



Consolidated Financial Statements

**The Corporation of the Town of Newmarket**

December 31, 2011

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# Independent auditor's 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 accompanying consolidated financial statements of The Corporation of the Town of Newmarket, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the 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 Town'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 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 consolidated financial position of The Corporation of the Town of Newmarket as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

*Grant Thornton LLP*

Markham, Canada  
June 25, 2012

Chartered Accountants  
Licensed Public Accountants

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

**December 31, 2011**

	<u>2011</u>	<u>2010</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 6)	\$ 52,465,410	\$ 46,818,571
Taxes receivable (Note 7)	5,783,195	6,818,651
Unbilled user charges	3,605,660	3,370,068
Accounts receivable (Note 7)	14,419,947	6,409,199
Inventory for resale (Note 8)	79,893	67,539
Surplus land (Note 9)	1,308,372	1,470,676
Loans receivable (Note 7)	245,550	239,099
Investment in Newmarket Hydro Holdings Inc. (Note 10)	60,254,203	59,344,802
	<u>138,162,230</u>	<u>124,538,605</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 11)	21,672,925	21,364,136
Interest payable on debt	1,297,111	1,384,115
Employee future benefits payable (Note 12)	3,778,256	3,646,003
Deferred revenue (Note 13)	19,095,015	13,311,021
Long-term debt (Note 14)	50,746,924	51,074,996
	<u>96,590,231</u>	<u>90,780,271</u>
<b>NET FINANCIAL ASSETS</b>	<u>41,571,999</u>	<u>33,758,334</u>
<b>NON FINANCIAL ASSETS</b>		
Inventory (Note 8)	261,267	271,597
Prepaid expenses	194,295	257,915
Tangible capital assets (Note 23)	432,090,193	431,243,464
	<u>432,545,755</u>	<u>431,772,976</u>
<b>ACCUMULATED SURPLUS (Note 20)</b>	<u>\$ 474,117,754</u>	<u>\$ 465,531,310</u>

**Commitments, contingencies and lease agreements (Notes 16 and 17)**

THE CORPORATION OF THE TOWN OF NEWMARKET  
Consolidated Statement of Operations and Accumulated Surplus  
Year ended December 31, 2011

	2011		2010
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>REVENUES</b>			
<b>Taxation and user charges</b>			
Residential and farm taxation	\$ 35,004,818	\$ 35,437,905	\$ 32,726,615
Commercial, industrial and business taxation	8,375,982	8,310,392	7,762,766
Taxation from other governments	681,000	668,593	659,766
User charges	34,482,674	31,698,804	29,900,259
	<b>78,544,474</b>	<b>76,115,694</b>	<b>71,049,406</b>
<b>Government Transfers</b>			
Government of Canada	3,283,626	1,704,837	2,154,352
Federal Gas Tax Allocation	2,278,999	2,278,999	2,278,999
Province of Ontario	4,338,769	2,087,813	1,077,860
Region of York	3,481,250	78,061	271,320
	<b>13,382,644</b>	<b>6,149,710</b>	<b>5,782,531</b>
<b>Other</b>			
Contribution from developers	4,538,529	8,064,076	11,414,087
Investment income	3,281,973	3,826,380	3,597,003
Fine, penalties and interest	1,330,705	1,320,550	1,850,154
Rent and other	3,134,344	2,716,434	3,141,405
Land sales	3,200,000	162,305	310,000
(Loss) gain on disposal of tangible capital assets	-	(771,216)	450,551
	<b>15,485,551</b>	<b>15,318,529</b>	<b>20,763,200</b>
<b>TOTAL REVENUES</b>	<b>\$ 107,412,669</b>	<b>\$ 97,583,933</b>	<b>\$ 97,595,137</b>

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, 2011

	2011		2010
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>EXPENDITURES</b>			
General government	\$ 19,020,387	\$ <b>13,132,044</b>	\$ 13,966,798
Protection to persons and property	13,844,540	<b>13,578,973</b>	12,140,061
Transportation services	9,457,022	<b>11,010,403</b>	10,538,602
Environmental services	32,261,944	<b>25,585,005</b>	21,856,279
Recreation and cultural services	29,187,842	<b>24,579,831</b>	24,524,806
Planning and development	2,253,414	<b>2,020,634</b>	2,299,299
	106,025,148	<b>89,906,890</b>	85,325,845
<b>Net equity in earnings of Newmarket Hydro Holdings Inc.</b>			
	-	<b>909,401</b>	484,106
<b>ANNUAL SURPLUS</b>	1,387,521	<b>8,586,444</b>	12,753,398
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	465,531,310	<b>465,531,310</b>	452,777,912
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 466,918,831	<b>\$ 474,117,754</b>	\$ 465,531,310

