

**The Corporation of the
Town of Newmarket
Consolidated Financial Statements
For the year ended December 31, 2012**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of The Corporation of the Town of Newmarket which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Newmarket as at December 31, 2012 and the results of its operations, changes in net assets, and its cash flows for the year then in accordance with Canadian public sector accounting standards.



Other Matters

The consolidated financial statements of **The Corporation of the Town of Newmarket** for the year ended December 31, 2011 were audited by another auditor who expressed an unmodified opinion on June 25, 2012. As part of our audit of the 2012 consolidated financial statements we also audited the adjustments described in Note 2 that were applied to amend the 2011 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2011 consolidated financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2011 consolidated financial statements taken as a whole.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

June 24, 2013
Newmarket, Ontario

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Financial Position

December 31, 2012

	<u>2012</u>	<u>2011</u> (Restated See Note 2)
FINANCIAL ASSETS		
Cash (Note 7)	\$ 70,391,284	\$ 52,465,410
Taxes receivable (Note 8)	5,601,407	5,783,195
Unbilled user charges	4,125,472	3,605,660
Accounts receivable (Note 8)	6,514,729	14,419,947
Inventory for resale (Note 9)	127,940	79,893
Surplus land (Note 10)	1,173,371	1,308,372
Loans receivable (Note 8)	247,158	245,550
Investment in Newmarket Hydro Holdings Inc. (Note 11)	61,623,872	60,254,203
	<u>149,805,233</u>	<u>138,162,230</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 12)	20,865,557	23,425,171
Interest payable on debt	1,194,952	1,297,111
Employee future benefits payable (Note 13)	4,021,623	3,778,256
Deferred revenue (Note 14)	24,654,833	18,822,556
Long-term debt (Note 15)	48,204,992	50,746,924
	<u>98,941,957</u>	<u>98,070,018</u>
NET FINANCIAL ASSETS	<u>50,863,276</u>	<u>40,092,212</u>
NON FINANCIAL ASSETS		
Inventory (Note 9)	289,167	261,267
Prepaid expenses	495,461	194,295
Tangible capital assets (Note 24)	431,436,125	432,090,193
	<u>432,220,753</u>	<u>432,545,755</u>
ACCUMULATED SURPLUS (Note 21)	<u>\$ 483,084,029</u>	<u>\$ 472,637,967</u>

Commitments, contingencies and lease agreements (Notes 17 and 18)

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2012

	2012		2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u> (Restated see Note 2)
REVENUES			
Taxation and user charges			
Residential and farm taxation	\$ 37,117,895	\$ 37,186,901	\$ 35,437,905
Commercial, industrial and business taxation	8,818,343	8,824,216	8,310,392
Taxation from other governments	681,000	665,353	668,593
User charges	34,695,442	35,841,348	31,698,804
	81,312,680	82,517,818	76,115,694
Government Transfers			
Government of Canada	1,656,788	333,108	1,704,837
Federal Gas Tax Allocation	2,278,999	1,087,610	2,429,365
Province of Ontario	2,695,926	512,318	2,087,813
Region of York	3,403,188	-	78,061
	10,034,901	1,933,036	6,300,076
Other			
Contribution from developers	4,173,205	10,345,007	7,871,452
Investment income	3,376,484	3,634,474	3,795,876
Fine, penalties and interest	1,429,000	1,227,173	1,320,550
Rent and other	3,282,244	3,313,933	2,716,434
Land sales	3,350,000	132,999	162,305
(Loss) gain on disposal of tangible capital assets	-	(211,267)	(771,216)
	15,610,933	18,442,319	15,095,401
TOTAL REVENUES	\$ 106,958,514	\$ 102,893,173	\$ 97,511,171

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

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2012

	2012		2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u> (Restated see Note 2)
EXPENSES			
General government	\$ 15,741,449	\$ 13,458,790	\$ 13,132,044
Protection to persons and property	14,581,996	14,730,166	13,578,973
Transportation services	12,295,473	10,429,756	11,010,403
Environmental services	31,957,362	26,806,723	25,585,005
Recreation and cultural services	31,336,829	26,369,801	24,579,831
Planning and development	2,299,895	2,021,544	2,020,634
	<u>108,213,004</u>	<u>93,816,780</u>	<u>89,906,890</u>
Net equity in earnings of Newmarket Hydro Holdings Inc.	-	1,369,669	909,401
ANNUAL SURPLUS (DEFICIT)	(1,254,490)	10,446,062	8,513,682
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	472,637,967	472,637,967	465,531,310
PRIOR PERIOD ADJUSTMENT (Note 2)	-	-	(1,407,025)
ACCUMULATED SURPLUS, BEGINNING OF YEAR, RESTATED	472,637,967	472,637,967	464,124,285
ACCUMULATED SURPLUS, END OF YEAR	\$ 471,383,477	\$ 483,084,029	\$ 472,637,967

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

THE CORPORATION OF THE TOWN OF NEWMARKET
Consolidated Statement of Changes in Net Financial Assets
Year ended December 31, 2012

