



Consolidated Financial Statements

The Corporation of the Town of Newmarket

December 31, 2008

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Auditors' report

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To the Members of Council, Inhabitants,
And Ratepayers of the **Corporation of
The Town of Newmarket**

We have audited the consolidated statement of financial position of the Corporation of the Town of Newmarket as at December 31, 2008 and the consolidated statements of operations, consolidated statement of net financial assets, consolidated statement of cash flows, consolidated operating fund statement, consolidated capital fund statement, and consolidated reserves and reserve funds statement for the year then ended. These consolidated financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Grant Thornton LLP

Markham, Canada
May 14, 2009

Chartered Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Financial Position

December 31, 2008

	2008	2007
ASSETS		
Financial Assets		
Cash (Note 4)	\$ 45,596,881	\$ 27,946,199
Taxes receivable (Note 5)	5,555,217	4,584,277
Unbilled user charges	3,194,533	3,132,631
Accounts receivable (Note 5)	4,052,067	4,675,186
Inventory for resale (Note 6)	68,424	91,027
Land held for resale (Note 7)	1,139,773	1,139,303
Loans receivable (Note 5)	198,184	120,662
Investment in Newmarket Hydro Holdings Inc. (Note 8)	52,854,034	51,824,429
	112,659,113	93,513,714
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	15,510,405	12,957,777
Interest payable on debt	709,027	735,058
Employee future benefits payable (Note 10)	3,465,096	2,813,207
Deferred revenue (Note 11)	16,623,369	11,012,803
Long-term debt (Note 12)	42,655,383	44,305,430
	78,963,280	71,824,275
NET FINANCIAL ASSETS	33,695,833	21,689,439
NON-FINANCIAL ASSETS		
Inventory (Note 6)	54,545	55,199
Prepaid expenses	205,548	173,133
NET ASSETS	\$ 33,955,926	\$ 21,917,771

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Financial Position

December 31, 2008

	<u>2008</u>	<u>2007</u>
MUNICIPAL POSITION		
Fund Balances		
Operating fund - Schedule 1	\$ 1,073	\$ 65,211
Capital fund - Schedule 2	(157,376)	461,237
Reserves - Schedule 3	5,347,570	5,625,091
Reserve funds - Schedule 3	21,206,105	10,235,440
Equity in Newmarket Hydro Holdings Inc. (Note 8)	52,854,034	51,824,429
Total Fund balances	79,251,406	68,211,408
Amounts to be recovered from future revenues (Note 13)	(45,295,480)	(46,293,637)
TOTAL MUNICIPAL POSITION	\$ 33,955,926	\$ 21,917,771

Commitments, contingencies and lease agreements (Notes 14 and 15)

APPROVED BY

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Operations

Year Ended December 31, 2008

	2008		2007
	Budget (unaudited)	Actual	Actual
REVENUES			
Taxation and user charges			
Residential and farm taxation	\$ 28,663,123	\$ 28,543,864	\$ 26,243,029
Commercial, industrial and business taxation	6,586,221	6,818,169	6,085,945
Taxation from other governments	641,000	650,033	630,330
User charges	30,530,319	28,517,102	26,824,036
	66,420,663	64,529,168	59,783,340
Government Transfers			
Government of Canada	-	14,000	52,539
Federal Gas Tax Allocation	1,068,829	1,068,829	855,121
Province of Ontario	1,691,730	2,160,494	498,246
Region of York	-	-	20,000
	2,760,559	3,243,323	1,425,906
Other			
Contributions from developers	5,310,943	6,608,895	3,575,251
Investment income	4,088,844	4,227,231	5,342,899
Fines, penalties and interest	1,425,350	1,384,858	1,426,293
Rent and other	2,116,848	2,090,792	2,950,445
Land sales	6,900,000	3,615,252	800,000
	19,841,985	17,927,028	14,094,888
TOTAL REVENUES	\$ 89,023,207	\$ 85,699,519	\$ 75,304,134

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Operations

Year Ended December 31, 2008

	2008		2007
	Budget (unaudited)	Actual	Actual
EXPENDITURES			
Operating			
General government	\$ 10,379,017	\$ 10,568,372	\$ 9,905,794
Protection to persons and property	11,090,177	11,210,946	9,983,229
Transportation services	3,528,859	3,519,926	3,576,294
Environmental services	15,909,391	15,487,154	14,963,957
Recreation and cultural services	18,044,530	17,359,418	15,796,956
Planning and development	1,920,914	1,801,240	1,753,309
	60,872,888	59,947,056	55,979,539
Capital			
General government	4,578,151	1,681,596	2,928,906
Protection to persons and property	77,688	74,332	94,796
Transportation services	6,781,093	5,440,495	3,779,728
Environmental services	16,620,435	3,690,036	5,897,964
Recreation and cultural services	8,068,135	3,761,177	11,295,640
Planning and development	354,720	96,277	409,860
	36,480,222	14,743,913	24,406,894
Total expenditures (Note 16)	97,353,110	74,690,969	80,386,433
Net equity in earnings of Newmarket Hydro Holdings Inc. (Note 8)	-	1,029,605	(538,918)
Net revenues (expenditures)	(8,329,903)	12,038,155	(5,621,217)
Financing			
Employee future benefits payable	-	651,889	413,124
Issuance of long-term debt	6,391,323	-	
Principal repayment on long-term debt	(1,650,047)	(1,650,046)	(1,695,319)
Increase (decrease) in amounts to be recovered	4,741,276	(998,157)	(1,282,195)
INCREASE (DECREASE) IN FUND BALANCE	\$ (3,588,627)	\$ 11,039,998	\$ (6,903,412)