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, 2011

	2011		2010
	Budget (unaudited)	Actual	Actual
<b>Annual surplus</b>	\$ 1,387,521	\$ 8,586,444	\$ 12,753,398
Acquisition of tangible capital assets	(17,366,819)	(12,722,225)	(19,899,481)
Contributed tangible capital assets	-	(4,554,578)	(7,179,656)
Amortization of tangible capital assets	14,854,703	14,875,724	14,056,707
Proceeds from sale of tangible capital assets	-	783,134	861,313
(Gain)/loss on sale of tangible capital assets	-	933,521	(450,551)
	(2,512,116)	(684,424)	(12,611,668)
Changes due to inventory	(8,148)	(151,975)	(168,880)
Changes due to prepaid expenses	(7,737)	63,620	(4,340)
	(15,885)	(88,355)	(173,220)
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(1,140,480)	7,813,665	(31,490)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	33,758,334	33,758,334	33,789,824
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 32,617,854	\$ 41,571,999	\$ 33,758,334



THE CORPORATION OF THE TOWN OF NEWMARKET

Consolidated Statement of Cash Flows

Year ended December 31, 2011

	2011		2010
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>CASH PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
<b>Cash received from</b>			
Taxation	\$ 43,751,510	\$ 37,049,797	\$ 41,166,085
User charges	32,705,336	30,434,131	31,464,401
Government transfers	6,720,457	5,734,591	6,016,098
Contributions from developers	-	10,680,848	1,312,222
Investment income	2,953,776	4,783,479	3,962,720
Fine, penalties and interest	1,675,000	1,450,029	1,626,214
Rent and other	3,292,476	2,714,548	3,196,579
Aurora's share of Central York Fire Services	7,264,829	7,264,829	6,497,631
	98,363,384	100,112,252	95,241,950
<b>Cash paid for</b>			
Salaries, wages and employee benefits	44,610,063	42,799,058	39,122,608
Materials, goods, and supplies	4,928,349	4,350,082	4,784,805
Utilities	3,568,726	3,969,485	3,464,783
Contracted and general services	20,240,334	21,106,624	19,650,810
Capital repairs and maintenance	7,323,949	3,823,590	7,110,630
Interest on long-term debt	2,550,795	2,647,868	2,324,101
Rents and financial	925,132	1,072,415	898,186
	84,147,348	79,769,122	77,355,923
<b>Net change in cash from operating activities</b>	14,216,036	20,343,130	17,886,027
<b>CAPITAL ACTIVITIES</b>			
Land sales	-	162,304	310,000
Proceeds on disposal of tangible capital assets	-	945,439	861,313
Acquisition of tangible capital assets	(15,630,138)	(15,475,961)	(20,839,524)
<b>Net change in cash from capital activities</b>	(15,630,138)	(14,368,218)	(19,668,211)
<b>FINANCING ACTIVITIES</b>			
Proceeds from debt issues	-	2,000,000	-
Principal repayment on long-term debt	(2,348,393)	(2,328,073)	(2,230,994)
<b>Net change in cash from financing activities</b>	(2,348,393)	(328,073)	(2,230,994)
<b>NET CHANGE IN CASH</b>	(3,762,495)	5,646,839	(4,013,178)
<b>CASH, BEGINNING OF YEAR</b>	46,818,571	46,818,571	50,831,749
<b>CASH, END OF YEAR</b>	\$ 43,056,076	\$ 52,465,410	\$ 46,818,571
<b>Supplementary information:</b>			
Interest paid		\$ 2,647,868	\$ 2,744,967
Interest received		\$ 877,262	\$ 565,047

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2011

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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 expenditures 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 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 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, 2011**

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**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, 2011

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### 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) *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.

(viii) *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 expenditure is incurred. Revenue is recognized for transfers under shared cost agreements in the period the costs are incurred.

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(ix) Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditures during the reporting period. 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 and are unaudited. 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 expenditure amounts.