	2012		2011
	Budget	Actual	Actual (Restated see Note 2)
Annual surplus (deficit)	\$ (1,254,490)	\$ 10,446,062	\$ 8,513,682
Acquisition of tangible capital assets	(15,304,114)	(10,108,787)	(12,722,225)
Contributed tangible capital assets	-	(5,079,083)	(4,554,578)
Amortization of tangible capital assets	15,084,954	15,074,985	14,875,724
Proceeds from sale of tangible capital assets	-	555,688	783,134
(Gain)/loss on sale of tangible capital assets	-	211,266	933,521
	(219,160)	654,069	(684,424)
Changes due to inventory	(7,838)	(27,900)	(151,975)
Changes due to prepaid expenses	(5,829)	(301,167)	63,620
	(13,667)	(329,067)	(88,355)
CHANGE IN NET FINANCIAL ASSETS	(1,487,317)	10,771,064	7,740,903
NET FINANCIAL ASSETS, BEGINNING OF YEAR	40,092,212	40,092,212	32,351,309
NET FINANCIAL ASSETS, END OF YEAR	\$ 38,604,895	\$ 50,863,276	\$ 40,092,212

THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Cash Flows

Year ended December 31, 2012

	2012		2011
	Budget	Actual	Actual (Restated see Note 2)
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Cash received from			
Taxation	\$ 46,774,799	\$ 54,176,468	\$ 36,806,542
User charges	31,066,773	34,941,844	30,434,131
Government transfers	4,808,987	3,543,639	5,750,616
Contributions from developers	4,173,205	6,692,130	10,938,580
Investment income	3,376,484	3,928,675	4,752,975
Fine, penalties and interest	1,429,000	1,142,741	1,450,029
Rent and other	3,282,244	2,840,694	2,714,550
Aurora's share of Central York Fire Services	7,973,152	7,973,152	7,264,829
	102,884,644	115,239,343	100,112,252
Cash paid for			
Salaries, wages and employee benefits	43,869,034	44,775,991	42,799,058
Materials, goods, and supplies	4,437,084	4,665,522	4,350,082
Utilities	4,088,570	4,015,142	3,969,485
Contracted and general services	21,739,823	23,333,722	21,106,624
Capital repairs and maintenance	7,298,656	5,513,047	3,823,590
Interest on long-term debt	2,582,932	2,584,932	2,647,868
Rents and financial	1,093,863	627,723	1,072,415
	85,109,962	85,516,079	79,769,122
Net change in cash from operating activities	17,774,682	29,723,264	20,343,130
CAPITAL ACTIVITIES			
Land sales	3,350,000	268,000	162,304
Proceeds on disposal of tangible capital assets	-	555,688	945,439
Acquisition of tangible capital assets	(13,773,704)	(10,108,787)	(15,475,961)
Net change in cash from capital activities	(10,423,704)	(9,285,099)	(14,368,218)
FINANCING ACTIVITIES			
Proceeds from debt issues	-	-	2,000,000
Principal repayment on long-term debt	(2,545,271)	(2,512,291)	(2,328,073)
Net change in cash from financing activities	(2,545,271)	(2,512,291)	(328,073)
NET CHANGE IN CASH	4,805,707	17,925,874	5,646,839
CASH, BEGINNING OF YEAR	52,465,410	52,465,410	46,818,571
CASH, END OF YEAR	\$ 57,271,117	\$ 70,391,284	\$ 52,465,410
Supplementary information:			
Interest paid		\$ 2,584,932	\$ 2,647,868
Interest received		\$ 1,036,452	\$ 877,262

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

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 financial assets, liabilities, operating revenues and expenses of the Town. The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of their financial affairs and resources, to the Town, and which are owned or controlled by the Town. The Newmarket Public Library and the Main Street District Business Improvement Area are accordingly consolidated in these financial statements. All material inter-organizational transactions and balances have been eliminated on consolidation.

(ii) *Investment in Newmarket Hydro Holdings Inc.*

The Town's investment in Newmarket Hydro Holdings Inc. is accounted for on a modified equity basis, consistent with generally accepted accounting principles as recommended by PSAB for government business enterprises. Under the modified equity basis of accounting, the business enterprise's accounting principles are not adjusted to conform with those of the municipality and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of Newmarket Hydro Holdings Inc. in its statement of financial operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from Newmarket Hydro Holdings Inc. will be reflected as reductions in the investment asset account.

(iii) *Accounting for Region of York and school board transactions*

The operations of the school boards and the Region of York are not reflected in the Town's financial statements except to record any resulting receivable or payable balance with the Town at year-end.

(iv) *Trust funds*

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately in the "Trust Fund Statement of Continuity" and "The Trust Fund Statement of Financial Position".