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

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Net Financial Assets
Year Ended December 31, 2008

	<u>2008</u>	<u>2007</u>
Net revenues/(expenditures) from page 4	\$ 12,038,155	\$ (5,621,217)
Change in net financial assets during the year:		
Changes due to inventories	654	27,190
Changes due to prepaid expenses	(32,415)	38,478
Net increase (decrease) in net financial assets	12,006,394	(5,555,549)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	21,689,439	27,244,988
NET FINANCIAL ASSETS, END OF YEAR	\$ 33,695,833	\$ 21,689,439

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Cash Flows

Year Ended December 31, 2008

	2008	2007
OPERATIONS		
Cash received from		
Taxation	\$ 36,126,551	\$ 32,492,055
User charges	29,304,386	26,728,447
Government transfers	3,261,133	1,740,384
Contributions from developers	11,783,175	6,439,704
Investment income	4,149,709	5,355,281
Fines, penalties and interest	1,438,896	1,394,954
Rent and other	1,359,284	3,456,611
Land sales	3,614,782	2,299,329
	91,037,916	79,906,765
Cash paid for		
Salaries, wages and employee benefits	(37,166,482)	(36,976,922)
Materials, goods, and supplies	(4,748,284)	(4,089,605)
Utilities	(3,180,673)	(2,723,159)
Contracted and general services	(15,180,718)	(16,592,489)
Interest on long-term debt	(808,313)	(662,277)
Rents and financial	(2,303,951)	(2,393,939)
Aurora's allocation of Central York Fire Services	6,129,465	5,911,870
Capital expenditures	(14,478,231)	(29,958,739)
	(71,737,187)	(87,485,260)
Net change in cash from operations	19,300,729	(7,578,495)
FINANCING		
Principal repayment on long-term debt	(1,650,047)	(1,695,319)
NET CHANGE IN CASH	17,650,682	(9,273,814)
CASH, BEGINNING OF YEAR	27,946,199	37,220,013
CASH, END OF YEAR	\$ 45,596,881	\$ 27,946,199

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

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") of the Canadian Institute of Chartered Accountants.

Significant accounting policies adopted by the Town are as follows:

(a) (i) Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. 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-entity transactions and balances are 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 activities 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 taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the Region of York are not reflected in the municipal fund balances of these financial statements.

(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 Balance Sheet".

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Basis of accounting*

(i) *Accrual accounting*

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) *Non-financial assets*

Non-financial assets are recorded in the period the goods or services are acquired.

(iii) *Inventory*

Inventory has been segregated between financial and non-financial and has been recorded at the lower of cost and net recoverable value.

(iv) *Land held for resale*

The carrying value of the land for resale 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.

(v) *Loans receivable*

The loans have been recorded at historical cost. The loans are guaranteed by liens against the properties to be restored or upgraded with the funds. Therefore, the net recoverable value is estimated to be the same as the historical cost and no provision for uncollectible accounts has been made.

(vi) *Capital assets*

The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the "Consolidated Statement of Financial Activities" in the year of acquisition.

(vii) *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 Financial Activities 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 3.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(viii) 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 accounts 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 11 for more details.

(ix) 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.

(x) Reserves and reserve funds

Certain amounts, as approved by the Town Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfer to/from reserves and reserve funds are an adjustment to the respective fund when approved.

(xi) Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the municipality. The Municipality is not involved in the construction and does not budget for either the contributions from the developer or the capital expenditure.

(xii) Investment income

Investment income earned on surplus operating funds, capital funds, and reserves and reserve funds are reported as revenue in the period earned. Investment income earned on development charges (obligatory reserve funds) is added to the fund balance and forms part of the deferred revenue balance.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xiii) Government transfers

Government transfers include entitlements, transfers under shared cost agreements, and grants. Revenue is recognized for unconditional entitlements and grants in the period received. Revenue is recognized for conditional entitlements and grants in the period the associated expenditure is incurred. Revenue is recognized for transfers under shared cost agreements in the period the costs are incurred.

(xv) Budget figures

The approved operating and capital budgets for 2008 are reflected on the consolidated schedules of operating fund activities, capital fund activities and financial activities. Certain capital projects budgeted for the year were not completed as at December 31st and therefore a direct comparison of actual versus budget amounts for capital fund expenditures may not be appropriate.

(xvi) Comparative figures

Certain comparative figures on the Schedules attached to these financial statements have been reclassified to conform with 2008 presentation.

2. OPERATIONS OF SCHOOL BOARDS AND THE REGION OF YORK

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

	<u>School Boards</u>	<u>Region</u>
Property taxes	\$ 40,314,203	\$ 46,443,826
Taxation from other governments	-	395,244
	<u>\$ 40,314,203</u>	<u>\$ 46,839,070</u>

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

3. 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.

4. CASH

Cash is segregated as follows:

	<u>2008</u>	<u>2007</u>
Restricted - obligatory reserve funds (refer to Note 11)	\$ 12,317,865	\$ 7,493,988
Designated - reserve funds	21,206,105	10,235,440
Unrestricted and undesignated	12,072,911	10,216,771
	<u>\$ 45,596,881</u>	<u>\$ 27,946,199</u>

5. RECEIVABLES

(a) *Taxes receivable*

	<u>2008</u>	<u>2007</u>
Current year	\$ 3,971,019	\$ 3,484,463
Arrears previous years	1,785,829	1,299,814
	<u>5,756,848</u>	<u>4,784,277</u>
Less allowance	201,631	200,000
	<u>\$ 5,555,217</u>	<u>\$ 4,584,277</u>

The allowance of \$201,631 has been established to cover the Town's share of potential adjustments resulting from assessment appeals related to implementation of the Ontario Fair Tax Assessment System on January 1, 1998.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

5. RECEIVABLES (continued)

(b) *Accounts receivable*

	<u>2008</u>	<u>2007</u>
Government entities	\$ 1,701,088	\$ 2,977,334
Newmarket Hydro Holdings Inc.	1,087,500	1,087,500
Trade receivables, user fees and other receivables	<u>1,362,056</u>	<u>682,067</u>
	4,150,644	4,746,901
Less allowance	<u>98,577</u>	71,715
	\$ 4,052,067	\$ 4,675,186

(c) *Loans receivable*

The 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.

