,463,507
Unamortized actuarial losses	1,769,400	206,338
Employee future benefits liability	\$ 8,131,101	\$ 7,669,845
Employee future benefits liability, beginning of year	\$ 7,669,845	\$ 7,323,665
Annual amortization of actuarial losses	17,300	14,337
Current period service cost	508,000	417,311
Interest cost	220,200	201,511
Benefits paid	(284,244)	(286,979)
Employee future benefits liability, end of year	\$ 8,131,101	\$ 7,669,845

Actuarial valuations for accounting purposes are normally performed every three years using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2022.

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.

The assumptions used in the December 31, 2022 actuarial valuation were:

(a) Interest (discount) rate:

The present value as at December 31, 2022 of the future benefits was determined using a discount rate of 4.60% (2021 - 2.80%).

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Employee future benefits liability (continued):

(b) Health costs:

Health cost premiums were assumed to increase at a 4.00% rate (2021 - 4.0%).

(c) Dental costs:

Dental cost premiums were assumed to increase at a 4.00% rate (2021 - 4.88%).

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, 2022.

	2022	2021
Accrued benefits obligation	\$ 8,038,356	\$ 6,049,996
Unamortized actuarial gains	(3,253,429)	(1,412,506)
Long-term disability benefits payable	\$ 4,784,927	\$ 4,637,490
Long-term disability benefits payable, beginning of year	\$ 4,637,489	\$ 4,539,602
Annual amortization of actuarial losses	(216,722)	(172,408)
Current period service cost	1,076,416	681,058
Interest cost	153,878	98,092
Benefits paid	(866,134)	(508,855)
Long-term disability benefits payable, end of year	\$ 4,784,927	\$ 4,637,489

Actuarial valuations for accounting purposes are performed every year using the projected benefit method. The most recent actuarial report was prepared at December 31, 2022. 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 CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Long-term disability benefits payable (continued):

The assumptions used in the December 31, 2022 actuarial valuation were:

(a) Interest (discount) rate:

The present value of the future benefits as at December 31, 2022 was determined using a discount rate of 5.0% (2021 - 2.5%).

(b) Health and dental costs:

Health trend rates are assumed to increase by 6.0% starting in 2024 and decrease by 0.10% per year to an ultimate rate of 4.5% per year. Dental cost premiums are assumed to increase by 4.5% per year starting in 2024.

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 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.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

14. Deferred revenue (continued):

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 Building Canada Fund is restricted to infrastructure and requires annual reporting. The following Obligatory Reserve Funds have statutory restrictions and as such are classified as deferred revenue:

	Balance, December 31, 2021	Inflows	Outflows	Balance, December 31, 2022
Parkland	\$ 6,305,211	\$ 739,224	250,000	\$ 6,794,435
Development charges	28,843,175	12,628,999	7,806,103	33,666,071
Building permit fees	2,426,107	31,717	577,680	1,880,144
Engineering administration	(480,624)	1,880,843	775,055	625,164
Building Canada Fund	11,490,122	2,881,290	2,653,877	11,717,535
Subtotal	48,583,991	18,162,073	12,062,715	54,683,349
Other	2,048,991	7,083,953	5,633,537	3,499,407
Total Obligatory Reserve Funds	\$ 50,632,982	\$ 25,246,026	\$ 17,696,252	\$ 58,182,756

15. Long-term debt:

- (a) The balance of long-term debt reported on the consolidated statement of financial position comprises the following:

	2022	2021
Long-term debt incurred by the Town	\$ 33,984,039	\$ 37,864,872

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

15. Long-term debt (continued):

Purpose	Rates	Maturity date	2022	2021
Mulock Farm	3.490%	2048	\$ 23,883,614	\$ 24,440,478
Land for recreation facilities	5.724%	2024	1,940,487	2,831,620
Youth Centre	5.724%	2024	449,625	656,107
Downtown renewal	5.724%	2024	142,618	208,113
Recreation facility	5.246%	2024	1,830,378	2,676,887
Parklands	5.246%	2024	389,108	569,061
Traffic flow improvements	5.246%	2024	224,221	327,919
Downtown revitalization	5.246%	2024	61,013	89,230
Recreation facility	4.756%	2026	4,064,136	4,966,279
Federation of Canadian Municipalities loan for Operations Centre	2.000%	2031	998,839	1,099,178
			\$ 33,984,039	\$ 37,864,872

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

2023	\$ 4,074,965
2024	4,279,095
2025	1,763,054
2026	1,836,923
2027	772,870
2028 and thereafter	21,257,132
\$ 33,984,039	

(c) Interest expense on long-term debt amounted to \$1,403,556 (2021 - \$1,591,708). Interest expense includes the net decrease in accrual amount of \$63,987 (2021 - \$60,437).