*(xi) Comparative figures*

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

**2. BUDGET RECONCILIATION**

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

	(Unaudited)	
	Revenue	Expenses
Council approved budget:		
Operating fund	\$ 93,228,293	\$ 93,228,293
Principal payment on long-term debt	-	(2,348,393)
Transfers to / from other funds	(7,164,273)	(15,978,397)
Capital budget	26,516,164	26,516,164
Capital budget carried over from previous years	18,347,477	18,347,477
Transfers to / from other funds	(30,308,465)	-
Reserves and reserve funds	22,248,250	36,540,007
Transfers to / from other funds	(15,454,777)	(36,540,007)
<b>TOTAL COUNCIL APPROVED BUDGET</b>	<b>107,412,669</b>	<b>119,765,144</b>
Less: Tangible Capital Assets Capitalized	-	(28,944,699)
Plus: Budgeted amortization expense	-	14,854,703
Plus: Post-employment benefit expenses	-	350,000
<b>Adjusted Budget per Consolidated Statement of Operations</b>	<b>\$ 107,412,669</b>	<b>\$ 106,025,148</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

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**3. OPERATIONS OF SCHOOL BOARDS AND THE REGION OF YORK**

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

	<u>School Boards</u>	<u>Region</u>
Property taxes and taxation from other governments	\$ 41,850,341	\$ 50,342,520

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**4. THE CONTINUED PROTECTION FOR PROPERTY TAXPAYERS ACT**

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

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

**5. PHASE-IN OF ELIGIBLE ASSESSMENT INCREASES**

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

To provide an additional level of property tax stability and predictability, market increases in assessed value between the January 1, 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.

**6. CASH**

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

Cash is segregated as follows:

	<u>2011</u>	<u>2010</u>
Restricted - obligatory reserve funds (refer to Note 13)	\$ 14,541,121	\$ 10,224,813
Designated - reserve funds (refer to Note 20)	27,104,934	20,558,147
Unrestricted and undesignated	10,819,355	16,035,611
	<u>\$ 52,465,410</u>	<u>\$ 46,818,571</u>

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2011

### 7. RECEIVABLES

(a) *Taxes receivable*

	2011	2010
Current year	\$ 3,847,870	\$ 4,921,322
Arrears previous years	2,186,956	2,148,960
	<b>6,034,826</b>	7,070,282
Less allowance	251,631	251,631
	<b>\$ 5,783,195</b>	<b>\$ 6,818,651</b>

(b) *Accounts receivable*

	2011	2010
Government entities	\$ 10,773,711	\$ 3,315,889
Newmarket Hydro Holdings Inc.	1,662,946	2,625,410
Trade receivables, user fees and other receivables	2,154,553	648,163
	<b>14,591,210</b>	6,589,462
Less allowance	171,263	180,263
	<b>\$ 14,419,947</b>	<b>\$ 6,409,199</b>

(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.

### 8. 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.

### 9. 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.

In settlement of a claim against the Town the exchange and conveyance of a property on Silken Laumann Drive took place on May 20, 2009. The carrying value of the property is the \$175,000 paid to the Plaintiff less \$40,000 paid to the Town which represents the difference between the appraised value and the purchase price.

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

On November 28, 2011 Council passed Resolution R12-2011 designating a parcel of land at Bogarttown Curve as surplus to the needs of the Town. As a result, the cost of the road, water and sewer main were written off. The carrying value of the land under the road was estimated to be \$1.

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

**10. INVESTMENT IN NEWMARKET HYDRO HOLDINGS INC.**

Newmarket Hydro Holdings Inc. established by municipal council in October 2000, is wholly owned by the Corporation of the Town of Newmarket and provides regulated and unregulated 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>2011</u>	<u>2010</u>
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.	8,557,449	7,648,048
<b>Total investment</b>	<b>\$ 60,254,203</b>	<b>\$ 59,344,802</b>

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>2011</u>	<u>2010</u>
Revenues:		
Investment income	\$ 1,246,300	\$ 1,375,000
Rent, property tax and other	390,371	377,858
Expenses:		
Energy purchases	3,247,808	2,687,809
Services - street light capital & maintenance	280,000	288,819
Dividends received	1,486,000	1,571,000
Dividends accrued	1,336,000	1,162,500
Accounts receivable	345,379	358,111



**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

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

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

	2011	2010
Financial position		
Current assets	\$ 28,196,937	\$ 24,601,285
Capital assets and future income taxes	55,598,503	55,724,833
<b>Total assets</b>	<b>83,795,440</b>	<b>80,326,118</b>
Current liabilities	11,285,243	10,569,615
Long term liabilities	30,192,012	28,596,355
<b>Total liabilities</b>	<b>41,477,255</b>	<b>39,165,970</b>
Non-controlling interest	2,815,394	2,740,258
Shareholder equity		
Share capital	29,609,342	29,609,342
Retained earnings	9,893,449	8,810,548
	<b>39,502,791</b>	<b>38,419,890</b>
	<b>\$ 83,795,440</b>	<b>\$ 80,326,118</b>
Results of operations		
Revenues	\$ 76,845,364	\$ 74,448,438
Operating expenses	(71,930,973)	(70,891,068)
Financing expenses	(1,344,984)	(1,483,933)
Other income	653,887	1,583,438
Non-controlling interest	(75,136)	(36,649)
Income tax	(1,467,757)	(1,490,120)
<b>Net earnings</b>	<b>2,680,401</b>	<b>2,130,106</b>
Retained earnings, beginning of year	8,810,548	8,251,442
Adoption of accounting policy		-
Net income	2,680,401	2,130,106
Dividends paid	(1,597,500)	(1,571,000)
<b>Retained earnings, end of the year</b>	<b>\$ 9,893,449</b>	<b>\$ 8,810,548</b>
In Town's books		
Retained earnings, end of the year - per Hydro	\$ 9,893,449	\$ 8,810,548
Less: Dividends accrued	1,336,000	1,162,500
<b>Adjusted retained earnings, end of year</b>	<b>8,557,449</b>	<b>7,648,048</b>
Change in adjusted retained earnings	\$ 909,401	\$ 484,106