(b) *Basis of accounting*

(i) *Accrual accounting*

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) *Non-financial assets*

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(a) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of an asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Useful Life - Years</u>
Land improvements	20 - 40
Buildings and building components	20 - 40
Vehicles	4 - 20
Machinery and equipment	3 - 20
Library collection	7
Linear assets	
- Road base	40
- Road paved surface	25
- Sewer	50
- Watermain	50
- Sidewalks	25
- Trails and walkways	25
- Bridges and structures	25 - 75

Assets are amortized in the month following the purchase or in-service date. One half of the annual amortization is charged in the year of acquisition for pooled assets. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Town has a capitalization threshold of \$40,000 for all categories except vehicles, machinery and equipment and computer hardware and software in which case the threshold is \$20,000. Individual assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value. Examples of pools are computer systems, library collection, and streetlights. The Town's threshold for pooled assets is \$40,000. The Library pools all of their assets and their capitalization threshold is \$10,000.

(b) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

(c) Interest capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

(d) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(iv) Accounting for property capping provisions resulting from the Ontario Fair Assessment System

The net decrease/increase in property taxes as a result of the application of capping provisions does not affect the Consolidated Statement of Operations as the full amount of the property taxes were levied. However, the capping adjustment is reported on the Consolidated Statement of Financial Position as an asset/liability to be received from/paid to the Region. More detailed information is disclosed in Note 4.

(v) Deferred revenue

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed. The Town receives development charges under the authority of provincial legislation and Town by-laws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended. See Note 13 for more details.

(vi) Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Vacation entitlements are accrued for as entitlements are earned.

(vii) Pension Plan

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

(viii) Revenue Recognition

(a) Taxes and user charges

Taxes are recognized as revenue in the year they are levied.

Charges for wastewater and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Sales of service and other revenue is recognized on an accrual basis.

(b) Investment income

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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 or receivable. Revenue is recognized for conditional entitlements and grants in the period the associated expense is incurred. Revenue is recognized for transfers under shared cost agreements in the period the costs are incurred.

(ix) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. The principle estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets. Actual results could differ from these estimates.

(x) Budget figures

Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. The approved operating budget and capital budgets are reflected on the Consolidated Statement of Operations. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expense amounts.

(xi) Comparative figures

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

2. PRIOR PERIOD ADJUSTMENT

Management has restated the consolidated financial statements for the comparative year to reclassify the gas tax and engineering reserves from accumulated surplus to deferred revenue. The impact of these restatements is as follows:

Statement of Financial Position

Increase in deferred revenue	\$1,479,786
Increase (decrease) in accumulated surplus, December 31, 2011	<u>(1,479,786)</u>

Statement of Operations

Increase(decrease) in revenue	
Government grants - Federal	\$ 150,366
Contributions from developers	(192,624)
Investment income	<u>(30,504)</u>
Total increase (decrease) in revenue	(72,762)
Increase (decrease) in annual surplus	(72,762)
Increase (decrease) in opening annual surplus, January 1, 2011	<u>(1,407,025)</u>

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

3. BUDGET RECONCILIATION

The authority of Council is required before moneys can be spent by the Municipality. Approvals are given in the form of an annually approved budget. The budget approved by Council differs from the budget in the Consolidated Statement of Operations. The difference is due to several factors. A supplementary Capital budget was approved subsequent to the initial budget approval. The budget has also been adjusted to account for material changes due to PSAB reporting requirements.

	(Unaudited)	
	Revenue	Expenses
Council approved budget:		
Operating fund	\$ 95,765,507	\$ 95,765,507
Principal payment on long-term debt	-	(2,463,068)
Transfers to / from other funds	(6,352,642)	(15,131,699)
Capital budget	14,361,962	14,361,962
Capital budget carried over from previous years	28,061,012	28,061,012
Transfers to / from other funds	(31,917,328)	-
Reserves and reserve funds	21,960,702	37,526,391
Transfers to / from other funds	(14,920,699)	(37,526,391)
TOTAL COUNCIL APPROVED BUDGET	106,958,514	120,593,714
Less: Tangible Capital Assets Capitalized	-	(27,825,664)
Plus: Budgeted amortization expense	-	15,084,954
Plus: Post-employment benefit expenses	-	360,000
Adjusted Budget per Consolidated Statement of Operations	\$ 106,958,514	\$ 108,213,004

4. OPERATIONS OF SCHOOL BOARDS AND THE REGION OF YORK

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

	School Boards	Region
Property taxes and taxation from other governments	\$ 41,936,201	\$ 51,614,810

5. THE CONTINUED PROTECTION FOR PROPERTY TAXPAYERS ACT

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

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

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

6. PHASE-IN OF ELIGIBLE ASSESSMENT INCREASES

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

To provide an additional level of property tax stability and predictability, market increases in assessed value between the January 1, 2005 and January 1, 2008 valuation dates are phased in over four years (2009-2012). The phase-in program does not apply to decreases in assessed value. The full benefit of any decrease is applied immediately.

7. CASH

Cash is comprised of cash on hand and cash held in financial institutions.