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

16. Insurance coverage:

Claim costs incurred during the year amounted to \$50,572 (2021 - \$92,888).

Insurance premiums of \$1,782,134 (2021 - \$1,624,756) 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 consolidated financial statements for any liability which may arise.

18. Lease agreements:

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

2023	\$ 123,553
2024	12,822
2025	8,548
	<hr/>
	\$ 144,923

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 \$46,790,000 (2021 - \$55,800,000), of which expenses of approximately \$25,468,000 (2021 - \$27,800,000) were outstanding as at December 31, 2022.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

19. Contractual obligations (continued):

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 \$44,192,000 (2021 - \$50,800,000), of which expenses of approximately \$21,967,000 (2021 - \$26,000,000) were outstanding as at December 31, 2022.

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, 2022. The results of this valuation disclosed total actuarial liabilities of \$128.8 billion in respect of benefits accrued for service with actuarial assets at that date of \$122.1 billion indicating an actuarial deficit of \$6.7 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 2022 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 \$4,927,168 (2021 - \$4,762,513).

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

21. Accumulated surplus:

Accumulated surplus comprises the following:

	2022	2021
Reserves set aside for specific purposes by Council:		
Reserves for operating purposes	\$ 19,078,323	\$ 16,974,083
Reserves for capital purposes	4,256,853	3,779,626
Newmarket Public Library	1,089,025	998,844
Water and wastewater rate stabilization	7,359,941	6,260,960
Total reserves	31,784,142	28,013,513
Reserve funds set aside for specific purposes by Council:		
Asset replacement funds	69,025,408	41,902,811
Reserve funds for operating purposes	5,995,138	5,947,329
Reserve funds for capital purposes	12,973,993	9,293,754
Self-insured long-term disability	3,601,194	4,273,158
Total reserve funds	91,595,733	61,417,052
Total reserves and reserve funds	123,379,875	89,430,565
Invested in tangible capital assets	571,409,095	556,722,668
Less amount financed by long-term debt	(33,984,039)	(37,864,872)
Equity in Newmarket Hydro Holdings Inc. (note 10)	56,902,217	70,136,815
Employee future benefits to be recovered	(4,104,385)	(3,963,528)
Operating surplus	829,647	1,504,813
Capital fund balance	1,397,198	1,537,811
Accumulated surplus	\$ 715,829,608	\$ 677,504,272

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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 (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:

	2022	2021
Grants with stipulations	\$ 2,653,877	\$ 1,948,956
Other grants	5,824,721	6,158,969
	<u>\$ 8,478,598</u>	<u>\$ 8,107,925</u>

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.

	2022	2021
Net expenses before allocation	\$ 29,573,743	\$ 28,730,101
Less Aurora's allocation (2022 - 41.62%; 2021 - 41.42%)	(12,308,592)	(11,900,008)
<u>Newmarket's net allocation</u>	<u>\$ 17,265,151</u>	<u>\$ 16,830,093</u>

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

24. 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, wastewater 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 road network has 254 kilometers (2021 - 251 kilometers).

(b) Capitalization of interest

No interest was capitalized in 2022 (2021 - nil).

(c) Construction in progress:

The financial statements and accompanying Schedule 1 include \$22,806,903 (2021 - \$19,765,276) of tangible assets that have not been amortized.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

24. Tangible capital assets (continued):

(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 subdivisions assumed during the year.