**11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2011	2010
Government entities	\$ 9,727,578	\$ 7,874,092
Payroll liabilities	3,376,118	3,076,140
Trade payables and other accrued liabilities	8,569,229	10,413,904
<b>Total</b>	<b>\$ 21,672,925</b>	<b>\$ 21,364,136</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

**12. 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>2011</u>	<u>2010</u>
Employee future benefits	\$ 3,535,812	\$ 3,477,406
Vacation pay	242,444	168,597
	<u>\$ 3,778,256</u>	<u>\$ 3,646,003</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 \$3,145,300 was determined by the last actuarial valuation carried out as at December 31, 2009, using a discount rate of 5.50%.

Total benefit payments to retirees during the year was \$91,984 (2010 - \$89,314). The plan is substantially unfunded and requires no contributions from employees. The retirement benefit liability at December 31 includes the following components:

	<u>2011</u>	<u>2010</u>
Accrued benefits obligation	\$ 3,242,282	\$ 3,194,996
Unamortized actuarial gain/(loss)	293,530	282,410
Employee future benefits payable	<u>\$ 3,535,812</u>	<u>\$ 3,477,406</u>
Employee future benefits, beginning of the year	\$ 3,477,406	\$ 3,416,600
Annual amortization of actuarial loss	11,120	11,110
Current period service cost	(71,127)	(67,810)
Interest cost	210,397	206,820
Benefits paid for the period	(91,984)	(89,314)
Employee future benefits, end of the year	<u>\$ 3,535,812</u>	<u>\$ 3,477,406</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, 2009. The unamortized actuarial gain relates to an actuarial gain of \$457,000 (\$342,736 as at December 31, 2011) which is being amortized over the estimated remaining service life of the active employees, less an unamortized actuarial loss of \$147,600 (\$49,206 as at December 31, 2011) which is being amortized over three years. The unamortized actuarial loss relates to an actuarial loss of \$672,142 as at December 31, 2006 adjusted for prior service costs. The average remaining service period of the active employees covered by the benefit plan is twelve years.

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

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**12. EMPLOYEE FUTURE BENEFITS PAYABLE (continued)**

The assumptions used in the December 31, 2009 actuarial valuation were:

(a) *Interest (discount) rate*

The present value of the future benefits as at December 31, 2011 was determined using a discount rate of 5.50% (2010 - 5.50%).

(c) *Health costs*

Health cost premiums were assumed to increase at a 5.0% (2010 - 9.0%) rate for 2011 and the next 7 years.

(d) *Dental costs*

Dental cost premiums were assumed to increase at a 4.0% (2010 - 4.0%) rate.

**13. 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 grant is restricted to infrastructure and requires annual reporting. The following funds have statutory restrictions and as such are classified as deferred contributions:

	Beginning Balance 2011	2011 Inflows	2011 Outflows	Ending Balance 2011
Parklands	\$ 1,439,256	\$ 161,557	\$ 276,834	<b>\$ 1,323,979</b>
Development charges	8,633,428	5,968,162	1,538,503	<b>13,063,087</b>
Investing in Ontario Grant from Province	152,129	2,414	488	<b>154,055</b>
	10,224,813	6,132,133	1,815,825	<b>14,541,121</b>
Other	3,086,208	7,359,490	5,891,804	<b>4,553,894</b>
	<b>\$ 13,311,021</b>	<b>\$ 13,491,623</b>	<b>\$ 7,707,629</b>	<b>\$19,095,015</b>