(d) *Interfund receivables*

As a means of funding the new administration centre, funds are borrowed by the Capital Fund from Reserve Funds. These funds are secured by a promissory note and repaid over a determined period of time. The financing arrangements and ultimate repayment are approved by the Council through the current budget process. In 2007, an amount of \$330,000 was borrowed from the Reserve Fund to finance the SSO Bin Purchase and Implementation project. This amount has been fully paid back in 2008. In 2008, Council approved an internal loan in the amount of \$285,500 for work associated with the construction of a separation wall at the Magna Centre. The loan will be paid back in 15 years, with an annual interest rate of 3.75%. For the purposes of these financial statements, both the financing and the repayment are reflected as interfund transfers and therefore eliminated during consolidation. The following is the current status of all loans outstanding:

	<u>2008</u>	<u>2007</u>
	\$ 4,125,580	\$ 4,319,489

6. 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.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

7. LAND HELD FOR RESALE

On September 13, 2004 Council passed Resolution R13-2004 designating 9.8 acres of the Rawluk property, on the east side of the Harry Walker Parkway, as land for resale. It was anticipated that a sale would be completed in 2005. However, this did not materialize. The Town originally purchased the 23-acre property to facilitate the south extension of Harry Walker Parkway. Surplus lands not required for this extension or other municipal purposes are to be sold and the proceeds used to fund future capital projects. The carrying value of the Rawluk property is \$1,139,773.

8. 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 6.25% per annum). Interest is due on the last day of each fiscal year and on terms and at such time as may be further determined by the Director of Finance/Town Treasurer in consultation with senior corporate officers of the Corporation. Determination of, and changes to, maturity and repayment terms require 13 months notice. The promissory note has been subordinated to a letter of credit of \$2,765,940. The letter of credit with a major chartered bank is a prudential requirement to be an Independent Market Operator and includes restrictive clauses with respect to debt repayment.

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

	<u>2008</u>	<u>2007</u>
Share capital		
Newmarket Hydro Holdings Inc. - 201 Common Shares	\$ 29,609,342	\$ 29,609,342
Promissory note	22,000,000	22,000,000
Retained earnings, end of the year		
Newmarket Hydro Holdings Inc.	1,244,692	215,087
Total investment	\$ 52,854,034	\$ 51,824,429

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

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

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

	<u>2008</u>	<u>2007</u>
Financial position		
Current assets	\$ 28,531,475	\$ 26,489,605
Capital assets	48,890,152	45,949,231
Total assets	77,421,627	72,438,836
Current liabilities	12,141,725	10,180,230
Other liabilities	7,536,017	5,404,567
Dividends accrued	1,087,500	1,087,500
Long-term debt	23,742,821	23,978,821
Total liabilities	44,508,063	40,651,118
Non-controlling interest	2,146,942	1,963,289
Results of operations		
Revenues	\$ 68,759,205	\$ 70,665,352
Operating expenses	(64,050,247)	(65,211,867)
Financing expenses	(1,634,374)	(1,584,515)
Other income (expenses)	1,216,670	(437,125)
Non-controlling interest	(183,653)	(63,475)
Income tax	(1,607,996)	(1,937,288)
Net earnings	\$ 2,499,605	\$ 1,431,082
Retained earnings, beginning of year	\$ 1,302,587	\$ 1,841,505
Net income	2,499,605	1,431,082
Dividends paid	(1,470,000)	(1,970,000)
Retained earnings, end of the year	\$ 2,332,192	\$ 1,302,587
Dividends accrued	1,087,500	1,087,500
Adjusted retained earnings, end of year	\$ 1,244,692	\$ 215,087
Change in adjusted retained earnings	\$ 1,029,605	\$ (538,918)

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

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

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.

	<u>2008</u>	<u>2007</u>
Revenues:		
Investment income	\$ 1,375,000	\$ 1,375,000
Rent, property tax and other	374,908	372,525
Dividends received	1,470,000	1,970,000
Dividends accrued	1,087,500	1,087,500
Accounts receivable	360,739	300,614
Accounts payable	-	(1,132)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2008</u>	<u>2007</u>
Government entities	\$ 6,789,390	\$ 3,396,846
Payroll liabilities	1,290,548	2,053,718
Trade payables and other accrued liabilities	7,430,467	7,507,213
	<u>\$ 15,510,405</u>	<u>\$ 12,957,777</u>

10. 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.