	2022	2021
Linear assets	\$ 7,171,623	\$ 6,941,080
Land donation	—	14,290,000
Streetlights	—	253,876
Storm Water Management Pond	985,515	—
Buildings	437,800	—
	<u>\$ 8,594,938</u>	<u>\$ 21,484,956</u>

25. Segmented information:

Certain allocation methodologies and accounting estimates 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 (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.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

25. Segmented information (continued):

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.

(a) 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.

(b) 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.

(c) 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.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

25. Segmented information (continued):

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) Corporate Support & Governance:

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

(i) 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.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

25. Segmented information (continued):

(j) 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.

26. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Schedule 1 - Tangible Capital Assets - Summary by Asset Category

December 31, 2022, with comparative information for 2021

2022	Cost							Accumulated amortization		Net book value
	Balance, beginning of year	Additions and betterments	Disposals/ transfers	Write downs	Balance, end of year	Balance, beginning of year		Amortization expense	Accumulated amortization on disposal	
						Balance, beginning of year	Balance, end of year			
General capital assets:										
Land	\$ 113,888,902	\$ -	\$ (43,215)	\$ -	\$ 113,845,687	\$ -	\$ -	\$ -	\$ -	\$ 113,845,687
Land improvements	19,370,859	3,038,540	-	-	22,409,399	4,511,804	715,129	5,226,933	17,182,466	56,868,065
Buildings and building components	100,387,384	8,291,560	-	-	108,678,944	48,932,101	2,878,778	51,810,879	15,001,762	6,944,703
Machinery and equipment	20,721,030	1,667,421	(441,986)	-	21,946,465	13,810,481	1,633,266	(441,985)	5,058,899	3,344,642
Vehicles	8,388,179	52,755	(37,393)	-	8,403,541	4,515,418	580,873	(37,392)	855,106	590,044
Library collection	1,475,552	177,626	(208,028)	-	1,445,150	884,193	178,941	(208,028)	77,953,579	198,775,607
	264,231,906	13,227,902	(730,622)	-	276,729,186	72,653,997	5,986,987	(687,405)		
Infrastructure assets:										
Land	18,492,537	-	-	-	18,492,537	-	-	-	-	18,492,537
Land improvements	25,502,156	985,515	-	-	26,487,671	20,663,166	518,369	21,181,535	5,306,136	16,024,291
Buildings and building components	23,709,589	437,800	-	-	24,147,389	7,109,440	1,013,658	8,123,098	1,451,393	2,280,694
Machinery and equipment	3,017,205	134,371	-	-	3,151,576	1,477,823	222,360	1,700,183	1,311,777	307,240,451
Vehicles	3,130,917	510,662	(49,108)	-	3,592,471	1,984,699	343,466	(47,471)	255,363,791	349,826,585
Linear assets	549,024,966	14,880,754	(1,301,508)	-	562,604,242	246,262,789	10,323,865	(1,222,863)	288,649,301	22,806,903
	622,877,400	16,949,102	(1,350,616)	-	638,475,886	277,497,917	12,421,718	(1,270,334)		
Construction in progress	19,765,276	12,468,225	(9,426,598)	-	22,806,903	-	-	-	-	
Total tangible capital assets										
	\$ 906,874,582	\$ 42,645,229	\$ (11,507,836)	\$ -	\$ 938,011,975	\$ 350,151,914	\$ 18,408,705	\$ (1,957,739)	\$ 366,602,880	\$ 571,409,095

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Schedule 1 - Tangible Capital Assets - Summary by Asset Category (continued)