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

**14. 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>2011</u>	<u>2010</u>
Long-term debt incurred by the Town			<b>\$ 50,746,924</b>	\$ 51,074,996
<u>Purpose</u>	<u>Rates</u>	<u>Dates</u>	<u>2011</u>	<u>2010</u>
Water and sewermain project	variable	2014	<b>\$ 358,000</b>	\$ 466,000
Land for recreation facilities	5.724%	2024	<b>9,451,181</b>	9,930,179
Youth Centre	5.724%	2024	<b>2,189,908</b>	2,300,895
Downtown renewal	5.724%	2024	<b>694,623</b>	729,827
Recreation facility	5.246%	2024	<b>9,114,613</b>	9,593,516
Parklands	5.246%	2024	<b>1,937,616</b>	2,039,421
Traffic flow improvements	5.246%	2024	<b>1,116,540</b>	1,175,206
Downtown revitalization	5.246%	2024	<b>303,820</b>	319,784
Recreation facility	4.756%	2026	<b>11,996,241</b>	12,534,176
Consolidated Operations Centre	5.000%	2019	<b>11,584,382</b>	11,985,992
FCM loan for Operations Centre	2.000%	2031	<b>2,000,000</b>	-
			<b>\$ 50,746,924</b>	\$ 51,074,996

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

2012	\$ 2,545,271
2013	2,668,238
2014	2,798,033
2015	2,801,071
2016	2,936,627
2017 and thereafter	36,997,684
	<b>\$ 50,746,924</b>

(c) Interest expense on long-term debt amounted to \$ 2,560,864 (2010 - \$2,550,795).

**15. 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 \$52,801 (2010 - \$69,300).

The Corporation of the Town of Newmarket was a member of the Ontario Municipal Insurance Exchange until the end of 2011. 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 Operations". The contribution for the year was \$876,044 (2010 - \$804,006).

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2011

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### 16. 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 was initiated against the Town for the return of \$175,000 paid to the Town for the purchase of a property on Silken Laumann Drive. This matter has been 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 settled the action on the basis of a land exchange. The Town's insurers paid for the legal fees associated with this action and there was no cost to the Town.

### 17. 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:

2012	\$	124,499
2013		54,530
2014		48,769
	\$	<u>227,798</u>

### 18. CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling approximately \$13,805,531. These contracts relate to the construction, repair and replacement of certain facilities and infrastructure. Approximately \$2,840,669 relating to these contracts had not been expended as at December 31, 2011.

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 \$1,672,211, of which expenditures of approximately \$1,285,664 were outstanding as at December 31, 2011.

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

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**19. 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 2011 ranged from 7.4% to 14.1% depending on the proposed retirement age and level of earnings. The 2011 operating expense for OMERS was \$2,932,251 (2010- \$2,328,756).

**20. ACCUMULATED SURPLUS**

The Accumulated Surplus is comprised of the following:

	<u>2011</u>	<u>2010</u>
<b>Reserves set aside for specific purposes by Council</b>		
Cash flow reserves	\$ 1,101,458	\$ 1,101,458
Reserves for operating purposes	3,777,032	2,497,653
Reserves for capital purposes	73,718	570,950
Newmarket Public Library	476,706	479,218
Building Code Act Fees	2,484,433	2,563,419
Water & Sewer Rate Stabilization	76	393,735
<b>Total Reserves</b>	<b>7,913,423</b>	<b>7,606,433</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
Asset replacement funds	13,786,922	9,686,946
Reserve funds for operating purposes	3,160,256	2,741,665
Reserve funds for capital purposes	4,388,953	2,972,805
Self-insured long-term disability	5,768,803	5,156,731
<b>Total Reserve Funds</b>	<b>27,104,934</b>	<b>20,558,147</b>
<b>Total Reserves and Reserve Funds</b>	<b>35,018,357</b>	<b>28,164,580</b>
Invested in tangible capital assets	432,090,193	431,243,464
Less: amount financed by long-term debt	(50,746,924)	(51,074,996)
Land declared surplus	1,308,372	1,470,676
Operating surplus	11,245	14,365
Funds available for future capital expenditures	936,331	645,222
Funds to be provided from future revenues	(2,004,747)	(1,565,659)
Equity in Newmarket Hydro Holdings Inc. (Note 10)	60,254,203	59,344,802
Employee future benefits	(3,778,256)	(3,646,002)
Less: amounts recovered	1,028,980	934,858
<b>Accumulated Surplus</b>	<b>\$ 474,117,754</b>	<b>\$ 465,531,310</b>

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2011

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### 21. 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>2011</u>	<u>2010</u>
Net expenditures before allocation	\$ 18,400,863	\$ 16,566,038
Less: Aurora's allocation (2011 -39.5%; 2010 - 39.2%)	<u>(7,264,829)</u>	<u>(6,497,631)</u>
Newmarket's net allocation	<u>\$ 11,136,034</u>	<u>\$ 10,068,407</u>

### 22. TRUST FUND

The Trust fund administered by the Town amounting to \$312,331 (2010 - \$311,608) 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.