Cash is segregated as follows:

	2012	2011
Restricted - obligatory reserve funds (refer to Note 14)	\$ 22,422,460	\$ 16,020,907
Designated - reserve funds (refer to Note 21)	29,254,625	25,625,147
Unrestricted and undesignated	18,714,199	10,819,356
	<u>\$ 70,391,284</u>	<u>\$ 52,465,410</u>

8. RECEIVABLES

(a) Taxes receivable

	2012	2011
Current year	\$ 3,865,281	\$ 3,847,870
Arrears previous years	2,037,757	2,186,956
	5,903,038	6,034,826
Less allowance	301,631	251,631
	<u>\$ 5,601,407</u>	<u>\$ 5,783,195</u>

(b) Accounts receivable

	2012	2011
Government entities	\$ 2,542,533	\$ 10,773,711
Newmarket Hydro Holdings Inc.	1,351,413	1,662,946
Trade receivables, user fees and other receivables	2,783,329	2,154,553
	6,677,275	14,591,210
Less allowance	162,546	171,263
	<u>\$ 6,514,729</u>	<u>\$ 14,419,947</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.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

9. INVENTORY

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

10. SURPLUS LAND

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.

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

11. INVESTMENT IN NEWMARKET HYDRO HOLDINGS INC.

Newmarket Hydro Holdings Inc. established by municipal council in October 2000, is wholly owned by the Corporation of the Town of Newmarket and provides regulated and unregulated electric utility services.

Effective May 1, 2007 Newmarket Hydro Ltd. merged with Tay Hydro Electric Distribution Company Inc. Newmarket Hydro Holdings Inc. owns 93% of the outstanding common shares of the combined entity and consequently its financial statements have been consolidated with those of its subsidiary.

Newmarket Hydro Ltd. has issued an unsecured promissory note in the amount of \$22,000,000 effective October 1, 2001, to the Town of Newmarket. The note bears interest at a simple annual rate equal to the rate of interest that Newmarket Hydro Ltd. is, from time to time, permitted by the Ontario Energy Board (OEB) to recover in its rates (currently 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:

	2012	2011
Share capital		
Newmarket Hydro Holdings Inc. - 201 Common Shares	\$ 29,609,342	\$ 29,609,342
Promissory note	22,000,000	22,000,000
Due from subsidiary	87,412	87,412
Retained earnings, end of the year		
Newmarket Hydro Holdings Inc.	9,927,118	8,557,449
Total investment	\$ 61,623,872	\$ 60,254,203

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.

	2012	2011
Revenues:		
Investment income	\$ 1,205,600	\$ 1,246,300
Rent, property tax and other	382,244	390,371
Expenses:		
Energy purchases	3,642,968	3,247,808
Services - street light capital & maintenance	271,906	280,000
Dividends received	1,336,000	1,486,000
Dividends accrued	1,336,000	1,336,000
Accounts receivable	318,309	345,379

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

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

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

	2012	2011
Financial position		
Current assets	\$ 31,013,400	\$ 28,196,937
Capital assets and future income taxes	57,445,877	55,598,503
Total assets	88,459,277	83,795,440
Current liabilities	11,051,863	11,149,182
Long term liabilities	33,638,380	30,328,073
Total liabilities	44,690,243	41,477,255
Non-controlling interest	2,896,574	2,815,394
Shareholder equity		
Share capital	29,609,342	29,609,342
Retained earnings	11,263,118	9,893,449
	40,872,460	39,502,791
	\$ 88,459,277	\$ 83,795,440
Results of operations		
Revenues	\$ 73,384,668	\$ 74,566,718
Operating expenses	(68,422,555)	(68,508,600)
Financing expenses	(1,331,890)	(1,344,984)
Other income	179,701	(489,840)
Non-controlling interest	(81,179)	(75,136)
Income tax	(907,076)	(1,467,757)
Net earnings	2,821,669	2,680,401
Retained earnings, beginning of year	9,893,449	8,810,548
Adoption of accounting policy		
Net income	2,821,669	2,680,401
Dividends paid	(1,452,000)	(1,597,500)
Retained earnings, end of the year	\$ 11,263,118	\$ 9,893,449
In Town's books		
Retained earnings, end of the year - per Hydro	\$ 11,263,118	\$ 9,893,449
Less: Dividends accrued	1,336,000	1,336,000
Adjusted retained earnings, end of year	9,927,118	8,557,449
Change in adjusted retained earnings	\$ 1,369,669	\$ 909,401

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2012	2011
Government entities	\$ 7,337,444	\$ 9,739,137
Payroll liabilities	4,504,125	3,376,118
Trade payables and other accrued liabilities	9,023,988	10,309,916
	<u>\$ 20,865,557</u>	<u>\$ 23,425,171</u>

13. EMPLOYEE FUTURE BENEFITS PAYABLE

The Town provides certain employee benefits that will require funding in future periods. Under the post-retirement benefit plan, employees may be entitled to a cash payment after they leave the Town's employment. An actuarial estimate of future liabilities for employee future benefits has been completed and forms the basis for the estimated liability reported in these financial statements.