	<u>2008</u>	<u>2007</u>
Employee future benefits	\$ 3,128,279	\$ 2,506,455
Vacation pay	336,817	306,752
	<u>3,465,096</u>	<u>\$ 2,813,207</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 \$2,664,122 was determined by the last actuarial valuation carried out as at December 31, 2006, which has been extrapolated to \$3,688,397 as at December 31, 2008.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

10. EMPLOYEE FUTURE BENEFITS PAYABLE (continued)

Total benefit payments to retirees during the year was \$64,513 (2007- \$54,183). The plan is substantially unfunded and requires no contributions from employees. The retirement benefit liability at December 31 includes the following components:

Accrued benefits obligation	\$	3,688,397	\$	3,122,585
Unamortized actuarial loss		(560,118)		(616,130)
Employee future benefits payable	\$	3,128,279	\$	2,506,455
<hr/>				
Employee future benefits, beginning of the year	\$	2,506,455	\$	1,992,180
Annual amortization of actuarial loss		56,012		56,012
Current period service cost		461,283		377,487
Interest cost		169,042		134,959
Benefits paid for the period		(64,513)		(54,183)
Employee future benefits, end of the year	\$	3,128,279	\$	2,506,455

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, 2006. Unamortized actuarial losses relate to an actuarial loss of \$672,142 as at December 31, 2006, which is being amortized over the estimated remaining service life of the active employees, beginning in fiscal 2007. The average remaining service period of the active employees covered by the benefit plan is twelve years for 2008.

There have been no significant changes in staff composition or claims history, nor have there been any major deviations from the assumptions made for the December 31, 2006 valuation. The December 31, 2008 benefit liability was estimated extrapolating from the amount of fulltime salaries and wages.

The assumptions used in the December 31, 2006 actuarial valuation were:

(a) *General inflation*

Future salaries, exclusive of staffing changes, were assumed to increase at 4.0% per year.

(b) *Interest (discount) rate*

The present value of the future benefits as at December 31, 2006 was determined using a discount rate of 4.6%.

(c) *Health costs*

Health cost premiums were assumed to increase at a 9% rate for 2007 and decrease thereafter to 5% over the next 11 years.

(d) *Dental costs*

Dental cost premiums were assumed to increase at a 5.0% rate.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

11. DEFERRED REVENUE

The Town of Newmarket passed a Development Charge By-Law on September 13, 2004 pursuant to the Development Charges Act, 1997. 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 upon 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.

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 these funds may be refunded. The balances in the obligatory reserve funds of the Town are summarized below:

	<u>2008</u>	<u>2007</u>
Obligatory Reserve Funds		
Parklands	\$ 1,661,923	\$ 1,441,027
Development charges	8,365,062	6,052,961
Investing in Ontario Grant from Province	2,290,880	-
	<u>12,317,865</u>	<u>7,493,988</u>
Deferred revenue - general	4,305,504	3,518,815
	<u>\$ 16,623,369</u>	<u>\$ 11,012,803</u>

	<u>2008</u>	<u>2007</u>
Change in obligatory reserve funds analyzed as follows:		
Opening balance	\$ 7,493,988	\$ 5,746,007
Investing In Ontario Grant from Province	2,677,380	-
Contributions from developers	5,118,462	3,749,345
Bank interest	332,416	346,058
Transfer to capital fund	(1,892,977)	(665,351)
Transfer to operating fund	(1,411,404)	(1,682,071)
	<u>\$ 12,317,865</u>	<u>\$ 7,493,988</u>

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

12. LONG-TERM DEBT

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

			<u>2008</u>	<u>2007</u>
Long-term debt incurred by the Town			\$ 42,655,383	\$ 44,305,430
<u>Purpose</u>	<u>Rates</u>	<u>Dates</u>	<u>2008</u>	<u>2007</u>
Water and sewermain project	variable	2014	667,000	761,000
Land for recreation facilities	5.724%	2024	10,810,765	11,215,158
Youth Centre	5.724%	2024	2,504,933	2,598,634
Downtown renewal	5.724%	2024	794,547	824,269
Recreation facility	5.246%	2024	10,480,038	10,890,034
Parklands	5.246%	2024	2,227,881	2,315,040
Traffic flow improvements	5.246%	2024	1,283,805	1,334,029
Downtown revitalization	5.246%	2024	349,334	363,001
Recreation facility	4.756%	2026	13,537,080	14,004,265
			\$ 42,655,383	\$ 44,305,430

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

2009	1,736,993
2010	1,829,385
2011	1,926,463
2012	2,028,480
2013	2,136,700
2014 and thereafter	32,997,362
	\$ 42,655,383

- (c) Interest expense on long-term debt amounted to \$2,277,919 (2007 - \$2,365,317).

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

13. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES

These are liabilities that have not been funded from current period revenues.

	<u>2008</u>	<u>2007</u>
Employee future benefits	\$ 3,465,096	\$ 2,813,207
Less amounts recovered	<u>(825,000)</u>	<u>(825,000)</u>
	2,640,096	1,988,207
Long - term debt and accrued interest	\$ 43,364,411	\$ 45,040,488
Less amounts recovered	<u>(709,027)</u>	<u>(735,058)</u>
	\$ 42,655,384	\$ 44,305,430
	<u>\$ 45,295,480</u>	<u>\$ 46,293,637</u>

14. COMMITMENTS AND CONTINGENCIES

Commitment

On September 30, 1987, the Town entered into an agreement to lease space for its former municipal offices for a period of 25 years at an annual rental rate of \$187,500 (plus G.S.T.). The municipal offices have since been relocated to new facilities and the former office space has been sub-leased to recover all operating costs.

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.