### 23. 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 2011 road network had 212 kilometers (2010 - 212 km).

b) Capitalization of interest

No interest was capitalized in 2011 (2010 - \$420,866).

c) Construction in Process

The financial statements and accompanying schedules include \$9,427,782 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 is \$4,554,578 (2010 - \$7,179,656). Contributed assets were from developers which included streetlighting (\$102,633), storm water management facility (\$229,860) and linear assets (\$4,222,085) of subdivisions assumed by the Town in 2011. The 2010 contributed assets consisted of streetlighting and linear assets by developers.

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Notes to the Consolidated Financial Statements

December 31, 2011

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### 24. 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 21). 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 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 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.

#### *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 21.

#### *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, 2011

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### 24. 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, 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
<b>General Capital Assets</b>									
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
	<b>\$ 171,255,901</b>	<b>\$ 8,309,850</b>	<b>\$ 1,626,966</b>	<b>\$ 177,938,785</b>	<b>\$ 30,529,071</b>	<b>\$ 3,757,017</b>	<b>\$ 983,688</b>	<b>\$ 33,302,400</b>	<b>\$ 144,636,385</b>
<b>Infrastructure Assets</b>									
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
	<b>\$ 455,120,737</b>	<b>\$ 5,836,813</b>	<b>\$ 2,324,368</b>	<b>\$ 458,633,182</b>	<b>\$ 170,901,744</b>	<b>\$ 11,118,707</b>	<b>\$ 1,413,297</b>	<b>\$ 180,607,154</b>	<b>\$ 278,026,028</b>
<b>Assets under construction</b>	<b>\$ 6,297,641</b>	<b>\$ 7,307,856</b>	<b>\$ 4,177,715</b>	<b>\$ 9,427,782</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,427,782</b>
<b>Total Tangible Capital Assets</b>	<b>\$ 632,674,279</b>	<b>\$ 21,454,519</b>	<b>\$ 8,129,049</b>	<b>\$ 645,999,749</b>	<b>\$ 201,430,815</b>	<b>\$ 14,875,724</b>	<b>\$ 2,396,985</b>	<b>\$ 213,909,554</b>	<b>\$ 432,090,193</b>

The Corporation of the Town of Newmarket  
Tangible Capital Assets - Summary By Asset Category  
December 31, 2010

Schedule 1

	Cost				Accumulated Amortization				2010
	2010 Opening Balance	Additions and Betterments	Disposals/ Transfers	2010 Closing Balance	2010 Opening Balance	2010 Amortization Expense	Accumulated Amortization on Disposals	2010 Ending Balance	Net Book Value
<b>General Capital Assets</b>									
Land	\$ 74,394,647	\$ -	\$ 162,305	\$ 74,232,342	\$ -	\$ -	\$ -	\$ -	\$ 74,232,342
Land improvements	1,619,213	668,545	-	2,287,758	629,041	76,864	-	705,905	1,581,853
Building	80,798,889	-	-	80,798,889	20,220,800	2,189,648	-	22,410,448	58,388,441
Machinery and Equipment	7,823,754	1,095,752	117,576	8,801,930	4,033,424	1,020,518	117,576	4,936,366	3,865,564
Vehicles	3,102,379	545,570	233,629	3,414,320	1,455,912	285,551	209,027	1,532,436	1,881,884
Other - Library Collections	1,499,184	221,478	-	1,720,662	729,396	214,520	-	943,916	776,746
	<b>\$ 169,238,066</b>	<b>\$ 2,531,345</b>	<b>\$ 513,510</b>	<b>\$ 171,255,901</b>	<b>\$ 27,068,573</b>	<b>\$ 3,787,101</b>	<b>\$ 326,603</b>	<b>\$ 30,529,071</b>	<b>\$ 140,726,830</b>
<b>Infrastructure Assets</b>									
Land	\$ 15,505,703	\$ 3	\$ -	\$ 15,505,706	\$ -	\$ -	\$ -	\$ -	\$ 15,505,706
Land improvements	20,660,633	2,494,049	-	23,154,682	14,108,031	732,606	-	14,840,637	8,314,045
Buildings	265,758	21,449,513	-	21,715,271	221,715	109,095	-	330,810	21,384,461
Machinery & Equipment	1,277,798	139,799	-	1,417,597	540,510	6,213	-	546,723	870,874
Vehicles	2,230,529	273,374	284,850	2,219,053	1,042,094	254,612	282,889	1,013,817	1,205,236
Linear Assets	380,610,429	11,926,766	1,428,767	391,108,428	146,047,244	9,167,080	1,044,567	154,169,757	236,938,671
	<b>\$ 420,550,850</b>	<b>\$ 36,283,504</b>	<b>\$ 1,713,617</b>	<b>\$ 455,120,737</b>	<b>\$ 161,959,594</b>	<b>\$ 10,269,606</b>	<b>\$ 1,327,456</b>	<b>\$ 170,901,744</b>	<b>\$ 284,218,993</b>
<b>Assets under construction</b>	<b>\$ 17,871,047</b>	<b>\$ 4,939,535</b>	<b>\$ 16,512,941</b>	<b>\$ 6,297,641</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,297,641</b>
<b>Total Tangible Capital Assets</b>	<b>\$ 607,659,963</b>	<b>\$ 43,754,384</b>	<b>\$ 18,740,068</b>	<b>\$ 632,674,279</b>	<b>\$ 189,028,167</b>	<b>\$ 14,056,707</b>	<b>\$ 1,654,059</b>	<b>\$ 201,430,815</b>	<b>\$ 431,243,464</b>