	2012	2011
Employee future benefits	\$ 3,854,203	\$ 3,535,812
Vacation pay	167,420	242,444
	<u>\$ 4,021,623</u>	<u>\$ 3,778,256</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 \$3,854,203 was determined by the last actuarial valuation carried out as at December 31, 2012, using a discount rate of 3.75%.

Total benefit payments to retirees during the year were \$91,587 (2011 - \$91,984). The plan is substantially unfunded and requires no contributions from employees. The retirement benefit liability at December 31 includes the following components:

	2012	2011
Accrued benefits obligation	\$ 4,174,479	\$ 3,242,282
Unamortized actuarial gain/(loss)	(320,276)	293,530
Employee future benefits payable	<u>\$ 3,854,203</u>	<u>\$ 3,535,812</u>
Employee future benefits, beginning of the year	\$ 3,535,812	\$ 3,477,406
Annual amortization of actuarial loss	52,800	11,120
Current period service cost	205,092	(71,127)
Interest cost	152,086	210,397
Benefits paid for the period	(91,587)	(91,984)
Employee future benefits, end of the year	<u>\$ 3,854,203</u>	<u>\$ 3,535,812</u>

Actuarial valuations for accounting purposes are performed every three years using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2012. The unamortized actuarial loss relates to an actuarial loss of \$666,606 at January 1, 2012 (\$624,906 as at December 31, 2012) which is being amortized over the estimated remaining service life of the active employees, less an unamortized actuarial gain of \$457,000 at January 1, 2009 (\$304,630 as at December 31, 2012) which is being amortized over twelve years. The average remaining service period of the active employees covered by the benefit plan is sixteen years.

THE CORPORATION OF THE TOWN OF NEWMARKET
Notes to the Consolidated Financial Statements
December 31, 2012

13. EMPLOYEE FUTURE BENEFITS PAYABLE (continued)

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

(a) *Interest (discount) rate*

The present value of the future benefits as at December 31, 2012 was determined using a discount rate of 3.75% (2011 - 5.50%).

(c) *Health costs*

Health cost premiums were assumed to increase at a 7.5% (2011 - 5.0%) rate for 2012 and decrease thereafter to 5.0% over the next 11 years.

(d) *Dental costs*

Dental cost premiums were assumed to increase at a 4.0% (2011 - 4.0%) rate.

14. DEFERRED REVENUE

Development Charges are levies against new development, and are a primary source of funding growth-related capital facilities and infrastructure. Development charges are imposed on all lands, buildings or structures that are developed for residential or non-residential uses. These charges are payable by the developer of a building permit, unless they are for town-wide engineering services, in which case they are payable upon registration of a subdivision agreement. Development charges are not recognized as revenue until the identified capital costs for growth are incurred.

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances how these funds may be refunded. Parkland contributions are restricted to parks or recreation purposes. The Investing in Ontario and the Gas Tax grants are restricted to infrastructure and require annual reporting. The following funds have statutory restrictions and as such are classified as deferred contributions:

	Beginning Balance 2012	2012 Inflows	2012 Outflows	Ending Balance 2012
Parklands	\$ 1,323,979	455,956	250,000	\$ 1,529,935
Development Charges	13,063,087	6,829,012	2,530,192	17,361,907
Engineering Administration	937,203	1,235,696	549,177	1,623,722
Gas Tax Grant	542,583	2,295,326	1,087,610	1,750,299
Investing in Ontario Grant from Province	154,055	2,601	59	156,597
	16,020,907	10,818,591	4,417,038	22,422,460
Other	2,801,649	7,217,813	7,787,089	2,232,373
Total	\$ 18,822,556	\$ 18,036,404	\$ 12,204,127	\$ 24,654,833

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

15. LONG-TERM DEBT

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

			2012	2011
Long-term debt incurred by the Town			\$ 48,204,992	\$ 50,746,924
Purpose	Rates	Dates	2012	2011
Water and sewermain project	variable	2014	\$ 245,000	\$ 358,000
Land for recreation facilities	5.724%	2024	8,944,372	9,451,181
Youth Centre	5.724%	2024	2,072,477	2,189,908
Downtown renewal	5.724%	2024	657,375	694,623
Recreation facility	5.246%	2024	8,610,257	9,114,613
Parklands	5.246%	2024	1,830,398	1,937,616
Traffic flow improvements	5.246%	2024	1,054,757	1,116,540
Downtown revitalization	5.246%	2024	287,009	303,820
Recreation facility	4.756%	2026	11,432,418	11,996,241
Consolidated Operations Centre	5.000%	2019	11,153,132	11,584,382
FCM loan for Operations Centre	2.000%	2031	1,917,797	2,000,000
			\$ 48,204,992	\$ 50,746,924

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

2013	\$ 2,668,238
2014	2,798,033
2015	2,801,071
2016	2,936,627
2017	3,079,140
2018 and thereafter	33,921,883
	\$ 48,204,992

(c) Interest expense on long-term debt amounted to \$ 2,482,772 (2011 - \$2,560,864).

16. INSURANCE COVERAGE

The Municipality is self insured for insurance claims up to \$10,000 for any individual claim and for any number of claims arising out of a single occurrence.