A claim has been initiated against the Town by a party for breach of a contract. The party reserved the right to claim damages of \$3.32 million. A decision of the Ontario Court of Justice in May 2008 declared that the Town was in breach of its contract and awarded costs of \$65,000 to the party. The decision was appealed to the Ontario Court of Appeal and was heard on March 24, 2009. Until the Ontario Court of Appeal makes a decision, the original decision has been "stayed". Therefore, no statement of claim for damages will be issued nor will there be an attempt to enforce the cost award. Management is unable to determine the likelihood of the success of the appeal or estimate the extent of any future payments and accordingly, no provision has been made in these financial statements for any liability which may result.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

14. COMMITMENTS AND CONTINGENCIES (continued)

A claim has been initiated against the Town for the return of \$175,000 paid to the Town for the purchase of a property on Silken Laumann Drive. The matter is in the process of being settled by way of a reconveyance of the property to the Town in exchange for payment of the original purchase price. Notice of a second claim, totalling \$375,000, in connection with the same property has also been made. The parties in the second claim have not yet exchanged documents or conducted any discovery. It is too early in the litigation to determine the likelihood of success of the claims.

A claim has been initiated against the Town for a declaration that the Town has no interest in a walkway over certain condominium lands. The claim includes a claim for punitive damages. It is too early in the litigation to determine the likelihood of success of this claim. The parties are currently filing Affidavit material with the Court to support their positions. The Court will be hearing a motion shortly regarding whether the matter would proceed to a trial.

A claim was issued against the Town in 2001 for damages resulting from injuries following a slip and fall on a Town sidewalk. The matter was originally referred to the Town's insurers. This matter has now settled and the Town's insurers have paid the settlement funds to the plaintiff.

15. 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 four years are as follows:

2009	\$	148,516
2010		125,935
2011		81,921
2012		1,142
		<hr/>
	\$	357,514

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

16. CLASSIFICATION OF EXPENDITURES BY OBJECT

	2008		2007
	Budget (unaudited)	Actual	Actual
Salaries, wages and employee benefits	\$ 38,051,371	\$ 38,337,507	\$ 35,249,391
Materials, goods, and supplies	4,499,713	4,331,153	4,036,238
Utilities	3,481,168	3,398,491	2,747,837
Contracted and general services	17,961,555	16,923,137	16,830,349
Interest on long-term debt	2,278,016	2,277,920	2,365,317
Rents and financial	730,229	808,313	662,277
	67,002,052	66,076,521	61,891,409
Aurora's allocation of Central York Fire Services	(6,129,164)	(6,129,465)	(5,911,870)
Operating expenditures	60,872,888	59,947,056	55,979,539
Capital expenditures	36,480,222	14,743,913	24,406,894
	\$ 97,353,110	\$ 74,690,969	\$ 80,386,433

17. MUNICIPAL FUND BALANCES

The Capital Fund balance is comprised of the following:

	2008	2007
Funds available for future capital expenditures	\$ 835,490	\$ 1,140,132
Land held for resale	1,139,773	1,139,303
Fund to be provided from future revenues	(2,132,640)	(1,818,198)
	\$ (157,376)	\$ 461,237

18. PENSION AGREEMENTS

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The Plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based upon the length of service and rates of pay.

Contributions in 2008 ranged from 6.5% to 10.7% depending on the proposed retirement age and level of earnings. The 2008 operating expense for OMERS was \$2,098,520 (2007- \$2,095,155).

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

19. 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 \$80,809 (2007 - \$137,489).

The Corporation of the Town of Newmarket is a member of the Ontario Municipal Insurance Exchange which became a licensed group for liability insurance coverage on February 3, 1989. 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 expenditures on the "Consolidated Statement of Financial Activities". The contribution for the year was \$584,897 (2007 - \$560,879).

The Ontario Municipal Insurance Exchange carried out a detailed review of all outstanding claims during the year 2006. The Town's share of the resulting supplementary assessment to its members for the period 1998 to 2005, \$385,680, was expensed in 2006. The accrual for supplementary assessment for the period 2006 to 2008, \$91,457, was expensed in 2008.

20. CENTRAL YORK FIRE SERVICES

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

	<u>2008</u>	<u>2007</u>
Net expenditures before allocation	\$ 15,509,806	\$ 14,944,053
Less: Aurora's allocation (2008 -39.6 % ; 2007 - 39.6%)	(6,129,465)	(5,911,870)
<u>Newmarket's net allocation</u>	<u>\$ 9,380,341</u>	<u>\$ 9,032,183</u>

21. TRUST FUND

The Trust fund administered by the Town amounting to \$306,887 (2007 - \$297,333) 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.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

22. TANGIBLE CAPITAL ASSETS

Effective January 1, 2007, the Town adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, the Town continued to work towards compliance with the new recommendations for accounting for tangible capital assets. The accumulation of data is currently underway and is expected to be completed by June 30, 2009.

23. 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 20). Activity based costing is used to allocate internal support costs to departments. These costs include the net expenditures 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 4 Operating Funds

The Town provides a wide range of services to its citizens. For management reporting purposes the Town's operations and activities are organized and reported by Fund. Within the Operating Fund certain departments with special regulations, restrictions, limitations or governance have been separately disclosed in the segmented information in Schedule 4. These include: Central York Fire Services, Building Department, Water Rate Group, Wastewater Rate Group, Newmarket Public Library and Main Street District BIA.

Schedule 5 Service Bundles

The Town's services and programs are grouped and reported based on a customer driven service bundle in Schedule 5. Revenues are reported by source, while expenditures 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 expenditures, 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.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

23. SEGMENTED INFORMATION (continued)

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 20.

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.