The Corporation of the Town of Newmarket  
Segment Disclosures - Service Bundle  
Year Ended December 31, 2011

Schedule 2

	Fire & Emergency Services		Water, Wastewater & Solid Waste		Bylaw & Licensing Services		Roads, Bridges & Sidewalks	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>EXPENDITURES</b>								
Salaries and wages	\$ 15,997,629	\$ 14,257,668	\$ 1,434,705	\$ 1,449,404	\$ 805,090	\$ 776,097	\$ 2,375,793	\$ 2,350,998
Materials, goods and supplies	654,878	574,033	449,210	513,436	61,735	54,876	767,797	619,044
Utilities	134,425	101,711	22,588	24,012	-	-	1,382,050	1,029,961
Contracted and general services	524,699	494,998	15,303,701	14,786,312	196,281	198,985	704,631	521,541
Rents and financial	129,148	73,019	7,750	5,370	-	17,000	-	-
Interest on long-term debt	-	-	598,898	182,742	-	-	-	-
Capital repairs and maintenance	438,057	332,431	869,577	702,467	-	-	2,062,992	1,341,782
Amortization expenses	253,410	269,343	4,610,612	4,551,302	-	-	5,332,173	5,117,491
Allocations	(5,448,240)	(5,187,329)	3,699,249	2,559,033	920,914	1,138,629	610,996	965,542
<b>Total expenditures</b>	<b>12,684,006</b>	<b>10,915,874</b>	<b>26,996,290</b>	<b>24,774,078</b>	<b>1,984,020</b>	<b>2,185,587</b>	<b>13,236,432</b>	<b>11,946,359</b>
<b>REVENUES</b>								
Taxation	11,421,776	10,082,316	2,639,433	2,827,057	1,026,342	977,357	9,170,081	9,652,871
User charges	243,386	213,581	22,744,104	21,086,691	485,523	496,262	119,780	27,018
External non-tax revenues	320,152	356,187	3,562,655	937,097	280,969	802,680	4,495,585	10,170,053
Gain / (loss) on sale of tangible capital assets	-	(24,602)	-	473,231	-	-	(908,927)	(27,074)
Proceeds on sale of tangible capital assets	-	-	-	(786,830)	-	-	-	(45,488)
<b>Total revenues</b>	<b>11,985,314</b>	<b>10,627,482</b>	<b>28,946,191</b>	<b>24,537,246</b>	<b>1,792,835</b>	<b>2,276,299</b>	<b>12,876,519</b>	<b>19,777,381</b>
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	-	-
<b>Annual Surplus (Deficit)</b>	<b>\$ (698,692)</b>	<b>\$ (288,392)</b>	<b>\$ 1,949,902</b>	<b>\$ (236,832)</b>	<b>\$ (191,185)</b>	<b>\$ 90,712</b>	<b>\$ (359,912)</b>	<b>\$ 7,831,022</b>

The Corporation of the Town of Newmarket  
Segment Disclosures - Service Bundle  
Year Ended December 31, 2011