Claim costs during the year amounted to \$65,641 (2011 - \$52,801).

In 2012, the Town changed its insurer to BFL Canada. Contributions have been made to the fund for claims in excess of \$10,000 and under \$50,000,000. These contributions have been reported as expenses on the "Consolidated Statement of Operations". The contributions for the year were \$570,382 (2011 - \$876,044).

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

17. 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 some of the 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.

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

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

18. LEASE AGREEMENTS

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

2013	\$	232,074
2014		167,253
2015		112,860
	\$	<u>512,187</u>

19. CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling approximately \$13,534,827. These contracts relate to the construction, repair and replacement of certain facilities and infrastructure. Approximately \$4,439,401 relating to these contracts had not been expended as at December 31, 2012.

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 \$22,583,396, of which expenses of approximately \$10,088,227 were outstanding as at December 31, 2012.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

20. PENSION AGREEMENTS

OMERS provides pension services to more than 428,947 active and retired members and approximately 968 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2012. The results of this valuation disclosed total actuarial liabilities of \$69,122 million in respect of benefits accrued for service with actuarial assets at that date of \$59,198 million indicating an actuarial deficit of \$9,924 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit.

Contributions in 2012 ranged from 8.3% to 13.9% depending on the proposed retirement age and level of earnings. The 2012 operating expense for OMERS was \$3,142,504 (2011- \$2,932,251).

21. ACCUMULATED SURPLUS

The Accumulated Surplus is comprised of the following:

	2012	2011
Reserves set aside for specific purposes by Council		
Cash flow reserves	\$ 1,101,458	\$ 1,101,458
Reserves for operating purposes	4,679,123	3,777,032
Reserves for capital purposes	488,865	73,718
Newmarket Public Library	560,379	476,706
Building Code Act Fees	3,836,967	2,484,433
Water & Sewer Rate Stabilization	129,038	76
Total Reserves	10,795,830	7,913,423
Reserve funds set aside for specific purposes by Council		
Asset replacement funds	13,757,352	13,786,922
Reserve funds for operating purposes	5,075,508	3,160,256
Reserve funds for capital purposes	4,190,095	2,909,166
Self-insured long-term disability	6,231,670	5,768,803
Total Reserve Funds	29,254,625	25,625,147
Total Reserves and Reserve Funds	40,050,455	33,538,570
Invested in tangible capital assets	431,436,125	432,090,193
Less: amount financed by long-term debt	(48,204,992)	(50,746,924)
Land declared surplus	1,173,371	1,308,372
Operating surplus	431,455	11,245
Funds available for future capital expenses	803,307	936,331
Funds to be provided from future revenues	(1,331,435)	(2,004,747)
Equity in Newmarket Hydro Holdings Inc. (Note 10)	61,623,872	60,254,203
Employee future benefits	(4,021,623)	(3,778,256)
Less: amounts recovered	1,123,494	1,028,980
Accumulated Surplus	\$ 483,084,029	\$ 472,637,967

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

22. 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.

	2012	2011
Net expenses before allocation	\$ 19,575,825	\$ 18,400,863
Less: Aurora's allocation (2012 -40.7%; 2011 - 39.5%)	(7,973,152)	(7,264,829)
Newmarket's net allocation	\$ 11,602,673	\$ 11,136,034

23. TRUST FUND

The Trust fund administered by the Town amounting to \$308,253 (2011 - \$312,331) 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.

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 of the assets controlled.

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 2012 road network had 213 kilometers (2011 - 212 km).

b) Capitalization of interest

No interest was capitalized in 2012 (2011 - nil).

c) Construction in Process

The financial statements and accompanying schedules include \$7,494,016 of tangible assets that have not been amortized.

d) Contributed Tangible Capital Assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year was \$5,079,083 (2011 - \$4,554,578). Contributed assets were from developers which included streetlighting (\$347,190), storm water management facility (\$153,434) and linear assets (\$4,093,457) of subdivisions assumed by the Town in 2012. The 2011 contributed assets consisted of streetlighting, storm water management facility and linear assets by developers.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

25. 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 22). Activity based costing is used to allocate internal support costs to departments. These costs include the net expenses for departments, such as human resources, information systems, finance and others, commonly referred to as overhead. Measures of activity, or drivers, are used to apportion the support costs.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Schedule 2 Service Bundles

The Town's services and programs are grouped and reported based on a customer driven service bundle in Schedule 2. Revenues are reported by source, while expenses are reported by object. The Town determines an individual tax rate for each service to attain full cost recovery. Tax revenues are allocated according to the tax billing. Net revenues before financing include capital expenses, reserves, reserve funds and transfers. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Fire & Emergency Services

Central York Fire Services provides fire services to the residents of Newmarket and Aurora. They are responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. The cost of these services is shared between the two municipalities based on a cost sharing formula described in Note 22.

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.

THE CORPORATION OF THE TOWN OF NEWMARKET

Notes to the Consolidated Financial Statements

December 31, 2012

25. SEGMENTED INFORMATION (continued)

Community Programs & Events

The Town provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs. It also hosts community special events throughout the year.