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.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2008

23. SEGMENTED INFORMATION (continued)

Corporate Support & Governance

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

Public Library Services

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

Main Street District BIA

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Schedule of Operations - Consolidated Operating Fund

Year Ended December 31

Schedule 1

	2008		2007
	Budget (unaudited)	Actual	Actual
REVENUES			
Property taxation	\$ 35,249,344	\$ 35,362,033	\$ 32,328,974
Taxation from other governments	641,000	650,033	630,330
User charges	29,483,069	28,080,767	26,461,719
Government transfers	266,651	348,239	521,460
Contributions from developers	1,370,598	1,708,730	1,765,331
Investment income	3,872,000	3,653,136	4,508,943
Fines, penalties and interest	1,425,350	1,384,858	1,426,293
Rent and other	1,615,770	1,781,228	1,702,533
Total revenues	73,923,782	72,969,024	69,345,583
EXPENDITURES			
General government	10,379,017	10,568,372	9,905,794
Protection to persons and property	11,090,177	11,210,946	9,983,229
Transportation services	3,528,859	3,519,926	3,576,294
Environmental services	15,909,391	15,487,154	14,963,957
Recreation and cultural services	18,044,530	17,359,418	15,796,956
Planning and development	1,920,914	1,801,240	1,753,309
Total expenditures	60,872,888	59,947,056	55,979,539
Net revenue	13,050,894	13,021,968	13,366,044
FINANCING AND TRANSFERS			
Employee future benefits payable	-	651,889	413,124
Principal repayment on long-term debt	(1,650,047)	(1,650,046)	(1,695,319)
Transfers to Reserves and Reserve Funds	(11,064,208)	(11,472,302)	(11,639,476)
Transfers to Capital Fund	(401,850)	(615,647)	(606,687)
Net financing and transfers	(13,116,105)	(13,086,106)	(13,528,358)
CHANGES IN OPERATING FUND			
BALANCE	(65,211)	(64,138)	(162,314)
OPERATING FUND BALANCE			
BEGINNING OF YEAR	65,211	65,211	227,525
OPERATING FUND BALANCE			
END OF YEAR	\$ -	\$ 1,073	\$ 65,211

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Schedule of Operations - Consolidated Capital Fund

Year Ended December 31

Schedule 2

	2008		2007
	Budget (unaudited)	Actual	Actual
REVENUES			
User charges	\$ 325,000	\$ 42,347	\$ 17,925
Government transfers	1,425,079	1,824,255	49,325
Contributions from developers	2,701,917	1,506,477	1,016,980
Investment income		7,662	11,017
Rent and other	546,242	233,088	477,632
Total revenues	4,998,238	3,613,829	1,572,879
EXPENDITURES			
General government	\$ 4,578,151	1,681,596	2,928,906
Protection to persons and property	77,688	74,332	94,796
Transportation services	6,781,093	5,440,495	3,779,728
Environmental services	16,620,435	3,690,036	5,897,964
Recreation and cultural services	8,068,135	3,761,177	11,295,640
Planning and development	354,720	96,277	409,860
Total expenditures	36,480,222	14,743,913	24,406,894
Net expenditures	(31,481,984)	(11,130,084)	(22,834,015)
FINANCING AND TRANSFERS			
Issuance of long-term debt	6,391,323	-	-
Transfers from Operating Fund	401,850	615,647	606,687
Transfers from Reserves and Reserve Funds	24,231,915	9,895,824	20,070,860
Net financing and transfers	31,025,088	10,511,471	20,677,547
CHANGES IN CAPITAL FUND BALANCE	(456,896)	(618,613)	(2,156,468)
CAPITAL FUND BALANCE			
BEGINNING OF YEAR	461,237	461,237	2,617,705
CAPITAL FUND BALANCE			
END OF YEAR (Note 17)	\$ 4,341	\$ (157,376)	\$ 461,237

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Schedule of Operations - Consolidated Reserves and Reserve Funds

Year Ended December 31

Schedule 3

	2008		2007
	Budget (unaudited)	Actual	Actual
REVENUES			
Contributions from developers	\$ 1,238,428	\$ 3,393,688	\$ 792,940
Federal Gas Tax Allocation	1,068,829	1,068,829	855,121
Investment and other income	893,930	1,038,897	1,937,611
Land sales	6,900,000	3,615,252	800,000
Net income	10,101,187	9,116,666	4,385,672
Net transfers from (to) other funds			
Transfers from operating fund	11,064,208	11,472,302	11,639,476
Transfer to capital fund	(24,231,915)	(9,895,824)	(20,070,860)
Total net transfers from (to) other funds	(13,167,707)	1,576,478	(8,431,384)
CHANGE IN RESERVES AND RESERVE FUND BALANCE			
	(3,066,520)	10,693,144	(4,045,712)
RESERVES AND RESERVE FUND BALANCE BEGINNING OF YEAR			
	15,860,531	15,860,531	19,906,243
RESERVES AND RESERVE FUND BALANCE END OF YEAR			
	\$ 12,794,011	\$ 26,553,675	\$ 15,860,531
ANALYZED AS FOLLOWS:			
Reserves, set aside for specific purposes by Council			
Cash flow reserves		\$ 1,001,458	\$ 1,001,458
Reserves for operating purposes		1,073,616	1,158,954
Reserves for capital purposes		103,176	477,082
Central York Fire Services		157,364	100,916
Newmarket Public Library Board		192,995	311,788
Building Code Act Fees		1,370,590	720,320
Water & Sewer Rate Stabilization		1,448,371	1,854,573
Total Reserves		\$ 5,347,570	\$ 5,625,091
Reserve funds, set aside for specific purposes by Council			
Asset replacement funds		\$ 12,608,251	\$ 6,849,199
Reserve funds for operating purposes		3,038,360	1,827,504
Reserve funds for capital purposes		3,289,619	589,919
Growth reserve funds		2,535,052	2,115,509
Self-insured long-term disability		3,860,403	3,172,798
Loan to Capital Fund (Note 5(d))		(4,125,580)	(4,319,489)
Total Reserve Funds		\$ 21,206,105	\$ 10,235,440
Total Reserve and Reserve Funds		\$ 26,553,675	\$ 15,860,531