December 31, 2022, with comparative information for 2021

2021	Cost				Accumulated amortization			Net book value	
	Balance, beginning of year	Additions and betterments	Disposals/ transfers	Write downs	Balance, end of year	Balance, beginning of year	Amortization expense	Accumulated amortization on disposal	Balance, end of year
General capital assets:									
Land	\$ 99,598,898	\$ 14,290,004	\$ -	\$ -	\$ 113,888,902	\$ -	\$ -	\$ -	\$ 113,888,902
Land improvements	16,805,155	2,565,704	-	-	19,370,859	3,951,135	560,669	-	4,511,804
Buildings and building components	100,338,039	49,345	-	-	100,387,384	46,116,911	2,815,190	-	48,932,101
Machinery and equipment	20,114,045	674,678	(67,693)	-	20,721,030	12,191,533	1,681,564	(62,616)	13,810,481
Vehicles	7,839,232	576,328	(27,381)	-	8,388,179	3,930,924	611,875	(27,381)	4,515,418
Library collection	1,525,792	161,283	(211,523)	-	1,475,552	911,301	184,415	(211,523)	884,193
	246,221,161	18,317,342	(306,597)	-	264,231,906	67,101,804	5,853,713	(301,520)	72,653,997
Infrastructure assets:									
Land	18,492,537	-	-	-	18,492,537	-	-	-	-
Land improvements	25,036,935	465,221	-	-	25,502,156	20,136,233	526,933	-	20,663,166
Buildings and building components	23,709,589	-	-	-	23,709,589	6,294,782	814,658	-	7,109,440
Machinery and equipment	3,153,110	154,402	(290,307)	-	3,017,205	1,557,667	210,463	(290,307)	1,477,823
Vehicles	3,036,636	94,281	-	-	3,130,917	1,637,265	347,434	-	1,984,699
Linear assets	540,654,497	8,873,385	(502,886)	-	549,024,996	236,547,632	10,211,063	(495,906)	246,262,789
	614,083,304	9,587,289	(793,193)	-	622,877,400	266,173,579	12,110,551	(786,213)	277,497,917
Construction in progress	10,084,262	11,827,967	(2,146,953)	-	19,765,276	-	-	-	-
Total tangible capital assets	\$ 870,388,727	\$ 39,732,598	\$ (3,246,743)	\$ -	\$ 906,874,582	\$ 333,275,383	\$ 17,964,264	\$ (1,087,733)	\$ 350,151,914
									\$ 556,722,668

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Schedule 2 - Segment Disclosures - Service Bundle

Year ended December 31, 2022, with comparative information for 2021

	Fire & Emergency Services		Water, Wastewater & Solid Waste		Bylaw & Licensing Services		Roads, Bridges and Sidewalks		Planning & Development Services		Community Programs & Events	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue :												
Taxation	\$ 19,219,354	\$ 19,436,136	\$ 3,713,626	\$ 3,813,335	\$ 2,426,979	\$ 2,419,347	\$ 11,296,441	\$ 10,307,716	\$ 4,734,078	\$ 4,889,093	\$ 3,730,267	\$ 3,741,286
User charges	340,375	378,162	46,177,717	44,224,307	682,512	531,271	208,982	135,930	3,017,198	3,314,919	3,119,257	1,205,193
External non-tax revenue	2,437,684	(274,796)	9,520,635	8,264,783	327,357	420,442	11,049,163	4,355,736	548,192	1,048,026	1,505,276	3,268,676
Gain (loss) on sale of tangible capital assets	4,438	-	(4,666)	119,389	-	-	(52,201)	(6,980)	-	-	-	-
	22,001,851	19,539,500	59,407,312	56,421,814	3,436,848	3,371,060	22,502,385	14,792,402	8,299,468	9,252,038	8,354,800	8,215,155
Expenses:												
Salaries and wages	24,162,757	23,555,670	3,207,014	3,069,621	1,487,133	1,514,655	2,800,567	2,437,445	4,705,955	4,165,221	5,858,007	4,939,263
Materials, goods and supplies	1,375,215	953,632	977,061	1,072,272	185,975	111,135	1,264,404	1,010,085	294,078	148,545	110,453	47,444
Utilities	192,612	181,235	40,367	33,892	-	-	620,657	635,185	-	-	3,653	4,286
Contracted and general services	971,542	703,027	30,746,324	30,168,307	386,978	463,655	1,041,206	1,309,699	433,535	195,962	1,299,627	606,021
Rents and financial	25,398	31,500	265,778	202,412	6,289	4,670	822	767	-	-	38,802	26,679
Interest on long-term debt	-	-	17,530	20,109	-	-	-	-	-	-	-	-
Capital repairs and maintenance	1,771,279	1,741,536	2,517,143	962,970	-	-	1,550,675	1,103,337	191,540	80,470	-	-
Amortization	648,952	581,646	3,568,557	3,295,817	22,459	25,843	7,987,529	7,939,653	-	-	65,280	66,995
Allocations	(10,025,925)	(9,172,528)	3,387,342	3,475,151	1,227,270	1,249,626	1,924,044	1,596,935	3,186,311	3,639,977	2,230,569	2,178,447
	19,121,830	18,575,718	44,727,116	42,300,551	3,316,104	3,369,784	17,189,904	16,033,106	8,811,419	8,230,175	9,606,391	7,869,135
	2,880,021	963,782	14,680,196	14,121,263	120,744	1,276	5,312,481	(1,240,704)	(511,951)	1,021,863	(1,251,591)	346,020
Income from Newmarket Hydro Holdings Inc.	-	-	-	-	-	-	-	-	-	-	-	-
Loss on foreign exchange	-	-	-	-	-	-	-	-	-	-	-	-
Annual surplus (deficit)	\$ 2,880,021	\$ 963,782	\$ 14,680,196	\$ 14,121,263	\$ 120,744	\$ 1,276	\$ 5,312,481	\$ (1,240,704)	\$ (511,951)	\$ 1,021,863	\$ (1,251,591)	\$ 346,020