Facilities, Parks & Trails

The Town maintains numerous recreation facilities, as well as indoor community space for booking and community use. It also maintains parks and playgrounds, open spaces, and a vast trail system.

Corporate Support & Governance

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

Public Library Services

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

Main Street District BIA

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

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

Schedule 1

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

The Corporation of the Town of Newmarket
Tangible Capital Assets - Summary By Asset Category
December 31, 2011

Schedule 1

	Cost				Accumulated Amortization				2011
	2011 Opening Balance	Additions and Betterments	Disposals/ Transfers	2011 Closing Balance	2011 Opening Balance	2011 Amortization Expense	Accumulated Amortization on Disposals	2011 Ending Balance	Net Book Value
General Capital Assets									
Land	\$ 74,232,342	\$ -	\$ -	\$ 74,232,342	\$ -	\$ -	\$ -	\$ -	\$ 74,232,342
Land improvements	2,287,758	7,032,315	-	9,320,073	705,905	127,021	-	832,926	8,487,147
Building	80,798,889	-	900,214	79,898,675	22,410,448	2,167,988	256,936	24,321,500	55,577,175
Machinery and Equipment	8,801,930	632,208	510,188	8,923,950	4,936,366	942,526	510,188	5,368,704	3,555,246
Vehicles	3,414,320	411,613	-	3,825,933	1,532,436	302,049	-	1,834,485	1,991,448
Other - Library Collections	1,720,662	233,714	216,564	1,737,812	943,916	217,433	216,564	944,785	793,027
	\$ 171,255,901	\$ 8,309,850	\$ 1,626,966	\$ 177,938,785	\$ 30,529,071	\$ 3,757,017	\$ 983,688	\$ 33,302,400	\$ 144,636,385
Infrastructure Assets									
Land	\$ 15,505,706	\$ 1	\$ 1	\$ 15,505,706	\$ -	\$ -	\$ -	\$ -	\$ 15,505,706
Land improvements	23,154,682	389,254	8,536	23,535,400	14,840,637	773,031	8,536	15,605,132	7,930,268
Buildings	21,715,271	343,369	-	22,058,640	330,810	660,407	-	991,217	21,067,423
Machinery & Equipment	1,417,597	127,105	-	1,544,702	546,723	118,777	-	665,500	879,202
Vehicles	2,219,053	167,519	140,204	2,246,368	1,013,817	259,427	138,060	1,135,184	1,111,184
Linear Assets	391,108,428	4,809,565	2,175,627	393,742,366	154,169,757	9,307,065	1,266,701	162,210,121	231,532,245
	\$ 455,120,737	\$ 5,836,813	\$ 2,324,368	\$ 458,633,182	\$ 170,901,744	\$ 11,118,707	\$ 1,413,297	\$ 180,607,154	\$ 278,026,028
Assets under construction	\$ 6,297,641	\$ 7,307,856	\$ 4,177,717	\$ 9,427,780	\$ -	\$ -	\$ -	\$ -	\$ 9,427,780
Total Tangible Capital Assets	\$ 632,674,279	\$ 21,454,519	\$ 8,129,051	\$ 645,999,747	\$ 201,430,815	\$ 14,875,724	\$ 2,386,985	\$ 213,909,554	\$ 432,090,193

The Corporation of the Town of Newmarket
Segment Disclosures - Service Bundle
Year Ended December 31, 2012

Schedule 2

	Fire & Emergency Services		Water, Wastewater & Solid Waste		Bylaw & Licensing Services		Roads, Bridges & Sidewalks	
	2012	2011	2012	2011	2012	2011	2012	2011
EXPENSES								
Salaries and wages	\$ 17,128,498	\$ 15,997,629	\$ 1,690,725	\$ 1,434,705	\$ 806,287	\$ 805,090	\$ 2,198,578	\$ 2,375,793
Materials, goods and supplies	668,497	654,878	561,755	449,210	59,728	61,735	822,722	767,797
Utilities	112,812	134,425	23,877	22,588	-	-	1,405,566	1,382,050
Contracted and general services	634,291	524,699	16,549,314	15,303,701	207,529	196,281	1,186,199	704,631
Rents and financial	27,633	129,148	(49,869)	7,750	-	-	-	-
Interest on long-term debt	-	-	609,032	598,898	-	-	-	-
Capital repairs and maintenance	1,186,490	438,057	467,984	869,577	-	-	1,038,303	2,062,992
Amortization expenses	264,459	253,410	4,638,533	4,610,612	5,999	-	5,423,791	5,332,173
Allocations	(6,154,114)	(5,448,240)	3,565,096	3,699,249	776,676	920,914	524,670	610,996
Total expenses	13,868,566	12,684,006	28,056,447	26,996,290	1,856,219	1,984,020	12,599,829	13,236,432
REVENUES								
Taxation	11,858,049	11,421,776	2,775,055	2,639,433	915,496	1,026,342	9,352,589	9,170,081
User charges	262,753	243,386	25,138,451	22,744,104	482,121	485,523	110,975	119,780
External non-tax revenues	733,457	320,152	3,675,608	3,562,655	359,608	280,969	3,714,173	4,629,925
Gain / (loss) on sale of tangible capital assets	(165,503)	-	81,970	-	(10,461)	-	(44,348)	(908,927)
Total revenues	12,688,755	11,985,314	31,671,085	28,946,191	1,746,765	1,792,835	13,133,389	13,010,860
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	-	-
Annual Surplus (Deficit)	\$ (1,179,811)	\$ (698,692)	\$ 3,614,638	\$ 1,949,902	\$ (109,454)	\$ (191,185)	\$ 533,560	\$ (225,572)