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

The Corporation of the Town of Newmarket
Segment Disclosures - Operating Funds
Year Ended December 31

Schedule 4

	Central York Fire Services		Building Department		Water Rate Group		Wastewater Rate Group	
	2008	2007	2008	2007	2008	2007	2008	2007
EXPENDITURES								
Salaries and wages	\$ 13,793,096	\$ 12,552,619	\$ 1,040,693	\$ 979,912	\$ 1,333,067	\$ 1,044,548	\$ 590,660	\$ 477,234
Materials, good and supplies	564,324	504,713	3,982	5,550	290,238	239,018	121,790	104,984
Utilities	101,119	99,573	-	-	372	496	21,488	(18,592)
Contracted and general services	350,917	352,298	24,523	22,084	4,960,560	5,079,511	5,488,161	5,170,659
Rents and financial	58,691	115,028	-	-	3,007	2,968	3,007	2,968
Interest on long-term debt	-	-	-	-	25,032	27,187	27,687	30,135
Allocations	(5,125,443)	(5,291,729)	523,666	627,717	1,056,015	945,873	1,034,428	901,980
Total expenditures	9,742,704	8,332,502	1,592,864	1,635,263	7,668,291	7,339,601	7,287,221	6,669,368
REVENUES								
Taxation and user charges	269,999	220,206	2,243,134	2,224,067	9,752,426	9,599,000	9,171,188	8,894,886
External non-tax revenues	100,000	-	-	-	23,054	64	183,612	14
Total revenues	369,999	220,206	2,243,134	2,224,067	9,775,480	9,599,064	9,354,800	8,894,900
FINANCING AND TRANSFERS								
Employee future benefits payable	-	-	-	-	-	-	-	-
Principal repayment on long-term debt	-	-	-	-	49,540	47,848	56,418	54,507
Net transfers to/(from) Reserves and Reserve Funds	338,325	830,161	650,270	588,804	2,006,445	2,126,215	1,994,957	2,154,625
Capital Fund	6,600	89,726	-	-	51,204	85,400	16,204	16,400
Total financing and transfers	344,925	919,887	650,270	588,804	2,107,189	2,259,463	2,067,579	2,225,532
Change in fund balance	\$ (9,717,630)	\$ (9,032,183)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The Corporation of the Town of Newmarket
Segment Disclosures - Operating Funds
Year Ended December 31

Schedule 4

	Newmarket Public Library		Main St. District BIA		Other Operations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
EXPENDITURES								
Salaries and wages	\$ 1,884,038	\$ 1,626,246	\$ -	\$ -	\$ 19,695,953	\$ 18,568,832	\$ 38,337,507	\$ 35,249,391
Materials, good and supplies	434,227	426,453	4,273	6,527	2,912,320	2,748,993	4,331,154	4,036,238
Utilities	75,743	75,715	-	-	3,199,768	2,590,645	3,398,490	2,747,837
Contracted and general services	112,089	83,515	29,234	9,793	5,957,653	6,112,489	16,923,137	16,830,349
Rents and financial	-	-	-	-	743,608	541,313	808,313	662,277
Interest on long-term debt	-	-	-	-	2,225,201	2,307,995	2,277,920	2,365,317
Allocations	277,796	263,224	-	(8,000)	(3,895,927)	(3,350,935)	(6,129,465)	(5,911,870)
Total expenditures	2,783,893	2,475,153	33,507	8,320	30,838,576	29,519,332	59,947,056	55,979,539
REVENUES								
Taxation and user charges	52,133	42,825	22,966	25,491	42,580,987	38,573,079	64,092,833	59,579,554
External non-tax revenues	250,134	274,183	-	78	8,319,391	9,491,690	8,876,191	9,766,029
Total revenues	302,267	317,008	22,966	25,569	50,900,378	48,064,769	72,969,024	69,345,583
FINANCING AND TRANSFERS								
Employee future benefits payable	-	-	-	-	(651,889)	-	(651,889)	(413,124)
Principal repayment on long-term debt	-	-	-	-	1,544,088	1,592,964	1,650,046	1,695,319
Net transfers to/(from)								
Reserves and Reserve Funds	124,250	293,918	(10,541)	17,249	6,368,596	5,628,504	11,472,302	11,639,476
Capital Fund	10,500	4,280	-	-	531,139	410,881	615,647	606,687
Total financing and transfers	134,750	298,198	(10,541)	17,249	7,791,934	7,632,349	13,086,106	13,528,358
Change in fund balance	\$ (2,616,376)	\$ (2,456,343)	\$ -	\$ -	\$ 12,269,868	\$ 10,913,088	\$ (64,138)	\$ (162,314)