THE CORPORATION OF THE TOWN OF NEWMARKET

DRAFT Schedule 2 - Segment Disclosures - Service Bundle (continued)

Year ended December 31, 2022, with comparative information for 2021

	Facilities, Parks & Trails		Corporate Support & Governance		Public Library Services		Main Street District B/A		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue:										
Taxation	\$ 20,115,448	\$ 18,685,106	\$ -	\$ -	\$ 4,395,494	\$ 4,335,546	\$ 30,000	\$ 30,000	\$ 69,661,687	\$ 67,657,565
User charges	1,991,964	956,726	684,053	398,210	27,855	7,795	-	-	56,249,713	51,152,513
External non-tax revenue	5,251,118	22,733,627	7,421,324	10,666,409	202,480	118,355	10,000	10,000	36,275,700	50,611,256
Gain (loss) on sale of										
tangible capital assets	1,992,864	15,537	-	-	-	-	-	-	1,940,435	127,946
	29,351,394	42,390,966	8,105,377	11,064,619	4,625,629	4,461,696	42,471	40,000	166,127,535	169,549,280
Expenses:										
Salaries and wages	9,032,531	7,718,166	13,869,809	12,828,441	2,546,165	2,515,754	-	-	67,669,938	62,744,236
Materials, goods and supplies	2,867,523	1,703,021	441,342	3,549,660	360,189	352,641	13,340	13,340	7,892,315	8,961,775
Utilities	2,127,041	1,859,772	598,101	606,930	79,749	97,308	-	-	3,662,180	3,418,608
Contracted and general services	1,522,755	986,295	5,364,628	4,884,696	157,255	149,885	22,369	22,369	41,926,879	39,489,916
Rents and financial	56,159	17,732	63,185	51,066	2,068	2,024	-	-	458,501	336,850
Interest on long-term debt	-	-	1,386,026	1,571,599	-	-	-	-	1,403,556	1,591,708
Capital repairs and maintenance	2,799,795	1,622,049	544,729	78,781	90,054	295	-	-	9,465,215	5,589,438
Amortization	4,899,888	4,800,086	933,478	962,521	282,462	291,704	-	-	18,408,705	17,964,265
Allocations	2,715,275	3,689,340	(17,553,676)	(19,186,431)	629,275	629,275	-	-	(12,279,515)	(11,900,008)
	26,021,067	22,396,461	5,647,622	5,647,622	4,147,217	4,038,886	35,709	35,709	138,607,774	128,196,788
	3,330,327	19,994,535	2,457,755	4,457,755	478,412	422,810	19,104	4,291	27,519,761	41,352,492
Income from Newmarket Hydro Holdings Inc.	-	-	10,251,402	3,474,385	-	-	-	-	10,251,402	3,474,385
Loss on foreign exchange	-	-	554,173	(16,900)	-	-	-	-	554,173	(16,900)
Annual surplus (deficit)	\$ 3,330,327	\$ 19,994,535	\$ 13,263,330	\$ 9,174,841	\$ 478,412	\$ 422,810	\$ 23,367	\$ 4,291	\$ 38,325,336	\$ 44,809,976