The Corporation of the Town of Newmarket
Segment Disclosures - Service Bundle
Year Ended December 31, 2012

Schedule 2

	Planning & Development Services		Community Programs and Events		Facilities, Parks & Trails		Corporate Support & Governance	
	2012	2011	2012	2011	2012	2011	2012	2011
EXPENSES								
Salaries and wages	2,841,980	\$ 2,920,844	\$ 4,370,381	\$ 4,276,223	\$ 6,748,740	\$ 5,821,858	\$ 8,205,375	\$ 7,556,652
Materials, good and supplies	263,562	199,792	136,544	105,370	1,213,946	1,342,682	380,123	373,929
Utilities	-	-	4,222	3,209	1,916,911	1,868,906	530,093	552,828
Contracted and general services	273,444	218,901	655,310	712,411	744,001	668,277	2,296,457	2,606,679
Rents and financial	-	2,600	34,400	31,633	250,138	236,862	365,421	664,424
Interest on long-term debt	-	-	-	-	-	-	1,873,741	1,961,966
Capital repairs and maintenance	245,275	104,130	11,915	-	3,113,870	2,382,956	259,333	223,009
Amortization expenses	-	-	-	-	3,672,964	3,536,439	711,379	788,338
Allocations	1,979,424	1,795,210	2,105,982	1,925,824	2,574,839	2,581,582	(13,818,346)	(13,869,285)
Total expenditures	5,603,685	5,241,477	7,318,754	7,054,670	20,235,409	18,439,562	803,576	858,540
REVENUES								
Taxation	3,041,356.28	2,731,596	4,356,808	4,075,878	11,311,264	10,304,224	-	-
User charges	3,962,485.29	2,177,842	2,742,954	2,812,502	2,608,289	2,636,054	466,703	419,924
External non-tax revenues	697,314	563,255	666,625	516,310	3,315,156	5,092,131	7,093,169	6,925,659
Gain / (loss) on sale of tangible capital assets	-	-	-	-	(72,925)	137,711	-	-
Total revenues	7,701,155	5,472,693	7,766,387	7,404,691	17,161,784	18,170,120	7,559,872	7,345,584
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	1,369,669	909,401
Annual Surplus (Deficit)	\$ 2,097,470	\$ 231,216	\$ 447,633	\$ 350,021	\$ (3,073,625)	\$ (269,442)	\$ 8,125,965	\$ 7,396,445

The Corporation of the Town of Newmarket
Segment Disclosures - Service Bundle
Year Ended December 31, 2012

Schedule 2

	Public Library Services		Main Street District BIA		Consolidated	
	2012	2011	2012	2011	2012	2011
EXPENSES						
Salaries and wages	\$ 2,079,675	\$ 2,060,445	\$ -	\$ -	\$ 46,070,239	\$ 43,249,239
Materials, good and supplies	242,914	207,275	7,743	8,405	4,357,534	4,171,073
Utilities	83,789	73,138	-	-	4,077,270	4,037,144
Contracted and general services	140,435	145,638	22,952	17,599	22,709,932	21,098,816
Rents and financial	-	-	-	-	627,723	1,072,417
Interest on long-term debt	-	-	-	-	2,482,773	2,560,864
Capital repairs and maintenance	66,306	25,721	-	-	6,389,476	6,106,441
Amortization expenses	357,859	354,752	-	-	15,074,985	14,875,724
Allocations	472,622	518,921	-	-	(7,973,151)	(7,264,829)
Total expenditures	3,443,600	3,385,890	30,695	26,004	93,816,780	89,906,890
REVENUES						
Taxation	3,035,838	3,018,006	30,015	29,554	46,676,470	44,416,890
User charges	63,856	58,418	2,760	1,270	35,841,348	31,698,804
External non-tax revenues	331,511	275,637	-	-	20,586,622	22,166,693
Gain / (loss) on sale of tangible capital assets	-	-	-	-	(211,267)	(771,216)
Total revenues	3,431,205	3,352,060	32,775	30,824	102,893,173	97,511,171
Net surplus of Gov't. Business Enterprise	-	-	-	-	1,369,669	909,401
Annual Surplus (Deficit)	\$ (12,395)	\$ (33,830)	\$ 2,080	\$ 4,820	\$ 10,446,062	\$ 8,513,682