Schedule 2

	Planning & Development Services		Community Programs and Events		Facilities, Parks & Trails		Corporate Support & Governance	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>EXPENDITURES</b>								
Salaries and wages	2,920,844	\$ 2,747,019	\$ 4,276,223	\$ 4,119,211	\$ 5,821,858	\$ 5,282,202	\$ 7,556,652	\$ 6,992,006
Materials, good and supplies	199,792	192,940	105,370	152,746	1,342,682	1,405,107	373,929	593,813
Utilities	-	234	3,209	3,659	1,868,906	1,792,665	552,828	563,436
Contracted and general services	218,901	171,722	712,411	716,231	668,277	410,920	2,606,679	2,297,250
Rents and financial	2,600	41,283	31,633	58,209	236,862	237,376	664,424	388,229
Interest on long-term debt	-	-	-	-	-	-	1,961,966	2,051,542
Capital repairs and maintenance	104,130	145,190	-	-	2,382,956	1,908,642	223,009	586,566
Amortization expenses	-	-	-	-	3,536,439	2,920,290	788,338	753,000
Allocations	1,795,210	1,748,140	1,925,824	2,128,238	2,581,582	2,059,057	(13,869,285)	(12,220,115)
<b>Total expenditures</b>	<b>5,241,477</b>	<b>5,046,528</b>	<b>7,054,670</b>	<b>7,178,294</b>	<b>18,439,562</b>	<b>16,016,259</b>	<b>858,540</b>	<b>2,005,727</b>
<b>REVENUES</b>								
Taxation	2,731,595.67	2,525,589	4,075,878	4,070,827	10,304,224	8,162,741	-	-
User charges	2,177,841.77	2,010,888	2,812,502	2,734,515	2,636,054	2,764,513	419,924	410,010
External non-tax revenues	770,358	494,884	516,310	489,659	5,092,131	3,512,634	6,925,659	7,906,210
Gain / (loss) on sale of tangible capital assets	-	-	-	-	137,711	28,995	-	-
Proceeds on sale of tangible capital assets	-	-	-	-	-	(28,995)	-	-
<b>Total revenues</b>	<b>5,679,796</b>	<b>5,031,361</b>	<b>7,404,691</b>	<b>7,295,001</b>	<b>18,170,120</b>	<b>14,439,889</b>	<b>7,345,584</b>	<b>8,316,219</b>
Net surplus of Gov't. Business Enterprise	-	-	-	-	-	-	909,401	484,106
<b>Annual Surplus (Deficit)</b>	<b>\$ 438,319</b>	<b>\$ (15,167)</b>	<b>\$ 350,021</b>	<b>\$ 116,707</b>	<b>\$ (269,442)</b>	<b>\$ (1,576,370)</b>	<b>\$ 7,396,445</b>	<b>\$ 6,794,598</b>

The Corporation of the Town of Newmarket  
Segment Disclosures - Service Bundle  
Year Ended December 31, 2011

Schedule 2

	Public Library Services		Main Street District BIA		Consolidated	
	2011	2010	2011	2010	2011	2010
<b>EXPENDITURES</b>						
Salaries and wages	\$ 2,060,445	\$ 1,976,300	\$ -	\$ -	\$ 43,249,239	\$ 39,950,892
Materials, good and supplies	207,275	223,392	8,405	10,318	4,171,073	4,339,705
Utilities	73,138	70,049	-	-	4,037,144	3,585,727
Contracted and general services	145,638	111,725	17,599	15,361	21,098,816	19,725,045
Rents and financial	-	-	-	-	1,072,417	820,486
Interest on long-term debt	-	-	-	-	2,560,864	2,234,284
Capital repairs and maintenance	25,721	2,093,552	-	-	6,106,441	7,110,630
Amortization expenses	354,752	445,281	-	-	14,875,724	14,056,707
Allocations	518,921	311,175	-	-	(7,264,829)	(6,497,631)
<b>Total expenditures</b>	<b>3,385,890</b>	<b>5,231,474</b>	<b>26,004</b>	<b>25,679</b>	<b>89,906,890</b>	<b>85,325,845</b>
<b>REVENUES</b>						
Taxation	3,018,006	2,825,074	29,554	25,315	44,416,890	41,149,147
User charges	58,418	154,881	1,270	1,900	31,698,804	29,900,259
External non-tax revenues	275,637	2,287,088	-	-	22,239,455	26,956,493
Gain / (loss) on sale of tangible capital assets	-	-	-	-	(771,216)	450,551
Proceeds on sale of tangible capital assets	-	-	-	-	-	(861,313)
<b>Total revenues</b>	<b>3,352,060</b>	<b>5,267,043</b>	<b>30,824</b>	<b>27,215</b>	<b>97,583,933</b>	<b>97,595,137</b>
Net surplus of Gov't. Business Enterprise	-	-	-	-	909,401	484,106
<b>Annual Surplus (Deficit)</b>	<b>\$ (33,830)</b>	<b>\$ 35,569</b>	<b>\$ 4,820</b>	<b>\$ 1,536</b>	<b>\$ 8,586,444</b>	<b>\$ 12,753,398</b>