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

Schedule 5

	Fire & Emergency Services		Water, Wastewater & Solid Waste		Bylaw & Licensing Services		Roads, Bridges & Sidewalks	
	2008	2007	2008	2007	2008	2007	2008	2007
EXPENDITURES								
Salaries and wages	\$ 13,793,096	\$ 12,552,619	\$ 1,905,798	\$ 1,569,699	\$ 684,916	\$ 756,112	\$ 1,939,656	\$ 2,383,523
Capital expenditures	74,332	94,797	3,690,036	5,897,969	-	20,562	5,440,495	3,779,729
Materials, good and supplies	564,324	505,547	455,043	384,358	57,390	47,039	707,778	615,991
Utilities	101,119	99,573	21,860	(18,097)	(152)	1,519	701,356	689,862
Contracted and general services	350,917	352,298	12,542,934	12,512,227	227,035	228,223	499,760	453,287
Rents and financial	58,691	115,028	6,033	5,941	-	72	-	2,528
Interest on long-term debt	-	6,012	52,719	57,322	-	-	-	-
Allocations	(5,125,443)	(4,902,958)	3,011,880	3,087,192	1,124,548	998,298	426,674	(248,585)
Total expenditures	9,817,036	8,822,916	21,686,303	23,496,611	2,093,737	2,051,825	9,715,719	7,676,335
REVENUES								
Taxation	8,781,045	8,167,367	2,124,496	2,769,936	935,685	823,323	7,737,396	6,784,184
User charges	269,999	220,206	18,985,159	18,540,741	477,403	411,083	135,864	82,917
External non-tax revenues	100,000	370,667	526,076	325,772	555,514	614,554	32,940	24,701
Capital Fund	-	-	803,449	241,196	-	-	1,255,388	355,237
Reserves and Reserve Funds	47,467	16,757	1,462,320	621,454	-	-	1,339,468	906,940
Total revenues	9,198,511	8,774,997	23,901,500	22,499,099	1,968,602	1,848,960	10,501,056	8,153,979
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	-	-
Net revenues before financing	\$ (618,525)	\$ (47,919)	\$ 2,215,197	\$ (997,512)	\$ (125,135)	\$ (202,865)	\$ 785,337	\$ 477,644

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

Schedule 5

	Planning & Development Services		Community Programs and Events		Facilities, Parks & Trails		Corporate Support & Governance	
	2008	2007	2008	2007	2008	2007	2008	2007
EXPENDITURES								
Salaries and wages	\$ 2,499,703	\$ 1,973,778	\$ 3,658,963	\$ 3,069,598	\$ 4,960,374	\$ 4,622,926	\$ 7,010,963	\$ 6,694,890
Capital expenditures	96,277	409,860	-	-	4,616,811	11,819,340	757,357	2,198,492
Materials, good and supplies	258,514	272,110	182,127	153,856	1,270,363	1,222,731	397,114	401,626
Utilities	-	-	4,567	4,561	1,978,570	1,384,517	515,428	510,187
Contracted and general services	189,485	222,689	667,144	790,854	395,297	390,551	1,909,248	1,786,912
Rents and financial	3,053	1,034	102,988	16,733	246,118	237,308	391,429	283,633
Interest on long-term debt	-	-	-	-	-	-	2,225,201	2,301,983
Allocations	1,554,887	2,146,872	1,845,119	1,584,234	1,951,864	2,173,023	(11,196,789)	(11,005,170)
Total expenditures	4,601,919	5,026,343	6,460,908	5,619,836	15,419,397	21,850,396	2,009,951	3,172,553
REVENUES								
Taxation	1,727,419	1,679,580	3,670,765	3,095,696	8,565,117	7,475,776	-	-
User charges	2,591,614	2,646,054	2,281,804	1,923,567	2,693,628	2,066,881	593,163	683,286
External non-tax revenues	32,305	57,863	109,793	314,189	608,553	511,905	6,660,875	7,272,117
Capital Fund	10,000	-	-	-	1,501,010	640,522	23,977	335,464
Reserves and Reserve Funds	711,575	281,176	-	-	1,941,186	663,164	3,596,244	1,869,665
Total revenues	5,072,913	4,664,673	6,062,362	5,333,452	15,309,494	11,358,248	10,874,259	10,160,532
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	1,029,605	(538,918)
Net revenues before financing	\$ 470,994	\$ (361,670)	\$ (398,546)	\$ (286,384)	\$ (109,903)	\$ (10,492,148)	\$ 9,893,913	\$ 6,449,061

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

Schedule 5

	Public Library Services		Main Street District BIA		Consolidated	
	2008	2007	2008	2007	2008	2007
EXPENDITURES						
Salaries and wages	\$ 1,884,038	\$ 1,626,246	\$ -	\$ -	\$ 38,337,507	\$ 35,249,391
Capital expenditures	68,605	186,145	-	-	14,743,913	24,406,894
Materials, good and supplies	434,227	426,453	4,273	6,527	4,331,153	4,036,238
Utilities	75,743	75,715	-	-	3,398,491	2,747,837
Contracted and general services	112,089	83,515	29,234	9,793	16,923,137	16,830,349
Rents and financial	-	-	-	-	808,313	662,277
Interest on long-term debt	-	-	-	-	2,277,920	2,365,317
Allocations	277,795	263,224	-	(8,000)	(6,129,465)	(5,911,870)
Total expenditures	2,852,497	2,661,298	33,507	8,320	74,690,969	80,386,433
REVENUES						
Taxation	2,447,176	2,140,641	22,966	22,802	36,012,066	32,959,304
User charges	52,133	42,825	-	2,689	28,080,767	26,620,250
External non-tax revenues	250,134	274,183	-	78	8,876,191	9,766,029
Capital Fund	20,005	460	-	-	3,613,829	1,572,879
Reserves and Reserve Funds	18,406	26,516	-	-	9,116,666	4,385,672
Total revenues	2,787,854	2,484,625	22,966	25,569	85,699,519	75,304,134
Net surplus of Gov't. Business Enterprise	-	-	-	-	1,029,605	(538,918)
Net revenues before financing	\$ (64,643)	\$ (176,673)	\$ (10,541)	\$ 17,249	\$ 12,038,155	\$ (5,621,217)

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